

THE CITY OF NEW YORK

SINGLE AUDIT REPORT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2012

THE CITY OF NEW YORK SINGLE AUDIT REPORT

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The City of New York

Comprehensive
Annual Financial Report
of the
Comptroller

FINANCIAL SECTION
PART I

Fiscal Year Ended June 30, 2012

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INDEPENDENT AUDITORS' REPORT

The People of The City of New York:

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 governmental fund information of The City of New York ("The City") as of and for the years ended June 30, 2012 and 2011, which collectively comprise The City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of The City's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of The City's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of those entities disclosed in Note E.1 which represent 23 percent and 18 percent and 25 percent and 19 percent, as of and for the years ended June 30, 2012 and 2011 respectively, of the assets and revenues of the government-wide financial statements, 9 percent and 4 percent and 15 percent and 5 percent, as of and for the years ended June 30, 2012 and 2011 respectively, of the assets and revenues of the fund financial statements, 7 percent and 9 percent and 7 percent and 8 percent, as of and for the years ended June 30, 2012 and 2011 respectively, of the assets and net assets held in trust of the fiduciary fund financial statements, and 50 percent and 78 percent and 51 percent and 79 percent, as of and for the years ended June 30, 2012 and 2011 respectively, of the assets and revenues of the component unit financial statements of The City. Those financial statements were audited by other auditors whose reports thereon 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 other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. The financial statements of the Pension Trust Funds, and Variable Supplements Funds, which were audited by us; and the financial statements of the New York City School Construction Authority, which was audited by other auditors, are audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards* and, accordingly, are not covered by our reports in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major governmental fund, and the aggregate remaining governmental fund information of The City, as of June 30, 2012 and 2011, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund for the years then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of The City, as of

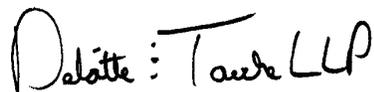
June 30, 2012 and 2011, and the respective changes in financial position, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note A.2, The City's 2011 financial statements were restated to reflect the financial statements of the New York City Tax Lien Trusts (NYCTLT), consisting of NYCTLT 2010-A, NYCTLT, 2009-A, NYCTLT 2008-A and NYCTLT 1998-2, as governmental activities rather than as fiduciary activities in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 30 and the Required Supplementary Information on pages 119 through 121 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and the other auditors as it relates to Management's Discussion and Analysis only, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise The City's basic financial statements. The accompanying consolidated schedule of expenditures of Federal awards and related exhibits are presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Nonprofit Organizations*, and are not a required part of the basic financial statements. This schedule and exhibits are the responsibility of The City's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule and exhibits are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012 on our consideration of The City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The City's internal control over financial reporting and compliance.

Deloitte : Touche LLP

October 26, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

The following is a narrative overview and analysis of the financial activities of The City of New York (City) for the fiscal years ended June 30, 2012 and 2011. 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets (deficit)*. Over time, increases or decreases in *net assets* 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 assets changed during the fiscal year. All changes in net assets 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.

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* (GASB61) in fiscal year 2012. The Statement modifies certain requirements for inclusion of Component Units in the financial reporting entity. For organizations that previously were required to be included as Component Units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and the organization for it to be included in the reporting entity as a Component Unit. For organizations that do not meet the financial accountability criteria for inclusion as Component Units, but should be included because the primary government's management determines that it would be misleading to exclude them, GASB61 clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination. For Component Units that currently are blended based on "substantively the same governing body" criterion, GASB61 requires that the primary government and the Component Unit have a financial benefit or burden relationship or management of the primary government has operational responsibility of the activities of the Component Unit. New criteria also are added to require blending of Component Units whose total debt outstanding is expected to be repaid almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a Blended Component Unit have the same financial reporting requirements as a fund of the primary government. Reporting guidance is provided for blending a Component Unit if the primary government is a business-type activity that uses a single column presentation for financial reporting. GASB61 requires a primary government to report its equity interest in a Component Unit as an asset. As a result of the analysis performed by the City in the course of implementing GASB61, a managerial decision was made to change the reporting of the New York City Tax Lien Trusts (NYCTLTs). The effect on the financial statements is to report the NYCTLTs as Blended Component Units of the City. They were formerly reported as Other Trust Funds. For the government-wide financial statements, the financial reporting impact of this change is an increase of \$150 million to "Net assets" in the *Statement of Net Assets*, and a decrease of \$10.9 million to the "Change in net assets" in the *Statement of Activities*. For the funds financial statements, the financial reporting impact is an increase of \$62.4 million to "Fund balance" in the *Balance Sheet* and a decrease of \$20 million to the "Net change in fund balance" in the *Statement of Revenues, Expenditures, and Changes in Fund Balance*.

The government-wide financial statements present information about the City as a primary government, which includes the City's Blended Component Units. All of the activities of the primary government are considered to be governmental activities. This information is presented separately from the City's Discretely Presented Component Units.

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 Financial Emergency Act.

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 government'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

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The fiduciary funds include the Pension and Other Employee Benefit Trust Funds, Other Trust Funds, and the Agency Funds.

The New York City Other Postemployment Benefits Plan (the PLAN) is composed of The New York City Retiree Health Benefits Trust (the Trust) and 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 PLAN is reported in the City's financial statements as an Other Employee Benefit Trust Fund. The 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 PLAN other than the "pay-as-you-go" amounts necessary to provide current benefits to eligible retirees and their dependents. During fiscal year 2012, the City contributed approximately \$1.4 billion to the PLAN.

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 primary government and its Component Units which are legally separate organizations for which the primary government is financially accountable, and other legally separate organizations for which the primary government has determined, through the exercise of management's professional judgment, that inclusion of those organizations do not meet the financial accountability criteria, but are necessary to be included to prevent the reporting entity's financial statements from being misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and it 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 primary government. A primary government may also be financially accountable for organizations that are fiscally dependent on the primary government if there is a potential for the organizations to provide specific financial benefits to the primary government or impose specific financial burdens on the primary government 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.

Blended Component Units

Certain Component Units, despite being legally separate from the primary government, are reported as if they were part of the primary government because they all provide services exclusively to the City and thus are reported as if they were part of the primary government. 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 2010-A
 - NYCTLT 2011-A
 - NYCTLT 2012-A

Discretely Presented Component Units

Discretely Presented Component Units are legally separate from the primary government and are reported as Discretely Presented Component Units because the City appoints a majority of these organizations' governing bodies and either is able to impose its will on them or a financial benefit/burden situation exists.

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

- Water and Sewer System (NYW):
 - 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)
- New York City Energy Efficiency Corporation (EEC)
- The Trust for Governors Island (TGI)
- Brooklyn Bridge Park Corporation (BBPC)
- Business Relocation Assistance Corporation (BRAC)
- New York City Capital Resource Corporation (CRC)
- Build NYC Resource Corporation (Build NYC)

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 considered governmental activities. Governmental activities increased the City's net deficit by \$7.5 billion during fiscal year 2012, and increased the net deficit by \$9.6 billion during fiscal year 2011, and increased the net deficit by \$11.7 billion during fiscal year 2010.

As mentioned previously, the basic financial statements include a reconciliation between the fiscal year 2012 governmental funds statement of revenues, expenditures, and changes in fund balances which reports an increase of \$47 million in fund balances and the increase in the net assets deficit reported in the government-wide statement of activities of \$7.5 billion, a difference of \$7.4 billion. A similar reconciliation is provided for fiscal year 2011 amounts.

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

Key elements of these changes are as follows:

	Governmental Activities for the fiscal years ended June 30,		
	2012	2011	2010
	(in thousands)		
Revenues:			
Program revenues:			
Charges for services	\$ 4,600,078	\$ 4,236,030	\$ 4,540,775
Operating grants and contributions	18,768,706	19,951,270	20,403,783
Capital grants and contributions	594,313	538,015	586,080
General revenues:			
Taxes	41,982,497	40,803,751	38,058,116
Investment income	117,608	133,758	65,508
Other Federal and State aid	730,310	470,117	478,811
Other	980,491	329,218	216,516
Total revenues	<u>67,774,003</u>	<u>66,462,159</u>	<u>64,349,589</u>
Expenses:			
General government	4,101,933	3,791,462	4,298,065
Public safety and judicial	17,077,117	18,815,201	18,293,989
Education	24,957,901	25,604,277	24,749,134
City University	954,590	947,402	1,035,471
Social services	14,181,836	12,896,220	13,183,110
Environmental protection	3,456,151	3,744,521	4,374,543
Transportation services	2,536,846	2,073,164	2,184,078
Parks, recreation, and cultural activities	1,077,230	1,119,677	1,012,404
Housing	1,327,674	1,317,725	1,425,949
Health (including payments to HHC)	2,419,857	2,484,876	2,554,881
Libraries	243,470	343,395	249,423
Debt service interest	2,931,953	2,911,817	2,690,732
Total expenses	<u>75,266,558</u>	<u>76,049,737</u>	<u>76,051,779</u>
Change in net assets	(7,492,555)	(9,587,578)	(11,702,190)
Net deficit—beginning ^(a)	(117,855,019)	(108,267,441)	(96,726,217)
Net deficit—ending	<u><u>\$(125,347,574)</u></u>	<u><u>\$(117,855,019)</u></u>	<u><u>\$(108,428,407)</u></u>

In fiscal year 2012, the government-wide revenues increased from fiscal year 2011 levels by approximately \$1.3 billion, while government-wide expenses decreased by approximately \$783 million.

(a) The fiscal year 2010 net deficit ending balance compared to the fiscal year 2011 net deficit beginning balance results in a change of \$161.0 million. This is a result of the analysis performed by the City in the course of implementing GASB61 to change the reporting of the NYCTLTs as Blended Component Units of the City. They were formerly reported as Other Trust Funds.

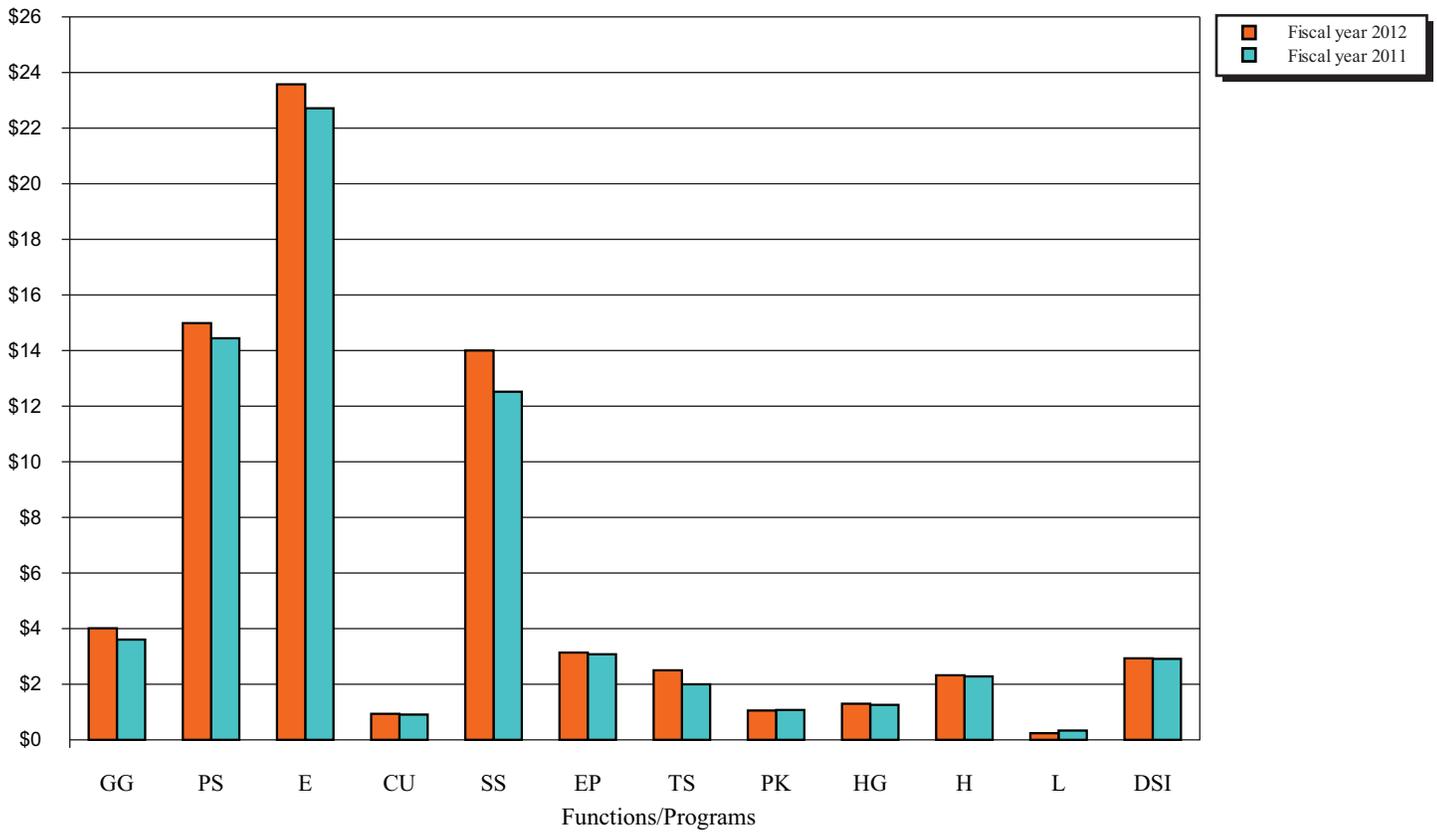
In fiscal year 2012, the increased costs of OPEB (i.e., the increase in the Net OPEB Obligation “NOO”) was approximately \$4.3 billion. The increase was due primarily to the increased value of benefits and interest in excess of employer contributions. In fiscal year 2011, the NOO increased by approximately \$8.9 billion.

GASB45 requires the financial reports of governments to provide a systematic, accrual-basis measurement of an annual OPEB cost. The following schedule displays the effect of the GASB45 expenses as they appear in the Statement of Activities for fiscal year 2012 and a comparison to fiscal year 2011:

Functions/Programs	Fiscal Year 2012		
	Expenses per Statement of Activities	GASB45 Expenses	Expenses excluding GASB45
	(in thousands)		
General government (GG)	\$ 4,101,933	\$ 89,179	\$ 4,012,754
Public safety and judicial (PS)	17,077,117	2,090,568	14,986,549
Education (E)	24,957,901	1,382,753	23,575,148
City University (CU)	954,590	18,490	936,100
Social services (SS)	14,181,836	179,837	14,001,999
Environmental protection (EP)	3,456,151	318,555	3,137,596
Transportation services (TS)	2,536,846	35,879	2,500,967
Parks, recreation and cultural activities (PK)	1,077,230	21,801	1,055,429
Housing (HG)	1,327,674	28,613	1,299,061
Health, including payments to HHC (H)	2,419,857	97,447	2,322,410
Libraries (L)	243,470	4,064	239,406
Debt service interest (DSI)	2,931,953	—	2,931,953
Total expenses	<u>\$75,266,558</u>	<u>\$4,267,186</u>	<u>\$70,999,372</u>

Functions/Programs	Fiscal Year 2011		
	Expenses per Statement of Activities	GASB45 Expenses	Expenses excluding GASB45
	(in thousands)		
General government (GG)	\$ 3,791,462	\$ 186,503	\$ 3,604,959
Public safety and judicial (PS)	18,815,201	4,372,081	14,443,120
Education (E)	25,604,277	2,889,801	22,714,476
City University (CU)	947,402	38,669	908,733
Social services (SS)	12,896,220	376,101	12,520,119
Environmental protection (EP)	3,744,521	666,205	3,078,316
Transportation services (TS)	2,073,164	75,035	1,998,129
Parks, recreation, and cultural activities (PK)	1,119,677	45,593	1,074,084
Housing (HG)	1,317,725	59,840	1,257,885
Health, including payments to HHC (H)	2,484,876	203,794	2,281,082
Libraries (L)	343,395	8,499	334,896
Debt service interest (DSI)	2,911,817	—	2,911,817
Total expenses	<u>\$76,049,737</u>	<u>\$8,922,121</u>	<u>\$67,127,616</u>

**Expenses — Governmental Activities⁽¹⁾
for the fiscal years ended June 30, 2012 and 2011
(in billions)**



Functions/Programs	
GG	General government
PS	Public safety and judicial
E	Education
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

(1) Expenses exclude GASB45.

The major components of the changes in government-wide revenues were:

- Operating grants and contributions decreased due to a winding down of the American Recovery and Reinvestment Act of 2009 in 2012 versus 2011.
- Unrestricted Federal and State aid increased because the reported amount in 2011 was unusually low due to a write-off of the prior year's accrued New York State Revenue Sharing.
- 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 recording taxes reflecting a rebound in the commercial real estate market. Additionally, there was an increase in the collection of general sales tax which demonstrates an increase in taxable consumption resulting from the local economic recovery and strong tourist consumption.
 - The increase in personal income taxes continued from 2011 as both wage and nonwage income strengthened.
 - The decrease in other income taxes (which include general corporation, financial corporation, unincorporated business income, non-resident personal income taxes, and utility tax) is mostly attributable to decreases in the business taxes (general corporation, financial corporation, and unincorporated business taxes). These declines originate from declines in the financial sector and Wall Street profitability versus prior years.
 - For all other taxes, the increase in taxes associated with the conveyance of real property reflects a recovery in both the volume and average sale price for commercial transactions and an improvement in the average sale prices for residential properties. Also increasing were hotel occupancy taxes stemming from record levels of tourism reached in calendar year 2011 as well as increases in commercial rent tax which shows improvements in commercial office vacancy rates and asking rents in Manhattan.
- The increase in the general revenues includes a settlement reached by the United States Attorney on behalf of the City of New York for restitution associated with the CityTime project.

The major components of the changes in government-wide expenses were:

- General government expenses rose predominantly due to increased fringe benefits costs.
- Expenses for Public Safety and Judicial decreased largely because the Department of Juvenile Justice was merged with the Administration for Children's Services and as a result is now reflected in Social Services.
- Social Services expenses increased primarily due to the merger of the Department of Juvenile Justice with the Administration for Children's Services and the subsequent transfer of associated costs.
- Transportation services increased in part due to higher payments made to the Transit Authority in fiscal year 2012.

In fiscal year 2011, the government-wide revenues increased from fiscal year 2010 by approximately \$2.1 billion, and government-wide expenses decreased by approximately \$2.0 million.

The major components of the changes in government-wide revenues were:

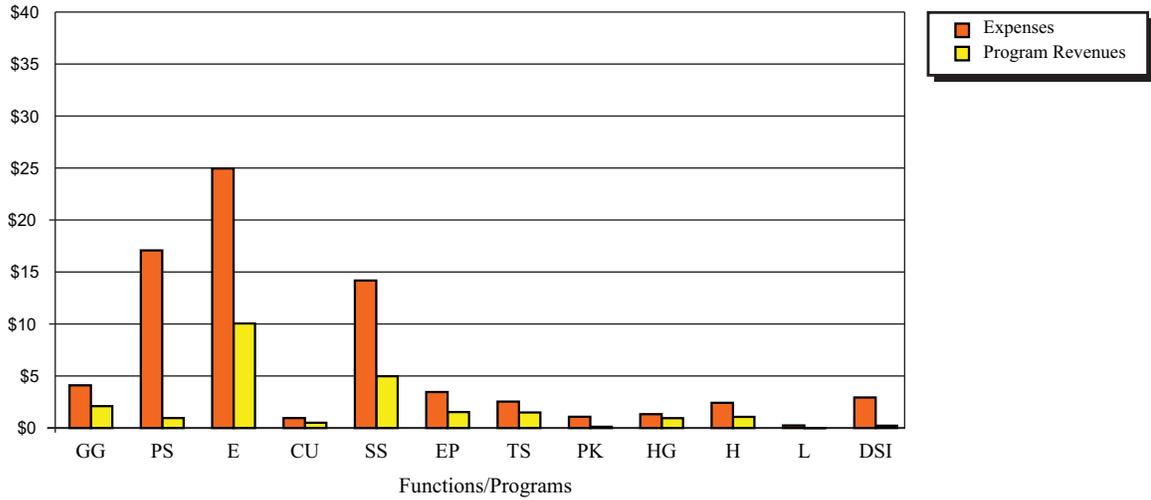
- Tax revenues, net of refunds, increased overall, as a result of the following:
 - The increase in real estate taxes results from growth in billable assessed value during the fiscal year.
 - The overall increase in sales and use taxes is driven primarily by a large increase in general sales tax which reflects growth in City private employment in calendar year 2010, an increase in consumption from the previous year's depressed levels, and strong tourism consumption. Additional increases are also attributable to an increase in mortgage recording tax which reflects a rebound in mortgage originations from the prior year.
 - The increase in personal income taxes which resulted from growth in City private employment in calendar year 2010, an increased strength in Wall Street bonus payments, a rebound in non-wage income in calendar year 2010, and the elimination of the STAR rate cut for filers with NYS adjusted gross income greater than \$500,000.
 - The increase in other income taxes (which include general corporation, financial corporation, unincorporated business income, and non-resident personal income taxes) is mostly attributable to increases in the business taxes (general corporation, financial corporation, and unincorporated business taxes). Strong Wall Street profitability in calendar years 2009 and 2010 led to increases in finance sector firms' payments. Additionally, the delayed withdrawal of federal support to financial corporations provided a boost to related taxes. Finally, a rebound in several non-finance related subsectors such as leisure and hospitality, retail trade, and health care, increased non-finance sector firms' tax payments.
 - The increase in taxes associated with the conveyance of real property reflects a recovery in both the volume and average sale price for commercial transactions.
 - Investment income declined primarily due to declining market interest rates.

The major components of the changes in government-wide expenses were:

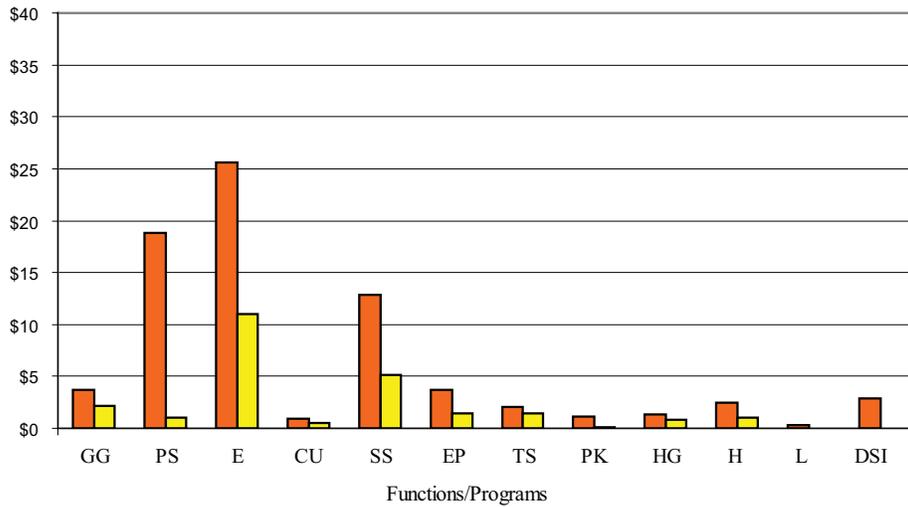
- Expenses for Public Safety and Judicial increased compared to the prior year because fiscal 2010 costs were partially offset by a write-off of previously estimated collective bargaining increases.
- Expenses for Education grew primarily due to further cost increases for special education and charter schools.
- Social Services expenses decreased due to declines in foster care and adoption caseloads. Additional decreases resulted from cuts in homecare services, declines in family shelter census and lower personnel costs associated with hiring delays and reductions.
- Environmental Protection expenses decreased primarily because fiscal 2010 costs were increased due to a large one-time collective bargaining settlement in the prior fiscal year and due to a decrease in pollution remediation costs.
- The increase in expenses for Libraries occurred primarily because of a significant "prepayment" of fiscal 2010 subsidies to Libraries that had been made in fiscal 2009, thereby reducing the fiscal 2010 expenses. Smaller prepayments of fiscal 2011 and fiscal 2012 subsidies were made in fiscal years 2010 and 2011, respectively.
- Debt Service interest expense increased as a result of increases in overall level of debt outstanding and conversions from floating rate to fixed rate debt.

The following charts compare the amounts of expenses and program revenues for fiscal years 2012 and 2011:

**Expenses and Program Revenues — Governmental Activities⁽¹⁾
for the year ended June 30, 2012
(in billions)**



**Expenses and Program Revenues — Governmental Activities⁽¹⁾
for the year ended June 30, 2011
(in billions)**

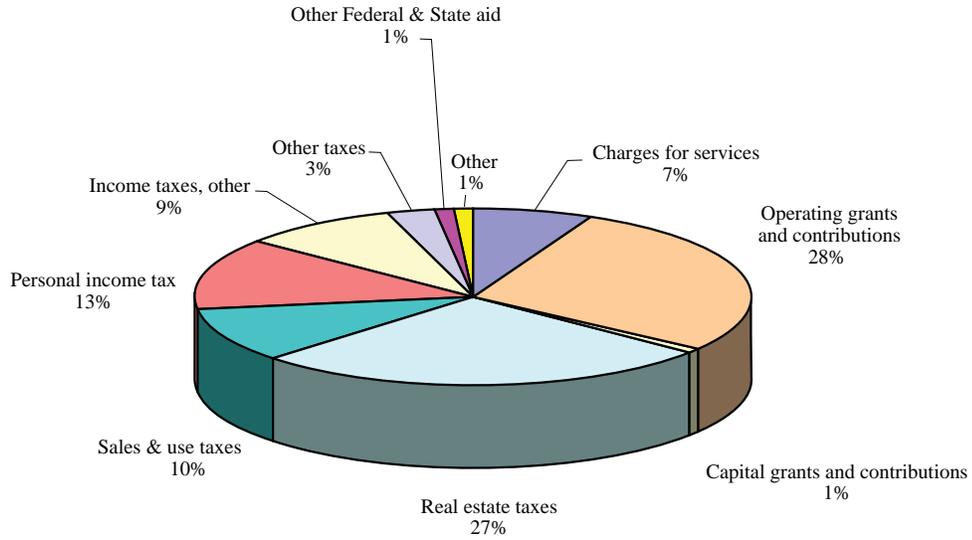


Functions/Programs	
GG	General government
PS	Public safety and judicial
E	Education
CU	City University
SS	Social services
EP	Environmental protection
TS	Transportation services
PK	Parks, recreation, and cultural activities
HG	Housing
H	Health, including payments to HHC
L	Libraries
DSI	Debt service interest

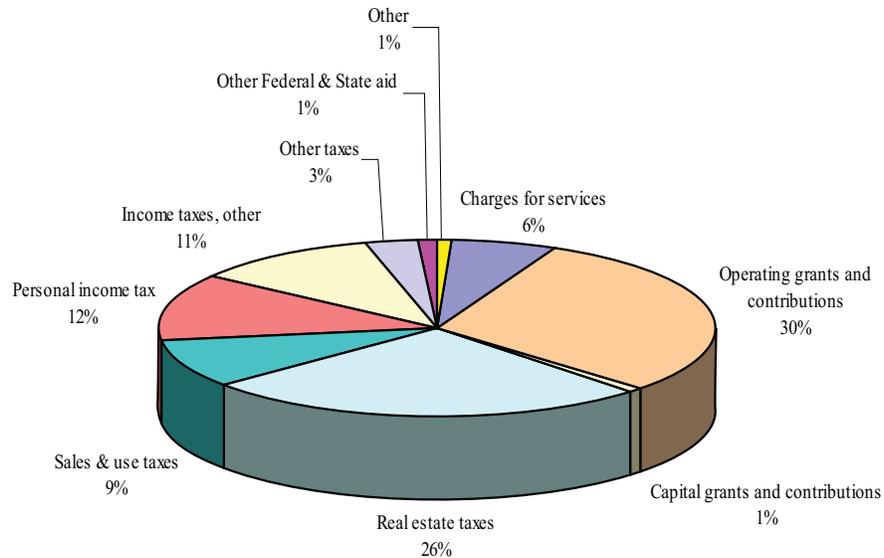
(1) Expenses include GASB45.

The following charts compare the amounts of program and general revenues for fiscal years 2012 and 2011:

**Revenues by Source — Governmental Activities
for the year ended June 30, 2012**



**Revenues by Source — Governmental Activities
for the year ended June 30, 2011**



As noted earlier, increases and decreases of net assets may over time serve as a useful indicator of changes in a government's financial position. In the case of the City, liabilities exceed assets by \$125.3 billion at the close of the most recent fiscal year, an increase in the excess of liabilities over assets of \$7.5 billion from June 30, 2011, which in turn compares with the net deficit increase of \$9.4 billion over the prior fiscal year 2010.

	Governmental Activities		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
		(in thousands)	
Current and other assets	\$ 33,666,004	\$ 32,035,997	\$ 31,358,012
Capital assets (net of depreciation/ amortization)	<u>48,215,076</u>	<u>46,468,237</u>	<u>43,474,065</u>
Total assets	<u>81,881,080</u>	<u>78,504,234</u>	<u>74,832,077</u>
Long-term liabilities	183,133,348	174,138,334	160,298,098
Other liabilities	<u>24,095,306</u>	<u>22,220,919</u>	<u>22,962,386</u>
Total liabilities	<u>207,228,654</u>	<u>196,359,253</u>	<u>183,260,484</u>
Net assets:			
Invested in capital assets, net of related debt	(10,207,250)	(9,996,793)	(6,899,623)
Restricted	6,635,670	6,657,505	6,883,624
Unrestricted (deficit)	<u>(121,775,994)</u>	<u>(114,515,731)</u>	<u>(108,412,408)</u>
Total net deficit	<u><u>\$(125,347,574)</u></u>	<u><u>\$(117,855,019)</u></u>	<u><u>\$(108,428,407)</u></u>

The excess of liabilities over assets reported on the government-wide statement of net assets is a result of several factors. The largest components of the net 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, 2012 and 2011:

<u>Components of Net Deficit</u>	<u>2012</u>	<u>2011</u>
	(in billions)	
Net Assets Invested in Capital Assets		
Some City-owned assets have a depreciable/amortizable 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/amortize more quickly than their related debt is paid, and they comprise one of the largest components of this difference	\$ (10.2)	\$ (10.0)
Net Assets Restricted for:		
Debt Service	3.9	5.4
Capital Projects	<u>2.7</u>	<u>1.3</u>
Total net assets restricted	<u>6.6</u>	<u>6.7</u>
Unrestricted Net Assets		
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	(1.4)	(1.5)
STAR issued debt related to the defeasance of the MAC issued debt	(2.1)	(2.1)
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 Assets. This includes assets of the New York City Transit Authority (TA), NYW, HHC, and certain public libraries and cultural institutions. This is the debt outstanding for non-City owned assets at year end.	(14.5)	(12.2)
Certain long-term obligations do not require current funding:		
OPEB liability	(88.2)	(83.9)
Judgments and claims	(6.3)	(6.1)
Vacation and sick leave	(4.2)	(3.9)
Pension liability	(0.6)	(0.6)
Landfill closure and postclosure costs	(1.5)	(1.6)
Other:	<u>(2.9)</u>	<u>(2.6)</u>
Total unrestricted (deficit) net assets	<u>(121.7)</u>	<u>(114.5)</u>
Total net deficit	<u><u>\$(125.3)</u></u>	<u><u>\$(117.8)</u></u>

**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					Total
	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	
	(in thousands)					
Fund balances (deficit), June 30, 2010	\$ 442,150	\$(3,144,344)	\$ 2,926,198	\$ 3,333,764	\$ —	\$ 3,557,768
Revenues	64,806,837	3,197,618	82,951	3,455,346	(2,882,579)	68,660,173
Expenditures	(59,788,636)	(9,098,807)	(3,684,423)	(4,527,139)	2,187,535	(74,911,470)
Other financing sources (uses)	<u>(5,013,079)</u>	<u>6,030,808</u>	<u>3,492,664</u>	<u>1,565,937</u>	<u>695,044</u>	<u>6,771,374</u>
Fund balances (deficit), June 30, 2011	447,272	(3,014,725)	2,817,390	3,827,908	—	4,077,845
Revenues	66,482,257	2,805,913	121,158	3,488,013	(2,726,100)	70,171,241
Expenditures	(62,649,080)	(8,430,996)	(3,841,129)	(6,733,015)	2,109,236	(79,544,984)
Other financing sources (uses)	<u>(3,828,165)</u>	<u>5,893,250</u>	<u>2,276,189</u>	<u>4,462,349</u>	<u>616,864</u>	<u>9,420,487</u>
Fund balances (deficit), June 30, 2012	<u>\$ 452,284</u>	<u>\$(2,746,558)</u>	<u>\$ 1,373,608</u>	<u>\$ 5,045,255</u>	<u>\$ —</u>	<u>\$ 4,124,589</u>

The City's General Fund is required to adopt an annual budget prepared on a basis consistent with generally accepted accounting principles. 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 as well as advance payments of certain subsidies and other payments that reduce the amount of the General Fund surplus for financial reporting purposes. As detailed later, the General Fund had operating surpluses of \$2.467 billion and \$3.747 billion before certain expenditures and transfers (discretionary and other) for fiscal years 2012 and 2011, respectively. After these certain expenditures and transfers (discretionary and other), the General Fund reported an operating surplus of \$5 million in both fiscal years 2012 and 2011, 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, 2012, can be attributed principally to transfers (discretionary transfer and other, as described above) from the General Fund totaling \$1.363 billion in fiscal year 2012 for fiscal year 2013 debt service. Similar transfers in fiscal year 2011 of \$2.788 billion for fiscal year 2012 debt service also primarily account for the General Debt Service Fund balance at June 30, 2011.

The Capital Projects Fund accounts for the financing of the City's capital program. The primary resource is obtained from 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, 2012 and 2011 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.

**General Fund
Budgetary Highlights**

In fiscal year 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB49). In addition to requiring recognition of pollution remediation obligations, GASB49 generally precludes costs incurred for pollution remediation from being reported as capital expenditures. Thus, the City's fiscal year 2012 General Fund expenditures include approximately \$224.9 million of pollution remediation expenditures associated with projects which were originally included in the City's capital program. In June 2010, the state amended the Financial Emergency Act to permanently waive the budgetary impact of GASB49. Thus, \$201.9 million of City bond proceeds and \$23.0 million of other revenues (New York City Municipal Water

Finance Authority bond proceeds transferred to the City) supporting the \$224.9 million of pollution remediation expenditures are also reported in the General Fund for fiscal year 2012. In fiscal year 2011, \$267.8 million of City bond proceeds and \$18.9 million of other revenues (New York City Municipal Water Finance Authority bond proceeds transferred to the City) supported the \$286.7 million of pollution remediation expenditures reported in the General Fund. Although amounts were not established in the Adopted Budget, a modification to the budget was made to accommodate the pollution remediation expenditure charge in the General Fund. These pollution remediation expenditures were incurred by various agencies, as follows:

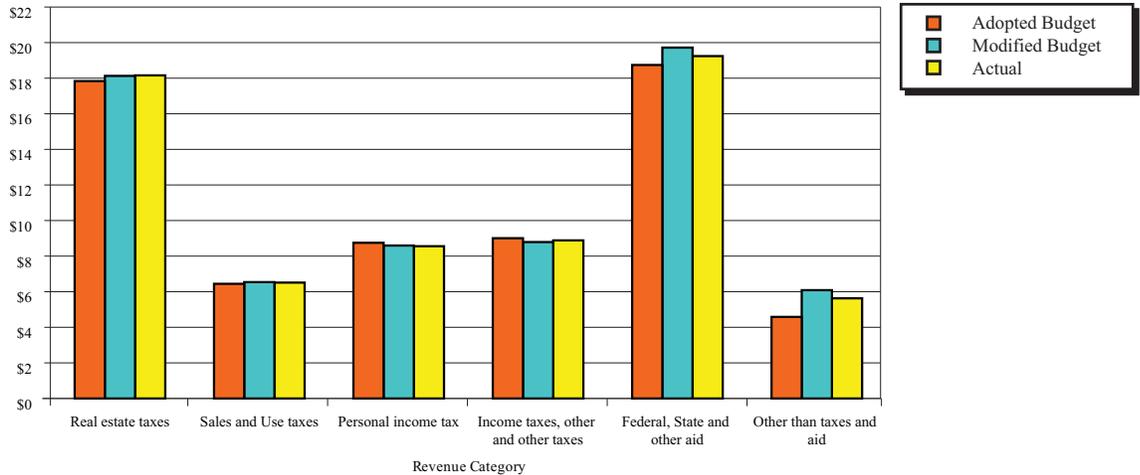
General Fund Pollution Remediation Expenditures Fiscal Year 2012		
	Modified Budget	Actual
(in thousands)		
General government	\$ 22,347	\$ 22,347
Public safety and judicial	1,865	1,865
Education	121,628	121,628
Social services	157	157
Environmental protection	25,007	25,007
Transportation services	50,339	50,339
Parks, recreation, and cultural activities	257	257
Housing	1,725	1,725
Health, including HHC	1,366	1,366
Libraries	172	172
Total expenditures	<u>\$224,863</u>	<u>\$224,863</u>

General Fund Pollution Remediation Expenditures Fiscal Year 2011		
	Modified Budget	Actual
(in thousands)		
General government	\$ 25,526	\$ 25,526
Public safety and judicial	6,025	6,025
Education	131,879	131,879
Social services	23	23
Environmental protection	20,444	20,444
Transportation services	74,002	74,002
Parks, recreation, and cultural activities	22,908	22,908
Housing	3,372	3,372
Health, including HHC	2,154	2,154
Libraries	369	369
Total expenditures	<u>\$286,702</u>	<u>\$286,702</u>

The following information is presented to assist the reader in comparing the original budget (Adopted Budget), and the final amended budget (Modified Budget) and the actual results compared with these budgeted amounts. The Adopted Budget can be modified subsequent to the end of the fiscal year.

The following charts and tables summarize actual revenues by category for fiscal years 2012 and 2011 and compare revenues with each fiscal year's Adopted Budget and Modified Budget.

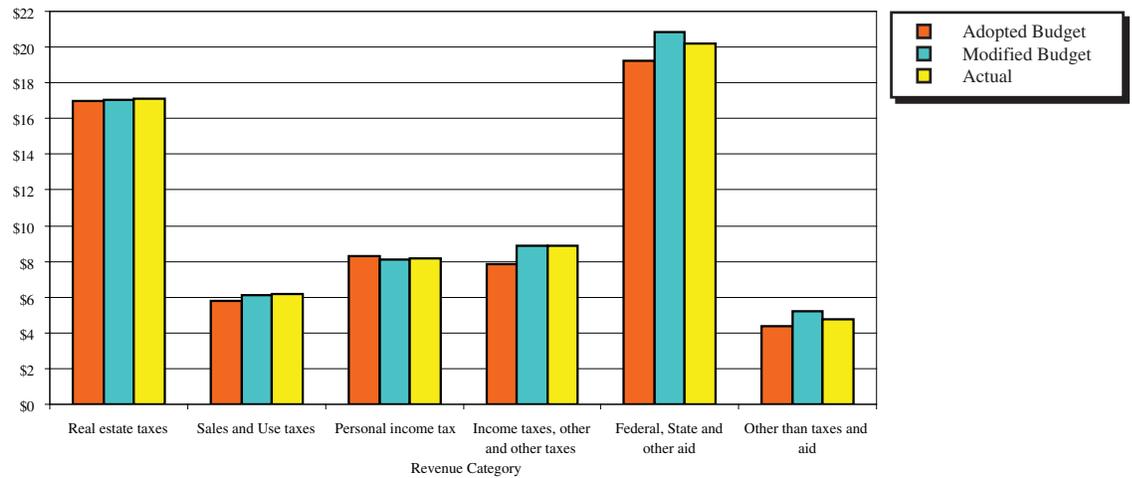
**General Fund Revenues
Fiscal Year 2012
(in billions)**



**General Fund Revenues
Fiscal Year 2012**

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>
	(in millions)		
Taxes (net of refunds):			
Real estate taxes	\$17,838	\$18,129	\$18,158
Sales and use taxes	6,444	6,539	6,512
Personal income tax	8,749	8,594	8,557
Income taxes, other	6,285	6,420	6,499
Other taxes	<u>2,721</u>	<u>2,371</u>	<u>2,385</u>
Taxes (net of refunds)	<u>42,037</u>	<u>42,053</u>	<u>42,111</u>
Federal, State and other aid:			
Categorical	18,705	19,694	19,216
Unrestricted	<u>37</u>	<u>25</u>	<u>25</u>
Federal, State and other aid	<u>18,742</u>	<u>19,719</u>	<u>19,241</u>
Other than taxes and aid:			
Charges for services	2,491	2,521	2,539
Other revenues	1,790	3,067	2,591
Bond proceeds	—	202	202
Transfer from Nonmajor Debt Service Fund	213	209	210
Transfer from General Debt Service Fund	<u>88</u>	<u>88</u>	<u>88</u>
Other than taxes and aid	<u>4,582</u>	<u>6,087</u>	<u>5,630</u>
Total revenues	<u>\$65,361</u>	<u>\$67,859</u>	<u>\$66,982</u>

**General Fund Revenues
Fiscal Year 2011
(in billions)**



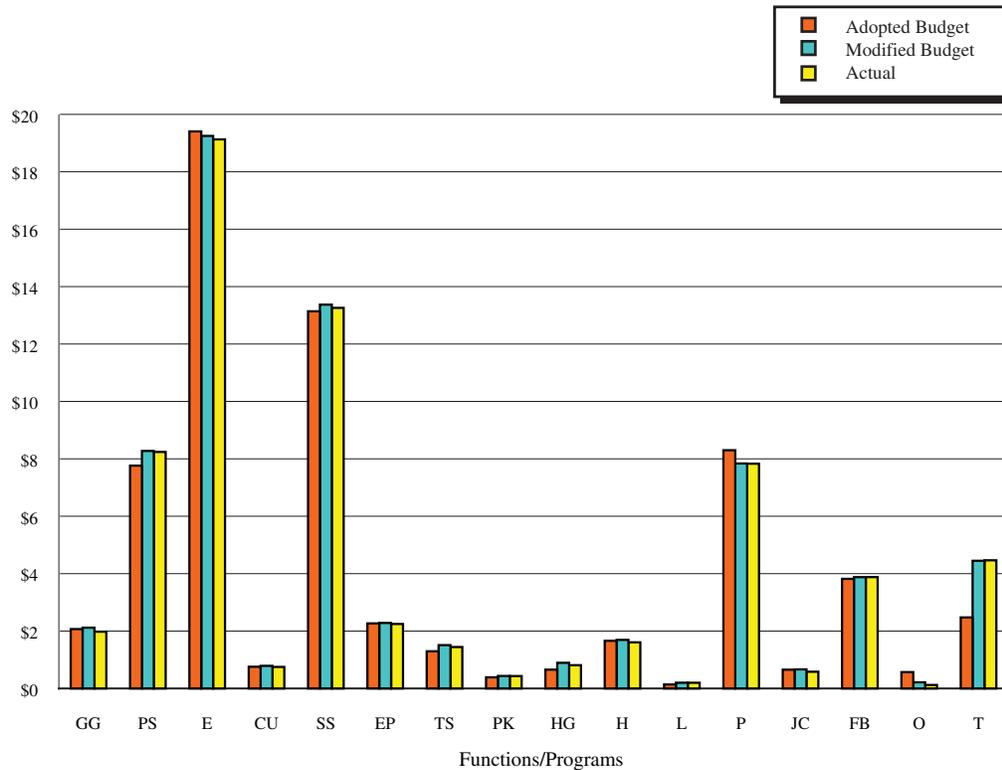
**General Fund Revenues
Fiscal Year 2011**

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>
		(in millions)	
Taxes (net of refunds):			
Real estate taxes	\$ 16,988	\$ 17,079	\$ 17,086
Sales and use taxes	5,768	6,115	6,190
Personal income tax	8,291	8,130	8,166
Income taxes, other	5,392	6,687	6,705
Other taxes	2,474	2,170	2,202
Taxes (net of refunds)	<u>38,913</u>	<u>40,181</u>	<u>40,349</u>
Federal, State and other aid:			
Categorical	19,201	20,781	20,145
Unrestricted	14	51	39
Federal, State and other aid	<u>19,215</u>	<u>20,832</u>	<u>20,184</u>
Other than taxes and aid:			
Charges for services	2,326	2,318	2,345
Other revenues	1,847	2,406	1,928
Bond proceeds	—	268	268
Transfer from Nonmajor Debt Service Fund	166	173	178
Transfer from General Debt Service Fund	52	68	68
Other than taxes and aid	<u>4,391</u>	<u>5,233</u>	<u>4,787</u>
Total revenues	<u>\$ 62,519</u>	<u>\$ 66,246</u>	<u>\$ 65,320</u>

General Fund Expenditures

The following charts and tables summarize actual expenditures by function/program for fiscal years 2012 and 2011 and compare expenditures with each fiscal year's Adopted Budget and Modified Budget.

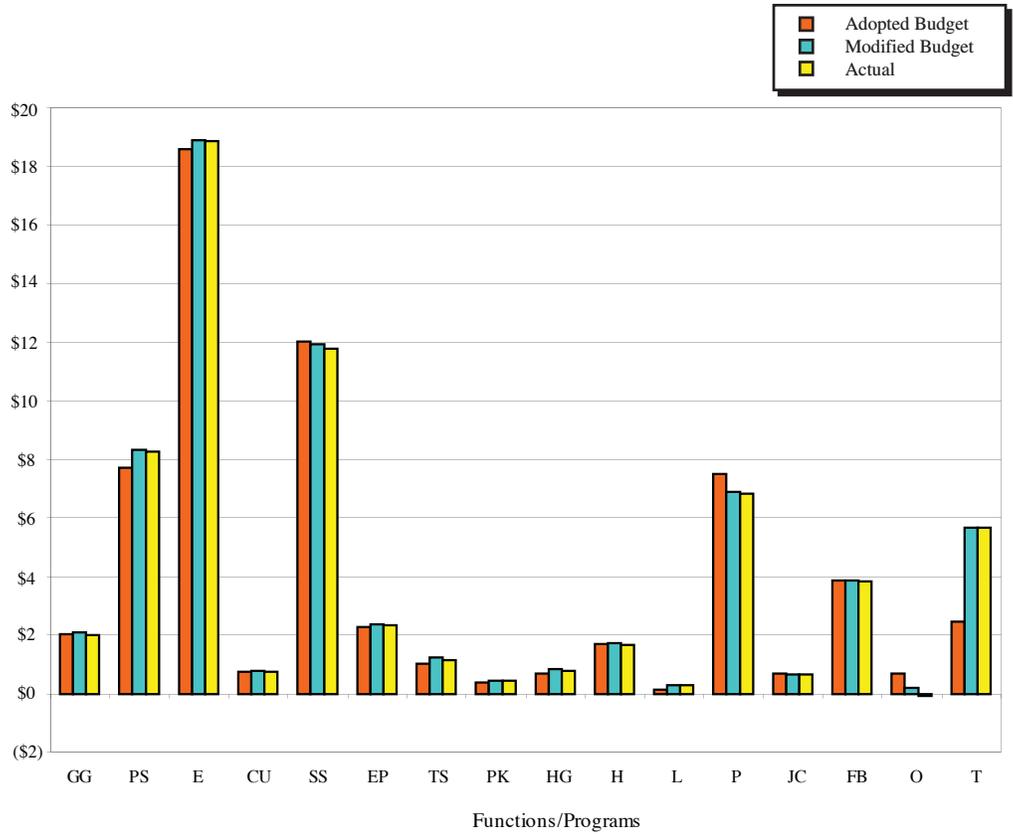
**General Fund Expenditures
Fiscal Year 2012
(in billions)**



**General Fund Expenditures
Fiscal Year 2012**

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>
		<i>(in millions)</i>	
General government (GG)	\$ 2,069	\$ 2,118	\$ 1,978
Public safety and judicial (PS)	7,763	8,275	8,240
Education (E)	19,407	19,249	19,129
City University (CU)	757	788	750
Social services (SS)	13,140	13,371	13,259
Environmental protection (EP)	2,266	2,282	2,246
Transportation services (TS)	1,296	1,510	1,444
Parks, recreation, and cultural activities (PK)	389	436	432
Housing (HG)	656	894	811
Health, including HHC (H)	1,660	1,692	1,608
Libraries (L)	139	200	199
Pensions (P)	8,300	7,838	7,830
Judgments and claims (JC)	655	665	583
Fringe benefits and other benefit payments (FB) ...	3,819	3,878	3,880
Other (O)	570	215	123
Transfers and other payments for debt service (T) ..	2,475	4,448	4,465
Total expenditures	<u><u>\$65,361</u></u>	<u><u>\$67,859</u></u>	<u><u>\$66,977</u></u>

**General Fund Expenditures
Fiscal Year 2011
(in billions)**



**General Fund Expenditures
Fiscal Year 2011**

	Adopted Budget	Modified Budget	Actual
		(in millions)	
General government (GG)	\$ 2,019	\$ 2,107	\$ 2,006
Public safety and judicial (PS)	7,713	8,336	8,281
Education (E)	18,590	18,912	18,862
City University (CU)	758	772	736
Social services (SS)	12,030	11,927	11,786
Environmental protection (EP)	2,292	2,367	2,340
Transportation services (TS)	1,016	1,224	1,160
Parks, recreation, and cultural activities (PK)	391	455	451
Housing (HG)	689	856	788
Health, including HHC (H)	1,686	1,735	1,667
Libraries (L)	144	297	296
Pensions (P)	7,488	6,877	6,843
Judgments and claims (JC)	686	664	664
Fringe benefits and other benefit payments (FB)	3,879	3,854	3,846
Other (O)	690	188	(82)
Transfers and other payments for debt service (T)	2,448	5,675	5,671
Total expenditures	\$62,519	\$66,246	\$65,315

General Fund Surplus

The City had General Fund surpluses of \$2.467 billion, \$3.747 billion and \$3.651 billion before certain expenditures and transfers (discretionary and other) for fiscal years 2012, 2011 and 2010, respectively. For the fiscal years 2012, 2011 and 2010, 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 2012, 2011 and 2010 budgets follow:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
		(in millions)	
Transfer, as required by law, to the General Debt			
Service Fund of real estate taxes collected in excess of the amount needed to finance debt service	\$ 65	\$ 356	\$ 766
Discretionary transfers to the General Debt			
Service Fund	1,275	2,428	2,122
Net equity contribution in bond refunding that accrued to future years debt service savings	23	4	4
Grant to HYIC	156	—	—
Grant to TFA	879	790	371
Advance cash subsidies to the Public Library system	64	164	164
Advance cash subsidies to the TA and Metropolitan Transportation Authority (MTA)	<u>—</u>	<u>—</u>	<u>219</u>
Total expenditures and transfers (discretionary and other)	2,462	3,742	3,646
Reported surplus	<u>5</u>	<u>5</u>	<u>5</u>
Total surplus	<u>\$2,467</u>	<u>\$3,747</u>	<u>\$3,651</u>

Final results for any given fiscal year may differ greatly from that year's Adopted Budget. The following table shows the variance between actuals and amounts for the fiscal year ended 2012 Adopted Budget:

	<u>2012</u>
Additional Resources:	<u>(in millions)</u>
Federal Categorical Aid	\$ 505
CityTime settlement proceeds	469
Lower than expected pension expenditures	469
Lower than expected supplies and materials costs	406
Lower than expected all other general administrative OTPS expenditures	367
Greater than expected real estate tax collections	320
General Reserve	300
Lower than expected all other debt service costs	257
Higher than expected all other miscellaneous revenues	195
Lower than expected provisions for disallowance reserve	181
Higher than expected real property transfer tax collections	137
Lower than expected energy costs	133
Higher than expected all other tax collections	120
Greater than expected banking corporation tax collections	87
State categorical aid	84
Lower than expected health insurance costs	80
Lower than expected judgments and claims expenditures	74
Higher than expected revenues from licenses, permits and privileges	57
Greater than expected proceeds from asset sales	47
Higher than expected charges for services	47
Lower than expected public assistance spending	44
Higher than expected revenues from fines and forfeitures	44
Higher than expected mortgage tax collections	37
Higher than expected commercial rent tax collections	36
Lower than expected lease purchase debt service costs	35
Greater than expected sales tax collections	6
All other net underspending and revenues above budget	2
Total	<u>4,539</u>
Enabled the City to provide for:	
Additional prepayments for certain debt service costs and subsidies due in fiscal year 2013	2,439
Greater than expected overtime costs	432
Greater than expected contractual services costs	353
Lower than expected general corporation tax collections	272
Lower than expected personal income tax collections	228
Pollution remediation costs	225
Lower than expected unincorporated business tax collections	169
Greater than expected all other fixed and miscellaneous charges	136
Higher than expected Medicaid spending	77
Higher than expected property and equipment costs	66
Lower than expected non-governmental grants	53
Greater than expected payments to HHC	24
Greater than expected all other social services spending (excluding Medicaid and public assistance)	22
Lower than expected interest income	17
Lower than expected unrestricted Federal and State aid	12
Higher than expected all other personal services spending	9
Total	<u>4,534</u>
Reported Surplus	<u>\$ 5</u>

Final results for any given fiscal year may differ greatly from that year's Adopted Budget. The following table shows the variance between actuals and amounts for the fiscal year ended 2011 Adopted Budget:

	<u>2011</u>
	(in millions)
Additional Resources:	
Federal Categorical Aid	\$1,081
Lower than expected pension expenditures	645
Greater than expected financial corporation tax collections	575
Greater than expected sales tax collections	445
Lower than expected Medicaid spending	324
Lower than expected supplies and materials costs	321
General Reserve	300
Lower than expected all other debt service costs	299
Non-governmental grants	289
Lower than expected health insurance expenditures	186
Greater than expected real property transfer tax collections	164
Lower than expected public assistance spending	134
Greater than expected real estate tax collections	98
Higher than expected unincorporated business tax collections	95
Greater than expected all other tax collections	85
Lower than expected all other general administrative OTPS Expenditures	85
Higher than expected all other miscellaneous revenue	84
Lower than expected all other personal services costs	69
Lower than expected lease purchase debt service costs	51
Greater than expected commercial rent tax collections	50
Greater than expected revenues from licenses, permits and privileges	44
Higher than expected utility tax collections	43
Greater than expected general corporation tax collections	40
Lower than expected judgments and claims costs	28
Unrestricted Federal and State Aid	25
Greater than expected charges for services	19
Lower than expected energy costs	14
Lower than expected subsidy payments to libraries	12
Greater than expected proceeds from asset sales	8
Total	<u>5,613</u>
Enabled the City to provide for:	
Additional prepayments for certain debt service costs and subsidies due in fiscal year 2012	3,738
Higher than expected contractual services costs	891
Greater than expected overtime costs	371
Higher than expected pollution remediation costs	137
Lower than expected personal income tax collections	134
Greater than expected provisions for disallowance reserve	97
Greater than expected all other social services (excluding Medicaid and public assistance)	54
Higher than expected all other fixed and miscellaneous charges	39
Greater than expected property and equipment costs	38
Lower than expected revenues from fines and forfeitures	28
Lower than expected interest income	27
State Categorical Aid	26
Lower than expected mortgage tax collections	20
Lower than expected tobacco settlement proceeds	8
Total	<u>5,608</u>
Reported Surplus	<u>\$ 5</u>

Capital Assets

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

	Governmental Activities		
	2012	2011	2010
	(in millions)		
Land*	\$ 1,634	\$ 1,569	\$ 1,240
Buildings	28,383	27,007	25,154
Equipment (including software)	2,410	2,153	1,979
Infrastructure**	11,351	10,842	10,284
Construction work-in-progress*	4,437	4,897	4,817
Total	<u>\$48,215</u>	<u>\$46,468</u>	<u>\$43,474</u>

* Not depreciable/amortizable

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

The net increase in the City's capital assets during fiscal year 2012 was \$1.747 billion, a 4% increase. Capital assets additions in fiscal year 2012 were \$8.001 billion, a decrease of \$514 million from fiscal year 2011.

The net increase in the City's capital assets during fiscal year 2011 was \$2.994 billion, a 7% increase. Capital assets additions in fiscal year 2011 were \$8.515 billion, a decrease of \$1.065 billion from fiscal year 2010.

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

Debt Administration

The City, through the Comptroller's Office of Public Finance, in conjunction with the Mayor's Office of Management and Budget, is charged with issuing debt to finance the implementation of the City's capital program. The following table summarizes the debt outstanding for New York City and City-related issuing entities at the end of fiscal years 2012, 2011 and 2010.

	New York City and City-Related Debt		
	2012	2011	2010
	(in millions)		
General Obligation Bonds ^(a)	\$42,286	\$41,785	\$41,555
TFA Bonds	19,587	17,624	14,407
TFA Recovery Bonds	1,372	1,466	1,466
TFA BARBs	5,309	4,730	4,221
TSASC Bonds	1,253	1,260	1,265
IDA Bonds	95	98	99
STAR Bonds	2,054	2,117	2,178
FSC Bonds	270	282	294
HYIC Bonds	3,000	2,000	2,000
ECF Bonds	274	281	150
Total bonds and notes payable	<u>\$75,500</u>	<u>\$71,643</u>	<u>\$67,635</u>

(a) Does not include capital contract liabilities.

General Obligation

On July 1, 2012, the City's outstanding General Obligation (GO) debt, including capital contract liabilities, totaled \$52.7 billion (compared with \$52.03 and \$49.9 billion as of July 1, 2011 and 2010, 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. As of July 1, 2012, the City's 10% general limitation was \$76.9 billion (compared with \$76.1 and \$76.2 billion as of July 1, 2011 and 2010 respectively). The City's remaining debt incurring power as of July 1, 2012, after providing for capital contract liabilities, totaled \$24.17 billion.

As of June 30, 2012, the City's outstanding GO variable and fixed rate debt totaled \$7.67 billion and \$34.62 billion, respectively. Of the \$4.95 billion in GO bonds issued by the City in fiscal year 2012, a total of \$2.23 billion was issued to refund certain outstanding bonds at a lower interest rate and a total of \$2.72 billion was issued for new money capital purposes. The proceeds of the refunding issues were placed in irrevocable escrow accounts in amounts sufficient to pay when due all principal, interest, and applicable redemption premium, if any, on the refunded bonds. These refundings produce budgetary dissavings of \$9.44 million in fiscal year 2012, and budgetary savings of \$222.15 million and \$69.72 million in 2013 and 2014, respectively. The refundings will generate approximately \$277.06 million in net present value savings throughout the life of the bonds.

In fiscal year 2012, the City issued \$297.46 million of traditional taxable fixed rate bonds. The traditional taxable bonds were sold on a competitive basis.

In addition, the City converted \$145.56 million of bonds between different interest rate modes.

During fiscal year 2012, GO variable rate debt traded at the following average interest rates:

	<u>Tax-Exempt</u>	<u>Taxable</u>
Dailies	0.24%	—
Weeklies	0.18%	1.17%
Auction Rate Securities—7 Day	0.51%	—

During fiscal year 2012, 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 2012, the City had no short-term borrowings.

Transitional Finance Authority

In 1997, in order to continue to fund the City's capital commitments in the face of an approaching GO debt limit, the New York State Legislature created the New York City Transitional Finance Authority (TFA). The TFA, a bankruptcy-remote separate legal entity, was initially authorized to issue debt secured by the City's collections of personal income tax and, if necessary, sales tax. These TFA bonds are identified as Future Tax Secured Bonds. The TFA was initially authorized to issue up to \$7.5 billion of Future Tax Secured Bonds. In fiscal year 2000, the debt incurring authorization for these bonds was increased by \$4 billion to a total of \$11.5 billion, and in fiscal year 2006, by \$2 billion to a total of \$13.5 billion. As of June 30, 2009, TFA had exhausted its debt incurring authorization for these bonds. In July 2009, however, Chapter 182 of the Laws of New York, authorized the issuance of additional Future Tax Secured Bonds subject to certain limitations. First, the \$13.5 billion debt authorization was changed to be based on outstanding debt and not debt issued. Second, the new authorization provides that the further Future Tax Secured Bonds, together with the amount of indebtedness contracted by the City, will not exceed the debt limit of the City.

In September 2001, the New York State Legislature approved a special TFA authorization of \$2.5 billion to fund capital and operating costs related to or arising from the events of September 11, 2001 (Recovery Bonds). The Legislature also authorized TFA to issue debt without limit as to principal amount, secured solely by state or federal aid received as a result of the disaster. To date, TFA has issued \$2 billion in Recovery Bonds pursuant to this authorization.

As of June 30, 2012, the TFA Future Tax Secured Bond total debt outstanding, including Recovery Bonds and Subordinate Lien Bonds, totaled approximately \$20.96 billion.

TFA issued \$3.5 billion TFA bonds in fiscal year 2012, a total of \$2.8 billion was issued for new money capital purposes and \$700 million was issued to refund certain outstanding bonds at lower interest rates.

The proceeds of the refunding issues were placed in irrevocable escrow accounts to pay, when due, principal, interest, and applicable redemption premium, if any, on the refunded bonds. The refundings produce budgetary dissavings of \$2 million in fiscal year 2012, and budgetary

savings of \$50.34 million and \$285.5 thousand in fiscal years 2013 and 2014, respectively. The refundings will generate approximately \$46.9 million in net present value savings throughout the life of the bonds. Of the \$2.80 billion new money issued in fiscal year 2012, \$300 million were Qualified School Construction Bonds (QSCBs).

As of June 30, 2012, the TFA's outstanding variable rate debt, which included \$1.37 billion of TFA Recovery Bonds, totaled \$3.3 billion. During fiscal year 2012, TFA's variable rate debt traded at the following average interest rates:

	<u>Tax-Exempt</u>	<u>Taxable</u>
Dailies	0.32%	—
Weeklies	0.29%	0.28%
Auction Rate Securities—7 Day	0.53%	—
Index Floaters	1.02%	—
2-Day Mode	0.18%	—

In fiscal year 2012, S&P and Fitch maintained their respective ratings on both Senior Lien and Subordinate Lien TFA Bonds at AAA. Moody's maintained its rating on Senior Lien Bonds at Aaa and Subordinate Lien Bonds at Aa1.

In fiscal year 2006, the New York State Legislature authorized the TFA 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. The legislation further authorized the City to assign to the TFA 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 the obligations. Pursuant to this authority, the TFA Building Aid Revenue Bond (TFA BARBs) credit was created. The City assigned all the State Building Aid to the TFA.

In fiscal year 2012, the TFA issued \$650 million in new money TFA BARBs to finance a portion of the City's educational facilities capital plan. As of June 30, 2012, the TFA BARBs outstanding totaled \$5.31 billion. Of the \$650 million bonds the TFA issued in fiscal year 2012, \$100 million were issued as QSCBs that will receive 100% interest subsidy from the federal government.

During fiscal year 2012, S&P and Fitch maintained the TFA BARBs rating at AA- and Moody's maintained the TFA BARBs rating at Aa3.

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 2012. As of June 30, 2012, TSASC had approximately \$1.25 billion of bonds outstanding.

TSASC bond ratings vary by maturity. As of June 30, 2012, S&P rated TSASC bonds maturing June 1, 2022, 2026, 2034 and 2042 BB+, B+, B and B- respectively. Fitch rated TSASC bonds maturing on June 1, 2022 and 2026 BBB+ and BBB- respectively. Fitch rated bonds maturing on June 1, 2034 and 2042 BB.

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 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, 2012, STAR had \$2.05 billion bonds outstanding. It had no financing activity in fiscal year 2012.

The bonds are rated AAA by S&P, Aa2 by Moody's, and AA by Fitch.

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, 2012, FSC had \$270.24 million bonds outstanding. It had no financing activity in fiscal year 2012.

As of June 30, 2012, the bonds were rated AA+ by S&P, Aaa by Moody's and AAA by Fitch.

Hudson Yards Infrastructure Corporation

In December 2006, \$2 billion of tax-exempt bonds were issued by the Hudson Yards Infrastructure Corporation (HYIC), 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.

During fiscal year 2012 HYIC issued \$1 billion in revenue bonds. As of June 30, 2012, HYIC had \$3 billion bonds outstanding.

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, 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 2012.

As of June 30, 2012, ECF had \$274 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 were 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, 2012, the NYCTLT 2011-A had \$36 million in bonds outstanding.

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 2012. As of June 30, 2012, the outstanding notional amount on the City's various swap agreements was \$2.04 billion.

The Water Authority has also from time to time entered into interest rate exchange agreements in order to lower its borrowing costs over the life of its bonds and to diversify its existing portfolio. In fiscal year 2012, it initiated no new swaps. As of June 30, 2012, the outstanding notional amount on the Water Authority's various swap agreements was \$621 million.

Additional information on the City's long-term debt can be found in Note D.4. of the Basic Financial Statements.

Subsequent Events

Subsequent to June 30, 2012, the City and TFA completed the following long-term financings:

Long-term Financing

City Debt: On October 23, 2012, The City of New York sold its Fiscal 2013 Series A General Obligation bonds of \$850 million for capital purposes.

On October 23, 2012, The City of New York sold its Fiscal 2013 Series B and C General Obligation bonds of \$600 million for refunding purposes.

On October 23, 2012, The City of New York converted its Fiscal 1994 Series A5 General Obligation bonds of \$22.18 million from Daily Mode to Fixed Rate Mode and Fiscal 1994 Series H6 General Obligation bonds, Fiscal 1996 Series J2 General Obligation bonds and Fiscal 2003 Series G3 General Obligation bonds of \$36.33 million from Weekly Mode to Fixed Rate Mode.

TFA Debt: On July 19, 2012, TFA sold its Fiscal 2013 Series S-1 Building Aid Revenue Bonds of \$850 million for capital purposes.

On August 28, 2012, TFA sold its Fiscal 2013 Series A1-3 Future Tax Secured Subordinate bonds of \$450 million for capital purposes.

On August 28, 2012, TFA sold its Fiscal 2013 Series A4-7 Future Tax Secured Adjustable Rate bonds of \$350 million for capital purposes.

On August 28, 2012, TFA sold its Fiscal 2013 Series B Future Tax Secured Subordinate bonds of \$950 million for refunding purposes.

NYCTLT

2012-A Debt: On August 8, 2012, NYCTLT 2012-A issued Tax Lien Collateralized Bonds, Series 2012-A of \$66.75 million to fund the purchase of certain liens from the City.

Bond Ratings: On August 22, 2012, Fitch downgraded TSASC bonds maturing June 1, 2022 to BBB from BBB+, bonds maturing June 1, 2026 to BB- from BBB-, and bonds maturing June 1, 2034 and June 1, 2042 to B+ from BB.

Commitments

At June 30, 2012, the outstanding commitments relating to projects of the Capital Projects Fund amounted to approximately \$14.7 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 the Capital Projects Fund expenditures of \$54.1 billion over fiscal years 2012 through 2021. To help meet its capital spending program, the City and TFA borrowed \$6.18 billion in the public credit market in fiscal year 2012. The City and TFA plan to borrow \$5.10 billion in the public credit market in fiscal year 2013.

Request for Information

This 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 10007-2341.

The City of New York

**Comprehensive
Annual Financial Report
of the
Comptroller**

**BASIC
FINANCIAL STATEMENTS**

Part II-A

Fiscal Year Ended June 30, 2012



Municipal Building

THE CITY OF NEW YORK
STATEMENT OF NET ASSETS

JUNE 30, 2012
(in thousands)

	Primary Government		Component
	Governmental		Units
	Activities		Units
ASSETS:			
Cash and cash equivalents	\$ 5,766,448		\$ 3,070,001
Investments, including accrued interest	2,554,965		920,999
Receivables:			
Real estate taxes (less allowance for uncollectible amounts of \$265,066)	419,920		—
Federal, State and other aid	7,697,707		—
Taxes other than real estate	5,166,792		—
Leases	—		1,700,410
Other	1,395,738		3,464,574
Mortgage loans and interest receivable, net	—		8,217,900
Inventories	284,890		34,946
Due from Primary Government	—		62,371
Due from Component Units	1,839,653		—
Restricted cash, cash equivalents and investments	7,077,280		4,904,603
Deferred charges	887,472		—
Other	421,507		602,054
Capital assets:			
Land and construction work-in-progress	6,070,978		11,457,918
Other capital assets (net of depreciation/amortization):			
Buildings and equipment (including software)	30,792,957		24,293,722
Infrastructure	11,351,141		—
Deferred outflows of resources	153,632		149,642
Total assets	81,881,080		58,879,140
LIABILITIES:			
Accounts payable and accrued liabilities	12,468,496		2,974,058
Accrued interest payable	912,173		138,249
Unearned revenues:			
Prepaid real estate taxes	5,543,586		—
Other	3,858,040		330,123
Due to Primary Government	—		1,839,653
Due to Component Units	62,371		—
Estimated disallowance of Federal, State and other aid	997,428		—
Other	99,580		255,244
Derivative instruments — interest rate swaps	153,632		137,030
Noncurrent liabilities:			
Due within one year	4,939,653		1,652,052
Due in more than one year	178,193,695		47,503,112
Total liabilities	207,228,654		54,829,521
NET ASSETS:			
Invested in capital assets, net of related debt	(10,207,250)		7,373,366
Restricted for:			
Capital projects	2,720,782		40,766
Debt service	3,914,888		1,492,282
Loans/security deposits	—		85,597
Donor/statutory restrictions	—		75,953
Operations	—		261,333
Unrestricted (deficit)	(121,775,994)		(5,279,678)
Total net assets (deficit)	\$(125,347,574)		\$ 4,049,619

See accompanying notes to financial statements.

THE CITY OF NEW YORK
STATEMENT OF NET ASSETS

JUNE 30, 2011
(in thousands)

	Primary Government	Component
	Governmental	Units
	Activities	
ASSETS:		
Cash and cash equivalents	\$ 4,457,707	\$ 2,753,099
Investments, including accrued interest	396,847	645,878
Receivables:		
Real estate taxes (less allowance for uncollectible amounts of \$308,329)	490,450	—
Federal, State and other aid	8,434,007	—
Taxes other than real estate	5,007,542	—
Leases	—	1,705,667
Other	3,576,527	3,508,251
Mortgage loans and interest receivable, net	34	7,374,816
Inventories	297,303	40,708
Due from Primary Government	—	36,288
Due from Component Units	1,870,487	—
Restricted cash, cash equivalents and investments	6,161,219	5,684,924
Deferred charges	789,969	—
Other	488,207	608,096
Capital assets:		
Land and construction work-in-progress	6,465,717	10,496,720
Other capital assets (net of depreciation/amortization):		
Buildings and equipment (including software)	29,160,271	23,342,686
Infrastructure	10,842,249	—
Deferred outflows of resources	65,698	59,876
Total assets	78,504,234	56,257,009
LIABILITIES:		
Accounts payable and accrued liabilities	12,039,167	2,770,399
Accrued interest payable	865,875	136,323
Unearned revenues:		
Prepaid real estate taxes	4,631,627	—
Other	3,284,194	289,355
Due to Primary Government	—	1,870,487
Due to Component Units	36,288	—
Estimated disallowance of Federal, State and other aid	1,184,574	—
Other	113,496	185,489
Derivative instruments — interest rate swaps	65,698	44,134
Noncurrent liabilities:		
Due within one year	5,301,669	1,642,194
Due in more than one year	168,836,665	45,105,912
Total liabilities	196,359,253	52,044,293
NET ASSETS:		
Invested in capital assets, net of related debt	(9,996,793)	7,239,275
Restricted for:		
Capital projects	1,254,669	46,675
Debt service	5,402,836	1,256,197
Loans/security deposits	—	62,443
Donor/statutory restrictions	—	70,095
Operations	—	257,499
Unrestricted (deficit)	(114,515,731)	(4,719,468)
Total net assets (deficit)	\$(117,855,019)	\$ 4,212,716

See accompanying notes to financial statements.

THE CITY OF NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
Primary government:						
General government	\$ 4,101,933	\$ 1,122,481	\$ 936,994	\$ 40,857	\$ (2,001,601)	\$ —
Public safety and judicial	17,077,117	279,128	676,840	228	(16,120,921)	—
Education	24,957,901	68,102	9,953,121	28,810	(14,907,868)	—
City University	954,590	313,901	188,195	693	(451,801)	—
Social services	14,181,836	45,090	4,930,971	2,423	(9,203,352)	—
Environmental protection	3,456,151	1,418,324	56,553	56,064	(1,925,210)	—
Transportation services	2,536,846	923,112	256,411	311,493	(1,045,830)	—
Parks, recreation and cultural activities	1,077,230	63,439	26,242	27,543	(960,006)	—
Housing	1,327,674	276,014	557,515	111,174	(382,971)	—
Health (including payments to HHC)	2,419,857	90,487	965,943	13,056	(1,350,371)	—
Libraries	243,470	—	—	1,972	(241,498)	—
Debt service interest	2,931,953	—	219,921	—	(2,712,032)	—
Total primary government	<u>\$75,266,558</u>	<u>\$ 4,600,078</u>	<u>\$18,768,706</u>	<u>\$ 594,313</u>	<u>(51,303,461)</u>	—
Component Units	<u>\$15,836,919</u>	<u>\$11,493,537</u>	<u>\$ 2,412,767</u>	<u>\$1,191,646</u>	—	<u>(738,969)</u>

General revenues:

Taxes (Net of Refunds):

Real estate taxes	18,177,170	—
Sales and use taxes	6,618,107	—
Personal income tax	8,722,002	—
Income taxes, other	6,079,881	—
Other taxes:		
Commercial Rent	671,722	—
Conveyance of Real Property	917,653	—
Hotel Room Occupancy	486,525	—
Payment in Lieu of Taxes	261,128	—
Other	48,309	—
Investment income	117,608	70,947
Other Federal and State aid	730,310	5,550
Other	980,491	499,375
Total general revenues	<u>43,810,906</u>	<u>575,872</u>
Change in net assets	(7,492,555)	(163,097)
Net assets (deficit) - beginning	(117,855,019)	4,212,716
Net assets (deficit) - ending	<u>\$(125,347,574)</u>	<u>\$4,049,619</u>

See accompanying notes to financial statements.

THE CITY OF NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
Primary government:						
General government	\$ 3,791,462	\$ 943,558	\$ 1,179,330	\$ 67,299	\$ (1,601,275)	\$ —
Public safety and judicial	18,815,201	268,677	731,307	10,040	(17,805,177)	—
Education	25,604,277	68,252	10,977,840	5,399	(14,552,786)	—
City University	947,402	277,685	196,459	5,155	(468,103)	—
Social services	12,896,220	31,812	5,071,672	2,787	(7,789,949)	—
Environmental protection	3,744,521	1,365,139	38,999	32,377	(2,308,006)	—
Transportation services	2,073,164	874,345	257,183	298,207	(643,429)	—
Parks, recreation and cultural activities	1,119,677	63,891	16,859	5,513	(1,033,414)	—
Housing	1,317,725	263,617	494,798	109,686	(449,624)	—
Health (including payments to HHC)	2,484,876	79,054	986,823	—	(1,418,999)	—
Libraries	343,395	—	—	1,552	(341,843)	—
Debt service interest	2,911,817	—	—	—	(2,911,817)	—
Total primary government	<u>\$76,049,737</u>	<u>\$ 4,236,030</u>	<u>\$19,951,270</u>	<u>\$ 538,015</u>	<u>(51,324,422)</u>	—
Component Units	<u>\$15,534,076</u>	<u>\$11,122,972</u>	<u>\$ 2,427,082</u>	<u>\$1,402,398</u>	—	<u>(581,624)</u>

General revenues:

Taxes (Net of Refunds):

Real estate taxes	17,064,641	—
Sales and use taxes	6,120,215	—
Personal income tax	8,095,972	—
Income taxes, other	7,313,299	—
Other taxes:		
Commercial Rent	634,221	—
Conveyance of Real Property	798,977	—
Hotel Room Occupancy	436,218	—
Payment in Lieu of Taxes	276,082	—
Other	64,126	—
Investment income	133,758	100,370
Other Federal and State aid	470,117	2,569
Other	329,218	418,939
Total general revenues	<u>41,736,844</u>	<u>521,878</u>
Change in net assets	(9,587,578)	(59,746)
Net assets (deficit) - beginning	(108,267,441)	4,272,462
Net assets (deficit) - ending	<u>\$(117,855,019)</u>	<u>\$4,212,716</u>

See accompanying notes to financial statements.

THE CITY OF NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2012
(in thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>General Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Adjustments/ Eliminations</u>	<u>Total Governmental Funds</u>
ASSETS:						
Cash and cash equivalents	\$ 5,632,790	\$ 28,309	\$ —	\$ 105,349	\$ —	\$ 5,766,448
Investments, including accrued interest	2,602,173	—	—	17,060	—	2,619,233
Accounts receivable:						
Real estate taxes (less allowance for uncollectible amounts of \$265,066)	419,920	—	—	—	—	419,920
Federal, State and other aid	6,913,665	784,042	—	—	—	7,697,707
Taxes other than real estate	4,761,961	—	—	404,831	—	5,166,792
Other	1,007,640	—	—	359,059	—	1,366,699
Mortgage loans and interest receivable, net (less allowance for uncollectible amounts of \$327,305)	—	—	—	—	—	—
Due from other funds	2,814,399	312,887	—	451,213	(450,973)	3,127,526
Due from Component Units	1,036,730	802,923	—	—	—	1,839,653
Restricted cash and investments	—	713,645	1,378,774	4,984,861	—	7,077,280
Other	—	84,297	—	321,988	—	406,285
Total assets	<u>\$25,189,278</u>	<u>\$ 2,726,103</u>	<u>\$1,378,774</u>	<u>\$6,644,361</u>	<u>\$ (450,973)</u>	<u>\$35,487,543</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable and accrued liabilities	\$10,303,799	\$ 1,584,907	\$ 5,166	\$ 574,624	\$ —	\$12,468,496
Accrued tax refunds:						
Real estate taxes	25,310	—	—	—	—	25,310
Personal income tax	29,888	—	—	49,831	—	79,719
Other	83,501	—	—	—	—	83,501
Accrued judgments and claims	386,874	101,972	—	—	—	488,846
Deferred revenues:						
Prepaid real estate taxes	5,543,586	—	—	—	—	5,543,586
Uncollected real estate taxes	331,135	—	—	—	—	331,135
Taxes other than real estate	3,800,525	—	—	—	—	3,800,525
Other	3,172,577	532,985	—	648,949	—	4,354,511
Due to other funds	—	3,252,797	—	325,702	(450,973)	3,127,526
Due to Component Units	62,371	—	—	—	—	62,371
Estimated disallowance of Federal, State and other aid	997,428	—	—	—	—	997,428
Total liabilities	<u>24,736,994</u>	<u>5,472,661</u>	<u>5,166</u>	<u>1,599,106</u>	<u>(450,973)</u>	<u>31,362,954</u>
Fund balances:						
Nonspendable	452,284	—	—	577	—	452,861
Spendable:						
Restricted	—	372,361	65,429	4,889,091	—	5,326,881
Committed	—	—	1,308,179	610	—	1,308,789
Assigned	—	—	—	154,977	—	154,977
Unassigned	—	(3,118,919)	—	—	—	(3,118,919)
Total fund balances (deficit)	<u>452,284</u>	<u>(2,746,558)</u>	<u>1,373,608</u>	<u>5,045,255</u>	<u>—</u>	<u>4,124,589</u>
Total liabilities and fund balances	<u>\$25,189,278</u>	<u>\$ 2,726,103</u>	<u>\$1,378,774</u>	<u>\$6,644,361</u>	<u>\$ (450,973)</u>	<u>\$35,487,543</u>

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2011
(in thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>General Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Adjustments/ Eliminations</u>	<u>Total Governmental Funds</u>
ASSETS:						
Cash and cash equivalents	\$ 4,331,568	\$ 56,672	\$ —	\$ 69,467	\$ —	\$ 4,457,707
Investments, including accrued interest	422,352	—	—	37,582	—	459,934
Accounts receivable:						
Real estate taxes (less allowance for uncollectible amounts of \$308,329)	490,450	—	—	—	—	490,450
Federal, State and other aid	7,647,115	786,892	—	—	—	8,434,007
Taxes other than real estate	4,710,519	—	—	297,023	—	5,007,542
Other	2,316,125	—	960,582	275,321	—	3,552,028
Mortgage loans and interest receivable, net (less allowance for uncollectible amounts of \$322,011)	—	—	—	34	—	34
Due from other funds	2,664,275	300,718	—	512,215	(512,112)	2,965,096
Due from Component Units	1,061,891	682,345	—	—	—	1,744,236
Restricted cash and investments	—	484,842	1,862,964	3,813,413	—	6,161,219
Other	11,416	121,543	—	324,364	—	457,323
Total assets.	<u>\$23,655,711</u>	<u>\$ 2,433,012</u>	<u>\$2,823,546</u>	<u>\$5,329,419</u>	<u>\$ (512,112)</u>	<u>\$33,729,576</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 9,515,405	\$ 1,855,086	\$ 6,156	\$ 662,520	\$ —	\$12,039,167
Accrued tax refunds:						
Real estate taxes	40,365	—	—	—	—	40,365
Personal income tax	38,015	—	—	107,023	—	145,038
Other	84,355	—	—	271,316	—	355,671
Accrued judgments and claims	428,114	91,980	—	—	—	520,094
Deferred revenues:						
Prepaid real estate taxes	4,631,627	—	—	—	—	4,631,627
Uncollected real estate taxes	375,655	—	—	—	—	375,655
Taxes other than real estate	3,702,862	—	—	—	—	3,702,862
Other	3,171,179	324,284	—	159,831	—	3,655,294
Due to other funds.	—	3,176,387	—	300,821	(512,112)	2,965,096
Due to Component Units	36,288	—	—	—	—	36,288
Estimated disallowance of Federal, State and other aid	1,184,574	—	—	—	—	1,184,574
Total liabilities	<u>23,208,439</u>	<u>5,447,737</u>	<u>6,156</u>	<u>1,501,511</u>	<u>(512,112)</u>	<u>29,651,731</u>
Fund balances:						
Nonspendable	447,272	—	—	570	—	447,842
Spendable:						
Restricted	—	129,196	355,883	3,710,282	—	4,195,361
Committed	—	—	2,461,507	637	—	2,462,144
Assigned	—	—	—	116,483	—	116,483
Unassigned	—	(3,143,921)	—	(64)	—	(3,143,985)
Total fund balances (deficit)	<u>447,272</u>	<u>(3,014,725)</u>	<u>2,817,390</u>	<u>3,827,908</u>	<u>—</u>	<u>4,077,845</u>
Total liabilities and fund balances	<u>\$23,655,711</u>	<u>\$ 2,433,012</u>	<u>\$2,823,546</u>	<u>\$5,329,419</u>	<u>\$ (512,112)</u>	<u>\$33,729,576</u>

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS

JUNE 30, 2012
(in thousands)

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

Total fund balances—governmental funds	\$ 4,124,589
Inventories recorded in the Statement of Net Assets are recorded as expenditures in the governmental funds	284,890
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	48,215,076
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	5,495,596
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds and notes payable	(77,504,221)
Tax Lien collateralized bonds	(36,086)
OPEB liability	(88,174,139)
Accrued interest payable	(912,173)
Capital lease obligations	(1,818,240)
Accrued vacation and sick leave	(4,177,582)
Pension liability	(592,000)
Landfill closure and post-closure care costs	(1,474,586)
Pollution Remediation	(212,432)
Other long-term liabilities	(8,566,266)
Net assets (deficit) of governmental activities	<u><u>\$(125,347,574)</u></u>

See accompanying notes to financial statements.

THE CITY OF NEW YORK
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS

JUNE 30, 2011
(in thousands)

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

Total fund balances—governmental funds	\$ 4,077,845
Inventories recorded in the Statement of Net Assets are recorded as expenditures in the governmental funds	297,303
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	46,468,237
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	5,358,133
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds and notes payable	(72,866,301)
Tax Lien collateralized bonds	(34,267)
OPEB liability	(83,906,953)
Accrued interest payable	(865,875)
Capital lease obligations	(1,895,460)
Accrued vacation and sick leave	(3,929,073)
Pension liability	(592,200)
Landfill closure and post-closure care costs	(1,569,122)
Pollution Remediation	(226,223)
Other long-term liabilities	(8,171,063)
Net assets (deficit) of governmental activities	<u><u>\$(117,855,019)</u></u>

See accompanying notes to financial statements.

THE CITY OF NEW YORK
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012
(in thousands)

	General	Capital Projects	General Debt Service	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
REVENUES:						
Real estate taxes	\$18,157,722	\$ —	\$ —	\$ —	\$ —	\$18,157,722
Sales and use taxes	6,512,107	—	—	—	—	6,512,107
Personal income tax	8,557,002	—	—	616,864	(616,864)	8,557,002
Income taxes, other	6,498,881	—	—	—	—	6,498,881
Other taxes	2,385,674	—	—	—	—	2,385,674
Federal, State and other categorical aid	19,216,336	564,131	88,133	—	—	19,868,600
Unrestricted Federal and State aid	25,000	—	—	169,547	—	194,547
Charges for services	2,538,469	—	—	—	—	2,538,469
Tobacco settlement	—	—	—	187,168	—	187,168
Investment income	16,221	—	624	100,968	—	117,813
Interest on mortgages, net	—	—	—	976	—	976
Other revenues	2,574,845	2,241,782	32,401	2,412,490	(2,109,236)	5,152,282
Total revenues	<u>66,482,257</u>	<u>2,805,913</u>	<u>121,158</u>	<u>3,488,013</u>	<u>(2,726,100)</u>	<u>70,171,241</u>
EXPENDITURES:						
General government	1,977,838	902,673	—	336,198	—	3,216,709
Public safety and judicial	8,239,603	373,445	—	—	—	8,613,048
Education	19,129,084	1,877,005	—	2,192,855	(2,109,236)	21,089,708
City University	750,476	87,377	—	—	—	837,853
Social services	13,259,093	52,023	—	—	—	13,311,116
Environmental protection	2,246,210	2,728,031	—	—	—	4,974,241
Transportation services	1,443,700	1,175,198	—	—	—	2,618,898
Parks, recreation and cultural activities	431,940	634,888	—	—	—	1,066,828
Housing	811,045	348,760	—	—	—	1,159,805
Health (including payments to HHC)	1,608,034	210,464	—	—	—	1,818,498
Libraries	199,365	41,132	—	—	—	240,497
Pensions	7,830,440	—	—	—	—	7,830,440
Judgments and claims	582,869	—	—	—	—	582,869
Fringe benefits and other benefit payments	3,879,655	—	—	—	—	3,879,655
Administrative and other	122,069	—	96,072	276,206	—	494,347
Debt Service:						
Interest	—	—	1,739,487	1,312,875	—	3,052,362
Redemptions	—	—	2,005,570	2,614,881	—	4,620,451
Lease payments	137,659	—	—	—	—	137,659
Total expenditures	<u>62,649,080</u>	<u>8,430,996</u>	<u>3,841,129</u>	<u>6,733,015</u>	<u>(2,109,236)</u>	<u>79,544,984</u>
Excess (deficiency) of revenues over expenditures	3,833,177	(5,625,083)	(3,719,971)	(3,245,002)	(616,864)	(9,373,743)
OTHER FINANCING SOURCES (USES):						
Transfers from (to) General Fund	—	—	2,272,372	1,140,758	—	3,413,130
Transfers from (to) Nonmajor Capital Projects Funds	—	3,176,386	—	8,950	—	3,185,336
Transfers from (to) Nonmajor Special Revenue Funds	—	—	—	72,619	—	72,619
Principal amount of bonds issued	201,829	2,523,476	—	4,519,748	—	7,245,053
Bond premium	—	164,642	364,538	592,729	—	1,121,909
Capitalized leases	—	28,746	—	—	—	28,746
Issuance of refunding debt	—	—	2,227,470	2,178,810	—	4,406,280
Transfers to Capital Projects Fund	—	—	—	(3,176,386)	—	(3,176,386)
Transfers from (to) General Debt Service Fund	(2,272,372)	—	—	6,608	—	(2,265,764)
Transfers from (to) Nonmajor Debt Service Funds	(1,757,622)	—	(6,608)	(81,569)	616,864	(1,228,935)
Payments to refunded bond escrow holder	—	—	(2,581,583)	(799,918)	—	(3,381,501)
Total other financing sources (uses)	<u>(3,828,165)</u>	<u>5,893,250</u>	<u>2,276,189</u>	<u>4,462,349</u>	<u>616,864</u>	<u>9,420,487</u>
Net change in fund balances	5,012	268,167	(1,443,782)	1,217,347	—	46,744
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	447,272	(3,014,725)	2,817,390	3,827,908	—	4,077,845
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ 452,284</u>	<u>\$ (2,746,558)</u>	<u>\$ 1,373,608</u>	<u>\$ 5,045,255</u>	<u>\$ —</u>	<u>\$ 4,124,589</u>

The reconciliation of the net change in fund balances of governmental funds to the change in net assets (deficit) of governmental activities in the Statement of Net Assets 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, 2011
(in thousands)

	General	Capital Projects	General Debt Service	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
REVENUES:						
Real estate taxes	\$17,086,484	\$ —	\$ —	\$ —	\$ —	\$17,086,484
Sales and use taxes	6,190,215	—	—	—	—	6,190,215
Personal income tax	8,165,972	—	—	695,044	(695,044)	8,165,972
Income taxes, other	6,705,299	—	—	—	—	6,705,299
Other taxes	2,201,835	—	—	—	—	2,201,835
Federal, State and other categorical aid	20,145,261	532,616	67,503	—	—	20,745,380
Unrestricted Federal and State aid	38,996	—	—	169,627	—	208,623
Charges for services	2,344,682	—	—	—	—	2,344,682
Tobacco settlement	—	—	—	183,531	—	183,531
Investment income	20,786	—	166	84,595	—	105,547
Interest on mortgages, net	—	—	—	2,096	—	2,096
Other revenues	1,907,307	2,665,002	15,282	2,320,453	(2,187,535)	4,720,509
Total revenues	<u>64,806,837</u>	<u>3,197,618</u>	<u>82,951</u>	<u>3,455,346</u>	<u>(2,882,579)</u>	<u>68,660,173</u>
EXPENDITURES:						
General government	2,006,167	950,271	—	346,426	—	3,302,864
Public safety and judicial	8,281,129	387,087	—	—	—	8,668,216
Education	18,862,234	2,015,322	—	2,238,075	(2,187,535)	20,928,096
City University	736,092	83,316	—	—	—	819,408
Social services	11,785,981	59,970	—	—	—	11,845,951
Environmental protection	2,339,955	3,057,878	—	—	—	5,397,833
Transportation services	1,160,122	1,015,948	—	—	—	2,176,070
Parks, recreation and cultural activities	451,184	865,941	—	—	—	1,317,125
Housing	787,671	330,399	—	—	—	1,118,070
Health (including payments to HHC)	1,666,942	265,936	—	—	—	1,932,878
Libraries	295,990	66,739	—	—	—	362,729
Pensions	6,842,573	—	—	—	—	6,842,573
Judgments and claims	664,073	—	—	—	—	664,073
Fringe benefits and other benefit payments	3,846,135	—	—	—	—	3,846,135
Administrative and other	(82,948)	—	88,204	160,182	—	165,438
Debt Service:						
Interest	—	—	1,744,653	1,163,734	—	2,908,387
Redemptions	—	—	1,851,566	618,722	—	2,470,288
Lease payments	145,336	—	—	—	—	145,336
Total expenditures	<u>59,788,636</u>	<u>9,098,807</u>	<u>3,684,423</u>	<u>4,527,139</u>	<u>(2,187,535)</u>	<u>74,911,470</u>
Excess (deficiency) of revenues over expenditures	5,018,201	(5,901,189)	(3,601,472)	(1,071,793)	(695,044)	(6,251,297)
OTHER FINANCING SOURCES (USES):						
Transfers from (to) General Fund	—	—	3,488,937	1,096,899	—	4,585,836
Transfers from (to) Nonmajor Capital Projects Funds	—	3,979,583	—	42,825	—	4,022,408
Transfers from (to) Nonmajor Special Revenue Funds	—	—	—	102,631	—	102,631
Principal amount of bonds issued	267,801	1,912,199	—	4,460,953	—	6,640,953
Bond premium	—	—	187,351	128,115	—	315,466
Capitalized leases	—	139,026	—	—	—	139,026
Issuance of refunding debt	—	—	2,002,955	649,425	—	2,652,380
Transfers to Capital Projects Fund	—	—	—	(3,979,583)	—	(3,979,583)
Transfers from (to) General Debt Service Fund	(3,488,937)	—	—	5,170	—	(3,483,767)
Transfers from (to) Nonmajor Debt Service Funds	(1,791,943)	—	(5,170)	(145,456)	695,044	(1,247,525)
Payments to refunded bond escrow holder	—	—	(2,181,409)	(795,042)	—	(2,976,451)
Total other financing sources (uses)	<u>(5,013,079)</u>	<u>6,030,808</u>	<u>3,492,664</u>	<u>1,565,937</u>	<u>695,044</u>	<u>6,771,374</u>
Net change in fund balances	5,122	129,619	(108,808)	494,144	—	520,077
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	442,150	(3,144,344)	2,926,198	3,333,764	—	3,557,768
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ 447,272</u>	<u>\$ (3,014,725)</u>	<u>\$ 2,817,390</u>	<u>\$ 3,827,908</u>	<u>\$ —</u>	<u>\$ 4,077,845</u>

The reconciliation of the net change in fund balances of governmental funds to the change in net assets of governmental activities in the Statement of Net Assets 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, 2012
(in thousands)

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Net change in fund balances—governmental funds		\$ 46,744
<p>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/amortization expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Purchases of capital assets	\$ 5,005,942	
Depreciation/amortization expense	<u>(2,680,470)</u>	2,325,472
<p>The net effect of various miscellaneous transactions involving capital assets and other (<i>i.e.</i> sales, trade-ins, and donations) is to decrease net assets</p>		
		(513,826)
<p>The issuance of long-term debt (<i>i.e.</i>, bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, 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.</p>		
Proceeds from sales of bonds	(11,651,333)	
Principal payments of bonds	6,880,043	
Other	<u>229,735</u>	(4,541,555)
<p>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</p>		
		(380,905)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
		(175,090)
<p>OPEB obligation</p>		
		(4,267,186)
<p>Pollution Remediation</p>		
		<u>13,791</u>
<p>Change in net assets—governmental activities</p>		
		<u><u>\$(7,492,555)</u></u>

See accompanying notes to financial statements.

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

FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Net change in fund balances—governmental funds		\$ 520,077
<p>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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.</p>		
Purchases of capital assets	\$ 5,452,333	
Depreciation/amortization expense	<u>(2,333,170)</u>	3,119,163
<p>The net effect of various miscellaneous transactions involving capital assets and other (<i>i.e.</i> sales, trade-ins, and donations) is to decrease net assets</p>		
		(144,071)
<p>The issuance of long-term debt (<i>i.e.</i>, bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, 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.</p>		
Proceeds from sales of bonds	(9,293,333)	
Principal payments of bonds	5,131,273	
Other	<u>28,221</u>	(4,133,839)
<p>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</p>		
		(533,067)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
		477,122
OPEB obligation		(8,922,121)
Pollution Remediation		<u>29,158</u>
Change in net assets—governmental activities		<u>\$ (9,587,578)</u>

See accompanying notes to financial statements.

THE CITY OF NEW YORK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(in thousands)

	<u>Budget</u>		<u>Actual</u>	Better (Worse) Than Modified Budget
	<u>Adopted</u>	<u>Modified</u>		
REVENUES:				
Real estate taxes	\$17,838,213	\$18,129,402	\$18,157,722	\$ 28,320
Sales and use taxes	6,443,700	6,539,360	6,512,107	(27,253)
Personal income tax	8,748,500	8,593,600	8,557,002	(36,598)
Income taxes, other	6,284,900	6,419,550	6,498,881	79,331
Other taxes	2,721,855	2,370,816	2,385,674	14,858
Federal, State and other categorical aid	18,704,581	19,694,090	19,216,336	(477,754)
Unrestricted Federal and State aid	37,407	25,000	25,000	—
Charges for services	2,491,141	2,521,151	2,538,469	17,318
Investment income	33,510	17,330	16,221	(1,109)
Other revenues	1,756,886	3,049,604	2,574,845	(474,759)
Total revenues	<u>65,060,693</u>	<u>67,359,903</u>	<u>66,482,257</u>	<u>(877,646)</u>
EXPENDITURES:				
General government	2,068,670	2,118,108	1,977,838	140,270
Public safety and judicial	7,763,300	8,275,367	8,239,603	35,764
Education	19,407,122	19,248,806	19,129,084	119,722
City University	757,137	788,343	750,476	37,867
Social services	13,139,776	13,371,497	13,259,093	112,404
Environmental protection	2,266,587	2,282,490	2,246,210	36,280
Transportation services	1,295,628	1,509,501	1,443,700	65,801
Parks, recreation and cultural activities	389,168	435,545	431,940	3,605
Housing	656,468	893,559	811,045	82,514
Health (including payments to HHC)	1,660,438	1,691,677	1,608,034	83,643
Libraries	139,020	199,533	199,365	168
Pensions	8,299,854	7,837,854	7,830,440	7,414
Judgments and claims	654,959	664,959	582,869	82,090
Fringe benefits and other benefit payments	3,819,176	3,878,406	3,879,655	(1,249)
Lease payments for debt service	155,700	137,659	137,659	—
Other	569,559	215,339	122,069	93,270
Total expenditures	<u>63,042,562</u>	<u>63,548,643</u>	<u>62,649,080</u>	<u>899,563</u>
Excess of revenues over expenditures	<u>2,018,131</u>	<u>3,811,260</u>	<u>3,833,177</u>	<u>21,917</u>
OTHER FINANCING SOURCES (USES):				
Principal amount of bonds issued	—	201,829	201,829	—
Transfer to Nonmajor Debt Service Fund	(1,134,965)	(1,948,242)	(1,967,068)	(18,826)
Transfer from Nonmajor Debt Service Fund	212,869	209,446	209,446	—
Transfers and other payments for debt service	(1,096,035)	(2,274,293)	(2,272,372)	1,921
Total other financing uses	<u>(2,018,131)</u>	<u>(3,811,260)</u>	<u>(3,828,165)</u>	<u>(16,905)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES ..	<u>\$ —</u>	<u>\$ —</u>	5,012	<u>\$ 5,012</u>
FUND BALANCE AT BEGINNING OF YEAR			447,272	
FUND BALANCE AT END OF YEAR			<u>\$ 452,284</u>	

See accompanying notes to financial statements.

THE CITY OF NEW YORK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

	<u>Budget</u>		<u>Actual</u>	Better (Worse) Than Modified Budget
	<u>Adopted</u>	<u>Modified</u>		
REVENUES:				
Real estate taxes	\$16,988,083	\$17,078,571	\$17,086,484	\$ 7,913
Sales and use taxes	5,767,500	6,114,735	6,190,215	75,480
Personal income tax	8,291,000	8,130,200	8,165,972	35,772
Income taxes, other	5,391,600	6,687,070	6,705,299	18,229
Other taxes	2,473,907	2,170,251	2,201,835	31,584
Federal, State and other categorical aid	19,201,207	20,780,643	20,145,261	(635,382)
Unrestricted Federal and State aid	14,407	51,404	38,996	(12,408)
Charges for services	2,325,604	2,318,143	2,344,682	26,539
Investment income	47,800	22,225	20,786	(1,439)
Other revenues	1,799,132	2,384,538	1,907,307	(477,231)
Total revenues	<u>62,300,240</u>	<u>65,737,780</u>	<u>64,806,837</u>	<u>(930,943)</u>
EXPENDITURES:				
General government	2,019,403	2,107,537	2,006,167	101,370
Public safety and judicial	7,713,391	8,336,342	8,281,129	55,213
Education	18,589,649	18,911,938	18,862,234	49,704
City University	758,478	772,477	736,092	36,385
Social services	12,029,837	11,926,502	11,785,981	140,521
Environmental protection	2,291,842	2,366,764	2,339,955	26,809
Transportation services	1,015,976	1,224,416	1,160,122	64,294
Parks, recreation and cultural activities	391,071	454,686	451,184	3,502
Housing	688,852	856,047	787,671	68,376
Health (including payments to HHC)	1,685,544	1,734,712	1,666,942	67,770
Libraries	144,368	296,825	295,990	835
Pensions	7,487,680	6,877,293	6,842,573	34,720
Judgments and claims	685,959	664,074	664,073	1
Fringe benefits and other benefit payments	3,878,688	3,853,833	3,846,135	7,698
Lease payments for debt service	169,487	145,336	145,336	—
Other	690,371	187,643	(82,948)	270,591
Total expenditures	<u>60,240,596</u>	<u>60,716,425</u>	<u>59,788,636</u>	<u>927,789</u>
Excess of revenues over expenditures	2,059,644	5,021,355	5,018,201	(3,154)
OTHER FINANCING SOURCES (USES):				
Principal amount of bonds issued	—	267,801	267,801	—
Transfer to Nonmajor Debt Service Fund	(1,221,206)	(1,969,698)	(1,969,698)	—
Transfer from Nonmajor Debt Service Fund	166,377	173,240	177,755	4,515
Transfers and other payments for debt service	(1,004,815)	(3,492,698)	(3,488,937)	3,761
Total other financing uses	<u>(2,059,644)</u>	<u>(5,021,355)</u>	<u>(5,013,079)</u>	<u>8,276</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ —</u>	<u>\$ —</u>	5,122	<u>\$ 5,122</u>
FUND BALANCE AT BEGINNING OF YEAR			442,150	
FUND BALANCE AT END OF YEAR			<u>\$ 447,272</u>	

See accompanying notes to financial statements.

THE CITY OF NEW YORK
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012
(in thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	\$ 896,676	\$1,172,719
Receivables:		
Member loans	1,693,143	—
Investment securities sold	2,414,668	—
Accrued interest and dividends	497,807	—
Other	593	—
Investments:		
Other short-term investments	5,928,991	—
Debt securities	30,927,274	923,274
Equity securities	57,760,434	—
Guaranteed investment contracts	4,335,925	—
Mutual funds	28,662,333	—
Collateral from securities lending transactions	9,980,976	—
Due from Pension Funds	6,032	—
Other	751,064	—
Total assets	<u>143,855,916</u>	<u>2,095,993</u>
LIABILITIES:		
Accounts payable and accrued liabilities	1,698,216	627,576
Payable for investment securities purchased	6,148,819	—
Accrued benefits payable	494,490	—
Due to Variable Supplements Funds	6,032	—
Securities lending transactions	10,007,790	—
Other	568	1,468,417
Total liabilities	<u>18,355,915</u>	<u>2,095,993</u>
NET ASSETS:		
Held in Trust for Benefit Payments	<u>\$125,500,001</u>	\$ —

See accompanying notes to financial statements.

THE CITY OF NEW YORK
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011
(in thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	\$ 1,832,025	\$1,295,693
Receivables:		
Member loans	1,646,708	—
Investment securities sold	2,615,898	—
Accrued interest and dividends	444,730	—
Other	309	—
Investments:		
Other short-term investments	9,207,821	—
Debt securities	26,468,231	695,872
Equity securities	59,169,862	—
Guaranteed investment contracts	3,851,911	—
Management investment contracts	41,898	—
Mutual funds	30,216,793	—
Collateral from securities lending transactions	9,814,616	—
Due from Pension Funds	6,234	—
Other	139,416	—
Total assets	145,456,452	1,991,565
LIABILITIES:		
Accounts payable and accrued liabilities	1,047,440	725,263
Payable for investment securities purchased	8,378,740	—
Accrued benefits payable	480,589	—
Due to Variable Supplements Funds	6,234	—
Securities lending transactions	9,841,431	—
Other	416	1,266,302
Total liabilities	19,754,850	1,991,565
Net Assets:		
Held in Trust for Benefit Payments	\$125,701,602	\$ —

See accompanying notes to financial statements.

THE CITY OF NEW YORK
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(in thousands)

	<u>Pension and Other Employee Benefit Trust Funds</u>
ADDITIONS:	
Contributions:	
Member contributions	\$ 1,650,293
Employer contributions	10,523,752
Other employer contributions	59,185
Total contributions	<u>12,233,230</u>
Investment income:	
Interest income	1,769,680
Dividend income	1,853,917
Net depreciation in fair value of investments	(1,204,312)
Investment expenses	(394,602)
Investment income, net	<u>2,024,683</u>
Securities lending transactions:	
Securities lending income	83,531
Securities lending fees	(5,353)
Net securities lending income	<u>78,178</u>
Payments from Pension Funds	12,441
Other	48,890
Total additions	<u>14,397,422</u>
DEDUCTIONS:	
Benefit payments and withdrawals	14,310,606
Payments to Variable Supplements Funds	12,441
Administrative expenses	129,304
Other	146,672
Total deductions	<u>14,599,023</u>
Decrease in plan net assets	(201,601)
NET ASSETS:	
Held in Trust for Benefit Payments:	
Beginning of Year	<u>125,701,602</u>
End of Year	<u>\$125,500,001</u>

See accompanying notes to financial statements.

THE CITY OF NEW YORK
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

	<u>Pension and Other Employee Benefit Trust Funds</u>
ADDITIONS:	
Contributions:	
Member contributions	\$ 1,656,318
Employer contributions	9,584,162
Other employer contributions	<u>56,138</u>
Total contributions	<u>11,296,618</u>
Investment income:	
Interest income	1,661,023
Dividend income	1,728,026
Net appreciation in fair value of investments	21,584,352
Investment expenses	<u>(415,576)</u>
Investment income, net	<u>24,557,825</u>
Securities lending transactions:	
Securities lending income	76,075
Securities lending fees	(11,140)
Unrealized income in fair value of securities lending collateral	<u>813</u>
Net securities lending income	<u>65,748</u>
Payments from Pension Funds	12,357
Other	<u>146,061</u>
Total additions	<u>36,078,609</u>
DEDUCTIONS:	
Benefit payments and withdrawals	13,853,009
Payments to Variable Supplements Funds	12,357
Administrative expenses	123,942
Other	<u>4,416</u>
Total deductions	<u>13,993,724</u>
Increase in plan net assets	22,084,885
NET ASSETS:	
Held in Trust for Benefit Payments:	
Beginning of Year	<u>103,616,717</u>
End of Year	<u><u>\$125,701,602</u></u>

See accompanying notes to financial statements.

THE CITY OF NEW YORK
COMPONENT UNITS
STATEMENT OF NET ASSETS

JUNE 30, 2012
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2011	Housing Development Corporation October 31, 2011	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
ASSETS:							
Cash and cash equivalents	\$ 5,460	\$ 1,191,083	\$ 627,952	\$ 988,607	\$ 177,665	\$ 79,234	\$ 3,070,001
Investments, including accrued interest	27	687	360,922	113,950	32,399	413,014	920,999
Lease receivables	—	—	—	—	—	1,700,410	1,700,410
Other receivables	665,498	157,370	1,009,594	1,411,320	195,028	25,764	3,464,574
Mortgage loans and interest receivable, net	—	11	8,186,601	—	31,288	—	8,217,900
Inventories	—	10,706	—	24,240	—	—	34,946
Due from Primary Government	62,371	—	—	—	—	—	62,371
Restricted cash and investments	1,763,072	301,793	1,602,319	368,565	229,294	639,560	4,904,603
Other	228,395	101,140	64,120	9,764	122,133	76,502	602,054
Capital assets:							
Land and construction work-in-progress ..	8,422,470	2,127,100	—	724,678	108,693	74,977	11,457,918
Buildings and equipment	27,869,200	10,794,305	4,818	6,483,201	14,307	413,070	45,578,901
Accumulated depreciation	(9,816,894)	(7,160,053)	(3,497)	(4,197,915)	(3,784)	(103,036)	(21,285,179)
Deferred outflows of resources	134,752	—	—	—	—	14,890	149,642
Total assets	<u>29,334,351</u>	<u>7,524,142</u>	<u>11,852,829</u>	<u>5,926,410</u>	<u>907,023</u>	<u>3,334,385</u>	<u>58,879,140</u>
LIABILITIES:							
Accounts payable and accrued liabilities ..	51,361	328,884	825,822	1,206,260	157,955	403,776	2,974,058
Accrued interest payable	48,521	7,860	66,106	15,762	—	—	138,249
Unearned revenues	51,296	32,992	164,600	—	28,744	52,491	330,123
Due to Primary Government	677,880	—	865,077	171,653	125,043	—	1,839,653
Other	80,278	40,572	—	36,115	8,278	90,001	255,244
Derivative instruments—interest rate swaps ..	122,140	—	—	—	—	14,890	137,030
Noncurrent Liabilities:							
Due within one year	851,409	144,088	476,641	157,783	—	22,131	1,652,052
Due in more than one year	27,792,318	3,727,875	8,007,673	5,447,678	259,542	2,268,026	47,503,112
Total liabilities	<u>29,675,203</u>	<u>4,282,271</u>	<u>10,405,919</u>	<u>7,035,251</u>	<u>579,562</u>	<u>2,851,315</u>	<u>54,829,521</u>
NET ASSETS:							
Invested in capital assets, net of related debt ..	(372,021)	5,349,279	1,321	2,059,253	10,523	325,011	7,373,366
Restricted for:							
Capital projects	—	—	—	—	40,766	—	40,766
Debt service	687,656	51,740	593,172	159,714	—	—	1,492,282
Loans/security deposits	—	—	—	—	50,941	34,656	85,597
Statutory reserve	—	—	—	65,896	—	—	65,896
Donor restrictions	—	—	—	10,057	—	—	10,057
Operations	212,885	—	48,448	—	—	—	261,333
Unrestricted (deficit)	(869,372)	(2,159,148)	803,969	(3,403,761)	225,231	123,403	(5,279,678)
Total net assets (deficit)	<u>\$ (340,852)</u>	<u>\$ 3,241,871</u>	<u>\$ 1,446,910</u>	<u>\$ (1,108,841)</u>	<u>\$ 327,461</u>	<u>\$ 483,070</u>	<u>\$ 4,049,619</u>

See accompanying notes to financial statements.

THE CITY OF NEW YORK
COMPONENT UNITS
STATEMENT OF NET ASSETS

JUNE 30, 2011
(in thousands)

	<u>Housing Authority December 31, 2010</u>	<u>Housing Development Corporation October 31, 2010</u>	<u>Health and Hospitals Corporation</u>	<u>Economic Development Corporation</u>	<u>Nonmajor Component Units</u>	<u>Total</u>
ASSETS:						
Cash and cash equivalents	\$ 14,875	\$ 466,774	\$ 901,241	\$ 173,215	\$ 81,401	\$ 2,753,099
Investments, including accrued interest	24	66,075	113,739	29,493	435,595	645,878
Lease receivables	—	—	—	—	1,705,667	1,705,667
Other receivables	614,322	930,467	1,590,530	196,435	19,684	3,508,251
Mortgage loans and interest receivable, net	—	7,332,572	—	42,231	—	7,374,816
Inventories	—	10,943	29,765	—	—	40,708
Due from Primary Government	36,288	—	—	—	—	36,288
Restricted cash and investments	1,585,512	2,446,553	423,133	92,975	854,826	5,684,924
Other	215,139	55,138	11,379	144,360	79,936	608,096
Capital assets:						
Land and construction work-in-progress	7,804,563	—	555,858	108,443	22,829	10,496,720
Buildings and equipment	26,316,560	4,748	6,295,065	8,550	361,119	43,443,388
Accumulated depreciation	(9,132,287)	(3,385)	(3,975,957)	(4,247)	(87,431)	(20,100,702)
Deferred outflows of resources	53,216	—	—	—	6,660	59,876
Total assets	<u>27,508,212</u>	<u>11,298,942</u>	<u>5,944,753</u>	<u>791,455</u>	<u>3,480,286</u>	<u>56,257,009</u>
LIABILITIES:						
Accounts payable and accrued liabilities	56,410	452,945	1,161,140	163,763	638,912	2,770,399
Accrued interest payable	50,260	62,072	16,643	—	—	136,323
Unearned revenues	61,517	162,329	—	14,340	33,479	289,355
Due to Primary Government	682,345	854,517	207,374	126,251	—	1,870,487
Other	64,367	—	—	5,127	77,840	185,489
Derivative instruments—interest rate swaps	37,474	—	—	—	6,660	44,134
Noncurrent Liabilities:						
Due within one year	830,452	481,566	151,396	—	20,447	1,642,194
Due in more than one year	26,078,275	7,992,648	5,258,080	170,608	2,331,760	45,105,912
Total liabilities	<u>27,861,100</u>	<u>10,006,077</u>	<u>6,794,633</u>	<u>480,089</u>	<u>3,109,098</u>	<u>52,044,293</u>
NET ASSETS:						
Invested in capital assets, net of related debt	(215,322)	1,363	1,975,015	4,302	237,018	7,239,275
Restricted for:						
Capital projects	—	—	—	39,618	7,057	46,675
Debt service	573,461	526,404	156,332	—	—	1,256,197
Loans/security deposits	—	—	—	45,518	16,925	62,443
Statutory reserve	—	—	60,448	—	—	60,448
Donor restrictions	—	—	9,647	—	—	9,647
Operations	199,636	43,733	—	—	—	257,499
Unrestricted (deficit)	(910,663)	721,365	(3,051,322)	221,928	110,188	(4,719,468)
Total net assets (deficit)	<u>\$ (352,888)</u>	<u>\$ 1,292,865</u>	<u>\$ (849,880)</u>	<u>\$ 311,366</u>	<u>\$ 371,188</u>	<u>\$ 4,212,716</u>

See accompanying notes to financial statements.

THE CITY OF NEW YORK
COMPONENT UNITS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012
(in thousands)

	Housing Authority December 31, 2011	Housing Development Corporation October 31, 2011	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
EXPENSES	<u>\$ 3,687,309</u>	<u>\$ 186,606</u>	<u>\$ 7,559,662</u>	<u>\$ 756,523</u>	<u>\$ 150,301</u>	<u>\$ 15,836,919</u>
PROGRAM REVENUES:						
Charges for services	3,236,474	231,575	6,801,796	271,744	56,084	11,493,537
Operating grants and contributions	2,065,734	—	249,637	84,417	12,979	2,412,767
Capital grants, contributions and other	26,903	—	174,977	407,810	111,061	1,191,646
Total program revenues	<u>3,263,377</u>	<u>231,575</u>	<u>7,226,410</u>	<u>763,971</u>	<u>180,124</u>	<u>15,097,950</u>
Net (expenses) program revenues	<u>(254,816)</u>	<u>44,969</u>	<u>(333,252)</u>	<u>7,448</u>	<u>29,823</u>	<u>(738,969)</u>
GENERAL REVENUES:						
Investment income	48,936	30,751	11,930	667	(27,697)	70,947
Other Federal and State aid	—	—	—	5,550	—	5,550
Other	196,241	78,325	62,361	2,430	109,756	499,375
General revenues, net	<u>245,177</u>	<u>109,076</u>	<u>74,291</u>	<u>8,647</u>	<u>82,059</u>	<u>575,872</u>
Change in net assets	12,036	154,045	(258,961)	16,095	111,882	(163,097)
Net assets (deficit)—beginning	(352,888)	1,292,865	(849,880)	311,366	371,188	4,212,716
Net assets (deficit)—ending	<u>\$ (340,852)</u>	<u>\$ 1,446,910</u>	<u>\$ (1,108,841)</u>	<u>\$ 327,461</u>	<u>\$ 483,070</u>	<u>\$ 4,049,619</u>

See accompanying notes to financial statements.

THE CITY OF NEW YORK
COMPONENT UNITS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2010	Housing Development Corporation October 31, 2010	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
EXPENSES	<u>\$ 3,378,672</u>	<u>\$3,595,746</u>	<u>\$ 182,005</u>	<u>\$ 7,418,490</u>	<u>\$ 780,716</u>	<u>\$ 178,447</u>	<u>\$15,534,076</u>
PROGRAM REVENUES:							
Charges for services	3,068,306	870,977	208,859	6,594,750	321,946	58,134	11,122,972
Operating grants and contributions	—	2,163,495	—	212,180	29,040	22,367	2,427,082
Capital grants, contributions and other	18,696	561,992	—	200,270	516,425	105,015	1,402,398
Total program revenues	<u>3,087,002</u>	<u>3,596,464</u>	<u>208,859</u>	<u>7,007,200</u>	<u>867,411</u>	<u>185,516</u>	<u>14,952,452</u>
Net (expenses) program revenues	<u>(291,670)</u>	<u>718</u>	<u>26,854</u>	<u>(411,290)</u>	<u>86,695</u>	<u>7,069</u>	<u>(581,624)</u>
GENERAL REVENUES:							
Investment income	38,313	8,256	32,413	14,023	915	6,450	100,370
Other Federal and State aid	—	—	—	—	2,569	—	2,569
Other	180,986	41,875	6,170	76,761	1,649	111,498	418,939
General revenues, net	<u>219,299</u>	<u>50,131</u>	<u>38,583</u>	<u>90,784</u>	<u>5,133</u>	<u>117,948</u>	<u>521,878</u>
Change in net assets	<u>(72,371)</u>	<u>50,849</u>	<u>65,437</u>	<u>(320,506)</u>	<u>91,828</u>	<u>125,017</u>	<u>(59,746)</u>
Net assets (deficit)—beginning	<u>(280,517)</u>	<u>3,389,216</u>	<u>1,227,428</u>	<u>(529,374)</u>	<u>219,538</u>	<u>246,171</u>	<u>4,272,462</u>
Net assets (deficit)—ending	<u>\$ (352,888)</u>	<u>\$3,440,065</u>	<u>\$1,292,865</u>	<u>\$ (849,880)</u>	<u>\$ 311,366</u>	<u>\$ 371,188</u>	<u>\$ 4,212,716</u>

See accompanying notes to financial statements.

THE CITY OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

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 governments in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The amounts shown in the “Primary Government” 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 primary government and its Component Units which are legally separate organizations for which the primary government is financially accountable, and other legally separate organizations for which the primary government has determined, through the exercise of management’s professional judgment, that inclusion of those organizations do not meet the financial accountability criteria, but are necessary to be included to prevent the reporting entity’s financial statements from being misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it 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 primary government. A primary government may also be financially accountable for organizations that are fiscally dependent on the primary government if there is a potential for the organizations to provide specific financial benefits to the primary government or impose specific financial burdens on the primary government 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 primary government, are so integrated with the primary government that they are in substance part of the primary government. These Component Units are blended with the primary government.

The New York City Transit Authority is an affiliated agency of the Metropolitan Transportation Authority of the State of New York which is a Component Unit of New York State and is 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 primary government because they all provide services exclusively to the City. They include the following:

New York City Transitional Finance Authority (TFA). TFA, a corporate governmental agency constituting a public benefit corporation and instrumentality of the State of New York was created in 1997 to assist the City in funding its capital program, the purpose of which is to maintain, rebuild, and expand the infrastructure of the City and to pay TFA’s administrative expenditures.

In addition to State legislative authorization to issue Future Tax Secured Bonds for capital purposes for which TFA had issued its statutory limit of \$13.5 billion as of June 30, 2007, in July 2009, authorizing legislation permits TFA 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 July 1, 2012, the City’s and TFA’s combined debt-incurring capacity was approximately \$22.8 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. 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, 2012, \$5.31 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 in 1999 under the not-for-profit corporation law of the State of New York. TSASC is an instrumentality of the City, but is a separate legal entity from the City.

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

The purchase price of the City's future right, title, and interest in the TSRs was financed by the issuance of a series of bonds and the Residual Certificate. Prior to the restructuring of TSASC's debt, the Residual Certificate represented the entitlement to receive all TSRs after payment of debt service, operating expenses, and certain other costs as set forth in the original Indenture.

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 allows transfers to the Trust after December 6, 2007.

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

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

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

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

SCA's operations are funded by appropriations made by the City which are guided by five-year capital plans, developed by the Department of Education (DOE) of the City. The City's appropriation for the five year capital plan for the fiscal years 2010 through 2014 is \$11.01 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 capital projects, all expenditures are capitalized into construction-in-progress except for pollution remediation expenditures. Upon completion of construction-in-progress projects, the assets are transferred to DOE.

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

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

Sales Tax Asset Receivable Corporation (STAR). STAR is a special purpose, bankruptcy-remote, local development corporation organized under the not-for-profit corporation law of the State of New York in 2003. STAR is a financing instrumentality of the City, but is a separate legal entity from the City. STAR was created to issue debt (\$2.55 billion of bonds was issued in November 2004) to finance the payment of principal, interest, and redemption premium (if any), on all outstanding bonds of Municipal Assistance Corporation for The City of New York (MAC), on all outstanding bonds of the City held by 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 results in the receipt by the City of tax revenues that would otherwise be paid to MAC for the payment of debt service on MAC's bonds. The foregoing was consideration for an assignment by the City of all of its rights and interest in the \$170 million annual payment by the New York State Local Government Assistance Corporation which commenced with fiscal year 2004 and will terminate with fiscal year 2034 and which will be used for debt service on STAR bonds.

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 fee and overhead based on its allocated share of personnel and overhead costs.

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

Hudson Yards Infrastructure Corporation (HYIC). HYIC, a local development corporation organized by the City under the not-for-profit corporation law of the State of New York, began operations in 2005 for the purpose of financing certain infrastructure improvements in the Hudson Yards area on the West Side of Manhattan (Project). HYIC does not engage in development directly, but finances development spearheaded by HYDC and carried out by existing public entities. HYIC fulfills its purpose through the issuance of bonds to finance the Project, including the operations of HYDC, and to collect 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 liens securing unpaid real estate taxes, water rents, sewer surcharges, and other charges payable 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 issue 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 2010-A
- NYCTLT 2011-A
- NYCTLT 2012-A

Discretely Presented Component Units

All discretely presented Component Units are legally separate from the primary government. These entities are reported as discretely presented Component Units because the City appoints a majority of these organizations' boards, is able to impose its will on them, or a financial benefit/burden situation exists.

The Component Units column in the government-wide financial statements include 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's integrated health care networks provide the full continuum of care—primary and specialty care, inpatient acute, outpatient, long-term care, and home health services—under a single medical and financial management structure.

HHC's financial statements include the accounts of HHC and its blended Component Units, MetroPlus Health Plan, Inc., HHC Insurance Company, Inc., HHC Capital Corporation, and a closely affiliated not-for-profit corporation, The HHC Foundation of New York City, Inc. As of July 1, 2011, HHC dissolved the HHC Foundation of New York City, Inc. while continuing to coordinate and conduct activities consistent with the charitable purposes and mission of the Foundation.

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 payments, either directly or indirectly, for services rendered by HHC. The City pays for patient care rendered to prisoners, uniformed City employees, and various discretely funded facility-specific programs. HHC records both a revenue and an expense in an amount equal to expenditures made on its behalf by the City which includes settlements of claims for medical malpractice, negligence, other torts, and alleged breach of contracts, as well as other HHC costs including interest on City debt which funded HHC capital acquisitions. HHC reimburses the City for medical malpractice settlements it pays on behalf of HHC, up to an agreed upon amount to be negotiated each year.

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 private housing development by providing low interest mortgage loans. The combined financial statements include: (i) the accounts of HDC and (ii) two active discretely presented Component Units: Housing Assistance Corporation and the New York City Residential Mortgage Insurance Corporation. Also, HDC 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 which was established as a subsidiary of HDC on September 20, 2004 and during HDC's last fiscal year, there was no activity by this subsidiary. It is treated as a blended component of HDC. 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 issuance of bonds and notes. The bonds and notes of HDC are not debts of either the State or the City. HDC has a fiscal year ending October 31.

New York City Housing Authority (HA). HA is a public benefit corporation chartered in 1934 under the New York State Public Housing Law. HA develops, constructs, manages, and maintains low cost 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, and such operating losses will continue in the foreseeable future. To meet the funding requirements of these operating losses, HA receives subsidies from: (a) the Federal government, primarily the U.S. Department of Housing and Urban Development, in the form of annual grants for operating assistance, debt service payments, contributions for capital, and reimbursement of expenditures incurred for certain Federal housing programs; (b) New York State in the form of debt service and capital payments; and (c) the City in the form of debt service and capital payments. Subsidies are established through budgetary procedures which establish amounts to be funded by the grantor agencies.

New York City Industrial Development Agency (IDA). IDA is a public benefit corporation established in 1974 to actively promote, retain, attract, encourage, and develop an economically sound commerce and industry base to prevent unemployment and economic deterioration in the City. IDA assists industrial, commercial, and not-for-profit organizations in obtaining long-term, low-cost financing for Capital Assets through a financing transaction which includes the issuance of double and triple tax-exempt industrial development bonds (IDBs). The participating organizations, in addition to satisfying legal requirements under IDA's governing laws, must meet certain economic development criteria, the most important of which is job creation and/or retention. In addition, IDA assists participants who do not qualify for IDBs through a "straight lease" structure. The straight lease also provides tax benefits to the participants without having to issue IDBs or otherwise take part in the participants' financing. Whether IDA issues IDBs or merely enters into a straight lease, IDA may provide one or more of the following tax benefits: exemption from mortgage recording tax; payments in lieu of real property tax that are less than full taxes; and exemption from City and State sales and use taxes as applied to construction materials, machinery and equipment. In addition to IDB financing, IDA also issued tax exempt payments in lieu of property taxes revenue bonds, taxable rental revenue bonds, taxable installment purchase bonds and taxable lease revenue bonds in connection with the construction of the new Yankee Stadium and Citi Field. IDA is governed by a Board of Directors, which establishes official policies and reviews and approves requests for financing assistance. Its membership is prescribed by statute and includes public officials and private business leaders.

New York City Economic Development Corporation (EDC). EDC was formed in 1991 as a result of the merger of two not-for-profit corporations that performed economic development services for the City. EDC is a local development corporation organized according to the not-for-profit corporation law of the State of New York. EDC's financial statements include the accounts of EDC and its Component Unit, Apple Industrial Development Corporation. EDC renders a variety of services and administers certain economic development programs on behalf of the City relating to attraction, retention, and expansion of commerce and industry in the City. These services and programs include encouragement of construction, acquisition, rehabilitation, and improvement of

commercial and industrial enterprises within the City, and provision of grants to qualifying business enterprises as a means of helping to create and retain employment therein.

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

The funds for RIP were provided by owners/developers of certain residential projects which caused the relocation of commercial and manufacturing businesses previously located at those sites. These funds consisted of conversion contributions or escrow payments mandated by the City's Zoning Resolution for this type of development. The ability of BRAC to extract fees for residential conversion ended as of January 1, 1998 per the Zoning Resolution.

As required by the Zoning Resolution, developers/owners of specific City properties needed to pay a conversion contribution (BRAC payment) in order to receive a building permit for the conversion of space from commercial to residential use. As stipulated by the Zoning Resolution, in the event that such conversion resulted in the displacement of industrial and/or commercial firms located within the City, the developer was required to establish an escrow account for each business displaced. The funds were released to the displaced firm once eligible relocation had taken place.

Conversion contributions were deposited to the BRAC fund in the event that a displaced firm did not relocate within the City. In addition, if the space to be converted was vacant for less than five years, the conversion contribution was made directly to the BRAC fund.

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

In fiscal year 2007, BRAC had received \$1.5 million in contributions from EDC to administer the Greenpoint Relocation Program. This program is intended to help defray relocation costs for those manufacturing and industrial firms that may need to relocate due to the rezoning of the Greenpoint-Williamsburg area of Brooklyn by providing for maximum grants of \$50,000. As of June 30, 2012, the BRAC fund was valued at \$.06 million, and grants for both Industrial Relocation Grant and Greenpoint Relocation Program will be available until funds are exhausted.

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

New York City Water Board (Water Board) and New York City Municipal Water Finance Authority (Water Authority). The Water and Sewer System (NYW), consisting of two legally separate and independent entities, the Water Board and the Water Authority began operations in 1985. NYW provides for water supply and distribution, and sewage collection, treatment, and disposal for the City. The Water Authority was established to issue debt to finance the cost of capital improvements to the water distribution and sewage collection system, and to refund any and all outstanding bonds and general obligation bonds of the City issued for water and sewer purposes. The Water Board was established to lease the water distribution and sewage collection system from the City and to establish and collect rates, fees, rents, and other charges for the use of, or for services furnished, rendered, or made available by the water distribution and sewage collection system to produce cash sufficient to pay debt service on the Water Authority's bonds and to place NYW on a self-sustaining basis. The physical operation and capital improvements of NYW are performed by the New York City Department of Environmental Protection (DEP) subject to contractual agreements with the Water Board and Water Authority.

WTC Captive Insurance Company, Inc. (WTC Captive). WTC Captive is a not-for-profit corporation incorporated in the State of New York in 2004 in response to the events of September 11, 2001. WTC Captive was funded with \$999.9 million in funds by the Federal Emergency Management Agency (FEMA) and used this funding to support issuance of a liability insurance 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 at the World Trade Center site or the Fresh Kills landfill during the 'exposure period' from September 11, 2001 to August 30, 2002. Coverage is provided on both an excess of loss and first dollar basis, depending on the line of coverage. WTC Captive has a calendar year-end.

New York City Capital Resource Corporation (CRC). CRC is a local development corporation organized in 2006 under the not-for-profit corporation law of the State of New York to assist qualified not-for-profit institutions, small manufacturing companies, and other entities eligible under the Federal tax laws in obtaining tax-exempt bond financing. CRC is a conduit bond issuer for the Recovery Zone Facility Bonds, which were allocated to the City to spur construction projects that have been unable to get traditional financing due to the current capital market. The ability to issue tax-exempt Recovery Zone Facility Bonds expired December 31, 2010. Until January 2008, CRC issued tax-exempt bonds for not-for-profit organizations' capital projects through the Loan Enhanced Assistance Program (LEAP). LEAP's goal was to facilitate access to private activity tax-exempt bond financing for qualified borrowers by simplifying the transaction structure, standardizing the required documentation, and achieving greater efficiency in marketing the tax-exempt debt. However, LEAP is not currently available due to the continued suspension of a portion of the State of New York law governing industrial development activities.

CRC is a self-supporting entity and operates in a manner similar to a private business. CRC is governed by a Board of Directors, which establishes official policies and reviews and approves requests for financing assistance. Its membership is prescribed by statute and includes public officials and private business leaders.

Brooklyn Bridge Park Corporation (BBPC). BBPC is a not-for-profit corporation incorporated in the State of New York in 2010. BBPC was formed for the purposes of lessening the burdens of government by further developing and enhancing the economic vitality of the Brooklyn waterfront through the development, operation and maintenance of a renovated waterfront area, including a public park, which serves the people of the New York City region. BBPC is responsible for the planning, construction, maintenance and operation of Brooklyn Bridge Park, an 85 acre sustainable water front park stretching 1.3 miles along Brooklyn's East River shoreline. The majority of BBPC's funding will come from a limited number of revenue-generating development sites while a small fraction of the required operations and maintenance funds will be collected from concessions located throughout the park. 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).** TGI is a not-for-profit corporation incorporated in the State of New York in 2010. TGI was formed for the purposes of lessening the burdens of government by providing the planning, preservation, redevelopment and ongoing operations and maintenance of approximately 150 acres of Governors Island plus surrounding lands underwater, and is located in the Borough of Manhattan. TGI's mission is to transform Governors Island into a destination with great public open space, as well as educational, not-for-profit, and commercial facilities. TGI is breaking ground on 30 acres of new park space scheduled to open in 2013 and 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, the Governor of the State of New York and local elected officials.

New York City Energy Efficiency Corporation (EEC). EEC is a not-for-profit corporation incorporated in the State of New York in 2010 whose purpose is to further the City's greenhouse gas reduction plans by facilitating energy efficient investments by private building owners across all building types in the five boroughs through the provisions of energy efficiency financing products.

To achieve its mission, EEC's strategic plan includes the following goals: (1) develop in-house capabilities that will permit EEC to play a critical role in catalyzing retrofit financing markets, (2) pilot various financing products that demonstrate energy efficiency is a commercially viable investment that can be financed in various private building sectors that are significant from the perspective of the City's greenhouse gas emissions reduction goals and (3) develop a non-profit organization with a business model that can become financially self-sustaining over time without excessive reliance on grant funding.

EEC is developing core in-house capabilities to make construction and permanent loans, provide credit enhancement, and manage both energy efficient retrofit technical and real estate finance risk. EEC is engaged in educating various lending organizations about opportunities to finance energy efficient projects while encouraging best practices with respect to retrofit implementation and ongoing performance monitoring.

EEC's activities are funded through two Federal grants awarded to the City under the Energy Efficient and Conservation Block Grant provisions of the American Recovery and Reinvestment Act of 2009. EEC's activities are further funded through several philanthropic grants that EEC was awarded in fiscal year 2012. EEC is governed by a 9-member Board of Directors and its membership includes public officials and private business leaders. Each Director was appointed by the Mayor.

Build NYC Resource Corporation (Build NYC). Build NYC is a local development corporation that commenced operation on November 4, 2011 and was organized to assist qualified not-for-profit institutions and other entities eligible under the Federal tax

laws in obtaining tax-exempt bond and taxable bond financing under the New York Not-for-Profit Corporation Law. Build NYC's primary goal is to facilitate access to private activity tax-exempt bond financing for not-for-profit institutions to acquire, construct, renovate, and/or equip their facilities.

Build NYC is governed by a Board of Directors, which establishes official policies and reviews and approves requests for financing assistance. Its membership includes public officials and appointees of the Mayor.

Note: These 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 10007-2341.

2. Basis of Presentation

Government-wide Statements: The government-wide financial statements (*i.e.*, the statement of net assets and the statement of activities) display information about the primary government 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 primary government is reported separately from certain legally separate Component Units for which the primary government is financially accountable. All of the activities of the City as primary government are governmental activities.

The statement of activities presents a comparison between direct 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 fiduciary funds and 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.

Funds are classified into three categories: governmental, fiduciary, and proprietary. Except for proprietary (the only organizations that would be categorized as proprietary funds are reported as Component Units), each category, in turn, is divided into separate "fund types."

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 those types of capital-related outflows financed by 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, required by State legislation on January 1, 1979, is administered and maintained by the State Comptroller into which payments of real estate taxes and other revenues are deposited in advance of debt service payment dates. 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 and the NYCTLTs. If a Component Unit is blended, the governmental fund types of the Component Unit should be blended with those of the primary government by including them in the appropriate combining statements of the primary government. Although the primary government's General Fund is usually the main operating fund of the reporting entity, the General Fund of a blended component should be reported as a Special

Revenue Fund. Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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. They include the following:

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

- New York City Employees' Retirement System (NYCERS)
- Teachers' Retirement System of the City of New York Qualified Pension Plan (TRS)
- New York City Board of Education Retirement System Qualified Pension Plan (BERS)
- New York City Police Pension Fund (POLICE)
- New York City Fire Pension Fund (FIRE)
- New York City Police Department Police Officers' Variable Supplements Fund (POVSF)
- New York City Police Department Police Superior Officers' Variable Supplements Fund (PSOVSF)
- New York City Fire Department Firefighters' Variable Supplements Fund (FFVSF)
- New York City Fire Department Fire Officers' Variable Supplements Fund (FOVSF)
- New York City Transit Police Officers' Variable Supplements Fund (TPOVSF)
- New York City Transit Police Superior Officers' Variable Supplements Fund (TPSOVSF)
- New York City Housing Police Officers' Variable Supplements Fund (HPOVSF)
- New York City Housing Police Superior Officers' Variable Supplements Fund (HPSOVSF)
- New York City Correction Officers' Variable Supplements Fund (COVSF)
- Deferred Compensation Plan for Employees of The City of New York and Related Agencies and Instrumentalities (DCP/457 Plan)
- Deferred Compensation Plan for Employees of The City of New York and Related Agencies and Instrumentalities (DCP/401(k) Plan)
- Deferred Compensation Plan for Certain Employees of The City of New York and Related Agencies and Instrumentalities (DCP/401(a) Plan)
- New York City Employee Individual Retirement Account (NYCE IRA/408(q) IRA)
- The New York City Other Postemployment Benefits Plan (PLAN)

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 10007-2341.

These funds use the accrual basis of accounting and a measurement focus on the periodic determination of additions, deductions, and net assets held in trust for benefit payments.

The **Agency Funds** account for miscellaneous assets held by the City for other funds, governmental units, and individuals. 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 consist of **IDA, BRAC, BNYDC, WTC Captive, CRC, BBPC, TGI, EEC** and **Build NYC**. These 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.

New Accounting Standards Adopted

In fiscal year 2012, the City adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

—Statement No. 61 *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*

—Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

—Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*

Statement No. 61, modifies certain requirements for inclusion of Component Units in the financial reporting entity.

For organizations that previously were required to be included as Component Units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and the organization for it to be included in the reporting entity as a Component Unit. For organizations that do not meet the financial accountability criteria for inclusion as Component Units, but should be included because the primary government’s management determines that it would be misleading to exclude them, the Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination. For Component Units that currently are blended based on “substantively the same governing body” criterion, the Statement requires that the primary government and the Component Unit have a financial benefit or burden relationship or management of the primary government has operational responsibility of the activities of the Component Unit. New criteria also are added to require blending of Component Units whose total debt outstanding is expected to be repaid almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a Blended Component Unit have the same financial reporting requirements as a fund of the primary government. Reporting guidance is provided for blending a Component Unit if the primary government is a business-type activity that uses a single column presentation for financial reporting. The Statement requires a primary government to report its equity interest in a Component Unit as an asset.

As a result of the analysis performed by the City in the course of implementing GASB 61, a managerial decision was made to change the reporting of the NYCTLTs. The effect on the financial statements is to report the NYCTLTs as Blended Component Units of the City. They were formerly reported as Other Trust Funds. For the government-wide financial statements, the financial reporting impact of this change is an increase of \$150 million to “Net assets” in the *Statement of Net Assets*, and a decrease of \$10.9 million to the “Change in net assets” in the *Statement of Activities*. For the funds financial statements, the financial reporting impact is an increase of \$62.4 million to “Fund balance” in the *Balance Sheet* and a decrease of \$20 million to the “Net change in fund balance” in the *Statement of Revenues, Expenditures, and Changes in Fund Balance*.

The objective of **Statement No. 62**, is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants’ Committee on Accounting Procedure

The Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Propriety Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Those entities who chose to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements can continue to apply those pronouncements as other accounting literature. There was no impact on the City’s Financial Statements as a result of the implementation of Statement No. 62.

GASB issued **Statement No. 64** clarifies whether an effective hedge relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. There was no impact on the City’s Financial Statements as a result of the implementation of Statement No. 64.

3. Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City either gives or receives value without directly receiving or giving equal value in exchange, include sales and income taxes, property taxes, grants, entitlements, and donations which 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 fund types 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 assets and current liabilities are included on the balance sheet. 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 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 and certain 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 net income, changes in net assets, and financial 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 Pension Trust Funds' contributions from members are recorded when the employer makes payroll deductions from Plan members. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

The Agency Funds use the accrual basis of accounting and do not measure the results of operations.

4. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the fiscal year to control expenditures. The cost of those goods received and services rendered on or before June 30 are recognized as expenditures. Encumbrances not resulting in expenditures by year-end, lapse.

5. Cash and Investments

The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

The average balances maintained during fiscal years 2012 and 2011 were approximately \$705 million and \$315 million, 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 of the partnerships the funds are invested in, and other experts with this asset class.

A description of the City's Fiduciary Funds securities lending activities in fiscal years 2012 and 2011 is included in Deposits and Investments (see Note D.1.).

6. Inventories

Inventories on hand at June 30, 2012 and 2011, estimated at \$285 million and \$297 million, respectively, based on average cost, have been reported on the government-wide statement of net assets. 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 bond repayment, are classified as restricted cash and investments on the balance sheet because their use is limited by applicable bond covenants. None of the government-wide statement of net assets is restricted by enabling legislation.

8. Capital Assets

Capital assets and improvements include all land, buildings, equipment (including software), water distribution and sewage collection system, and other elements of the City's infrastructure having an initial minimum useful life of five years, having a cost of more than \$35 thousand, and having been appropriated in the Capital Budget (see Note C.1.). Capital assets which are used for general governmental purposes and are not available for expenditure are accounted for and reported in the government-wide financial statements. These statements also contain the City's infrastructure elements that are now required to be capitalized under GAAP. 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. Allowance for Uncollectible Mortgage Loans

Mortgage loans and interest receivable in the Nonmajor Governmental Funds is net of an allowance for uncollectible amounts of \$327 million and \$322 million for fiscal years 2012 and 2011, respectively. The allowance is composed of the balance of refinanced first lien mortgages one or more years in arrears when payments to the City are expected to be completed between the years 2013 and 2022. Based on the allowance criteria, the receivable has been fully reserved.

10. 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 or earned vacation and sick leave paid upon termination or retirement, and therefore payable from future resources, is recorded as a liability in the government-wide financial statements.

11. Judgments and Claims

The City is uninsured with respect to risks including, but not limited to, property damage, personal injury, and workers' compensation. In the fund financial statements, expenditures for judgments and claims (other than workers' compensation and condemnation proceedings) are recorded on the basis of settlements reached or judgments entered within the current fiscal year. Expenditures for workers' compensation are recorded when paid. Settlements relating to condemnation proceedings are reported when the liability is estimable. In the government-wide financial statements, the estimated liability for all judgments and claims is recorded as a noncurrent liability.

12. Long-Term Liabilities

For long-term liabilities, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. All long-term liabilities are reported in the government-wide financial statement of net assets. Long-term liabilities expected to be financed from discretely presented Component Unit operations are accounted for in those Component Unit financial statements.

13. Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2012, classified by type, and the changes in fair value of such derivative instruments for the fiscal year then ended as reported in the 2012 financial statements are as follows:

<u>Item</u>	<u>Changes in Fair Value from June 30, 2011</u>		<u>Fair Value at June 30, 2012</u>		<u>Notional</u>	
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>		
(in thousands)						
Governmental activities						
Cash flow Hedges:						
A	Pay-Fixed interest rate swap	Deferred Outflow	\$ (9,397)	Debt	\$(32,748)	\$200,000
B	Pay-Fixed interest rate swap	Deferred Outflow	(3,133)	Debt	(10,917)	66,667
C	Pay-Fixed interest rate swap	Deferred Outflow	(3,133)	Debt	(10,917)	66,667
D	Pay-Fixed interest rate swap	Deferred Outflow	(3,133)	Debt	(10,917)	66,667
H	Pay-Fixed interest rate swap	Deferred Outflow	(52,025)	Debt	(84,481)	350,000
J	Pay-Fixed interest rate swap	Deferred Outflow	(1,163)	Debt	(1,499)	50,000
L	Pay-Fixed interest rate swap	Deferred Outflow	(1,785)	Debt	(2,153)	44,145
Investment derivative instruments:						
E	Pay-Fixed interest rate swap	Investment Revenue	(9,195)	Investment	(24,617)	134,300
F	Pay-Fixed interest rate swap	Investment Revenue	649	Investment	(601)	17,770
G	Basis Swap	Investment Revenue	3,915	Investment	(9,121)	542,790
K	Basis Swap	Investment Revenue	3,450	Investment	(29,929)	500,000

On December 15, 2011 derivative instrument I, which was a \$500 million pay-variable interest rate swap, deferred inflow, was terminated as scheduled and the City received a termination payment of \$18.708 million.

The fair values of the interest rate swaps were estimated using the zero-coupon method. 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 of the swaps.

Hedging Derivative Instruments

The following table displays the objective and terms of the City's hedging derivative instruments outstanding at June 30, 2012, along with the credit rating of the associated counterparty. Regarding derivative instruments where the counterparty is unrated, the rating provided is of the counterparty's guarantor.

<u>Item</u>	<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u> (in thousands)	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
A	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2003 Series C, D and E bonds	\$ 200,000	11/13/2002	8/1/2020	3.269%; receive 62.8% of USD-LIBOR-BBA	A+/Aa3
B	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2003 Series C, D and E bonds	66,667	11/13/2002	8/1/2020	3.269%; receive 62.8% of USD-LIBOR-BBA	A-/Baa2*
C	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2003 Series C, D and E bonds	66,667	11/13/2002	8/1/2020	3.269%; receive 62.8% of USD-LIBOR-BBA	A-/Baa1*
D	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2003 Series C, D and E bonds	66,667	11/13/2002	8/1/2020	3.269%; receive 62.8% of USD-LIBOR-BBA	A/A2
H	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2004 Series A and B bonds	350,000	7/14/2003	8/1/2031	2.964%; receive 61.85% of USD-LIBOR-BBA	AA-/Aa3
J	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2005 Series A and B bonds	50,000	7/29/2004	8/1/2014	Pay 4.01%/4.12%; receive CPI + .80% for 2013 maturity/CPI +.90% for 2014 maturity	A-/Baa1*
L	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2005 Series J, K, and L Bonds	44,145	3/3/2005	8/1/2017	Pay 4.55%/4.63%/4.71%; receive CPI +1.50% for 2015 maturity/CPI +1.55% for 2016 maturity/CPI +1.60% for 2017 maturity	A+/Aa3

* Counterparty is unrated. Ratings are of counterparty's guarantor.

LIBOR: London Interbank Offered Rate Index

CPI: Consumer Price Index

Risks

Credit risk: The City is exposed to credit risk on hedging derivative instruments. To minimize its exposure to loss related to credit risk, it is the City's policy to require counterparty collateral posting provisions in its hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments (net of the effect of applicable threshold requirements and netting arrangements) should the counterparty's credit rating fall below the following:

Each of the counterparties with respect to derivative instruments B and D (or its respective guarantor) is required to post collateral if its credit rating goes below A3/A-. The counterparty with respect to derivative instruments C and J (or its respective guarantor) is required to post collateral if all of its credit ratings go below the double-A category and will also post collateral if it has at least one rating below A2 or A. The counterparty with respect to derivative instruments A and L is required to post collateral if it has at least one rating below the double-A category. 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.

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, 2012 was \$(153.632) 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 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 (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 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, C, D, E, F, G, J, K, and L; or below Baa3 (Moody's) or BBB- (Standard & Poor's) for derivative instrument H. The collateral posted is to be in the form of cash, U.S. Treasury securities, or specified Agency securities in the amount equal to (in the form of cash) or greater than (in the form of securities) the fair value of derivative instruments in liability positions net of the effect of applicable netting arrangements and applicable thresholds. If the City does not post collateral, the derivative instrument may be terminated by the counterparty. At June 30, 2012, the aggregate fair value of all derivative instruments with these collateral posting provisions is \$(217,901) million. If the collateral posting requirements were triggered at June 30, 2012, based on ratings of Baa3 or BBB-, the City would be required to post \$121.32 million in collateral to its counterparties based on posting cash. The collateral requirements would be \$217.82 million for ratings below Baa3 or BBB- based on posting cash. The City's credit rating as of June 30, 2012 was Aa2 (Moody's) and AA (Standard & Poor's); therefore, no collateral has been posted as of that date.

Swap Collateral Requirements upon a Rating Downgrade of the City⁽¹⁾

Counterparty/Swap	Fair Value ⁽²⁾ as of June 30, 2012	Collateral Threshold at Baa2/BBB to Baa3/BBB- ⁽³⁾	Collateral Amount ⁽⁴⁾ (in thousands)	Collateral Threshold below Baa3/BBB-	Collateral Amount ⁽⁵⁾
JP Morgan Chase Bank, N.A.	\$ (64,831)	3,000	\$ 61,800	—	\$ 64,800
Merrill Lynch Capital Services, Inc.	(10,917)	3,000	7,917	—	10,917
Morgan Stanley Capital Services, Inc.	(21,537)	3,000	18,500	—	21,500
UBS AG	(36,134)	3,000	33,100	—	36,100
Wells Fargo Bank, NA	(84,481)	Infinity	—	—	84,500
Total Fair Value	<u>\$(217,900)</u>		<u>\$121,317</u>		<u>\$217,817</u>

- (1) All of the City's swap counterparties have agreements that collateral is to be posted by the City if the City were to owe a termination payment and its ratings fall below a certain level. The collateral amount is the counterparty's exposure, based on the market value of the swap, less a "threshold" amount. The threshold amount varies from infinity for higher rating levels to zero for lower rating levels. The threshold amount cannot be less than zero and a threshold amount of infinity would always result in no collateral being required regardless of the market value.
- (2) A negative value means the City would owe a termination payment.
- (3) A downgrade of the City to either Baa2 (Moody's) or BBB (S&P) is the first rating level at which the City would be required to post collateral.
- (4) The swap counterparties, other than Merrill Lynch Capital Services Inc, round the collateral amount up or down to the nearest \$100,000. Merrill Lynch does not round the amount.
- (5) Represents the total amount of required collateral for ratings below Baa3/BBB-. The amount of collateral required to be posted would be the amount shown below less any collateral previously posted.

14. Real Estate Tax

Real estate tax payments for the fiscal year ended June 30, 2012 were due July 1, 2011 and January 1, 2012 except that payments by owners of real property assessed at \$250,000 or less and cooperatives whose individual units on average are valued at \$250,000 or less were due in quarterly installments on the first day of each quarter beginning on July 1.

The levy date for fiscal year 2012 taxes was June 29, 2011. 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. Additionally, 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.

The City offered a 1% discount on the full amount of a taxpayer's yearly property tax is being offered if the entire amount shown on their bill is paid by the July due date (or grace period due date), a 0.66% discount on the last three quarters if the taxpayer waits until the October due date to pay the entire amount due, or a 0.33% discount on the last six months of taxes when the taxpayer pays the balance by the January due date for both fiscal years 2013 and 2012. Payment of real estate taxes before July 15, 2012, on properties with an assessed value of \$250,000 or less and before July 1, 2012, on properties with an assessed value over \$250,000 received the discount. Collections of these real estate taxes received on or before June 30, 2012 and 2011 were about \$5.5 billion and \$4.6 billion respectively. These amounts were recorded as deferred revenue.

The City sold approximately \$83.8 million of real property tax liens, fully attributable to fiscal year 2012, at various dates in fiscal year 2012. As in prior year's lien sale agreements, the City will refund the value of liens later determined to be defective, plus interest and a 5% surcharge. It has been estimated that \$2.2 million worth of liens sold in fiscal year 2012 will require refunding. The estimated refund accrual amount of \$4 million, including the surcharge and interest, resulted in fiscal year 2012 net sale proceeds of \$79.8 million.

In fiscal year 2012, there was \$2.2 million refunded for defective liens from the fiscal year 2011 sale. This resulted in an increase to fiscal year 2012 revenue of \$1.8 million and consequently, the under estimated fiscal year 2011 accrual of \$4 million increased the net sale proceeds of the fiscal year 2011 sale to \$14.8 million up from the original fiscal year 2011 net sale proceeds reported as \$13 million.

The City sold approximately \$17 million of real property tax liens, fully attributable to fiscal year 2011, at various dates in fiscal year 2011. As in prior year's lien sale agreements, the City will refund the value of liens later determined to be defective, plus interest and a 5% surcharge. It has been estimated that \$3.9 million worth of liens sold in fiscal year 2011 will require refunding. The estimated refund accrual amount of \$4 million, including the surcharge and interest, resulted in fiscal year 2011 net sale proceeds of \$13 million.

In fiscal year 2011, there were \$14.2 millions refunded for defective liens from the fiscal year 2010 sale. This resulted in a decrease to fiscal year 2011 revenue of \$10.2 million and consequently, the unused fiscal year 2010 accrual of \$4 million decreased the net sale proceeds of the fiscal year 2010 sale to \$24.8 million up from the original fiscal year 2010 net sale proceeds reported as \$35 million.

In fiscal years 2012 and 2011, \$265 million and \$308 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 revenues 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, 2012 and 2011, excess amounts of \$65.4 million and \$356 million, respectively, were transferred to the General Debt Service Fund.

15. 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. 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.

16. Federal, State, and Other Aid

For the government-wide and fund financial statements, categorical aid, net of a provision for estimated disallowances is reported as receivables when the related eligibility requirements are met. Unrestricted aid is reported as revenue in the fiscal year of entitlement.

17. Bond Discounts, Premiums and Issuance Costs

In the funds 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 recorded as deferred charges and are amortized over the term of the bonds payable using the straight-line method.

18. 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 primary government and the discretely presented Component Units are reported as if they were external transactions.

19. Subsidies

The City makes various payments to subsidize a number of organizations which provide services to City residents. These payments are recorded as expenditures in the fiscal year paid.

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 generally accepted accounting principles. Therefore, the General Fund’s fund balance must legally remain intact and is classified as nonspendable.

Restricted—includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, laws or regulations of other governments, or constrained due to constitutional provisions or enabling legislation.

Committed—includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government’s formal action at the highest level of decision making authority and does not lapse at year-end. In accordance with the New York City Charter, the City Council is the City’s highest level of decision-making authority and can, by legal resolution prior to the end of the fiscal year, approve to establish, modify or rescind a fund balance commitment. For the Nonmajor Funds, the respective Boards of Directors of the Funds (“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 Nonmajor Funds, the fund balances which are constrained for use for a specific purpose based on the direction of any officer of the respective Funds who is duly authorized under the Funds’ bond indentures 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 Fund’s deficit is classified as unassigned.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, unless required by law or agreement, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance 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, 2012 and 2011:

	Fiscal Year 2012				
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	(in thousands)				
Nonspendable:					
General Fund balance	\$452,284	\$ —	\$ —	\$ —	\$ 452,284
Prepaid expenditures	—	—	—	577	577
Spendable:					
Restricted					
Capital projects	—	372,361	—	2,348,421	2,720,782
Debt service	—	—	65,429	2,540,670	2,606,099
Committed					
Debt service	—	—	1,308,179	610	1,308,789
Assigned					
Nonmajor operating funds	—	—	—	138,612	138,612
Arbitrage Rebate Program	—	—	—	16,365	16,365
Unassigned					
Capital Projects Fund	—	(3,118,919)	—	—	(3,118,919)
Total Fund Balance	<u>\$452,284</u>	<u>\$(2,746,558)</u>	<u>\$1,373,608</u>	<u>\$5,045,255</u>	<u>\$4,124,589</u>

	Fiscal Year 2011				
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental
	(in thousands)				
Nonspendable:					
General Fund balance	\$447,272	\$ —	\$ —	\$ —	\$ 447,272
Prepaid expenditures	—	—	—	570	570
Spendable:					
Restricted					
Capital projects	—	129,196	—	1,125,473	1,254,669
Debt service	—	—	355,883	2,584,809	2,940,692
Committed					
Debt service	—	—	2,461,507	637	2,462,144
Assigned					
Nonmajor operating funds	—	—	—	91,519	91,519
Arbitrage Rebate Payment	—	—	—	24,964	24,964
Unassigned					
Capital Projects Fund	—	(3,143,921)	—	—	(3,143,921)
Nonmajor Special Revenue Fund	—	—	—	(64)	(64)
Total Fund Balance	<u>\$447,272</u>	<u>\$(3,014,725)</u>	<u>\$2,817,390</u>	<u>\$3,827,908</u>	<u>\$4,077,845</u>

21. Pensions

Pension cost is required to be measured and disclosed using the accrual basis of accounting (see Notes E.5. and the Required Supplementary Information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expense on the modified accrual basis of accounting. Annual pension cost should be equal to the annual required contributions to the pension plan, calculated in accordance with certain parameters.

22. Other Postemployment Benefits

Other Postemployment Benefits (OPEB) cost for healthcare 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 should be equal to the annual required contributions to the OPEB plan, calculated in accordance with certain parameters.

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

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued in November, 2010, establishes recognition, measurement and disclosure requirements for Service Concession Arrangements for both transferors and governmental operators. A Service Concession Arrangements is an arrangement between a transferor (government) and an operator (governmental or nongovernmental entity) in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a facility) in exchange for significant consideration and the operator collects and is compensated by fees from third parties.

A transferor reports the facility subject to a Service Concession Arrangement as its capital asset. New facilities constructed or acquired by the operator or improvements to existing facilities made by the operator are reported at fair value by the transferor. A liability is recognized, for the present value of significant contractual obligations to sacrifice financial resources imposed on the transferor, along with a corresponding deferred flow of resources. Revenues are recognized by the transferor on a systematic and rational manner over the term of the arrangement. A governmental operator reports an intangible asset at cost for its right to access the facility and collect third-party fees and amortizes the intangible asset over the term of the arrangement. For revenue sharing arrangements, operators must report all revenues and expenses and transferors must report their portion of the shared revenues.

The requirements of Statement No. 60 are effective for financial statements for periods beginning after December 15, 2011. The City has not completed the process of evaluating the impact of Statement No. 60 on its financial statements.

In June of 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement provides financial reporting guidance for deferred outflows of resources, which is a consumption of net assets by the government that is applicable to a future reporting period and deferred inflows of resources which is an acquisition of net assets by the government that is applicable to a future reporting period.

Statement No. 63 also amends the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The requirements of Statement No. 63 are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The City has not completed the process of evaluating the impact of Statement No. 63 on its financial statements.

In March of 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Government Accounting Standards Board in authoritative pronouncements that are established after applicable due process. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The requirements of Statement No. 65 are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The City has not completed the process of evaluating the impact of Statement No. 65 on its financial statements.

In March of 2012, GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to resolve conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The City has not completed the process of evaluating the impact of Statement No. 66 on its financial statements.

In June of 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. This Statement establishes financial reporting standards for state and local governmental pension plans, defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements in which:

- a. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- b. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- c. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered.

This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and Statement No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

The provisions of Statement No. 67 are effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged. The City has not completed the process of evaluating the impact of Statement No. 67 on its financial statements.

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. This Statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements in which:

- a. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- b. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- c. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

The requirements of this Statement apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts that meet certain criteria and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. The requirements apply whether the government's financial statements are presented in stand-alone financial reports or are included in the financial reports of another government.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statement No. 27 and Statement No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The provisions of Statement No. 68 are effective for financial statements for fiscal years beginning after June 15, 2014. Earlier application is encouraged. The City has not completed the process of evaluating the impact of statement No. 68 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 assets (deficit) of governmental activities as shown on the government-wide statement of net assets is presented in an accompanying schedule to the governmental funds balance sheet. The asset and liability elements which 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.

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 assets 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 which 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 in excess of revenues.

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 \$2.497 billion and \$3.727 billion subsequent to its original adoption in fiscal years 2012 and 2011, respectively.

Financial Plans

The New York State Financial Emergency Act for The City of New York, as amended in 1978, requires the City to operate under a "rolling" Four-Year Financial Plan (Plan). Revenues and expenditures, including operating transfers, of each year of the Plan are required to be balanced on a basis consistent with 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 has cumulative deficits of \$2.7 billion and \$3.0 billion at June 30, 2012 and 2011, 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. Independent bank rating agencies are used to determine the financial soundness of each bank, and the City's banking relationships are under periodic operational 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. Bank balances at the Federal Deposit Insurance Corporation (FDIC) insured institutions have unlimited deposit insurance for noninterest bearing transaction accounts beginning December 31, 2010. This will cover the City's demand deposit accounts, including Central Treasury, Pool, and controlled disbursement accounts, at participating FDIC-insured institutions through December 31, 2012. Consequently, these noninterest-bearing transaction deposit accounts that are fully insured by FDIC's Transaction Account Guarantee Program do not need to be collateralized for fiscal year 2012.

At June 30, 2012 and 2011, the carrying amount of the City's unrestricted cash and cash equivalents was \$5.766 billion and \$4.458 billion, respectively, and the bank balances were \$2.597 billion and \$4.044 billion, respectively. Of the unrestricted bank balances, \$44 thousand and \$96 thousand were exposed to custodial risk (this is the risk that in the event of a bank failure, the City's deposits may not be returned to it or the City will not be able to recover collateral securities that are in the possession of an outside party) because the bank balances were uninsured and uncollateralized at June 30, 2012 and 2011, respectively. At June 30, 2012 and 2011, the carrying amount of the restricted cash and cash equivalents was \$4.157 billion and \$3.744 billion, respectively, and the bank balances were \$1.380 billion and \$1.856 billion, respectively. Of the restricted bank balances, \$281 thousand and \$93 thousand were exposed to custodial credit risk because the respective bank balances were uninsured and uncollateralized at June 30, 2012 and 2011, respectively.

Investments

The City's investment of cash in its governmental fund types is currently limited to U.S. Government guaranteed securities and U.S. Government agency securities purchased directly and through repurchase agreements from primary dealers, as well as commercial paper rated A1 and P1 by Standard & Poor's Corporation and Moody's Investors Service, Inc., respectively. The repurchase agreements must be collateralized by U.S. Government guaranteed securities, U.S. Government agency securities, or eligible commercial paper in a range of 100% to 102% of the matured value of the repurchase agreements. The following is a summary of the fair value of investments of the City as of June 30, 2012 and 2011:

Governmental activities:

Investment Type	Investment Maturities					
	(in years)					
	2012		2011			
	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	\$1,640,140	\$ —	\$ —	\$ 184,772	\$ —	\$ —
U.S. Government agency obligations	282,164	197,307	—	132,874	67,377	—
Commercial paper	474,703	—	—	—	—	—
Corporate Bonds	—	24,918	—	—	24,908	—
Certificates of Deposit	—	—	—	50,003	—	—
Investment derivative instruments	—	—	(64,268) ⁽¹⁾	—	—	(63,087) ⁽²⁾
Total unrestricted	<u>\$2,397,007</u>	<u>\$222,225</u>	<u>\$(64,268)</u>	<u>\$ 367,649</u>	<u>\$ 92,285</u>	<u>\$(63,087)</u>
Restricted						
U.S. Government securities	\$ 589,643	\$294,175	\$ —	\$ 95,110	\$294,521	\$ —
U.S. Government agency obligations	1,446,449	171,508	—	611,569	157,864	—
Commercial paper	344,227	—	—	1,207,658	—	—
Municipal Bonds	3,480	—	33,322	—	—	22,699
Time Deposits	29,108	—	—	—	—	—
Repurchase agreements	8,099	—	—	27,853	—	—
Total restricted	<u>\$2,421,006</u>	<u>\$465,683</u>	<u>\$ 33,322</u>	<u>\$1,942,190</u>	<u>\$452,385</u>	<u>\$ 22,699</u>

- (1) The City has two pay-fixed interest rate swaps (E and F) and two basis swaps (G and K) that are treated as investment derivative instruments (see Note A.13.). At June 30, 2012, the swaps had fair values of \$(24,617) thousand, \$(601) thousand, \$(9,121) thousand, and \$(29,929) thousand, respectively.
- (2) The City had two pay-fixed interest rate swap (E and F) and two basis swaps (G and K) that were treated as investment derivative instruments. At June 30, 2011, the swaps had fair values of \$(15,422) thousand, \$(1,250) thousand, and \$(13,036) thousand and \$(33,379) thousand respectively.

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 192 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, 2012 and 2011, investments in Federal National Mortgage Association (FNMA or Fannie Mae), Federal Home Loan Mortgage Corporation (FHLMC 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 AAA and A-1+ by Standard & Poor’s and Aaa and P-1 by Moody’s for long-term and short-term instruments, respectively. The majority of these investments were not rated by Fitch ratings, but those that were carried its highest long-term or short-term ratings of AAA or F1+, respectively. Investments in commercial paper were rated in the highest short-term category by at least two major rating agencies (A-1+ by Standard & Poor’s, P-1 by Moody’s, and/or F1+ by Fitch ratings). Repurchase agreements are not rated.

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 agreement with a single provider.

Custodial credit risk-investments. For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the City, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the City.

The City's investment policy related to custodial credit risk calls for limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the City.

Investment Derivative Instruments

Credit risk: The City is exposed to credit risk on investment derivative instruments. To minimize its exposure to loss related to credit risk, it is the City's policy to require counterparty collateral posting provisions in its investment derivative instruments. These terms require collateralization of the fair value of investment derivative instruments (net of the effect of applicable threshold requirements and netting arrangements) should the counterparty's credit rating fall below the following:

The counterparty with respect to derivative instruments E and F (or its respective guarantor) is required to post collateral if its credit rating goes below A3/A-. The counterparty with respect to derivative instrument G is required to post collateral if all of its credit ratings go below the double-A category and will also post collateral if it has at least one rating below A3 or A-. The counterparty with respect to derivative instrument K is required to post collateral if it has at least one rating below the double-A category. The City has never been required to access collateral.

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, close-out netting provisions permit the non-defaulting party to 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 investment derivative instruments requiring collateralization at June 30, 2012 was \$(64,268) thousand. 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 E and F, 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 E and F 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 instrument F, the City pays a variable rate on the outstanding underlying bonds based on SIFMA, but receives a variable rate on the swap based on a percentage of LIBOR. In derivative instrument G, the City's variable payer rate is based on SIFMA times 1.36 and the City receives 100% of LIBOR in return. The City's net payments over time will be determined by both the absolute levels of interest rates and the relationship between SIFMA and LIBOR. In derivative instrument K, the City's variable payer rate is based on SIFMA and its variable receiver rate is based on a percentage of LIBOR. However, the stepped percentages of LIBOR received by the City mitigate the risk that the City will be harmed in low interest rate environments by the compression of the SIFMA and LIBOR indices. As the overall level of interest rate decreases, the percentage of LIBOR received by the City increases.

Tax risk: The City is at risk that a change in Federal tax rates will alter the fundamental relationship between the SIFMA and LIBOR indices. A reduction in Federal tax rates, for example, will likely increase the City's payment on its underlying variable rate bonds in derivative instruments E and F and its variable payer rate in derivative instruments G and K.

Termination risk: The City or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The City is at risk that a counterparty will terminate a swap at a time when the City owes it a termination payment. The City has mitigated this risk by specifying that the counterparty has the right to terminate only as a result of certain events, including: a payment default by the City; other City defaults which remain uncured for 30 days after notice; City bankruptcy; insolvency of the City (or similar events); or a downgrade of the City's credit rating below investment grade (i.e., BBB-/Baa3). If at the time of termination, an investment derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Counterparty risk: The City is at a risk that a counterparty (or its guarantor) will not meet its obligations under the swap. If a counterparty were to default under its agreement when the counterparty would owe a 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.

The investment policies of the discretely presented Component Units included in the City's reporting entity generally conform to those of the City's. 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 companies rated BBB or better by both Standard and Poor's Corporation and Moody's Investors Service, Inc., and any bond that meets the qualifications of the New York State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.
2. Equity investments may be made only in those stocks that meet the qualifications of the New York State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.
3. Short-term investments may be made in the following:
 - a. U.S. Government guaranteed securities or U.S. Government agency securities.
 - b. Commercial paper rated A1, P1, or F1 by Standard & Poor's Corporation or Moody's Investors Service, Inc. or Fitch, respectively.
 - c. Repurchase agreements collateralized in a range of 100% to 102% of matured value, purchased from primary dealers of U.S. Government securities.
 - d. Investments in bankers' acceptances, certificates of deposit, and time deposits are limited to banks with worldwide assets in excess of \$50 billion that are rated within the highest categories of the leading bank rating services and selected regional banks also rated within the highest categories.
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 assets; 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 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 boards of trustees policies permit the Pension and certain Other Employee Benefit Trust Funds (Systems and Funds) to lend their securities (the underlying securities) to brokers-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future.

The Systems' and Funds' custodians lend the following types of securities: short-term securities, common stock, long-term corporate bonds, U.S. Government and U.S. Government agencies' bonds, asset-backed securities, and international equities and bonds held in collective investment funds. In return, the Systems and Funds receive collateral in the form of cash and U.S. Government agency securities at 100% to 105% of the principal plus accrued interest for reinvestment. At year-end, the Systems and Funds had no credit risk exposure to borrowers because the amounts the Systems and Funds owe the borrowers exceed the amounts the borrowers owe the Systems and Funds. The contracts with the Systems' and Funds' custodian requires borrowers to indemnify the Systems and Funds if the borrowers fail to return the securities, if the collateral is inadequate, and if the borrowers fail to pay the Systems and Funds for income distributions by the securities' issuers while the securities are on loan.

The securities lending program in which the Systems and Funds participate only allows pledging or selling securities in the case of borrower default.

All securities loans can be terminated on demand within a period specified in each agreement by either the Systems and Funds or the borrowers. The underlying fixed income securities have an average maturity of 10 years. Cash collateral is invested in the lending agents' short-term investment pools, which have a weighted-average maturity of 90 days. During fiscal year 2003, the value of certain underlying securities, within the short-term investment pools, became impaired because of the credit failure of the issuer. Accordingly, the carrying amounts of the collateral reported in four of the Systems' statements of fiduciary net assets were reduced by a total of \$80 million to reflect this impairment and reflect the net realizable value of the securities purchased with collateral from securities lending transactions. During fiscal years 2004 through 2011, \$21.606 million was recovered as a distribution of bankruptcy proceeds and \$31.6 million was received as a partial settlement from litigation. In fiscal years 2011 and 2012, there was no further recoupment as an ongoing distribution of bankruptcy proceeds.

During fiscal year 2009, the value of certain underlying securities became impaired because of the bankruptcy proceeding of the issuer. Accordingly, the carrying amount of the collateral reported in *the Deferred Compensation Plans for Employees of The City of New York and Related Agencies and Instrumentalities* (DCP) statements of fiduciary net assets was reduced by a total of \$24.3 million to reflect this impairment and reflect the net realizable value of the securities purchased with collateral from securities lending transactions. In October, 2010, DCP's Board had decided to terminate its securities lending program as soon as it was feasibly possible, sell the defaulted securities, and assess the participants in its various investment options based on the benefit of the yearly revenues derived from the securities lending program since 2003 in conjunction with the number of years that a participant had been active in its investment programs from 2003 through August 2008. DCP sold the issuer's securities in fiscal year 2011 at the prevailing market prices, recovering \$5.3 million. From September 2008, through November 2010, DCP continued to lend securities and the investment income earned was set aside in a reserve to offset the collateral shortfall. The balance of the shortfall, approximately \$10 million, was applied to participant accounts in November 2010 as a one-time assessment. In November 2010, cash collateral in the amount of \$24.3 was returned to DCP's custodian and DCP's securities lending program was closed.

The City reports securities loaned as assets on the Statement of Fiduciary Net Assets. 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 Assets. Accordingly, the City records the investments purchased with the cash collateral as Investments, Collateral From Securities Lending Transactions with a corresponding liability as Securities Lending Transactions.

2. Capital Assets

The following is a summary of capital assets activity for the fiscal years ended June 30, 2011 and 2012:

Primary Government	Primary Government						Balance June 30, 2012
	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011	Additions	Deletions	
	(in thousands)						
Governmental activities:							
Capital assets, not being depreciated/amortized:							
Land	\$ 1,240,525	\$ 328,282	\$ —	\$ 1,568,807	\$ 64,764	\$ 20	\$ 1,633,551
Construction work-in-progress	4,816,975	3,142,604	3,062,669	4,896,910	2,535,291	2,994,774	4,437,427
Total capital assets, not being depreciated/amortized	6,057,500	3,470,886	3,062,669	6,465,717	2,600,055	2,994,794	6,070,978
Capital assets, being depreciated/amortized:							
Buildings	41,218,802	3,062,669	127,415	44,154,056	2,994,774	409,287	46,739,543
Equipment (including software)	6,529,384	550,421	204,692	6,875,113	1,070,824	799,242	7,146,695
Infrastructure	15,865,324	1,431,026	400,189	16,896,161	1,335,063	293,501	17,937,723
Total capital assets, being depreciated/amortized	63,613,510	5,044,116	732,296	67,925,330	5,400,661	1,502,030	71,823,961
Less accumulated depreciation/amortization:							
Buildings	16,064,384	1,180,230	97,829	17,146,785	1,412,630	202,810	18,356,605
Equipment (including software)	4,550,845	371,482	200,214	4,722,113	441,667	427,104	4,736,676
Infrastructure	5,581,716	781,458	309,262	6,053,912	826,173	293,503	6,586,582
Total accumulated depreciation/amortization	26,196,945	2,333,170 ⁽¹⁾	607,305	27,922,810	2,680,470 ⁽¹⁾	923,417	29,679,863
Total capital assets, being depreciated/amortized, net	37,416,565	2,710,946	124,991	40,002,520	2,720,191	578,613	42,144,098
Governmental activities capital assets, net	\$43,474,065	\$6,181,832	\$3,187,660	\$46,468,237	\$5,320,246	\$3,573,407	\$48,215,076

⁽¹⁾ Depreciation/amortization expense was charged to functions/programs of the City for the fiscal years ended June 30, 2012 and 2011 as follows:

	2012	2011
	(in thousands)	
Governmental activities:		
General government	\$ 356,504	\$ 318,023
Public safety and judicial	178,495	158,776
Education	1,016,167	826,383
City University	5,686	6,473
Social services	64,693	64,988
Environmental protection	142,541	103,629
Transportation services	551,175	521,313
Parks, recreation and cultural activities	307,651	287,482
Housing	2,338	7,443
Health	39,480	29,131
Libraries	15,740	9,529
Total depreciation/amortization expense—governmental activities	\$2,680,470	\$2,333,170

The following are the sources of funding for the governmental activities capital assets for the fiscal years ended June 30, 2012 and 2011. Sources of funding for capital assets are not available prior to fiscal year 1987.

	<u>2012</u>	<u>2011</u>
	(in thousands)	
Capital Projects Funds:		
Prior to fiscal year 1987	\$ 6,695,418	\$ 6,364,253
City bonds	67,300,580	64,128,194
Federal grants	621,186	616,490
State grants	130,985	144,331
Private grants	556,315	563,607
Capitalized leases	<u>2,590,455</u>	<u>2,574,172</u>
Total funding sources	<u>\$77,894,939</u>	<u>\$74,391,047</u>

At June 30, 2012 and 2011, 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, 2012 and 2011 are leased properties that have elements of ownership. These assets are recorded as capital assets as follows:

	<u>Capital Leases</u>	
	<u>2012</u>	<u>2011</u>
	(in thousands)	
Governmental activities:		
Capital asset:		
Buildings, gross	\$2,590,455	\$2,574,172
Less accumulated amortization	<u>772,215</u>	<u>678,712</u>
Buildings, net	<u>\$1,818,240</u>	<u>\$1,895,460</u>

Capital Commitments

At June 30, 2012, the outstanding commitments relating to projects of the Capital Projects Fund amounted to approximately \$14.7 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 the Capital Projects Fund expenditures of \$54.1 billion over fiscal years 2012 through 2021. To help meet its capital spending program, the City and TFA borrowed \$6.18 billion in the public credit market in fiscal year 2012. The City and TFA plan to borrow \$5.10 billion in the public credit market in fiscal year 2013.

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, 2012 and 2011 were approximately \$814.7 million and \$772.6 million, respectively.

As of June 30, 2012, the City (excluding discretely presented Component Units) had future minimum payments under capital and operating leases with a remaining term in excess of one year as follows:

	<u>Capital Leases</u>	<u>Operating Leases</u> (in thousands)	<u>Total</u>
Governmental activities:			
Fiscal year ending June 30:			
2013	\$ 194,014	\$ 502,337	\$ 696,351
2014	187,782	452,858	640,640
2015	182,454	419,912	602,366
2016	176,034	402,504	578,538
2017	170,046	387,852	557,898
2018-2022	756,052	1,498,137	2,254,189
2023-2027	498,753	870,126	1,368,879
2028-2032	338,953	301,112	640,065
2033-2037	113,093	67,562	180,655
2038-2042	47,338	33,341	80,679
2043-2047	—	11,955	11,955
2048-2052	—	6,482	6,482
Future minimum payments	<u>2,664,519</u>	<u>\$4,954,178</u>	<u>\$7,618,697</u>
Less: Interest	<u>846,279</u>		
Present value of future minimum payments	<u>\$1,818,240</u>		

The present value of future minimum lease payments includes approximately \$1.296 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 PBC.

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, 2012 and 2011 was approximately \$291 million and \$253 million, respectively. As of June 30, 2012, the following future minimum rentals are provided for by the leases:

	<u>Capital Leases</u>	<u>Operating Leases</u> (in thousands)	<u>Total</u>
Governmental activities:			
Fiscal year ending June 30:			
2013	\$ 1,045	\$ 208,275	\$ 209,320
2014	1,083	206,890	207,973
2015	1,121	199,108	200,229
2016	1,177	189,466	190,643
2017	1,198	176,286	177,484
2018-2022	5,908	852,377	858,285
2023-2027	5,198	795,299	800,497
2028-2032	5,334	763,628	768,962
2033-2037	4,178	763,294	767,472
2038-2042	2,083	724,041	726,124
2043-2047	1,996	721,290	723,286
2048-2052	1,800	522,673	524,473
2053-2057	1,800	71,270	73,070
2058-2062	1,799	62,137	63,936
2063-2067	1,799	49,137	50,936
2068-2072	1,799	48,075	49,874
2073-2077	1,799	46,781	48,580
2078-2082	900	32,437	33,337
2083-2087	—	28,563	28,563
Thereafter until 2106	—	2	2
Future minimum lease rentals	<u>42,017</u>	<u>\$6,461,029</u>	<u>\$6,503,046</u>
Less interest	<u>27,345</u>		
Present value of future minimum lease rentals	<u>\$ 14,672</u>		

4. Long-Term Liabilities

Changes in Long-term liabilities

In fiscal years 2011 and 2012, the changes in long-term liabilities were as follows:

Primary Government	Balance	Additions	Deletions	Balance	Additions	Deletions	Balance	Due
	June 30, 2010			June 30, 2011			June 30, 2012	
(in thousands)								
Governmental activities:								
Bonds and notes payable:								
General obligation bonds	\$ 41,555,540	\$ 4,182,955	\$ 3,953,711	\$ 41,784,784	\$ 4,952,775	\$ 4,451,065	\$ 42,286,494	\$ 2,010,736
TFA Bonds	20,093,650	4,899,425	1,173,300	23,819,775	5,628,810	3,181,235	26,267,350	646,320
TSASC Bonds	1,265,305	—	5,015	1,260,290	—	7,540	1,252,750	—
IDA bonds	98,650	—	750	97,900	—	2,600	95,300	2,710
STAR bonds	2,177,900	—	61,445	2,116,455	—	62,800	2,053,655	11,345
FSC bonds	294,245	—	11,860	282,385	—	12,150	270,235	10,385
HYIC bonds	2,000,000	—	—	2,000,000	1,000,000	—	3,000,000	—
ECF bond	149,735	137,525	6,075	281,185	—	6,750	274,435	6,390
Total before premiums/discounts (net)	67,635,025	9,219,905	5,212,156	71,642,774	11,581,585	7,724,140	75,500,219	2,687,886
Less premiums/(discounts) (net)	1,093,763	315,466	185,702	1,223,527	1,121,909	341,434	2,004,002	—
Total bonds and notes payable ⁽¹⁾	68,728,788	9,535,371	5,397,858	72,866,301	12,703,494	8,065,574	77,504,221	2,687,886
Tax Lien collateralized bonds ⁽²⁾	42,051	73,428	81,212	34,267	69,748	67,929	36,086	—
Capital lease obligations	1,859,214	139,026	102,780	1,895,460	28,746	105,966	1,818,240	80,056
Other tax refunds	1,891,637	500,709	293,637	2,098,709	409,220	500,709	2,007,220	163,220
Judgments and claims	5,572,281	1,736,683	1,226,865	6,082,099	1,302,202	1,106,363	6,277,938	1,295,031
Real estate tax certiorari	898,772	181,153	141,998	937,927	147,707	226,730	858,904	167,754
Vacation and sick leave	3,822,067	431,223	324,217	3,929,073	508,897	260,388	4,177,582	260,388
Pension liability	625,400	50,000	83,200	592,200	41,400	41,600	592,000	—
OPEB liability	74,984,832	10,494,993	1,572,872	83,906,953	5,707,001	1,439,815	88,174,139	—
Landfill closure and postclosure care costs	1,659,727	21,554	112,159	1,569,122	40,287	134,823	1,474,586	66,222
Pollution remediation obligations	255,381	219,477	248,635	226,223	175,765	189,556	212,432	219,096
Total changes in governmental activities long-term liabilities	\$160,340,150	\$23,383,617	\$9,585,433	\$174,138,334	\$21,134,467	\$12,139,453	\$183,133,348	\$4,939,653

(1) City bonds and notes payable are generally liquidated with resources of the General Debt Service Fund. Other long-term liabilities are generally liquidated with resources of the General Fund.

(2) Tax lien collateralized Bonds are secured by trust assets.

The bonds and notes payable at June 30, 2012 and 2011, summarized by type of issue are as follows:

Primary Government	2012			2011		
	General Obligations*	Revenue*	Total	General Obligations*	Revenue*	Total
(in thousands)						
Governmental activities:						
Bonds and notes payable:						
General obligation bonds	\$42,286,494	\$ —	\$42,286,494	\$41,784,784	\$ —	\$41,784,784
TFA bonds	20,958,690	5,308,660	26,267,350	19,089,925	4,729,850	23,819,775
TSASC bonds	1,252,750	—	1,252,750	1,260,290	—	1,260,290
IDA bonds	95,300	—	95,300	97,900	—	97,900
STAR bonds	2,053,655	—	2,053,655	2,116,455	—	2,116,455
FSC bonds	270,235	—	270,235	282,385	—	282,385
HYIC bonds	—	3,000,000	3,000,000	—	2,000,000	2,000,000
ECF bonds	—	274,435	274,435	—	281,185	281,185
Total bonds and notes payable	\$66,917,124	\$8,583,095	\$75,500,219	\$64,631,739	\$7,011,035	\$71,642,774

* The City issues General Obligation and Revenue bonds for capital projects which include construction, acquisition, repair or maintenance of the City's infrastructure. These include, but are not limited to, sidewalk installations, improvements to City's schools, fire stations, parks, bridges and tunnels, and acquisition of any furnishings, machinery, apparatus or equipment for any public purpose.

The following table summarizes future debt service requirements as of June 30, 2012:

Primary Government	Governmental Activities			
	General Obligation Bonds		Revenue Bonds and Notes	
	Principal	Interest ⁽¹⁾	Principal	Interest
	(in thousands)			
Fiscal year ending June 30:				
2013	\$ 2,671,616	\$ 2,744,237	\$ 16,270	\$ 440,516
2014	2,992,840	2,640,622	110,565	436,768
2015	3,249,471	2,506,346	115,925	432,506
2016	3,304,560	2,369,662	121,830	427,790
2017	3,301,636	2,231,403	134,115	422,517
2018-2022	16,494,012	9,093,019	761,125	2,015,637
2023-2027	14,847,654	5,772,001	957,385	1,811,708
2028-2032	10,688,502	3,056,942	1,224,145	1,523,758
2033-2037	6,761,767	1,200,639	1,570,535	1,160,394
2038-2042	2,605,018	261,087	571,200	815,353
2043-2047	5	16	3,000,000	612,500
2048-2052	2	15	—	—
Thereafter until 2147	41	138	—	—
	<u>66,917,124</u>	<u>31,876,127</u>	<u>8,583,095</u>	<u>10,099,447</u>
Less interest component	—	<u>31,876,127</u>	—	<u>10,099,447</u>
Total future debt service requirements	<u>\$66,917,124</u>	<u>\$ —</u>	<u>\$8,583,095</u>	<u>\$ —</u>

⁽¹⁾ Includes interest for general obligation bonds estimated at 2% rate on tax-exempt adjustable rate bonds and at 3% rate on taxable adjustable rate bonds which are the rates at the end of the fiscal year.

The average (weighted) interest rates for outstanding City general obligation bonds as of June 30, 2012 and 2011, were 4.3% and 4.4%, 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 London Interbank Offering Rate (LIBOR). Direct Funding Bonds are fixed rate bonds that through a derivative pay the holder an adjusted rate based on the movement in the AAA Municipal Market Data (MMD) Index.

In fiscal years 2012 and 2011, the City issued \$2.23 billion and \$2 billion, respectively, of general obligation bonds to advance refund general obligation bonds of \$2.44 billion and \$2.10 billion, respectively, aggregate principal amounts. The net proceeds from the sales of the refunding bonds, together with other funds of \$31.43 million and \$57.10 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 2012, the refunding transactions will decrease the City’s aggregate debt service payments by \$305.98 million and provide an economic gain of \$277.06 million. In fiscal year 2011, the refunding transactions decreased the City’s aggregate debt service payments by \$152.61 million and provided an economic gain of \$125.45 million. At June 30, 2012 and 2011, \$17.69 billion and \$16.25 billion, respectively, of the City’s outstanding general obligation bonds were considered defeased.

The State Constitution requires the City to pledge its full faith and credit for the payment of the principal and interest on City term and serial bonds and guaranteed debt. The GO debt-incurring power of the City is limited by the Constitution to 10% of the average of five years’ full valuations of taxable real estate. Excluded from this debt limitation is certain indebtedness incurred for water

supply, certain obligations for transit, sewage, and other specific obligations which exclusions are based on a relationship of debt service to net revenue. In July 2009, the New York State Assembly passed legislation stipulating that certain TFA debt would be included in the calculation of debt-incurring margin within the debt limit of the City.

As of July 1, 2012 and 2011, the 10% general limitation was approximately \$76,853 billion and \$76.097 billion, respectively. Also, as of July 1, 2012, the City's remaining GO debt-incurring power totaled \$24,174 billion, after providing for capital commitments.

Pursuant to State legislation on January 1, 1979, the City established a General Debt Service Fund administered and maintained by the State Comptroller into which payments of real estate taxes and other revenues are deposited in advance of debt service payment dates. Debt service on all City notes and bonds is paid from this Fund. In fiscal year 2012, discretionary and other transfers of \$1.34 billion were made from the General Fund to the General Debt Service Fund for fiscal year 2013 debt service. In addition, in fiscal year 2012, discretionary transfers of \$1.034 billion were made from the General Fund to Component Units of the Debt Service Funds. In fiscal year 2011, discretionary and other transfers of \$2.78 billion were made from the General Fund to the General Debt Service Fund for fiscal year 2012 debt service. In addition, in fiscal year 2011, discretionary transfers of \$789.7 million were made to Component Unit Debt Service Funds.

Hedging derivative instrument payments and hedged debt

The table that follows represents debt service payments on certain general obligation variable-rate bonds and net receipts/payments on associated hedging derivative instruments (see Note A.13.), as of June 30, 2012. 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, 2012 will remain the same for their term.

Primary Government	Governmental Activities			Total
	General Obligation Bonds Principal	Interest	Hedging Derivative Instruments, Net	
	(in thousands)			
Fiscal year ending June 30:				
2013	\$ —	\$ 8,769	\$ 19,090	\$ 27,859
2014	25,000	7,849	19,509	52,358
2015	44,385	5,978	20,045	70,408
2016	11,980	4,544	20,371	36,895
2017	82,535	3,426	19,762	105,723
2018-2022	330,245	5,651	68,983	404,879
2023-2027	123,040	3,388	44,605	171,033
2028-2032	226,960	1,093	14,385	242,438
Total	<u>\$844,145</u>	<u>\$40,698</u>	<u>\$226,750</u>	<u>\$1,111,593</u>

Judgments and Claims

The City is a defendant in lawsuits pertaining to material matters, including claims asserted which are incidental to performing routine governmental and other functions. This litigation includes but is not limited to: actions commenced and claims asserted against the City arising out of alleged constitutional violations; torts; breaches of contract; other violations of law; and condemnation proceedings.

As of June 30, 2012 and 2011, claims in excess of \$740 billion and \$613 billion, respectively, were outstanding against the City for which the City estimates its potential future liability to be \$6.3 billion and \$6.1 billion, respectively.

As explained in Note A.11., the estimate of the liability for all judgments and claims has been reported in the government-wide statement of net assets 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.

Numerous proceedings 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 have been 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. Complaints on behalf of approximately 11,900 plaintiffs alleging similar causes of action have been filed naming the City or other defendants. The actions were either commenced in or have been removed to 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. The City's motion to dismiss these actions on immunity grounds was denied on October 17, 2006 by the District Court. On March 26, 2008, the Second Circuit upheld the District Court's decision holding that determining whether the City had immunity for its actions requires developing the factual record. A not-for-profit "captive" insurance company, WTC Captive, has been 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 insurance company has been funded by a grant from the Federal Emergency Management Agency in the amount of \$999,900,000. On June 10, 2010 WTC Captive announced that a settlement was reached with attorneys for the plaintiffs. On November 19, 2010, District Court Judge Hellerstein announced that more than the required 95% of plaintiffs agreed to the settlement, thus making it effective. Approximately \$637.5 million has been paid under the settlement, leaving residual funds of approximately \$400 million to insure and defend the City and its contractors against claims that are not settled as part of the settlement and any new claims. There are still approximately 60 plaintiffs who have sued the City and who have not agreed to the terms of the settlement, or who were not eligible to participate in the settlement or have commenced actions subsequent to the completion of the settlement. The Court has not indicated how or when those cases will proceed. In addition, since the applicable statute of limitations runs from the time a person learns of his or her injury or should reasonably be aware of the injury, additional plaintiffs may bring lawsuits in the future, which could result in substantial damages. No assurance can be given that the insurance will be sufficient to cover all liability that might arise from such claims.

In 1996, a class action was brought against the City and the State under Title VII of the Civil Rights Act of 1964 alleging that the use by the City Board of Education of two teacher certification examinations mandated by the State had a disparate impact on minority candidates. The lower court dismissed the case. Plaintiffs appealed, and in 2006, the United States Court of Appeals for the Second Circuit reversed the lower court's ruling, dismissed the claims against the State, and remanded the matter for further proceedings. The trial court on remand has received extensive briefing from the parties on the issue of City liability. The State has advised the City that there are approximately 3,500 members of the class and has calculated potential damages, based on the difference in salary between a certified public school teaching position and an uncertified parochial or private school teaching position, of approximately \$455 million.

In 2006, a relator filed two lawsuits in the United States District Court for the Southern District of New York against the City's Department of Housing Preservation and Development ("HPD") and other defendants under the False Claims Act. The relator alleged that HPD was involved with the submission of false claims to the United States Department of Housing and Urban Development ("HUD") in connection with the Federal government's Section 8 Enhanced Voucher program which provides rental subsidies to low and moderate income tenants payable to the landlord. These alleged false claims would have resulted in HUD's overpayment of subsidies to the defendant property owners, by virtue of the alleged improper removal of housing units from rent regulation. These lawsuits remained under seal pending completion of an investigation by the United States Department of Justice, which was completed in 2009. Following this investigation, the Federal government elected to pursue common-law claims against the property owners, seeking a declaration that the properties are and should have remained subject to rent-regulation, and to recover any overpayments made as a result of the allegedly improper de-regulation. In May 2011, the property owners were granted summary judgment on all of the Federal government's claims and the federal government's motion for reconsideration was denied on June 28, 2011. The Federal government has not sought any relief against the City. The relator is pursuing the false claims actions against HPD and the defendant property owners, seeking treble damages of the alleged overpayments made by HUD on approximately 870 units, plus civil penalties of up to \$11,000 per claim for each violation of the False Claims Act. On July 2, 2010, the Court granted the City's motion to dismiss these actions. Subsequently, the relator filed an appeal which was dismissed as premature. In August 2011 the relator again filed an appeal.

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 recent amendment can be applied to a Federal disallowance against the State based upon a pre-existing audit; however, in the event that it does, and results in a final determination by the State Commissioner of Health against the City, such a determination could result in substantial liability for the City as a result of the audit.

A lawsuit has been brought against the City in the United States District Court for the Southern District of New York by School Safety Agents alleging violation of the Federal Equal Pay Act, Title VII of the Civil Rights Act of 1964 and provisions of State law. Plaintiffs claim that School Safety Agents (who are predominantly female) earn less pay than Special Officers (who are predominantly male) although both jobs require substantially equal skill, effort and responsibility. The case has been certified as a class action. Although the case was commenced by three named plaintiffs in 2010, approximately 4,900 plaintiffs have recently opted into the lawsuit. Plaintiffs seek injunctive relief and damages. If plaintiffs were to ultimately prevail, the City could be subject to substantial liability.

In May 2007, the United States filed an action under Title VII of the Civil Rights Act of 1964 in the United States District Court for the Eastern District of New York challenging the City’s use of two written examinations for the entry-level position of firefighter on the ground that use of the tests on a pass/fail basis and to rank-order applicants for selection resulted in a disparate impact on black and Hispanic candidates and that the tests were not “job related and consistent with business necessity.” In September 2007, the Vulcan Society, a fraternal organization of black firefighters, and three black applicants intervened as plaintiffs and also asserted intentional discrimination claims. In July 2009, the Court found the City liable on the disparate impact claims. In January 2010, the Court ruled that the City had engaged in intentional discrimination and found that absent the discriminatory tests, the City would have hired an additional 293 black and Hispanic candidates from the two civil service lists generated by the two challenged exams. The Court also determined that all black and Hispanic candidates who took the discriminatory tests who can show they were otherwise qualified to be firefighters are entitled to a portion of the backwages and benefits which would have been paid to the 293 candidates had they been hired. After further briefing and a hearing held in August 2011, the Court issued an order on March 8, 2012 finding that the gross amount of backpay that would have been earned by the 293 victims of discrimination is \$128.7 million. The Court, however, further ruled that the City can reduce this amount significantly by each individual victim’s interim earnings. Consequently, the City believes that the amount of the judgment will ultimately be substantially less than \$128.7 million. The Court has not yet ruled on the amount of damages available to black candidates as a result of the finding of liability for intentional discrimination. The City expects to appeal the final judgment when it is entered.

In 2004, certain New York City Police Department sergeants brought collective action under the United States Fair Labor Standards Act (“FLSA”) alleging that the City failed to pay them for all their overtime hours and properly calculate their overtime under the FLSA. The City asserted that sergeants were exempt from the FLSA. In July 2009, the United States District Court for the Southern District of New York decided in the City’s favor. In August 2011, the United States Court of Appeals for the Second Circuit reversed the decision of the District Court and held that plaintiffs are covered by the FLSA. On March 19, 2012, the City’s petition to the United States Supreme Court for certiorari was denied. Consequently, the City will now litigate the sergeants’ original claims. Approximately 5,000 current and former sergeants opted into the class which covers the period from April 2002, and possibly April 2001, to the present. Plaintiffs are claiming in excess of \$100 million in backpay and liquidated damages. The parties have settled the case in principle for \$20 million. A fairness hearing will be held by the Court on October 31, 2012 to determine whether the settlement should be approved.

In January 2011, a class action was commenced in the United States District Court for the Southern District against the City, the New York City Taxi and Limousine Commission (“TLC”) and other defendants alleging that the TLC’s failure to require that a significant number of medallion taxicabs be wheelchair accessible violates the Americans with Disabilities Act (the “ADA”) and other statutes. On December 23, 2011, the Court granted summary judgment to plaintiffs and enjoined TLC from selling new taxicab medallions or issuing new street hail livery licenses for vehicles that are not wheelchair accessible until TLC proposes and the Court approves a comprehensive plan to provide passengers in wheelchairs with meaningful access to taxicab service. On March 21, 2012 the United States Court of Appeals for the Second Circuit granted TLC’s motion for a stay of the District Court’s injunction pending appeal. By opinion and order dated June 28, 2012, the United States Court of Appeals for the Second Circuit vacated the injunction and instructed the Court to enter judgment on behalf of the City on the ADA claim. A proceeding has also been commenced in State Supreme Court and withdrawn without prejudice to re-filing at a later date challenging the City’s selection of the Nissan NV200 as the model for future taxis. In addition, three actions have been commenced in New York State Supreme Court, New York County, challenging State legislation that authorizes the City to issue, and sell at public auction, 2,000 new taxi medallions for wheelchair accessible taxis and 18,000 new hail livery licenses. Plaintiffs in these three actions allege violations of the United States and New York Constitutions and the New York Environmental Quality Review Act. On June 1, 2012, the judge presiding over the State Supreme Court actions granted a temporary restraining order enjoining the implementation of such legislation until the Court rules on the plaintiffs’ motions

for a preliminary injunction enjoining such implementation. On August 17, 2012, the State Supreme Court granted summary judgment to the plaintiffs in all three actions and permanently enjoined the implementation of the legislation authorizing the sale of 2,000 additional taxi medallions and the issuance of 18,000 livery hail licenses. The City has filed notices of appeal and is seeking to directly appeal to the New York State Court of Appeals. If the City is not successful on appeal, the City will be unable to issue and sell additional taxicab medallions and any hail livery licenses without further legislation. As a result of the appellate process, the delays in the sale of new taxi medallions and issuance of hail livery licenses will adversely effect the timing of receipt of revenues anticipated in the Financial Plan, and, if the City is not ultimately successful on appeal, the City would not receive the \$1.0 billion projected in the Financial Plan.

Con Edison has challenged the City's method of valuation for determining assessments of certain of its properties in three separate actions. Con Edison has challenged the City's tax assessments on the Hudson Avenue steam plant located in Brooklyn for fiscal years 1995 through 2012 and the East River Generating Station located in Manhattan for fiscal years 1994 through 2012. Additionally, Con Edison has challenged the City's special franchise assessment on its electric grid located in the public right of way. The challenges could result in substantial real property tax refunds in fiscal years 2013 and 2014.

In addition to the above claims and proceedings, numerous real estate tax *certiorari* proceedings are presently pending against the City on grounds of alleged overvaluation, inequality and illegality of assessment. 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 \$858.9 million and \$937.9 million at June 30, 2012 and 2011, respectively, as reported in the government-wide financial statements.

Pension Liability

For fiscal years 2001 through 2005 inclusive, the City incurred a pension liability that was the result of Chapter 125 of the Laws of 2000 (Chapter 125/00) which provided for a five-year phase-in schedule for funding the additional actuarial liabilities created by providing eligible retirees and eligible beneficiaries with increased Supplementation as of September, 2000 and with automatic Cost-of-Living Adjustments (COLA) beginning September, 2001. Chapter 278 of the Laws of 2002 (Chapter 278/02) extended the phase-in period for funding the additional liabilities attributable to the benefits provided under Chapter 125/00 to ten years from five years. Chapter 152 of the Laws of 2006 eliminated for fiscal year 2006 and thereafter the ten-year phase-in period arising under Chapter 278/02 and instead, the additional actuarial liabilities created by the benefits provided by Chapter 125/00 are funded as part of the normal contribution. (See the Required Supplementary Information (RSI) section immediately following the Notes to Financial Statements).

Landfill Closure and Postclosure Care Costs

Heretofore, the City's only active landfill available for waste disposal was the Fresh Kills landfill which initially ceased landfill operations in March 2001. The landfill was reopened per the Governor's amended Executive Order No. 113, which authorized the City to continue the acceptance and disposal of waste materials received from the site of the World Trade Center disaster of September 11, 2001. The landfill subsequently closed in August 2002. For government-wide financial statements, the measurement and recognition of the liability for closure and postclosure care is based on total estimated current cost and landfill usage to date. For fund financial statements, expenditures are recognized using the modified accrual basis of accounting when the related liability is incurred and payment is due.

Upon the landfill becoming inactive, the City is required by Federal and State law to close the landfill, including final cover, stormwater management, landfill gas control, and to provide postclosure care for a period of 30 years following closure. The City is also required under Consent Order with the New York State Department of Environmental Conservation to conduct certain corrective measures associated with the landfill. The corrective measures include construction and operation of a leachate mitigation system for the active portions of the landfill as well as closure, postclosure, and groundwater monitoring activities for the sections no longer accepting solid waste.

The liability for these activities as of June 30, 2012 which equates to the total estimated current cost is \$1,233 billion based on the maximum cumulative landfill capacity used to date. There are no costs remaining to be recognized. During fiscal year 1996, New York State legislation was enacted which states that no waste will be accepted at the Fresh Kills landfill on or after January 1, 2002. Accordingly, the liability for closure and postclosure care costs is based upon an effective cumulative landfill capacity used to date of approximately 100%. 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.

During fiscal year 2012, expenditures for landfill closure and postclosure care costs totaled \$94.9 million.

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 March 19, 2012, 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, 2012, the financial assurance cost estimate for the Fresh Kills Landfill is \$1.102 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.

The following represents the City's total landfill and hazardous waste sites liability which is recorded in the government-wide statement of net assets:

	<u>Amount</u> <u>(in thousands)</u>
Landfill	\$1,232,542
Hazardous waste sites	<u>242,044</u>
Total landfill and hazardous waste sites liability	<u>\$1,474,586</u>

Pollution Remediation Obligations

The pollution remediation obligations (PROs) at June 30, 2012 and June 30, 2011 summarized by obligating event and pollution type, respectively, are as follows:

<u>Obligating Event</u>	<u>Fiscal Year 2012</u>		<u>Fiscal Year 2011</u>	
	<u>Amount</u> <u>(in thousands)</u>	<u>Percentage</u>	<u>Amount</u> <u>(in thousands)</u>	<u>Percentage</u>
Imminent endangerment	\$ 822	.4%	\$ 32,089	14.2%
Violation of pollution prevention-related permit or license ..	108	.1	3,007	1.4
Named by regulator as a potentially responsible party	50,977	24.0	30,155	13.3
Named in a lawsuit	—	—	3,692	1.6
Voluntary commencement	<u>160,525</u>	<u>75.5</u>	<u>157,280</u>	<u>69.5</u>
Total	<u>\$212,432⁽¹⁾</u>	<u>100.0%</u>	<u>\$226,223⁽¹⁾</u>	<u>100.0%</u>

<u>Pollution Type</u>	<u>Fiscal Year 2012</u>		<u>Fiscal Year 2011</u>	
	<u>Amount</u> <u>(in thousands)</u>	<u>Percentage</u>	<u>Amount</u> <u>(in thousands)</u>	<u>Percentage</u>
Asbestos removal	\$ 91,988	43.3%	\$114,800	50.7%
Lead paint removal	32,554	15.3	58,146	25.7
Soil remediation	34,421	16.2	22,828	10.1
Water remediation	52,698	24.8	26,263	11.6
Other	771	.4	4,186	1.9
Total	<u>\$212,432⁽¹⁾</u>	<u>100.0%</u>	<u>\$226,223⁽¹⁾</u>	<u>100.0%</u>

⁽¹⁾ There are no expected recoveries deemed not yet realized or realizable 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 18 cases involving hazardous substances, including spills from above and underground storage tanks, and other condemnation on, or caused by facilities on City-owned property. There are also four cases 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.

On March 2, 2010, following an earlier notice of proposed listing, the United States Environmental Protection Agency ("EPA") listed the Gowanus Canal, a waterway located in Brooklyn, New York, as a Federal Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). While it was evaluating listing the Gowanus Canal, on November 5, 2009, EPA notified the City that EPA considers the City a potentially responsible party ("PRP") under CERCLA

for hazardous wastes in the Gowanus Canal. In its Gowanus PRP notice letter, EPA identified currently and formerly City-owned and operated properties, including an asphalt plant, an inactive incinerator, and waterfront properties historically leased to private entities, as sources of hazardous substances in the Gowanus Canal. On February 2, 2011, following an investigation of the location, concentrations, types, sources, and risks of contamination in the Gowanus Canal, EPA issued a Gowanus Canal Remedial Investigation Report. That report identified three former manufactured gas plants as the likely source of much of the contamination in the Gowanus Canal, but also identified combined sewer overflows as the likely source of some contamination. On December 30, 2011, EPA released its draft feasibility study for the Gowanus Canal, evaluating various alternatives to address the contamination identified in its report. DEP is currently undertaking a \$160 million capital project which will modernize a flushing tunnel to directly improve water quality and circulation within the Gowanus Canal. This work also includes up-sizing a pump station at the head of the Gowanus Canal to reduce the discharge of combined sewer overflows and dredging of a portion of the Gowanus Canal. Based on prior communications between DEP and EPA, the pump project should not be impacted by the listing of the Gowanus Canal as a Federal Superfund site, although the dredging project may be impacted. EPA has indicated that additional combined sewer overflow controls beyond the planned or projected upgrades under the Clean Water Act are necessary to prevent recontamination of the canal sediments. DEP disagrees and has provided EPA with several technical memoranda to demonstrate that the current data does not support this conclusion. DEP is continuing discussions with EPA and EPA has not further identified what additional controls it may seek.

On September 27, 2010, following an earlier notice of proposed listing, EPA listed Newtown Creek, the waterway on the border between Brooklyn and Queens, New York, along with its five tributaries, as a Superfund site. On April 6, 2010, EPA notified the City that EPA considers the City a PRP under CERCLA for hazardous wastes 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 combined sewer overflow outfalls, as potential sources of hazardous substances in Newtown Creek. The City is participating with five companies that own or operate facilities adjacent to Newtown Creek in the investigation of conditions in Newtown Creek and the evaluation of feasible remedies. On July 7, 2011, EPA, the City of New York and the Newton Creek Group (NCG) entered into an Administrative Settlement Agreement and Order on Consent (AOC) to complete a comprehensive study of the Newton Creek and its tributaries. The study, called a Remedial Investigation and Feasibility Study, will be completed according to CERCLA. 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 Newton Creek Group, the group of five companies (Phelps Dodge Refining Co., Texaco, British Petroleum, National Grid and Exxon Mobile) that are respondents to the AOC, in addition to the City. The City has made its demonstration of financial assurance pursuant to the Resource Conservation and Recovery Act, 40 C.F.R. §258.74(f). This assurance was most recently provided, on March 2012, to the EPA in satisfaction of the AOC. The AOC 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.

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 Gowanus Canal or Newtown Creek, the contribution, if any, of discharges from the City's water and sewer system to hazardous substances in Newtown Creek, 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.

5. Interfund Receivables, Payables, and Transfers

At June 30, 2012 and 2011, Primary Government and Discretely Presented Component Units receivable and payable balances and interfund transfers were as follows:

Governmental activities:

Due from/to other funds:

Receivable Fund	Payable Fund	2012	2011
		(in thousands)	
General Fund	Capital Projects Fund	\$2,801,825 ⁽¹⁾	\$2,664,275 ⁽¹⁾
	HYIC—General Fund	12,574	—
Capital Projects Fund	TFA—Capital Projects Fund	310,281	286,727
	HYIC—Capital Projects Fund	2,606	13,991
HYDC—Capital Projects Fund	HYIC—Capital Projects Fund	51	103
HYIC—Debt Service Fund	HYIC—Capital Projects Fund	189	—
Total due from/to other funds		\$3,127,526	\$2,965,096

Component Units:

Due from/to Primary Government and Component Units:

Receivable Entity	Payable Entity		
Primary Government—General Fund	Component Units—HDC	\$ 865,077	\$ 854,517
	HHC	171,653	207,374
		1,036,730	1,061,891
Primary Government—Capital Projects Fund	Component Units—Water Authority	677,880	682,345
	EDC.	125,043	126,251
		802,923	808,596
Total due from Component Units		\$1,839,653	\$1,870,487
Component unit—Water Board	Primary Government—General Fund . . .	\$ 62,371	\$ 36,288
Total due to Component Units		\$ 62,371	\$ 36,288

⁽¹⁾ Net of eliminations within the same fund type.

Note: During both fiscal years 2012 and 2011, the Capital Projects Fund reimbursed the General Fund for expenditures made on its behalf.

Governmental activities:
Interfund transfers

	Fiscal Year 2012					
	(in thousands)					
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
From General Fund	\$ —	\$ —	\$2,272,372	\$ 1,140,758	\$ —	\$ 3,413,130
From (to) General Debt Service	(2,272,372)	—	—	6,608	—	(2,265,764)
To Capital Projects	—	—	—	(3,176,386)	—	(3,176,386)
From (to) Nonmajor Debt Service	(1,757,622)	—	(6,608)	(81,569)	616,864	(1,228,935)
From Nonmajor Capital Projects	—	3,176,386	—	8,950	—	3,185,336
From Nonmajor Special Revenue	—	—	—	72,619	—	72,619
Total	<u>\$ (4,029,994)</u>	<u>\$ 3,176,386</u>	<u>\$ 2,265,764</u>	<u>\$ (2,029,020)</u>	<u>\$ 616,864</u>	<u>\$ —</u>

	Fiscal Year 2011					
	(in thousands)					
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
From General Fund	\$ —	\$ —	\$3,488,937	\$ 1,096,899	\$ —	\$4,585,836
From (to) General Debt Service	(3,488,937)	—	—	5,170	—	(3,483,767)
To Capital Projects	—	—	—	(3,979,583)	—	(3,979,583)
From (to) Nonmajor Debt Service	(1,791,943)	—	(5,170)	(145,456)	695,044	(1,247,525)
From Nonmajor Capital Projects	—	3,979,583	—	42,825	—	4,022,408
From Nonmajor Special Revenue	—	—	—	102,631	—	102,631
Total	<u>\$ (5,280,880)</u>	<u>\$ 3,979,583</u>	<u>\$ 3,483,767</u>	<u>\$ (2,877,514)</u>	<u>\$ 695,044</u>	<u>\$ —</u>

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 aids 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 June 30, 2012, the City made the following one-time transfer:
Transfers from the General Fund of unrestricted grants of \$879 million on June 29, 2012 to TFA and \$156 million to HYIC. These funds will be used to fund debt service requirements for tax secured debt and debt service respectively during the fiscal year ending June 30, 2013.

In the fiscal year ended June 30, 2011, the City made the following one-time transfer:
A transfer from the General Fund of an unrestricted grant of \$790 million on June 29, 2011 to TFA. These funds were used to fund debt service requirements for tax secured debt during the fiscal year ending June 30, 2012.

E. OTHER INFORMATION

1. Audit Responsibility

In fiscal years 2012 and 2011, respectively, the separately administered organizations included in the financial statements of the City audited by auditors other than Deloitte & Touche LLP are TSASC, Inc., New York City School Construction Authority, New York City Health and Hospitals Corporation, New York City Housing Development Corporation, New York City Industrial Development Agency, New York City Economic Development Corporation, Business Relocation Assistance Corporation, Brooklyn Navy Yard Development Corporation, Deferred Compensation Plan, WTC Captive Insurance Company, Inc., New York City Capital Resource Corporation, 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, and The New York City Energy Efficient Corporation. In fiscal year 2011, auditors other than Deloitte & Touche LLP audited New York City Transitional Finance Authority. In addition in fiscal year 2012, auditors other than Deloitte & Touche LLP audited newly created Component Unit—Build NYC.

	Government-wide				Fund-based			
	Governmental Activities		Component Units		Nonmajor Governmental Funds		Fiduciary Funds	
	2012	2011	2012	2011	2012	2011	2012	2011
Total assets	4%	7%	50%	51%	48%	100%	7%	7%
Revenues, other financing sources and net assets held in trust	4	5	78	79	80	100	9	8

2. Subsequent Events

The following events occurred subsequent to June 30, 2012:

Long-term Financing

City Debt: On October 23, 2012, The City of New York sold its Fiscal 2013 Series A General Obligation bonds of \$850 million for capital purposes.

On October 23, 2012, The City of New York sold its Fiscal 2013 Series B and C General Obligation bonds of \$600 million for refunding purposes.

On October 23, 2012, The City of New York converted its Fiscal 1994 Series A5 General Obligation bonds of \$22.18 million from Daily Mode to Fixed Rate Mode and Fiscal 1994 Series H6 General Obligation bonds, Fiscal 1996 Series J2 General Obligation bonds and Fiscal 2003 Series G3 General Obligation bonds of \$36.33 million from Weekly Mode to Fixed Rate Mode.

TFA Debt: On July 19, 2012, TFA sold its Fiscal 2013 Series S-1 Building Aid Revenue Bonds of \$850 million for capital purposes.

On August 28, 2012, TFA sold its Fiscal 2013 Series A1-3 Future Tax Secured Subordinate bonds of \$450 million for capital purposes.

On August 28, 2012, TFA sold its Fiscal 2013 Series A4-7 Future Tax Secured Adjustable Rate bonds of \$350 million for capital purposes.

On August 28, 2012, TFA sold its Fiscal 2013 Series B Future Tax Secured Subordinate bonds of \$950 million for refunding purposes.

NYCTLT

2012-A Debt: On August 8, 2012, NYCTLT 2012-A issued Tax Lien Collateralized Bonds, Series 2012-A of \$66.75 million to fund the purchase of certain liens from the City.

Bond Ratings: On August 22, 2012, Fitch downgraded TSASC bonds maturing June 1, 2022 to BBB from BBB+, bonds maturing June 1, 2026 to BB- from BBB-, and bonds maturing June 1, 2034 and June 1, 2042 to B+ from BB.

3. Other Employee Benefit Trust Funds

Deferred Compensation Plans For Employees of The City of New York and Related Agencies and Instrumentalities (DCP) and the New York City Employee Individual Retirement Account (NYCE IRA)

DCP offers employees of The City of New York and Related Agencies and Instrumentalities two defined contribution plans in accordance with Internal Revenue Code Sections 457 and 401(k). DCP permits employees to defer a portion of their salary on either a pre-tax (traditional) or after-tax (Roth) basis until future years. Funds may not be withdrawn until termination, retirement, death, Board-approved unforeseen emergency or hardship (as defined by the Internal Revenue Code) or, if still working for the City, upon attainment of age 70½ in the 457 Plan or upon age 59½ in the 401(k). A 401(a) defined contribution plan is available to certain employees of the Lieutenant's Benevolent 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, however, certain conditions must be met for withdrawals to be considered Qualified Distributions (penalty-free).

Amounts maintained under a deferred compensation plan and an IRA by a state or local government are held in trust (or in a custodial account) for the exclusive benefit of participants and their beneficiaries. Consequently, each plan and IRA is presented 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 (PLAN)

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 postemployment benefits other than pensions (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 trust and are irrevocable and may not be used for any other purpose than to fund the costs of health and welfare benefits of its eligible participants. Consequently, PLAN is presented as an Other Employee Benefit Trust Fund in the City's financial statements. The separate annual financial statements of PLAN are available at: Office of the Comptroller, Bureau of Accountancy — Room 200 South, 1 Centre Street, New York, New York 10007.

Summary of Significant Accounting Policies:

Basis of Accounting. The measurement focus of PLAN is on the flow of economic resources. This focus emphasizes the determination of changes in the PLAN's net assets. With this measurement focus, all assets and liabilities associated with the operation of this fiduciary fund are included on the statement of fiduciary net assets. 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 assets at fair value based on quoted market prices.

The Schedule of Funding Progress of OPEB valuations appears in the RSI Section, immediately following the Notes to Financial Statements.

4. Other Postemployment Benefits

Program Description. The New York City Health Benefits Program (Program) is a single-employer defined benefit healthcare plan funded by PLAN, an Other Employee Benefit Trust Fund of the City, which provides Other Postemployment Benefits (OPEB) to eligible retirees and beneficiaries. OPEB includes: health insurance, Medicare Part B Premium reimbursements and welfare fund contributions. PLAN issues a publicly available financial report that includes financial statements and required supplementary information for funding PLAN’s OPEB and the report is available at: Office of the Comptroller, Bureau of Accountancy-Room 200 South, 1 Centre Street, New York, New York 10007.

Funding Policy. The Administrative Code of The City of New York (ACNY) defines OPEB to include Health Insurance and Medicare Part B Premium Reimbursements; Welfare Fund Benefits stem from the City’s various collective bargaining agreements. The City is not required by law or contractual agreement to provide funding for the Program other than the pay-as-you-go amounts necessary to provide current benefits to retirees and eligible beneficiaries/dependents. For the fiscal year ended June 30, 2012, the City paid \$1.4 billion on behalf of the Program. Based on current practice (the Substantive Plan which is derived from ACNY), the City pays the full cost of basic coverage for non-Medicare-eligible/Medicare-eligible retiree participants. The costs of these benchmark plans are reflected in the actuarial valuations by using age-adjusted premium amounts. Program retiree participants who opt for other basic or enhanced coverage must contribute 100% of the incremental costs above the premiums for the benchmark plans. The City also reimburses covered employees 100% of the Medicare Part B Premium rate applicable to a given year and there is no retiree contribution to the Welfare Funds. The City pays per capita contributions to the Welfare Funds the amounts of which are based on negotiated contract provisions.

Annual OPEB Cost and Net OPEB Obligation. The City’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount that was actuarially determined by using the Frozen Entry Age Actuarial Cost Method (one of the actuarial cost methods in accordance with the parameters of GASB45). Under this method, in general, the excess of the Actuarial Present Value of Projected Benefits over the sum of: (i) the Actuarial Value of Assets plus (ii) the Unfunded Frozen Actuarial Accrued Liability is allocated on a level basis over the earnings of the covered active employees between the valuation date and assumed exit. This allocation is performed for the group as a whole. The Frozen Actuarial Accrued Liability is determined using the Entry Age Actuarial Cost Method. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. Under this method, actuarial gains/losses, as they occur, reduce/increase future Normal Costs. The following table shows the elements of the City’s annual OPEB cost for the year, the amount actually paid on behalf of the Program, and changes in the City’s net OPEB obligation to the Program for the year ended June 30, 2012:

	<u>Amount</u> (in thousands)
Annual required contribution	\$ 89,613,955
Interest on net OPEB obligation	3,356,278
Adjustment to annual required contribution	<u>(87,263,232)</u>
Annual OPEB cost (expense)	5,707,001
Payments made	<u>1,439,815</u>
Increase in net OPEB obligation	4,267,186
Net OPEB obligation-beginning of year	<u>83,906,953</u>
Net OPEB obligation-end of year	<u>\$ 88,174,139</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Program, and the net OPEB obligation for the fiscal years ended June 30, 2012, 2011, 2010, 2009, 2008 and 2007 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Paid</u>	<u>Net OPEB Obligation</u>
	(in thousands)		
6/30/12	\$5,707,101	25.2%	\$88,174,139
6/30/11	10,494,993	15.0	83,906,953
6/30/10	11,021,425	14.3	74,984,832
6/30/09	3,937,583	42.8	65,544,361
6/30/08	7,419,205	25.5	63,290,218
6/30/07	7,164,986	40.6	57,761,938

Funded Status and Funding Progress. As of June 30, 2011, the most recent actuarial valuation date, the funded status was 3.1%. The actuarial accrued liability for benefits was \$85.9 billion, and the actuarial value of assets was \$2.6 billion, resulting in an unfunded actuarial accrued liability (UAAL) of \$83.3 billion. The covered payroll (annual payroll of active employees covered) was \$19.9 billion, and the ratio of the UAAL to the covered payroll was 419.6%. 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 GASB43 for OPEB Plan reporting, presents GASB No. 45 results of OPEB valuations as of June 30, 2011, 2010, 2009, 2008, 2007, and 2006 and the schedule provides a six year information trend about whether the actuarial values of PLAN assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. The actuarial assumptions used in the June 30, 2011 and 2010 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 City 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 changed from the prior OPEB actuarial valuation. The demographic and salary scale assumptions requiring NYCRS Board approval were adopted by each respective Board of Trustees during fiscal year 2012. The legislation required to enact those actuarial assumptions and methods that require New York State legislation are pending but are expected to be enacted when the Legislature next convenes.

The OPEB-specific actuarial assumptions used in the June 30, 2011 OPEB actuarial valuation of the Plan are as follows:

Valuation Date	June 30, 2011.
Discount Rate	4.0% per annum. ⁽¹⁾
Per Capita Claims Costs	HIP HMO and GHI/EBCBS benefit costs reflect age adjusted premiums. Age adjustments from assumed average age of covered population for non-Medicare retirees and HIP HMO Medicare retirees. Age adjustment based on actual age distribution of the GHI/EBCBS Medicare covered population. Insured premiums without age adjustment for other coverage. Premiums assumed to include administrative costs.

Employer premium contribution schedules for the month of July 2011 and January 2012 were reported by the Mayor’s Office of Labor Relations. In most cases, the premium contributions remained the same throughout the year. HIP HMO Medicare rates varied by date and by specific Plan option. These variations are the result of differing Medicare Advantage reimbursements. The various monthly rates were blended by proportion of enrollment. For other rates, where the January 2012 premium rate was different than the July 2011 premium rate, the valuation assumed that the January 2012 rate was more representative of the long-range cost of the arrangement.

(1) 2.5% CPI, 1.5% real rate of return on short-term investments.

Initial monthly premium rates used in valuations are shown in the following tables:

Plan	Monthly Rate	
	FY '12 ⁽¹⁾	FY '11 ⁽²⁾
HIP HMO		
Non-Medicare Single	\$ 507.60	\$ 462.43
Non-Medicare Family	1,243.59	1,132.93
Medicare	135.87	132.40
GHI/EBCBS		
Non-Medicare Single	442.70	418.94
Non-Medicare Family	1,149.28	1,087.56
Medicare	166.00	166.00
Others		
Non-Medicare Single	507.60	462.43
Non-Medicare Family	1,243.59	1,132.93
Medicare	166.00	166.00

(1) Used in June 30, 2011 actuarial valuation.

(2) Used in June 30, 2010 actuarial valuation.

Welfare Funds Welfare Fund contributions reflect a three year trended average of reported annual contribution amounts for current retirees. A trended average is used instead of a single reported Welfare Fund amount to smooth out negotiated variations. The Welfare Fund rates reported for the previous two valuations were trended to current levels based on a historic increase rate of 2.3% for fiscal year 2011 and 2.4% for fiscal year 2010 approximating overall recent growth of Welfare Fund contributions.

For the June 30, 2011 and the June 30, 2010 OPEB actuarial valuations, certain lump-sum amounts have been included in calculating the three-year trended average. Furthermore, retroactive adjustments to Welfare Fund contribution rates were used in the trended average as of the dates they were effective (i.e., using the retroactive date).

Reported annual contribution amounts for the last three years shown in Appendix B, Tables 2a to 2e of the Report on the Seventh Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program dated September 19, 2012, for fiscal year 2012 used for current retirees.

Weighted average annual contribution rates used for future retirees:

	Annual Rate	
	FY'12	FY'11
NYCERS	\$1,775	\$1,789
TRS	1,876	1,871
BERS	1,767	1,782
POLICE	1,691	1,734
FIRE	1,783	1,764

Contributions were assumed to increase by Medicare Plans trend rates.

For Welfare Fund contribution amounts reflected in the June 30, 2010 actuarial valuation for current retirees, see Report on the Sixth Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program dated September 21, 2011.

Medicare Part B Premiums		Monthly Premium
	Calendar Year	
	2008	\$ 96.40
	2009	96.40
	2010 (<i>announced</i>)	110.50
	2010 (<i>used</i>)	100.21
	2011 (<i>announced</i>)	115.40
	2011 (<i>used</i>)	101.53
	2012	99.90*

* Reflected only in the June 30, 2011 OPEB actuarial valuation.

2012 Medicare Part B Premium assumed to increase by Medicare Part B trend rates.

Medicare Part B Premium reimbursement amounts have been updated to reflect actual premium rates announced for calendar years through 2012. The actual 2013 Medicare Part B Premium was not announced at the time these calculations were prepared and thus, was not reflected in the valuation.

Due to the fact that there were no cost-of-living increases in Social Security benefits for Calendar Years 2010 and 2011, most Medicare Part B participants were not actually charged the Medicare Part B Premium announced for 2012.

For anyone having their standard Medicare Part B Premium paid out of their Social Security check in 2009, the Medicare Part B Premium was frozen at the 2009 level. Individuals first collecting Social Security in 2010, or who first paid Medicare Part B Premiums in 2010 (e.g., turning age 65) would pay the full base 2010 premium of \$110.50.

Individuals first collecting Social Security in 2011, or who first paid Medicare Part B Premiums in 2011, paid the full base premium of \$115.40, while those who first were covered in 2010 paid \$110.50 throughout 2011 as well. Individuals whose Medicare Part B Premiums are paid directly by other entities (e.g., Medicaid for individuals in a nursing home) would have \$110.50 paid on their behalf during 2010, and \$115.40 paid on their behalf during 2011.

Individuals who pay the Medicare Part B Income Related Monthly Adjustment Amount (“IRMAA”) were not subject to the freeze and paid higher amounts during 2010 that are predicted on the \$110.50. For 2011 they paid higher amounts predicated on the \$115.40. The Federal government estimated that about 3/4 of Medicare retirees owed only \$96.40 per month during 2011.

For the June 30, 2009 OPEB actuarial valuation (i.e., Fiscal Year 2010), the annual premium used (i.e., \$1,179.64) equaled 6 months of the Calendar Year 2009 premium plus 6 months of:

- 73% of the Calendar Year 2009 monthly premium (i.e., \$96.40), representing the approximate percentage of the overall U.S. Medicare population that will pay the frozen amount, and
- 27% of the Calendar Year 2010 monthly premium (i.e., \$110.50), representing the approximate percentage of the overall U.S. Medicare population that will pay the Calendar Year 2010 amount.

This blended premium reflects an approximation of the overall amount collected for Medicare Part B and was considered a better measure upon which to base future projections.

For the June 30, 2011 OPEB actuarial valuation (i.e., Fiscal Year 2012), the annual premium used (i.e., \$1,208.58) equals 6 months of the Calendar Year 2011 premium (i.e., 73% of \$96.40 + 27% of \$110.50) plus 6 months of the calendar year 2012 premium (\$99.90). Future Calendar Year Part B premium rates are projected from the Calendar Year 2012 rate of \$99.90 using the assumed Medicare Part B Premium trend.

Overall Medicare Part B Premium amounts assumed to increase by the following percentages to reflect the income-related increases in Medicare Part B Premiums for high income individuals:

<u>Fiscal Year</u>	<u>Income-related Medicare Part B Increase</u>	
	<u>June 30, 2011 Valuation</u>	<u>June 30, 2010 Valuation</u>
2011	N/A	3.4%
2012	3.5%	3.5
2013	3.6	3.6
2014	3.7	3.7
2015 and later	Increasing by .1% per year to a maximum of 5.0%	Increasing by .1% per year to a maximum of 5.0%

N/A: Not Applicable.

Medicare Part B Premium

Reimbursement Assumption For the June 30, 2011 OPEB actuarial valuation, 90% of Medicare participants are assumed to claim reimbursement (unchanged from last year).

Health Care Cost Trend Rate

(HCCTR) Covered medical expenses are assumed to increase by the following percentages (unchanged from last valuation):

<u>Year Ending⁽¹⁾</u>	<u>Pre-Medicare Plans</u>	<u>Medicare Plans</u>	<u>Medicare Part B Premium</u>
2012 ⁽²⁾	9.5%	5.0%	7.5%
2013	9.5	5.0	7.0
2014	9.5	5.0	6.5
2015	9.0	5.0	6.0
2016	8.5	5.0	5.5
2017	8.0	5.0	5.0
2018	7.5	5.0	5.0
2019	7.0	5.0	5.0
2020	6.5	5.0	5.0
2021	6.0	5.0	5.0
2022	5.5	5.0	5.0
2023 and later	5.0	5.0	5.0

⁽¹⁾ Fiscal year for Pre-Medicare Plans and Medicare Plans and calendar year for Medicare Part B Premiums.

⁽²⁾ For the June 30, 2011 OPEB actuarial valuation, rates shown for 2012 were not reflected since actual values for the fiscal year 2012 per capita costs, fiscal year 2012 Welfare Fund contributions, and calendar year 2012 Medicare Part B Premium amounts were used.

Age-Related Morbidity Assumed increases in premiums per year of age for HIP HMO and GHI/EBCBS consistent with those set forth in a July 2005 article in the North American Actuarial Journal by Jeffrey R. Petertil.

<u>Age</u>	<u>Annual Increase</u>
Under 40	0.0%
40 - 49	3.0
50 - 54	3.3
55 - 59	3.6
60 - 64	4.2
65 - 69	3.0
70 - 74	2.5
75 - 79	2.0
80 - 84	1.0
85 - 89	0.5
90 and over	0.0

The premiums are age adjusted for HIP HMO and GHI/EBCBS participants. The age adjustments were based on assumed age 40 for non-Medicare-eligible retirees and assumed age 73 for HIP HMO Medicare-eligible retirees. An actual age distribution based on reported census information was used for Medicare-eligible GHI/EBCBS retirees and dependents.

The age adjustment for the non-Medicare GHI/EBCBS premium reflects a 5% (unchanged) reduction in the GHI portion of the premium for the estimated margin anticipated to be returned. GHI represents \$216.19 of the \$442.70 single non-Medicare GHI/EBCBS monthly rate for the June 30, 2010 OPEB actuarial valuation and \$200.57 of the \$418.94 single non-Medicare GHI/EBCBS monthly rate for the June 30, 2010 OPEB actuarial valuation.

In addition to age adjustment, the premiums for HIP HMO Medicare-eligible retirees were multiplied by the following factors to reflect actual calendar year 2012 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 National Health Care Reform (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, 2010 and the June 30, 2011 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. The adjustment factors used as of June 30, 2010 are shown for comparative purposes:

<u>Fiscal Year</u>	<u>Factor*</u>	
	<u>6/30/11 Valuation</u>	<u>6/30/10 Valuation</u>
2011	N/A	1.0000
2012	1.0000	1.0250
2013	1.0200	1.0850
2014	1.0800	1.1500
2015	1.1400	1.2000
2016	1.1800	1.2300
Thereafter	1.2000	1.2300

* Includes anticipated impact of National Health Care Reform.
N/A: Not Applicable.

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 in the June 30 OPEB actuarial valuations for the following portion of retirees:

	Valuation as of June 30	
	2011	2010
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:

Benefits	Plan Participation Assumptions				
	June 30, 2011 and June 30, 2010 Valuations				
	NYCERS	TRS	BERS	POLICE	FIRE
<u>Pre-Medicare</u>					
-GHI/EBCBS	65%	83%	73%	76%	71%
-HIP HMO	22	6	16	13	16
-Other HMO	8	4	3	9	12
-Waiver	5	7	8	2	1
<u>Medicare</u>					
-GHI	72	87	78	82	77
-HIP HMO	21	9	16	12	16
-Other HMO	4	2	2	4	6
-Waiver	3	2	4	2	1
<u>Post-Medicare Migration</u>					
-Other HMO to GHI	50	0	33	50	50
-HIP HMO to GHI	0	0	0	0	0
-Pre-Med. Waiver					
• to GHI @ 65	13	35	50	0	0
• to HIP @ 65	13	35	0	0	0

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

Dependent Coverage Dependent coverage is assumed to terminate when a retiree dies, except in the following situations:

- (i) Lifetime coverage is provided to the surviving spouse or domestic partner and to children (coverage to age 26 based on legislative mandates under recently enacted 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. 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 which are shown in the following table. Wives assumed to be three years younger than husbands. Actual spouse data for current retirees. Child dependents of current retirees assumed to receive coverage until age 26. Child dependents of future retirees assumed to receive coverage for eight years after retirement.

Group	Dependent Coverage Assumptions				
	June 30, 2011 and June 30, 2010 Valuations				
	NYCERS	TRS	BERS	POLICE	FIRE
<u>Male</u>					
-Single Coverage	30%	45%	35%	15%	10%
-Spouse	40	35	55	15	20
-Child/No Spouse	5	5	2	5	5
-Spouse and Child	25	15	8	65	65
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>Female</u>					
-Single Coverage	70%	60%	60%	45%	10%
-Spouse	20	32	35	10	20
-Child/No Spouse	5	3	2	25	5
-Spouse and Child	5	5	3	20	65
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

For accidental death, 80% of POLICE and FIRE members are assumed to have family coverage.

Demographic Assumptions With one exception, the same demographic and salary scale assumptions that were used to value the pension benefits of the NYCERS for determining employer contributions for fiscal years beginning 2012 were also used to determine OPEB information for fiscal year 2012. These assumptions were adopted by the Boards of Trustees of the NYCERS during fiscal year 2012. The exception was for BERS retirees where the probabilities of mortality after service retirement, instead of the probabilities of mortality for beneficiaries of BERS retirees, were used to value the OPEB benefits for dependents of BERS retirees.

Most of the demographic assumptions for decrement from active service are changed from the prior OPEB valuation. The actuarial assumptions used to determine OPEB information for fiscal year 2012 are shown in appendix D of the Report on the Seventh Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program (Report), dated September 19, 2012, and for fiscal year 2011, in Appendix D of the Sixed Annual OPEB Report. These OPEB Reports were prepared in accordance with GASB Nos. 43 and 45. These OPEB Reports

are available at the Office of the Comptroller, Bureau of Accountancy – Room 200 South, 1 Centre Street, New York, NY 10007 and are also available on the web site of the New York City Office of the Actuary at <http://www.nyc.gov/html/actuary>.

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, 2011 OPEB actuarial valuation of a lump-sum COBRA cost of \$725 for terminations during fiscal year 2011 (\$675 lump-sum cost during fiscal year 2010 was assumed in the June 30, 2009 actuarial valuation). The \$725 (\$675) lump-sum amount is increased by the Pre-Medicare HCCTR for future years but is not adjusted for age-related morbidity.

Cadillac Tax Effective with the June 30, 2009 OPEB actuarial valuation, a load is applied to all Pre-Medicare, Medicare, and Medicare Part B Premium liabilities to estimate the impact of the high cost plan excise tax (Cadillac Tax) that will be imposed beginning in 2018 under NHCR. The additional Cadillac Tax due to the riders is assumed to be reflected in the contribution required for the rider. 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. For the June 30, 2011 OPEB actuarial valuations the load is 1.0% (0.5% last year).

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 60% of the Active/Inactive members will terminate membership prior to vesting and not receive OPEB.

Stabilization Fund A 0.7% load is applied on all City GASB45 obligations (.6% in last valuation). The same loads apply to the GASB No. 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 obligations for ECF are shown in Appendix E of the Report on the Seventh Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program (Report) dated September 20, 2012. The Report was prepared as of June 30, 2011, in accordance with GASB Nos. 43 and 45. 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 are also available on the website of the New York City Office of the Actuary at <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 Report on the Seventh Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program (Report) dated September 19, 2012. The Report was prepared as of June 30, 2011 in accordance with GASB43 and 45. 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 are also available on the website of the New York City Office of the Actuary at <http://www.nyc.gov/html/actuary>.

5. Pension and Other Employee Benefit Trust Funds

Pension Systems

Plan Descriptions

The City sponsors or participates in pension systems providing benefits to its employees. The pension systems function in accordance with existing State statutes and City laws. Each system combines features of a defined benefit pension plan with those of a defined contribution pension plan. Contributions are made by the employers and the members.

The majority of City employees are members of one of the following five major actuarially-funded pension systems collectively known as the New York City Retirement Systems (NYCRS):

1. New York City Employees' Retirement System (NYCERS) is a cost-sharing, multiple-employer public employee retirement system, for employees of the City not covered by one of the other pension systems and employees of certain component units of the City and certain other government units.
2. New York City Teachers' Retirement System-Qualified Pension Plan (TRS) is a cost-sharing, multiple-employer public employee retirement system, for pedagogical employees in the public schools of the City and certain Charter Schools and certain other specified school and college employees.
3. New York City Board of Education Retirement System-Qualified Pension Plan (BERS) is a cost-sharing, multiple-employer public employee retirement system, for nonpedagogical employees of the Department of Education and certain Charter Schools and certain employees of the School Construction Authority.
4. New York City Police Pension Fund (POLICE) is a single-employer public employee retirement system, for full-time uniformed employees of the Police Department. Note: In conjunction with the establishment of an administrative staff separate from the New York City Police Department in accordance with Chapter 292 of the Laws of 2001, the New York City Police Department, Subchapter Two Pension Fund is generally referred to herein as the New York City Police Pension Fund as set forth in the Administrative Code of The City of New York (ACNY) Section 13-214.1.
5. New York City Fire Department Pension Fund (FIRE) is a single-employer public employee retirement system, for full-time uniformed employees of the Fire Department. Note: The New York City Fire Department, Subchapter Two Pension Fund is generally referred to herein as the New York City Fire Department Pension Fund as set forth in ACNY Section 13-313.1.

The NYCRS provide pension benefits to retired employees based on salary, length of service, member contributions, Plan and Tier. In addition, the NYCRS 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. NYCRS also provide death benefits.

Subject to certain conditions, members become fully vested as to benefits upon the completion of 5 years of service (10 years for certain members who joined TRS and BERS beginning Calendar Year 2010). Except for NYCERS and BERS, permanent, full-time employees are generally required to become members of a NYCRS upon employment. Permanent full-time employees who are eligible to participate in NYCERS and BERS 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 NYCERS and BERS may become members at their option. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions, including accumulated interest, less any outstanding loan balances.

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 Plan and membership date. The Tier II Plan provisions have expired as of June 30, 2009. This affects new hires into the uniformed forces of Police and Fire (new members of POLICE and FIRE) and Detective Investigators who become new members of NYCERS between July 1, 2009 and March 31, 2012.

Chapter 504 of the Laws of 2009 (Chapter 504/09) modified some of the Plan provisions for certain members who first joined TRS or BERS after Calendar Year 2009. These modifications are expected to reduce future employer pension contributions.

Chapter 18 of the Laws of 2012 (Chapter 18/12) amended the retirement benefits of public employees who establish membership in a public employee retirement system on or after April 1, 2012. Chapter 18/12 is commonly referred to as Tier VI. Tier VI is expected to reduce future employer pension contributions.

Plan Membership

As of June 30, 2011, June 30, 2010 and June 30, 2009, the membership of NYCERS consisted of:

	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>	<u>TOTAL</u>
Plan Membership at June 30, 2011 (Preliminary):						
Retirees and Beneficiaries Receiving Benefits	135,468	74,064	14,399	45,755	17,017	286,703
Terminated Vested Members Not Yet						
Receiving Benefits	8,914	8,932	189	780	30	18,845
Other Inactives*	18,969	10,938	3,445	1,643	16	35,011
Active Members	<u>182,021</u>	<u>109,636</u>	<u>23,131</u>	<u>33,705</u>	<u>10,650</u>	<u>359,143</u>
Total Plan Membership	<u>345,372</u>	<u>203,570</u>	<u>41,164</u>	<u>81,883</u>	<u>27,713</u>	<u>669,702</u>
	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>	<u>TOTAL</u>
Plan Membership at June 30, 2010:						
Retirees and Beneficiaries Receiving Benefits	132,487	72,356	13,969	44,634	17,140	280,586
Terminated Vested Members Not Yet						
Receiving Benefits	8,941	8,170	199	848	33	18,191
Other Inactives*	19,332	10,803	3,661	1,836	23	35,655
Active Members	<u>184,982</u>	<u>111,647</u>	<u>23,324</u>	<u>34,597</u>	<u>11,080</u>	<u>365,630</u>
Total Plan Membership	<u>345,742</u>	<u>202,976</u>	<u>41,153</u>	<u>81,915</u>	<u>28,276</u>	<u>700,062</u>
	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>	<u>TOTAL</u>
Plan Membership at June 30, 2009:						
Retirees and Beneficiaries Receiving Benefits	131,031	70,825	13,641	44,285	17,263	277,045
Terminated Vested Members Not Yet						
Receiving Benefits	8,867	7,486	229	843	34	17,459
Other Inactives*	21,513	8,689	3,673	1,998	30	35,903
Active Members	<u>186,284</u>	<u>113,132</u>	<u>23,303</u>	<u>35,608</u>	<u>11,460</u>	<u>369,787</u>
Total Plan Membership	<u>347,695</u>	<u>200,132</u>	<u>40,846</u>	<u>82,734</u>	<u>28,787</u>	<u>700,194</u>

* Represents members no longer on payroll, including pending withdrawals, members on leaves of absence, members awaiting refunds of contributions or benefit determinations, etc.

Effective with Fiscal Year 2006, Employer 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 dates of June 30, 2010 (Lag) valuation date, including the membership data above, was used for determining the Fiscal Year 2012 Employer Contributions.

Funding Policy

The City’s funding policy is to contribute statutorily-required contributions (Statutory Contributions). Together with member contributions and investment income, these Statutory Contributions would ultimately be sufficient to pay benefits when due.

Statutory Contributions for the NYCERS, determined by the Actuary in accordance with State statutes and City laws, are generally funded by the employers within the appropriate fiscal year.

Member contributions are established by law and vary by Plan. 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 NYCERS, TRS and BERS also make additional member contributions. Tier VI members who join between April 1, 2012 and March 31, 2013 contribute 3% of salary until a new contribution structure takes effect on April 1, 2013. Beginning April 1, 2013, Tier VI members contribute between 3.0% and 6.0% of salary, depending on salary level.

During the Spring 2000 session, the New York State Legislature approved and the Governor signed laws which provided Supplementation benefits and COLA for retirees (Chapter 125 of the Laws of 2000), additional service credits for certain Tier I and Tier II members, reduced member contributions for certain Tier III and Tier IV members (Chapter 126 of the Laws of 2000), and several other changes in benefits for various groups.

Chapter 152 of the Laws of 2006 (Chapter 152/06) implemented changes in the actuarial procedures for determining Employer Contributions beginning Fiscal Year 2006. In particular Chapter 152/06 provided the One-Year Lag Methodology (OYLM) and Chapter 152/06 also eliminated the use of the ten-year phase-in of Chapter 278 of the Laws of 2002 (Chapter 278/02) for funding the additional actuarial liabilities created by Chapter 125 of the Laws of 2000 (Chapter 125/00).

Pension Costs

From Fiscal Year 2006 to 2011, the NYCERS Annual Pension Costs and the City’s Statutory Contributions were determined under OYLM, on the basis of revised actuarial assumptions, the Frozen Initial Liability Actuarial Cost Method and a revised Actuarial Asset Valuation Method (AAVM). These assumptions methods are referred to as the 2006 A&M.

Beginning Fiscal Year 2012, the NYCERS Annual Pension Costs and the City’s Employer Contributions are determined under OYLM, on the basis of revised actuarial assumptions including an Actuarial Interest Rate (AIR) assumption of 7.0% per annum, net of expenses, the Entry Age Actuarial Cost Method, a Market Value Restart as of June 30, 2011, an Actuarial Asset Value as of June 30, 2010 set to recognize investment performance during Fiscal Year 2011 and an amortization method for payment of Unfunded Actuarial Accrued Liabilities (UAAL). These assumptions and methods are referred to as the 2012 A&M.

The total actuarially determined Annual Pension Costs for the NYCERS, for the Fiscal Years ended June 30, 2012, 2011 and 2010 were as follows:

	<u>2012</u>	<u>2011</u> (in millions)	<u>2010</u>
NYCERS	\$3,017.0	\$2,387.2	\$2,197.7
TRS	2,673.1	2,469.0	2,484.1
BERS	213.7	180.2	147.3
POLICE	2,362.7	2,057.6	1,954.7
FIRE	<u>970.7</u>	<u>883.6</u>	<u>867.4</u>
Total annual pension costs	<u>\$9,237.2</u>	<u>\$7,977.6</u>	<u>\$7,651.2</u>

For Fiscal Year 2012 the City’s Employer Contributions to the NYCERS, based on the actuarial valuations performed as of June 30, 2010 under OYLM, plus other pension expenditures, were approximately \$7,962.1 million. These Employer Contributions are equal to those recommended by the Actuary and are expected to represent the Statutory Contributions. Technically, the representations of Fiscal Year 2012 Employer Contributions still (as of October 2012) requires the enactment of certain enabling legislation that is expected when the New York State Legislature reconvenes later during Calendar Year 2012.

For Fiscal Year 2011, the City’s Statutory Contributions for the NYCERS, based on the actuarial valuations performed as of June 30, 2009 under OYLM, plus other pension expenditures, were approximately \$7,008.9 million.

For Fiscal Years 2012, 2011 and 2010, the Annual Pension Costs for NYCERS, TRS and BERS, computed in accordance with GASB27 and consistent with generally accepted actuarial principles, are greater than the Statutory Contributions paid by the City, primarily because the City is only one of the participating employers in NYCERS, TRS, and BERS.

For Fiscal Years 2012, 2011 and 2010, the Annual Pension Costs for POLICE and FIRE, computed in accordance with GASB27 and consistent with generally accepted actuarial principles, are less than the Statutory Contributions, primarily because of the interest on and amortization of the Net Pension Obligations for POLICE and FIRE.

The City's Statutory Contributions for the Fiscal Years ended June 30, 2012, 2011 and 2010 were as follows:

	<u>2012*</u>	<u>2011</u> (in millions)	<u>2010</u>
NYCERS*	\$1,668.0	\$1,320.4	\$1,205.6
TRS*	2,613.3	2,427.7	2,450.7
BERS*	203.8	170.5	139.5
POLICE	2,385.7	2,083.6	1,981.0
FIRE	976.9	890.7	874.3
OTHER**	114.4	116.0	104.5
Total Statutory Contributions	<u>\$7,962.1</u>	<u>\$7,008.9</u>	<u>\$6,755.6</u>

Pending the enactment of enabling New York State Legislation.

* NYCERS, TRS, and BERS are cost-sharing, multiple-employer public employee retirement systems. The City's Statutory Contributions as a percentage of the total Statutory Contributions for all employers participating in NYCERS, TRS, and BERS for Fiscal Years ended June 30, 2012, 2011 and 2010 were:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
NYCERS	55.29%	55.31%	54.86%
TRS	97.76	98.33	98.66
BERS	95.37	94.62	94.69

In accordance with GASB27, the City's obligation for NYCERS, TRS, and BERS is fulfilled by paying its portion of the total Statutory Contributions determined. However, the failure by any one employer to make its required payment could increase the obligation of the other participating employers within the particular retirement system.

** Other pension expenditures represent contributions to other actuarial and pay-as-you-go pension systems for certain employees, retirees, and beneficiaries not covered by any of the NYCERS. The City also contributes per diem amounts into certain union-administered annuity funds.

Net Pension Obligations

NYCERS, TRS, and BERS are cost-sharing, multiple-employer public employee retirement systems and the City has no Net Pension Obligations to these systems. Note: The Annual Pension Costs for these systems are the Statutory Contributions. For Fiscal Year 2012 the actuarially-required contributions are expected to equal the Statutory Contributions.

POLICE and FIRE are single-employer public employee retirement systems and the City's net pension obligations for Fiscal Year 2012 are as follows:

	<u>POLICE</u>	<u>FIRE</u> (in millions)	<u>TOTAL</u>
(1) Annual Required Contribution	\$2,385.7	\$976.9	\$3,362.6
(2) Interest on Net Pension Obligation	28.4	13.0	41.4
(3) Adjustment to Annual Required Contribution	28.5	13.1	41.6
(4) Annual Pension Cost=(1)+(2)-(3)	2,385.6	976.8	3,362.4
(5) Statutory Contribution	<u>2,385.7</u>	<u>976.9</u>	<u>3,362.6</u>
(6) Change in Net Pension Obligation=(4)-(5)	(0.1)	(0.1)	(0.2)
(7) Net Pension Obligation Beginning of Year	406.3	185.9	592.2
(8) Net Pension Obligation End of Year=(6)+(7)	<u>\$ 406.2</u>	<u>\$185.8</u>	<u>\$ 592.0</u>

The following is three-year trend information for the City's actuarially-funded, single-employer pension plans:

	<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
	(in millions)			
POLICE	6/30/12	\$2,385.6	100%	\$406.2
	6/30/11	2,057.5	101	406.3
	6/30/10	1,954.7	101	432.4
FIRE	6/30/12	\$ 976.8	100%	\$185.8
	6/30/11	883.6	101	185.9
	6/30/10	867.4	101	193.0

Additional information as of the latest actuarial valuation follows:

	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>
Valuation Date ⁽¹⁾	June 30, 2010 (Lag)				
Actuarial Cost Method ⁽²⁾ ..	Entry Age				
Amortization Method					
Initial Unfunded	Increasing Dollar				
Post-2010 Unfunded	Level Dollar				
Remaining Amortization					
Period					
Initial Unfunded	22 years				
Post-2010 Unfunded ...	N/A	N/A	N/A	N/A	N/A
Asset Valuation Method ..	6-Year Smoothed Market [#]				

N/A: Not Applicable.

With a Market Value Restart as of June 30, 2011 and the June 30, 2010 Actuarial Asset Value defined to recognize Fiscal Year 2011 investment performance.

Actuarial Assumptions and Methods

The more significant actuarial assumptions and methods used in the calculations of Employer Contributions to the actuarially-funded pension systems for the Fiscal Years ended June 30, 2012 and 2011 are as follows; reflecting the 2012 A&M and 2006 A&M, respectively.

	2012	2011
<i>Valuation Date</i>	<i>June 30, 2010 (Lag).</i> ⁽¹⁾	<i>June 30, 2009 (Lag).</i> ⁽¹⁾
<i>Actuarial Cost Method</i>	<i>Entry Age.</i> ⁽²⁾	<i>Frozen Initial Liability.</i> ⁽³⁾
<i>Amortization Method for</i> <i>Unfunded Actuarial Accrued</i> <i>Liabilities (UAAL)</i>	<i>Increasing Dollar for Initial UAAL.</i>	<i>Not Applicable</i>
<i>Remaining Amortization Period</i> .	<i>22 years for Initial UAAL.</i>	<i>Not Applicable.</i>
<i>Actuarial Asset Valuation Method</i> .	<i>Modified 6-year moving average of Market Value with Market Value Restart as of June 30, 2011.</i> ⁽⁴⁾	<i>Modified 6-year moving average of Market Value with Market Value Restart as of June 30, 1999.</i>
<i>Investment Rate of Return</i>	<i>7.0% per annum, net of expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).</i>	<i>8.0% per annum, gross of expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).</i>
<i>Post-Retirement Mortality</i>	<i>Tables adopted by Boards of Trustees during Fiscal Year 2012.</i>	<i>Tables adopted by Boards of Trustees during Fiscal Year 2006.</i>
<i>Active Service: Withdrawal, Death, Disability, Retirement</i>	<i>Tables adopted by Board of Trustees during Fiscal Year 2012.</i>	<i>Tables adopted by Board of Trustees during Fiscal Year 2006.</i> ⁽⁵⁾⁽⁶⁾
<i>Salary Increases</i> ⁽⁷⁾	<i>In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.</i>	<i>In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.</i>
<i>Cost-of-Living Adjustments</i> ⁽⁷⁾ . . .	<i>1.5% per annum for Tiers I and II. 2.5% per annum for Tier III.</i>	<i>1.3% per annum.</i>

⁽¹⁾ Under One-Year Lag Methodology, the actuarial valuation determines the Employer Contribution for the second following Fiscal Year.

⁽²⁾ 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 contribution 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 age(s). 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.

⁽³⁾ Under the Frozen Initial Liability Actuarial Cost Method, the excess of the APV of projected benefits of the membership as of the valuation date, over the sum of the AAV 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 as of the valuation date. The Initial Liability was reestablished by the Entry Age Actuarial Cost Method as of June 30, 1999 but with the UAAL not less than \$0. Actuarial gains and losses are reflected in the employer normal contribution rate. For all NYCERS, the financial results for Fiscal Year 2011 using this Frozen Initial Liability Actuarial Cost Method are identical to those that would be produced using the Aggregate Actuarial Cost Method.

⁽⁴⁾ 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.

- (5) *Supplemental probabilities of retirement were adopted by the TRS Retirement Board applicable to benefits payable under Chapter 19 of the Laws of 2008.*
- (6) *Additional assumptions were adopted by the POLICE Board of Trustees for valuing the benefits payable to Tier III active members.*
- (7) *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 NYCERS are conducted by an independent actuarial firm every two years.

The most recent actuarial study analyzed experience for Fiscal Years 2007 through 2010. In a report dated December 2011 the independent actuarial auditor made recommendations to the actuarial assumptions and methods. The Actuary reviewed these recommendations.

In accordance with the ACNY and with appropriate practice, the Boards of Trustees of the five actuarially-funded NYCERS are to periodically review and adopt actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions.

Based, in part, upon a review of the two most recent experience studies, the Actuary issued reports for the NYCERS proposing changes in actuarial assumptions and methods for determining Employer Contributions for Fiscal Years beginning on and after July 1, 2011 (February 2012 Reports). Where required, the Boards of Trustees of the NYCERS adopted those changes to actuarial assumptions that required Board approval. The State Legislature and the Governor were expected to enact prior to June 30, 2012 and are now expected to enact legislation 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 expenses.

Chapter 152/06 provided effective for Fiscal Years 2006 and after, for the changes in actuarial assumptions and methods that required legislation, including the continuation of the AIR assumption of 8.0% per annum and continuation of the current Frozen Initial Liability (FIL) Actuarial Cost Method and the existing Unfunded Actuarial Accrued Liability (UAAL). In addition, Chapter 152/06 provided for elimination of the use of the ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities created by the benefits provided by Chapter 125/00.

Chapter 152/06 also established the OYLM. Under this methodology, a Fiscal Year 20XX Employer Contribution is determined using a June 20XX-2 valuation date. This methodology requires technical adjustments to certain components determined as of a valuation date used to compute a Fiscal Year Employer Contribution.

Beginning with the June 30, 2004 (Lag) actuarial valuations, the Actuarial Asset Valuation Method (AAVM) was changed to a method which reset the Actuarial Asset Values (AAV) to Market Values (i.e., Market Value Restart) as of June 30, 1999. As of each June 30 thereafter the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this AAVM, any Unexpected Investment Returns (UIR) for Fiscal Years 2000 and later are phased into the AAV beginning the following June 30 at a rate of 15%, 15%, 15%, 15%, 20% and 20% per year (or cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

These revised averaging factors were applied against the UIR computed under the prior five-year AAVM used for Fiscal Years 2000 to 2004.

The Actuary reset the Actuarial Asset Value ("AAV") to Market Value (i.e., "Market Value Restart") as of June 30, 2011. As of June 30, 2010, the AAV is 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 AIR assumption (adjusted for cash flow) to June 30, 2010. The AAVM for reflecting Fiscal Year 2012 and later UIR remains unchanged.

Chapter 85/00 reestablished UAAL and eliminated the Balance Sheet Liability (BSL) for actuarial purposes as of June 30, 1999. The schedule of payments toward the reestablished UAAL provides that the UAAL, if any, be amortized over a period of 11 years beginning Fiscal Year 2000, where each annual payment after the first equals 103% of its preceding annual payment.

Chapter 180 of the Laws of 2011 extended the AIR for one year, through June 30, 2012.

*Other Employee Benefit Trust Funds**Fund Descriptions*

Per enabling State legislation, certain retirees of POLICE, FIRE and NYCERS are eligible to receive scheduled supplemental benefits from certain Variable Supplements Funds (VSFs).

Under current state law, VSFs are not to be construed as constituting pension or retirement system funds. Instead, they provide scheduled supplemental payments, in accordance with applicable statutory provisions. While a portion of these payments are guaranteed by the City, the Legislature has reserved to itself and the State of New York, the right and power to amend, modify, or repeal VSFs and the payments they provide.

POLICE administers the Police Officers' Variable Supplements Fund (POVSF) and the Police Superior Officers' Variable Supplements Fund (PSOVSF). These funds operate pursuant to the provisions of Title 13, Chapter 2 of the ACNY.

1. POVSF provides supplemental benefits to POLICE members who retire for service (with 20 or more years) as police officers and who retired on or after October 1, 1968.
2. PSOVSF provides supplemental benefits to POLICE members who retire for service (with 20 or more years) holding the rank of sergeant or higher, or detective and who retired on or after October 1, 1968.

FIRE administers the Firefighters' Variable Supplements Fund (FFVSF) and the Fire Officers' Variable Supplements Fund (FOVSF). These funds operate pursuant to the provisions of Title 13, Chapter 3 of the ACNY.

3. FFVSF provides supplemental benefits to FIRE members who retire for service (with 20 or more years) as firefighters (or wipers) and who retired on or after October 1, 1968.
4. FOVSF provides supplemental benefits to FIRE members who retire for service (with 20 or more years) holding the rank of lieutenant or higher and all pilots and marine engineers (uniformed) and who retired on or after October 1, 1968.

NYCERS administers the Transit Police Officers' Variable Supplements Fund (TPOVSF), the Transit Police Superior Officers' Variable Supplements Fund (TPSOVSF), the Housing Police Officers' Variable Supplements Fund (HPOVSF), the Housing Police Superior Officers' Variable Supplements Fund (HPSOVSF), and the Correction Officers' Variable Supplements Fund (COVSF). These funds operate pursuant to the provisions of Title 13, Chapter 1 of the ACNY.

5. TPOVSF provides supplemental benefits to NYCERS members who retire for service (with 20 or more years) as Transit Police Officers on or after July 1, 1987. This plan provides for a schedule of defined supplemental benefits that became guaranteed by the City as a consequence of calculations performed by the Actuary during November 1993. With the passage of Chapter 255 of the Laws of 2000, NYCERS will be required to transfer assets to TPOVSF whenever the assets of TPOVSF are not sufficient to pay benefits. As a result of insufficient fund assets to pay benefits as of June 30, 2011, NYCERS is required to transfer assets so that TPOVSF can meet its benefit obligations when due.
6. TPSOVSF provides supplemental benefits to NYCERS members who retire for service (with 20 or more years) as Transit Police Superior Officers on or after July 1, 1987. This plan provides for a schedule of defined supplemental benefits that, effective calendar year 2001, as a result of the enactment of Chapter 255 of the Laws of 2000 became guaranteed by the City. In addition, with the passage of Chapter 255 of the Laws of 2000, NYCERS will be required to transfer assets to TPSOVSF whenever the assets of TPSOVSF are not sufficient to pay benefits. As a result of insufficient fund assets to pay benefits as of June 30, 2004, NYCERS is required to transfer assets so that TPSOVSF can meet its benefit obligations when due.
7. HPOVSF provides supplemental benefits to NYCERS members who retire for service (with 20 or more years) as Housing Police Officers on or after July 1, 1987. This plan provides for a schedule of defined supplemental benefits that became guaranteed by the City as a consequence of Chapter 719 of the Laws of 1994. With the passage of Chapter 255 of the Laws of 2000, NYCERS will be required to transfer assets to HPOVSF whenever the assets of HPOVSF are not sufficient to pay benefits. As a result of insufficient fund assets to pay benefits as of June 30, 2006, NYCERS is required to transfer assets so that HPOVSF can meet its benefit obligations when due.
8. HPSOVSF provides supplemental benefits to NYCERS members who retire for service (with 20 or more years) as Housing Police Superior Officers on or after July 1, 1987. This plan provides for a schedule of defined supplemental benefits that,

effective calendar year 2001, as a result of the enactment of Chapter 255 of the Laws of 2000 became guaranteed by the City. In addition, with the passage of Chapter 255 of the Laws of 2000, NYCERS will be required to transfer assets to HPSOVSF whenever the assets of HPSOVSF are not sufficient to pay benefits. As a result of insufficient fund assets to pay benefits as of June 30, 2001, NYCERS is required to transfer assets so that HPSOVSF can meet its benefit obligations when due.

9. COVSF provides supplemental benefits to NYCERS members who retire for service (with 20 or 25 years of service, depending upon the plan) as members of the Uniformed Correction Force on or after July 1, 1999. Prior to calendar year 2019, total supplemental benefits paid are limited to the assets of COVSF. For calendar years 2019 and later, the plan provides for a schedule of defined supplemental benefits that are guaranteed by the City. Scheduled benefits to COVSF participants were paid for calendar years 2000 to 2005. Due to insufficient assets, no benefits were paid to COVSF participants after Calendar Year 2005.

Funding Policy and Contributions

ACNY provides that POLICE and FIRE transfer to their respective VSFs amounts equal to certain excess earnings on equity investments, generally limited to the unfunded accumulated benefit obligation for each VSF. The excess earnings are defined as 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 deficiencies.

ACNY provides that NYCERS transfer to COVSF amounts equal to certain excess earnings on equity investments, less any cumulative deficiencies. ACNY also provides, as a consequence of Chapter 255 of the Laws of 2000, that NYCERS make the required transfers to TPOVSF, TPSOVSF, HPOVSF and HPSOVSF, inclusive of prior year's cumulative deficiencies, sufficient to meet their annual benefit payments.

For Fiscal Years 2012 and 2011, excess earnings on equity investments, inclusive of prior year's cumulative deficiencies, are estimated to be equal to zero and, therefore, no transfers will be due to VSFs as of June 30, 2012 and June 30, 2011, respectively.

For Fiscal Years 2012 and 2011, required transfers from NYCERS of approximately \$2.3 million and \$2.4 million, respectively, were made to HPOVSF.

For Fiscal Years 2012 and 2011, required transfers from NYCERS of approximately \$3.0 million and \$2.8 million, respectively, were made to HPSOVSF.

For Fiscal Year 2012, and Fiscal Year 2011, required transfers from NYCERS of approximately \$4.2 million and \$1.9 million respectively, were made to TPOVSF.

For Fiscal Years 2012 and 2011, required transfers from NYCERS of approximately \$3.2 million and \$3.2 million, respectively, were made to TPSOVSF.

As of June 30, 2012, NYCERS has accrued approximately \$1.1 million, \$1.3 million, \$2.1 million and \$1.6 million toward the amounts expected to be transferred to HPOVSF, HPSOVSF, TPOVSF and TPSOVSF, respectively, to meet the December 2012 benefit obligations of those funds.

Funded Status

The funded status of each NYCERS as of June 30, 2010, the date of the most recent actuarial valuation under OYLM, where the Actuarial Accrued Liability is defined using the Entry Age Actuarial Cost Method, is as follows:

	Funded Status					UAAL as a Percentage of Covered Payroll
	Entry Age Accrued Liability Basis					
Actuarial Value of Assets	Actuarial Accrued Liability (AAL) —Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
(a)	(b)	(b-a) (in millions)	(a/b)	(c)	((b-a)/c)	
NYCERS	\$40,433.3	\$62,935.3*	\$22,502.0	64.2%	\$12,101.4	185.9%
TRS	32,477.5	55,138.4	22,660.9	58.9	7,979.7	284.0
BERS	2,056.5	3,558.3	1,501.8	57.8	912.3	164.6
POLICE	22,908.7	38,134.4*	15,225.7	60.1	3,464.1	439.5
FIRE	7,392.7	15,349.6*	7,956.9	48.2	1,138.2	699.1

* Includes the net accrued obligations to the Variable Supplements Funds.

The schedule of funding progress in the RSI section, immediately following the Notes to Financial Statements, provides information about whether the Actuarial Asset Values are increasing or decreasing over time relative to the Actuarial Accrued Liabilities (determined in a manner consistent with the Plan’s funding method).



Statue of Liberty

The City of New York

**Comprehensive
Annual Financial Report
of the
Comptroller**

Required Supplementary Information

Part II-B

Fiscal Year Ended June 30, 2012

THE CITY OF NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

A. Schedule of Pension Funding Progress

The schedule of funding progress presents the following information for each of the past thirteen consecutive Fiscal Years for each of the NYCERS. All actuarially determined information has been calculated in accordance with the actuarial assumptions and methods reflected in the actuarial valuations as of the indicated actuarial valuation date.

	(1)	(2)	(3)	(4)	(5)	(6)	
	Actuarial Valuation Date	Actuarial Asset Value (AAV)	Actuarial Accrued Liability (AAL)*	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(a) & (b)	(2) - (1)	(1) ÷ (2)	(3) ÷ (5)		
			(in millions)				
NYCERS	6/30/10(Lag)	\$40,433.3	\$62,935.3	\$22,502.0	64.2%	\$12,101.4	185.9%
	6/30/09(Lag)	41,710.2	41,710.2	0.0	100.0	11,881.0	0.0
	6/30/08(Lag)	40,722.2	40,722.2	0.0	100.0	11,306.0	0.0
	6/30/07(Lag)	38,925.7	38,959.1	33.4	99.9	10,762.0	0.3
	6/30/06(Lag)	38,367.1	38,431.3	64.2	99.8	10,127.8	0.6
	6/30/05(Lag)	39,692.4	39,797.1	104.7	99.7	9,670.8	1.1
	6/30/04(Lag)	40,638.6	40,786.7	148.1	99.6	9,361.2**	1.6
	6/30/04	40,088.2	40,236.3	148.1	99.6	9,157.4	1.6
	6/30/03	42,056.0	42,244.1	188.1	99.6	8,807.6	2.1
	6/30/02	43,561.1	43,619.9	58.8	99.9	8,901.1	0.7
	6/30/01	43,015.4	43,087.6	72.2	99.8	8,515.3	0.8
	6/30/00	42,393.6	42,418.7	25.1	99.9	7,871.0	0.3
	6/30/99	40,936.0	40,936.0	0.0	100.0	7,593.2	0.0
TRS	6/30/10(Lag)	32,477.5	55,138.4	22,660.9	58.9	7,979.7	284.0
	6/30/09(Lag)	30,775.0	30,775.0	0.0	100.0	8,016.6	0.0
	6/30/08(Lag)	32,227.4	32,227.4	0.0	100.0	7,926.6	0.0
	6/30/07(Lag)	33,854.2	33,856.7	2.5	100.0	7,222.5	0.0
	6/30/06(Lag)	32,405.6	32,410.6	5.0	100.0	6,978.7	0.1
	6/30/05(Lag)	32,865.1	32,872.3	7.2	100.0	6,273.9	0.1
	6/30/04(Lag)	33,149.3	33,159.7	10.4	100.0	6,175.9**	0.2
	6/30/04	32,817.1	32,827.5	10.4	100.0	6,219.8	0.2
	6/30/03	33,169.2	33,182.7	13.5	100.0	5,828.8	0.2
	6/30/02	34,177.8	34,181.1	3.3	100.0	5,469.2	0.1
	6/30/01	35,410.2	35,414.5	4.3	100.0	5,015.4	0.1
	6/30/00	36,142.4	36,147.6	5.2	100.0	4,721.5	0.1
	6/30/99	34,626.1	34,626.1	0.0	100.0	4,217.7	0.0
BERS	6/30/10(Lag)	2,056.5	3,558.3	1,501.8	57.8	912.3	164.6
	6/30/09(Lag)	1,963.7	1,963.7	0.0	100.0	910.6	0.0
	6/30/08(Lag)	2,084.1	2,084.1	0.0	100.0	852.1	0.0
	6/30/07(Lag)	1,983.7	1,985.6	1.9	99.9	777.6	0.2
	6/30/06(Lag)	1,830.3	1,834.0	3.7	99.8	750.0	0.5
	6/30/05(Lag)	1,841.0	1,846.3	5.3	99.7	715.1	0.7
	6/30/04(Lag)	1,843.8	1,850.6	6.8	99.6	624.9**	1.1
	6/30/04	1,822.7	1,829.5	6.8	99.6	624.9	1.1
	6/30/03	1,833.8	1,842.0	8.2	99.6	651.0	1.3
	6/30/02	1,835.8	1,835.8	0.0	100.0	736.7	0.0
	6/30/01	1,781.7	1,781.7	0.0	100.0	694.2	0.0
	6/30/00	1,749.4	1,749.4	0.0	100.0	666.0	0.0
	6/30/99	1,705.4	1,705.4	0.0	100.0	592.2	0.0
POLICE	6/30/10(Lag)	22,908.7	38,134.4	15,225.7	60.1	3,464.1	439.5
	6/30/09(Lag)	22,676.2	22,676.2	0.0	100.0	3,261.1	0.0
	6/30/08(Lag)	21,393.2	21,393.2	0.0	100.0	3,095.9	0.0
	6/30/07(Lag)	19,800.6	19,800.6	0.0	100.0	2,961.6	0.0
	6/30/06(Lag)	18,689.5	18,689.5	0.0	100.0	2,816.9	0.0
	6/30/05(Lag)	18,767.3	18,767.3	0.0	100.0	2,812.9	0.0
	6/30/04(Lag)	18,735.1	18,735.1	0.0	100.0	2,757.7**	0.0
	6/30/04	18,510.6	18,510.6	0.0	100.0	2,460.8	0.0

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited), Continued

	(1)	(2)	(3)	(4)	(5)	(6)	
	Actuarial Valuation Date	Actuarial Asset Value (AAV)	Actuarial Accrued Liability (AAL)*	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(a) & (b)	(2) - (1)	(1) ÷ (2)		(3) ÷ (5)	
			(in millions)				
POLICE (Continued)	6/30/03	\$18,781.4	\$18,781.4	\$ 0.0	100.0%	\$2,433.9	0.0%
	6/30/02	18,913.6	18,913.6	0.0	100.0	2,496.2	0.0
	6/30/01	18,141.7	18,141.7	0.0	100.0	2,500.1	0.0
	6/30/00	17,601.9	17,601.9	0.0	100.0	2,465.7	0.0
	6/30/99	16,877.8	16,877.8	0.0	100.0	2,332.0	0.0
FIRE	6/30/10(Lag)	7,392.7	15,349.6	7,956.9	48.2	1,138.2	699.1
	6/30/09(Lag)	7,304.8	7,327.6	22.8	99.7	1,079.7	2.1
	6/30/08(Lag)	6,943.0	6,986.2	43.2	99.4	1,051.6	4.1
	6/30/07(Lag)	6,459.1	6,520.7	61.6	99.1	1,000.4	6.2
	6/30/06(Lag)	6,174.1	6,252.0	77.9	98.8	932.7	8.4
	6/30/05(Lag)	6,169.2	6,261.6	92.4	98.5	908.3	10.2
	6/30/04(Lag)	6,277.3	6,382.5	105.2	98.4	864.8**	12.2
	6/30/04	6,185.8	6,290.9	105.1	98.3	805.0	13.1
	6/30/03	6,441.5	6,558.0	116.5	98.2	748.8	15.6
	6/30/02	6,612.3	6,738.7	126.4	98.1	789.7	16.0
	6/30/01	6,525.7	6,660.8	135.1	98.0	799.2	16.9
	6/30/00	6,388.1	6,530.6	142.5	97.8	741.5	19.2
	6/30/99	6,179.8	6,328.7	148.9	97.6	729.7	20.4

* The June 30, 2010 (Lag) actuarial valuation used to determine the Fiscal Year 2012 Employer Contribution was based on revised actuarial assumptions and methods proposed by the Actuary (the "2012 A&M"). Where required, the Boards of Trustees of the NYCERS adopted those changes to the actuarial assumptions and methods that required Board approval. The State Legislature and Governor were expected to enact enabling legislation prior to June 30, 2012 and are now expected, upon the Legislature reconvening, to enact a Chapter Law to provide for those changes in actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate ("AIR") assumption of 7.0% per annum, net of expenses, the Entry Age Actuarial Cost Method and the amortization of Unfunded Actuarial Accrued Liabilities.

Actuarial valuations used to determine Employer Contributions in fiscal years prior to Fiscal Years 2012 were based on the Frozen Initial Liability Actuarial Cost Method and on actuarial assumptions and methods adopted by the Boards of Trustees of the NYCERS and on enabling legislation during Fiscal Years 2006 ("2006 A&M") and 1999 ("1999 A&M").

** The annualized covered payrolls as of June 30, 2004 under the One-Year Lag Methodology used to compute Fiscal Year 2006 Employer Contributions differ from that as of June 30, 2004 to compute Fiscal Year 2005 Employer Contributions due to changes in actuarial assumptions and more recent information on labor contract settlements.

(a) Beginning with the June 30, 2004 (Lag) actuarial valuation the Actuarial Asset Valuation Method ("AAVM") was changed to a method that reset the AAV to Market Value (i.e., "Market Value Restart") as of June 30, 1999. As of each June 30 thereafter the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this revised AAVM, any Unexpected Investment Returns ("UIR") for Fiscal Years 2000 and later are phased into the AAV beginning the following June 30 at rates of 15%, 15%, 15%, 15%, 20% and 20% per year (or cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

These revised averaging factors were applied against the UIR computed under the prior five-year AAVM used for Fiscal Years 2000 to 2004.

This revised AAVM was utilized for the first time in the June 30, 2004 (Lag) actuarial valuation to determine the Fiscal Year 2006 Employer Contributions in conjunction with the One-Year Lag Methodology and the revised economic and noneconomic assumptions. As of June 30, 1999 the economic and noneconomic assumptions were revised due to experience review. The AAVM was changed as of June 30, 1999 to reflect a market basis for investments held by the Plan and was made as one component of an overall revision of actuarial assumptions and methods as of June 30, 1999.

Under the AAVM used for the June 30, 1999 to June 30, 2004 actuarial valuations, any UIR for Fiscal Years 2000 and later were phased into the AAV beginning the following June 30 at a rate of 10%, 15%, 20%, 25% and 30% per year (or cumulative rates of 10%, 25%, 45%, 70% and 100% over a period of five years).

The Actuary reset the Actuarial Asset Value to the Market Value of Assets (“MVA”) as of June 30, 2011 (i.e., “Market Value Restart”).

For the June 30, 2010 (Lag) actuarial valuation, the AAV is defined to recognize Fiscal Year 2011 investment performance. The June 30, 2010 AAV is derived as equal to the June 30, 2011 MVA, discounted by the AIR assumption (adjusted for cash flow) to June 30, 2010.

- (b) To effectively assess the funding progress of a Plan, it is usually appropriate to compare AAV and AAL calculated in a manner consistent with the Plan’s funding method over a period of time. AAL is the portion of the actuarial present value of pension plan benefits and expenses which is not provided for by future employer normal costs and future member contributions.

Note, however, that UAAL is the excess of AAL over AAV. Under the FIL Actuarial Cost Method, the initial UAAL is frozen at date of establishment and amortized over time. That UAAL is not adjusted from one actuarial valuation to the next to reflect actuarial gains and losses.

B. Schedule of Employer Contributions

Total Employer Contributions to the NYCERS

Fiscal Year Ended June 30	NYCERS		TRS		BERS		POLICE		FIRE	
	Annual Required Contribution	Percentage Contributed								
(in millions)										
2012	\$3,017.0	100.0%	\$2,673.1	100.0%	\$213.7	100.0%	\$2,385.7	100.0%	\$976.9	100.0%
2011	2,387.2	100.0	2,469.0	100.0	180.2	100.0	2,083.6	100.0	890.7	100.0
2010	2,197.7	100.0	2,484.1	100.0	147.3	100.0	1,981.0	100.0	874.3	100.0
2009	2,150.4	100.0	2,223.6	100.0	134.2	100.0	1,932.2	100.0	843.8	100.0
2008	1,874.2	100.0	1,916.5	100.0	143.1	100.0	1,797.8	100.0	780.2	100.0
2007	1,471.0	100.0	1,600.9	100.0	129.8	100.0	1,544.3	100.0	683.2	100.0
2006	1,024.4	100.0	1,316.6	100.0	90.8	100.0	1,337.7	100.0	608.8	100.0
2005	1,020.4	80.6	1,304.0	94.2	106.4	90.9	1,123.9	91.9	518.4	94.4
2004	542.2	57.3	1,015.3	90.6	95.0	88.5	917.7	88.5	427.7	91.8
2003	197.8	54.6	805.8	79.4	87.9	79.9	821.4	76.1	389.5	81.4
2002	105.7	100.0	607.8	83.9	66.7	84.8	636.5	84.0	346.2	87.3
2001	100.0	100.0	572.0	77.8	52.1	75.3	543.8	76.0	298.9	80.7
2000	68.6	100.0	181.8	100.0	9.5	100.0	250.0	100.0	182.9	100.0

C. Schedule of Funding Progress for the New York City Other Postemployment Benefits Plan

The schedule of funding progress presents GASB45 results of OPEB valuations as of fiscal years ended June 30, 2012, 2011, 2010, 2009, 2008, 2007, and 2006. The schedule provides a seven 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) (in thousands)	(1)÷(2)		(3)÷(5)
6/30/11	\$2,631,584	\$85,971,494	\$83,339,910	3.1%	\$19,912,761	418.5%
6/30/10	3,022,624	82,063,852	79,041,228	3.7	19,731,127	400.6
6/30/09	3,103,186	73,674,157	70,570,971	4.2	19,469,182	362.5
6/30/08	3,186,139	65,164,503	61,978,364	4.9	18,721,681	331.1
6/30/07	2,594,452	62,135,453	59,541,001	4.2	17,355,874	343.1
6/30/06	1,001,332	56,077,151	55,075,819	1.8	16,546,829	332.8
6/30/05	—	50,543,963	50,543,963	—	15,737,531	321.2

*Based on the Frozen Entry Age Actuarial Cost Method.



Brooklyn Bridge and the Towers of Light

The City of New York

**Comprehensive
Annual Financial Report
of the
Comptroller**

SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL INFORMATION —
GOVERNMENTAL FUNDS**

Part II-C

Fiscal Year Ended June 30, 2012



New York Stock Exchange

THE CITY OF NEW YORK
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2012
(in thousands)

	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 37,117	\$ —	\$ 68,232	\$ 105,349
Investments, including accrued interest	95	126	16,839	17,060
Accounts receivables:				
Taxes other than real estate	—	404,831	—	404,831
Tobacco settlement revenues	—	27,676	46,324	74,000
Other receivable	—	—	285,059	285,059
Mortgage loans and interest receivable (less allowance for uncollectible amounts of \$327,305)	—	—	—	—
Restricted cash and investments	2,692,339	2,279,632	12,890	4,984,861
Due from other funds	451,024	189	—	451,213
Other	59,180	261,784	1,024	321,988
Total assets	\$3,239,755	\$2,974,238	\$430,368	\$6,644,361
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable and accrued liabilities	\$565,632	\$ 451	\$ 8,541	\$574,624
Accrued tax refunds — personal income tax	—	49,831	—	49,831
Deferred revenues:				
Other	—	382,676	266,273	648,949
Due to other funds	325,702	—	—	325,702
Total liabilities	891,334	432,958	274,814	1,599,106
Fund balances:				
Nonspendable	—	—	577	577
Spendable:				
Restricted				
Nonmajor Capital Projects Fund	2,348,421	—	—	2,348,421
Nonmajor Debt Service Fund	—	2,540,670	—	2,540,670
Committed				
Nonmajor Debt Service Fund	—	610	—	610
Assigned	—	—	154,977	154,977
Total fund balances	2,348,421	2,541,280	155,554	5,045,255
Total liabilities and fund balances	\$3,239,755	\$2,974,238	\$430,368	\$6,644,361

THE CITY OF NEW YORK
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2011
(in thousands)

	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 29,864	\$ —	\$ 39,603	\$ 69,467
Investments, including accrued interest	88	41	37,453	37,582
Accounts receivables:				
Taxes other than real estate	—	297,023	—	297,023
Tobacco settlement revenues	—	29,172	48,828	78,000
Other receivable	—	—	197,321	197,321
Mortgage loans and interest receivable (less allowance of uncollectible amounts of \$322,011)	—	34	—	34
Restricted cash and investments	1,445,305	2,352,227	15,881	3,813,413
Due from other funds	512,215	—	—	512,215
Other	89,793	233,681	890	324,364
Total assets	<u>\$2,077,265</u>	<u>\$2,912,178</u>	<u>\$339,976</u>	<u>\$5,329,419</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 650,971	\$ 537	\$ 11,012	\$ 662,520
Accrued tax refunds — personal income tax	—	107,023	—	107,023
Deferred revenues:				
Other	—	219,172	211,975	431,147
Due to other funds	300,821	—	—	300,821
Total liabilities	<u>951,792</u>	<u>326,732</u>	<u>222,987</u>	<u>1,501,511</u>
Fund balances:				
Nonspendable	—	—	570	570
Spendable:				
Restricted				
Nonmajor Capital Projects Fund	1,125,473	—	—	1,125,473
Nonmajor Debt Service Fund	—	2,584,809	—	2,584,809
Committed				
Nonmajor Debt Service Fund	—	637	—	637
Assigned	—	—	116,483	116,483
Unassigned	—	—	(64)	(64)
Total fund balances	<u>1,125,473</u>	<u>2,585,446</u>	<u>116,989</u>	<u>3,827,908</u>
Total liabilities and fund balances	<u>\$2,077,265</u>	<u>\$2,912,178</u>	<u>\$339,976</u>	<u>\$5,329,419</u>

THE CITY OF NEW YORK
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012
(in thousands)

	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES:				
Investment income	\$ 2,338	\$ 28,517	\$ 70,113	\$ 100,968
Interest on mortgages, net	—	976	—	976
Personal income tax	—	591,585	25,279	616,864
Tobacco settlement	—	69,527	117,641	187,168
State aid	—	169,547	—	169,547
NYS Local Government Assistance Corporation				
Revenue	—	—	453	453
Tax equivalency payment revenue	—	—	19,441	19,441
Other revenues	2,138,146	3,138	251,312	2,392,596
Total revenues	<u>2,140,484</u>	<u>863,290</u>	<u>484,239</u>	<u>3,488,013</u>
EXPENDITURES:				
General government	336,198	—	—	336,198
Education	2,187,926	4,889	40	2,192,855
Administrative and other	25,389	10,195	240,622	276,206
Debt Service:				
Interest	—	1,312,875	—	1,312,875
Redemptions	—	2,614,881	—	2,614,881
Total expenditures	<u>2,549,513</u>	<u>3,942,840</u>	<u>240,662</u>	<u>6,733,015</u>
Excess (Deficiency) of revenues over expenditures	<u>(409,029)</u>	<u>(3,079,550)</u>	<u>243,577</u>	<u>(3,245,002)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from (to) General Fund	—	1,349,136	(208,378)	1,140,758
Transfers from Nonmajor Capital Projects Funds	—	6,444	2,506	8,950
Transfers to Nonmajor Debt Service Funds	(6,444)	—	(75,125)	(81,569)
Transfers from (to) Nonmajor Special Revenue Funds	(2,506)	75,125	—	72,619
Principal amount of bonds issued	4,450,000	—	69,748	4,519,748
Bond premium	367,313	225,420	(4)	592,729
Issuance of refunding debt	—	2,178,810	—	2,178,810
Transfer to Capital Projects Fund	(3,176,386)	—	—	(3,176,386)
Transfer from General Debt Service Fund	—	6,608	—	6,608
Payments to refunded bond escrow holder	—	(799,918)	—	(799,918)
Transfer from (to) New York City Tax Lien Trusts	—	(6,241)	6,241	—
Total other financing sources (uses)	<u>1,631,977</u>	<u>3,035,384</u>	<u>(205,012)</u>	<u>4,462,349</u>
Net change in fund balances	1,222,948	(44,166)	38,565	1,217,347
FUND BALANCES AT BEGINNING OF YEAR	1,125,473	2,585,446	116,989	3,827,908
FUND BALANCES AT END OF YEAR	<u>\$ 2,348,421</u>	<u>\$ 2,541,280</u>	<u>\$ 155,554</u>	<u>\$ 5,045,255</u>

THE CITY OF NEW YORK
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES:				
Investment income	\$ 4,602	\$ 17,934	\$ 62,059	\$ 84,595
Interest on mortgages, net	—	2,096	—	2,096
Personal income tax	—	672,924	22,120	695,044
Tobacco settlement	—	68,007	115,524	183,531
State aid	—	169,627	—	169,627
NYS Local Government Assistance Corporation				
Revenue	—	—	373	373
Tax equivalency payment revenue	—	—	19,517	19,517
Other revenues	2,193,348	5,235	101,980	2,300,563
Total revenues	<u>2,197,950</u>	<u>935,823</u>	<u>321,573</u>	<u>3,455,346</u>
EXPENDITURES:				
General government	346,426	—	—	346,426
Education	2,236,792	1,936	(653)	2,238,075
Administrative and other	26,442	3,441	130,299	160,182
Debt Service:				
Interest	—	1,163,734	—	1,163,734
Redemptions	—	618,722	—	618,722
Total expenditures	<u>2,609,660</u>	<u>1,787,833</u>	<u>129,646</u>	<u>4,527,139</u>
Excess (Deficiency) of revenues over expenditures	<u>(411,710)</u>	<u>(852,010)</u>	<u>191,927</u>	<u>(1,071,793)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from (to) General Fund	—	1,261,562	(164,663)	1,096,899
Transfers from (to) Nonmajor Capital Projects Funds . .	(1,928)	42,800	1,953	42,825
Transfers to Nonmajor Debt Service Fund	(42,800)	—	(102,656)	(145,456)
Transfers from (to) Nonmajor Special Revenue Funds .	(25)	102,656	—	102,631
Principal amount of bonds issued	4,378,000	7,682	75,271	4,460,953
Bond premium	63,293	64,829	(7)	128,115
Issuance of refunding debt	—	649,425	—	649,425
Transfer to Capital Projects Fund	(3,979,583)	—	—	(3,979,583)
Transfer from General Debt Service Fund	—	5,170	—	5,170
Payments to refunded bond escrow holder	—	(795,042)	—	(795,042)
Total other financing sources (uses)	<u>416,957</u>	<u>1,339,082</u>	<u>(190,102)</u>	<u>1,565,937</u>
Net change in fund balances	5,247	487,072	1,825	494,144
FUND BALANCES AT BEGINNING OF YEAR	<u>1,120,226</u>	<u>2,098,374</u>	<u>115,164</u>	<u>3,333,764</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,125,473</u>	<u>\$2,585,446</u>	<u>\$ 116,989</u>	<u>\$ 3,827,908</u>

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

JUNE 30, 2012
(in thousands)

	School Construction Authority	Transitional Finance Authority	Educational Construction Fund	Hudson Yards Development Corporation	Hudson Yards Infrastructure Corporation	Total Nonmajor Capital Projects Funds
ASSETS:						
Cash and cash equivalents	\$ 37,117	\$ —	\$ —	\$ —	\$ —	\$ 37,117
Investments, including accrued interest	—	—	94	—	1	95
Restricted cash and investments . . .	35,000	1,647,964	28,206	99	981,070	2,692,339
Due from other funds	450,973	—	—	51	—	451,024
Other	59,080	—	—	100	—	59,180
Total assets	<u>\$582,170</u>	<u>\$1,647,964</u>	<u>\$28,300</u>	<u>\$ 250</u>	<u>\$981,071</u>	<u>\$3,239,755</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable and accrued liabilities	\$500,289	\$ 737	\$ 6,717	\$ 212	\$ 57,677	\$ 565,632
Due to other funds	—	310,282	—	—	15,420	325,702
Total liabilities	<u>500,289</u>	<u>311,019</u>	<u>6,717</u>	<u>212</u>	<u>73,097</u>	<u>891,334</u>
Fund balances:						
Spendable:						
Restricted						
Capital projects	81,881	1,336,945	21,583	38	907,974	2,348,421
Total fund balances	<u>81,881</u>	<u>1,336,945</u>	<u>21,583</u>	<u>38</u>	<u>907,974</u>	<u>2,348,421</u>
Total liabilities and fund balances	<u>\$582,170</u>	<u>\$1,647,964</u>	<u>\$28,300</u>	<u>\$ 250</u>	<u>\$981,071</u>	<u>\$3,239,755</u>

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

JUNE 30, 2011
(in thousands)

	<u>School Construction Authority</u>	<u>Transitional Finance Authority</u>	<u>Educational Construction Fund</u>	<u>Hudson Yards Development Corporation</u>	<u>Hudson Yards Infrastructure Corporation</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS:						
Cash and cash equivalents	\$ 29,864	\$ —	\$ —	\$ —	\$ —	\$ 29,864
Investments, including accrued interest	—	—	88	—	—	88
Restricted cash and investments . . .	15,000	1,033,562	106,635	152	289,956	1,445,305
Due from other funds	512,112	—	—	103	—	512,215
Other	89,793	—	—	—	—	89,793
Total assets	<u>\$646,769</u>	<u>\$1,033,562</u>	<u>\$106,723</u>	<u>\$ 255</u>	<u>\$ 289,956</u>	<u>\$2,077,265</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable and accrued liabilities	\$585,814	\$ 1,192	\$ 10,256	\$ 217	\$ 53,492	\$ 650,971
Due to other funds	—	286,727	—	—	14,094	300,821
Total liabilities	<u>585,814</u>	<u>287,919</u>	<u>10,256</u>	<u>217</u>	<u>67,586</u>	<u>951,792</u>
Fund balances:						
Spendable:						
Restricted						
Capital projects	60,955	745,643	96,467	38	222,370	1,125,473
Total fund balances	<u>60,955</u>	<u>745,643</u>	<u>96,467</u>	<u>38</u>	<u>222,370</u>	<u>1,125,473</u>
Total liabilities and fund balances	<u>\$646,769</u>	<u>\$1,033,562</u>	<u>\$106,723</u>	<u>\$ 255</u>	<u>\$ 289,956</u>	<u>\$2,077,265</u>

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

FOR THE YEAR ENDED JUNE 30, 2012
(in thousands)

	School Construction Authority	Transitional Finance Authority	Educational Construction Fund	Hudson Yards Development Corporation	Hudson Yards Infrastructure Corporation	Total Nonmajor Capital Projects Funds
REVENUES:						
Investment income	\$ —	\$ 757	\$ 234	\$ —	\$ 1,347	\$ 2,338
Other revenues	2,138,046	—	—	100	—	2,138,146
Total revenues	<u>2,138,046</u>	<u>757</u>	<u>234</u>	<u>100</u>	<u>1,347</u>	<u>2,140,484</u>
EXPENDITURES:						
General government	—	—	—	616	335,582	336,198
Education	2,117,120	—	70,806	—	—	2,187,926
Administrative and other	—	18,235	1	100	7,053	25,389
Total expenditures	<u>2,117,120</u>	<u>18,235</u>	<u>70,807</u>	<u>716</u>	<u>342,635</u>	<u>2,549,513</u>
Excess (deficiency) of revenues over expenditures	<u>20,926</u>	<u>(17,478)</u>	<u>(70,573)</u>	<u>(616)</u>	<u>(341,288)</u>	<u>(409,029)</u>
OTHER FINANCING SOURCES (USES):						
Principal amount of bonds issued	—	3,450,000	—	—	1,000,000	4,450,000
Bond premium	—	336,386	—	—	30,927	367,313
Transfer to Capital Projects Fund	—	(3,176,386)	—	—	—	(3,176,386)
Transfer from (to) Nonmajor Capital Projects Fund	—	—	—	616	(616)	—
Transfer to Nonmajor Debt Service Fund	—	(1,124)	(4,311)	—	(1,009)	(6,444)
Transfer to Nonmajor Special Revenue Fund	—	(96)	—	—	(2,410)	(2,506)
Total other financing sources (uses)	<u>—</u>	<u>608,780</u>	<u>(4,311)</u>	<u>616</u>	<u>1,026,892</u>	<u>1,631,977</u>
Net change in fund balances	<u>20,926</u>	<u>591,302</u>	<u>(74,884)</u>	<u>—</u>	<u>685,604</u>	<u>1,222,948</u>
FUND BALANCES AT BEGINNING OF YEAR . . .	<u>60,955</u>	<u>745,643</u>	<u>96,467</u>	<u>38</u>	<u>222,370</u>	<u>1,125,473</u>
FUND BALANCES AT END OF YEAR	<u>\$ 81,881</u>	<u>\$ 1,336,945</u>	<u>\$ 21,583</u>	<u>\$ 38</u>	<u>\$ 907,974</u>	<u>\$ 2,348,421</u>

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

FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

	School Construction Authority	Transitional Finance Authority	Educational Construction Fund	Hudson Yards Development Corporation	Hudson Yards Infrastructure Corporation	Total Nonmajor Capital Projects Funds
REVENUES:						
Investment income	\$ —	\$ 1,804	\$ 290	\$ —	\$ 2,508	\$ 4,602
Other revenues	2,192,934	—	—	414	—	2,193,348
Total revenues	<u>2,192,934</u>	<u>1,804</u>	<u>290</u>	<u>414</u>	<u>2,508</u>	<u>2,197,950</u>
EXPENDITURES:						
General government	—	—	—	1,628	344,798	346,426
Education	2,175,604	—	61,188	—	—	2,236,792
Administrative and other	—	26,439	3	—	—	26,442
Total expenditures	<u>2,175,604</u>	<u>26,439</u>	<u>61,191</u>	<u>1,628</u>	<u>344,798</u>	<u>2,609,660</u>
Excess (deficiency) of revenues over expenditures	<u>17,330</u>	<u>(24,635)</u>	<u>(60,901)</u>	<u>(1,214)</u>	<u>(342,290)</u>	<u>(411,710)</u>
OTHER FINANCING SOURCES (USES):						
Principal amount of bonds issued	—	4,250,000	128,000	—	—	4,378,000
Bond premium	—	63,293	—	—	—	63,293
Transfer to Capital Projects Fund	—	(3,979,583)	—	—	—	(3,979,583)
Transfer from (to) Nonmajor Capital Projects Fund	—	—	—	1,270	(3,198)	(1,928)
Transfer to Nonmajor Debt Service Funds	—	(210)	(12,095)	—	(30,495)	(42,800)
Transfer to Nonmajor Special Revenue Fund	—	(25)	—	—	—	(25)
Total other financing sources (uses)	<u>—</u>	<u>333,475</u>	<u>115,905</u>	<u>1,270</u>	<u>(33,693)</u>	<u>416,957</u>
Net change in fund balances	17,330	308,840	55,004	56	(375,983)	5,247
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	<u>43,625</u>	<u>436,803</u>	<u>41,463</u>	<u>(18)</u>	<u>598,353</u>	<u>1,120,226</u>
FUND BALANCES AT END OF YEAR	<u>\$ 60,955</u>	<u>\$ 745,643</u>	<u>\$ 96,467</u>	<u>\$ 38</u>	<u>\$ 222,370</u>	<u>\$ 1,125,473</u>

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

JUNE 30, 2012
(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Private Housing Loan Programs	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	New York City Tax Lien Trusts	Total Nonmajor Debt Service Funds
ASSETS:									
Investments, including accrued interest	\$ —	\$ —	\$ 126	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 126
Accounts receivable:									
Taxes other than real estate	404,831	—	—	—	—	—	—	—	404,831
Tobacco settlement revenues	—	27,676	—	—	—	—	—	—	27,676
Mortgage loans and interest receivable (less allowance for uncollectible amounts of \$327,305)	—	—	—	—	—	—	—	—	—
Restricted cash, investments and interest receivable	1,353,388	117,885	37,354	610	317,594	285,677	157,679	9,445	2,279,632
Due from other funds	—	—	—	—	—	—	189	—	189
Other	18,826	—	—	—	—	—	242,958	—	261,784
Total assets	<u>\$1,777,045</u>	<u>\$145,561</u>	<u>\$37,480</u>	<u>\$ 610</u>	<u>\$317,594</u>	<u>\$285,677</u>	<u>\$400,826</u>	<u>\$ 9,445</u>	<u>\$2,974,238</u>
LIABILITIES AND FUND BALANCES:									
Liabilities:									
Accounts payable and accrued liabilities ..	\$ 451	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 451
Accrued tax refunds — personal income tax ..	49,831	—	—	—	—	—	—	—	49,831
Deferred revenues:									
Other	355,000	27,676	—	—	—	—	—	—	382,676
Total liabilities	<u>405,282</u>	<u>27,676</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>432,958</u>
Fund balances:									
Spendable:									
Restricted									
Debt service	1,371,763	117,885	37,480	—	317,594	285,677	400,826	9,445	2,540,670
Committed									
Debt service	—	—	—	610	—	—	—	—	610
Total fund balances	<u>1,371,763</u>	<u>117,885</u>	<u>37,480</u>	<u>610</u>	<u>317,594</u>	<u>285,677</u>	<u>400,826</u>	<u>9,445</u>	<u>2,541,280</u>
Total liabilities and fund balances	<u>\$1,777,045</u>	<u>\$145,561</u>	<u>\$37,480</u>	<u>\$ 610</u>	<u>\$317,594</u>	<u>\$285,677</u>	<u>\$400,826</u>	<u>\$ 9,445</u>	<u>\$2,974,238</u>

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

JUNE 30, 2011
(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Private Housing Loan Programs	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	New York City Tax Lien Trusts	Total Nonmajor Debt Service Funds
ASSETS:									
Investments, including accrued interest	\$ —	\$ —	\$ 41	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 41
Accounts receivable:									
Taxes other than real estate	297,023	—	—	—	—	—	—	—	297,023
Tobacco settlement revenues	—	29,172	—	—	—	—	—	—	29,172
Mortgage loans and interest receivable (less allowance for uncollectible amounts of \$322,011)	—	—	—	34	—	—	—	—	34
Restricted cash, investments and interest receivable	1,553,402	117,264	50,058	603	320,182	287,849	6,448	16,421	2,352,227
Other	—	—	—	—	—	—	233,681	—	233,681
Total assets	\$1,850,425	\$ 146,436	\$ 50,099	\$ 637	\$ 320,182	\$ 287,849	\$ 240,129	\$ 16,421	\$2,912,178
LIABILITIES AND FUND BALANCES:									
Liabilities:									
Accounts payable and accrued liabilities	\$ 537	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 537
Accrued tax refunds — personal income tax	107,023	—	—	—	—	—	—	—	107,023
Deferred revenues:									
Other	190,000	29,172	—	—	—	—	—	—	219,172
Total liabilities	297,560	29,172	—	—	—	—	—	—	326,732
Fund balances:									
Spendable:									
Restricted									
Debt service	1,552,865	117,264	50,099	—	320,182	287,849	240,129	16,421	2,584,809
Committed									
Debt service	—	—	—	637	—	—	—	—	637
Total fund balances	1,552,865	117,264	50,099	637	320,182	287,849	240,129	16,421	2,585,446
Total liabilities and fund balances	\$1,850,425	\$ 146,436	\$ 50,099	\$ 637	\$ 320,182	\$ 287,849	\$ 240,129	\$ 16,421	\$2,912,178

THE CITY OF NEW YORK
NONMAJOR DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2012
 (in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Private Housing Loan Programs	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	New York City Tax Lien Trusts	Total Nonmajor Debt Service Funds
REVENUES:									
State aid	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 169,547	\$ —	\$ —	\$ 169,547
Investment income (loss)	1,458	1,870	927	—	23,099	1,164	(3)	2	28,517
Interest on mortgages, net	—	—	—	976	—	—	—	—	976
District improvement bonus revenue	—	—	—	—	—	—	2,951	—	2,951
Personal income tax	591,585	—	—	—	—	—	—	—	591,585
Tobacco settlement	—	69,527	—	—	—	—	—	—	69,527
Other revenues	—	—	—	187	—	—	—	—	187
Total revenues	593,043	71,397	927	1,163	23,099	170,711	2,948	2	863,290
EXPENDITURES:									
Education	—	—	4,889	—	—	—	—	—	4,889
Administrative and other	10,195	—	—	—	—	—	—	—	10,195
Debt Service:									
Interest	1,013,092	63,236	10,757	938	13,437	105,326	105,065	1,024	1,312,875
Redemptions	2,443,791	7,540	6,750	6,860	12,150	67,557	—	70,233	2,614,881
Total expenditures	3,467,078	70,776	22,396	7,798	25,587	172,883	105,065	71,257	3,942,840
Excess (deficiency) of revenues over expenditures	(2,874,035)	621	(21,469)	(6,635)	(2,488)	(2,172)	(102,117)	(71,255)	(3,079,550)
OTHER FINANCING SOURCES (USES):									
Transfer from General Fund	1,087,583	—	—	—	—	—	261,553	—	1,349,136
Transfers from Nonmajor Capital Projects Funds	1,124	—	4,311	—	—	—	1,009	—	6,444
Transfers from (to) Nonmajor Special Revenue Fund	(86)	—	4,539	—	(100)	—	252	70,520	75,125
Transfer from General Debt Service Fund	—	—	—	6,608	—	—	—	—	6,608
Transfer from (to) New York City Tax Lien Trusts	—	—	—	—	—	—	—	(6,241)	(6,241)
Bond premium	225,420	—	—	—	—	—	—	—	225,420
Issuance of refunding debt	2,178,810	—	—	—	—	—	—	—	2,178,810
Payments to refunded bond escrow holder	(799,918)	—	—	—	—	—	—	—	(799,918)
Total other financing sources (uses)	2,692,933	—	8,850	6,608	(100)	—	262,814	64,279	3,035,384
Net change in fund balances	(181,102)	621	(12,619)	(27)	(2,588)	(2,172)	160,697	(6,976)	(44,166)
FUND BALANCES AT BEGINNING OF YEAR	1,552,865	117,264	50,099	637	320,182	287,849	240,129	16,421	2,585,446
FUND BALANCES AT END OF YEAR	\$ 1,371,763	\$ 117,885	\$ 37,480	\$ 610	\$ 317,594	\$ 285,677	\$ 400,826	\$ 9,445	\$ 2,541,280

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

FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Private Housing Loan Programs	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	New York City Tax Lien Trusts	Total Nonmajor Debt Service Funds
REVENUES:									
State aid	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 169,627	\$ —	\$ —	\$ 169,627
Investment income (loss)	(450)	680	741	—	13,122	3,837	3	1	17,934
Interest on mortgages, net	—	—	—	2,096	—	—	—	—	2,096
District improvement bonus revenue	—	—	—	—	—	—	4,635	—	4,635
Personal income tax	672,924	—	—	—	—	—	—	—	672,924
Tobacco settlement	—	68,007	—	—	—	—	—	—	68,007
Other revenues	—	—	—	600	—	—	—	—	600
Total revenues	672,474	68,687	741	2,696	13,122	173,464	4,638	1	935,823
EXPENDITURES:									
Education	—	—	1,936	—	—	—	—	—	1,936
Administrative and other	3,441	—	—	—	—	—	—	—	3,441
Debt Service:									
Interest	879,439	63,474	4,342	1,256	14,006	108,041	88,223	4,953	1,163,734
Redemptions	442,125	5,015	6,075	6,620	11,860	65,816	—	81,211	618,722
Total expenditures	1,325,005	68,489	12,353	7,876	25,866	173,857	88,223	86,164	1,787,833
Excess (deficiency) of revenues over expenditures	(652,531)	198	(11,612)	(5,180)	(12,744)	(393)	(83,585)	(86,163)	(852,010)
OTHER FINANCING SOURCES (USES):									
Transfer from General Fund	1,206,049	—	—	—	—	—	55,513	—	1,261,562
Transfers from Nonmajor Capital Projects Funds	210	—	12,095	—	—	—	30,495	—	42,800
Transfers from (to) Nonmajor Special Revenue Fund	(295)	—	22,662	—	(206)	—	—	80,495	102,656
Transfer from General Debt Service Fund	—	—	—	5,170	—	—	—	—	5,170
Principal amount of bonds issued	—	—	7,682	—	—	—	—	—	7,682
Bond premium	64,829	—	—	—	—	—	—	—	64,829
Issuance of refunding debt	649,425	—	—	—	—	—	—	—	649,425
Payments to refunded bond escrow holder	(795,042)	—	—	—	—	—	—	—	(795,042)
Total other financing sources (uses)	1,125,176	—	42,439	5,170	(206)	—	86,008	80,495	1,339,082
Net change in fund balances	472,645	198	30,827	(10)	(12,950)	(393)	2,423	(5,668)	487,072
FUND BALANCES AT BEGINNING OF YEAR	1,080,220	117,066	19,272	647	333,132	288,242	237,706	22,089	2,098,374
FUND BALANCES AT END OF YEAR	\$ 1,552,865	\$ 117,264	\$ 50,099	\$ 637	\$ 320,182	\$ 287,849	\$ 240,129	\$ 16,421	\$ 2,585,446

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

JUNE 30, 2012
(in thousands)

	NYCTL 2010-A TRUST	NYCTL 2011-A TRUST	Total New York City Tax Lien Trusts
ASSETS:			
Restricted investments	\$ —	\$ 9,445	\$ 9,445
Total assets	<u>\$ —</u>	<u>\$ 9,445</u>	<u>\$ 9,445</u>
LIABILITIES AND FUND BALANCES:			
Liabilities	\$ —	\$ —	\$ —
Fund balances:			
Spendable:			
Restricted			
Debt service	—	9,445	9,445
Total fund balances	—	<u>9,445</u>	<u>9,445</u>
Total liabilities and fund balances	<u>\$ —</u>	<u>\$ 9,445</u>	<u>\$ 9,445</u>

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

JUNE 30, 2011
(in thousands)

	NYCTL 2008-A TRUST	NYCTL 2009-A TRUST	NYCTL 2010-A TRUST	Total New York City Tax Lien Trusts
ASSETS:				
Restricted cash, investments and interest receivable	\$ —	\$ —	\$ 16,421	\$ 16,421
Total assets	\$ —	\$ —	\$ 16,421	\$ 16,421
LIABILITIES AND FUND BALANCES:				
Liabilities	\$ —	\$ —	\$ —	\$ —
Fund balances:				
Spendable:				
Restricted				
Debt service	—	—	16,421	16,421
Total fund balances	—	—	16,421	16,421
Total liabilities and fund balances	\$ —	\$ —	\$ 16,421	\$ 16,421

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

FOR THE YEAR ENDED JUNE 30, 2012

(in thousands)

	NYCTL 2010-A TRUST	NYCTL 2011-A TRUST	Total New York City Tax Lien Trusts
REVENUES:			
Investment income	\$ 1	\$ 1	\$ 2
Total revenues	<u>1</u>	<u>1</u>	<u>2</u>
EXPENDITURES:			
Debt Service:			
Interest	350	674	1,024
Redemptions	34,260	35,973	70,233
Total expenditures	<u>34,610</u>	<u>36,647</u>	<u>71,257</u>
Deficiency of revenues over expenditures ...	(34,609)	(36,646)	(71,255)
OTHER FINANCING SOURCES (USES):			
Transfers from (to) Nonmajor Special Revenue Fund ..	24,429	46,091	70,520
Transfer from (to) New York City Tax Lien Trusts ..	(6,241)	—	(6,241)
Total other financing sources	<u>18,188</u>	<u>46,091</u>	<u>64,279</u>
Net change in fund balances	(16,421)	9,445	(6,976)
FUND BALANCES AT BEGINNING OF YEAR	16,421	—	16,421
FUND BALANCES AT END OF YEAR	<u>\$ —</u>	<u>\$ 9,445</u>	<u>\$ 9,445</u>

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

FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

	NYCTL 2008-A TRUST	NYCTL 2009-A TRUST	NYCTL 2010-A TRUST	Total New York City Tax Lien Trusts
REVENUES:				
Investment income	\$ —	\$ 1	\$ —	\$ 1
Total revenues	—	1	—	1
EXPENDITURES:				
Debt Service:				
Interest	335	1,298	3,320	4,953
Redemptions	8,635	33,415	39,161	81,211
Total expenditures	8,970	34,713	42,481	86,164
Deficiency of revenues over expenditures ...	(8,970)	(34,712)	(42,481)	(86,163)
OTHER FINANCING SOURCES (USES):				
Transfers from (to) Nonmajor Special Revenue Fund ..	2,007	19,586	58,902	80,495
Total other financing sources	2,007	19,586	58,902	80,495
Net change in fund balances	(6,963)	(15,126)	16,421	(5,668)
FUND BALANCES AT BEGINNING OF YEAR	6,963	15,126	—	22,089
FUND BALANCES AT END OF YEAR	\$ —	\$ —	\$ 16,421	\$ 16,421

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

JUNE 30, 2012
(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Hudson Yards Development Corporation	New York City Tax Lien Trusts	Total Nonmajor Special Revenue Funds
ASSETS:									
Cash and cash equivalents	\$ 22,881	\$ 110	\$ 42,593	\$ 435	\$ 601	\$ 197	\$ 489	\$ 926	\$ 68,232
Investments, including accrued interest	—	474	—	—	—	16,365	—	—	16,839
Prepaid Items	—	168	102	—	138	151	2	—	561
Accounts receivable:									
Tobacco settlement revenue	—	46,324	—	—	—	—	—	—	46,324
Other receivable	—	—	—	—	—	—	—	285,059	285,059
Restricted cash, investments and interest receivable	—	—	—	—	—	—	—	12,890	12,890
Other	447	—	—	—	—	—	16	—	463
Total assets	\$ 23,328	\$ 47,076	\$ 42,695	\$ 435	\$ 739	\$ 16,713	\$ 507	\$ 298,875	\$ 430,368
LIABILITIES AND FUND BALANCES:									
Liabilities:									
Accounts payable and accrued liabilities	\$ 2,782	\$ 19	\$ —	\$ 18	\$ 27	\$ 28	\$ 120	\$ 5,427	\$ 8,421
Overage Due to Tax Payers	—	—	—	—	—	—	—	120	120
Deferred revenues	—	46,324	1,536	—	—	—	—	218,413	266,273
Total liabilities	2,782	46,343	1,536	18	27	28	120	223,960	274,814
Fund balances:									
Nonspendable:									
Prepaid Expenses	—	168	102	—	138	151	18	—	577
Spendable:									
Assigned									
Operations	20,546	565	41,057	417	574	169	369	74,915	138,612
Arbitrage Rebate Payment	—	—	—	—	—	16,365	—	—	16,365
Total fund balances	20,546	733	41,159	417	712	16,685	387	74,915	155,554
Total liabilities and fund balances	\$ 23,328	\$ 47,076	\$ 42,695	\$ 435	\$ 739	\$ 16,713	\$ 507	\$ 298,875	\$ 430,368

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

JUNE 30, 2011
(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Hudson Yards Development Corporation	New York City Tax Lien Trusts	Total Nonmajor Special Revenue Funds
ASSETS:									
Cash and cash equivalents	\$ 18,832	\$ 94	\$ 18,778	\$ 459	\$ 472	\$ 272	\$ 20	\$ 676	\$ 39,603
Investments, including accrued interest	—	499	11,990	—	—	24,964	—	—	37,453
Prepaid Items	—	168	110	—	138	151	3	—	570
Accounts receivable:									
Tobacco settlement revenue	—	48,828	—	—	—	—	—	—	48,828
Other receivable	—	—	—	—	—	—	1	197,320	197,321
Restricted cash investments and interest receivable	—	—	—	—	—	—	—	15,881	15,881
Other	320	—	—	—	—	—	—	—	320
Total assets	\$ 19,152	\$ 49,589	\$ 30,878	\$ 459	\$ 610	\$ 25,387	\$ 24	\$ 213,877	\$ 339,976
LIABILITIES AND FUND BALANCES:									
Liabilities:									
Accounts payable and accrued liabilities ..	\$ 2,729	\$ 26	\$ —	\$ 18	\$ 26	\$ 30	\$ 85	\$ 8,098	\$ 11,012
Deferred revenues	—	48,828	3,316	—	—	—	—	159,831	211,975
Total liabilities	2,729	48,854	3,316	18	26	30	85	167,929	222,987
Fund balances:									
Nonspendable:									
Prepaid Expenses	—	168	110	—	138	151	3	—	570
Spendable:									
Assigned									
Operations	16,423	567	27,452	441	446	242	—	45,948	91,519
Arbitrage Rebate Payment	—	—	—	—	—	24,964	—	—	24,964
Unassigned	—	—	—	—	—	—	(64)	—	(64)
Total fund balances	16,423	735	27,562	441	584	25,357	(61)	45,948	116,989
Total liabilities and fund balances	\$ 19,152	\$ 49,589	\$ 30,878	\$ 459	\$ 610	\$ 25,387	\$ 24	\$ 213,877	\$ 339,976

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

FOR THE YEAR ENDED JUNE 30, 2012
(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Fiscal Year 2005 Securitization	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Hudson Yards Development Corporation	New York City Tax Lien Trusts	Total Nonmajor Special Revenue Funds
REVENUES:									
Tax liens receivable from the									
City of New York	\$	—	\$	—	\$	—	\$	\$ 159,032	\$ 159,032
Investment income	6	5	—	—	—	31	16	70,055	70,113
Personal income tax revenues	25,279	—	—	—	—	—	—	—	25,279
Tobacco settlement	—	117,641	—	—	—	—	—	—	117,641
NYS Local Government Assistance									
Corporation Revenue	—	—	—	—	453	—	—	—	453
Rental income and tax equivalency payments	—	—	19,441	—	—	—	—	—	19,441
Other revenues	92,280	—	—	—	—	—	—	—	92,280
Total revenues	<u>117,565</u>	<u>117,646</u>	<u>19,441</u>	<u>—</u>	<u>453</u>	<u>31</u>	<u>16</u>	<u>229,087</u>	<u>484,239</u>
EXPENDITURES:									
Education	—	—	40	—	—	—	—	—	40
Administrative and other	21,344	482	1,265	124	325	9,519	1,978	205,585	240,622
Total expenditures	<u>21,344</u>	<u>482</u>	<u>1,305</u>	<u>124</u>	<u>325</u>	<u>9,519</u>	<u>1,978</u>	<u>205,585</u>	<u>240,662</u>
Excess (deficiency) of revenues over expenditures	96,221	117,164	18,136	(124)	128	(9,488)	(1,962)	23,502	243,577
OTHER FINANCING SOURCES (USES):									
Transfers from (to) General Fund	(92,280)	(117,166)	—	—	—	1,068	—	—	(208,378)
Transfers from Nonmajor Capital Projects Fund	96	—	—	—	—	—	2,410	—	2,506
Transfers from (to) Nonmajor Debt Service Fund	86	—	(4,539)	100	—	(252)	—	(70,520)	(75,125)
Transfer from New York City Tax Lien Trusts	—	—	—	—	—	—	—	6,241	6,241
Principal amount of bonds issued	—	—	—	—	—	—	—	69,748	69,748
Bond premium	—	—	—	—	—	—	—	(4)	(4)
Total other financing sources (uses)	<u>(92,098)</u>	<u>(117,166)</u>	<u>(4,539)</u>	<u>100</u>	<u>—</u>	<u>816</u>	<u>2,410</u>	<u>5,465</u>	<u>(205,012)</u>
Net change in fund balances	4,123	(2)	13,597	(24)	128	(8,672)	448	28,967	38,565
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	16,423	735	27,562	441	584	25,357	(61)	45,948	116,989
FUND BALANCES AT END OF YEAR	<u>\$ 20,546</u>	<u>\$ 733</u>	<u>\$ 41,159</u>	<u>\$ 417</u>	<u>\$ 712</u>	<u>\$ 16,685</u>	<u>\$ 387</u>	<u>\$ 74,915</u>	<u>\$ 155,554</u>

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

FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

	Transitional Finance Authority	TSASC, Inc	Educational Construction Fund	Fiscal Year 2005 Securitization	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Hudson Yards Development Corporation	New York City Tax Lien Trusts	Total Nonmajor Special Revenue Funds
REVENUES:									
Tax liens receivable from the City of									
New York	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 27,714	\$ 27,714
Investment income	4	5	42			118		61,890	62,059
Personal income tax revenues	22,120								22,120
Tobacco settlement		115,524							115,524
NYS Local Government Assistance									
Corporation Revenue					373				373
Rental income and tax equivalency payments			19,517						19,517
Other revenues	62,865		3,500					7,901	74,266
Total revenues	84,989	115,529	23,059		373	118		97,505	321,573
EXPENDITURES:									
Education			(653)						(653)
Administrative and other	18,005	719	3,532	130		838	2,009	104,742	130,299
Total expenditures	18,005	719	2,879	130		838	2,009	104,742	129,646
Excess (deficiency) of revenues over expenditures	66,984	114,810	20,180	(130)	49	(720)	(2,009)	(7,237)	191,927
OTHER FINANCING SOURCES (USES):									
Transfers from (to) General Fund	(62,865)	(114,890)				13,092			(164,663)
Transfer from Nonmajor Capital Projects Fund									
Transfers from (to) Nonmajor Debt Service Fund	25						1,928		1,953
Principal amount of bonds issued	295		(22,662)	206				(80,495)	(102,656)
Bond premium			1,843					73,428	75,271
Total other financing sources (uses)	(62,545)	(114,890)	(20,819)	206		13,092	1,928	(7)	(190,102)
Net change in fund balances	4,439	(80)	(639)	76	49	12,372	(81)	(14,311)	1,825
FUND BALANCES AT BEGINNING OF YEAR	11,984	815	28,201	365	535	12,985	20	60,259	115,164
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 16,423	\$ 735	\$ 27,562	\$ 441	\$ 584	\$ 25,357	\$ (61)	\$ 45,948	\$ 116,989

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

JUNE 30, 2012
(in thousands)

	NYCTL 1998-2 TRUST	NYCTL 2010-A TRUST	NYCTL 2011-A TRUST	NYCTL 2012-A TRUST	Total New York City Tax Lien Trusts
ASSETS:					
Cash and cash equivalents	\$ 552	\$ —	\$ 374	\$ —	\$ 926
Liens receivable	161,245	—	76,656	47,158	285,059
Restricted investments	12,890	—	—	—	12,890
Total assets	<u>\$ 174,687</u>	<u>\$ —</u>	<u>\$ 77,030</u>	<u>\$ 47,158</u>	<u>\$ 298,875</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,346	\$ —	\$ 1,081	\$ —	\$ 5,427
Overages due to taxpayers	100	—	20	—	120
Other	143,441	—	44,868	30,104	218,413
Total liabilities	<u>147,887</u>	<u>—</u>	<u>45,969</u>	<u>30,104</u>	<u>223,960</u>
Fund balances:					
Spendable:					
Assigned					
Operations	26,800	—	31,061	17,054	74,915
Total fund balances	<u>26,800</u>	<u>—</u>	<u>31,061</u>	<u>17,054</u>	<u>74,915</u>
Total liabilities and fund balances	<u>\$ 174,687</u>	<u>\$ —</u>	<u>\$ 77,030</u>	<u>\$ 47,158</u>	<u>\$ 298,875</u>

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

JUNE 30, 2011
(in thousands)

	NYCTL 1998-2 TRUST	NYCTL 2008-A TRUST	NYCTL 2009-A TRUST	NYCTL 2010-A TRUST	Total New York City Tax Lien Trusts
ASSETS:					
Cash and cash equivalents	\$ 204	\$ —	\$ —	\$ 472	\$ 676
Liens receivable	136,941	—	—	60,379	197,320
Restricted cash, investments and interest receivable ..	15,881	—	—	—	15,881
Total assets	<u>\$ 153,026</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 60,851</u>	<u>\$ 213,877</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,578	\$ —	\$ —	\$ 2,070	\$ 6,648
Overages Due to Taxpayers	511	—	—	197	708
Due to Bank of New York	742	—	—	—	742
Deferred revenues	120,930	—	—	38,901	159,831
Total liabilities	<u>126,761</u>	<u>—</u>	<u>—</u>	<u>41,168</u>	<u>167,929</u>
Fund balances:					
Spendable:					
Assigned					
Operations	26,265	—	—	19,683	45,948
Total fund balances	<u>26,265</u>	<u>—</u>	<u>—</u>	<u>19,683</u>	<u>45,948</u>
Total liabilities and fund balances	<u>\$ 153,026</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 60,851</u>	<u>\$ 213,877</u>

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

FOR THE YEAR ENDED JUNE 30, 2012

(in thousands)

	NYCTL 1998-2 TRUST	NYCTL 2010-A TRUST	NYCTL 2011-A TRUST	NYCTL 2012-A TRUST	Total New York City Tax Lien Trusts
REVENUES:					
Tax liens receivable from the City of New York	\$ —	\$ —	\$ 112,498	\$ 46,534	\$ 159,032
Investment income	48,947	9,039	11,396	673	70,055
Total revenues	<u>48,947</u>	<u>9,039</u>	<u>123,894</u>	<u>47,207</u>	<u>229,087</u>
EXPENDITURES:					
Administrative and other	57,777	1,169	116,486	30,153	205,585
Total expenditures	<u>57,777</u>	<u>1,169</u>	<u>116,486</u>	<u>30,153</u>	<u>205,585</u>
Excess (deficiency) of revenues over expenditures	(8,830)	7,870	7,408	17,054	23,502
OTHER FINANCING SOURCES (USES):					
Transfers from (to) Nonmajor Debt Service Fund	—	(24,429)	(46,091)	—	(70,520)
Transfer from (to) New York City Tax Lien Trusts	9,365	(3,124)	—	—	6,241
Principal amount of bonds issued	—	—	69,748	—	69,748
Bond premium	—	—	(4)	—	(4)
Total other financing sources (uses)	<u>9,365</u>	<u>(27,553)</u>	<u>23,653</u>	<u>—</u>	<u>5,465</u>
Net change in fund balances	535	(19,683)	31,061	17,054	28,967
FUND BALANCES AT BEGINNING OF YEAR	26,265	19,683	—	—	45,948
FUND BALANCES AT END OF YEAR	<u>\$ 26,800</u>	<u>\$ —</u>	<u>\$ 31,061</u>	<u>\$ 17,054</u>	<u>\$ 74,915</u>

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

FOR THE YEAR ENDED JUNE 30, 2011

(in thousands)

	NYCTL 1998-2 TRUST	NYCTL 2008-A TRUST	NYCTL 2009-A TRUST	NYCTL 2010-A TRUST	Total New York City Tax Lien Trusts
REVENUES:					
Tax liens receivable from the City of New York	\$ —	\$ —	\$ —	\$ 27,714	\$ 27,714
Investment income	30,712	7,649	10,033	13,496	61,890
Other revenues	—	1,470	6,431	—	7,901
Total revenues	<u>30,712</u>	<u>9,119</u>	<u>16,464</u>	<u>41,210</u>	<u>97,505</u>
EXPENDITURES:					
Administrative and other	33,861	1,279	1,347	68,255	104,742
Total expenditures	<u>33,861</u>	<u>1,279</u>	<u>1,347</u>	<u>68,255</u>	<u>104,742</u>
Excess (deficiency) of revenues over expenditures	(3,149)	7,840	15,117	(27,045)	(7,237)
OTHER FINANCING SOURCES (USES):					
Transfers from (to) Nonmajor Debt Service Fund . . .	—	(2,007)	(19,586)	(58,902)	(80,495)
Transfer of residual liability due from (to) Water Board	20,190	(8,704)	(11,486)	—	—
Transfer from (to) other New York City Tax Lien Trusts	2,221	(1,418)	(803)	—	—
Principal amount of bonds issued	—	—	—	73,428	73,428
Bond premium	—	—	—	(7)	(7)
Total other financing sources (uses)	<u>22,411</u>	<u>(12,129)</u>	<u>(31,875)</u>	<u>14,519</u>	<u>(7,074)</u>
Net change in fund balances	19,262	(4,289)	(16,758)	(12,526)	(14,311)
FUND BALANCES AT BEGINNING OF YEAR	7,003	4,289	16,758	32,209	60,259
FUND BALANCES AT END OF YEAR	<u>\$ 26,265</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 19,683</u>	<u>\$ 45,948</u>



Flatiron Building

The City of New York

**Comprehensive
Annual Financial Report
of the
Comptroller**

SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL INFORMATION —
FIDUCIARY FUNDS**

Part II-D

Fiscal Year Ended June 30, 2012



Chrysler Building

THE CITY OF NEW YORK
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012
(in thousands)

	Other Employee Benefit Trust Funds										Total
	Pension Trust Funds	Variable Supplements Funds	Deferred Compensation Plan December 31, 2011				NYCE IRA	401(a) Plan	The New York City Other		
			457 Plan	401(k) Plan	\$	7			Postemployment Benefits Plan	\$	
ASSETS:											
Cash and cash equivalents	\$ 152,489	\$ 12,178	\$ 12,738	\$ 2,357	\$ 7	\$ —	\$ —	\$ 716,907	\$ 896,676		
Receivables:											
Member loans	1,513,290	—	164,230	15,623	—	—	—	—	1,693,143		
Investment securities sold	2,359,568	55,100	—	—	—	—	—	—	2,414,668		
Accrued interest and dividends	491,293	4,285	—	—	—	—	—	2,229	497,807		
Other	—	314	—	—	—	—	—	279	593		
Investments:											
Other short-term investments	5,794,375	134,616	—	—	—	—	—	—	5,928,991		
Debt securities	28,747,846	342,942	—	—	—	—	—	1,836,486	30,927,274		
Equity securities	56,961,825	798,609	—	—	—	—	—	—	57,760,434		
Guaranteed investment contracts	—	—	3,774,133	485,599	74,428	1,765	—	—	4,335,925		
Mutual funds	22,198,385	225,208	5,561,401	627,323	40,457	9,559	—	—	28,662,333		
Collateral from securities lending transactions	9,855,842	125,134	—	—	—	—	—	—	9,980,976		
Due from Pension Funds	—	6,032	—	—	—	—	—	—	6,032		
Other	749,945	—	907	11	—	—	—	201	751,064		
Total assets	128,824,858	1,704,418	9,513,409	1,130,913	114,892	11,324	—	2,556,102	143,855,916		
LIABILITIES:											
Accounts payable and accrued liabilities	1,253,196	400	3,998	326	40	—	—	440,256	1,698,216		
Payable for investment securities purchased	6,049,737	99,082	—	—	—	—	—	—	6,148,819		
Accrued benefits payable	287,422	207,068	—	—	—	—	—	—	494,490		
Payments to VSFs	6,032	—	—	—	—	—	—	—	6,032		
Securities lending transactions	9,882,656	125,134	—	—	—	—	—	—	10,007,790		
Other	568	—	—	—	—	—	—	—	568		
Total liabilities	17,479,611	431,684	3,998	326	40	—	—	440,256	18,355,915		
NET ASSETS:											
Held in Trust for Benefit Payments	\$ 111,345,247	\$ 1,272,734	\$ 9,509,411	\$ 1,130,587	\$ 114,852	\$ 11,324	\$ 2,115,846	\$ 125,500,001			

THE CITY OF NEW YORK
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011
(in thousands)

	Pension Trust Funds	Other Employee Benefit Trust Funds						The New York City Other Postemployment Benefits Plan	Total
		Variable Supplements Funds	Deferred Compensation Plan December 31, 2010		NYCE IRA	401(a) Plan	401(k) Plan		
			457 Plan	401(k) Plan					
ASSETS:									
Cash and cash equivalents	\$ 29,506	\$ 11,078	\$ 11,554	\$ 2,146	\$ 46	\$ —	\$ 1,777,695	\$ 1,832,025	
Receivables:									
Member loans	1,484,350	—	149,546	12,812	—	—	—	1,646,708	
Investment securities sold	2,582,822	33,076	—	—	—	—	—	2,615,898	
Accrued interest and dividends	436,081	6,346	—	—	—	—	2,303	444,730	
Other	—	19	—	—	—	—	290	309	
Investments:									
Other short-term investments	9,101,533	106,288	—	—	—	—	—	9,207,821	
Debt securities	24,584,674	582,749	—	—	—	—	1,300,808	26,468,231	
Equity securities	58,163,825	1,006,037	—	—	—	—	—	59,169,862	
Guaranteed investment contracts	5,549	—	3,390,919	398,915	55,484	1,044	—	3,851,911	
Management investment contracts	41,898	—	—	—	—	—	—	41,898	
Mutual funds	23,622,649	263,424	5,705,033	587,087	31,883	6,717	—	30,216,793	
Collateral from securities lending transactions	9,632,947	181,669	—	—	—	—	—	9,814,616	
Due from Pension Funds	—	6,234	—	—	—	—	—	6,234	
Other	138,381	—	826	3	—	2	204	139,416	
Total assets	129,824,215	2,196,920	9,257,878	1,000,963	87,413	7,763	3,081,300	145,456,452	
LIABILITIES:									
Accounts payable and accrued liabilities	618,729	126	3,601	253	60	—	424,671	1,047,440	
Payable for investment securities purchased	8,222,765	130,930	—	—	—	—	25,045	8,378,740	
Accrued benefits payable	277,556	203,033	—	—	—	—	—	480,589	
Due to VSFs	6,234	—	—	—	—	—	—	6,234	
Securities lending transactions	9,659,762	181,669	—	—	—	—	—	9,841,431	
Other	416	—	—	—	—	—	—	416	
Total liabilities	18,785,462	515,758	3,601	253	60	—	449,716	19,754,850	
NET ASSETS:									
Held in Trust for Benefit Payments	\$111,038,753	\$1,681,162	\$ 9,254,277	\$1,000,710	\$ 87,353	\$ 7,763	\$ 2,631,584	\$125,701,602	

THE CITY OF NEW YORK
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012
(in thousands)

	Other Employee Benefit Trust Funds							The New York City Other Postemployment Benefits Plan	Total
	Pension Trust Funds	Variable Supplements Funds	Deferred Compensation Plan December 31, 2011			401(a) Plan	NYCE IRA		
			457 Plan	401(k) Plan	NYCE IRA				
ADDITIONS:									
Contributions:									
Member contributions	\$ 915,534	\$ —	\$ 548,341	\$ 151,979	\$ 30,820	\$ 3,619	\$ —	\$ 1,650,293	
Employer contributions	9,084,330	—	—	—	—	—	1,439,422	10,523,752	
Other employer contributions	59,185	—	—	—	—	—	—	59,185	
Total contributions	10,059,049	—	548,341	151,979	30,820	3,619	1,439,422	12,233,230	
Investment income:									
Interest income	1,575,153	18,465	144,811	16,969	2,488	45	11,749	1,769,680	
Dividend income	1,830,316	23,601	—	—	—	—	—	1,853,917	
Net depreciation in fair value of investments	(1,145,429)	(18,824)	(33,713)	(5,925)	(400)	(21)	—	(1,204,312)	
Investment expenses	(370,288)	(126)	(21,173)	(2,711)	(281)	(23)	—	(394,602)	
Investment income, net	1,889,752	23,116	89,925	8,333	1,807	1	11,749	2,024,683	
Securities lending transactions:									
Securities lending income	82,356	1,175	—	—	—	—	—	83,531	
Securities lending fees	(5,246)	(107)	—	—	—	—	—	(5,353)	
Net securities lending income	77,110	1,068	—	—	—	—	—	78,178	
Payments from other funds	—	12,441	—	—	—	—	—	12,441	
Other	48,838	—	46	5	1	—	—	48,890	
Total additions	12,074,749	36,625	638,312	160,317	32,628	3,620	1,451,171	14,397,422	
DEDUCTIONS:									
Benefit payments and withdrawals	11,492,780	445,053	371,806	29,255	5,041	58	1,966,613	14,310,606	
Payments to VSFs	12,441	—	—	—	—	—	—	12,441	
Other	146,672	—	—	—	—	—	—	146,672	
Administrative expenses	116,362	—	11,372	1,185	88	1	296	129,304	
Total deductions	11,768,255	445,053	383,178	30,440	5,129	59	1,966,909	14,599,023	
Increase (decrease) in plan net assets	306,494	(408,428)	255,134	129,877	27,499	3,561	(515,738)	(201,601)	
NET ASSETS:									
Held in Trust for Benefit Payments:									
Beginning of Year	111,038,753	1,681,162	9,254,277	1,000,710	87,353	7,763	2,631,584	125,701,602	
End of Year	\$111,345,247	\$1,272,734	\$ 9,509,411	\$ 1,130,587	\$114,852	\$ 11,324	\$ 2,115,846	\$125,500,001	

THE CITY OF NEW YORK
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

	Other Employee Benefit Trust Funds							Total
	Pension Trust Funds	Variable Supplements Funds	Deferred Compensation Plan December 31, 2010		401(a) Plan	The New York City Other Postemployment Benefits Plan	Total	
			457 Plan	401(k) Plan				
ADDITIONS:								
Contributions:								
Member contributions	\$ 905,329	\$ —	\$ 564,744	\$ 149,558	\$ 36,162	\$ 525	\$ —	\$ 1,656,318
Employer contributions	8,011,649	—	—	—	—	—	1,572,513	9,584,162
Other employer contributions	56,138	—	—	—	—	—	—	56,138
Total contributions	8,973,116	—	564,744	149,558	36,162	525	1,572,513	11,296,618
Investment income:								
Interest income	1,446,962	26,422	153,137	15,977	1,910	41	16,574	1,661,023
Dividend income	1,701,528	26,498	—	—	—	—	—	1,728,026
Net appreciation in fair value of investments	20,359,408	354,360	791,073	74,802	3,715	994	—	21,584,352
Investment expenses	(395,714)	(18)	(17,565)	(2,085)	(180)	(14)	—	(415,576)
Investment income, net	23,112,184	407,262	926,645	88,694	5,445	1,021	16,574	24,557,825
Securities lending transactions:								
Securities lending income	72,437	1,399	2,010	211	18	—	—	76,075
Securities lending fees	(10,817)	(229)	(84)	(9)	(1)	—	—	(11,140)
Unrealized income (loss) in fair value of securities lending collateral	—	—	(487)	1,195	93	12	—	813
Net securities lending income	61,620	1,170	1,439	1,397	110	12	—	65,748
Payments from other funds	—	12,357	—	—	—	—	—	12,357
Other	145,850	147	57	6	1	—	—	146,061
Total additions	32,292,770	420,936	1,492,885	239,655	41,718	1,558	1,589,087	36,078,609
DEDUCTIONS:								
Benefit payments and withdrawals	11,118,309	418,262	308,620	22,265	5,699	14	1,979,840	13,853,009
Payments to VSFs	12,357	—	—	—	—	—	—	12,357
Other	4,416	—	—	—	—	—	—	4,416
Administrative expenses	110,956	—	11,730	917	50	2	287	123,942
Total deductions	11,246,038	418,262	320,350	23,182	5,749	16	1,980,127	13,993,724
Increase (decrease) in plan net assets	21,046,732	2,674	1,172,535	216,473	35,969	1,542	(391,040)	22,084,885
NET ASSETS:								
Held in Trust for Benefit Payments:								
Beginning of Year	89,992,021	1,678,488	8,081,742	784,237	51,384	6,221	3,022,624	103,616,717
End of Year	\$111,038,753	\$1,681,162	\$ 9,254,277	\$1,000,710	\$ 87,353	\$ 7,763	\$ 2,631,584	\$125,701,602

THE CITY OF NEW YORK
PENSION TRUST FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
 JUNE 30, 2012
 (in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Fund	New York City Fire Pension Fund	Total
ASSETS:						
Cash and cash equivalents	\$ 65,452	\$ 117	\$ 231	\$ 23,142	\$ 63,547	\$ 152,489
Receivables:						
Member loans	988,072	198,699	37,092	257,077	32,350	1,513,290
Investment securities sold	682,472	792,459	57,468	642,412	184,757	2,359,568
Accrued interest and dividends	254,522	133,275	52	76,767	26,677	491,293
Investments:						
Other short-term investments	2,437,110	1,431,021	131,000	1,316,039	479,205	5,794,375
Debt securities	10,686,000	8,000,310	624,554	7,281,955	2,155,027	28,747,846
Equity securities	21,418,873	17,794,629	977,324	12,813,599	3,957,400	56,961,825
Mutual funds:						
Debt securities	1,214,839	1,222,520	65,057	745,519	242,127	3,490,062
Domestic—equity	469,813	—	—	143	93	470,049
International—equity	6,445,808	5,782,171	515,629	3,939,397	1,555,269	18,238,274
Collateral from securities lending transactions	3,694,102	3,009,895	198,990	2,222,853	730,002	9,855,842
Other	426,539	47,282	64,500	203,993	7,631	749,945
Total assets	<u>48,783,602</u>	<u>38,412,378</u>	<u>2,671,897</u>	<u>29,522,896</u>	<u>9,434,085</u>	<u>128,824,858</u>
LIABILITIES:						
Accounts payable and accrued liabilities	333,058	554,129	8,582	249,190	108,237	1,253,196
Payable for investment securities purchased	1,864,323	2,052,665	148,387	1,531,924	452,438	6,049,737
Accrued benefits payable	220,180	12,505	5,339	34,096	15,302	287,422
Due to VSFs	6,032	—	—	—	—	6,032
Securities lending transactions	3,704,105	3,018,318	198,990	2,227,812	733,431	9,882,656
Other	568	—	—	—	—	568
Total liabilities	<u>6,128,266</u>	<u>5,637,617</u>	<u>361,298</u>	<u>4,043,022</u>	<u>1,309,408</u>	<u>17,479,611</u>
NET ASSETS:						
Held in Trust for Pension Benefits . . .	<u>\$42,655,336</u>	<u>\$32,774,761</u>	<u>\$2,310,599</u>	<u>\$25,479,874</u>	<u>\$8,124,677</u>	<u>\$111,345,247</u>

THE CITY OF NEW YORK
PENSION TRUST FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
 JUNE 30, 2011
 (in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Fund	New York City Fire Pension Fund	Total
ASSETS:						
Cash and cash equivalents	\$ 6,001	\$ 91	\$ 9,966	\$ 11,117	\$ 2,331	\$ 29,506
Receivables:						
Member loans	967,533	180,913	34,168	267,045	34,691	1,484,350
Investment securities sold	772,253	985,004	47,431	619,673	158,461	2,582,822
Accrued interest and dividends	222,151	134,680	53	58,616	20,581	436,081
Investments:						
Other short-term investments	3,429,197	2,527,241	126,531	2,244,123	774,441	9,101,533
Debt securities	9,161,440	7,001,242	558,171	6,017,790	1,846,031	24,584,674
Equity securities	21,602,045	19,250,634	1,032,752	12,254,754	4,023,640	58,163,825
Guaranteed investment contracts . . .	—	5,549	—	—	—	5,549
Management investment contracts . .	—	41,898	—	—	—	41,898
Mutual funds:						
Domestic—equity	600,659	—	—	130,895	62,511	794,065
International—equity	7,229,340	5,568,802	606,351	4,525,533	1,383,278	19,313,304
Mortgages	269,388	170,994	10,595	135,584	46,143	632,704
Treasury inflation-protected securities	1,013,086	1,037,416	59,160	586,886	186,028	2,882,576
Collateral from securities lending transactions	3,367,048	3,067,615	213,327	2,238,008	746,949	9,632,947
Other	79,855	24,409	6,081	20,863	7,173	138,381
Total assets	<u>48,719,996</u>	<u>39,996,488</u>	<u>2,704,586</u>	<u>29,110,887</u>	<u>9,292,258</u>	<u>129,824,215</u>
LIABILITIES:						
Accounts payable and accrued liabilities	129,989	340,379	8,675	111,485	28,201	618,729
Payable for investment securities purchased	2,578,662	2,967,537	153,150	1,980,063	543,353	8,222,765
Accrued benefits payable	218,585	10,996	5,805	27,512	14,658	277,556
Due to VSFs	6,234	—	—	—	—	6,234
Securities lending transactions	3,377,051	3,076,039	213,327	2,242,967	750,378	9,659,762
Other	416	—	—	—	—	416
Total liabilities	<u>6,310,937</u>	<u>6,394,951</u>	<u>380,957</u>	<u>4,362,027</u>	<u>1,336,590</u>	<u>18,785,462</u>
NET ASSETS:						
Held in Trust for Pension Benefits . . .	<u>\$42,409,059</u>	<u>\$33,601,537</u>	<u>\$2,323,629</u>	<u>\$24,748,860</u>	<u>\$7,955,668</u>	<u>\$111,038,753</u>

**THE CITY OF NEW YORK
VARIABLE SUPPLEMENTS FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS**

JUNE 30, 2012
(in thousands)

	Police Officers' Variable Supplements Fund	Police Superior Officers' Variable Supplements Fund	Fire Fighters' Variable Supplements Fund	Fire Officers' Variable Supplements Fund	Transit Police Officers' Variable Supplements Fund	Transit Police Superior Officers' Variable Supplements Fund	Housing Police Officers' Variable Supplements Fund	Housing Police Superior Officers' Variable Supplements Fund	Correction Officers' Variable Supplements Fund	Total
ASSETS:										
Cash	\$ 295	\$ 263	\$ 10,674	\$ 512	\$ 15	\$ 23	\$ 30	\$ 141	\$ 225	\$ 12,178
Receivables:										
Investment securities sold ..	29,979	226	17,623	7,272	—	—	—	—	—	55,100
Accrued interest and dividends	1,279	586	1,498	918	—	—	—	—	4	4,285
Other	—	—	301	—	—	—	—	3	10	314
Investments:										
Other short-term investments	44,270	28,989	15,766	9,905	—	—	—	—	35,686	134,616
Debt securities	133,599	29,567	113,187	66,589	—	—	—	—	—	342,942
Equity securities	307,050	148,925	207,059	135,575	—	—	—	—	—	798,609
Mutual funds:										
Debt securities	—	—	10,086	6,398	—	—	—	—	—	16,484
International equity	81,131	20	75,636	51,937	—	—	—	—	—	208,724
Collateral from securities lending transactions	41,372	14,838	41,521	27,403	—	—	—	—	—	125,134
Due from Pension funds	—	—	—	—	2,072	1,554	1,119	1,287	—	6,032
Total assets	638,975	223,414	493,351	306,509	2,087	1,577	1,149	1,431	35,925	1,704,418
LIABILITIES:										
Accounts payable and accrued liabilities	8	9	—	383	—	—	—	—	—	400
Payable for investment securities purchased	52,807	485	32,526	13,264	—	—	—	—	—	99,082
Accrued benefits payable	69,552	99,435	21,953	9,884	2,087	1,577	1,149	1,431	—	207,068
Securities lending transactions ..	41,372	14,838	41,521	27,403	—	—	—	—	—	125,134
Total liabilities	163,739	114,767	96,000	50,934	2,087	1,577	1,149	1,431	—	431,684
NET ASSETS:										
Held in Trust for Supplemental Benefit Payments	\$ 475,236	\$ 108,647	\$ 397,351	\$ 255,575	\$ —	\$ —	\$ —	\$ —	\$ 35,925	\$ 1,272,734

**THE CITY OF NEW YORK
VARIABLE SUPPLEMENTS FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS**

JUNE 30, 2011
(in thousands)

	Police Officers' Variable Supplements Fund	Police Superior Officers' Variable Supplements Fund	Firefighters' Variable Supplements Fund	Fire Officers' Variable Supplements Fund	Transit Police Officers' Variable Supplements Fund	Transit Police Superior Officers' Variable Supplements Fund	Housing Police Officers' Variable Supplements Fund	Housing Police Superior Officers' Variable Supplements Fund	Correction Officers' Variable Supplements Fund	Total
ASSETS:										
Cash	\$ 6	\$ 1	\$ 10,543	\$ 220	\$ 3	\$ 13	\$ 39	\$ 28	\$ 225	\$ 11,078
Receivables:										
Investment securities sold	7,468	9,029	6,162	10,417	—	—	—	—	—	33,076
Accrued interest and dividends	2,134	1,637	1,619	953	—	—	—	—	3	6,346
Other	—	—	7	2	—	—	—	—	10	19
Investments:										
Other short-term investments	19,252	23,535	11,240	16,604	—	—	—	—	35,657	106,288
Debt securities	218,070	167,115	128,050	69,514	—	—	—	—	—	582,749
Equity securities	349,172	250,400	249,345	157,120	—	—	—	—	—	1,006,037
Mutual funds:										
International equity	115,449	39	72,522	46,665	—	—	—	—	—	234,675
Treasury inflation-protected securities	10,399	—	10,837	7,513	—	—	—	—	—	28,749
Collateral from securities lending transactions	66,363	41,940	46,129	27,237	—	—	—	—	—	181,669
Due from Pension funds	—	—	—	—	2,078	1,567	1,162	1,427	—	6,234
Total assets	788,313	493,696	536,454	336,245	2,081	1,580	1,201	1,455	35,895	2,196,920
LIABILITIES:										
Accounts payable and accrued liabilities	1	123	2	—	—	—	—	—	—	126
Payable for investment securities purchased	43,179	33,025	28,422	26,304	—	—	—	—	—	130,930
Accrued benefits payable	67,710	95,735	23,211	10,060	2,081	1,580	1,201	1,455	—	203,033
Securities lending transactions	66,363	41,940	46,129	27,237	—	—	—	—	—	181,669
Total liabilities	177,253	170,823	97,764	63,601	2,081	1,580	1,201	1,455	—	515,758
NET ASSETS:										
Held in Trust for Supplemental Benefit Payments	\$ 611,060	\$ 322,873	\$ 438,690	\$ 272,644	\$ —	\$ —	\$ —	\$ —	\$ 35,895	\$ 1,681,162

THE CITY OF NEW YORK
PENSION TRUST FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Fund	New York City Fire Pension Fund	Total
ADDITIONS:						
Contributions:						
Member contributions	\$ 403,641	\$ 164,361	\$ 32,866	\$ 216,172	\$ 98,494	\$ 915,534
Employer contributions	3,017,004	2,673,078	213,651	2,203,702	976,895	9,084,330
Other employer contributions	—	59,185	—	—	—	59,185
Total contributions	<u>3,420,645</u>	<u>2,896,624</u>	<u>246,517</u>	<u>2,419,874</u>	<u>1,075,389</u>	<u>10,059,049</u>
Investment income:						
Interest income	527,999	561,666	25,990	361,931	97,567	1,575,153
Dividend income	637,074	706,921	30,182	333,333	122,806	1,830,316
Net (depreciation) appreciation in fair value of investments	(481,678)	(385,387)	33,513	(212,957)	(98,920)	(1,145,429)
Investment expenses	(129,482)	(110,382)	(5,812)	(91,684)	(32,928)	(370,288)
Investment income, net	<u>553,913</u>	<u>772,818</u>	<u>83,873</u>	<u>390,623</u>	<u>88,525</u>	<u>1,889,752</u>
Securities lending transactions:						
Securities lending income	26,304	32,664	1,497	16,551	5,340	82,356
Securities lending fees	(1,324)	(2,475)	(28)	(1,102)	(317)	(5,246)
Net securities lending income	<u>24,980</u>	<u>30,189</u>	<u>1,469</u>	<u>15,449</u>	<u>5,023</u>	<u>77,110</u>
Other	4,772	853	—	5,552	37,661	48,838
Total additions	<u>4,004,310</u>	<u>3,700,484</u>	<u>331,859</u>	<u>2,831,498</u>	<u>1,206,598</u>	<u>12,074,749</u>
DEDUCTIONS:						
Benefit payments and withdrawals	3,689,230	4,487,547	194,507	2,083,907	1,037,589	11,492,780
Payments to VSFs	12,441	—	—	—	—	12,441
Other	4,977	—	141,695	—	—	146,672
Administrative expenses	51,385	39,713	8,687	16,577	—	116,362
Total deductions	<u>3,758,033</u>	<u>4,527,260</u>	<u>344,889</u>	<u>2,100,484</u>	<u>1,037,589</u>	<u>11,768,255</u>
Increase (decrease) in plan net assets	246,277	(826,776)	(13,030)	731,014	169,009	306,494
NET ASSETS:						
Held in Trust for Pension Benefits:						
Beginning of Year	42,409,059	33,601,537	2,323,629	24,748,860	7,955,668	111,038,753
End of Year	<u>\$42,655,336</u>	<u>\$32,774,761</u>	<u>\$2,310,599</u>	<u>\$25,479,874</u>	<u>\$8,124,677</u>	<u>\$111,345,247</u>

THE CITY OF NEW YORK
PENSION TRUST FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Fund	New York City Fire Pension Fund	Total
ADDITIONS:						
Contributions:						
Member contributions	\$ 413,740	\$ 158,829	\$ 31,008	\$ 206,859	\$ 94,893	\$ 905,329
Employer contributions	2,387,216	2,468,973	180,191	2,084,563	890,706	8,011,649
Other employer contributions	—	56,138	—	—	—	56,138
Total contributions	<u>2,800,956</u>	<u>2,683,940</u>	<u>211,199</u>	<u>2,291,422</u>	<u>985,599</u>	<u>8,973,116</u>
Investment income:						
Interest income	492,169	538,883	28,462	295,753	91,695	1,446,962
Dividend income	619,853	643,854	29,010	307,839	100,972	1,701,528
Net appreciation in fair value of investments	6,864,360	7,808,361	373,410	4,008,833	1,304,444	20,359,408
Investment expenses	(145,088)	(125,546)	(6,463)	(90,375)	(28,242)	(395,714)
Investment income, net	<u>7,831,294</u>	<u>8,865,552</u>	<u>424,419</u>	<u>4,522,050</u>	<u>1,468,869</u>	<u>23,112,184</u>
Securities lending transactions:						
Securities lending income	23,364	27,836	1,388	15,093	4,756	72,437
Securities lending fees	(3,202)	(4,719)	(117)	(2,046)	(733)	(10,817)
Net securities lending income	<u>20,162</u>	<u>23,117</u>	<u>1,271</u>	<u>13,047</u>	<u>4,023</u>	<u>61,620</u>
Other	4,707	737	95,958	2,561	41,887	145,850
Total additions	<u>10,657,119</u>	<u>11,573,346</u>	<u>732,847</u>	<u>6,829,080</u>	<u>2,500,378</u>	<u>32,292,770</u>
DEDUCTIONS:						
Benefit payments and withdrawals	3,568,707	4,330,670	186,265	2,049,193	983,474	11,118,309
Payments to VSFs	12,357	—	—	—	—	12,357
Other	4,416	—	—	—	—	4,416
Administrative expenses	46,374	39,549	8,892	16,141	—	110,956
Total deductions	<u>3,631,854</u>	<u>4,370,219</u>	<u>195,157</u>	<u>2,065,334</u>	<u>983,474</u>	<u>11,246,038</u>
Increase in plan net assets	7,025,265	7,203,127	537,690	4,763,746	1,516,904	21,046,732
NET ASSETS:						
Held in Trust for Pension Benefits:						
Beginning of Year	<u>35,383,794</u>	<u>26,398,410</u>	<u>1,785,939</u>	<u>19,985,114</u>	<u>6,438,764</u>	<u>89,992,021</u>
End of Year	<u>\$42,409,059</u>	<u>\$33,601,537</u>	<u>\$2,323,629</u>	<u>\$24,748,860</u>	<u>\$7,955,668</u>	<u>\$111,038,753</u>

THE CITY OF NEW YORK
VARIABLE SUPPLEMENTS FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2012
 (in thousands)

	Police Officers' Variable Supplements Fund	Police Superior Officers' Variable Supplements Fund	Firefighters' Variable Supplements Fund	Fire Officers' Variable Supplements Fund	Transit Police Officers' Variable Supplements Fund	Transit Police Superior Officers' Variable Supplements Fund	Housing Police Officers' Variable Supplements Fund	Housing Police Superior Officers' Variable Supplements Fund	Correction Officers' Variable Supplements Fund	Total
ADDITIONS:										
Investment income:										
Interest income	\$ 5,770	\$ 3,901	\$ 5,429	\$ 3,335	\$ —	\$ —	\$ —	\$ —	\$ 30	\$ 18,465
Dividend income	9,284	3,926	6,102	4,289	—	—	—	—	—	23,601
Net depreciation in fair value of investments	(8,446)	(2,911)	(4,566)	(2,901)	—	—	—	—	—	(18,824)
Investment expenses	(11)	(115)	—	—	—	—	—	—	—	(126)
Investment income, net	6,597	4,801	6,965	4,723	—	—	—	—	30	23,116
Securities lending transactions:										
Securities lending income	410	216	340	209	—	—	—	—	—	1,175
Securities lending fees.	(27)	(34)	(31)	(15)	—	—	—	—	—	(107)
Net securities lending income.	383	182	309	194	—	—	—	—	—	1,068
Payments from Pension Funds	—	—	—	—	4,160	3,157	2,257	2,867	—	12,441
Total additions	6,980	4,983	7,274	4,917	4,160	3,157	2,257	2,867	30	36,625
DEDUCTIONS:										
Benefit payments and withdrawals	142,804	219,209	48,613	21,986	4,160	3,157	2,257	2,867	—	445,053
Total deductions	142,804	219,209	48,613	21,986	4,160	3,157	2,257	2,867	—	445,053
Increase (decrease) in plan net assets	(135,824)	(214,226)	(41,339)	(17,069)	—	—	—	—	30	(408,428)
NET ASSETS:										
Held in Trust for Supplemental Benefit Payments:										
Beginning of Year	611,060	322,873	438,690	272,644	—	—	—	—	35,895	1,681,162
End of Year	\$ 475,236	\$ 108,647	\$ 397,351	\$ 255,575	\$ —	\$ —	\$ —	\$ —	\$ 35,925	\$ 1,272,734

THE CITY OF NEW YORK
VARIABLE SUPPLEMENTS FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011
 (in thousands)

	Police Officers' Variable Supplements Fund	Police Superior Officers' Variable Supplements Fund	Firefighters' Variable Supplements Fund	Fire Officers' Variable Supplements Fund	Transit Police Officers' Variable Supplements Fund	Transit Police Superior Officers' Variable Supplements Fund	Housing Police Officers' Variable Supplements Fund	Housing Police Superior Officers' Variable Supplements Fund	Correction Officers' Variable Supplements Fund	Total
ADDITIONS:										
Investment income:										
Interest income	\$ 9,552	\$ 7,368	\$ 6,114	\$ 3,331	\$ 4	\$ —	\$ —	\$ —	\$ 53	\$ 26,422
Dividend income	9,907	6,061	6,154	4,376	—	—	—	—	—	26,498
Net appreciation in fair value of investments	126,208	88,620	88,440	51,092	—	—	—	—	—	354,360
Investment expenses	—	(18)	—	—	—	—	—	—	—	(18)
Investment income, net	145,667	102,031	100,708	58,799	4	—	—	—	53	407,262
Securities lending transactions:										
Securities lending income	474	325	381	219	—	—	—	—	—	1,399
Securities lending fees	(56)	(68)	(67)	(38)	—	—	—	—	—	(229)
Net securities lending income	418	257	314	181	—	—	—	—	—	1,170
Payments from Pension Funds	—	—	—	—	3,998	3,158	2,323	2,878	—	12,357
Other	147	—	—	—	—	—	—	—	—	147
Total additions	146,232	102,288	101,022	58,980	4,002	3,158	2,323	2,878	53	420,936
DEDUCTIONS:										
Benefit payments and withdrawals	136,527	200,379	47,792	21,014	4,191	3,158	2,323	2,878	—	418,262
Total deductions	136,527	200,379	47,792	21,014	4,191	3,158	2,323	2,878	—	418,262
Increase (decrease) in plan net assets	9,705	(98,091)	53,230	37,966	(189)	—	—	—	53	2,674
NET ASSETS:										
Held in Trust for Supplemental Benefit Payments:										
Beginning of Year	601,355	420,964	385,460	234,678	189	—	—	—	35,842	1,678,488
End of Year	\$ 611,060	\$ 322,873	\$ 438,690	\$ 272,644	\$ —	\$ —	\$ —	\$ —	\$ 35,895	\$ 1,681,162

THE CITY OF NEW YORK
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2012
 (in thousands)

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS:				
Cash and investments	<u>\$1,991,565</u>	<u>\$1,083,242</u>	<u>\$ 978,814</u>	<u>\$ 2,095,993</u>
LIABILITIES:				
Other	<u>\$1,991,565</u>	<u>\$1,083,242</u>	<u>\$ 978,814</u>	<u>\$ 2,095,993</u>

THE CITY OF NEW YORK
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2011
 (in thousands)

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS:				
Cash and investments	\$1,643,767	\$1,283,687	\$ 935,889	\$ 1,991,565
LIABILITIES:				
Other	\$1,643,767	\$1,283,687	\$ 935,889	\$ 1,991,565



Times Square

The City of New York

**Comprehensive
Annual Financial Report
of the
Comptroller**

SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL INFORMATION —
COMPONENT UNITS**

Part II-E

Fiscal Year Ended June 30, 2012



Empire State Building

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

June 30, 2012
(in thousands)

	WTC Captive Insurance Company, Inc. December 31, 2011	Brooklyn Navy Yard Development Corporation	Industrial Development Agency	Energy Efficiency Corporation	The Trust for Governors Island	Brooklyn Bridge Park Corporation	Business Relocation Assistance Corporation	Build NYC Resource Corporation	New York City Capital Resource Corporation	Total
ASSETS:										
Cash and cash equivalents	\$ 32,675	\$ 9,491	\$ 15,532	\$ 1,038	\$ 2,802	\$ 15,867	\$ 606	\$ 619	\$ 604	\$ 79,234
Investments, including accrued interest	370,670	—	42,319	—	25	—	—	—	—	413,014
Lease receivables	—	—	1,700,410	—	—	—	—	—	—	1,700,410
Other receivables	—	17,379	102	454	7,652	177	—	—	—	25,764
Restricted cash and investments	384,793	36,190	138,966	31,837	14,883	32,891	—	—	—	639,560
Other	38	658	75,797	5	3	1	—	—	—	76,502
Capital assets:										
Land and construction work-in-progress	—	—	—	—	37,975	37,002	—	—	—	74,977
Buildings and equipment ..	—	365,613	—	—	9,562	37,895	—	—	—	413,070
Accumulated depreciation ..	—	(99,913)	—	—	(1,286)	(1,837)	—	—	—	(103,036)
Deferred outflows of resources ..	—	—	14,890	—	—	—	—	—	—	14,890
Total assets	788,176	329,418	1,988,016	33,334	71,616	121,996	606	619	604	3,334,385
LIABILITIES:										
Accounts payable and accrued liabilities	385,347	1,268	520	623	10,066	5,912	4	18	18	403,776
Unearned revenues	—	13,766	432	871	7,704	29,712	—	3	3	52,491
Other	—	2,215	87,781	1	—	—	—	4	—	90,001
Derivative instruments—interest rate swaps	—	—	14,890	—	—	—	—	—	—	14,890
Noncurrent Liabilities:										
Due within one year	—	—	21,922	—	196	13	—	—	—	22,131
Due in more than one year ..	402,829	60,000	1,805,197	—	—	—	—	—	—	2,268,026
Total liabilities	788,176	77,249	1,930,742	1,495	17,966	35,637	4	25	21	2,851,315
NET ASSETS:										
Invested in capital assets, net of related debt	—	205,700	—	—	46,251	73,060	—	—	—	325,011
Restricted for:										
Loans/security deposits	—	2,215	—	31,839	—	—	602	—	—	34,656
Unrestricted	—	44,254	57,274	—	7,399	13,299	—	594	583	123,403
Total net assets	—	\$ 252,169	\$ 57,274	\$ 31,839	\$ 53,650	\$ 86,359	\$ 602	\$ 594	\$ 583	\$ 483,070

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

June 30, 2011
(in thousands)

	WTC Captive Insurance Company, Inc. December 31, 2010	Brooklyn Navy Yard Development Corporation	Industrial Development Agency	Energy Efficiency Corporation	The Trust for Governors Island	Brooklyn Bridge Park Corporation	Business Relocation Assistance Corporation	New York City Capital Resource Corporation	Total
ASSETS:									
Cash and cash equivalents	\$ 26,693	\$ 5,244	\$ 34,425	\$ 175	\$ 1,874	\$ 11,486	\$ 816	\$ 688	\$ 81,401
Investments, including accrued interest	415,897	—	19,698	—	—	—	—	—	435,595
Lease receivables	—	—	1,705,667	—	—	—	—	—	1,705,667
Other receivables	—	19,080	299	18	105	180	—	2	19,684
Restricted cash and investments	625,539	41,681	140,861	14,000	9,983	22,762	—	—	854,826
Other	120	615	79,184	3	10	4	—	—	79,936
Capital assets:									
Land and construction work-in-progress	—	—	—	—	12,324	10,505	—	—	22,829
Buildings and equipment	—	328,403	—	—	9,382	23,334	—	—	361,119
Accumulated depreciation	—	(86,431)	—	—	(591)	(409)	—	—	(87,431)
Deferred outflows of resources	—	—	6,660	—	—	—	—	—	6,660
Total assets	1,068,249	308,592	1,986,794	14,196	33,087	67,862	816	690	3,480,286
LIABILITIES:									
Accounts payable and accrued liabilities	625,793	1,438	3,280	195	3,383	4,737	72	14	638,912
Unearned revenues	—	13,426	481	—	173	19,397	—	2	33,479
Other	—	2,181	75,658	1	—	—	—	—	77,840
Derivative instruments—interest rate swaps	—	—	6,660	—	—	—	—	—	6,660
Noncurrent Liabilities:									
Due within one year	—	—	20,273	—	168	6	—	—	20,447
Due in more than one year	442,456	59,500	1,829,804	—	—	—	—	—	2,331,760
Total liabilities	1,068,249	76,545	1,936,156	196	3,724	24,140	72	16	3,109,098
NET ASSETS:									
Invested in capital assets, net of related debt	—	182,472	—	—	21,116	33,430	—	—	237,018
Restricted for:									
Capital projects	—	—	—	—	6,926	131	—	—	7,057
Loans/security deposits	—	2,181	—	14,000	—	—	744	—	16,925
Unrestricted	—	47,394	50,638	—	1,321	10,161	—	674	110,188
Total net assets	\$ —	\$ 232,047	\$ 50,638	\$ 14,000	\$ 29,363	\$ 43,722	\$ 744	\$ 674	\$ 371,188

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

FOR THE YEAR ENDED JUNE 30, 2012
(in thousands)

	WTC Captive Insurance Company, Inc. December 31, 2011	Brooklyn Navy Yard Development Corporation	Industrial Development Agency	Energy Efficiency Corporation	The Trust for Governors Island	Brooklyn Bridge Park Corporation	Business Relocation Assistance Corporation	Build NYC Resource Corporation	New York City Capital Resource Corporation	Total
EXPENSES	\$ (27,919)	\$ 38,710	\$ 118,210	\$ 1,692	\$ 13,771	\$ 5,576	\$ 142	\$ 21	\$ 98	\$ 150,301
PROGRAM REVENUES:										
Charges for services	—	31,311	15,057	—	1,468	7,626	—	615	7	56,084
Operating grants and contributions	—	674	—	—	12,305	—	—	—	—	12,979
Capital grants, contributions and other	—	26,819	—	19,531	24,207	40,504	—	—	—	111,061
Total program revenues	—	58,804	15,057	19,531	37,980	48,130	—	615	7	180,124
Net (expenses) program revenues	27,919	20,094	(103,153)	17,839	24,209	42,554	(142)	594	(91)	29,823
GENERAL REVENUES:										
Investment income	(27,919)	28	139	—	24	31	—	—	—	(27,697)
Other	—	—	109,650	—	54	52	—	—	—	109,756
General revenues, net	(27,919)	28	109,789	—	78	83	—	—	—	82,059
Change in net assets	—	20,122	6,636	17,839	24,287	42,637	(142)	594	(91)	111,882
Net assets—beginning	—	232,047	50,638	14,000	29,363	43,722	744	—	674	371,188
Net assets—ending	\$ —	\$ 252,169	\$ 57,274	\$ 31,839	\$ 53,650	\$ 86,359	\$ 602	\$ 594	\$ 583	\$ 483,070

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

FOR THE YEAR ENDED JUNE 30, 2011
(in thousands)

	WTC Captive Insurance Company, Inc. December 31, 2010	Brooklyn Navy Yard Development Corporation	Industrial Development Agency	Energy Efficiency Corporation	The Trust for Governors Island	Brooklyn Bridge Park Corporation	Business Relocation Assistance Corporation	New York City Capital Resource Corporation	Total
EXPENSES	\$ 5,990	\$ 37,107	\$ 116,514	\$ 254	\$ 14,571	\$ 3,760	\$ 136	\$ 115	\$178,447
PROGRAM REVENUES:									
Charges for services	—	29,708	21,340	—	1,770	4,857	—	459	58,134
Operating grants and contributions	—	—	—	—	13,522	8,845	—	—	22,367
Capital grants, contributions and other	—	33,933	—	14,254	23,080	33,748	—	—	105,015
Total program revenues	—	63,641	21,340	14,254	38,372	47,450	—	459	185,516
Net (expenses) program revenues	(5,990)	26,534	(95,174)	14,000	23,801	43,690	(136)	344	7,069
GENERAL REVENUES:									
Investment income	5,990	49	349	—	30	31	1	—	6,450
Other	—	—	105,965	—	5,532	1	—	—	111,498
General revenues, net	5,990	49	106,314	—	5,562	32	1	—	117,948
Change in net assets	—	26,583	11,140	14,000	29,363	43,722	(135)	344	125,017
Net assets—beginning	—	205,464	39,498	—	—	—	879	330	246,171
Net assets—ending	\$ —	\$ 232,047	\$ 50,638	\$ 14,000	\$ 29,363	\$ 43,722	\$ 744	\$ 674	\$371,188



Lincoln Center

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

The People of The City of New York:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major governmental fund, and the aggregate remaining governmental fund information of The City of New York ("The City") as of and for the year ended June 30, 2012, which collectively comprise The City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of The City's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents, and have issued our report thereon dated October 26, 2012, which includes an explanatory paragraph related to the implementation of new accounting standards. We did not audit the financial statements of those entities disclosed in Note E.1 which represent 23 percent and 18 percent, as of and for the year ended June 30, 2012, of the assets and revenues of the government-wide financial statements, 9 percent and 4 percent, as of and for the year ended June 30, 2012, of the assets and revenues of the fund financial statements, 7 percent and 9 percent, as of and for the year ended June 30, 2012, of the assets and net assets held in trust of the fiduciary fund financial statements, and 50 percent and 78 percent, as of and for the year ended June 30, 2012, of the assets and revenues of the component unit financial statements of The City. Those financial statements were audited by other auditors whose reports thereon 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 other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Pension Trust Funds, and Variable Supplements Funds, which were audited by us; and the financial statements of the New York City School Construction Authority, which was audited by other auditors, are audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards* and, accordingly, are not covered by our reports in accordance with *Government Auditing Standards*. Our consideration of compliance and the internal control over financial reporting, presented herein, did not extend to the entities disclosed in Note E.1 to the basic financial statements.

Internal Control over Financial Reporting

Management of The City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered The City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The City's internal control over financial reporting.

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

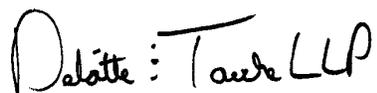
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to the Audit Committee and management of The City in a separate letter dated October 26, 2012.

This report is intended solely for the information and use of The City and its Audit Committee, management, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

October 26, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The People of The City of New York:

Compliance

We have audited The City of New York's ("The City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of The City's management. Our responsibility is to express an opinion on The City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The City's compliance with those requirements.

In our opinion, The City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02, 2012-03, 2012-04, 2012-05, 2012-06, 2012-07, 2012-08, 2012-09, 2012-10, 2012-11, 2012-12, 2012-13, 2012-14, 2012-15, 2012-16, and 2012-17.

Internal Control over Compliance

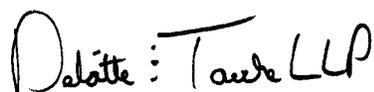
Management of The City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered The City's internal control over compliance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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-02, 2012-03, 2012-06, 2012-08, 2012-12 and 2012-16. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit The City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of The City and its Audit Committee, management, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte : Touche LLP

October 26, 2012

THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. Department of Agriculture				
<i>Food Stamp Cluster:</i>				
State Administrative Matching Grants for the				
Supplemental Nutrition Assistance Program	10.561	NYS OTDA	\$ 250,836	\$ -
	10.561	NYS DOH	1,650	
	10.561	NYS DFA	1,083	
			253,569	-
Total Food Stamp Cluster				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	NYS ED	63,226	
National School Lunch Program	10.555	NYS ED	275,145	
Summer Food Service Program for Children	10.559	NYS ED	21,292	
			359,663	-
Total Child Nutrition Cluster				
Special Supplemental Nutrition Program				
for Women, Infants, and Children	10.557	NYS DOH	19,042	81,268
Child and Adult Care Food Program	10.558	NYS DOH	6,967	
	10.558	NYS ED	24,559	
Commodity Supplemental Food Program	10.565	NYS DOH	2,756	
	10.565	NYS ED		28,598
Child Nutrition Discretionary Grants Limited Availability	10.579	NYS ED	374	
Fresh Fruit and Vegetable Program	10.582	NYS ED	4,101	
Cooperative Forestry Assistance	10.664	Direct Federal	1,384	
Urban and Community Forestry Program	10.675	Columbia Univ.	1	
			672,416	\$109,866
Total U.S. Department of Agriculture				
U.S. Department of Commerce				
Investments for Public Works and Economic Development Facilities	11.300	EDA	\$ 200	\$ -
Special Oceanic and Atmospheric Projects	11.460	Direct Federal	50	
Public Safety Interoperable Communications Grant Program	11.555	NYS DHSES	23,227	
ARRA - Broadband Technology Opportunities Program (BTOP)	11.557	Direct Federal	21,358	
			44,835	-
Total U.S. Department of Commerce				
U.S. Department of Defense				
Procurement Technical Assistance for Business Firms	12.002	Direct Federal	\$ 300	\$ -
Community Economic Adjustment Assistance for Establishment,				
Expansion, Realignment, or Closure of a Military Installation	12.607	NYC SBS	52	
	12.607	Direct Federal	73	
Language Grant Program	12.900	Direct Federal	83	
			508	-
Total U.S. Department of Defense				
U.S. Department of Housing and Urban Development				
Rent Supplement - Rental Housing for Lower Income Families	14.149	Direct Federal	\$ 880	\$ -
Multifamily Property Disposition	14.199	Direct Federal	627	
<i>Section 8 Project-Based Cluster:</i>				
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	Direct Federal	17,753	
Lower Income Housing Assistance Program - Section 8				
Moderate Rehabilitation	14.856	Direct Federal	28,574	
			46,327	-
Total Section 8 Project-Based Cluster				

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
<i>CDBG Entitlement and Small Cities Cluster:</i>				
Community Development Block Grants/Entitlement Grants	14.218	Direct Federal	\$ 232,410	\$ -
ARRA - Community Development Block Grants/Entitlement Grants, Recovery Act Funded	14.253	Direct Federal	<u>3,515</u>	<u> </u>
Total CDBG Entitlement and Small Cities Cluster			<u>235,925</u>	<u>-</u>
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	LMDC	47,175	
Emergency Shelter Grants Program	14.231	Direct Federal	7,930	
Supportive Housing Program	14.235	Direct Federal	1,274	
Shelter Plus Care	14.238	Direct Federal	23,798	
HOME Investment Partnerships Program	14.239	Direct Federal	132,270	
Housing Opportunities for Persons with AIDS	14.241	Direct Federal	56,945	
Economic Development Initiative - Special Projects	14.251	Direct Federal	432	
ARRA - Neighborhood Stabilization Program, Recovery Act	14.256	Direct Federal	15,662	
ARRA - Homelessness Prevention and Rapid Re-Housing Program, Recovery Act	14.257	Direct Federal	20,011	
Fair Housing Initiatives Program	14.408	Direct Federal	84	
Transformation Initiative Research Grants	14.524	Direct Federal	56	
Sustainable Communities Regional Planning Grant Program	14.703	Direct Federal	350	
Section 8 Housing Choice Vouchers	14.871	Direct Federal	394,805	
Lead Hazard Reduction Demonstration Grant Program	14.905	Direct Federal	<u>1,022</u>	<u> </u>
Total U.S. Department of Housing and Urban Development			<u>\$ 985,573</u>	<u>\$ -</u>
U.S. Department of the Interior				
Fish and Wildlife Management Assistance	15.608	NFWF	\$ 75	\$ -
North American Wetlands Conservation Fund	15.623	Direct Federal	<u>19</u>	<u> </u>
Total U.S. Department of the Interior			<u>\$ 94</u>	<u>\$ -</u>
U.S. Department of Justice				
Law Enforcement Assistance - Narcotics and Dangerous - Drugs Training	16.004	Direct Federal	\$ 4,420	\$ -
Education and Enforcement of the Antidiscrimination Provision of the Immigration and Nationality Act	16.110	Direct Federal	26	
Law Enforcement Assistance - National Crime Information Center	16.304	Direct Federal	11	
Services for Trafficking Victims	16.320	Direct Federal	5	
Juvenile Accountability Block Grants	16.523	NYS DCJS	765	
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	NYS DCJS	176	
Missing Children's Assistance	16.543	Direct Federal	742	
Title V - Delinquency Prevention Program	16.548	Direct Federal	39	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	Direct Federal	1,885	
Crime Victim Assistance	16.575	NYS OVS	807	
Federal Surplus Property Transfer Program	16.578	Direct Federal	52	
Edward Byrne Memorial Formula Grant Program	16.579	Direct Federal	345	
	16.579	NYS DCJS	759	

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012 (In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	NYS DCJS	\$ 83	\$ -
ARRA - Violence Against Women Formula Grants	16.588	NYS DCJS	239	
Violence Against Women Formula Grants	16.588	Direct Federal	561	
	16.588	NYS DCJS	312	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	Direct Federal	1,209	
	16.590	NYS DCJS	66	
Residential Substance Abuse Treatment for State Prisoners	16.593	NYS DCJS	105	
	16.593	NYC DoHMH	70	
Community Capacity Development Office	16.595	Direct Federal	38	
State Criminal Alien Assistance Program	16.606	Direct Federal	7,165	
Bulletproof Vest Partnership Program	16.607	Direct Federal	1,289	
Community Prosecution and Project Safe Neighborhoods	16.609	Direct Federal	36	
Public Safety Partnership and Community Policing Grants	16.710	Direct Federal	524	
Gang Resistance Education and Training	16.737	Direct Federal	37	
<i>Edward Byrne Memorial Justice Assistance Grant Program Cluster:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct Federal	7,384	
	16.738	NYS DCJS	1,755	
ARRA - Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants to State and Territories	16.803	NYS DCJS	10	
ARRA - Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants To Units of Local Government	16.804	Direct Federal	4,935	
	16.804	NYC SBS	66	
Total Edward Byrne Memorial Justice Assistance Grant Program Cluster			14,150	-
Forensic DNA Backlog Reduction Program	16.741	Direct Federal	1,234	
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Direct Federal	340	
Economic High-Tech and Cyber Crime Prevention	16.752	Direct Federal	323	
	16.752	NYS DCJS	94	
ARRA- Recovery Act-Edward Byrne Memorial Competitive Grant Program	16.808	Direct Federal	1,951	
Second Chance Act Prisoner Reentry Initiative	16.812	Direct Federal	747	
	16.812	NYS DCJS	107	
Northern Border Prosecution Initiative Program	16.814	Direct Federal	533	
Equitable Sharing Program	16.922	Direct Federal	6,673	
Total U.S. Department of Justice			\$ 47,918	\$ -
U. S. Department of Labor				
Senior Community Service Employment Program	17.235	NYS OFA	\$ 4,414	\$ -
	17.235	NCOA	1,208	
Trade Adjustment Assistance	17.245	NYS DOL	1,044	

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012 (In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
<i>WIA Cluster:</i>				
WIA Adult Program	17.258	NYS DOL	\$ 19,853	\$ -
	17.258	NYC HRA	2,475	
WIA Youth Activities	17.259	NYS DOL	31,831	
ARRA - WIA Dislocated Workers Formula Grants	17.278	NYS DOL	98	
WIA Dislocated Workers Formula Grants	17.278	NYS DOL	13,285	
Total WIA Cluster			<u>67,542</u>	<u>-</u>
Total U.S. Department of Labor			<u>\$ 74,208</u>	<u>\$ -</u>
U.S. Department of State				
Professional and Cultural Exchange Programs	19.012	Direct Federal	\$ 22,983	\$ -
Cultural Technical and Educational Centers	19.015	Direct Federal	1,134	
Total U.S. Department of State			<u>\$ 24,117</u>	<u>\$ -</u>
U.S. Department of Transportation				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	NYS DOT	\$ 274,598	\$ -
	20.205	NYC DOT	7,776	
	20.205	Direct Federal	25,267	
ARRA - Highway Planning and Construction	20.205	NYS DOT	2,598	
Total Highway Planning and Construction Cluster			<u>310,239</u>	<u>-</u>
<i>Federal Transit Cluster:</i>				
Federal Transit - Capital Investment Grants	20.500	Direct Federal	5,214	
	20.500	NYC DOT	10,390	
Federal Transit - Formula Grants	20.507	Direct Federal	11,846	
	20.507	NYMTC	3,482	
ARRA - Federal Transit - Formula Grants	20.507	Direct Federal	53,358	
Total Federal Transit Cluster			<u>84,290</u>	<u>-</u>
Federal Transit Administration - Metropolitan Transportation Planning	20.505	NYS DOT	5,765	
	20.505	Direct Federal	2,341	
<i>Transit Services Programs Cluster:</i>				
Federal Transit Administration - Job Access - Reverse Commute	20.516	Direct Federal	6	
Federal Transit Administration - New Freedom Program	20.521	Direct Federal	564	
Total Transit Services Programs Cluster			<u>570</u>	<u>-</u>
Alternatives Analysis	20.522	Direct Federal	466	
State and Community Highway Safety	20.600	NYS DMV	748	
National Infrastructure Investments	20.933	NYS DOT	702	
Total U.S. Department of Transportation			<u>\$ 405,121</u>	<u>\$ -</u>
U.S. Treasury				
Equitable Sharing Program - Treasury	21.unknown	Direct Federal	\$ 1,861	\$ -
Total U.S. Treasury			<u>\$ 1,861</u>	<u>\$ -</u>
U.S. Equal Employment Opportunity Commission				
Employment Discrimination - State and Local				
Fair Employment Practices Agency Contracts	30.002	Direct Federal	\$ 93	\$ -
Total U.S. Equal Employment Opportunity Commission			<u>\$ 93</u>	<u>\$ -</u>
U.S. National Endowment for the Arts				
Promotion of the Arts - Grants to Organizations and Individuals	45.024	Direct Federal	\$ 113	\$ -
Total U.S. National Endowment for the Arts			<u>\$ 113</u>	<u>\$ -</u>

CFDA * = Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded.
See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012 (In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. National Endowment for the Humanities				
Promotion of the Humanities - Division of Preservation and Access	45.149	Direct Federal	\$ 214	\$ -
Total U.S. National Endowment for the Humanities			\$ 214	\$ -
U.S. National Science Foundation				
Biological Sciences	47.074	UMD	\$ 15	\$ -
Total U.S. National Science Foundation			\$ 15	\$ -
U.S. Institute of Museum and Library Services				
Grants to States	45.310	NYS ED	\$ 25	\$ -
Total U.S. Institute of Museum and Library Services			\$ 25	\$ -
U.S. Department of Veterans Affairs				
VA Homeless Providers Grants and Per Diem Program	64.024	Direct Federal	\$ 4,333	\$ -
Total U.S. Department of Veterans Affairs			\$ 4,333	\$ -
U.S. Environmental Protection Agency				
Congressionally Mandated Projects	66.202	Direct Federal	\$ 25	\$ -
Long Island Sound Program	66.437	NFWF	44	
ARRA - Capitalization Grants For Clean Water State Revolving Fund	66.458	NYS EFC	81,275	
Beach Monitoring and Notification Program Implementation Grants	66.472	NYS BCHFP	50	
Water Security Training and Technical Assistance	66.478	Direct Federal	3,370	
Brownfield Training, Research and Technical Assistance				
Grants and Cooperative Agreements	66.814	NYC SBS	54	
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	Direct Federal	24	
Total U.S. Environmental Protection Agency			\$ 84,842	\$ -
U.S. Department of Energy				
ARRA - State Energy Program	81.041	NYS ERDA	\$ 10,223	\$ -
Office of Scientific and Technical Information	81.064	NYS DOT	19	
ARRA - Renewable Energy Research and Development	81.087	Direct Federal	657	
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	NYC SBS	283	
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	Direct Federal	190	
ARRA - Energy Efficiency and Conservation Block Grant (EECBG)	81.128	Direct Federal	43,201	
ARRA - Energy Efficiency and Conservation Block Grant (EECBG)	81.128	NYC SBS	2,083	
Total U.S. Department of Energy			\$ 56,656	\$ -
U.S. Department of Education				
Title I Grants to Local Educational Agencies	84.010	NYS ED	\$ 833,942	\$ -
Reserve Officers Training Corps.	84.unknown	Direct Federal	2,695	
<i>Special Education Cluster:</i>				
Special Education Grants to States	84.027	NYS ED	269,763	
Special Education - Preschool Grants	84.173	NYS ED	6,534	
ARRA - Special Education Grants to States, Recovery Act	84.391	NYS ED	10,821	
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	NYS ED	1,927	
Total Special Education Cluster			289,045	-
Adult Education - Basic Grants to States	84.002	NYS ED	3,594	
Impact Aid	84.041	NYS ED	5,000	
TRIO - Student Support Services	84.042	CUNY	1,101	

CFDA * = Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded.
See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

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THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012 (In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Career and Technical Education - Basic Grants to States	84.048	NYS ED	\$ 17,087	\$ -
Magnet Schools Assistance	84.165	NYS ED	13,314	
Safe and Drug-Free Schools and Communities - State Grants	84.186	NYS ED	2,507	
<i>Education of Homeless Children and Youth Cluster:</i>				
Education for Homeless Children and Youth	84.196	NYS ED	1,000	
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	NYS ED	250	
<i>Total Education of Homeless Children and Youth Cluster:</i>			1,250	-
Even Start - State Educational Agencies	84.213	NYS ED	235	
Fund for the Improvement of Education	84.215	Direct Federal	10,124	
Twenty-First Century Community Learning Centers	84.287	NYS ED	22,061	
<i>Education Technology State Grants Cluster:</i>				
Education Technology State Grants	84.318	NYS ED	5,021	
ARRA - Education Technology State Grants, Recovery Act	84.386	NYS ED	16,537	
<i>Total Education Technology State Grants Cluster</i>			21,558	-
Advanced Placement Program (AP Test Fee: AP Incentive Program Grants)	84.330	Direct Federal	292	
Arts in Education	84.351	Direct Federal	1,182	
Voluntary Public School Choice	84.361	Direct Federal	2,964	
School Leadership	84.363	Direct Federal	855	
English Language Acquisition Grants	84.365	NYS ED	35,907	
Mathematics and Science Partnerships	84.366	NYS ED	6,192	
Striving Readers	84.371	Direct Federal	229	
ARRA - Teachers Incentive Fund, Recovery Act	84.385	NYS ED	120	
Improving Teacher Quality State Grants	84.367	NYS ED	107,690	
ARRA - School Improvement Grant, Recovery Act	84.388	NYS ED	19,649	
<i>Early Intervention Services Cluster:</i>				
Special Education - Grants for Infants and Families	84.181	NYS DOH	4,815	
ARRA - Special Education - Grants for Infants and Families, Recovery	84.393	NYS DOH	2,094	
<i>Total Early Intervention Services Cluster</i>			6,909	-
ARRA - Race to the Top Incentive	84.395	NYS ED	62,295	
ARRA - State Fiscal Stabilization Fund (SFSF) - Investing in Innovation Fund, Recovery Act	84.396	NYS ED	2,446	
Investing in Innovation (I3) Fund	84.411	Direct Federal	14	
<i>Total U.S. Department of Education</i>			\$ 1,470,257	\$ -
U.S. Department of Health and Human Services				
Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042	NYS OFA	\$ 237	\$ -
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	NYS OFA	586	
<i>Aging Cluster:</i>				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	NYS OFA	9,099	
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	NYS OFA	18,327	
Nutrition Services Incentive Program	93.053	NYS OFA	7,882	
<i>Total Aging Cluster</i>			35,308	-
Public Health and Social Services Emergency Fund	93.003	Direct Federal	1,253	
Special Programs for the Aging - Title IV-and Title II-Discretionary Projects	93.048	NYS OFA	68	
	93.048	Direct Federal	300	
National Family Caregiver Support Title III, Part E	93.052	NYS OFA	3,898	
Public Health Emergency Preparedness	93.069	Direct Federal	14,125	

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See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

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THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Environmental Public Health and Emergency Responses	93.070	Direct Federal	\$ 64	\$ -
Medicare Enrollment Assistance Program	93.071	NYS OFA	236	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Direct Federal	8,095	
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	NYS DOH	356	
Grants to Increase Organ Donations	93.134	Direct Federal	519	
Injury Prevention and Control Research, State and Community Based Program	93.136	NYS DOH	32	
AIDS Education and Training Centers	93.145	AIHA	50	
Projects for Assistance in Transition from Homelessness (PATH)	93.150	NYS OMH	2,513	
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	Direct Federal	1,314	
Nursing Workforce Diversity	93.178	Direct Federal	636	
Research and Training in Complementary and Alternative Medicine	93.213	Direct Federal	8	
Family Planning - Services	93.217	NYS DOH	647	
Research on Healthcare Costs, Quality and Outcomes	93.226	Direct Federal	413	
Mental Health Research Grants	93.242	Direct Federal	141	
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	Direct Federal	1,334	
Poison Control Stabilization and Enhancement Grants	93.253	Direct Federal	1,347	
Occupational Safety and Health Program	93.262	Direct Federal	15,570	
<i>Immunization Grants Cluster:</i>				
Immunization Grants	93.268	Direct Federal	8,677	122,502
	93.268	NYC DoHMH		23,055
ARRA - Immunization Grants	93.712	Direct Federal	1,014	
Total Immunization Grants Cluster			9,691	145,557
Adult Viral Hepatitis Prevention and Control	93.270	HRI	932	
	93.270	Direct Federal	140	
Drug Abuse and Addiction Research Programs	93.279	Direct Federal	873	
	93.279	Columbia Univ.	6	
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	FPHNY	5	
	93.283	Direct Federal	2,176	
	93.283	NYS DOH	141	
	93.283	CSTE	115	
	93.283	HRI	76	
Teenage Pregnancy Prevention Program	93.297	FPHNY	347	
Minority Health and Health Disparities Research	93.307	Direct Federal	26	
Nurse Education, Practice Quality and Retention Grants	93.359	Direct Federal	150	
Nursing Research	93.361	Direct Federal	112	
National Center for Research Resources	93.389	Direct Federal	299	
Cancer Cause and Prevention Research	93.393	Direct Federal	25	
Cancer Treatment Research	93.395	Direct Federal	57	
Cancer Research Manpower	93.398	Direct Federal	4	
Cancer Control	93.399	NCI/NIH	1,036	
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501	Direct Federal	56	
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507	Direct Federal	1,579	
The Affordable Care Act: Building Epidemiology, Laboratory & Health Information Systems Capacity in the Epidemiology & Laboratory Capacity for Infectious Diseases and Emerging Infections Program	93.521	Direct Federal	1,372	
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	Direct Federal	3,388	
Affordable Care Act: National Environmental Public Health Tracking Program - Network Implementation	93.538	Direct Federal	1,179	
Early Retiree Reinsurance Program	93.546	Direct Federal	3,302	
Promoting Safe and Stable Families	93.556	NYS OTDA	22,917	

CFDA * = Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded.
See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

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THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
<i>Temporary Assistance for Needy Families Cluster:</i>				
Temporary Assistance for Needy Families	93.558	NYS OTDA	\$ 1,289,650	\$ -
	93.558	Direct Federal	8,935	
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families - (TANF) State Program	93.714	NYS OTDA	10,481	
Total Temporary Assistance for Needy Families Cluster			1,309,066	-
Child Support Enforcement	93.563	NYS OTDA	73,944	
	93.563	Direct Federal	256	
Refugee and Entrant Assistance-State Administered Programs	93.566	Direct Federal	4	
Community Services Block Grant	93.569	NYS DOS	30,452	
Low-Income Home Energy Assistance	93.568	Direct Federal	251	
	93.568	NYS OTDA	39,151	
	93.568	NYS OFA	1,287	
<i>Child Care Cluster:</i>				
Child Care and Development Block Grant	93.575	NYS OCFS	12,497	
	93.575	NYS OTDA	477,340	
	93.575	Direct Federal	3	
Total Child Care Cluster			489,840	-
Refugee and Entrant Assistance - Discretionary Grants	93.576	NYS OTDA	1,293	
Head Start	93.600	Direct Federal	184,794	
Assets for Independence Demonstration Program	93.602	Direct Federal	176	
Assistance for Torture Victims	93.604	Direct Federal	898	
Voting Access for Individuals with Disabilities - Grants to States	93.617	NYS BoE	72	
Foster Care - Title IV - E	93.658	NYS OTDA	222,977	
	93.658	Direct Federal	2,116	
	93.658	NYC ACS	114	
Adoption Assistance	93.659	NYS OTDA	123,465	
	93.659	Direct Federal	20	
Social Services Block Grant	93.667	NYS OCFS	42,414	
	93.667	NYS OTDA	138,285	
	93.667	Direct Federal	22,641	
Chafee Foster Care Independence Program	93.674	NYS OTDA	6,983	
ARRA - Trans-NIH Recovery Act Research Support	93.701	Direct Federal	107	
ARRA - Strengthening Communities Fund	93.711	Direct Federal	216	
Comparative Effectiveness Research - AHRQ	93.715	Direct Federal	63	
ARRA - Recovery Act - Comparative Effectiveness Research - AHRQ	93.715	Direct Federal	1,232	
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement	93.724	FPHNY	22	
ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725	NYS OFA	69	
State Children's Health Insurance Program	93.767	NYS DOH	21,961	
Medical Assistance Program (New Medicaid)	93.778	NYS DOH	37,624	
	93.778	NYS OASAS	2,568	
	93.778	NYS OPWDD	338	
	93.778	NYS OMH	5,821	
	93.778	NYS OTDA	369,422	
Medical Assistance Program (Medicaid)	93.778	NYS DOH	13,400,161	

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See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

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THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012 (In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	NYS OFA	\$ 610	\$ -
Cardiovascular Diseases Research	93.837	Direct Federal	138	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	NYS DOH	298	
	93.847	Columbia Univ.	131	
	93.847	Direct Federal	223	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Direct Federal	3	
Allergy, Immunology and Transplantation Research	93.855	Direct Federal	70	
	93.855	FHCRC	397	
Child Health and Human Development Extramural Research	93.865	Direct Federal	381	
Grants for Primary Care Training and Enhancement	93.884	Direct Federal	342	
Health Care and Other Facilities	93.887	Direct Federal	292	
National Bioterrorism Hospital Preparedness Program	93.889	Direct Federal	1,716	
	93.889	FPHNY	222	
HIV Emergency Relief Project Grants	93.914	PHS	7,171	
	93.914	Direct Federal	105,280	
HIV Care Formula Grants	93.917	HRI	733	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	Direct Federal	2,788	
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	Direct Federal	410	
Special Projects of National Significance	93.928	Direct Federal	305	
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	Direct Federal	538	
	93.936	FHI	12	
Medical Monitoring Project	93.937	Direct Federal	697	
Cooperative Agreement to Support Comprehensive School Health Program to Prevent the Spread of HIV and Other Important Health Problems	93.938	Direct Federal	404	
HIV Prevention Activities - Health Department Based	93.940	Direct Federal	26,086	
	93.940	HRI	139	
	93.940	PHS	3,329	
HIV Demonstration, Research, Public and Professional Education Projects	93.941	Direct Federal	104	
	93.941	PHS	75	
Epidemiological Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	Direct Federal	2,476	
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome Surveillance	93.944	Direct Federal	5,188	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	Direct Federal	170	
Block Grants for Community Mental Health Services	93.958	NYS OMH	13,531	
	93.958	Direct Federal	461	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Direct Federal	219	
	93.959	NYS OASAS	19,489	
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	Direct Federal	7,078	
Maternal and Child Health Services Block Grant to the States	93.994	NYS DOH	3,350	
	93.994	Direct Federal	140	
Total U.S. Department of Health and Human Services			\$16,874,153	\$145,557
Corporation For National and Community Services				
Foster Grandparent Program	94.011	Direct Federal	\$ 1,759	\$ -
Total Corporation for National and Community Services			\$ 1,759	\$ -

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012 (In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. Department of Homeland Security				
<i>Homeland Security Grant Program Cluster:</i>				
Homeland Security Grant Program	97.067	Direct Federal	\$ 10,468	\$ -
	97.067	NYS DHSES	<u>108,596</u>	<u>-</u>
Total Homeland Security Grant Program Cluster			<u>119,064</u>	<u>-</u>
Emergency Food and Shelter National Board Program	97.024	NYS OTDA	128	
National Urban Search and Rescue Response System	97.025	Direct Federal	1,214	
	97.025	NYS DHSES	117	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Direct Federal	57,965	
	97.036	NYS OTDA	354	
	97.036	NYS DHSES	14,295	
	97.036	NYS DOT	2,002	
	97.036	NYC SBS	504	
Cooperating Technical Partners	97.045	Direct Federal	1	
Interoperable Communications Equipment	97.055	NYS DHSES	301	
Port Security Grant Program	97.056	Direct Federal	6,539	
	97.056	PANY&NJ	18,214	
	97.056	NYC SBS	2,260	
Rail and Transit Security Grant Program	97.075	NYS DHSES	14,263	
Buffer Zone Protection Program	97.078	Direct Federal	169	
	97.078	NYS DHSES	2,477	
Homeland Security Biowatch Program	97.091	Direct Federal	3,769	
Securing the Cities	97.106	Direct Federal	16,109	
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	NYS DHSES	332	
ARRA - Rail & Transit Security Grant Program	97.113	MTA	10,798	
ARRA - Port Security Grant Program	97.116	NYS DHSES	<u>2,083</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>\$ 272,958</u>	<u>\$ -</u>
TOTAL ALL PROGRAMS			\$21,022,069	\$255,423
Programs with New York City as a pass-through grantor			<u>(26,127)</u>	<u>(23,055)</u>
Total All Program (excluding New York City as a pass-through grantor)			<u>\$20,995,942</u>	<u>\$232,368</u>

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Concluded)

THE CITY OF NEW YORK

Exhibit 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. Department of Agriculture				
<i>Food Stamp Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	NYS OTDA	\$ 250,836	\$ -
	10.561	NYS DOH	1,650	
	10.561	NYS DFA	1,083	
Total Food Stamp Cluster			<u>253,569</u>	<u>-</u>
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	NYS ED	691	
National School Lunch Program	10.555	NYS ED	991	
Summer Food Service Program for Children	10.559	NYS DOH	53	
Total Child Nutrition Cluster			<u>1,735</u>	<u>-</u>
Child and Adult Care Food Program	10.558	NYS DOH	6,967	
Cooperative Forestry Assistance	10.664	Direct Federal	1,384	
Urban and Community Forestry Program	10.675	Columbia Univ.	1	
Total U.S. Department of Agriculture			<u>\$ 263,656</u>	<u>\$ -</u>
U.S. Department of Commerce				
Investments for Public Works and Economic Development Facilities	11.300	EDA	\$ 200	\$ -
Special Oceanic and Atmospheric Projects	11.460	Direct Federal	50	
Public Safety Interoperable Communications Grant Program	11.555	NYS DHSES	23,227	
ARRA - Broadband Technology Opportunities Program (BTOP)	11.557	Direct Federal	21,358	
Total U.S. Department of Commerce			<u>\$ 44,835</u>	<u>\$ -</u>
U.S. Department of Defense				
Procurement Technical Assistance for Business Firms	12.002	Direct Federal	\$ 300	\$ -
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	Direct Federal	73	
Total U.S. Department of Defense			<u>\$ 373</u>	<u>\$ -</u>
U.S. Department of Housing and Urban Development				
Rent Supplement - Rental Housing for Lower Income Families	14.149	Direct Federal	\$ 880	\$ -
Multifamily Property Disposition	14.199	Direct Federal	627	
<i>Section 8 Project-Based Cluster:</i>				
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	Direct Federal	17,753	
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	Direct Federal	28,574	
Total Section 8 Project-Based Cluster			<u>46,327</u>	<u>-</u>
<i>CDBG Entitlement and Small Cities Cluster:</i>				
Community Development Block Grants/Entitlement Grants	14.218	Direct Federal	232,410	
ARRA - Community Development Block Grants/Entitlement Grants, Recovery Act Funded	14.253	Direct Federal	3,515	
Total CDBG Entitlement and Small Cities Cluster			<u>235,925</u>	<u>-</u>
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	LMDC	28,817	
Emergency Shelter Grants Program	14.231	Direct Federal	7,930	
Supportive Housing Program	14.235	Direct Federal	1,274	
Shelter Plus Care	14.238	Direct Federal	23,798	
HOME Investment Partnerships Program	14.239	Direct Federal	132,270	

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See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

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THE CITY OF NEW YORK

Exhibit 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Housing Opportunities for Persons with AIDS	14.241	Direct Federal	\$ 56,945	\$ -
Economic Development Initiative	14.251	Direct Federal	86	
ARRA - Neighborhood Stabilization Program, Recovery Act	14.256	Direct Federal	15,662	
ARRA - Homelessness Prevention and Rapid Re-Housing Program, Recovery Act	14.257	Direct Federal	20,011	
Fair Housing Initiatives Program	14.408	Direct Federal	84	
Transformation Initiative Research Grants	14.524	Direct Federal	56	
Sustainable Communities Regional Planning Grant Program	14.703	Direct Federal	350	
Section 8 Housing Choice Vouchers	14.871	Direct Federal	394,805	
Lead Hazard Reduction Demonstration Grant Program	14.905	Direct Federal	<u>1,022</u>	
Total U.S. Department of Housing and Urban Development			<u>\$ 966,869</u>	<u>\$ -</u>
U.S. Department of the Interior				
Fish and Wildlife Management Assistance	15.608	NFWF	\$ 75	\$ -
North American Wetlands Conservation Fund	15.623	Direct Federal	<u>19</u>	
Total U.S. Department of the Interior			<u>\$ 94</u>	<u>\$ -</u>
U.S. Department of Justice				
Law Enforcement Assistance - Narcotics and Dangerous - Drugs Training	16.004	Direct Federal	\$ 4,420	\$ -
Education and Enforcement of the Antidiscrimination Provision of the Immigration and Nationality Act	16.110	Direct Federal	26	
Law Enforcement Assistance - National Crime Information Center	16.304	Direct Federal	11	
Services for Trafficking Victims	16.320	Direct Federal	5	
Juvenile Accountability Block Grants	16.523	NYS DCJS	765	
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	NYS DCJS	176	
Missing Children's Assistance	16.543	Direct Federal	742	
Title V - Delinquency Prevention Program	16.548	Direct Federal	39	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	Direct Federal	1,885	
Crime Victim Assistance	16.575	NYS OVS	177	
Federal Surplus Property Transfer Program	16.578	Direct Federal	52	
Edward Byrne Memorial Formula Grant Program	16.579	Direct Federal	345	
	16.579	NYS DCJS	759	
Edward Byrne Memorial State and Local Laws Enforcement Assistance Discretionary Grants Program	16.580	NYS DCJS	83	
Violence Against Women Formula Grants	16.588	NYS DCJS	312	
	16.588	Direct Federal	561	
ARRA - Violence Against Women Formula Grants	16.588	NYS DCJS	41	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	Direct Federal	1,209	
	16.590	NYS DCJS	66	
Residential Substance Abuse Treatment for State Prisoners	16.593	NYS DCJS	105	
Community Capacity Development Office	16.595	Direct Federal	38	
State Criminal Alien Assistance Program	16.606	Direct Federal	7,165	
Bulletproof Vest Partnership Program	16.607	Direct Federal	1,289	
Community Prosecution and Project Safe Neighborhoods	16.609	Direct Federal	36	
Public Safety Partnership and Community Policing Grants	16.710	Direct Federal	524	
Gang Resistance Education and Training	16.737	Direct Federal	37	

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See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

THE CITY OF NEW YORK

Exhibit 1

SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
<i>Edward Byrne Memorial Justice Assistance Grant Program Cluster:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct Federal	\$ 7,384	\$ -
	16.738	NYS DCJS	1,755	
ARRA - Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants to State and Territories	16.803	NYS DCJS	10	
ARRA - Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants To Units of Local Government	16.804	Direct Federal	4,935	
Total Edward Byrne Memorial Justice Assistance Grant Program Cluster			<u>14,084</u>	<u>-</u>
Forensic DNA Backlog Reduction Program	16.741	Direct Federal	1,234	
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Direct Federal	340	
Economic High-Tech and Cyber Crime Prevention	16.752	Direct Federal	323	
	16.752	NYS DCJS	94	
ARRA- Recovery Act-Edward Byrne Memorial Competitive Grant Program	16.808	Direct Federal	1,951	
Second Chance Act Prisoner Reentry Initiative	16.812	Direct Federal	747	
	16.812	NYS DCJS	107	
Northern Border Prosecution Initiative Program	16.814	Direct Federal	533	
Equitable Sharing Program	16.922	Direct Federal	6,673	
Total U.S. Department of Justice			<u>\$ 46,954</u>	<u>\$ -</u>
U. S. Department of Labor				
Senior Community Service Employment Program	17.235	NYS OFA	\$ 4,414	\$ -
	17.235	NCOA	1,208	
Trade Adjustment Assistance	17.245	NYS DOL	1,044	
<i>WIA Cluster:</i>				
WIA Adult Program	17.258	NYS DOL	19,853	
WIA Youth Activities	17.259	NYS DOL	31,831	
ARRA - WIA Dislocated Workers Formula Grants	17.278	NYS DOL	98	
WIA Dislocated Workers Formula Grants	17.278	NYS DOL	13,285	
Total WIA Cluster			<u>65,067</u>	<u>-</u>
Total U.S. Department of Labor			<u>\$ 71,733</u>	<u>\$ -</u>
U.S. Department of State				
Professional and Cultural Exchange Programs	19.012	Direct Federal	\$ 22,983	\$ -
Cultural Technical and Educational Centers	19.015	Direct Federal	1,134	
Total U.S. Department of State			<u>\$ 24,117</u>	<u>\$ -</u>
U.S. Department of Transportation				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	NYS DOT	\$ 274,598	\$ -
	20.205	Direct Federal	25,267	
ARRA - Highway Planning and Construction	20.205	NYS DOT	2,598	
Total Highway Planning and Construction Cluster			<u>302,463</u>	<u>-</u>
<i>Federal Transit Cluster:</i>				
Federal Transit - Capital Investment Grants	20.500	Direct Federal	5,214	
Federal Transit - Formula Grants	20.507	Direct Federal	11,846	
	20.507	NYMTC	3,482	
ARRA - Federal Transit - Formula Grants	20.507	Direct Federal	53,358	
Total Federal Transit Cluster			<u>73,900</u>	<u>-</u>
Federal Transit Administration - Metropolitan Transportation Planning	20.505	NYS DOT	5,765	
	20.505	Direct Federal	2,341	

CFDA * = Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded.
See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

THE CITY OF NEW YORK

Exhibit 1

SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
<i>Transit Services Programs Cluster:</i>				
Federal Transit Administration - Job Access - Reverse Commute	20.516	Direct Federal	\$ 6	\$ -
Federal Transit Administration - New Freedom Program	20.521	Direct Federal	564	-
Total Transit Services Programs Cluster			570	-
Alternatives Analysis	20.522	Direct Federal	466	-
State and Community Highway Safety	20.600	NYS DMV	748	-
National Infrastructure Investments	20.933	NYS DOT	702	-
Total U.S. Department of Transportation			\$ 386,955	\$ -
U.S. Treasury				
Equitable Sharing Program - Treasury	21.unknown	Direct Federal	\$ 1,861	\$ -
Total U.S. Treasury			\$ 1,861	\$ -
U.S. Equal Employment Opportunity Commission				
Employment Discrimination - State and Local				
Fair Employment Practices Agency Contracts	30.002	Direct Federal	\$ 93	\$ -
Total U.S. Equal Employment Opportunity Commission			\$ 93	\$ -
U.S. National Endowment for the Arts				
Promotion of the Arts - Grants to Organizations and Individuals	45.024	Direct Federal	\$ 113	\$ -
Total U.S. National Endowment for the Arts			\$ 113	\$ -
U.S. National Endowment for the Humanities				
Promotion of the Humanities - Division of Preservation and Access	45.149	Direct Federal	\$ 214	\$ -
Total U.S. National Endowment for the Humanities			\$ 214	\$ -
National Science Foundation				
Biological Sciences	47.074	UMD	\$ 15	\$ -
Total National Science Foundation			\$ 15	\$ -
U.S. Department of Veterans Affairs				
VA Homeless Providers Grant and Per Diem Program	64.024	Direct Federal	\$ 4,333	\$ -
Total U.S. Department of Veterans Affairs			\$ 4,333	\$ -
U.S. Environmental Protection Agency				
Congressionally Mandated Projects	66.202	Direct Federal	\$ 25	\$ -
Long Island Sound Program	66.437	NFWF	44	-
Beach Monitoring and Notification Program Implementation Grants	66.472	NYS BCHFP	50	-
Water Security Training and Technical Assistance	66.478	Direct Federal	3,370	-
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	Direct Federal	24	-
Total U.S. Environmental Protection Agency			\$ 3,513	\$ -
U.S. Department of Energy				
ARRA - State Energy Program	81.041	NYS ERDA	\$ 4,139	\$ -
Office of Scientific and Technical Information	81.064	NYS DOT	19	-
ARRA - Renewable Energy Research and Development	81.087	Direct Federal	657	-
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	Direct Federal	190	-
ARRA - Energy Efficiency and Conservation Block Grant(EECBG)	81.128	Direct Federal	43,201	-
Total U.S. Department of Energy			\$ 48,206	\$ -

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

THE CITY OF NEW YORK

Exhibit 1

SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. Department of Education				
TRIO - Student Support Services	84.042	CUNY	\$ 1,101	\$ -
Twenty-First Century Community Learning Centers	84.287	NYS ED	381	
<i>Early Intervention Services Cluster:</i>				
Special Education - Grants for Infants and Families	84.181	NYS DOH	4,815	
ARRA -Special Education - Grants for Infants and Families, Recovery Act	84.393	NYS DOH	<u>2,094</u>	
Total Early Intervention Services Cluster			<u>6,909</u>	<u>-</u>
Total U.S. Department of Education			<u>\$ 8,391</u>	<u>\$ -</u>
U.S. Department of Health and Human Services				
Special Programs for the Aging-Title VII, Chapter 2 - Long Term Care				
Ombudsman Services for Older Individuals	93.042	NYS OFA	\$ 237	\$ -
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	NYS OFA	586	
<i>Aging Cluster:</i>				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	NYS OFA	9,099	
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	NYS OFA	18,327	
Nutrition Services Incentive Program	93.053	NYS OFA	<u>7,882</u>	
Total Aging Cluster			<u>35,308</u>	<u>-</u>
Public Health and Social Services Emergency Fund	93.003	Direct Federal	775	
Special Programs for the Aging - Title IV-and Title II-Discretionary Projects	93.048	NYS OFA	68	
	93.048	Direct Federal	300	
National Family Caregiver Support - Title III, Part E	93.052	NYS OFA	3,898	
Public Health Emergency Preparedness	93.069	Direct Federal	14,125	
Environmental Public Health and Emergency Responses	93.070	Direct Federal	64	
Medicare Enrollment Assistance Program	93.071	NYS OFA	236	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Direct Federal	8,095	
Projects for Assistance in Transition from Homelessness (PATH)	93.150	NYS OMH	2,513	
Research on Healthcare Costs, Quality and Outcomes	93.226	Direct Federal	367	
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	Direct Federal	1,334	
Occupational Safety and Health Program	93.262	Direct Federal	9,321	
<i>Immunization Grants Cluster:</i>				
Immunization Grants	93.268	Direct Federal	8,677	122,502
ARRA - Immunization Grants	93.712	Direct Federal	<u>1,014</u>	
Total Immunization Grants Cluster			<u>9,691</u>	<u>122,502</u>
Adult Viral Hepatitis Prevention and Control	93.270	HRI	932	
	93.270	Direct Federal	140	
Drug Abuse and Addiction Research Programs	93.279	Direct Federal	843	
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	FPHNY	5	
	93.283	Direct Federal	1,937	
	93.283	NYS DOH	141	
	93.283	CSTE	115	
Teenage Pregnancy Prevention Program	93.297	FPHNY	347	

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Strengthening Public Health Infrastructure for Improved Health Outcomes The Affordable Care Act: Building Epidemiology, Laboratory & Health Information Systems Capacity in the Epidemiology & Laboratory Capacity for Infectious Diseases and Emerging Infections Program	93.507	Direct Federal	\$ 1,579	\$ -
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.521	Direct Federal	1,365	
Affordable Care Act: National Environmental Public Health Tracking Program - Network Implementation	93.523	Direct Federal	3,388	
Early Retiree Reinsurance Program	93.538	Direct Federal	1,179	
Promoting Safe and Stable Families	93.546	Direct Federal	3,302	
	93.556	NYS OTDA	22,917	
<i>Temporary Assistance for Needy Families Cluster:</i> Temporary Assistance for Needy Families	93.558	NYS OTDA	1,289,650	
	93.558	Direct Federal	8,935	
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families - (TANF) State Program	93.714	NYS OTDA	10,481	
Total Temporary Assistance for Needy Families Cluster			<u>1,309,066</u>	<u>-</u>
Child Support Enforcement	93.563	NYS OTDA	73,944	
	93.563	Direct Federal	256	
Low-Income Home Energy Assistance	93.568	Direct Federal	251	
	93.568	NYS OTDA	39,151	
	93.568	NYS OFA	1,287	
<i>Community Services Block Grant Cluster:</i> Community Services Block Grant	93.569	NYS DOS	30,452	
<i>Child Care Cluster:</i> Child Care and Development Block Grant	93.575	NYS OCFS	12,497	
	93.575	NYS OTDA	477,340	
	93.575	Direct Federal	3	
Total Child Care Cluster			<u>489,840</u>	<u>-</u>
Refugee and Entrant Assistance - State Administrated Programs	93.566	Direct Federal	4	
Refugee and Entrant Assistance - Discretionary Grants	93.576	NYS OTDA	1,293	
Head Start	93.600	Direct Federal	184,794	
Assets for Independence Demonstration Program	93.602	Direct Federal	176	
Voting Access for Individuals with Disabilities - Grants to States	93.617	NYS BoE	72	
Foster Care - Title IV - E	93.658	NYS OTDA	222,977	
	93.658	Direct Federal	2,116	
Adoption Assistance	93.659	NYS OTDA	123,465	
	93.659	Direct Federal	20	
Social Services Block Grant	93.667	NYS OCFS	42,414	
	93.667	NYS OTDA	138,285	
	93.667	Direct Federal	22,641	
Chafee Foster Care Independence Program	93.674	NYS OTDA	6,983	
ARRA- Trans-NIH Recovery Act Research Support	93.701	Direct Federal	56	
ARRA - Strengthening Communities Fund	93.711	Direct Federal	216	
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement	93.724	FPHNY	22	
ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725	NYS OFA	69	
State Children's Health Insurance Program(SCHIP)	93.767	NYS DOH	120	
Medical Assistance Program (Medicaid)	93.778	NYS DOH	13,400,161	
Medical Assistance Program (New Medicaid)	93.778	NYS OTDA	369,422	
	93.778	NYS OMH	5,821	
	93.778	NYS OPWDD	338	
	93.778	NYS OASAS	2,568	
	93.778	NYS DOH	119	

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

THE CITY OF NEW YORK

Exhibit 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	NYS OFA	\$ 610	\$ -
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	NYS DOH	298	
	93.847	Columbia Univ.	131	
Allergy, Immunology and Transplantation Research	93.855	FHCRC	397	
National Bioterrorism Hospital Preparedness Program	93.889	Direct Federal	1,716	
HIV Emergency Relief Project Grants	93.914	Direct Federal	105,211	
Special Projects of National Significance	93.928	Direct Federal	276	
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	FHI	12	
Medical Monitoring Project	93.937	Direct Federal	697	
HIV Prevention Activities - Health Department Based	93.940	Direct Federal	25,936	
HIV Demonstration, Research, Public and Professional Education Projects	93.941	Direct Federal	104	
	93.941	PHS	75	
Epidemiological Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	Direct Federal	2,476	
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome Surveillance	93.944	Direct Federal	5,188	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	Direct Federal	170	
Block Grants for Community Mental Health Services	93.958	NYS OMH	13,531	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NYS OASAS	3,684	
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	Direct Federal	7,078	
Maternal and Child Health Services Block Grant to the States	93.994	NYS DOH	2,854	
	93.994	Direct Federal	140	
Total U.S. Department of Health and Human Services			<u>\$16,764,091</u>	<u>\$122,502</u>
Corporation For National and Community Services				
Foster Grandparent Program	94.011	Direct Federal	\$ 1,759	\$ -
Total Corporation for National and Community Services			<u>\$ 1,759</u>	<u>\$ -</u>
U.S. Department of Homeland Security				
<i>Homeland Security Grant Program Cluster:</i>				
Homeland Security Grant Program	97.067	Direct Federal	\$ 10,468	\$ -
	97.067	NYS DHSES	108,596	
Total Homeland Security Grant Program Cluster			<u>119,064</u>	<u>-</u>
Emergency Food and Shelter National Board Program	97.024	NYS OTDA	128	
National Urban Search and Rescue (US&R)Response System	97.025	Direct Federal	1,214	
	97.025	NYS DHSES	117	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Direct Federal	56,198	
	97.036	NYS OTDA	354	
	97.036	NYS DHSES	14,295	
	97.036	NYS DOT	2,002	
Cooperating Technical Partners	97.045	Direct Federal	1	
Interoperable Communications Equipment	97.055	NYS DHSES	301	
Port Security Grant Program	97.056	Direct Federal	6,539	
	97.056	PANY&NJ	18,214	
Rail and Transit Security Grant Program	97.075	NYS DHSES	14,263	

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

THE CITY OF NEW YORK

Exhibit 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Buffer Zone Protection Program	97.078	Direct Federal	\$ 169	\$ -
	97.078	NYS DHSES	2,477	
Homeland Security Biowatch Program	97.091	Direct Federal	3,769	
Securing the Cities	97.106	Direct Federal	16,109	
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	NYS DHSES	332	
ARRA - Rail & Transit Security Grant Program	97.113	MTA	10,798	
ARRA - Port Security Grant Program	97.116	NYS DHSES	<u>2,083</u>	<u> </u>
Total U.S. Department of Homeland Security			<u>\$ 268,427</u>	<u>\$ -</u>
TOTAL ALL PROGRAMS			\$18,906,602	\$122,502
Programs with New York City as a pass-through grantor			<u> </u>	<u> </u>
Total All Program (excluding New York City as a pass-through grantor)			<u>\$18,906,602</u>	<u>\$122,502</u>

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Concluded)

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

Exhibit 2

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. Department of Agriculture				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	NYS DOH	\$ 19,042	\$ 81,268
Commodity Supplemental Food Program	10.565	NYS DOH	2,756	
Total U.S. Department of Agriculture			<u>\$21,798</u>	<u>\$ 81,268</u>
U.S. Department of Justice				
Crime Victim Assistance	16.575	NYS OVS	\$ 630	\$ -
ARRA - Violence Against Women Formula Grants	16.588	NYS DCJS	198	
Residential Substance Abuse Treatment for State Prisoners	16.593	NYC DoHMH	70	
Total U.S. Department of Justice			<u>\$ 898</u>	<u>\$ -</u>
U.S. Department of Health and Human Services				
Public Health and Social Services Emergency Fund	93.003	Direct Federal	\$ 478	\$ -
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	NYS DOH	356	
Grants to Increase Organ Donations	93.134	Direct Federal	519	
Injury Prevention and Control Research, State and Community Based Programs	93.136	NYS DOH	32	
AIDS Education and Training Centers	93.145	AIHA	50	
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	Direct Federal	1,314	
Nursing Workforce Diversity	93.178	Direct Federal	636	
Research and Training in Complementary and Alternative Medicine	93.213	Direct Federal	8	
Family Planning - Services	93.217	NYS DOH	647	
Research on Healthcare Costs, Quality and Outcomes	93.226	Direct Federal	46	
Mental Health Research Grants	93.242	Direct Federal	141	
Poison Control Stabilization and Enhancement Grants	93.253	Direct Federal	1,347	
Occupational Safety and Health Program	93.262	Direct Federal	6,249	
Immunization Grants	93.268	NYC DoHMH		23,055
Drug Abuse and Addiction Research Programs	93.279	Direct Federal	30	
	93.279	Columbia Univ.	6	
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	Direct Federal	239	
	93.283	HRI	76	
Minority Health and Health Disparities Research	93.307	Direct Federal	26	
Nurse Education, Practice Quality and Retention Grants	93.359	Direct Federal	150	
Nursing Research	93.361	Direct Federal	112	
National Center for Research Resources	93.389	Direct Federal	299	
Cancer Cause and Prevention Research	93.393	Direct Federal	25	
Cancer Treatment Research	93.395	Direct Federal	57	
Cancer Research Manpower	93.398	Direct Federal	4	
Cancer Control	93.399	Direct Federal	1,036	

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

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

Exhibit 2

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501	Direct Federal	\$ 56	\$ -
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease(ELC) and Emerging Infections Program (EIP)				
Cooperative Agreements: PPHF	93.521	Direct Federal	7	
Assistance for Torture Victims	93.604	Direct Federal	898	
Foster Care - Title IV - E	93.658	NYC ACS	114	
ARRA - Trans-NIH Recovery Act Research Support	93.701	Direct Federal	51	
Comparative Effectiveness Research - AHRQ	93.715	Direct Federal	63	
ARRA - Recovery Act - Comparative Effectiveness Research - AHRQ	93.715	Direct Federal	1,232	
State Children's Health Insurance Program	93.767	NYS DOH	21,841	
Medical Assistance Program (New Medicaid)	93.778	NYS DOH	152	
Cardiovascular Diseases Research	93.837	Direct Federal	138	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Direct Federal	223	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Direct Federal	3	
Allergy, Immunology and Transplantation Research	93.855	Direct Federal	70	
Child Health and Human Development Extramural Research	93.865	Direct Federal	381	
Grants for Primary Care Training and Enhancement	93.884	Direct Federal	342	
Health Care and Other Facilities	93.887	Direct Federal	292	
National Bioterrorism Hospital Preparedness Program	93.889	FPHNY	222	
HIV Emergency Relief Project Grants	93.914	Direct Federal	69	
	93.914	PHS	7,171	
HIV Care Formula Grants	93.917	HRI	733	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	Direct Federal	2,788	
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	Direct Federal	410	
Special Projects of National Significance	93.928	Direct Federal	29	
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	Direct Federal	538	
HIV Prevention Activities - Health Department Based	93.940	HRI	139	
	93.940	Direct Federal	150	
	93.940	PHS	3,329	
Block Grants for Community Mental Health Services	93.958	Direct Federal	461	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Direct Federal	219	
	93.959	NYS OASAS	255	
Maternal and Child Health Services Block Grant to the States	93.994	NYS DOH	496	
Total U.S. Department of Health and Human Services			<u>\$56,755</u>	<u>\$ 23,055</u>
TOTAL ALL PROGRAMS			\$79,451	\$104,323
Programs with New York City as a pass-through grantor			(184)	(23,055)
Total Health and Hospital Corporation's (excluding New York City as a pass-through grantor)			<u>\$79,267</u>	<u>\$ 81,268</u>

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Concluded)

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

Exhibit 3

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. Department of Agriculture				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	NYS ED	\$ 62,535	\$ -
National School Lunch Program	10.555	NYS ED	274,154	
Summer Food Service Program for Children	10.559	NYS ED	21,239	
Total Child Nutrition Cluster			<u>357,928</u>	<u>-</u>
Child and Adult Care Food Program	10.558	NYS ED	24,559	
Commodity Supplemental Food Program	10.565	NYS ED	-	28,598
Child Nutrition Discretionary Grants Limited Availability	10.579	NYS ED	374	
Fresh Fruit and Vegetables Program	10.582	NYS ED	4,101	
Total U.S. Department of Agriculture			<u>\$ 386,962</u>	<u>\$ 28,598</u>
U.S. Department of Defense				
Language Grant Program	12.900	Direct Federal	\$ 83	\$ -
Total U.S. Department of Defense			<u>\$ 83</u>	<u>\$ -</u>
U.S. Institute of Museum and Library Services				
Grants to States	45.310	NYS ED	\$ 25	\$ -
Total U.S. Institute of Museum and Library Services			<u>\$ 25</u>	<u>\$ -</u>
U.S. Department of Energy				
ARRA - State Energy Program	81.041	NYS ERDA	\$ 6,084	\$ -
Total U.S. Department of Energy			<u>\$ 6,084</u>	<u>\$ -</u>
U.S. Department of Education				
Title I Grants to Local Educational Agencies	84.010	NYS ED	\$ 833,942	\$ -
Reserve Officers Training Corps.	84.unknown	Direct Federal	2,695	
<i>Special Education Cluster:</i>				
Special Education Grants to States	84.027	NYS ED	269,763	
Special Education - Preschool Grants	84.173	NYS ED	6,534	
ARRA - Special Education Grants to States, Recovery Act	84.391	NYS ED	10,821	
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	NYS ED	1,927	
Total Special Education Cluster			<u>289,045</u>	<u>-</u>
Impact Aid	84.041	NYS ED	5,000	
Adult Education - Basic Grants to States	84.002	NYS ED	3,594	
Career and Technical Education - Basic Grants to States	84.048	NYS ED	17,087	
Magnet Schools Assistance	84.165	NYS ED	13,314	
Safe and Drug-Free Schools and Communities - State Grants	84.186	NYS ED	2,507	
<i>Education of Homeless Children and Youth Cluster:</i>				
Education for Homeless Children and Youth	84.196	NYS ED	1,000	
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	NYS ED	250	
Total Education of Homeless Children and Youth Cluster			<u>1,250</u>	<u>-</u>
Even Start - State Educational Agencies	84.213	NYS ED	235	
Fund for the Improvement of Education	84.215	Direct Federal	10,124	
Twenty-First Century Community Learning Centers	84.287	NYS ED	21,680	
<i>Education Technology State Grants Cluster:</i>				
Education Technology State Grants	84.318	NYS ED	5,021	
ARRA - Education Technology State Grants, Recovery Act	84.386	NYS ED	16,537	
Total Education Technology State Grant Cluster			<u>21,558</u>	<u>-</u>
Advanced Placement Program (AP Test Fee: AP Incentive Program Grant)	84.330	Direct Federal	292	
Arts in Education	84.351	Direct Federal	1,182	
Voluntary Public School Choice	84.361	Direct Federal	2,964	

CFDA * = Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded.
See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Continued)

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

Exhibit 3

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
School Leadership	84.363	Direct Federal	\$ 855	\$ -
English Language Acquisition Grants	84.365	NYS ED	35,907	
Mathematics and Science Partnerships	84.366	NYS ED	6,192	
Striving Readers	84.371	Direct Federal	229	
ARRA - Teacher Incentive Fund, Recovery Act	84.385	NYS ED	120	
ARRA - School Improvement Grants, Recovery Act	84.388	NYS ED	19,649	
Improving Teacher Quality State Grants	84.367	NYS ED	107,690	
ARRA - Race to the Top Incentive	84.395	NYS ED	62,295	
ARRA - State Fiscal Stabilization Fund (SFSF)- Investing in Innovation Fund Recovery Act,	84.396	NYS ED	2,446	
Investing in Innovation (I3) Fund	84.411	Direct Federal	<u>14</u>	
Total U.S. Department of Education			<u>\$ 1,461,866</u>	<u>\$ -</u>
U.S. Department of Health and Human Services				
Medical Assistance Program (New Medicaid)	93.778	NYS DOH	\$ 37,353	\$ -
Cooperative Agreements to Support Comprehensive School Health Program to Prevent the Spread of HIV and Other Important Health Problems	93.938	Direct Federal	404	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NYS OASAS	<u>15,550</u>	
Total U.S. Department of Health and Human Services			<u>\$ 53,307</u>	<u>\$ -</u>
U.S. Department of Homeland Security				
Disaster Grants - Public assistance (Presidentially Declared Disasters)	97.036	Direct Federal	<u>\$ 1,767</u>	<u>\$ -</u>
Total U.S. Department of Homeland Security			<u>\$ 1,767</u>	<u>\$ -</u>
TOTAL ALL PROGRAMS			<u>\$ 1,910,094</u>	<u>\$ 28,598</u>
Programs with New York City as a pass-through grantor				
Total All Program (excluding New York City as a pass-through grantor)			<u>\$ 1,910,094</u>	<u>\$ 28,598</u>

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Concluded)

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

Exhibit 4

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. Department of Defense				
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	NYC SBS	\$ 52	\$ -
Total U.S. Department of Defense			<u>\$ 52</u>	<u>\$ -</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	LMDC	\$ 18,358	\$ -
Economic Development Initiative - Special Projects	14.251	Direct Federal	346	-
Total U.S. Department of Housing and Urban Development			<u>\$ 18,704</u>	<u>\$ -</u>
U.S. Department of Justice				
ARRA - Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants To Units of Local Government	16.804	NYC SBS	\$ 66	\$ -
Total U.S. Department of Justice			<u>\$ 66</u>	<u>\$ -</u>
U. S. Department of Labor				
WIA Adult Program	17.258	NYC HRA	\$ 2,475	\$ -
Total U.S. Department of Labor			<u>\$ 2,475</u>	<u>\$ -</u>
U.S. Department of Transportation				
Highway Planning and Construction	20.205	NYC DOT	\$ 7,776	\$ -
Federal Transit - Capital Investment Grants	20.500	NYC DOT	10,390	-
Total U.S. Department of Transportation			<u>\$ 18,166</u>	<u>\$ -</u>
U.S. Environmental Protection Agency				
Brownfield Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814	NYC SBS	\$ 54	\$ -
Total U.S. Environment Protection Agency			<u>\$ 54</u>	<u>\$ -</u>
U.S. Department of Energy				
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	NYC SBS	\$ 283	-
ARRA - Energy Efficiency and Conservation Block Grant (EECBG)	81.128	NYC SBS	2,083	\$ -
Total U.S. Department of Energy			<u>\$ 2,366</u>	<u>\$ -</u>
U.S. Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	NYC SBS	\$ 504	\$ -
Port Security Grant Program	97.056	NYC SBS	2,260	-
Total U.S. Department of Homeland Security			<u>\$ 2,764</u>	<u>\$ -</u>
TOTAL ALL PROGRAMS			\$ 44,647	\$ -
Programs with New York City as a pass-through grantor			(25,943)	-
Total All Program (excluding New York City as a pass-through grantor)			<u>\$ 18,704</u>	<u>\$ -</u>

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

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

(Concluded)

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

Exhibit 5

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012
(In thousands)**

<u>Federal Agency/Program Title</u>	<u>CFDA *</u> <u>Number</u>	<u>Pass-Through</u> <u>Grantor (Note 1c)</u>	<u>Expenditures</u>	<u>Noncash</u> <u>Assistance</u>
U.S. Environmental Protection Agency				
ARRA - Capitalization Grants For Clean Water State Revolving Fund	66.458	NYS EFC	\$ 81,275	\$ -
Total U.S. Environmental Protection Agency			<u>\$ 81,275</u>	<u>\$ -</u>
Total New York City Municipal Water Finance Authority Programs with New York City as a pass-through grantor			\$ 81,275	\$ -
Total New York City Municipal Water Finance Authority (excluding New York City as pass-through grantor)			<u>\$ 81,275</u>	<u>\$ -</u>

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

(Concluded)

See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

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

Under the State program for clean water (Federal CFDA Number 66.458), the Authority had bonds outstanding of approximately \$4.7 billion and \$5 billion at June 30, 2012 and 2011, respectively. Under the State program for drinking water (Federal CFDA Number 66.468), the Authority had bonds outstanding of approximately \$767 million and \$817 million at June 30, 2012 and 2011, respectively. The Authority benefits from reduced interest rates on the bonds issued to EFC. Since the EFC utilizes the earnings on the Debt Service reserve account(s) to reduce to interest to be paid by the Authority.

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

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THE CITY OF NEW YORK SINGLE AUDIT REPORT

NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

1. BASIS OF PRESENTATION

(a) **Reporting Entity** — For purposes of complying with the Federal Single Audit Act of 1984, as amended, The City of New York (“The City”) consists of the primary government, including the Department of Education (“DOE”) as defined in Note A.1 to the basic financial statements, except as follows: 1) the accounts and transactions of the community colleges of The City University of New York are excluded and 2) all other separately administered component unit organizations identified in Note A.1 to the financial statements are also excluded, except for the New York City Health and Hospitals Corporation (“HHC”), New York City Economic Development Corporation (“EDC”), and New York City Municipal Water Finance Authority. Therefore, the expenditures of Federal awards, if any, of the community colleges of The City University of New York and the excluded separately administered components unit organizations are not included in the accompanying Consolidated Schedule of Expenditures of Federal Awards.

(b) **Major Federal Financial Assistance Programs** — For The City’s purposes, a Type A Federal financial assistance program, as defined by OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, is any program that exceeds \$31,916,238 when the total Federal expenditures of the reporting entity exceed \$20 billion. Total expenditures of Federal awards for all The City programs including HHC, DOE, and EDC were approximately \$21.3 billion (approximately \$21.0 billion in expenditures and \$255 million in noncash assistance). As a result, all programs with expenditures of \$31,916,238 or more were classified as Type A programs.

(c) **Pass-Through Programs** — When The City receives Federal funds from a government entity other than the Federal government (“pass-through”) the funds are accumulated based upon the Catalog of Federal Domestic Assistance (“CFDA”) number advised by the pass-through grantor.

Identifying numbers, other than CFDA numbers, which may be assigned by pass-through grantors, are not maintained in The City’s Financial Management System (“FMS”) and thus could not be included in the Consolidated Schedule of Expenditures of Federal Awards.

(d) **Other Federal Assistance** — The “Other Federal Assistance” presented in the accompanying Consolidated Schedule of Expenditures of Federal Awards, which includes Federal financial assistance programs that have not been assigned a CFDA number, has been identified by Federal agency and reported as “unknown” with the Federal agency’s code (i.e., 7. unknown).

(e) **Noncash Federal Programs** — The City is the recipient of Federal financial assistance programs that do not result in cash receipts or disbursements, termed “Noncash Assistance.” Noncash Assistance received by The City is included in the Consolidated Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which The City either gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations which are recorded on the accrual basis of accounting. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

3. MATCHING COSTS

Matching costs, i.e., the non-Federal share of certain program costs, provided by The City or New York State, are not included in the accompanying Consolidated Schedule of Expenditures of Federal Awards.

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. SUBRECIPIENTS

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

Major Programs with Subrecipients	Federal CFDA #
ARRA — Broadband Technology Opportunities Program (BTOP)	11.557
ARRA— Neighborhood Stabilization Program (Recovery Act Funded)	14.256
ARRA — Homelessness Prevention and Rapid Re-Housing Program, Recovery Act	14.257
Senior Community Service Employment Program	17.235
Workforce Investment Act Adult Program	17.258
Workforce Investment Act Youth Activities	17.259
Workforce Investment Act Dislocated Workers Formula Grants	17.278
Special Programs for The Aging — Title III, Part B — Grants for Supportive Services and Senior Centers	93.044
Special Programs for the Aging — Title III, Part C — Nutrition Services	93.045
Nutrition Services Incentive Program	93.053
Community Services Block Grant	93.569
Child Care and Development Block Grant	93.575
Social Services Block Grant	93.667
Head Start	93.600
HIV Emergency Relief Project Grants	93.914
HIV Prevention Activities — Health Department Based	93.940
Block Grants for Prevention and Treatment of Substance Abuse	93.959

6. RESEARCH AND DEVELOPMENT CLUSTER

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

Research and Development Programs	Federal CFDA#	Expenditures (In thousand)
Transformation Initiative Research Grants	14.524	\$ 56
National Institutes of Justice Research, Evaluation, and Development Project Grants	16.560	1,885
Research and Training in Complementary and Alternative Medicine	93.213	8
Research on Healthcare Costs, Quality and Outcomes	93.226	413
Mental Health Research Grants	93.242	141
Occupational Safety and Health Program	93.262	6,902
Drug Abuse and Addiction Research Programs	93.279	879
Minority Health and Health Disparities Research	93.307	26
Nursing Research	93.361	112
National Center for Research Resources	93.389	299
Cancer Cause and Prevention Research	93.393	25
Cancer Treatment Research	93.395	57
Cancer Research Manpower	93.398	4
Cancer Control	93.399	1,036
ARRA — Trans-NIH Recovery Act Research Support	93.701	107
Comparative Effectiveness Research - AHRQ	93.715	1,295
Cardiovascular Diseases Research	93.837	138
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	652
Extramural Research Programs in the Neurosciences and Neurological Disorder	93.853	3
Allergy, Immunology and Transplantation Research	93.855	467
Child Health and Human Development Extramural Research	93.865	381
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	550
Medical Monitoring Project	93.937	697
HIV Prevention Activities - Health Department Based	93.940	3,468
Epidemiological Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	2,476
TOTAL RESEARCH AND DEVELOPMENT CLUSTER		\$ 22,077

7. GLOSSARY OF PASS-THROUGH GRANTORS

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

AIHA	American International Health Alliance
Columbia Univ.	Columbia University in the City of New York
CUNY	City University of New York
CSTE	Council of State and Territorial Epidemiologists
EDA	Economic Development Administration
FHCRC	Fred Hutchinson Cancer Research Center
FHI	Family Health International
FPHNY	Fund for Public Health – New York Inc.
NCI/NIH	National Cancer Institute/ National Institutes of Health
HRI	Health Research, Inc.
LMDC	Lower Manhattan Development Corporation

NFWF	National Fish and Wildlife Foundation
NCOA	National Council on Aging
PHS	Public Health Solutions
PANY&NJ	Port Authority of New York and New Jersey
MTA	Metropolitan Transportation Authority
NYMTC	New York Metropolitan Transportation Council
NYC ACS	New York City Administration for Children's Services
NYC DCAS	New York City Department of Citywide Administrative Services
NYC DoHMH	New York City Department of Health and Mental Hygiene
NYC DOT	New York City Department of Transportation
NYS OMH	New York State Office of Mental Health
NYC HRA	New York City Human Resources Administration
NYC SBS	New York City Department of Small Business Services
NYS BoE	New York State Board of Election
NYS BCHFP	New York State Bureau of Community Environmental Health and Food Protection
NYS DCJS	New York State Division of Criminal Justice Services
NYS DFA	New York State Department of Family Assistance
NYS DOH	New York State Department of Health
NYS DOL	New York State Department of Labor
NYS DOT	New York State Department of Transportation
NYS DOS	New York State Department of State
NYS ED	New York State Education Department
NYS ERDA	New York State Energy Research and Development Authority
NYS EFC	New York State Environmental Facilities Corporation
NYS DHSES	New York State Division of Homeland Security and Emergency Services
NYS OASAS	New York State Office of Alcohol and Substance Abuse Services
NYS OCFS	New York State Office of Children and Family Services
NYS OFA	New York State Office for the Aging
NYS OPWDD	New York State Office for People with Developmental Disabilities
NYS OTDA	New York State Office of Temporary and Disability Assistance
NYS OVS	New York State Office of Victim Services
NYS SBS	New York State Small Business Services
UMD	University of Maryland College Park

THE CITY OF NEW YORK SINGLE AUDIT REPORT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2012

1. SUMMARY OF AUDITORS' RESULTS

Financial Audit

- (a) An unqualified opinion was issued on the financial statements of The City of New York ("The City") as of and for the year ended June 30, 2012.
- (b) No significant deficiencies or material weaknesses were reported in connection with the audit of the financial statements of The City as of and for the year ended June 30, 2012.
- (c) The audit disclosed no instances of noncompliance that are material to the financial statements of The City as of and for the year ended June 30, 2012.

Single Audit

- (d) The audit disclosed six significant deficiencies in connection with the major Federal programs of The City for the year ended June 30, 2012.
- (e) An unqualified opinion was issued on The City's compliance with its major Federal programs for the year ended June 30, 2012.
- (f) There were audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133 for the year ended June 30, 2012.
- (g) The dollar threshold used to determine Type A programs was \$31,916,238. All other programs were categorized as Type B. All Type A programs were assessed as high risk and were tested as major programs. In addition, we have also tested 30 Type B programs as major programs.
- (h) We have audited the Federal programs of The City of New York and New York City Department of Education as well as the Federal Funds received by the New York City Health and Hospital Corporation, ("HHC") New York City Economic Development Corporation, ("EDC"), and New York City Municipal Water Finance Authority ("NYC Water"). Deloitte & Touche LLP audits the financial statements of NYC Water under a separate engagement. Other auditors audit the financial statements of HHC, and EDC.

The major Federal programs of The City for the year ended June 30, 2012 were as follows:

Major Programs Names	Federal CFDA#
U.S. Department of Agriculture	
<i>Food Stamp Cluster:</i>	
<i>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</i>	10.561
<i>Child Nutrition Cluster:</i>	
<i>School Breakfast Program</i>	10.553
<i>National School Lunch Program</i>	10.555
<i>Summer Food Service Program for Children</i>	10.559
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Child and Adult Care Fund Program	10.558
Child Nutrition Discretionary Grants Limited Availability	10.579
Fresh Fruit and Vegetables Program	10.582
U.S. Department of Commerce	
ARRA — Broadband Technology Opportunities Program (BTOP)	11.557
U.S. Department of Housing and Urban Development	
<i>Section 8 Project-Based Cluster:</i>	
<i>Section 8 Moderate Rehabilitation Single Room Occupancy</i>	14.249
<i>Lower Income Housing Assistance Program — Section 8 Moderate Rehabilitation</i>	14.856
<i>Community Entitlement and Small Cities Cluster:</i>	
<i>Community Development Block Grants/Entitlement Grants</i>	14.218
ARRA — <i>Community Development Block Grants/Entitlement Grants, Recovery Act Funded</i>	14.253
Community Development Block Grants /State’s Program and Non-Entitlement Grants in Hawaii	14.228
HOME Investment Partnerships Program	14.239
Housing Opportunities for Persons with AIDS	14.241
ARRA — Neighborhood Stabilization Program, Recovery Act	14.256
ARRA — Homelessness Prevention and Rapid Re-Housing Program, Recovery Act	14.257
Section 8 Housing Choice Vouchers	14.871
U.S. Department of Justice	
Violence Against Women Formula Grants (Including ARRA)	16.588
<i>Edward Byrne Memorial Justice Assistance Grant Program Cluster:</i>	
<i>Edward Byrne Memorial Justice Assistance Grant Program</i>	16.738
ARRA — <i>Recovery Act — Edward Byrne Memorial Justice Assistance Grant Program/Grants to State and Territories</i>	16.803
ARRA — <i>Recovery Act — Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government</i>	16.804
ARRA — <i>Recovery Act — Edward Byrne Memorial Competitive Grant Program</i>	16.808
U.S. Department of Labor	
Senior Community Service Employment Program	17.235
<i>WIA Cluster:</i>	
<i>WIA Adult Program</i>	17.258
<i>WIA Youth Activities</i>	17.259
<i>WIA Dislocated Workers Formula Grants (Including ARRA Funds)</i>	17.278
U.S. Department of Transportation	
Highway Planning and Construction (Including ARRA Funds)	20.205
<i>Federal Transit Cluster:</i>	
<i>Federal Transit — Capital Investment Grants</i>	20.500
<i>Federal Transit — Formula Grants (Including ARRA Funds)</i>	20.507

Major Program Names (Continued)	Federal CFDA#
U.S. Environmental Protection Agency	
ARRA - Capitalization Grants for Clean Water State Revolving Fund	66.458
U.S. Department of Energy	
ARRA — State Energy Program	81.041
ARRA —Renewable Energy Research and Development	81.087
Electricity Delivery and Energy Reliability, Research, Development and Analysis (Including ARRA Funds)	81.122
Energy Efficiency and Conservation Block Grant (EECBG) (Including ARRA Funds)	81.128
U.S. Department of Education	
Title I Grants to Local Educational Agencies	84.010
<i>Special Education Cluster:</i>	
<i>Special Education Grants to States</i>	84.027
<i>Special Education — Preschool Grants</i>	84.173
ARRA — <i>Special Education — Grants to States, Recovery Act</i>	84.391
ARRA — <i>Special Education — Preschool Grants, Recovery Act</i>	84.392
Career and Technical Education — Basic Grants to States	84.048
<i>Education of Homeless Children and Youth Cluster:</i>	
<i>Education for Homeless Children and Youth</i>	84.196
ARRA — <i>Education of Homeless Children and Youth, Recovery Act</i>	84.387
Twenty-First Century Community Learning Centers	84.287
<i>Education Technology State Grants Cluster:</i>	
<i>Education Technology State Grants</i>	84.318
ARRA— <i>Education Technology State Grants, Recovery Act</i>	84.386
English Language Acquisition Grants	84.365
Improving Teacher Quality State Grants	84.367
ARRA —Teachers Incentive Fund, Recovery Act	84.385
ARRA— School Improvement Grant, Recovery Act	84.388
<i>Early Intervention Services Cluster:</i>	
<i>Special Education - Grants for Infants and Families</i>	84.181
ARRA — <i>Special Education - Grants for Infants and Families, Recovery Act</i>	84.393
ARRA — Race to the Top Incentive	84.395
ARRA — State Fiscal Stabilization Fund (SFSF) - Investing in Innovation Fund, Recovery Act	84.396
U.S. Department of Health and Human Services	
<i>Aging Cluster:</i>	
<i>Special Programs for the Aging — Title III, Part B — Grants for Supportive Services and Senior Centers</i>	93.044
<i>Special Programs for the Aging — Title III, Part C — Nutrition Services Nutrition Services Incentive Program</i>	93.045 93.053
Occupational Safety and Health Program	93.262
<i>Immunization Grants Cluster:</i>	
<i>Immunization Grants</i>	93.268
ARRA — <i>Immunization Grants</i>	93.712
<i>Temporary Assistance for Needy Families Cluster:</i>	
<i>Temporary Assistance for Needy Families</i>	93.558
ARRA — <i>Emergency Contingency Fund for Temporary Assistance for Needy Families State Program</i>	93.714
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
Community Services Block Grant	93.569
Child Care and Development Block Grant	93.575

Major Program Names (Continued)	Federal CFDA#
Head Start	93.600
Foster Care — Title IV-E	93.658
Adoption Assistance	93.659
Social Services Block Grant	93.667
ARRA — Strengthening Communities Fund	93.711
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement	93.724
ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Disease Self-Management Program	93.725
Medical Assistance Program	93.778
HIV Emergency Relief Project Grants	93.914
HIV Prevention Activities - Health Department Based	93.940
Block Grants for Prevention and Treatment of Substance Abuse	93.959
 U.S. Department of Homeland Security	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036
Homeland Security Grant Program	97.067
ARRA — Rail and Transit Security Grant Program	97.113
ARRA — Port Security Grant Program	97.116
 <i>Research and Development Cluster:</i>	
Transformation Initiative Research Grants	14.524
National Institutes of Justice Research, Evaluation, and Development Project Grants	16.560
Research and Training in Complementary and Alternative Medicine	93.213
Research on Healthcare Costs, Quality and Outcomes	93.226
Mental Health Research Grants	93.242
Occupational Safety and Health Program	93.262
Drug Abuse and Addiction Research Programs	93.279
Minority Health and Health Disparities Research	93.307
Nursing Research	93.361
National Center for Research Resources	93.389
Cancer Cause and Prevention Research	93.393
Cancer Treatment Research	93.395
Cancer Research Manpower	93.398
Cancer Control	93.399
ARRA — Trans-NIH Recovery Act Research Support	93.701
Comparative Effectiveness Research - AHRQ	93.715
Cardiovascular Diseases Research	93.837
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847
Extramural Research Programs in the Neurosciences and Neurological Disorder	93.853
Allergy, Immunology and Transplantation Research	93.855
Child Health and Human Development Extramural Research	93.865
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936
Medical Monitoring Project	93.937
HIV Prevention Activities - Health Department Based	93.940
Epidemiological Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943

(i) The City did not qualify as a low-risk auditee for the year ended June 30, 2012.

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

None

3. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

See accompanying pages 218 through 255.

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CHILD NUTRITION CLUSTER (CFDA # 10.553 AND 10.555)

NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE
REFERENCE: 2012-01

1. CRITERIA

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

2. CONDITION

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

We reviewed the summer program site review reports, and meal accountability and claiming review reports for forty regular and summer schools visited by the TFTAs during the School Year 2011-2012.

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

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

a. Accountability Lunch/Breakfast

- The United States Department of Agriculture Child Nutrition Program mandates that methods and procedures must be in place to ensure meals served to students contain the required food components: three out of four mandated components at breakfast; and, three out of five components at lunch. (Chancellor’s Regulations A-815)
- To reduce errors when transferring totals to the Report of Meals Served form, assigned staff persons should take care when tallying daily participation counts by eligibility categories (free, reduced and paid) and accurately record the totals on each day’s rosters, transaction logs or on labels for ticket stubs.

We noted eleven schools were identified as unsatisfactory or not satisfying this regulation.

CHILD NUTRITION CLUSTER (CFDA # 10.553 AND 10.555)

NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE
REFERENCE: 2012-01 (CONTINUED)

b. Meal Claiming

- The number of children certified for free or reduced-price meals must be updated in the school's database or on the master listing to reflect new students, discharges, transfers and changes in student eligibility determinations resulting from an official audit, review or verification process.
- Provisions must be made for the collection and documentation of monies for those participants required to pay reduced-or full-price for their meals (Chancellor's Regulations A-815).
- Documentation to confirm that households of students receiving reduced-or full-priced meals are notified of the monies owed by them is to be kept on file for auditing purposes. All documentation must be student specific, addressed to the parent or guardian and is to identify the amount of monies owed. Notifications must be consistent and frequency is at the school's discretion.

We noted thirteen schools were identified as unsatisfactory or not satisfying this regulation.

c. Audit Trail Breakfast /Lunch

- The staff person must ensure that the final counts recorded on the Report of Meals Served are accurately transferred and reflects the daily counts from the tallied ticket stubs, rosters or transaction logs on file by eligibility categories (free, reduced and paid). To reduce errors when transferring totals to the Report of Meals Served, assigned staff persons should take care when tallying daily participation counts by eligibility categories (free, reduced and paid) and accurately record the totals on the each day's rosters, transaction logs or on labels for ticket stubs.

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

d. Cash Collections

- Schools should have a system in place that will track monies owed for lunches served. Schools should notify households in writing when monies are due. The letter sent to households should be student specific and address the parent or guardian of the child with the amount owed for a specific period.
- The Cash Collection Worksheet should be completed weekly and should match the dollar amount of the accompanying check. If schools send in a check to SchoolFood that is for more than one week's worth of service, the period at which the money is for should be written in the memo of the check.

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

A similar finding was included in the prior year's single audit report on page 209 (Reference: 2011-01).

CHILD NUTRITION CLUSTER (CFDA # 10.553 AND 10.555)

**NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE
REFERENCE: 2012-01 (CONTINUED)**

3. CAUSE

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

4. EFFECT

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

5. RECOMMENDATION

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

6. QUESTIONED COST

None

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department of Education Office of SchoolFood continues to maintain systems with respect to counting meals served to students participating in the National School Lunch, School Breakfast and Summer Food Service programs. The Department continues to emphasize to school staff adherence to policies and procedures regarding proper documentation for meal benefits. Moreover, the Department's Office of SchoolFood staff continues to work to ensure that applicant eligibility determinations are processed and administered in accordance with established guidelines.

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

CHILD NUTRITION CLUSTER (CFDA # 10.553 AND 10.555)

**NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE
REFERENCE: 2012-01 (CONTINUED)**

In support of the National School Lunch and Breakfast Programs, the Department annually reviews meal accountability procedures at a minimum of 500 high risk schools; each school receives a minimum of three visits by the unit's Technical Advisors, one initial assessment visit and two follow-up reviews to gauge compliance with respect to meal accountability and eligibility. The programs require a minimum of one site review per building prior to February 1st each school year.

The Department continues to conduct initial assessment reviews wherein Task Force Technical Advisors provide detailed technical assistance in all areas of accountability and eligibility as needed. Subsequent reviews continue to gauge schools' compliance with Federal and state requirements and to determine if accountability and eligibility practices meet required standards. Schools that receive two consecutive non-compliant ratings are referred to designated directors and CFN liaisons, which require these overseers to pursue completion of appropriate actions with respect to proper eligibility and accountability procedures.

SchoolFood continues to provide onsite training to School Aides, school administrative staff and SchoolFood employees to improve meal accountability and accurate meal claims. Moreover, the respective Cluster Leaders and Food Liaisons, SchoolFood Regional Directors and District Supervisors, Business Directors and Operational Managers for charter and non-public schools are included in the action plan and are made aware of the schools' progress and are required to intervene as necessary. All schools that are non-compliant at the end of the school year for the breakfast and lunch programs will be included in the list of high risks schools scheduled for review during School Year 2012-2013.

DOE continues to support the electronic Point-of-Sale (POS) accountability system at 346 buildings hosting 737 schools throughout the City. This system is designed to improve meal accountability and claiming procedures at schools and to increase the accuracy of the monthly meal claims submitted for Federal and state reimbursements.

As of School Year 2005-2006 the Department implemented a central automated meal application processing system whereby the Application for Free and Reduced Price Meals are scanned and eligibility software is used to determine if students qualify for free or reduced price meals. The system relieves school administration from the manual paper process and reduces benefit issuance errors and generates student-specific notification letters with respect to eligibility and meal benefit determinations. During School Year 2011-2012 SchoolFood processed applications and determined meal benefits for 1,318 schools, 234 more schools than School Year 2010-2011, which included 1061 public schools, 109 charter schools and 148 non-public schools. The Department will implement the automated meal application processing system at all participating schools in the foodservice program during School Year 2012-2013.

COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII (CDBG) (CFDA # 14.228)

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REFERENCE: 2012-02

1. CRITERIA

Procurement — All non-Federal entities shall follow Federal laws and implement regulations applicable to procurements, as noted in the Federal Office of Management and Budget (“OMB”) Circular A-102 Common Rule and OMB Circular A-110.

In addition to those statutes listed in the Federal OMB Circular A-102 Common Rule and Federal OMB Circular A-110, Section 1605 of the American Recovery and Reinvestment Act of 2009 (“ARRA”) prohibits the use of ARRA funds for a project for the construction, alteration, maintenance, or repairs of a public building or work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States. This results in making the Buy-American Act apply to these ARRA awards. ARRA provides for a waiver of these requirements under specified circumstances. An award term is required in all ARRA funded awards for construction, alteration, maintenance, or repair of a public building or public work (2 Code of Federal Regulations (CFR) sections 176.140). Further information about this requirement, including applicable definitions, is found in 2 CFR part 176, Subpart B. 2 CFR part 176, including the award term, as amended effective March 25, 2010 [75 FR 14323] to reflect changes regarding international agreements. These changes include (1) beginning January 1, 2010, raising the threshold that applies to international agreements, from \$7,430,000 to \$7,804,000 and (2) recognizing agreements or signatories to agreements subsequent to the original publication of 2 CFR parts 176.

2. CONDITION

During our testing of five files with respect to procurement activity of The New York City Economic Development Corporation (the “Corporation”), we were not provided certain documents, such as the Notice to Proceed for three files, Debarment Certification for one file, Lobbying Certification for two files and Final Notice of Awards for four files.

A similar finding was included in the prior year’s single audit report on page 213 (Reference: 2011-02).

3. CAUSE

The Corporation did not ensure that all required procurement documents were executed and retained.

4. EFFECT

The Corporation’s procurement files were incomplete.

5. RECOMMENDATION

We recommend that the Corporation strengthen controls to ensure that its federally funded programs are in compliance with State and Federal procurement requirements.

COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII (CDBG) (CFDA # 14.228)

**NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REFERENCE: 2012-02 (CONTINUED)**

6. QUESTIONED COST

Cannot be determined

7. VIEW OF RESPONSIBLE OFFICIAL

The Economic Development Corporation understands the importance of adherence to contractual and documentation requirements with respect to Federal awards. The Corporation maintains policies and procedures to fulfill expectations in this regard and continues to review and further enhance applicable controls. These actions include computer technology to scan, maintain and retrieve procurement records, and are focused toward activity during the past two years.

With respect to the audit finding, the Corporation has confirmed vendor fitness and proper notifications with respect to the award and commencing work; Lobbying certifications are now on file.

HOME INVESTMENT PARTNERSHIPS PROGRAM (CFDA # 14.239)

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

REFERENCE: 2012-03

1. CRITERIA

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

2. CONDITION

The New York City Department of Housing Preservation and Development (the “Department”) has policies and procedures in place to identify units which require housing quality standards inspections. The Department performs inspections of these units to ensure that any needed repairs are completed timely. According to the Department’s policy, repairs must be completed within 45 days after the initial inspection and supported by a Certification of Repairs form.

We noted the following during our testing of the sixty Housing Quality Standards building inspection files, which cover 377 units selected for review:

- Eighteen unit files failed to demonstrate inspection repairs within 45 days after the initial inspection.
- Seven unit files did not contain a completed Certification of Repairs form from the sponsors, which is required when units within the sponsors’ facilities fail inspections.

A similar finding was included in the prior year’s single audit report on page 215 (Reference: 2011-03).

3. CAUSE

The Department did not ensure that all repairs were completed in a timely manner and did not ensure that Certification of Repair forms from the sponsors were maintained in the unit files.

4. EFFECT

Sponsor units may not be repaired on a timely basis.

5. RECOMMENDATION

We recommend that the Department strengthen its controls over this requirement.

HOME INVESTMENT PARTNERSHIPS PROGRAM (CFDA # 14.239)

NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REFERENCE: 2012-03 (CONTINUED)

6. QUESTIONED COST

Cannot be determined

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department of Housing Preservation and Development continues to maintain processes and procedures with respect to compliance with Housing Quality (“HQ”) inspection standards. The Department routinely conducts HQ inspections of HOME Investment Partnerships Program assisted rental units continues to maintain systems to facilitate and promote compliance with HOME inspection requirements; HOME units are inspected periodically and failed inspections are followed-up routinely. In addition, the Department continues to review program requirements and operations to further enhance program oversight and timely repairs.

Moreover, building owners are notified of failed inspections and provided regularly with detailed reports identifying non-compliant conditions. The Department continues to remind building owners to complete repairs and to submit completed certificates of repairs. The Department’s ongoing activities include routinely reinforces to staff the HQ inspection procedures to help the monitoring and resolution of conditions reported during inspections.

With respect to the eighteen unit files that failed to demonstrate the required repairs within forty-five days after the notification of failure, the Department will notify owners to resolve conditions timely. Concerning the seven unit files that did not contain a completed Certification of Repairs form, the Department will schedule re-inspections for those units which remain uncorrected to determine current conditions as well as contact relevant building owners to resolve outstanding concerns.

**SECTION 8 MODERATE REHABILITATION SINGLE ROOM OCCUPANCY
(CFDA # 14.249)
LOW INCOME HOUSING ASSISTANCE PROGRAM – SECTION 8 MODERATE
REHABILITATION (CFDA # 14.856)**

**NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REFERENCE: 2012-04**

1. CRITERIA

Reporting — Special Reporting — For Moderate Rehabilitation Single Room Occupancy (“SRO”) only: HUD 40118, Annual Progress Report (APR) (OMB No. 2506-0145) – This report is due from each non- Federal recipient of assistance within 90 days after the end of its operating year (24 Code of Federal Regulation (CFR) section 882.808(p)).

Key Line Items:

- (1) Line 4 – Non-homeless persons
- (2) Line 6b – Chronically homeless persons
- (3) Line 10 – Prior Living Situation
- (4) Line 11 – Amount and Source of Monthly Income at Entry and at Exit
- (5) Line 12a,b – Length of Stay in Program
- (6) Line 14 – Destination

2. CONDITION

During our testing, we reviewed the APR submitted during fiscal year 2012 by The New York City Department of Housing Preservation and Development (the “Department”) to the Federal awarding agency. We noted that APR was submitted pass the 90 day deadline.

3. CAUSE

Due to voluminous data collection necessary to complete the special report, the Department was unable to prepare the report in a timely manner.

4. EFFECT

The Department is not in compliance with requirements to report on a timely basis.

5. RECOMMENDATION

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

**SECTION 8 MODERATE REHABILITATION SINGLE ROOM OCCUPANCY
(CFDA # 14.249)
LOW INCOME HOUSING ASSISTANCE PROGRAM – SECTION 8 MODERATE
REHABILITATION (CFDA # 14.856)**

**NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REFERENCE: 2012-04 (CONTINUED)**

6. QUESTIONED COST

None

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department of Housing Preservation is aware of reporting requirements with respect to the HUD 40118 Annual Progress Report. In this regard, the Department has established policies and procedure to finalize and submit the report timely. Moreover, with respect to the finding, the Department will monitor the receipt of associated data as well as follow-up with program participants to facilitate report completeness.

NEIGHBORHOOD STABILIZATION PROGRAM (RECOVERY ACT FUNDED) (CFDA # 14.256)

NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REFERENCE: 2012-05

1. CRITERIA

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

Subrecipient Audits — (1) Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 as provided in Federal OMB Circular A-133 have met the audit requirements of Federal OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period.

2. CONDITION

The New York City Department of Housing Preservation and Development (the "Department") has a policy in place to obtain Federal OMB Circular A-133 reports from subrecipients.

During our testing with respect to this grant, we noted that the Department failed to determine if the subrecipient had less than \$500,000 in federal expenditures. Based on the audited financial statements reviewed by the Department, the subrecipient received over \$500,000 in grant revenue but it cannot be determine what amount was in connection with Federal awards.

3. CAUSE

The Department did not implement policies and procedures that ensure subrecipients comply with certain Federal OMB Circular A-133 audit requirements.

4. EFFECT

The Department may not be able to properly monitor subrecipients appropriately.

5. RECOMMENDATION

We recommend that the Department implement policies and procedures to ensure that subrecipients prepare audit reports in accordance with Federal OMB Circular A-133.

6. QUESTIONED COST

None

**NEIGHBORHOOD STABILIZATION PROGRAM (RECOVERY ACT FUNDED)
(CFDA # 14.256)**

**NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REFERENCE: 2012-05 (CONTINUED)**

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department of Housing Preservation and Development understands the importance of complying with subrecipient monitoring requirements with respect to the Neighborhood Stabilization Program. The Department works closely with its providers in this regard and help them to satisfy established grant and contractual requirements, including program rules and regulations. In addition, the Department maintains processes and procedures to carefully monitor the fiscal and programmatic activities of its subrecipients as well as tracks the receipt of annual audited financial statements and Federal OMB Circular A-133 reports.

With respect to the finding, the Department will immediately contact the provider to validate the need to submit a Federal OMB Circular A-133 audit, as well as obtain and review such report by June 2013, if applicable.

NEIGHBORHOOD STABILIZATION PROGRAM (RECOVERY ACT FUNDED) (CFDA # 14.256)

NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REFERENCE: 2012-06

1. CRITERIA

Reporting — Performance Reporting — HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons*, (OMB No. 2529-0043) – For each grant over \$200,000 that involves housing rehabilitation, housing construction, or other public construction, the prime recipient must submit Form HUD 60002 (24 Code of Federal Regulations (CFR) sections 135.3(a), 135.90, and 570.487(d)).

Key Line Items:

- a. 3. Dollar Amount of Award
- b. 8. Program Code
- c. Part I, Column C – Total Number of New Hires that are Section 3 Residents
- d. Part II, Contracts Awarded, 1. Construction Contracts
 - (1) A. Total dollar amount of construction contracts awarded on the project
 - (2) B. Total dollar amount of construction contracts awarded to Section 3 businesses
 - (3) D. Total number of Section 3 businesses receiving construction contracts
- e. Part II, Contracts Awarded, 2. Non-Construction Contracts
 - (1) A. Total dollar amount of all non-construction contracts awarded on the project/activity
 - (2) B. Total dollar amount of non-construction contracts awarded to Section 3 businesses
 - (3) D. Total number of Section 3 businesses receiving non-construction contracts

2. CONDITION

The New York City Department of Housing Preservation and Development (the “Department”) did not provide the HUD 60002 report for fiscal year 2012.

3. CAUSE

The Department did not finalize actions to submit the report.

4. EFFECT

The Department is not in compliance with requirements for submitting HUD 60002 performance reports.

NEIGHBORHOOD STABILIZATION PROGRAM (RECOVERY ACT FUNDED) (CFDA # 14.256)

**NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REFERENCE: 2012-06 (CONTINUED)**

5. RECOMMENDATION

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

6. QUESTIONED COST

None

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department of Housing Preservation and Development is aware of requirements with respect to the HUD 60002 performance report and maintains policies and procedure to finalize and submit it. Program regulatory agreements stipulate adherence to associated reporting requirements, particularly for developments where housing rehabilitation or construction has occurred.

With respect to the finding, the Department is gathering the necessary details and will be able to finalize the submission upon receipt of all the relevant information from program participants.

RECOVERY ACT — EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM/GRANTS TO UNITS OF LOCAL GOVERNMENT (CFDA # 16.804)

NEW YORK CITY OFFICE OF CRIMINAL JUSTICE COORDINATOR
STATE AGENCY: NEW YORK STATE DIVISION OF CRIMINAL JUSTICE SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF JUSTICE
REFERENCE: 2012-07

1. CRITERIA

Special Tests and Provisions — Grantees must meet Equal Employment Opportunity Plan (“EEOP”) requirements based on Federal regulations, Assurance No. 6 in the Standard Assurances, Community Oriented Policing Services (“COPS”) grant Assurance No. 8.B, or certain Federal grant program requirements. Also, organizations receiving an award for \$500,000 or more and with 50 or more employees (counting both full- and part-time employees but excluding political appointees), must prepare an EEOP and submit it to the Federal Office of Civil Rights for review within 60 days as required.

2. CONDITION

Based on our review The New York City Office of Criminal Justice Coordinator (the “Office”) had not submitted its EEOP to the State of New York Office of Criminal Justice Services.

A similar finding was included in the prior year’s single audit report on page 217 (Reference: 2011-04).

3. CAUSE

Multiple City of New York agencies are involved with this program.

4. EFFECT

The EEOP was not prepared and submitted timely.

5. RECOMMENDATION

We recommend that the Office formalize the EEOP and submit it as required.

6. QUESTIONED COST

Cannot be determined

7. VIEWS OF RESPONSIBLE OFFICIAL

Each of The City agencies receiving grant funds under this program has an EEOP tailored to their own operations. The Office is working to secure approval for these plans as compliant with grant requirements. Since these plans go beyond the requirements specified for the grant by the Federal Department of Justice (“DOJ”), the Office anticipates DOJ approval.

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HIGHWAY PLANNING AND CONSTRUCTION (CFDA # 20.205)

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

FEDERAL AGENCY: FEDERAL HIGHWAY PROGRAM

REFERENCE: 2012-08

1. CRITERIA

Procurement — The State Department of Transportation (“DOTs”) and Local Public Agencies (“LPAs”) must use qualifications-based selection procedures (“Brooks Act”) when acting as contracting agencies to procure engineering and design-related services for a construction project using Federal-aid highway funding (23 United States Code (USC) 112(b)(2); 23 Code of Federal Regulations (“CFR”) part 172). Requirements applicable to engineering and design-related services contracts using Federal-aid highway funding include:

1. Written procedures for each method of procurement used to procure engineering and design services. State DOT procedures must be approved by the Federal Highway Administration (“FHWA”). Subrecipient (“LPAs”) procedures must be approved by the recipient, generally the State DOT. These procedures must provide for the following related to procurement of consultant services:
 - a. Preparing a scope of work, evaluation factors, and cost estimate;
 - b. Soliciting proposals;
 - c. Evaluating and ranking proposals and a documented basis for selection;
 - d. Negotiating the amount to be paid;
 - e. Monitoring the consultant’s work and preparing a performance evaluation when the work is completed; and,
 - f. Determining the extent to which the consultant, who is responsible for the professional quality, technical accuracy, and coordination of services, may be reasonably liable for costs resulting from errors or deficiencies in design furnished under its contract (23 CFR section 172.9(a)).
2. Instead of performing its own audits of engineering and design contractors, contracting agencies (State DOTs and LPAs) are required to accept indirect cost rates that have been established by a cognizant Federal or State agency in accordance with the Federal Acquisition Regulation (48 CFR part 31) for 1-year applicable accounting periods, if such rates are not currently under dispute (23 USC 112(b) and 23 CFR section 172.7).
3. Contracts for a consultant to act in a management role for the contracting agency for services that are directly related to a construction project must be approved by FHWA before the consultant is hired (23 CFR section 172.9(d)).

HIGHWAY PLANNING AND CONSTRUCTION (CFDA # 20.205)

**NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
FEDERAL AGENCY: FEDERAL HIGHWAY PROGRAM
REFERENCE: 2012-08 (CONTINUED)**

2. CONDITION

During our review of ten procurement files of The New York City Economic Development Corporation (the "Corporation"), we noted that all files were missing the Final Notice of Award and two of the files were missing the Certification of Restriction of Lobbying.

3. CAUSE

The Corporation did not ensure that the procurement files were complete.

4. EFFECT

The Corporation's controls over procurement requirements were not adequate.

5. RECOMMENDATION

We recommend that the Corporation strengthen controls to ensure that its federally funded programs are in compliance with State and Federal procurement requirements.

6. QUESTIONED COST

Cannot be determined

7. VIEWS OF RESPONSIBLE OFFICIAL

The Economic Development Corporation understands the importance of adherence to contractual and documentation requirements with respect to Federal awards. The Corporation maintains policies and procedures to fulfill expectations in this regard and continues to review and further enhance applicable controls. These actions include computer technology to scan, maintain and retrieve procurement records, and are focused toward activity during the past two years.

With respect to the audit finding, the Corporation has confirmed proper notifications with respect to the award; the Lobbying certification is now on file.

SPECIAL EDUCATION — GRANTS TO STATES (CFDA # 84.027)
SPECIAL EDUCATION — PRESCHOOL GRANTS (CFDA # 84.173)
CAREER AND TECHNICAL EDUCATION — BASIC GRANTS TO STATES
(PERKINS IV)(CFDA # 84.048)
TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS (CFDA
84.287)
EDUCATION TECHNOLOGY STATE GRANTS, RECOVERY ACT (CFDA
84.386)

NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF EDUCATION
REFERENCE: 2012-09

1. CRITERIA

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

2. CONDITION

During our testing, we reviewed the FS-10F submitted during fiscal year 2012 by The New York City Department of Education (the “Department”) to the Federal awarding agency. We noted that certain FS-10F reports were not submitted timely as required by the grantor.

A similar finding was included in the prior year’s single audit report on page 227 (Reference: 2011-08).

3. CAUSE

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

4. EFFECT

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

5. RECOMMENDATION

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

6. QUESTIONED COST

None

SPECIAL EDUCATION — GRANTS TO STATES (CFDA # 84.027)
SPECIAL EDUCATION — PRESCHOOL GRANTS (CFDA # 84.173)
CAREER AND TECHNICAL EDUCATION — BASIC GRANTS TO STATES
(PERKINS IV)(CFDA # 84.048)
TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS (CFDA
84.287)
EDUCATION TECHNOLOGY STATE GRANTS, RECOVERY ACT (CFDA
84.386)

NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF EDUCATION
REFERENCE: 2012-09 (CONTINUED)

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department of Education understands the importance of fiscal reporting requirements and continues to maintain processes and procedures to monitor grant award programs with respect to the timely submission of Final Expenditure Reports (FS-10F). The Department continues to carefully monitor programs/schools to help ensure accurate and complete records. The Department also continues to oversee programs/schools throughout the award period and work with them to re-enforce established reporting guidelines to facilitate timely submission of expenditure reports.

Moreover, the Department continues to closely track grant expenditures through-out the grant period as well as work with appropriate State Education officials to facilitate the completion of submission of financial expenditure reports. In this regard, the Department previously established an encumbrance report which lists open encumbrances by project within district to facilitate the liquidation of these open obligations. Additionally, the Office of Revenue Operations periodically provides the Office of Accounts Payable with open detail listings of categorical grant outstanding encumbrances so that office can make these items a priority when reaching out to vendors to obtain outstanding invoices and making vendor payments.

Throughout the school year, the Department's staff routinely assists program/school administrators to liquidate encumbered amounts, notifies contract staff with respect to grant under-spending, and examines charges to help ensure that all eligible expenditures are claimed fully for reimbursement. This effort requires the Department's central and regional staff to reassess reported spending levels by working continually with the senior grant officers and contract staff to determine the correct grant charges to be reflected in expenditure reports; staff are reminded to meet established reporting deadlines so that reports are prepared timely in accordance with established due dates.

In the event reports may be submitted beyond established timeframes, the Department will determine the status of completing the reports as well as work to obtain extensions.

SPECIAL EDUCATION — GRANTS FOR INFANTS AND FAMILIES (CFDA # 84.181)

SPECIAL EDUCATION — GRANTS FOR INFANTS AND FAMILIES (RECOVERY ACT) (CFDA # 84.393)

NEW YORK CITY DEPARTMENT OF HEALTH AND MENTAL HYGIENE

STATE AGENCY: NEW YORK STATE DEPARTMENT OF EDUCATION

FEDERAL AGENCY: U.S. DEPARTMENT OF EDUCATION

REFERENCE: 2012-10

1. CRITERIA

Equipment and Real Property Management — Title to equipment acquired by a non-Federal entity with Federal awards vests with the non-Federal entity. Equipment means tangible nonexpendable property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. However, consistent with a non-Federal entity's policy, lower limits may be established.

A State shall use, manage, and dispose of equipment acquired under a Federal grant in accordance with State laws and procedures. Subrecipients of States who are local governments or Indian tribes shall use State laws and procedures for equipment acquired under a subgrant from a State.

Local governments and Indian tribes shall follow the Federal Office of Management and Budget ("OMB") Circular A-102 Common Rule for equipment acquired under Federal awards received directly from a Federal awarding agency. Institutions of higher education, hospitals, and other non-profit organizations shall follow the provisions of Federal OMB Circular A-110. Basically, the Federal OMB Circular A-102 Common Rule and OMB Circular A-110 require that equipment be used in the program for which it was acquired or, when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained. When equipment with a current per unit fair market value of \$5,000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate (percent of Federal participation in the cost of the original project) amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return.

2. CONDITION

The New York Department of Health and Mental Hygiene (the "Department") is responsible for performing physical inventory counts and reconciling to the equipment record. Based on our examination and inquiry, we noted that the Department did not perform the physical inventory of equipment counts periodically.

3. CAUSE

The Department did not ensure compliance with policies and procedures to perform physical inventory counts.

SPECIAL EDUCATION — GRANTS FOR INFANTS AND FAMILIES (CFDA # 84.181)

SPECIAL EDUCATION — GRANTS FOR INFANTS AND FAMILIES (RECOVERY ACT) (CFDA # 84.393)

NEW YORK CITY DEPARTMENT OF HEALTH AND MENTAL HYGIENE

STATE AGENCY: NEW YORK STATE DEPARTMENT OF EDUCATION

FEDERAL AGENCY: U.S. DEPARTMENT OF EDUCATION

REFERENCE: 2012-10 (CONTINUED)

4. EFFECT

The Department did not comply fully with equipment requirements.

5. RECOMMENDATION

We recommend that the Department comply with policies and procedures for physical inventory counts to ensure that equipment is managed in accordance with Federal laws and regulations.

6. QUESTIONED COST

None

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department of Health and Mental Hygiene understands the importance of performing physical inventories of equipment in accordance with Federal grant requirements. With respect to grants, the Division of Mental Hygiene's Early Intervention Program collects the location and identifying information, including serial numbers, of IT and non-IT equipment purchased with Federal grant funds, so that a physical inventory count can be performed.

Regarding the finding, the Department's Bureau of Early Intervention will collaborate with the Division of Informatics and Information Technology ("IIT") to verify the location and identifying information, including serial numbers, for all IT equipment purchased with the grants. IIT will retain this information for record-keeping and to perform future physical inventory counts of IT-equipment, consistent with grant requirements. In addition, physical inventory counts of non-IT equipment purchased with these grant funds will be performed by the Program that purchased the equipment, consistent with grant expectations.

CHILD CARE AND DEVELOPMENT BLOCK GRANT (CFDA # 93.575)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
STATE AGENCY: NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-11

1. CRITERIA

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

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

2. CONDITION

The New York City Administration for Children’s Services (the “Department”) has a system to monitor subrecipient compliance with the above requirement. The system includes the completion of program specific financial and compliance audits.

Of the forty delegate agencies selected for review, we noted that one subrecipient had not submitted current audited financial statements within the prescribed 9-month deadline.

A similar finding was included in the prior year’s single audit report on page 233 (Reference: 2011-11).

3. CAUSE

The Department did not ensure that all subrecipients submitted audited financial statements with the appropriate schedules.

4. EFFECT

The Department is not able to properly monitor subrecipients if the audited financial statements of the subrecipients have not been reviewed on a timely basis.

CHILD CARE AND DEVELOPMENT BLOCK GRANT (CFDA # 93.575)

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
STATE AGENCY: NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-11 (CONTINUED)**

5. RECOMMENDATION

We recommend that the Department contact the delegate agencies to remind them to submit reports timely.

6. QUESTIONED COST

None

7. VIEWS OF RESPONSIBLE OFFICIAL

The Administration for Children's Services understands the importance of complying with the Child Care program's subrecipient monitoring requirements and continues to work closely with its delegate agencies to help them to comply with established rules and regulations. The Department continues to maintain processes and procedures to carefully monitor the fiscal and programmatic activities of its subrecipients as well as track the receipt of annual audited financial statements. These activities help delegate agencies meet established submission requirements.

Concerning the audit finding, the Department will remind its providers with respect to the timely submission of audited financial statements. The Department may lower the Vendex rating for providers that are non-compliant and do not meet their contractual obligation for timely submission of audit reports.

CHILD CARE AND DEVELOPMENT BLOCK GRANT (CFDA # 93.575)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
STATE AGENCY: NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-12

1. CRITERIA

Eligibility for Individuals — Lead Agencies must have in place procedures for documenting and verifying eligibility in accordance with the following Federal requirements, as well as the specific eligibility requirements selected by each State/Territory/Tribe in its approved Plan.

- Children must be under age 13 (or up to age 19, if incapable of self care or under court supervision), who reside with a family whose income does not exceed 85 percent of State/territorial/tribal median income for a family of the same size, and reside with a parent (or parents) who is working or attending a job-training or education program; or are in need of, or are receiving, protective services. Tribes may elect to use State or tribal median income (42 United States Code (USC) 9858n(4); 45 Code of Federal Regulations (CFR) sections 98.20(a) and 98.80(f)).
- Lead Agencies shall establish a sliding fee scale, based on family size, income, and other appropriate factors, that provides for cost sharing by families that receive Child Care Development Fund (CCDF) child care services (45 CFR section 98.42). Lead Agencies may exempt families below the poverty line from making copayments and shall establish a payment rate schedule for child care providers caring for subsidized children (45 CFR section 98.43).

2. CONDITION

The New York City Administration for Children's Services (the "Department") performs eligibility determinations for Child Care Development Fund Cluster Program. Of the twenty-five case files selected for review we were not provided one case file, therefore we could not determine if the child was eligible to receive program services.

The questioned costs was determined based on the payments made to the one case in the question.

3. CAUSE

The Department did not ensure that all eligibility case files were properly maintained.

4. EFFECT

Claims could be made on behalf of ineligible recipients.

5. RECOMMENDATION

We recommend that the Department ensure that all case files are properly maintained.

CHILD CARE AND DEVELOPMENT BLOCK GRANT (CFDA # 93.575)

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
STATE AGENCY: NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-12 (CONTINUED)**

6. QUESTIONED COST

\$1,305

7. VIEWS OF RESPONSIBLE OFFICIAL

The Administration for Children's Services continues to maintain and further strengthen its monitoring controls over the Child Care eligibility files.

The Department's staff continues to work to ensure that applicant eligibility determinations are processed and administered consistent with established guidelines. Staff training is provided, and the Department continues to reiterate to staff proper handling of case file documentation.

With respect to the missing file, staff in the Division of Early Childhood Education will perform a quality review of all case record documentation to confirm accuracy and completeness.

HEAD START (CFDA # 93.600)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-13

1. CRITERIA

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

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

2. CONDITION

The New York City Administration for Children’s Services (the “Department”) has a system to monitor subrecipient compliance with the above requirement. The system includes the completion of program specific financial and compliance audits.

Of the twenty-five delegate agencies selected for testing, we noted that one had not submitted current audited financial statements within the prescribed 9-month deadline.

A similar finding was included in the prior year’s single audit report on page 235 (Reference: 2011-12).

3. CAUSE

The Department did not ensure that all subrecipients submit audited financial statements by the established due dates.

4. EFFECT

The Department is not able to properly monitor the subrecipients if the audited financial statements from the subrecipients are not received timely.

HEAD START (CFDA # 93.600)

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-13 (CONTINUED)**

5. RECOMMENDATION

We recommend that the Department contact the delegate agencies to remind them of reporting requirements. When extensions are granted but not met, we recommend that the Department send notices to the delegate agencies advising them of the requirements, as well as maintain a copy of such notices.

6. QUESTIONED COST

None

7. VIEWS OF RESPONSIBLE OFFICIAL

The Administration for Children's Services understands the importance of complying with Head Start program subrecipient monitoring requirements and continues to work closely with its delegate agencies to help them comply with established rules and regulations. Moreover, the Department continues to maintain processes and procedures to carefully monitor the fiscal and programmatic activities of its subrecipients as well as track the receipt of annual audited financial statements.

Concerning the provider that did not provide timely financial statements, the Department will continue to work closely with them to obtain future submissions within the established deadline. In addition, the Department has notified the provider to adhere to established submission deadlines, and may lower the Vendex rating for providers that are non-compliant and do not meet their contractual obligation for timely submission of audit reports.

HEAD START (CFDA # 93.600)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-14

1. CRITERIA

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

2. CONDITION

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

A similar finding was included in the prior year’s single audit report on page 237 (Reference: 2011-13).

3. CAUSE

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

4. EFFECT

Earmarking levels may not reach Federal requirements.

5. RECOMMENDATION

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

6. QUESTIONED COST

Cannot be determined

7. VIEWS OF RESPONSIBLE OFFICIAL

The Administration for Children’s Services understands the importance of adherence to requirements with respect to targeted enrollment. The Department continues to work to maintain the targeted enrollment of 100 percent for its Citywide Head Start Program and engages Head Start Directors in this effort, including the presentation and delivery of progress reports to them during directors’ meetings covering enrollment performance.

HEAD START (CFDA # 93.600)

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-14 (CONTINUED)**

The Department closely tracks and monitors monthly enrollment for its delegate agencies and evaluates relevant statistical data to identify those not meeting expectations. Moreover, beginning October 2012, Head Start delegate agencies, rather than Department staff, will input enrollment information into the Department's Web-based Enrollment System every month. The Department's staff will use this system to monitor provider performance, and if chronic under-enrollment is indicated, the Department notifies the provider to submit an enrollment improvement plan as well as meets with them to discuss enrollment activity, wait lists and recruitment efforts. During these meetings the Department reinforces the seriousness and significance of under-achieving the enrollment target. In addition, upon review and approval of provider enrollment improvement plans, the Department monitors progress and may reduce the provider's enrollment capacity. Further, as needed the Department will annotate relevant contract performance records of providers that do not meet contractual obligations for targeted enrollment.

The Department also continues to work closely with the Head Start Policy Council to improve enrollment. The enrollment data and follow-up activity is shared with the Council at the bi-monthly meetings and the weekly executive meetings. Council members continue to convey relevant meeting content to their respective delegate agencies.

HEAD START (CFDA # 93.600)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
STATE AGENCY: NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-15

1. CRITERIA

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

2. CONDITION

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

Of the twenty-five delegate agencies selected for testing, we noted that three delegate agencies did not satisfy the match requirement.

3. CAUSE

The Department did not strictly enforce its matching requirements for subrecipients.

4. EFFECT

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

5. RECOMMENDATION

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

HEAD START (CFDA # 93.600)

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
STATE AGENCY: NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-15 (CONTINUED)**

6. QUESTIONED COST

Cannot be determined

7. VIEWS OF RESPONSIBLE OFFICIAL

The Administration for Children's Services continues to maintain systems to monitor delegate agency fiscal activity with respect to compliance with matching requirements. The Department's staff continues to work closely with agencies to provide guidance and emphasize the importance of meeting established matching requirements and assist them to satisfy their obligation timely. Delegate agencies are routinely instructed to contribute at least twenty percent of the costs of the program through cash or in-kind contributions, unless a lesser amount has been approved. Further, delegate agency monthly budget reports are reviewed by the Department to determine whether the non-Federal match will be met, and identifies agencies that may not meet the match requirement. As needed, agencies are reminded to comply with established guidelines.

Concerning the three delegate agencies that did not fulfill the match requirement, it should be noted that all three of the agencies met the required match for fiscal year 2011. Final calculations of the match for fiscal year 2012 will be determined when the audits for the fiscal year are completed in March 2013.

The Department will continue to remind all providers of the matching requirement, including distributing of the Department's policies and procedures. In addition, the Department will continue to work closely with all providers that demonstrate a need for assistance to satisfy the match obligation.

ADOPTION ASSISTANCE (CFDA # 93.659)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES

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

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

REFERENCE: 2012-16

1. CRITERIA

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

- The child is eligible, or would have been eligible, for the former Aid to Families with Dependent Children (“AFDC”) program (i.e., met the State-established standard of need as of July 16, 1996, prior to enactment of the Personal Responsibility and Work Opportunity Reconciliation Act) except for his/her removal from the home of a relative pursuant to either a voluntary placement agreement or as a result of a judicial determination to the effect that continuation in the home of removal would have been contrary to the welfare of the child; the child is eligible for Supplemental Security Income; or is a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to his/her minor parent (42 United States Code (USC) 673(a)(2)(a) (i)(I)).
- The child was determined by the State to be a child with special needs (42 USC 673(c) (1) (B)).
- The State has made reasonable efforts to place the child for adoption without a subsidy (42 USC 673(c) (1) (B)).
- The agreement for the subsidy was signed and was in effect before the final decree of adoption and contains information concerning the nature of services; the amount and duration of the subsidy; the child’s eligibility for Title XX services and Title XIX Medicaid; and covers the child should he/she move out of State with the adoptive family (42 USC 675(3)).
- Nonrecurring expenses of adoption may be paid on behalf of a child only if all of the following requirements are met:
 - (1) The agreement, as a separate document or part of an agreement for State/Tribe or Federal Adoption assistance payment or services, was signed prior to the final decree of adoption (45 Code of Federal Regulations (“CFR”) section 1356.41(b)).
 - (2) The agreement indicates the nature and amount of the nonrecurring expenses to be paid (45 CFR section 1356.41(a)).
 - (3) The State or Tribe has determined that the child is a child with special needs (45 CFR section 1356.41(d)).
 - (4) The child has been placed for adoption in accordance with applicable State and local laws (45 CFR section 1356.41(d)).
 - (5) The costs incurred by or on behalf of adoptive parents are not otherwise reimbursed from other sources (45 CFR section 1356.41(g)).

ADOPTION ASSISTANCE (CFDA # 93.659)

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-16 (CONTINUED)**

2. CONDITION

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

Of the sixty files selected for testing, three files did not include one or more federally-required documents. The missing documents include Adoptive Placement Agreement and, the Agreement for Non-recurring Adoption Expenses form. Two files had Non-recurring Adoption Expense forms signed on or after the final decree of adoption.

A similar finding was included in the prior year's single audit report on page 239 (Reference: 2011-14).

3. CAUSE

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

4. EFFECT

Claims could be made on behalf of ineligible recipients.

5. RECOMMENDATION

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

6. QUESTIONED COST

Cannot be determined

7. VIEWS OF RESPONSIBLE OFFICIAL

The Administration for Children's Services continues to strengthen its monitoring controls over the adoption assistance case files.

ADOPTION ASSISTANCE (CFDA # 93.659)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES

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

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

REFERENCE: 2012-16 (CONTINUED)

In July 2012, the Department implemented a re-designed business process for Adoption Assistance payments. The Department's staff works to process applicant eligibility determinations consistent with established guidelines. Staff training is provided, and the Department continues to reiterate to staff proper handling of case file documentation. Staff in the Division of Family Permanency Services also performs a quality review of all case record documentation to confirm accuracy and completeness of each record before it is stored in the Department's warehouse.

In addition, the Department has scanned all open Adoption Subsidy case folders currently in storage. This action includes the application of bar-coding technology and has enhanced our tracking capability for the physical Adoption Subsidy case record.

Work is underway to create an electronic content management, tracking and storage system that will cover all functions related to the adoption assistance program, including the approval, payment and ongoing management of adoption subsidies.

A pilot of this new system is underway and will automate the Department's cross-divisional operations for handling non-recurring attorney fees.

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SOCIAL SERVICES BLOCK GRANT (CFDA # 93.667)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-17

1. CRITERIA

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

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

2. CONDITION

The New York City Administration for Children’s Services (the “Department”) has a system to monitor subrecipient compliance with the above requirement. The system includes the completion of program specific financial and compliance audits.

Of the twenty-five delegate agencies selected for testing, we noted that two had not submitted current audited financial statements within the prescribed 9-month deadline.

A similar finding was included in the prior year’s single audit report on page 241 (Reference: 2011-15).

3. CAUSE

The Department did not ensure that all subrecipients submit audited financial statements by the established due dates.

4. EFFECT

The Department is not able to properly monitor the subrecipients if the audited financial statements from the subrecipients are not received timely.

SOCIAL SERVICES BLOCK GRANT (CFDA # 93.667)

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2012-17 (CONTINUED)**

5. RECOMMENDATION

We recommend that the Department contact the delegate agencies to remind them of reporting requirements. When extensions are granted but not met, we recommend that the Department send notices to the delegate agencies advising them of the requirements, as well as maintain a copy of such notices.

6. QUESTIONED COST

None

7. VIEWS OF RESPONSIBLE OFFICIAL

The Administration for Children's Services understands the importance of complying with the subrecipient monitoring requirements and continues to work closely with its contracted provider agencies to oversee compliance with established rules and regulations with respect to the annual submission of audited financial statements. The Department continues to maintain processes and procedures to carefully monitor the fiscal and programmatic activities of its subrecipients as well as track the receipt of annual financial statements. These monitoring activities help delegate agencies meet established submission requirements.

Concerning the two providers that did not provide timely financial statements, the Department had an ongoing correspondence with them reminding them of the past due audits and will continue to work closely with these providers to obtain future submissions within the established deadline. In addition, the Department has notified the providers to adhere to established submission deadlines, and may lower the Vendex rating for providers that are non-compliant and do not meet their contractual obligation for timely submission of audit reports.

THE CITY OF NEW YORK

STATUS OF PRIOR YEARS' FINDINGS YEAR ENDED JUNE 30, 2012

<u>City Agency</u>	<u>Index #</u>	<u>Page #</u>	<u>Program Name</u>	<u>Summary of Finding</u>	<u>Status</u>
Department of Education	96-02-10.553, 10.555	24	Child Nutrition Cluster — School Breakfast Program (10.553), National School Lunch Program (10.555)	Meal count requirement monitoring	Repeat: CAP in current year report; refer to index 2012-01-10.553 and 10.555.
	97-03-10.553, 10.555	27			
	98-02-10.553, 10.555	30			
	99-02-10.553, 10.555	29			
	00-02-10.553, 10.555	29			
	01-01-10.553, 10.555	30			
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	05-01-10.553, 10.555	166			
	06-02-10.553, 10.555	177			
	07-01-10.553, 10.555	179			
08-01-10.553, 10.555	181				
09-04-10.553, 10.555	193				
10-03-10.553, 10.555	203				
11-01-10.553, 10.555	209				
Economic Development Corporation	11-02-14.228	213	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (14.228)	Procurement	Repeat: CAP in current year report; refer to index 2012-02-14.228.
Housing Preservation and Development	08-03-14.239	187	HOME Investment Partnerships Program (14.239)	Missing certification of repair	Repeat: CAP in current year report; refer to index 2012-03-14.239.
	09-08-14.239	203			
	10-04-14.239	207			
	11-03-14.239	215			
Criminal Justice Coordinator	10-09-16.804	217	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government (16.804)	Timely Equal Employment Opportunity Plan	Repeat: CAP in current year report; refer to index 2012-07-16.804.
	11-04-16.804	217			
Department for the Aging	11-05-17.235	219	Senior Community Services Employment Program (17.235)	Incomplete documentation	Corrected
Department of Education	11-06-81.041	221	Recovery Act - State Energy Program (81.041)	Documentation unavailable	Corrected

THE CITY OF NEW YORK

STATUS OF PRIOR YEARS' FINDINGS YEAR ENDED JUNE 30, 2012

<u>City Agency</u>	<u>Index #</u>	<u>Page #</u>	<u>Program Name</u>	<u>Summary of Finding</u>	<u>Status</u>
Department of Education	09-09-84.010	205	Title I - Grants to Local Educational Agencies (84.010), Career and Technical Education - Basic Grants to States (84.048),	Missing documents	Corrected
	10-16-84.010, 84.318, 84.365	231	Education Technology State Grants (84.318),		
	11-07-84.010, 84.389, 84.048, 84.318, 84.367, 84.386, 84.388, 84.387	223	English Language Acquisition Grants (84.365), Improving Teacher Quality State Grants (84.367), Recovery Act - Education Technology State Grants (84.386), Recovery Act - Education of Homeless Children and Youth (84.387), Recovery Act - School Improvement Grants (84.388), Recovery Act - Title I - Grants to Local Educational Agencies (84.389)		
Department of Education	02-25-84.027/84.173	178	Title I - Grants to Local Educational Agencies (84.010), Special Education - Grants to States (84.027), Career and Technical Education - Basic Grants to States (84.048),	Timely completion of expenditure reports	Repeat: CAP in current year report; refer to index 2012-09-84.027, 84.173, 84.048, 84.287, 84.386.
	03-18-84.027/84.173	164	Special Education Pre-school Grants (84.173),		
	04-18-84.027/84.173	176	Twenty-First Century Community Learning Centers (84.287), Education Technology State Grants (84.318), Reading First State Grants (84.357), English Language Acquisition		
	05-18-84.027/84.173	190	Grants (84.365), Improving Teacher Quality		
	06-11-84.010, 84.027/84.173, 84.287/84.318/84.365/84.367	199	State Grants (84.367)		
	07-12-84.027/84.173	209			
	07-13-84.048	211			
	08-08-84.010, 84.027/84.173, 84.048/84.287/84.318/84.357/84.365	197			
	09-11-84.010, 84.027/84.173, 84.048/84.287/84.318/84.357	211			
	10-15-84.027, 84.173, 84.287/84.318/84.357	229			
	11-08-84.010, 84.027/84.173, 84.048/84.287	227			
	84.365				
	Department of Education	11-09-84.010, 84.027, 84.173, 84.048, 84.287, 84.318, 84.365, 84.367	229		

THE CITY OF NEW YORK

STATUS OF PRIOR YEARS' FINDINGS YEAR ENDED JUNE 30, 2012

<u>City Agency</u>	<u>Index #</u>	<u>Page #</u>	<u>Program Name</u>	<u>Summary of Finding</u>	<u>Status</u>
Department For the Aging	03-23-93.044, 93.045	172	Special Programs for the Aging - Title III Part B (93.044), Title III Part C (93.045), Nutrition Services Incentive Program (93.053)	Subrecipient monitoring	Corrected
	04-28-93.044, 93.045, 93.053	187			
	05-26-93.044, 93.045, 93.053	200			
	06-15-93.044, 93.045, 93.053	207			
	07-19-93.044, 93.045, 93.053	223			
	08-14-93.044, 93.045, 93.053	211			
	09-13-93.044, 93.045, 93.053	215			
	10-17-93.044, 93.045, 93.053	233			
	11-10-93.044, 93.045, 93.053	231			
Administration For Children's Services	10-18-93.575	235	Child Care and Development Block Grant (93.575), Recovery Act - Child Care and Development Block Grant (93.713)	Subrecipient monitoring	Repeat: CAP in current year report; refer to index 2012-11-93.575.
	11-11-93.575,93.713	233			
Administration for Children's Services	05-33-93.600	214	Head Start (93.600)	Subrecipient monitoring	Repeat: CAP in current year report; refer to index 2012-13-93.600.
	06-22-93.600	221			
	07-23-93.600	231			
	08-22-93.600	227			
	09-15-93.600	219			
	10-21-93.600	241			
11-12-93.600	235				
Administration for Children's Services	09-18-93.600	225	Head Start (93.600)	Targeted earmarking	Repeat: CAP in current year report; refer to index 2012-14-93.600.
	10-20-93.600	239			
	11-13-93.600	237			
Administration for Children's Services	08-19-93.659	221	Adoption Assistance (93.659)	Missing file and documents	Repeat: CAP in current year report; refer to index 2012-16-93.659.
	09-19-93.659	227			
	10-23-93.659	247			
	11-14-93.659	239			
Administration for Children's Services	11-15-93.667	241	Social Services Block Grant (93.667)	Subrecipient Monitoring	Repeat: CAP in current year report; refer to index 2012-17-93.667.
Department of Health and Mental Hygiene	07-25-93.959	235	Block Grants for Prevention and Treatment of Substance Abuse (93.959)	Timely submission of expenditure reports	Corrected
	08-26-93.959	235			
	09-21-93.959	231			
	10-24-93.959	249			
	11-16-93.959	243			

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THE CITY OF NEW YORK

**SINGLE AUDIT REPORT
AGENCY CORRECTIVE ACTION PLANS**

For the Fiscal Year Ended June 30, 2012



March 25, 2013

To the Concerned Federal and New York State Agencies:

I respectfully submit New York City's Corrective Action Plans for the Single Audit for the fiscal year ended June 30, 2012. This report accompanies Deloitte & Touche's report on New York City's Single Audit and is submitted pursuant to the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133. The report demonstrates the City's continuing commitment to correct all findings to ensure the appropriate use and management of federal financial assistance.

Sincerely,

Elizabeth Weinstein
Director
Mayor's Office of Operations

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SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2012

Index #	2012-01-10.553 and 10.555
Step 1	<p>The Department of Education (DOE) Office of SchoolFood continues to maintain systems with respect to counting meals served to students participating in the National School Lunch, School Breakfast and Summer Food Service programs. DOE continues to emphasize to school staff adherence to policies and procedures regarding proper documentation for meal benefits. Moreover, the Department's Office of SchoolFood staff continues to works to ensure that applicant eligibility determinations are processed and administered in accordance with established guidelines</p> <p>DOE continues to review its processes and procedures with respect to accurately counting and reporting meals served to program participants, as well as explore opportunities to further strengthen them. The Office of SchoolFood Eligibility and Compliance Unit coordinate and schedules all site reviews, and reports the findings and corrective actions. Due diligence will be taken to engage the networks and school administration to implement and maintain proper procedures to address repeated instances of non-compliance.</p> <p>In support of the National School Lunch and Breakfast Programs, DOE annually reviews meal accountability procedures at a minimum of 500 high risk schools; each school receives a minimum of three visits by the unit's Technical Advisors, one initial assessment visit and two follow-up reviews to gauge compliance with respect to meal accountability and eligibility. The programs require a minimum of one site review per building prior to February 1st each school year.</p>
Action Date	September 2012 through April 2013

<p>Step 2</p>	<p>The Department continues to conduct initial assessment reviews wherein Task Force Technical Advisors provide detailed technical assistance in all areas of accountability and eligibility as needed. Subsequent reviews continue to gauge schools' compliance with federal and state requirements and to determine if accountability and eligibility practices meet required standards. Schools that receive two consecutive non-compliant ratings are referred to designated directors and CFN liaisons, which require these overseers to pursue completion of appropriate actions with respect to proper eligibility and accountability procedures.</p>
<p>Action Date</p>	<p>September 2012 through April 2013</p>
<p>Step 3</p>	<p>SchoolFood continues to provide onsite training to School Aides, school administrative staff and SchoolFood employees to improve meal accountability and accurate meal claims. Moreover, the respective Cluster Leaders and Food Liaisons, SchoolFood Regional Directors and District Supervisors, Business Directors and Operational Managers for charter and non-public schools are included in the action plan and are made aware of the schools' progress and are required to intervene as necessary. All schools that are non-compliant at the end of the school year for the breakfast and lunch programs will be included in the list of high risks schools scheduled for review during School Year 2012-2013.</p>
<p>Action Date</p>	<p>September 2012 through April 2013</p>
<p>Step 4</p>	<p>DOE continues to support the electronic Point-of-Sale (POS) accountability system at 346 buildings hosting 737 schools throughout the City. This system is designed to improve meal accountability and claiming procedures at schools and to increase the accuracy of the monthly meal claims submitted for federal and state reimbursements.</p> <p>As of School Year 2005-2006 DOE implemented a central automated meal application processing system whereby the Application for Free and Reduced Price Meals are scanned and eligibility software is used to determine if students qualify for free or reduced price meals. The system relieves school administration from the manual paper process and reduces benefit issuance errors and generates student-specific notification letters with respect to eligibility and meal benefit determinations. During School Year 2011-2012 SchoolFood processed applications and determined meal benefits for 1,318 schools, 234 more schools than School Year 2010-2011, which included 1061 public schools, 109 charter schools and 148 non-public schools. DOE will implement the automated meal application processing system at all participating schools in the foodservice program during School Year 2012-2013.</p>

Action Date	September 2012 and ongoing
Final Implementation Date	September 2012 and ongoing
Name and Phone # of Person Responsible for Implementation	Eric Goldstein Chief Executive Officer (718) 707-4300

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Economic Development Corporation
**Community Development Block Grants/State's Program and Non-Entitlement
Grants in Hawaii (CDBG) (CFDA # 14.228)**

Fiscal Year 2012

Index #	2012-02-14.228
Step 1	<p>The Economic Development Corporation (EDC) understands the importance of adherence to contractual and documentation requirements with respect to federal awards. The Corporation maintains policies and procedures to fulfill expectations in this regard and continues to review and further enhance applicable controls. These actions include computer technology to scan, maintain and retrieve procurement records, and are focused toward activity during the past two years.</p> <p>With respect to the audit finding, the Corporation has confirmed vendor fitness and proper notifications with respect to the award and commencing work; Lobbying certifications are now on file.</p>
Action Date	March 2012
Final Implementation Date	March 2012
Name and Phone # of Person Responsible for Implementation	Maryann Catalano Senior Vice President, Contracts (212) 312-3536

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SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2012

Index #	2012-03-14.239
Step 1	<p>The Department of Housing Preservation and Development (HPD) continues to maintain processes and procedures with respect to compliance with Housing Quality (“HQ”) inspection standards. HPD routinely conducts HQ inspections of HOME Investment Partnerships Program assisted rental units continues to maintain systems to facilitate and promote compliance with HOME inspection requirements; HOME units are inspected periodically and failed inspections are followed-up routinely. In addition, the Department continues to review program requirements and operations to further enhance program oversight and timely repairs.</p> <p>Moreover, building owners are notified of failed inspections and provided regularly with detailed reports identifying non-compliant conditions. HPD continues to remind building owners to complete repairs and to submit completed certificates of repairs. The Department’s ongoing activities include routinely reinforces to staff the HQ inspection procedures to help the monitoring and resolution of conditions reported during inspections.</p> <p>With respect to the eighteen unit files that failed to demonstrate the required repairs within forty-five days after the notification of failure, the Department will notify owners to resolve conditions timely. Concerning the seven unit files that did not contain a completed Certification of Repairs form, the Department will schedule re-inspections for those units which remain uncorrected to determine current conditions as well as contact relevant building owners to resolve outstanding concerns.</p>
Action Date	December 2012 and ongoing
Final Implementation Date	December 2012 and ongoing

**Name and Phone #
of Person
Responsible for
Implementation**

John Cullinan
Director, Tax Credit and HOME Compliance
212-863-7371

SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Housing Preservation and Development
Section 8 Moderate Rehabilitation Single Room Occupancy (CFDA # 14.249)
Low Income Housing Assistance Program – Section 8 Moderate Rehabilitation
(CFDA # 14.856)

Fiscal Year 2012

Index #	2012-04-14.249 and 14.856
Step 1	The Department of Housing Preservation (HPD) is aware of reporting requirements with respect to the HUD 40118 Annual Progress Report. In this regard, the Department has established policies and procedure to finalize and submit the report timely. Moreover, with respect to the finding, HPD will monitor the receipt of associated data as well as follow-up with program participants to facilitate report completeness.
Action Date	December 2012 and ongoing
Final Implementation Date	December 2012 and ongoing
Name and Phone # of Person Responsible for Implementation	Dave Rouge Director of Operations Division of Special Needs Housing (212) 863-6469

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Housing Preservation and Development Neighborhood Stabilization Program (Recovery Act) (CFDA # 14.256)

Fiscal Year 2012

Index #	2012-05-14.256
Step 1	<p>The Department of Housing Preservation and Development (HPD) understands the importance of complying with subrecipient monitoring requirements with respect to the Neighborhood Stabilization Program. The Department works closely with its providers in this regard and help them to satisfy established grant and contractual requirements, including program rules and regulations. In addition, the Department maintains processes and procedures to carefully monitor the fiscal and programmatic activities of its subrecipients as well as tracks the receipt of annual audited financial statements and federal Office of Management and Budget (OMB) Circular A-133 reports.</p> <p>With respect to the finding, HPD will immediately contact the provider to validate the need to submit a federal OMB Circular A-133 audit, as well as obtain and review such report by June 2013, if applicable.</p>
Action Date	December 2012 through June 2013
Final Implementation Date	June 2013
Name and Phone # of Person Responsible for Implementation	Peter Madden Director, Distressed Asset Finance Programs (212) 863-8315

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Housing Preservation and Development Neighborhood Stabilization Program (Recovery Act) (CFDA # 14.256)

Fiscal Year 2012

Index #	2012-06-14.256
Step 1	<p>The Department of Housing Preservation and Development (HPD) is aware of requirements with respect to the HUD 60002 performance report and maintains policies and procedure to finalize and submit it. Program regulatory agreements stipulate adherence to associated reporting requirements, particularly for developments where housing rehabilitation or construction has occurred.</p> <p>With respect to the finding, HPD is gathering the necessary details and will be able to finalize the submission upon receipt of all the relevant information from program participants.</p>
Action Date	February 2013
Final Implementation Date	February 2013
Name and Phone # of Person Responsible for Implementation	Peter Madden Director, Distressed Asset Finance Programs (212) 863-8315

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Office of the Criminal Justice Coordinator

Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to
Units of Local Government (CFDA # 16.804)

Fiscal Year 2012

Index #	2012-07-16.804
Step 1	Each of the City agencies receiving grant funds under this program has an Equal Employment Opportunity Plan (EEOP) tailored to their own operations. The Office of the Criminal Justice Coordinator (CJC) is working to secure approval for these plans as compliant with grant requirements. Since these plans go beyond the requirements specified for the grant by the federal Department of Justice (DOJ), the CJC anticipates DOJ approval.
Action Date	June 2013
Final Implementation Date	June 2013
Name and Phone # of Person Responsible for Implementation	Laurence Busching First Deputy Criminal Justice Coordinator (212) 788-6795

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Economic Development Corporation Highway Planning and Construction (CFDA # 20.205)

Fiscal Year 2012

Index #	2012-08-20.205
Step 1	<p>The Economic Development Corporation (EDC) understands the importance of adherence to contractual and documentation requirements with respect to federal awards. The Corporation maintains policies and procedures to fulfill expectations in this regard and continues to review and further enhance applicable controls. These actions include computer technology to scan, maintain and retrieve procurement records, and are focused toward activity during the past two years.</p> <p>With respect to the audit finding, the Corporation has confirmed proper notifications with respect to the award; the Lobbying certification is now on file.</p>
Action Date	March 2012
Final Implementation Date	March 2012
Name and Phone # of Person Responsible for Implementation	Maryann Catalano Senior Vice President, Contracts (212) 312-3536

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Education

Special Education – Grants to States (CFDA # 84.027)

Special Education – Preschool Grants (CFDA # 84.173)

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

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

Education Technology State Grants, Recovery Act (CFDA # 84.386)

Fiscal Year 2012

Index #	2012-09-84.027, 84.173, 84.048, 84.287 and 84.386
Step 1	<p>The Department of Education (DOE) understands the importance of fiscal reporting requirements and continues to maintain processes and procedures to monitor grant award programs with respect to the timely submission of Final Expenditure Reports (FS-10F). The Department continues to carefully monitor programs/schools to help ensure accurate and complete records. DOE also continues to oversee programs/schools throughout the award period and work with them to re-enforce established reporting guidelines to facilitate timely submission of expenditure reports.</p> <p>Moreover, the Department continues to closely track grant expenditures through-out the grant period as well as work with appropriate State Education officials to facilitate the completion of submission of financial expenditure reports. In this regard, DOE previously established an encumbrance report which lists open encumbrances by project within district to facilitate the liquidation of these open obligations. Additionally, the Office of Revenue Operations periodically provides the Office of Accounts Payable with open detail listings of categorical grant outstanding encumbrances so that office can make these items a priority when reaching out to vendors to obtain outstanding invoices and making vendor payments.</p> <p>Throughout the school year, DOE staff routinely assists program/school administrators to liquidate encumbered amounts, notifies contract staff with respect to grant under-spending, and examines charges to help ensure that all eligible expenditures are claimed fully for reimbursement. This effort requires DOE central and regional staff to reassess reported spending levels by working continually with the senior grant officers and contract staff to determine the correct grant charges to be reflected in expenditure reports; staff are reminded to meet established reporting deadlines so that reports are prepared timely in accordance with established due dates.</p>

Action Date	<p>In the event reports may be submitted beyond established timeframes, DOE will determine the status of completing the reports as well as work to obtain extensions.</p> <p>Ongoing</p>
Final Implementation Date	Ongoing
Name and Phone # of Person Responsible for Implementation	<p>Marc Alterman Assistant Director Office of Revenue Operations (718) 935-4958</p>

SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Health and Mental Hygiene
Special Education – Grants for Infants and Families (CFDA # 84.181)
Special Education – Grants for Infants and Families (Recovery Act) (CFDA # 84.393)

Fiscal Year 2012

Index #	2012-10-84.181 and 84.393
Step 1	The Department of Health and Mental Hygiene (DOHMH) understands the importance of performing physical inventories of equipment in accordance with federal grant requirements. With respect to grants, the Division of Mental Hygiene’s Early Intervention Program collects the location and identifying information, including serial numbers, of IT and non-IT equipment purchased with federal grant funds, so that a physical inventory count can be performed.
Action Date	November 2012
Step 2	Regarding the finding, the Department’s Bureau of Early Intervention will collaborate with the Division of Informatics and Information Technology (IIT) to verify the location and identifying information, including serial numbers, for all IT equipment purchased with the grants. IIT will retain this information for record-keeping and to perform future physical inventory counts of IT-equipment, consistent with grant requirements. In addition, physical inventory counts of non-IT equipment purchased with these grant funds will be performed by the Program that purchased the equipment, consistent with grant expectations.
Action Date	February 2013
Final Implementation Date	February 2013
Name and Phone # of Person Responsible for Implementation	Darrick Dunk Assistant Commissioner, Informatics and Information Technology (212) 313-5165 Nora Puffett Director, Early Intervention (347) 396-6879

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SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2012

Index #	2012-11-93.575
Step 1	<p>The Administration for Children's Services (ACS) understands the importance of complying with the Child Care program's subrecipient monitoring requirements and continues to work closely with its delegate agencies to help them to comply with established rules and regulations. The Department continues to maintain processes and procedures to carefully monitor the fiscal and programmatic activities of its subrecipients as well as track the receipt of annual audited financial statements. These activities help delegate agencies meet established submission requirements.</p> <p>Concerning the audit finding, ACS will remind its providers with respect to the timely submission of audited financial statements. ACS may lower the Vendex rating for providers that are non-compliant and do not meet their contractual obligation for timely submission of audit reports.</p>
Action Date	October 2012 and ongoing
Final Implementation Date	October 2012 and ongoing
Name and Phone # of Person Responsible for Implementation	Jose Mercado Assistant Commissioner, Budget and Claiming (212) 676-8858

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SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2012

Index #	2012-12-93.575
Step 1	<p>The Administration for Children's Services (ACS) continues to maintain and further strengthen its monitoring controls over the Child Care eligibility files.</p> <p>ACS staff continues to work to ensure that applicant eligibility determinations are processed and administered consistent with established guidelines. Staff training is provided, and the Department continues to reiterate to staff proper handling of case file documentation.</p> <p>With respect to the missing file, staff in the Division of Early Childhood Education will perform a quality review of all case record documentation to confirm accuracy and completeness.</p>
Action Date	October 2012 and ongoing
Final Implementation Date	October 2012 and ongoing
Name and Phone # of Person Responsible for Implementation	Renee Jaffe Acting Associate Commissioner, Office of Child Care Operations (212) 514-5619

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SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2012

Index #	2012-13-93.600
Step 1	<p>The Administration for Children's Services (ACS) understands the importance of complying with Head Start program subrecipient monitoring requirements and continues to work closely with its delegate agencies to help them comply with established rules and regulations. Moreover, the Department continues to maintain processes and procedures to carefully monitor the fiscal and programmatic activities of its subrecipients as well as track the receipt of annual audited financial statements.</p> <p>Concerning the provider that did not provide timely financial statements, the Department will continue to work closely with them to obtain future submissions within the established deadline. In addition, ACS has notified the provider to adhere to established submission deadlines, and may lower the Vendex rating for providers that are non-compliant and do not meet their contractual obligation for timely submission of audit reports.</p>
Action Date	October 2012 and ongoing
Final Implementation Date	October 2012 and ongoing
Name and Phone # of Person Responsible for Implementation	Jose Mercado Assistant Commissioner, Budget and Claiming (212) 676-8858

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SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2012

Index #	2012-14-93.600
Step 1	<p>The Administration for Children's Services (ACS) understands the importance of adherence to requirements with respect to targeted enrollment. The Department continues to work to maintain the targeted enrollment of 100 percent for its Citywide Head Start Program and engages Head Start Directors in this effort, including the presentation and delivery of progress reports to them during directors' meetings covering enrollment performance.</p> <p>ACS closely tracks and monitors monthly enrollment for its delegate agencies and evaluates relevant statistical data to identify those not meeting expectations. Moreover, beginning October 2012, Head Start delegate agencies, rather than Department staff, will input enrollment information into ACS' Web-based Enrollment System every month. ACS staff will use this system to monitor provider performance, and if chronic under-enrollment is indicated, ACS notifies the provider to submit an enrollment improvement plan as well as meets with them to discuss enrollment activity, wait lists and recruitment efforts. During these meetings ACS reinforces the seriousness and significance of under-achieving the enrollment target. In addition, upon review and approval of provider enrollment improvement plans, ACS monitors progress and may reduce the provider's enrollment capacity.</p> <p>Further, as needed the Department will annotate relevant contract performance records of providers that do not meet contractual obligations for targeted enrollment.</p> <p>ACS also continues to work closely with the Head Start Policy Council to improve enrollment. The enrollment data and follow-up activity is shared with the Council at the bi-monthly meetings and the weekly executive meetings. Council members continue to convey relevant meeting content to their respective delegate agencies.</p>
Action Date	October 2012 and ongoing

Final Implementation Date	October 2012 and ongoing
Name and Phone # of Person Responsible for Implementation	Ayleen Guzman Assistant Commissioner, Head Start (212) 361-6720

SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2012

Index #	2012-15-93.600
Step 1	<p>The Administration for Children's Services (ACS) continues to maintain systems to monitor delegate agency fiscal activity with respect to compliance with matching requirements. The Department's staff continues to work closely with agencies to provide guidance and emphasize the importance of meeting established matching requirements and assist them to satisfy their obligation timely. Delegate agencies are routinely instructed to contribute at least twenty percent of the costs of the program through cash or in-kind contributions, unless a lesser amount has been approved. Further, delegate agency monthly budget reports are reviewed by the Department to determine whether the non-federal match will be met, and identifies agencies that may not meet the match requirement. As needed, agencies are reminded to comply with established guidelines.</p> <p>Concerning the three delegate agencies that did not fulfill the match requirement, it should be noted that all three of the agencies met the required match for fiscal year 2011. Final calculations of the match for fiscal year 2012 will be determined when the audits for the fiscal year are completed in March 2013.</p> <p>ACS will continue to remind all providers of the matching requirement, including distributing of the Department's policies and procedures. In addition, the Department will continue to work closely with all providers that demonstrate a need for assistance to satisfy the match obligation.</p>
Action Date	October 2012 and ongoing
Final Implementation Date	October 2012 and ongoing
Name and Phone # of Person Responsible for Implementation	Jose Mercado Assistant Commissioner, Budget and Claiming (212) 676-8858

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SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2012

Index #	2012-16-93.659
Step 1	<p>The Administration for Children's Services (ACS) continues to strengthen its monitoring controls over the adoption assistance case files.</p> <p>In July 2012, ACS implemented a re-designed business process for Adoption Assistance payments. The Department's staff works to process applicant eligibility determinations consistent with established guidelines. Staff training is provided, and the Department continues to reiterate to staff proper handling of case file documentation. Staff in the Division of Family Permanency Services also performs a quality review of all case record documentation to confirm accuracy and completeness of each record before it is stored in the ACS warehouse.</p> <p>In addition, ACS has scanned all open Adoption Subsidy case folders currently in storage. This action includes the application of bar-coding technology and has enhanced our tracking capability for the physical Adoption Subsidy case record.</p>
Action Date	October 2012 and ongoing
Step 2	<p>Work is underway to create an electronic content management, tracking and storage system that will cover all functions related to the adoption assistance program, including the approval, payment and ongoing management of adoption subsidies.</p> <p>A pilot of this new system is underway and will automate ACS' cross-divisional operations for handling non-recurring attorney fees.</p>
Action Date	January 2013 and ongoing

Final Implementation Date	October 2012 and ongoing
Name and Phone # of Person Responsible for Implementation	Iris Kaplan Assistant Commissioner, Family Permanency Services Central Operations (212) 676-6916

SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2012

Index #	2012-17-93.667
Step 1	<p>The Administration for Children's Services (ACS) understands the importance of complying with the subrecipient monitoring requirements and continues to work closely with its contracted provider agencies to oversee compliance with established rules and regulations with respect to the annual submission of audited financial statements. The Department continues to maintain processes and procedures to carefully monitor the fiscal and programmatic activities of its subrecipients as well as track the receipt of annual financial statements. These monitoring activities help delegate agencies meet established submission requirements.</p> <p>Concerning the two providers that did not provide timely financial statements, the Department had an ongoing correspondence with them reminding them of the past due audits and will continue to work closely with these providers to obtain future submissions within the established deadline. In addition, ACS has notified the providers to adhere to established submission deadlines, and may lower the Vendex rating for providers that are non-compliant and do not meet their contractual obligation for timely submission of audit reports.</p>
Action Date	October 2012 and ongoing
Final Implementation Date	October 2012 and ongoing
Name and Phone # of Person Responsible for Implementation	Marcia Gilliard Executive Director Child Welfare Audit 212 676-8845

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