

**THE CITY OF NEW YORK**

**SINGLE AUDIT REPORT**

**FOR THE**

**FISCAL YEAR ENDED JUNE 30, 2014**



# 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, 2014

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## INDEPENDENT AUDITOR'S REPORT

The People of The City of New York:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major governmental fund, the aggregate remaining fund information, each major component unit, and the aggregate nonmajor component units of The City of New York ("The City") as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise The City's basic financial statements as listed in the table of contents. We also have audited the financial statements of The City's individual nonmajor governmental and fiduciary funds and each nonmajor component unit presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the years ended June 30, 2014 and 2013.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of those entities disclosed in Note E.1 which represent 23 percent and 23 percent and 18 percent and 17 percent as of and for the years ended June 30, 2014 and 2013, respectively, of the assets and revenues of the government-wide financial statements, 7 percent and 7 percent and 4 percent and 3 percent, as of and for the years ended June 30, 2014 and 2013 respectively, of the assets and revenues of the fund financial statements, 6 percent and 8 percent and 8 percent and 10 percent, as of and for the years ended June 30, 2014 and 2013, respectively, of the assets and net position of the fiduciary fund financial statements, and 50 percent and 50 percent and 77 percent and 77 percent, as of and for the years ended June 30, 2014 and 2013, respectively, of the assets and revenues of the component unit financial statements of The City. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities disclosed in Note E.1, are based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The financial statements of the Pension Trust Funds, The New York City Other Postemployment Benefit Plan, and New York City Technology Development Corporation which were audited by us; and the financial statement of the Business Relocation Assistance Corporation, which is 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to The City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of The City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major governmental fund, the aggregate remaining fund information, each major component unit, and the aggregate nonmajor component units of The City, as of June 30, 2014 and 2013, and the respective changes in financial position, where applicable, and the respective budgetary comparison for the General Fund thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the individual nonmajor governmental and fiduciary funds of The City and each nonmajor component unit, as of June 30, 2014 and 2013, 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.

## **Emphasis of Matters**

As discussed in Note A.2, in 2014, The City adopted Governmental Accounting Standards Board ("GASB") Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, and Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

As discussed in Note A.2, in 2014, as a result of an analysis performed by The City in the course of implementing GASB Statement No. 67, management of The City determined that it was preferable to present the Teachers' Retirement System of the City of New York ("TRS") and New York City Board of Education Retirement System's ("BERS") Tax Deferred Annuity Plans as part of their respective pension systems. As a result, the 2013 fiduciary fund financial statements and combining schedules were restated to conform to this change. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 34 and the Required Supplementary Information on pages 129 through 135 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and the other auditors as it relates to Management's Discussion and Analysis only, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

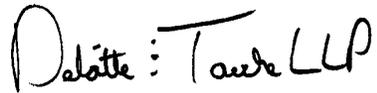
### *Other Information*

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2014 on our consideration of The City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The City's internal control over financial reporting and compliance.

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

October 29, 2014

# **FINANCIAL SECTION**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### *Overview of the Financial Statements*

The following is a narrative overview and analysis of the financial activities of The City of New York (City or primary government) for the Fiscal Years ended June 30, 2014 and 2013. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements.

### *Government-Wide Financial Statements*

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

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

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

In Fiscal Year 2014, the City adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*

Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:

- a. Contributions from employers and nonemployee 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 presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change. The adoption has resulted in certain changes to the presentation of the financial statements of the City's Pension and Other Employee Benefit Trust Funds with the exception of the OPEB Plan. In the City's financial statements, these changes were generally limited to a recharacterization of fiduciary fund net position. In the separate annual financial statements of these funds, certain changes in note disclosures and Required Supplementary Information (RSI) were incorporated to comply with Statement No. 67

Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, 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 criteria detailed above in the description of Statement No. 67. 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 within the scope of the Statement.

The requirements of Statement No. 68 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 or equivalent arrangements as described above, 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. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, 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.

The adoption of Statement No. 68 has no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the City's Fiscal Year 2013 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. Net position as of July 1, 2012 was decreased by \$64.89 billion to \$(190.62) billion reflecting the cumulative retrospective effect of adoption. An aggregate net pension liability of \$59.94 billion, and aggregate deferred inflows of resources of \$5.06 billion, were reported at June 30, 2013. The City recognized aggregate pension expense of \$7.40 billion for the Fiscal Year ended June 30, 2013 and net position as of June 30, 2013 was decreased by \$64.42 billion to \$(194.74) billion as a result of the adoption of the Statement. Refer to Note E.5 for more information regarding the City's pensions.

Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the City's Financial Statements as a result of the implementation of Statement No. 69.

Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the City's Financial Statements as a result of the implementation of Statement No. 70.

Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Adoption of this Statement had no effect on the City's financial statements as its measurement date for revenue of pensions is the same as the respective fiscal year-end.

### ***Fund Financial Statements***

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

### ***Governmental Funds***

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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***

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

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

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

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

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

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

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

The **Agency Funds** account for miscellaneous assets held by the City for other funds, governmental units, and individuals. The Agency Funds are custodial in nature and do not involve measurement of results of operations.

The New York City Other Postemployment Benefits Plan (the OPEB Plan) is composed of The New York City Retiree Health Benefits Trust (the Trust) and postemployment benefits other than pensions (OPEB) paid for directly by the City out of its general resources rather than through the Trust. The Trust is used to accumulate assets to pay for some of the OPEB provided by the City to its retired employees. The OPEB Plan is reported in the City’s financial statements as an Other Employee Benefit Trust Fund. The OPEB Plan was established for the exclusive benefit of the City’s retired employees and their dependents in providing the following current postemployment benefits: a health insurance program, Medicare Part B premium reimbursements, and welfare fund contributions. The City is not required to provide funding for the OPEB Plan other than the “pay-as-you-go” amounts necessary to provide current benefits to eligible retirees and their dependents. During Fiscal Year 2014, the City contributed approximately \$3.1 billion to the OPEB 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 City government and its component units, which are legally separate organizations for which the City is financially accountable.

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

#### *Blended Component Units*

Certain component units, despite being legally separate from the City, are reported as if they were part of the City because they provide services exclusively to the City and thus are reported as if they were part of the City. The blended component units, which are all reported as nonmajor governmental funds, comprise the following:

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

#### *Discretely Presented Component Units*

Discretely presented component units are legally separate from the City 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)
- The Trust for Governors Island (TGI)
- Brooklyn Bridge Park Corporation (BBPC)
- Business Relocation Assistance Corporation (BRAC)
- Build NYC Resource Corporation (Build NYC)
- New York City Land Development Corporation (LDC)

***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 position by \$3.6 billion during Fiscal Year 2014. The net position was decreased by governmental activities during Fiscal Years 2013 and 2012 by \$4.1 billion and \$7.5 billion, respectively.

As mentioned previously, the basic financial statements include a reconciliation between the Fiscal Year 2014 governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*, which reports a decrease of \$1.5 billion in fund balances and the increase in the net position reported in the government-wide *Statement of Activities* of \$3.6 billion. A similar reconciliation is provided for Fiscal Year 2013 amounts.

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

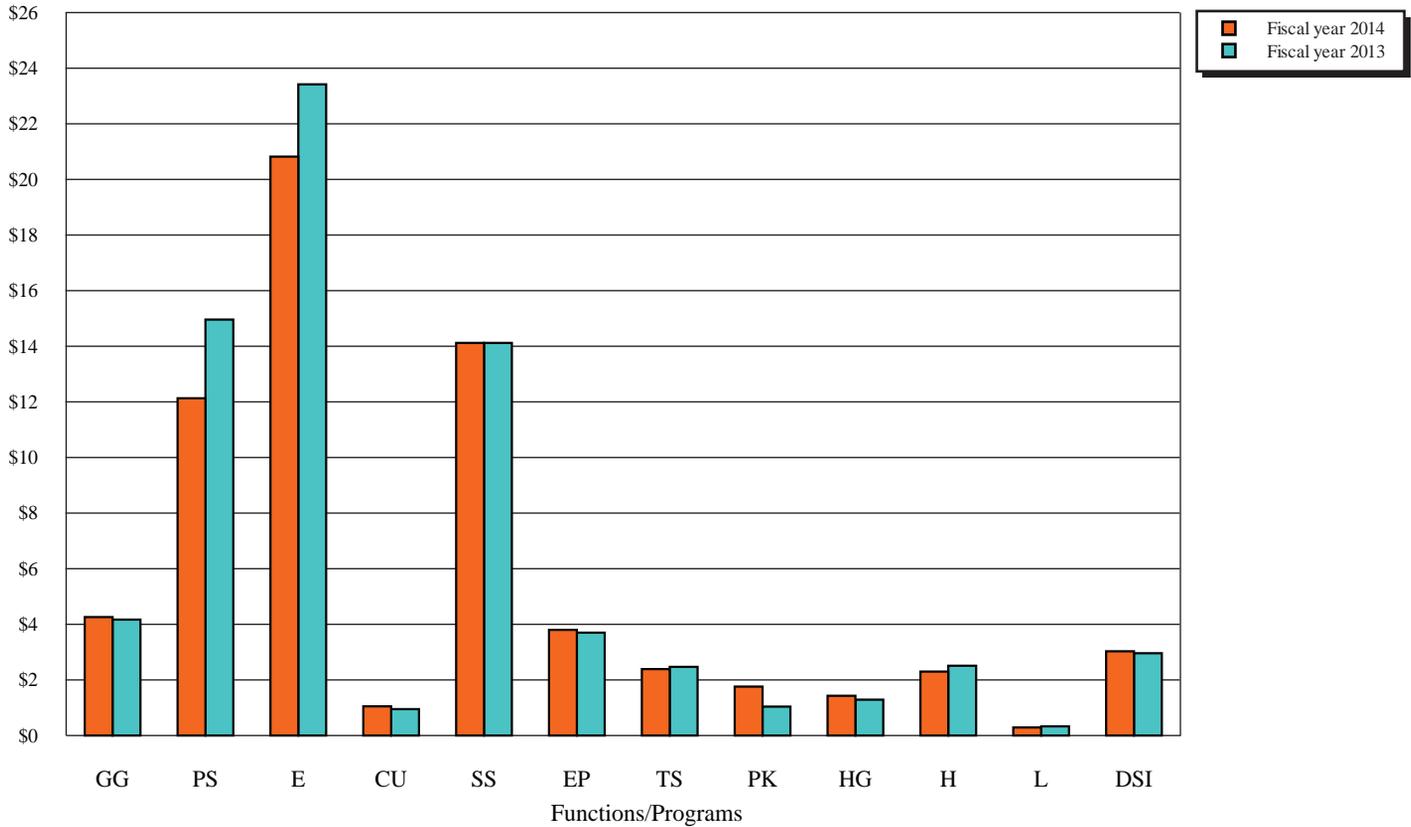
Key elements of these changes are as follows:

<b>Governmental Activities</b>			
<b>for the Fiscal Years ended June 30,</b>			
<b>2014</b>	<b>2013 (restated)<sup>(a)</sup></b>	<b>2012</b>	
<b>(in thousands)</b>			
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for services . . . . .	\$ 5,242,253	\$ 4,483,973	\$ 4,626,270
Operating grants and contributions	18,156,544	20,063,707	18,768,706
Capital grants and contributions . .	695,650	849,828	594,313
<b>General revenues:</b>			
Taxes . . . . .	48,529,279	45,669,639	41,982,497
Investment income. . . . .	79,261	102,612	117,608
Other Federal and State aid . . . . .	490,168	452,122	730,310
Other . . . . .	848,455	554,404	980,491
<b>Total revenues. . . . .</b>	<b>74,041,610</b>	<b>72,176,285</b>	<b>67,800,195</b>
<b>Expenses:</b>			
General government . . . . .	4,324,146	4,262,092	4,144,136
Public safety and judicial . . . . .	13,614,413	17,095,181	17,077,117
Education . . . . .	21,805,586	24,842,776	24,957,704
City University . . . . .	1,065,176	968,571	954,590
Social Services . . . . .	14,248,276	14,308,076	14,181,836
Environmental protection . . . . .	4,022,369	4,029,470	3,456,151
Transportation services . . . . .	2,419,644	2,508,152	2,536,846
Parks, recreation and cultural activities . . . . .	1,771,837	1,062,436	1,086,246
Housing . . . . .	1,446,617	1,323,243	1,327,674
Health (including payments to HHC). . . . .	2,364,475	2,607,625	2,419,857
Libraries . . . . .	292,568	337,315	243,470
Debt service interest . . . . .	3,025,056	2,955,121	2,929,182
<b>Total expenses. . . . .</b>	<b>70,400,163</b>	<b>76,300,058</b>	<b>75,314,809</b>
Change in net position . . . . .	3,641,447	(4,123,773)	(7,514,614)
Net position deficit—beginning . . . . .	(194,744,634)	(125,733,209)	(117,855,019)
Restatement of beginning net deficit <sup>(a)</sup> .	—	(64,887,652)	(363,576)
Net position deficit—ending . . . . .	<u><u>\$(191,103,187)</u></u>	<u><u>\$(194,744,634)</u></u>	<u><u>\$(125,733,209)</u></u>

(a) The restatement of the beginning net deficit in Fiscal Year 2013 is the result of the City implementing GASB Statement No. 68 in Fiscal Year 2014. The implementation is discussed above in MD&A and more information is available in footnote E.5.

In Fiscal Year 2014, the decreased cost of OPEB (i.e., the decrease in the Net OPEB Obligation or NOO) was approximately \$3.04 billion. The decrease in the Annual OPEB Cost is due primarily to actuarial gains attributable mainly to the fact that the City's cost of providing OPEB did not increase as much as expected. In Fiscal Year 2013, the NOO increased by approximately \$4.35 billion.

**Expenses — Governmental Activities**  
**for the Fiscal Years ended June 30, 2014 and 2013**  
(in billions)



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

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

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

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

In Fiscal Year 2013, the government-wide revenues increased from Fiscal Year 2012 by approximately \$4.4 billion, and government-wide expenses increased by approximately \$1.0 billion.

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

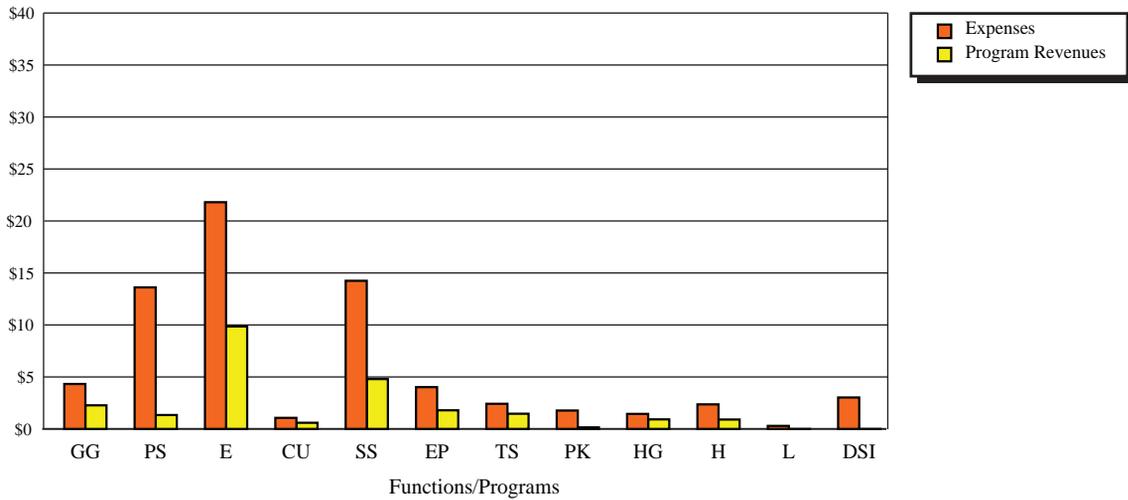
- Grants increased due to reimbursement for costs associated with Superstorm Sandy, which impacted New York City in October 2012.
- Tax revenues, net of refunds, increased overall, as a result of the following:
  - The increase in real estate taxes results from growth in billable assessed value during the fiscal year.
  - The overall increase in sales and use taxes is driven primarily by large growth in mortgage 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 continued growth in visitor spending.
  - The increase in personal income taxes continued from Fiscal Year 2011, as both wage and nonwage income strengthened in addition to a change in Federal tax law, which increased the long-term capital gains rate, significantly increasing collections.
  - The increase in other income taxes (which include general corporation, financial corporation, unincorporated business income, non-resident personal income taxes, and utility tax) is attributable to increases in the business taxes (general corporation, financial corporation, and unincorporated business taxes). These increases reflect strong finance sector tax payments, which were based on Wall Street profitability, combined with moderate growth of non-finance sector tax payments.
  - For all other taxes, the increase in taxes associated with the conveyance of real property reflects a continued recovery in both the volume and average sale price for commercial transactions, and an improvement in the average sale prices for residential properties. Also increasing was commercial rent tax, which shows improvements in commercial office vacancy rates and asking rents in Manhattan.

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

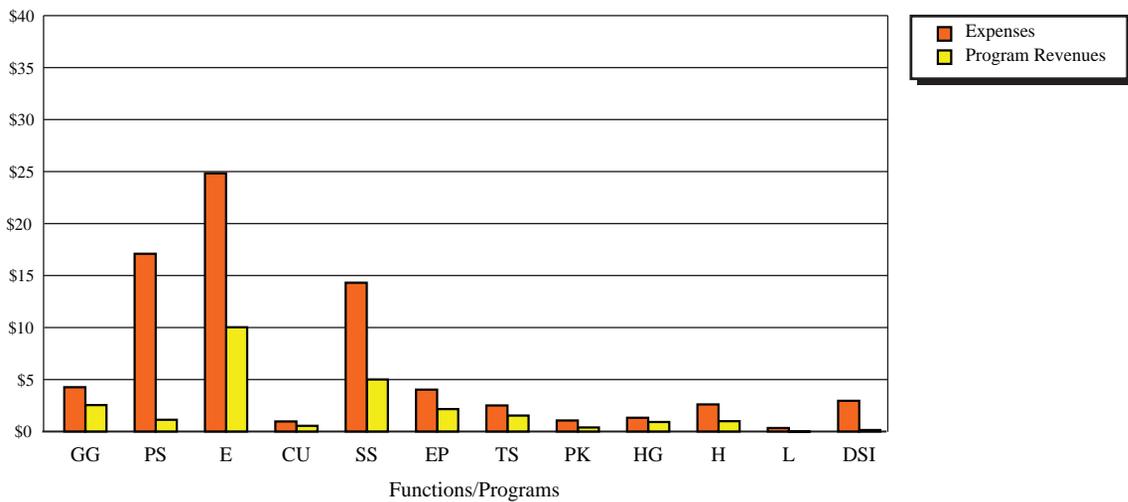
- General government expenses rose in part due to increases in heat, light, and power costs, as well as spending associated with Superstorm Sandy.
- Expenses in Environmental Protection increased due to the NYC Rapid Repairs Program in response to Superstorm Sandy, for which the Department of Environmental Protection served as the contracting entity.
- Health expenses increased, primarily due to the costs of providing healthcare to individuals who were left without services as a result of Superstorm Sandy, in addition to costs associated with operational readiness activities in anticipation of reopening facilities after the storm.
- Expenses in Libraries grew due to an increase in advance cash subsidies made to the Systems by the City in comparison with Fiscal Year 2012, for which the City had made significant prepayments during Fiscal Year 2011.

The following charts compare the amounts of expenses and program revenues for Fiscal Years 2014 and 2013:

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



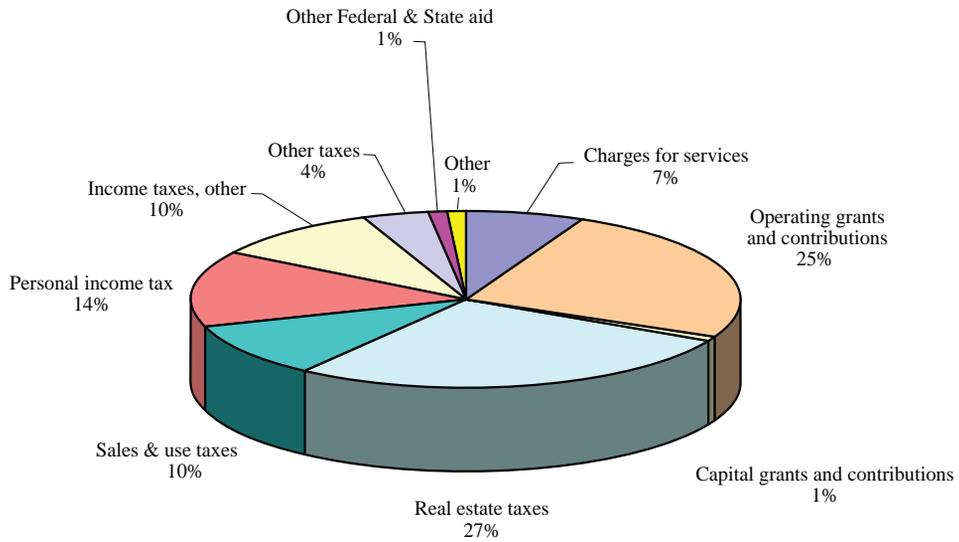
**Expenses and Program Revenues — Governmental Activities  
for the Fiscal Year ended June 30, 2013  
(in billions)**



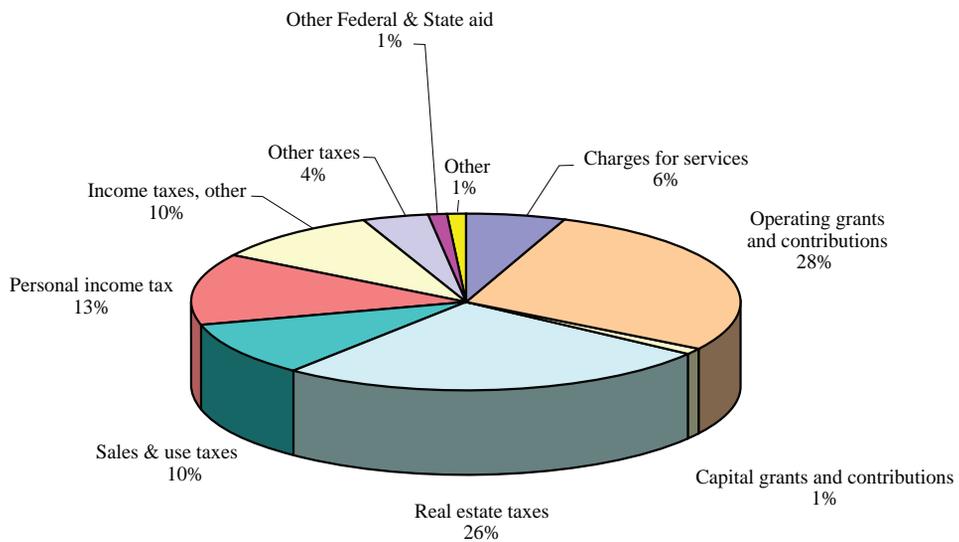
<b>Functions/Programs</b>	
GG	General government
PS	Public safety and judicial
E	Education (Primary and Secondary)
CU	City University
SS	Social services
EP	Environmental protection
TS	Transportation services
PK	Parks, recreation, and cultural activities
HG	Housing
H	Health, including payments to HHC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

The following charts compare the amounts of program and general revenues for Fiscal Years 2014 and 2013:

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



**Revenues by Source — Governmental Activities  
for the Fiscal Year ended June 30, 2013**



As noted earlier, increases and decreases of net position may over time serve as a useful indicator of changes in a government's financial position. In the case of the City, liabilities and deferred inflows of resources exceed assets and deferred outflows of resources by \$191.1 billion at the close of the most recent fiscal year, an decrease in the excess of liabilities and deferred inflows of resources over assets and deferred outflows of resources of \$3.6 billion from June 30, 2013, which in turn compares with the net position decrease of \$69.0 billion over the prior Fiscal Year 2012.

	<b>Governmental Activities</b>		
	<u>2014</u>	<u>2013 (restated)</u>	<u>2012</u>
	(in thousands)		
Current and other assets . . . . .	\$ 36,647,566	\$ 35,504,503	\$ 32,624,899
Capital assets (net of depreciation) . .	51,662,105	50,510,064	48,515,419
Total assets . . . . .	<u>88,309,671</u>	<u>86,014,567</u>	<u>81,140,318</u>
Deferred outflows of resources . . . . .	544,247	635,161	548,563
Long-term liabilities outstanding . . . .	235,859,487	249,392,410	183,083,517
Other liabilities . . . . .	21,871,355	20,503,400	18,516,094
Total liabilities . . . . .	<u>257,730,842</u>	<u>269,895,810</u>	<u>201,599,611</u>
Deferred inflows of resources . . . . .	<u>22,226,263</u>	<u>11,498,552</u>	<u>5,822,479</u>
Net position:			
Net investment in capital assets . . . . .	(7,495,896)	(9,343,601)	(10,794,379)
Restricted . . . . .	4,420,127	7,265,917	6,635,670
Unrestricted (deficit) . . . . .	<u>(188,027,418)</u>	<u>(192,666,950)</u>	<u>(121,574,500)</u>
Total net position (deficit) . . . . .	<u><u>\$(191,103,187)</u></u>	<u><u>\$(194,744,634)</u></u>	<u><u>\$(125,733,209)</u></u>

As noted earlier, the adoption of Statement No. 68 resulted in the City's reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. The decrease in the City's net pension liability (NPL) to \$46.6 billion at June 30, 2014 from \$59.9 billion at June 30, 2013 was the result of high pension investment returns during Fiscal Year 2014, and was the primary reason for the positive change in net position for the year.

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

	<b>Summary of City Pension Information Fiscal Year 2014</b>					
	<u>NYCERS*</u>	<u>TRS**</u>	<u>BERS**</u>	<u>POLICE*</u>	<u>FIRE*</u>	<u>Total</u>
Membership (active and retired) as of 6/30/12 . . . . .	350,334	208,556	46,203	82,982	27,226	715,301
	(in billions)					
Total Pension Liability (TPL) . . . . .	\$ 40.6	\$ 60.6	\$ 4.2	\$ 46.3	\$ 18.0	\$ 169.7
Less Plan Fiduciary Net Position (PFNP)	<u>30.6</u>	<u>43.3</u>	<u>3.3</u>	<u>34.5</u>	<u>11.4</u>	<u>123.1</u>
Net Pension Liability (NPL) . . . . .	<u>10.0</u>	<u>17.3</u>	<u>0.9</u>	<u>11.8</u>	<u>6.6</u>	<u>46.6</u>
PFNP as a % of TPL . . . . .	75.0%	71.0%	79.0%	75.0%	63.0%	73.0%
Pension Expense . . . . .	1.7	3.0	0.2	1.3	0.5	6.7

The following chart provides key pension statistics by pension system as of and for the Fiscal Year ended June 30, 2013:

	Summary of City Pension Information Fiscal Year 2013					
	NYCERS*	TRS**	BERS**	POLICE*	FIRE*	Total
Membership (active and retired) as of 6/30/11 .....	345,372	203,570	41,164	81,883	27,713	699,702
			(in billions)			
Total Pension Liability (TPL) .....	\$ 39.0	\$ 58.9	\$ 4.0	\$ 44.5	\$17.5	\$ 163.9
Less Plan Fiduciary Net Position (PFNP)	26.2	35.9	2.7	29.4	9.8	104.0
Net Pension Liability (NPL) .....	<u>12.8</u>	<u>23.0</u>	<u>1.3</u>	<u>15.1</u>	<u>7.7</u>	<u>59.9</u>
PFNP as a % of TPL .....	67.0%	61.0%	68.0%	66.0%	56.0%	63.0%
Pension Expense .....	1.7	2.8	0.2	2.0	0.7	7.4

\* includes QPP and VSFs

\*\* QPP only

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

The excesses of liabilities over assets reported on the government-wide *Statement of Net Position* of \$191.1 and \$194.7 at June 30, 2014 and 2013, respectively, are the result of many factors. The largest components of the net deficit are:

- The City has issued debt for the acquisition and construction of public purpose capital assets which are not reported as City-owned assets on the *Statement of Net Position*. This includes assets of the New York City Transit Authority (TA), NYW, HHC, and certain public libraries and cultural institutions. The debt outstanding for non-City owned assets at June 30, 2014 and 2013 were \$24.0 and \$21.8 billion, respectively.
- The City finances capital assets based on their probable period of usefulness (PPU), as established under the New York State Local Finance Law (LFL). These useful lives may differ from the schedules used by the City to depreciate capital assets for financial reporting purposes. School buildings and related education assets depreciate more quickly than their related debt is paid, and they comprise one of the largest components of this difference (\$7.5 and \$9.3 billion as of June 30, 2014 and 2013, respectively).
- The City has certain long-term liabilities that do not require current funding, including: OPEB liabilities (\$89.5 and \$92.5 billion as of June 30, 2014 and 2013, respectively) and net pension liabilities (\$46.6 and \$59.9 billion as of June 30, 2014 and 2013, respectively). Other unfunded long-term liabilities include judgments and claims, employee vacation and sick leave, and environmental remediation obligations.

### 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, 2012 .....	\$ 452,284	\$(2,746,558)	\$ 1,373,608	\$ 5,045,255	\$ —	\$ 4,124,589
Revenues .....	70,522,027	2,562,094	109,838	3,612,222	(2,846,612)	73,959,569
Expenditures .....	(64,498,721)	(8,385,332)	(3,779,693)	(5,094,143)	1,840,161	(79,917,728)
Other financing sources (uses) .....	<u>(6,018,123)</u>	<u>5,534,040</u>	<u>5,062,954</u>	<u>695,912</u>	<u>1,006,451</u>	<u>6,281,234</u>
Fund Balances (deficit), June 30, 2013 .....	457,467	(3,035,756)	2,766,707	4,259,246	—	4,447,664
Revenues .....	72,259,770	2,240,805	127,522	4,674,329	(3,831,660)	75,470,766
Expenditures .....	(67,705,878)	(7,902,711)	(3,742,518)	(5,565,135)	2,190,349	(82,725,893)
Other financing sources (uses) .....	<u>(4,548,840)</u>	<u>5,661,781</u>	<u>1,487,141</u>	<u>1,497,562</u>	<u>1,641,311</u>	<u>5,738,955</u>
Fund Balances (deficit), June 30, 2014 .....	<u>\$ 462,519</u>	<u>\$(3,035,881)</u>	<u>\$ 638,852</u>	<u>\$ 4,866,002</u>	<u>\$ —</u>	<u>\$ 2,931,492</u>

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

If the City anticipates that the General Fund will have an operating surplus, the City will make discretionary transfers to the General Debt Service Fund 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 an operating surplus of \$2.011 billion and \$2.812 billion before these expenditures and transfers (discretionary and other) for Fiscal Years 2014 and 2013, respectively. After these certain expenditures and transfers (discretionary and other), the General Fund reported an operating surplus of \$5 million in both Fiscal Years 2014 and 2013, 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, 2014, can be attributed principally to transfers (discretionary transfer and other, as described above) from the General Fund totaling \$644 million in Fiscal Year 2014 for Fiscal Year 2015 debt service. Similar transfers in Fiscal Year 2013 of \$2.743 billion for Fiscal Year 2014 debt service also primarily account for the General Debt Service Fund balance at June 30, 2013.

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, 2014 and 2013 represent the amounts expected to be financed from future bond issues or intergovernmental reimbursements. To the extent the deficits will not be financed or reimbursed, transfers from the General Fund will be required.

**General Fund  
Budgetary Highlights**

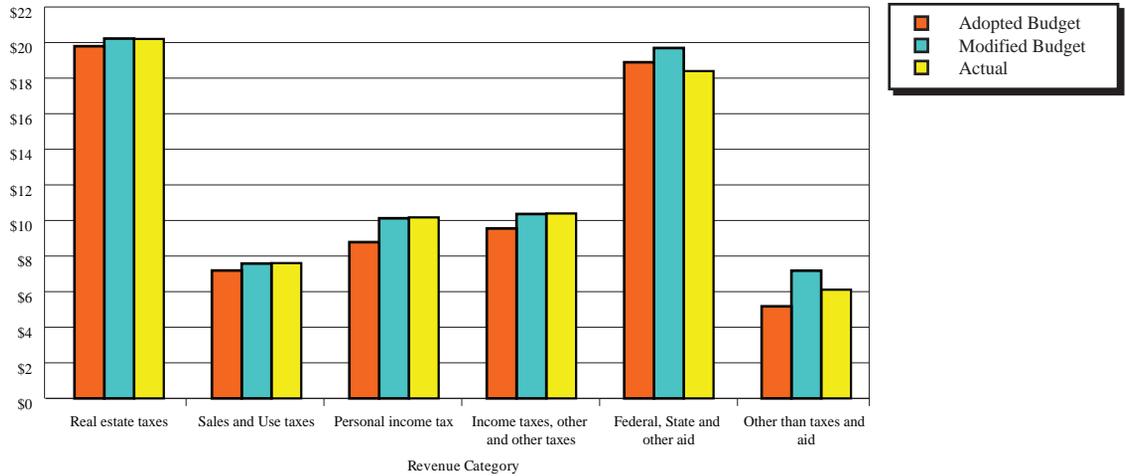
GAAP require recognition of pollution remediation obligations, and generally preclude costs incurred for pollution remediation from being reported as capital expenditures. Thus, the City's Fiscal Year 2014 General Fund expenditures include approximately \$313.7 million of pollution remediation expenditures associated with projects which were originally included in the City's capital program. Thus, \$293.6 million of City bond proceeds and \$20.1 million of other revenues (New York City Municipal Water Finance Authority bond proceeds transferred to the City) supporting the \$313.7 million of pollution remediation expenditures are also reported in the General Fund for Fiscal Year 2014. In Fiscal Year 2013, \$191.5 million of City bond proceeds and \$8.5 million of other revenues supported the \$200 million of pollution remediation expenditures reported in the General Fund. Although amounts were not established in the Adopted Budget, a modification to the budget was made to accommodate the amount of pollution remediation expenditure charge in the General Fund. These pollution remediation expenditures were incurred by various agencies, as follows:

	<b>General Fund Pollution Remediation Expenditures</b>	
	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
General government. . . . .	\$ 31,207	\$ 30,498
Public safety and judicial . . . . .	3,654	1,548
Education. . . . .	147,494	102,064
Social services . . . . .	230	293
Environmental protection. . . . .	24,345	11,451
Transportation services . . . . .	26,234	19,065
Parks, recreation, and cultural activities . . . . .	1,954	286
Housing . . . . .	1,625	964
Health, including HHC . . . . .	76,619	33,234
Libraries. . . . .	365	597
Total expenditures . . . . .	<u>\$ 313,727</u>	<u>\$ 200,000</u>

**General Fund Revenues**

The following charts and tables summarize actual revenues by category for Fiscal Years 2014 and 2013 and compare revenues with each fiscal year's Adopted Budget and Modified Budget.

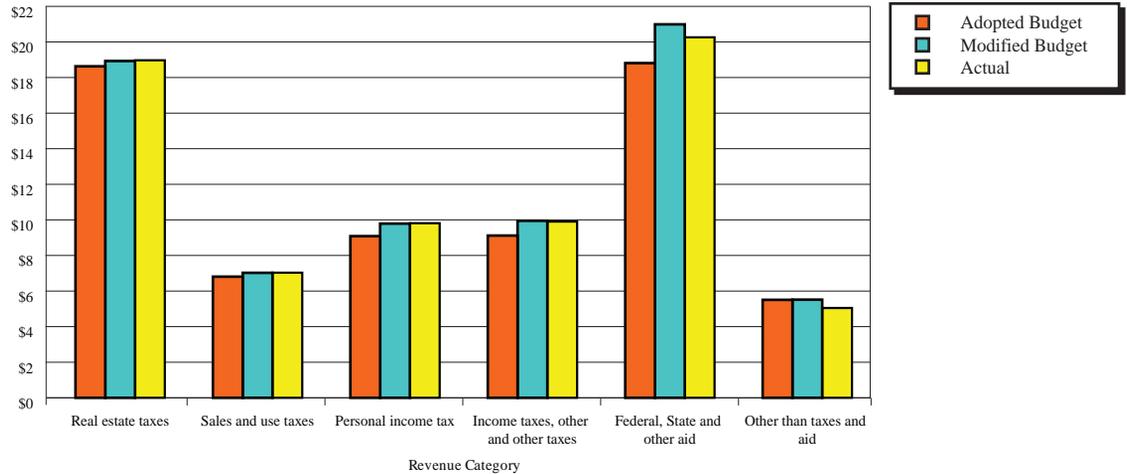
**General Fund Revenues  
Fiscal Year 2014  
(in billions)**



**General Fund Revenues  
Fiscal Year 2014**

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

**General Fund Revenues**  
**Fiscal Year 2013**  
(in billions)



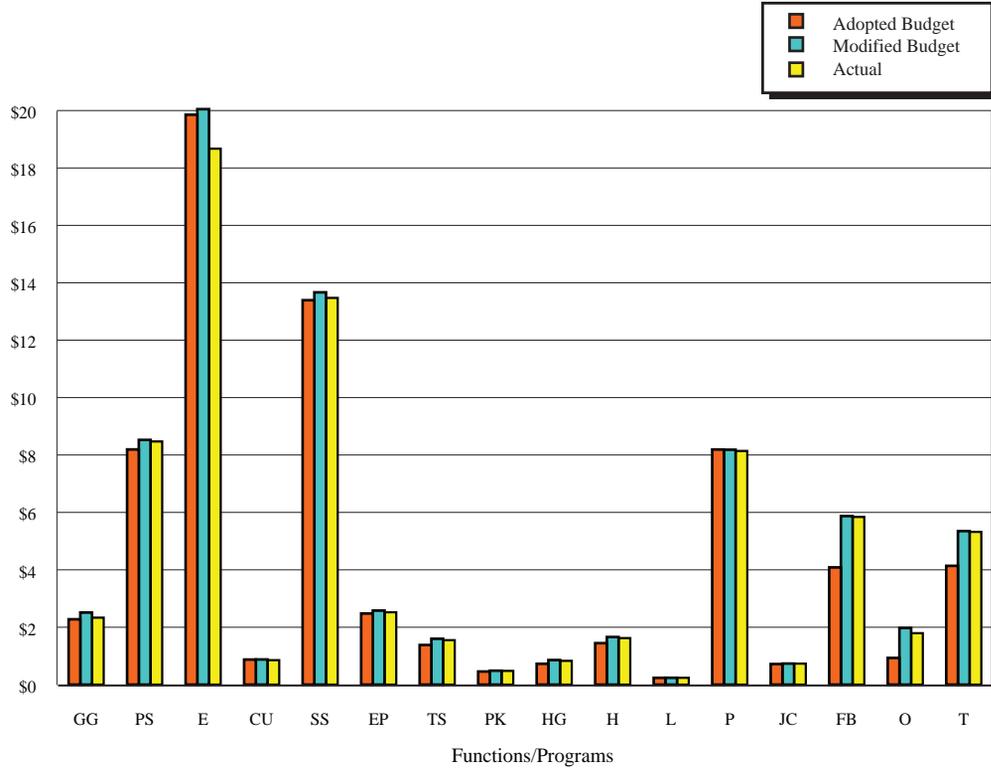
**General Fund Revenues**  
**Fiscal Year 2013**

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>
		(in millions)	
Taxes (net of refunds):			
Real estate taxes . . . . .	\$18,631	\$18,930	\$18,970
Sales and use taxes . . . . .	6,809	7,025	7,032
Personal income tax . . . . .	9,086	9,790	9,815
Income taxes, other . . . . .	6,012	7,328	7,249
Other taxes . . . . .	3,106	2,620	2,656
Taxes (net of refunds) . . . . .	<u>43,644</u>	<u>45,693</u>	<u>45,722</u>
Federal, State and other aid:			
Categorical . . . . .	<u>18,811</u>	<u>20,989</u>	<u>20,260</u>
Federal, State and other aid . . . . .	<u>18,811</u>	<u>20,989</u>	<u>20,260</u>
Other than taxes and aid:			
Charges for services . . . . .	2,681	2,585	2,572
Other revenues . . . . .	2,513	2,425	1,968
Bond proceeds . . . . .	—	192	192
Transfers from Nonmajor Debt Service Funds . . .	225	229	229
Transfers from General Debt Service Funds . . . .	88	86	86
Other than taxes and aid . . . . .	<u>5,507</u>	<u>5,517</u>	<u>5,047</u>
Total revenues . . . . .	<u><u>\$67,962</u></u>	<u><u>\$72,199</u></u>	<u><u>\$71,029</u></u>

**General Fund Expenditures**

The following charts and tables summarize actual expenditures by function/program for fiscal years 2014 and 2013 and compare expenditures with each fiscal year's Adopted Budget and Modified Budget.

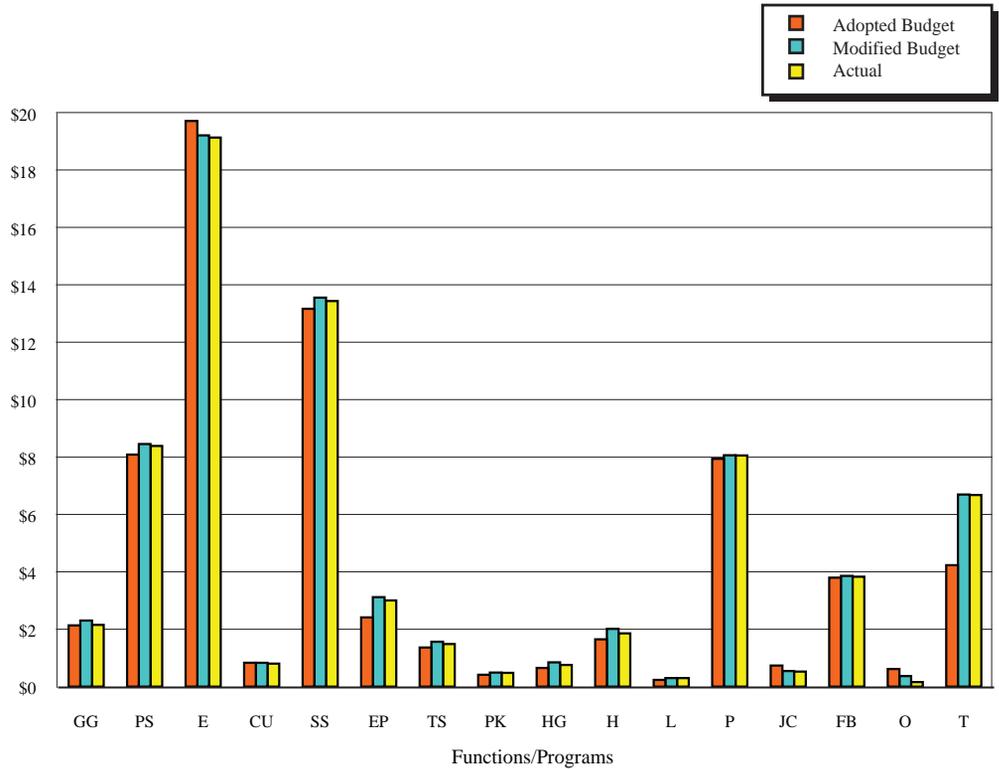
**General Fund Expenditures  
Fiscal Year 2014  
(in billions)**



**General Fund Expenditures  
Fiscal Year 2014**

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

**General Fund Expenditures  
Fiscal Year 2013  
(in billions)**



**General Fund Expenditures  
Fiscal Year 2013**

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>
		<b>(in millions)</b>	
General government (GG) . . . . .	\$ 2,135	\$ 2,303	\$ 2,152
Public safety and judicial (PS) . . . . .	8,084	8,452	8,384
Education (E) . . . . .	19,707	19,205	19,129
City university (CU) . . . . .	832	831	802
Social services (SS) . . . . .	13,163	13,552	13,433
Environmental protection (EP) . . . . .	2,412	3,118	3,003
Transportation services (TS) . . . . .	1,364	1,564	1,484
Parks, recreation, and cultural activities (PK) . . . . .	414	491	481
Housing (HG) . . . . .	652	847	756
Health, including HHC (H) . . . . .	1,649	2,013	1,856
Libraries (L) . . . . .	235	299	299
Pensions (P) . . . . .	7,937	8,061	8,054
Judgments and claims (JC) . . . . .	735	544	524
Fringe benefits and other benefit payments (FB) . . . . .	3,797	3,858	3,830
Other (O) . . . . .	615	368	160
Transfers and other payments for debt service (T) . . . . .	4,231	6,693	6,677
<b>Total expenditures . . . . .</b>	<u><u>\$67,962</u></u>	<u><u>\$72,199</u></u>	<u><u>\$71,024</u></u>

**General Fund Surplus**

The City had General Fund surpluses of \$2.011 billion, \$2.812 billion and \$2.467 billion before certain expenditures and transfers (discretionary and other) for Fiscal Years 2014, 2013 and 2012, respectively. For the Fiscal Years 2014, 2013 and 2012, 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 2014, 2013 and 2012 budgets follow:

	Governmental Activities		
	2014	2013	2012
	(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 . . . . .	\$ 481	\$ 587	\$ 65
Discretionary transfers to the General Debt Service Fund . . . . .	140	2,140	1,275
Net equity contribution in bond refunding that accrued to future years debt service savings . . . . .	23	16	23
Grant to HYIC . . . . .	—	—	156
Grant to TFA . . . . .	1,362	—	879
Advance cash subsidies to the Public Library system . . . . .	—	64	64
Total expenditures and transfers (discretionary and other) . . . . .	2,006	2,807	2,462
Reported surplus . . . . .	5	5	5
Total surplus . . . . .	<u>\$2,011</u>	<u>\$2,812</u>	<u>\$2,467</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 2014 Adopted Budget:

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

As noted previously, final results for any given fiscal year may differ greatly from that year's Adopted Budget. The following table shows the variance between actuals and amounts for the Fiscal Year ended 2013 Adopted Budget:

	<u>2013</u>
Additional Resources:	(in millions)
Federal categorical aid . . . . .	\$1,958
Greater than expected personal income tax collections . . . . .	697
Greater than expected general corporation tax collections . . . . .	426
Lower than expected supplies and materials costs . . . . .	425
Higher than expected real estate tax collections . . . . .	339
General Reserve . . . . .	300
Lower than expected judgments and claims expenditures . . . . .	262
Higher than expected pollution remediation bond proceeds . . . . .	192
Lower than expected all other general administrative OTPS expenditures . . . . .	187
Greater than expected banking corporation tax collections . . . . .	144
Greater than expected mortgage tax collections . . . . .	143
Higher than expected real property transfer tax collections . . . . .	142
Lower than expected fuel and energy costs . . . . .	141
Lower than expected debt service costs . . . . .	134
Higher than expected sales tax collections . . . . .	63
Greater than expected all other miscellaneous revenues . . . . .	62
Higher than expected all other tax collections . . . . .	47
Lower than expected health insurance costs . . . . .	44
Higher than expected revenues from licenses, permits and privileges . . . . .	41
Higher than expected commercial rent tax collections . . . . .	40
Higher than expected unincorporated business tax collections . . . . .	36
Greater than expected general government charges . . . . .	27
Higher than expected rental income revenues . . . . .	17
Higher than expected revenues from fines and forfeitures . . . . .	10
All other net underspending and revenues above budget . . . . .	3
Total . . . . .	<u>5,880</u>
Enabled the City to provide for:	
Additional prepayments for certain debt service costs and subsidies due in Fiscal Year 2014 . . . . .	2,667
Lower than expected proceeds from sale of taxi medallions . . . . .	635
Higher than expected contractual services costs . . . . .	502
State categorical aid . . . . .	403
Greater than expected overtime costs . . . . .	357
Greater than expected payments to the Health and Hospitals Corporation . . . . .	287
Pollution remediation costs . . . . .	200
Lower than expected water and sewer charges . . . . .	153
Higher than expected Medicaid spending . . . . .	126
Higher than expected public assistance spending . . . . .	117
Greater than expected pension expenditures . . . . .	117
Higher than expected all other personal services spending . . . . .	64
Greater than expected all other fixed and miscellaneous charges . . . . .	63
Greater than expected property and equipment costs . . . . .	58
Lower than expected non-governmental grants . . . . .	53
Higher than expected provisions for disallowance reserve . . . . .	44
Lower than expected proceeds from asset sales . . . . .	22
Lower than expected tobacco settlement proceeds . . . . .	7
Total . . . . .	<u>5,875</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		
	2014	2013	2012
		(in millions)	
Land*	\$ 1,771	\$ 1,700	\$ 1,634
Buildings	30,785	29,381	28,383
Equipment (including software)	2,571	2,505	2,410
Infrastructure**	12,275	12,219	11,651
Construction work-in-progress	4,260	4,705	4,437
Total	<u>\$51,662*</u>	<u>\$50,510</u>	<u>\$48,515</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 2014 was \$1.152 billion, a 2% increase. Capital assets additions in Fiscal Year 2014 were \$8.516 billion, an increase of \$136 million from Fiscal Year 2013.

In 2014 construction work-in-progress was \$4.260 billion, representing a 9% net decrease. The decrease was the result of \$3.227 billion in building additions and the reclassification of \$592 million of construction costs as being for non-city-owned assets and other accounting adjustments. The total reclassification write down accounted for 13% of the 2014 construction work-in-progress opening balance.

The net increase in the City's capital assets during Fiscal Year 2013 was \$1.995 billion, a 4% increase. Capital assets additions in Fiscal Year 2013 were \$8.380 billion, an increase of \$361 million from Fiscal Year 2012.

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 2014, 2013 and 2012.

	New York City and City-Related Debt		
	2014	2013	2012
		(in millions)	
General Obligation Bonds <sup>(a)</sup>	\$41,665	\$41,592	\$42,286
TFA Bonds	24,013	21,816	19,587
TFA Recovery Bonds	974	1,233	1,372
TFA BARBS	6,051	6,154	5,309
TSASC Bonds	1,228	1,245	1,253
IDA Bonds	90	93	95
STAR Bonds	1,975	1,985	2,054
FSC Bonds	231	260	270
HYIC Bonds	3,000	3,000	3,000
ECF Bonds	266	268	274
Tax Lien Collateralized Bonds	46	34	36
Total bonds and notes outstanding	<u>79,539</u>	<u>77,680</u>	<u>75,536</u>
Plus premiums / less discounts (net)	<u>3,162</u>	<u>2,956</u>	<u>2,004</u>
Total bonds and notes payable	<u>\$82,701</u>	<u>\$80,636</u>	<u>\$77,540</u>

(a) Does not include capital contract liabilities.

*General Obligation*

On July 1, 2014, the City’s outstanding General Obligation (GO) debt, including capital contract liabilities, totaled \$55.91 billion (compared with \$54.3 and 52.7 billion as of July 1, 2013 and 2012, 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, 2014, the City’s 10% general limitation was \$81.35 billion (compared with \$79.10 and \$76.85 billion as of July 1, 2013 and 2012 respectively). The City and TFA’s combined debt incurring power as of July 1, 2014, after providing for capital contract liabilities, totaled \$25.45 billion.

As of June 30, 2014, the City’s outstanding GO debt is \$41.67 billion; consisting of \$7.21 billion of variable rate bonds and \$34.46 billion of fixed rate bonds. Of the \$4.88 billion in GO bonds issued by the City in Fiscal Year 2014, a total of \$2.61 billion was issued to refund certain outstanding bonds at a lower interest rate and a total of \$2.27 billion was issued for new money capital purposes. The proceeds of the refunding issues were placed in irrevocable escrow accounts in amounts sufficient to pay, when due, all principal, interest, and applicable redemption premium, if any, on the refunded bonds. These refundings produce a budgetary dissaving of \$5.99 million in Fiscal Year 2014 and budgetary savings of \$220.08 million and \$1.24 million in Fiscal Years 2015 and 2016, respectively. The refundings will generate \$246.30 million in budgetary savings over the life of the bonds and approximately \$216.89 million on a net present value basis.

In Fiscal Year 2014, the City issued \$250 million of traditional taxable fixed rate bonds. The traditional taxable bonds were sold on a competitive basis.

In addition, the City converted \$356.56 million of bonds between different interest rate modes.

During Fiscal Year 2013, GO variable rate debt traded at the following average interest rates:

	<u>Tax-Exempt</u>	<u>Taxable</u>
Dailies . . . . .	0.09%	—
2-Day Mode . . . . .	0.06%	—
Weeklies . . . . .	0.07%	0.62%
Auction Rate Securities—7 Day . . . . .	0.65%	—
Index Floaters . . . . .	1.52%	0.96%

During Fiscal Year 2014, 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 2014, the City had no short-term borrowings.

*Transitional Finance Authority*

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

TFA Future Tax Secured Bonds (FTSBs), are secured by the City’s collections of personal income tax and, if necessary, sales tax. FTSBs outstanding over the \$13.50 billion limit, together with the amount of indebtedness contracted by the City, cannot exceed the debt limit of the City.

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

During Fiscal Year 2014, TFA issued \$3.16 billion TFA FTSB debt. This total included \$2.81 billion issued for new money capital purposes and \$350 million issued to refund certain

outstanding bonds at lower interest rates. The refunding will generate \$24.23 million in budgetary savings over the life of the bonds and approximately \$22.46 million on a net present value basis. In Fiscal Year 2014, the TFA also converted \$229.14 million outstanding bonds between interest rate modes.

As of June 30, 2014, the total outstanding FTSB and Recovery Bond debt was approximately \$24.99 billion. Of the amount outstanding, variable rate debt totaled \$3.58 billion, including \$748.30 million of variable rate Recovery Bonds. During Fiscal Year 2014, TFA’s variable rate debt traded at the following average interest rates:

	<u>Tax-Exempt</u>
Dailies .....	0.11%
Weeklies .....	0.12%
Auction Rate Securities — 7 Day .....	0.39%
Index Floaters .....	0.84%
2-Day Mode .....	0.11%

In Fiscal Year 2014, Standard & Poor’s and Fitch Ratings maintained AAA ratings on both Senior Lien and Subordinate Lien TFA Bonds. Moody’s Investors Service maintained its rating of Aaa on Senior Lien and Aa1 on Subordinate Lien Bonds.

The Authority is authorized to issue bonds and notes or other obligations in an amount outstanding of up to \$9.40 billion to finance a portion of the City’s educational facilities capital plan. TFA is authorized to use all or any portion of the state aid payable to the City or its school district pursuant to Section 3602.6 of the New York State Education Law (State Building Aid) as security for these obligations or Building Aid Revenue Bonds (BARBs). BARBs do not count against the FTSB debt limit. As of June 30, 2014, the TFA BARBs outstanding totaled \$6.05 billion. The Authority did not issue any TFA BARB debt in Fiscal Year 2014.

During Fiscal Year 2014, Standard & Poor’s maintained the TFA BARBs rating at AA-. On June 16, 2014 Moody’s raised its TFA BARB rating to Aa2 from the prior rating of Aa3. On June 20, 2014 Fitch Ratings raised its TFA BARB rating to AA from the prior rating of AA-.

*TSASC, Inc.*

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

TSASC had no financing activity in Fiscal Year 2014. As of June 30, 2014, TSASC had approximately \$1.23 billion of bonds outstanding.

TSASC bond ratings vary by maturity. As of June 30, 2014, 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 BB respectively. Fitch rated bonds maturing on June 1, 2034 and 2042 B.

*Sales Tax Asset Receivable Corporation*

In May 2003, New York State statutorily committed \$170 million of New York State Sales Tax receipts to the City in each fiscal year from 2004 through 2034. The Sales Tax Asset Receivable Corporation (STAR) was formed to securitize these payments and to use the proceeds to retire existing 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, 2014, STAR had \$1.97 billion bonds outstanding. It had no financing activity in Fiscal Year 2014.

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, 2014, FSC had \$230.79 million bonds outstanding. It had no financing activity in Fiscal Year 2014.

As of June 30, 2014, the bonds were rated AA+ by S&P, Aaa by Moody's and AAA by Fitch.

*Hudson Yards Infrastructure Corporation*

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

As of June 30, 2014, HYIC had \$3 billion bonds outstanding. HYIC had no financing activity in Fiscal Year 2014.

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

*New York City Educational Construction Fund*

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

The ECF had no financing activity in Fiscal Year 2014.

As of June 30, 2014, ECF had \$266.16 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, 2014, the NYCTLTs had \$45.78 million in bonds outstanding. In Fiscal Year 2014, the NYCTLTs issued \$91.37 million bonds. The bonds are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

*Interest Rate Exchange Agreements*

To lower borrowing costs over the life of its bonds and to diversify its existing portfolio, the City has from time to time entered into interest rate exchange agreements (swaps) and sold options to enter into swaps at future dates. The City received specific authorization to enter into such agreements under Section 54.90 of the New York State Local Finance Law. No swaps were entered into or terminated in Fiscal Year 2014. As of June 30, 2014, the outstanding notional amount of the City's various swap agreements was \$1.806 billion.

The Water Authority has also entered into interest rate exchange agreements from time to time in order to lower its borrowing costs over the life of its bonds and to diversify its existing portfolio. In Fiscal Year 2014, the Authority did not initiate or terminate any swaps. As of June 30, 2014, the outstanding notional amount on the Water Authority's various swap agreements was \$401 million.

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

### ***Subsequent Events***

Subsequent to June 30, 2014, the City, TFA, STAR Corporation and NYCTLTs completed the following long-term financings:

*City Debt:* On September 4, 2014, The City of New York issued \$980,000,000 of Fiscal 2015 Series AB General Obligation bonds for refunding purposes.

*City Swap Portfolio:* On August 1, 2014, the City's \$25,000,000 swap with Morgan Stanley Capital Services LLC matured. Also on August 1, 2014 the City's \$2,375,000 swap with UBS AG matured.

*TFA Debt:* On August 1, 2014, The New York City Transitional Finance Authority issued \$1,000,000,000 of Fiscal 2015 Series A Future Tax Secured bonds for Capital Purposes.

*STAR Corporation Debt:* On October 15, 2014 the Sales Tax Asset Receivable Corporation issued \$2,035,330,000 of Fiscal 2015 Series A Sales Tax Asset Revenue bonds. The proceeds from the bonds will be used to provide for the payment of the principal, interest and redemption premium, if any, of certain Future Tax Secured Bonds of the New York City Transitional Finance Authority.

*NYCTLTs 2014-A Debt:* On August 6, 2014, NYCTLTs 2014-A issued \$95,479,000 of Tax Lien Collateralized Bonds, Series 2014-A to fund the purchase of certain liens from the City.

### ***Commitments***

At June 30, 2014, the outstanding commitments relating to projects of The New York City Capital Projects Fund amounted to approximately \$13.8 billion.

To address the need for significant infrastructure and public facility capital investments, the City has prepared a ten-year capital spending program which contemplates New York City Capital Projects Fund expenditures of \$53.7 billion over Fiscal Years 2014 through 2023. To help meet its capital spending program, the City and TFA borrowed \$5.08 billion in the public credit market in Fiscal Year 2014. The City and TFA plan to borrow \$5.25 billion in the public credit market in Fiscal Year 2015.

### ***Superstorm Sandy***

On October 29, 2012, Superstorm Sandy (Sandy) made landfall in the City. The storm surge and high winds caused significant damage in the City as well as other states and cities along the U.S. eastern seaboard. The City incurred costs for emergency response and storm related damages to, and destruction of, City buildings and other assets. As of June 30, 2014, the estimated value of damages and recovery costs was approximately \$5.5 billion – this includes \$3.3 billion for capital construction and \$2.2 billion for cleanup, relief, and repairs.

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

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

Approximately \$532 million in emergency and recovery spending was obligated for reimbursement by FEMA during the City's Fiscal Year 2014, the remainder of eligible reimbursement will be obligated going forward. To the extent that eligible Sandy related costs were incurred as of June 30, 2014, the FEMA reimbursement has been received or accrued as receivable in fiscal year 2014.

***Request for Information***

This comprehensive annual financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The City of New York, Office of the Comptroller, Bureau of Accountancy, 1 Centre Street, Room 200 South, New York, New York 10007-2341 or at [Accountancy@comptroller.nyc.gov](mailto:Accountancy@comptroller.nyc.gov).

**The City of New York**

**Comprehensive  
Annual Financial Report  
of the  
Comptroller**

**BASIC  
FINANCIAL STATEMENTS**

**Part II-A**

**Fiscal Year Ended June 30, 2014**





Municipal Building

**THE CITY OF NEW YORK**  
**STATEMENT OF NET POSITION**

JUNE 30, 2014  
(in thousands)

	<b>Primary Government (PG)</b>	
	<b>Governmental Activities</b>	<b>Component Units</b>
<b>ASSETS:</b>		
Cash and cash equivalents . . . . .	\$ 7,958,525	\$ 3,154,041
Investments, including accrued interest . . . . .	5,373,151	377,458
Receivables:		
Real estate taxes (less allowance for uncollectible amounts of \$205,488) . . . . .	325,049	—
Federal, State and other aid . . . . .	7,638,264	—
Taxes other than real estate . . . . .	5,364,911	—
Leases . . . . .	—	1,738,664
Other . . . . .	2,125,805	4,509,135
Mortgage loans and interest receivable, net . . . . .	—	8,864,926
Inventories . . . . .	347,581	51,732
Due from PG . . . . .	—	23,414
Due from component units . . . . .	2,466,133	—
Restricted cash, cash equivalents and investments . . . . .	4,500,692	6,374,819
Other . . . . .	547,455	304,052
Capital assets:		
Land and construction work-in-progress . . . . .	6,030,378	9,066,668
Other capital assets (net of depreciation/amortization):		
Property, plant and equipment (including software) . . . . .	33,356,849	29,302,384
Infrastructure . . . . .	12,274,878	—
Total assets . . . . .	88,309,671	63,767,293
<b>DEFERRED OUTFLOWS OF RESOURCES</b> . . . . .	544,247	141,849
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities . . . . .	15,109,938	3,795,894
Accrued interest payable . . . . .	989,753	148,854
Unearned revenue . . . . .	493	321,748
Due to PG . . . . .	—	2,048,293
Due to component units . . . . .	23,414	—
Estimated disallowance of Federal, State and other aid . . . . .	1,007,755	—
Other . . . . .	4,691,039	205,254
Derivative instruments—interest rate swaps . . . . .	48,963	91,935
Noncurrent liabilities:		
Due within one year . . . . .	5,291,252	1,922,204
Bonds and notes payable (net of amount due within one year—\$2,985,516 for PG) . . . . .	79,715,297	42,768,095
Net pension liability . . . . .	46,598,085	2,088,387
OPEB liability . . . . .	89,485,122	7,632,605
Other (net of amount due within one year—\$2,305,736 for PG) . . . . .	14,769,731	1,274,490
Total liabilities . . . . .	257,730,842	62,297,759
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pensions . . . . .	14,827,736	724,179
Deferred real estate taxes . . . . .	6,733,998	—
Other deferred inflows of resources . . . . .	664,529	—
Total deferred inflows of resources . . . . .	22,226,263	724,179
<b>NET POSITION:</b>		
Net investment in capital assets . . . . .	(7,495,896)	7,829,508
Restricted for:		
Capital projects . . . . .	1,838,454	36,030
Debt service . . . . .	2,581,673	2,299,130
Loans/security deposits . . . . .	—	58,920
Donor/statutory restrictions . . . . .	—	100,526
Operations . . . . .	—	271,061
Unrestricted (deficit) . . . . .	(188,027,418)	(9,707,971)
Total net position (deficit) . . . . .	\$(191,103,187)	\$ 887,204

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**STATEMENT OF NET POSITION**

JUNE 30, 2013  
(in thousands)

	Restated	
	Primary Government (PG)	
	Governmental Activities	Component Units
<b>ASSETS:</b>		
Cash and cash equivalents . . . . .	\$ 5,822,829	\$ 2,781,307
Investments, including accrued interest . . . . .	3,353,231	767,541
Receivables:		
Real estate taxes (less allowance for uncollectible amounts of \$234,364) . . . . .	370,123	—
Federal, State and other aid . . . . .	8,791,454	—
Taxes other than real estate . . . . .	4,803,376	—
Leases . . . . .	—	1,760,040
Other . . . . .	1,855,033	4,115,866
Mortgage loans and interest receivable, net . . . . .	—	8,606,630
Inventories . . . . .	296,335	51,693
Due from PG . . . . .	—	152,879
Due from component units . . . . .	2,161,477	—
Restricted cash, cash equivalents and investments . . . . .	7,552,155	5,275,488
Other . . . . .	498,490	280,094
Capital assets:		
Land and construction work-in-progress . . . . .	6,405,345	11,862,101
Other capital assets (net of depreciation/amortization):		
Property, plant and equipment (including software) . . . . .	31,886,362	25,320,902
Infrastructure . . . . .	12,218,357	—
Total assets . . . . .	86,014,567	60,974,541
<b>DEFERRED OUTFLOWS OF RESOURCES</b> . . . . .	635,161	130,980
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities . . . . .	14,662,150	3,437,165
Accrued interest payable . . . . .	945,619	142,578
Unearned revenue . . . . .	3,245	281,781
Due to PG . . . . .	—	2,161,477
Due to component units . . . . .	152,879	—
Estimated disallowance of Federal, State and other aid . . . . .	1,010,614	—
Other . . . . .	3,628,009	193,219
Derivative instruments—interest rate swaps . . . . .	100,884	90,511
Noncurrent liabilities:		
Due within one year . . . . .	4,849,417	2,506,901
Bonds and notes payable (net of amount due within one year—\$2,733,685 for PG) . . . . .	77,901,803	40,427,065
Net pension liability . . . . .	59,941,126	2,793,418
OPEB liability . . . . .	92,521,346	7,434,328
Other (net of amount due within one year—\$2,115,732 for PG) . . . . .	14,178,718	1,327,921
Total liabilities . . . . .	269,895,810	60,796,364
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pensions . . . . .	5,055,403	223,131
Deferred real estate taxes . . . . .	5,739,809	—
Other deferred inflows of resources . . . . .	703,340	—
Total deferred inflows of resources . . . . .	11,498,552	223,131
<b>NET POSITION:</b>		
Net investment in capital assets . . . . .	(9,343,601)	7,303,448
Restricted for:		
Capital projects . . . . .	2,506,625	37,688
Debt service . . . . .	4,759,292	1,889,253
Loans/security deposits . . . . .	—	59,016
Donor/statutory restrictions . . . . .	—	96,355
Operations . . . . .	—	277,611
Unrestricted (deficit) . . . . .	(192,666,950)	(9,577,345)
Total net position (deficit) . . . . .	\$(194,744,634)	\$ 86,026

See accompanying notes to financial statements.

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

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	
					<u>Governmental Activities</u>	<u>Component Units</u>
<b>Primary government:</b>						
General government .....	\$ 4,324,146	\$ 1,076,840	\$ 1,169,226	\$ 26,097	\$ (2,051,983)	\$ —
Public safety and judicial .....	13,614,413	626,199	706,032	6,370	(12,275,812)	—
Education .....	21,805,586	88,811	9,732,990	35,398	(11,948,387)	—
City University .....	1,065,176	363,538	227,731	2,444	(471,463)	—
Social services .....	14,248,276	54,353	4,726,975	16,529	(9,450,419)	—
Environmental protection .....	4,022,369	1,537,538	51,760	204,980	(2,228,091)	—
Transportation services .....	2,419,644	982,304	247,033	234,480	(955,827)	—
Parks, recreation and cultural activities .....	1,771,837	96,117	25,910	27,849	(1,621,961)	—
Housing .....	1,446,617	344,939	486,114	90,269	(525,295)	—
Health (including payments to HHC) ..	2,364,475	71,614	782,773	51,234	(1,458,854)	—
Libraries .....	292,568	—	—	—	(292,568)	—
Debt service interest .....	3,025,056	—	—	—	(3,025,056)	—
Total primary government .....	<u>\$70,400,163</u>	<u>\$ 5,242,253</u>	<u>\$18,156,544</u>	<u>\$ 695,650</u>	<u>(46,305,716)</u>	<u>—</u>
Component Units .....	<u>\$16,708,312</u>	<u>\$12,519,179</u>	<u>\$ 2,377,078</u>	<u>\$1,465,007</u>	<u>—</u>	<u>\$ (347,048)</u>
<b>General revenues:</b>						
Taxes (Net of Refunds):						
Real estate taxes .....					20,033,049	—
Sales and use taxes .....					7,604,836	—
Personal income tax .....					10,364,714	—
Income taxes, other .....					7,364,845	—
Other taxes:						
Commercial Rent .....					771,186	—
Conveyance of Real Property .....					1,530,167	—
Hotel Room Occupancy .....					541,293	—
Payment in Lieu of Taxes .....					270,131	—
Other .....					49,058	—
Investment income .....					79,261	50,487
Other Federal and State aid .....					490,168	56,034
Other .....					848,455	1,041,705
Total general revenues .....					<u>49,947,163</u>	<u>1,148,226</u>
Change in net position .....					3,641,447	801,178
Net position—beginning .....					(194,744,634)	86,026
Net position—ending .....					<u>\$(191,103,187)</u>	<u>\$ 887,204</u>

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED JUNE 30, 2013  
(in thousands)

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	
					<u>Governmental Activities</u>	<u>Component Units</u>
<b>Primary government:</b>						
General government .....	\$ 4,262,092	\$ 982,295	\$ 1,495,166	\$ 65,646	\$ (1,718,985)	\$ —
Public safety and judicial .....	17,095,181	284,274	844,526	786	(15,965,595)	—
Education .....	24,842,776	69,497	9,927,315	31,681	(14,814,283)	—
City University .....	968,571	336,975	211,178	239	(420,179)	—
Social services .....	14,308,076	51,367	4,939,371	15,939	(9,301,399)	—
Environmental protection .....	4,029,470	1,405,631	707,449	46,752	(1,869,638)	—
Transportation services .....	2,508,152	860,047	285,241	390,038	(972,826)	—
Parks, recreation and cultural activities .....	1,062,436	92,415	76,609	220,879	(672,533)	—
Housing .....	1,323,243	325,669	514,733	75,676	(407,165)	—
Health (including payments to HHC)	2,607,625	75,803	918,963	—	(1,612,859)	—
Libraries .....	337,315	—	156	2,192	(334,967)	—
Debt service interest .....	2,955,121	—	143,000	—	(2,812,121)	—
Total primary government .....	<u>\$76,300,058</u>	<u>\$ 4,483,973</u>	<u>\$20,063,707</u>	<u>\$849,828</u>	<u>(50,902,550)</u>	<u>—</u>
Component Units .....	<u>\$16,266,008</u>	<u>\$11,619,403</u>	<u>\$ 2,651,365</u>	<u>\$1,421,818</u>	<u>—</u>	<u>\$ (573,422)</u>
<b>General revenues:</b>						
Taxes (Net of Refunds):						
Real estate taxes .....				19,070,857		—
Sales and use taxes .....				7,065,331		—
Personal income tax .....				9,506,798		—
Income taxes, other .....				7,363,633		—
Other taxes:						
Commercial Rent .....				721,213		—
Conveyance of Real Property .....				1,096,431		—
Hotel Room Occupancy .....				512,342		—
Payment in Lieu of Taxes .....				265,164		—
Other .....				67,870		—
Investment income .....				102,612		93,090
Other Federal and State aid .....				452,122		15,012
Other .....				554,404		413,294
Total general revenues .....				<u>46,778,777</u>		<u>521,396</u>
Change in net position .....				(4,123,773)		(52,026)
Net position—beginning .....				(125,733,209)		3,645,641
Restatement of beginning net position .....				(64,887,652)		(3,507,589)
Net position—ending .....				<u>\$(194,744,634)</u>		<u>\$ 86,026</u>

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**

JUNE 30, 2014  
(in thousands)

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>General Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Adjustments/ Eliminations</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>						
Cash and cash equivalents .....	\$ 7,761,172	\$ 74,452	\$ —	\$ 122,901	\$ —	\$ 7,958,525
Investments, including accrued interest .....	4,102,783	—	—	1,362,881	—	5,465,664
Accounts receivable:						
Real estate taxes (less allowance for uncollectible amounts of \$205,488) .....	325,049	—	—	—	—	325,049
Federal, State and other aid .....	6,851,159	787,105	—	—	—	7,638,264
Taxes other than real estate .....	5,078,270	—	—	286,641	—	5,364,911
Other receivables, net .....	1,655,214	—	—	440,090	—	2,095,304
Due from other funds .....	3,154,761	102,398	—	306,421	(306,119)	3,257,461
Due from component units .....	1,832,518	633,615	—	—	—	2,466,133
Restricted cash and investments .....	—	616,142	643,937	3,240,613	—	4,500,692
Other assets .....	—	99,779	—	433,452	—	533,231
Total assets .....	<u>\$30,760,926</u>	<u>\$ 2,313,491</u>	<u>\$ 643,937</u>	<u>\$6,192,999</u>	<u>\$(306,119)</u>	<u>\$39,605,234</u>
<b>LIABILITIES:</b>						
Accounts payable and accrued liabilities .....	\$13,161,739	\$ 1,357,114	\$ 5,085	\$ 586,322	\$ —	\$15,110,260
Accrued tax refunds:						
Real estate taxes .....	58,773	—	—	—	—	58,773
Personal income tax .....	50,974	—	—	—	—	50,974
Other .....	94,729	—	—	—	—	94,729
Accrued judgments and claims .....	522,742	70,050	—	—	—	592,792
Unearned revenues .....	—	—	—	493	—	493
Due to other funds .....	—	3,410,603	—	152,977	(306,119)	3,257,461
Due to component units .....	23,414	—	—	—	—	23,414
Estimated disallowance of Federal, State and other aid .....	1,007,755	—	—	—	—	1,007,755
Other liabilities .....	3,752,115	511,605	—	—	—	4,263,720
Total liabilities .....	<u>18,672,241</u>	<u>5,349,372</u>	<u>5,085</u>	<u>739,792</u>	<u>(306,119)</u>	<u>24,460,371</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Prepaid real estate taxes .....	6,733,998	—	—	—	—	6,733,998
Grant advances .....	491,540	—	—	—	—	491,540
Uncollected real estate taxes .....	257,003	—	—	—	—	257,003
Taxes other than real estate .....	3,914,974	—	—	—	—	3,914,974
Other deferred inflows of resources ..	228,651	—	—	587,205	—	815,856
Total deferred inflows of resources .....	<u>11,626,166</u>	<u>—</u>	<u>—</u>	<u>587,205</u>	<u>—</u>	<u>12,213,371</u>
<b>FUND BALANCES:</b>						
Nonspendable .....	462,519	—	—	611	—	463,130
Spendable:						
Restricted .....	—	423,296	480,525	3,357,979	—	4,261,800
Committed .....	—	—	158,327	—	—	158,327
Assigned .....	—	—	—	1,505,488	—	1,505,488
Unassigned .....	—	(3,459,177)	—	1,924	—	(3,457,253)
Total fund balances (deficit) ..	<u>462,519</u>	<u>(3,035,881)</u>	<u>638,852</u>	<u>4,866,002</u>	<u>—</u>	<u>2,931,492</u>
Total liabilities, deferred inflows of resources and fund balances .....	<u>\$30,760,926</u>	<u>\$ 2,313,491</u>	<u>\$ 643,937</u>	<u>\$6,192,999</u>	<u>\$(306,119)</u>	<u>\$39,605,234</u>

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

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**

JUNE 30, 2013  
(in thousands)

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
<b>ASSETS:</b>						
Cash and cash equivalents . . . . .	\$ 5,618,894	\$ 127,673	\$ —	\$ 76,262	\$ —	\$ 5,822,829
Investments, including accrued interest . . . . .	3,404,300	—	—	640	—	3,404,940
Accounts receivable:						
Real estate taxes (less allowance for uncollectible amounts of \$234,364) . . . . .	370,123	—	—	—	—	370,123
Federal, State and other aid . . . . .	7,857,427	934,027	—	—	—	8,791,454
Taxes other than real estate . . . . .	4,701,686	—	—	101,690	—	4,803,376
Other receivables, net . . . . .	1,408,315	—	—	418,154	—	1,826,469
Due from other funds . . . . .	3,146,959	158,486	—	349,429	(348,862)	3,306,012
Due from component units . . . . .	1,470,629	690,848	—	—	—	2,161,477
Restricted cash and investments . . . . .	—	659,651	2,771,341	4,121,163	—	7,552,155
Other assets . . . . .	—	106,552	—	377,487	—	484,039
Total assets . . . . .	<u>\$27,978,333</u>	<u>\$ 2,677,237</u>	<u>\$2,771,341</u>	<u>\$5,444,825</u>	<u>\$(348,862)</u>	<u>\$38,522,874</u>
<b>LIABILITIES:</b>						
Accounts payable and accrued liabilities . . . . .	\$12,318,237	\$1,756,453	\$ 4,634	\$ 583,174	\$ —	\$14,662,498
Accrued tax refunds:						
Real estate taxes . . . . .	183,023	—	—	—	—	183,023
Personal income tax . . . . .	80,207	—	—	—	—	80,207
Other . . . . .	106,449	—	—	—	—	106,449
Accrued judgments and claims . . . . .	334,332	67,399	—	—	—	401,731
Unearned revenues . . . . .	—	—	—	3,245	—	3,245
Due to other funds . . . . .	—	3,431,851	—	223,023	(348,862)	3,306,012
Due to component units . . . . .	152,879	—	—	—	—	152,879
Estimated disallowance of Federal, State and other aid . . . . .	1,010,614	—	—	—	—	1,010,614
Other liabilities . . . . .	3,016,509	457,290	—	—	—	3,473,799
Total liabilities . . . . .	<u>17,202,250</u>	<u>5,712,993</u>	<u>4,634</u>	<u>809,442</u>	<u>(348,862)</u>	<u>23,380,457</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Prepaid real estate taxes . . . . .	5,739,809	—	—	—	—	5,739,809
Grant advances . . . . .	507,674	—	—	—	—	507,674
Uncollected real estate taxes . . . . .	296,107	—	—	—	—	296,107
Taxes other than real estate . . . . .	3,558,134	—	—	—	—	3,558,134
Other deferred inflows of resources . . . . .	216,892	—	—	376,137	—	593,029
Total deferred inflows of resources . . . . .	<u>10,318,616</u>	<u>—</u>	<u>—</u>	<u>376,137</u>	<u>—</u>	<u>10,694,753</u>
<b>FUND BALANCES:</b>						
Nonspendable . . . . .	457,467	—	—	620	—	458,087
Spendable:						
Restricted . . . . .	—	378,865	586,908	4,120,146	—	5,085,919
Committed . . . . .	—	—	2,179,799	199	—	2,179,998
Assigned . . . . .	—	—	—	140,086	—	140,086
Unassigned . . . . .	—	(3,414,621)	—	(1,805)	—	(3,416,426)
Total fund balances (deficit) . . . . .	<u>457,467</u>	<u>(3,035,756)</u>	<u>2,766,707</u>	<u>4,259,246</u>	<u>—</u>	<u>4,447,664</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$27,978,333</u>	<u>\$ 2,677,237</u>	<u>\$2,771,341</u>	<u>\$5,444,825</u>	<u>\$(348,862)</u>	<u>\$38,522,874</u>

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

See accompanying notes to financial statements.

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

JUNE 30, 2014  
(in thousands)

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

See accompanying notes to financial statements.

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

JUNE 30, 2013  
(in thousands)

Total fund balances—governmental funds .....	\$ 4,447,664
Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:	
Inventories recorded in the Statement of Net Position are recorded as expenditures in the governmental funds .....	296,335
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds .....	50,510,064
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds .....	(278,216)
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds and notes payable .....	(80,601,832)
Tax lien collateralized bonds .....	(33,656)
OPEB liability .....	(92,521,346)
Accrued interest payable .....	(945,619)
Capital lease obligations .....	(1,739,489)
Accrued vacation and sick leave .....	(4,150,269)
Net pension liability .....	(59,941,126)
Landfill closure and post-closure care costs .....	(1,128,812)
Pollution remediation .....	(216,754)
Other long-term liabilities .....	(8,441,578)
Net assets (deficit) of governmental activities .....	\$(194,744,634)

See accompanying notes to financial statements.

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

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

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

The reconciliation of the net change in fund balances of governmental funds to the change in net 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**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED JUNE 30, 2013  
(in thousands)

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
<b>REVENUES:</b>						
Real estate taxes	\$18,969,610	\$ —	\$ —	\$ —	\$ —	\$18,969,610
Sales and use taxes	7,032,259	—	—	—	—	7,032,259
Personal income tax	9,814,898	—	—	1,006,451	(1,006,451)	9,814,898
Income taxes, other	7,248,633	—	—	—	—	7,248,633
Other taxes	2,656,383	—	—	—	—	2,656,383
Federal, State and other categorical aid	20,259,714	813,571	86,115	—	—	21,159,400
Unrestricted Federal and State aid	—	—	—	170,000	—	170,000
Charges for services	2,571,764	—	—	—	—	2,571,764
Tobacco settlement	—	—	—	187,051	—	187,051
Investment income	16,196	—	998	72,084	—	89,278
Interest on mortgages, net	—	—	—	775	—	775
Other revenues	1,952,570	1,748,523	22,725	2,175,861	(1,840,161)	4,059,518
Total revenues	<u>70,522,027</u>	<u>2,562,094</u>	<u>109,838</u>	<u>3,612,222</u>	<u>(2,846,612)</u>	<u>73,959,569</u>
<b>EXPENDITURES:</b>						
General government	2,151,528	1,018,474	—	344,955	—	3,514,957
Public safety and judicial	8,384,598	588,327	—	—	—	8,972,925
Education	19,128,734	1,803,435	—	1,954,796	(1,840,161)	21,046,804
City University	801,891	57,644	—	—	—	859,535
Social services	13,433,304	56,914	—	—	—	13,490,218
Environmental protection	3,003,294	2,196,582	—	—	—	5,199,876
Transportation services	1,484,364	1,154,225	—	—	—	2,638,589
Parks, recreation and cultural activities	480,519	723,372	—	—	—	1,203,891
Housing	756,149	413,969	—	—	—	1,170,118
Health (including payments to HHC)	1,856,131	329,104	—	—	—	2,185,235
Libraries	298,626	43,286	—	—	—	341,912
Pensions	8,054,284	—	—	—	—	8,054,284
Judgments and claims	524,483	—	—	—	—	524,483
Fringe benefits and other benefit payments	3,829,655	—	—	—	—	3,829,655
Administrative and other	159,741	—	102,286	251,279	—	513,306
Debt Service:						
Interest	—	—	1,653,031	1,458,633	—	3,111,664
Redemptions	—	—	2,024,376	1,084,480	—	3,108,856
Lease payments	151,420	—	—	—	—	151,420
Total expenditures	<u>64,498,721</u>	<u>8,385,332</u>	<u>3,779,693</u>	<u>5,094,143</u>	<u>(1,840,161)</u>	<u>79,917,728</u>
Excess (deficiency) of revenues over expenditures	<u>6,023,306</u>	<u>(5,823,238)</u>	<u>(3,669,855)</u>	<u>(1,481,921)</u>	<u>(1,006,451)</u>	<u>(5,958,159)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from (to) General Fund	—	—	5,055,535	147,684	—	5,203,219
Transfers from (to) Nonmajor Capital Projects Funds	—	3,895,842	—	5,645	—	3,901,487
Transfers from (to) Nonmajor Special Revenue Funds, net	—	—	—	103,343	—	103,343
Principal amount of bonds issued	191,547	1,438,453	—	3,844,749	—	5,474,749
Bond premium (discount)	—	171,483	540,692	686,386	—	1,398,561
Capitalized leases	—	28,262	—	—	—	28,262
Issuance of refunding debt	—	—	2,921,360	1,976,435	—	4,897,795
Transfers from (to) Capital Projects Fund	—	—	—	(3,895,842)	—	(3,895,842)
Transfers from (to) General Debt Service Fund	(5,055,535)	—	—	5,751	—	(5,049,784)
Transfers from (to) Nonmajor Debt Service Funds	(1,154,135)	—	(5,751)	(108,988)	1,006,451	(262,423)
Payments to refunded bond escrow holder	—	—	(3,448,882)	(2,069,251)	—	(5,518,133)
Total other financing sources (uses)	<u>(6,018,123)</u>	<u>5,534,040</u>	<u>5,062,954</u>	<u>695,912</u>	<u>1,006,451</u>	<u>6,281,234</u>
Net change in fund balances	5,183	(289,198)	1,393,099	(786,009)	—	323,075
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	452,284	(2,746,558)	1,373,608	5,045,255	—	4,124,589
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ 457,467</u>	<u>\$(3,035,756)</u>	<u>\$ 2,766,707</u>	<u>\$ 4,259,246</u>	<u>\$ —</u>	<u>\$ 4,447,664</u>

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

See accompanying notes to financial statements.

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

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

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

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**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, 2013  
(in thousands)

Net change in fund balances—governmental funds .....		\$ 323,075
Amounts reported for <i>governmental activities</i> in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Purchases of capital assets .....	\$ 5,559,669	
Depreciation expense .....	<u>(3,001,867)</u>	2,557,802
The net effect of various miscellaneous transactions involving capital assets and other ( <i>i.e.</i> sales, trade-ins, and donations) is to decrease net position .....		(474,461)
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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds from sales of bonds .....	(10,372,544)	
Principal payments of bonds .....	7,228,428	
Other .....	<u>182,803</u>	(2,961,313)
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 .....		326,782
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds .....		(5,082,655)
Net pension liability .....		5,538,526
OPEB liability .....		(4,347,207)
Pollution Remediation .....		<u>(4,322)</u>
Change in net position—governmental activities .....		<u><u>\$(4,123,773)</u></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, 2014  
(in thousands)

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

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2013  
(in thousands)

	Budget		Actual	Better (Worse) Than Modified Budget
	Adopted	Modified		
<b>REVENUES:</b>				
Real estate taxes . . . . .	\$18,631,000	\$18,929,770	\$18,969,610	\$ 39,840
Sales and use taxes . . . . .	6,809,000	7,025,250	7,032,259	7,009
Personal income tax . . . . .	9,086,000	9,789,850	9,814,898	25,048
Income taxes, other . . . . .	6,012,000	7,328,454	7,248,633	(79,821)
Other taxes . . . . .	3,105,770	2,620,051	2,656,383	36,332
Federal, State and other categorical aid . . . . .	18,811,103	20,988,529	20,259,714	(728,815)
Charges for services . . . . .	2,681,448	2,584,963	2,571,764	(13,199)
Investment income . . . . .	19,210	16,250	16,196	(54)
Other revenues . . . . .	2,493,403	2,408,792	1,952,570	(456,222)
Total revenues . . . . .	<u>67,648,934</u>	<u>71,691,909</u>	<u>70,522,027</u>	<u>(1,169,882)</u>
<b>EXPENDITURES:</b>				
General government . . . . .	2,134,504	2,302,667	2,151,528	151,139
Public safety and judicial . . . . .	8,084,357	8,451,708	8,384,598	67,110
Education . . . . .	19,706,569	19,204,776	19,128,734	76,042
City University . . . . .	832,062	830,920	801,891	29,029
Social services . . . . .	13,163,339	13,552,193	13,433,304	118,889
Environmental protection . . . . .	2,412,421	3,117,957	3,003,294	114,663
Transportation services . . . . .	1,363,469	1,564,280	1,484,364	79,916
Parks, recreation and cultural activities . . . . .	413,819	490,481	480,519	9,962
Housing . . . . .	652,170	846,644	756,149	90,495
Health (including payments to HHC) . . . . .	1,648,967	2,013,370	1,856,131	157,239
Libraries . . . . .	234,972	299,219	298,626	593
Pensions . . . . .	7,937,405	8,061,170	8,054,284	6,886
Judgments and claims . . . . .	735,159	544,289	524,483	19,806
Fringe benefits and other benefit payments . . . . .	3,796,787	3,857,763	3,829,655	28,108
Lease payments for debt service . . . . .	156,569	151,509	151,420	89
Other . . . . .	614,857	368,401	159,741	208,660
Total expenditures . . . . .	<u>63,887,426</u>	<u>65,657,347</u>	<u>64,498,721</u>	<u>1,158,626</u>
Excess of revenues over expenditures . . . . .	<u>3,761,508</u>	<u>6,034,562</u>	<u>6,023,306</u>	<u>(11,256)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Principal amount of bonds issued . . . . .	—	191,547	191,547	—
Transfers to Nonmajor Debt Service Fund . . . . .	(1,285,851)	(1,389,420)	(1,383,673)	(5,747)
Transfers from Nonmajor Debt Service Fund . . . . .	225,048	229,464	229,538	(74)
Transfers and other payments for debt service . . . . .	(2,700,705)	(5,066,153)	(5,055,535)	(10,618)
Total other financing uses . . . . .	<u>(3,761,508)</u>	<u>(6,034,562)</u>	<u>(6,018,123)</u>	<u>(16,439)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES . . . . .	<u>\$ —</u>	<u>\$ —</u>	5,183	<u>\$ 5,183</u>
FUND BALANCE AT BEGINNING OF YEAR . . . . .			452,284	
FUND BALANCE AT END OF YEAR . . . . .			<u>\$ 457,467</u>	

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**

JUNE 30, 2014  
(in thousands)

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

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**

JUNE 30, 2013  
(in thousands)

	Pension Systems and Other Employee Benefit Trust Funds	Agency Funds
<b>ASSETS:</b>		
Cash and cash equivalents .....	\$ 952,421	\$ 890,787
Receivables:		
Member loans .....	2,136,754	—
Investment securities sold .....	5,456,056	—
Accrued interest and dividends .....	495,107	—
Other receivables .....	253	—
Total receivables .....	8,088,170	—
Investments:		
Fixed return funds .....	54,263,398	—
Short-term investments .....	3,355,498	—
Debt securities .....	21,428,467	1,099,416
Promissory notes .....	19,272	—
Equity securities .....	43,145,402	—
Alternative investments .....	14,155,094	—
Mutual funds .....	7,148,241	—
Collective trust funds .....	18,370,464	—
Collateral from securities lending transactions .....	14,506,587	—
Guaranteed investment contracts .....	4,812,630	—
Total investments .....	181,205,053	1,099,416
Other assets .....	551,199	—
Total assets .....	190,796,843	1,990,203
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities .....	1,940,607	642,576
Payable for investment securities purchased .....	9,905,409	—
Accrued benefits payable .....	635,603	—
Securities lending transactions .....	14,533,400	—
Other liabilities .....	448	1,347,627
Total liabilities .....	27,015,467	1,990,203
<b>NET POSITION:</b>		
Restricted for benefits to be provided by QPP .....	124,818,880	—
Restricted for benefits to be provided by VSF .....	989,436	—
Restricted for benefits to be provided by TDA Program .....	24,467,747	—
Restricted for other employee benefits .....	13,505,313	—
Total net position .....	\$163,781,376	\$ —

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
FOR THE YEAR ENDED JUNE 30, 2014  
(in thousands)

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

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
FOR THE YEAR ENDED JUNE 30, 2013  
(in thousands)

	<u>Pension and Other Employee Benefit Trust Funds</u>
<b>ADDITIONS:</b>	
Contributions:	
Member contributions .....	\$ 2,390,299
Employer contributions .....	10,680,819
Other employer contributions .....	<u>57,204</u>
Total contributions .....	<u>13,128,322</u>
Investment income:	
Interest income .....	2,042,586
Dividend income .....	2,238,168
Net appreciation in fair value of investments .....	14,003,691
Investment expenses .....	<u>(515,643)</u>
Investment income, net .....	<u>17,768,802</u>
Securities lending transactions:	
Securities lending income .....	100,809
Securities lending fees .....	<u>(13,899)</u>
Net securities lending income .....	<u>86,910</u>
Other .....	<u>(212,999)</u>
Total additions .....	<u>30,771,035</u>
<b>DEDUCTIONS:</b>	
Benefit payments and withdrawals .....	14,359,898
Administrative expenses .....	141,161
Other .....	<u>5,250</u>
Total deductions .....	<u>14,506,309</u>
Net increase in net position .....	16,264,726
<b>NET POSITION:</b>	
Restricted for Benefits:	
Beginning of year .....	<u>147,516,650</u>
End of year .....	<u>\$163,781,376</u>

See accompanying notes to financial statements.

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

JUNE 30, 2014  
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2013	Housing Development Corporation October 31, 2013	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
<b>ASSETS:</b>							
Cash and cash equivalents .....	\$ 14,127	\$ 854,715	\$ 701,635	\$ 1,123,508	\$ 97,278	\$ 362,778	\$ 3,154,041
Investments, including accrued interest .....	6,616	454	107,841	114,406	76,499	71,642	377,458
Lease receivables .....						1,738,664	1,738,664
Other receivables .....	763,913	273,738	1,099,892	2,048,780	302,429	20,383	4,509,135
Mortgage loans and interest receivable, net ..		5	8,828,639		36,282		8,864,926
Inventories .....		31,936		19,796			51,732
Due from Primary Government .....	23,414						23,414
Restricted cash and investments .....	2,317,108	855,952	2,350,218	256,022	291,499	304,020	6,374,819
Other .....	66,116	109,047	9,782		117,872	1,235	304,052
Capital assets:							
Land and construction work-in-progress ..	6,812,607	1,719,059		240,393	108,693	185,916	9,066,668
Buildings and equipment .....	32,633,611	11,679,207	5,899	7,732,659	21,296	672,802	52,745,474
Accumulated depreciation .....	(11,053,889)	(7,777,569)	(4,563)	(4,460,754)	(7,643)	(138,672)	(23,443,090)
Total assets .....	31,583,623	7,746,544	13,099,343	7,074,810	1,044,205	3,218,768	63,767,293
<b>DEFERRED OUTFLOWS OF RESOURCES</b> .....	91,031	9,815	10,825	18,240		11,938	141,849
<b>LIABILITIES:</b>							
Accounts payable and accrued liabilities ..	8,706	555,891	620,800	2,337,370	234,997	38,130	3,795,894
Accrued interest payable .....	51,848	9,938	73,295	13,773			148,854
Unearned revenues .....	130,401	28,836	64,696		33,967	63,848	321,748
Due to Primary Government .....	522,036		1,085,778	328,900	111,579		2,048,293
Other .....		55,539		5,061	27,427	117,227	205,254
Derivative instruments—interest rate swaps ..	79,997					11,938	91,935
Noncurrent Liabilities:							
Due within one year .....	791,955	166,156	344,830	594,321		24,942	1,922,204
Bonds and notes payable (net of amount due within one year) .....	30,144,755	769,018	9,161,544	941,289		1,751,489	42,768,095
Net pension liability .....	901			2,087,486			2,088,387
OPEB liability .....	951	2,890,832	5,539	4,714,723	20,166	394	7,632,605
Other (net of amount due within one year) ..	101,633	454,245			265,052	453,560	1,274,490
Total liabilities .....	31,833,183	4,930,455	11,356,482	11,022,923	693,188	2,461,528	62,297,759
<b>DEFERRED INFLOWS OF RESOURCES</b> .....	272			723,907			724,179
<b>NET POSITION:</b>							
Net investment in capital assets .....	(771,165)	5,371,385	1,336	2,556,602	13,653	657,697	7,829,508
Restricted for:							
Capital projects .....					35,518	512	36,030
Debt service .....	1,145,505		1,016,156	137,469			2,299,130
Loans/security deposits .....					55,169	3,751	58,920
Statutory reserve .....				87,883			87,883
Donor restrictions .....				12,643			12,643
Operations .....	221,440		49,621				271,061
Unrestricted (deficit) .....	(754,581)	(2,545,481)	686,573	(7,448,377)	246,677	107,218	(9,707,971)
Total net position (deficit) .....	\$ (158,801)	\$ 2,825,904	\$ 1,753,686	\$ (4,653,780)	\$ 351,017	\$ 769,178	\$ 887,204

See accompanying notes to financial statements.

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

JUNE 30, 2013  
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2012	Housing Development Corporation October 31, 2012	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 8,018	\$ 939,573	\$ 604,649	\$ 1,063,885	\$ 132,312	\$ 32,870	\$ 2,781,307
Investments, including accrued interest	21	439	208,850	114,043	48,281	395,907	767,541
Lease receivables	—	—	—	—	—	1,760,040	1,760,040
Other receivables	732,480	210,390	1,107,543	1,752,092	285,246	28,115	4,115,866
Mortgage loans and interest receivable, net	—	8	8,577,356	—	29,266	—	8,606,630
Inventories	—	32,577	—	19,116	—	—	51,693
Due from Primary Government	152,879	—	—	—	—	—	152,879
Restricted cash and investments	2,127,161	416,672	1,853,433	280,491	316,810	280,921	5,275,488
Other	59,531	96,411	10,056	—	113,235	861	280,094
Capital assets:							
Land and construction work-in-progress	9,063,048	1,815,838	—	672,639	108,693	201,883	11,862,101
Buildings and equipment	28,873,840	11,288,505	5,576	7,005,306	20,259	478,502	47,671,988
Accumulated depreciation	(10,476,406)	(7,442,062)	(3,929)	(4,304,004)	(5,643)	(119,042)	(22,351,086)
Total assets	30,540,572	7,358,351	12,363,534	6,603,568	1,048,459	3,060,057	60,974,541
	91,049	—	1,586	22,437	—	15,908	130,980
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
<b>LIABILITIES:</b>							
Accounts payable and accrued liabilities	6,406	640,662	744,682	1,775,643	229,164	40,608	3,437,165
Accrued interest payable	51,079	6,552	71,220	13,727	—	—	142,578
Unearned revenues	137,402	34,282	37,928	—	32,947	39,222	281,781
Due to Primary Government	572,700	—	1,034,038	436,591	118,148	—	2,161,477
Other	—	42,826	—	21,874	23,873	104,646	193,219
Derivative instruments—interest rate swaps	74,603	—	—	—	—	15,908	90,511
Noncurrent Liabilities:							
Due within one year	1,287,654	221,908	392,369	581,492	—	23,478	2,506,901
Bonds and notes payable (net of amount due within one year)	28,864,590	366,809	8,412,956	1,003,650	—	1,779,060	40,427,065
Net pension liability	923	—	—	2,792,495	—	—	2,793,418
OPeB liability	921	2,787,077	7,792	4,618,354	19,940	244	7,434,328
Other (net of amount due within one year)	119,178	430,774	—	300,384	—	477,585	1,327,921
Total liabilities	31,115,456	4,530,890	10,700,985	11,243,826	724,456	2,480,751	60,796,364
	64	—	—	223,067	—	—	223,131
<b>DEFERRED INFLOWS OF RESOURCES</b>							
<b>NET ASSETS:</b>							
Net investment in capital assets	(945,890)	5,336,914	1,647	2,401,452	14,615	494,710	7,303,448
Restricted for:							
Capital projects	—	—	—	—	37,630	58	37,688
Debt service	918,229	—	836,248	134,776	—	—	1,889,253
Loans/security deposits	—	—	—	—	55,641	3,375	59,016
Statutory reserve	—	—	—	84,345	—	—	84,345
Donor restrictions	—	—	—	12,010	—	—	12,010
Operations	212,233	16,340	49,038	—	—	—	277,611
Unrestricted (deficit)	(668,471)	(2,525,793)	777,202	(7,473,471)	216,117	97,071	(9,577,345)
Total net position (deficit)	\$ (483,899)	\$ 2,827,461	\$ 1,664,135	\$ (4,840,888)	\$ 324,003	\$ 595,214	\$ 86,026

See accompanying notes to financial statements.

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

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

	Water and Sewer System	Housing Authority December 31, 2013	Housing Development Corporation October 31, 2013	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
<b>EXPENSES</b> .....	\$3,676,966	\$3,625,503	\$ 217,756	\$ 8,136,110	\$865,533	\$186,444	\$16,708,312
<b>PROGRAM REVENUES:</b>							
Charges for services .....	3,684,275	919,973	269,828	7,264,125	292,053	88,925	12,519,179
Operating grants and contributions .....	—	2,010,903	—	285,763	68,621	11,791	2,377,078
Capital grants, contributions and other ..	9,799	504,226	—	313,904	473,522	163,556	1,465,007
Total program revenues .....	3,694,074	3,435,102	269,828	7,863,792	834,196	264,272	16,361,264
Net (expenses) program revenues .....	17,108	(190,401)	52,072	(272,318)	(31,337)	77,828	(347,048)
<b>GENERAL REVENUES:</b>							
Investment income .....	50,148	4,517	(6,023)	4,297	1,117	(3,569)	50,487
Unrestricted Federal and State aid .....	—	—	—	—	56,034	—	56,034
Other .....	257,842	184,327	43,502	455,129	1,200	99,705	1,041,705
Total general revenue .....	307,990	188,844	37,479	459,426	58,351	96,136	1,148,226
Change in net position .....	325,098	(1,557)	89,551	187,108	27,014	173,964	801,178
Net position (deficit)—beginning .....	(483,899)	2,827,461	1,664,135	(4,840,888)	324,003	595,214	86,026
Net position (deficit)—ending .....	\$ (158,801)	\$2,825,904	\$1,753,686	\$ (4,653,780)	\$351,017	\$769,178	\$ 887,204

See accompanying notes to financial statements.

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

FOR THE YEAR ENDED JUNE 30, 2013  
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2012	Housing Development Corporation October 31, 2012	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
<b>EXPENSES</b> .....	\$3,399,197	\$ 3,707,975	\$ 203,051	\$ 7,912,882	\$ 863,486	\$ 179,417	\$16,266,008
<b>PROGRAM REVENUES:</b>							
Charges for services .....	3,483,976	905,457	265,238	6,676,359	242,501	45,872	11,619,403
Operating grants and contributions .....	—	1,987,986	—	566,019	84,904	12,456	2,651,365
Capital grants, contributions and other ..	7,699	336,814	—	395,182	516,001	166,122	1,421,818
Total program revenues .....	3,491,675	3,230,257	265,238	7,637,560	843,406	224,450	15,692,586
Net (expenses) program revenues .....	92,478	(477,718)	62,187	(275,322)	(20,080)	45,033	(573,422)
<b>GENERAL REVENUES:</b>							
Investment income .....	58,793	4,406	29,381	2,455	297	(2,242)	93,090
Unrestricted Federal and State aid .....	—	—	—	—	15,012	—	15,012
Other .....	174,862	43,799	44,136	47,409	1,313	101,775	413,294
Total general revenue .....	233,655	48,205	73,517	49,864	16,622	99,533	521,396
Change in net position .....	326,133	(429,513)	135,704	(225,458)	(3,458)	144,566	(52,026)
Net position (deficit)—beginning .....	(809,032)	3,256,974	1,528,431	(1,108,841)	327,461	450,648	3,645,641
Restatement of beginning net position ..	(1,000)	—	—	(3,506,589)	—	—	(3,507,589)
Net position (deficit)—ending .....	\$ (483,899)	\$ 2,827,461	\$ 1,664,135	\$ (4,840,888)	\$ 324,003	\$ 595,214	\$ 86,026

See accompanying notes to financial statements.

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**THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 and 2013**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**1. Reporting Entity**

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

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

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

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

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

*Blended Component Units*

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

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

TFA is authorized to have outstanding \$13.5 billion of Future Tax Secured Bonds. In addition, TFA is authorized to issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, does not exceed the debt limit of the City. TFA is also allowed to issue up to 20 percent of its total outstanding Future Tax Secured Bonds as variable rate bonds. As of June 30, 2014, the City’s and TFA’s combined debt-incurring capacity was approximately \$21.2 billion. TFA is also authorized to have outstanding Recovery Bonds of \$2.5 billion to fund the City’s costs related to, and arising from, events on September 11, 2001 at the World Trade Center, notwithstanding the limits discussed above. Further, legislation enacted in April 2006 enables TFA to have outstanding up to \$9.4 billion of Building Aid Revenue Bonds (BARBs), notes, or other obligations for purposes of funding costs of the five-year educational facilities capital plan for the City school system and TFA’s administrative expenditures. As of June 30, 2014, \$6.1 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 provides that a specified percentage of Collections are pledged, and required to be applied to the payment of debt service and operating costs. The pledged percentage is 37.40% and is subject to reduction at June 1, 2024, and at each June 1st thereafter, depending on the magnitude of cumulative bond redemptions under the turbo redemption feature of Series 2006-1 bonds (which requires all pledged Collections, after payment of operating costs, to be applied to payment of principal of and interest on Series 2006-1 bonds).

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

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

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

SCA's operations are funded by appropriations made by the City, which are guided by five-year capital plans, developed by the New York City 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 \$11.24 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. Upon completion of projects, the assets are transferred to DOE.

**Fiscal Year 2005 Securitization Corporation (FSC).** FSC was established in 2004 as a special purpose, bankruptcy-remote, local development corporation organized under the not-for-profit corporation law of the State of New York. FSC is a financing instrumentality of the City, but is a separate legal entity from the City. FSC was formed for the purpose of issuing bonds; a major portion of the proceeds of \$499 million of bonds issued in December 2004 was used to acquire securities held in an escrow account securing City general obligation bonds. The securities, which are held in a trust 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 were issued in November 2004) to provide for 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), and to reimburse the City for amounts retained by MAC since July 1, 2003 for debt service. 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, construction and implementation of the various elements of the Project, and to further private development and redevelopment of the Project Area.

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

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

**New York City Tax Lien Trusts (NYCTLTs).** The NYCTLTs are Delaware statutory trusts, which were created to acquire certain 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 2011-A
- NYCTLT 2012-A
- NYCTLT 2013-A
- NYCTLT 2014-A

**NYC Technology Development Corporation (TDC).** TDC is a type C not-for-profit corporation organized under the not-for-profit law of the State of New York. TDC's contract with the City was registered on December 24, 2012 and began operations on January 1, 2013. TDC receives quarterly payments from the City that cover its projected expenses for the forthcoming quarter.

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

Under its contract with the City, TDC provides four broad categories of program services: (1) senior management services; (2) solution architect services; (3) multi-agency vendor management services; and (4) portfolio management and additional IT consulting services.

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

#### *Discretely Presented Component Units*

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

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

**New York City Health and Hospitals Corporation (HHC).** HHC, a public benefit corporation, assumed responsibility for the operation of the City's municipal hospital system in 1970. HHC's integrated health care networks provide the full continuum of primary care 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, HHC Insurance Company, Inc., HHC Capital Corporation, HHC Physicians Purchasing Group, Inc., HHC Risk Services Corporation, HHC ACO Inc. and HHC Assistance Corporation. HHC's Financial Statements also include MetroPlus, a discretely presented component unit.

HHC mainly provides, on behalf of the City, comprehensive medical and mental health services to City residents regardless of ability to pay. Funds appropriated from the City are direct or indirect payments made by the City on behalf of HHC for patient care rendered to prisoners, uniformed City employees and various discretely funded facility-specific programs; for interest on City debt which funded HHC capital acquisitions; for funding for collective bargaining agreements; and for settlements of claims for medical malpractice, negligence, other torts, and alleged breach of contracts and payments by the City. HHC reimburses the City for medical malpractice settlements it pays on behalf of HHC, up to an agreed upon amount 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 the investment of private capital through low-interest mortgage loans in order to increase the supply of safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise. To accomplish its objectives HDC is empowered to finance housing through new construction or rehabilitation and to provide permanent financing for multi-family residential housing. HDC finances much of its activities through the issuance of bonds and notes. The bonds and notes of HDC are not debts of either the State or the City. The combined financial statements include: (i) the accounts of HDC and (ii) two active discretely presented component units: Housing Assistance Corporation and the New York City Residential Mortgage Insurance Corporation. HDC also includes the Housing New York Corporation, which became an inactive subsidiary of HDC on November 3, 2003 and is not expected to be dissolved, and the NYC HDC Real Estate Owned Corporation, a blended component of HDC that has not been active in recent years.

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

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

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

**New York City Economic Development Corporation (EDC).** EDC was organized under the New York State not-for profit Corporation law. EDC's financial statements include the 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.

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

In Fiscal Year 2007, BRAC had received \$1.5 million in contributions from EDC to administer the Greenpoint Relocation Program. This program is intended to help defray relocation costs for those manufacturing and industrial firms that may need to relocate due to the rezoning of the Greenpoint-Williamsburg area of Brooklyn by providing for maximum grants of \$50,000. As of June 30, 2014, the BRAC fund was valued at \$.5 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 BNYDC's 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), consists of two legally separate and independent entities, the Water Board and the Water Authority. NYW provides for water supply and distribution, and sewage collection, treatment, and disposal for the City. The Water Authority issues debt to finance the cost of capital improvements to the water distribution and sewage collection system, and refunds 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 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 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.

**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 within the project's footprint. BBPC is governed by a 17-member Board of Directors appointed by the Mayor, the Governor of New York State and local elected officials.

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

**Build NYC Resource Corporation (Build NYC).** Build NYC is a local development corporation organized under the not-for-profit Corporation law of New York State to assist entities eligible under the Federal tax laws in obtaining tax-exempt bond and taxable bond financing; it began operating in 2011. Build NYC facilitates access to private activity tax-exempt bond financing eligible entities acquire, construct, renovate, and/or equip their facilities as well as to finance previous financing transactions.

Build NYC is governed by a Board of Directors, comprised of public officials and appointees of the Mayor.

**New York City Land Development Corporation (LDC).** LDC was formed on May 8, 2012, as a local development Corporation organized under the not-for-profit law of New York State. LDC assists the City with leasing and selling certain properties for the purpose of economic development.

LDC is governed by a 5-member Board of Directors all appointed by 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, or at [www.comptroller.nyc.gov](http://www.comptroller.nyc.gov).

## 2. Basis of Presentation

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

**Nonmajor Governmental Funds.** The City reports the following blended component units within the nonmajor governmental funds: **TFA, TSASC, ECF, SCA, FSC, STAR, HYDC, HYIC, NYCTLTs and TDC.** If a component unit is blended, the governmental fund types of the component unit are blended with those of the City by including them in the appropriate combining statements of the City. Although the City's General Fund is usually the main operating fund of the reporting entity, the General Fund of a blended component is reported as a Special Revenue Fund. 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. The City's fiduciary funds include the following:

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

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

\* Each of the pension trusts report all jointly administered plans (primary pension, variable supplemental funds and /or tax deferred annuity plans, as appropriate). In previous years, the City's financial statements grouped the pension trusts by type

including primary pensions, (QPPs and VSFs) rather than as systems. The new presentation is preferable because it more clearly illustrates the relationships between plans within a pension system, and between the systems and the City. While the VSFs are included with QPPs for financial reporting purposes, in accordance with the Administrative Code of The City of New York (ACNY), VSFs are not pension funds or retirement systems. Instead, they provide scheduled supplemental payments, in accordance with applicable statutory provisions. While a portion of these payments are guaranteed by the City, the State has the right and power to amend, modify, or repeal VSFs and the payments they provide. However, any assets transferred to the VSFs are held in trust solely for the benefit of its members. More information is available in footnote E.5.

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

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

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

The **Agency Funds** account for miscellaneous assets held by the City for other funds, governmental units, and individuals. The Agency Funds are custodial in nature and do not involve measurement of results of operations.

#### *Discretely Presented Component Units*

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

#### *Changes in Reporting Entity*

In December of 2013, amendments to the bylaws of the Energy Efficiency Corporation (EEC) resulted in the City no longer having control over EEC's governing body. After a review of Government Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, City management determined that EEC should not be presented as a discretely presented component unit of the City. The 2013 financial statements, which originally presented EEC as a discretely presented component unit, were restated to conform to this change. The financial reporting impact of this change was a decrease of \$33.8 million to component unit's *Total Net Position* on the *Statement of Net Position* and a decrease of \$2.0 million to component units *Change in Net Position* on the *Statement of Activities*.

As a result of analysis performed by the City in the course of implementing GASB 67, *Financial Reporting for Pension Plans* in 2014, management of the City determined that it was preferable to present the TRS' and BERS' Tax Deferred Annuity Plans (TDAs), as well as NYCERS', POLICE's and FIRE's Variable Supplement Funds (VSFs) as part of their respective pension systems with which they are administered. The 2014 fiduciary fund financial statements reflect this presentation. The 2013 fiduciary fund financial statements and combining schedules were restated to conform to this change. The financial reporting impact of this change was an increase of \$24.5 billion to the June 30, 2013 *Net Position Restricted for Pensions* in the *Statement of Fiduciary Net Position*, and an addition of \$2.5 billion to the Fiscal Year 2013 *Net increase in net position* on the *Statement of Changes in Fiduciary Net Position*.

#### *New Accounting Standards Adopted*

In Fiscal Year 2014, the City adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*

Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) 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 presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change. The adoption has resulted in certain changes to the presentation of the financial statements of the City's Pension and Other Employee Benefit Trust Funds with the exception of the OPEB Plan. In the City's financial statements, these changes were generally limited to a recharacterization of fiduciary fund net position. In the separate annual financial statements of these funds, certain changes in note disclosures and Required Supplementary Information (RSI) were incorporated to comply with Statement No. 67.

Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, 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 criteria detailed above in the description of Statement No. 67. 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 within the scope of the Statement.

The requirements of Statement No. 68 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 or equivalent arrangements as described above, 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. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. 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.

The adoption of Statement No. 68 has no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the City's Fiscal Year 2013 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. Net position as of July 1, 2012 was decreased by \$64.89 billion to \$(190.62) billion reflecting the cumulative retrospective effect of adoption. An aggregate net pension liability of \$59.94 billion, and aggregate deferred inflows of resources of \$5.06 billion, were reported at June 30, 2013. The City recognized aggregate pension expense of \$7.40 billion for the Fiscal Year ended June 30, 2013 and net position as of June 30, 2013 was decreased by \$64.42 billion to \$(194.74) billion as a result of the adoption of the Statement. Refer to Note E.5 for more information regarding the City's pensions.

Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term “government combinations” is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the City’s Financial Statements as a result of the implementation of Statement No. 69.

Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the City’s Financial Statements as a result of the implementation of Statement No. 70.

Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Adoption of this Statement had no effect on the City’s financial statements as its measurement date for revenue of pensions is the same as the respective fiscal year-end.

### **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 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 expected to be received within one year after the fiscal year-end. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt, pensions, post employment benefits other than pensions, and certain other estimated liabilities, which are recorded only when payment is due.

The measurement focus of the Pension and Other Employee Benefit Trust Funds and Other Trust Funds is on the flow of economic resources. This focus emphasizes the determination of net income, changes in net position, 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 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 annual average collected bank balances maintained during Fiscal Years 2014 and 2013 were approximately \$1.245 billion and \$1.161 billion, respectively.

Investments are reported in the balance sheet at fair value. Investment income, including changes in the fair value of investments, is reported in operations.

Investments in fixed income securities are recorded at fair value. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold.

Investments of the Pension and Other Employee Benefit Trust Funds and Other Trust Funds are reported at fair value. Investments are stated at the last reported sales price on a national securities exchange or as priced by a nationally recognized securities pricing service as on the last business day of the fiscal year except for securities held as alternative investments where fair value is determined by the general partners 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 2014 and 2013 is included in Deposits and Investments (see Note D.1).

#### **6. Inventories**

Inventories on hand at June 30, 2014 and 2013, estimated at \$348 million and \$296 million, respectively, based on average cost, have been reported on the government-wide *Statement of Net Position*. Inventories are recorded as expenditures in governmental funds at the time of purchase, and accordingly have not been reported on the governmental funds balance sheet.

#### **7. Restricted Cash and Investments**

Certain proceeds of the City and component unit bonds, as well as certain resources set aside for 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 Position* 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. 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 \$334 million and \$333 million for Fiscal Years 2014 and 2013, respectively. The allowance is composed of the balance of refinanced first lien mortgages one or more years in arrears. Payments to the City are expected to be completed between the years 2015 and 2024. 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 not yet expended 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 Position*. Long-term liabilities expected to be financed from discretely presented component units' operations are accounted for in those component units' financial statements.

### 13. Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2014, classified by type, and the changes in fair value of such derivative instruments for the fiscal year then ended as reported in the 2014 financial statements are as follows:

Item	Changes in Fair Value from June 30, 2013		Fair Value at June 30, 2014		Notional	
	Classification	Amount	Classification	Amount		
(in thousands)						
<b>Governmental activities</b>						
Cashflow Hedges:						
A	Pay-Fixed interest rate swap	Deferred Outflow	\$ 816	Debt	\$ (5,208)	\$ 47,575
B	Pay-Fixed interest rate swap	Deferred Outflow	272	Debt	(1,736)	15,858
C	Pay-Fixed interest rate swap	Deferred Outflow	272	Debt	(1,736)	15,858
D	Pay-Fixed interest rate swap	Deferred Outflow	272	Debt	(1,736)	15,858
H	Pay-Fixed interest rate swap	Deferred Outflow	(2,273)	Debt	(38,016)	250,000
J	Pay-Fixed interest rate swap	Deferred Outflow	744	Debt	115	25,000
L	Pay-Fixed interest rate swap	Deferred Outflow	1,155	Debt	(646)	44,145
Investment derivative instruments:						
A	Pay-Fixed interest rate swap	Investment Revenue	2,712	Investment	(15,782)	152,425
B	Pay-Fixed interest rate swap	Investment Revenue	904	Investment	(5,261)	50,808
C	Pay-Fixed interest rate swap	Investment Revenue	904	Investment	(5,261)	50,808
D	Pay-Fixed interest rate swap	Investment Revenue	904	Investment	(5,261)	50,808
E	Pay-Fixed interest rate swap	Investment Revenue	1,206	Investment	(15,905)	121,300
F	Pay-Fixed interest rate swap	Investment Revenue	173	Investment	(37)	2,375
G	Basis Swap	Investment Revenue	1,848	Investment	(3,842)	364,100
H	Pay-Fixed interest rate swap	Investment Revenue	(910)	Investment	(15,207)	100,000
K	Basis Swap	Investment Revenue	2,105	Investment	(25,957)	500,000

Due to the full refunding of the remaining outstanding 2003 C-3, C-4 and C-5 bonds and partial refunding of outstanding 2003 C-2 bonds during the Fiscal Year ended June 30, 2014, portions of swaps A,B,C and D are no longer treated as cash flow hedges. In addition, due to a full refunding of the 2004 A-6 bonds during the Fiscal Year ended June 30, 2014, a portion of swap H is no longer treated as a cash flow hedge. Accordingly, portions of the change in fair value of the swaps from June 30, 2013 to June 30, 2014 are reported within the investment revenue classification for the Fiscal Year ended June 30, 2014.

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, 2014, 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 bonds	\$ 47,575	11/13/2002	8/1/2020	Pay 3.269%; receive 62.8% of USD-LIBOR-BBA	Aa3/A+
B	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2003 Series C bonds	15,858	11/13/2002	8/1/2020	Pay 3.269%; receive 62.8% of USD-LIBOR-BBA	Aa3/A+*
C	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2003 Series C bonds	15,858	11/13/2002	8/1/2020	Pay 3.269%; receive 62.8% of USD-LIBOR-BBA	Aa3/AA-
D	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2003 Series C bonds	15,858	11/13/2002	8/1/2020	Pay 3.269%; receive 62.8% of USD-LIBOR-BBA	A2/A
H	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2004 Series A bonds	250,000	7/14/2003	8/1/2031	Pay 2.964%; receive 61.85% of USD-LIBOR-BBA	Aa3/AA-
J	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2005 Series A and B bonds	25,000	7/29/2004	8/1/2014	Pay 4.12%; receive CPI + .90% for 2014 maturity	Baa2/A-*
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	2015 maturity/CPI + 1.55% for 2016 maturity/CPI + 1.60% for 2017 maturity	Aa3/A+

\* 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 (counterparties) is required to post collateral if its credit rating goes below A3/A-. The counterparty, with respect to derivative instrument C, is required to post collateral if one of its credit ratings fall below Aa3/AA-. The counterparty with respect to derivative instrument J 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, 2014 was \$(48.963) million.

**Interest rate risk:** The City is exposed to interest rate risk on its swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR or the Consumer Price Index decreases, the City's net payment on the swaps increases.

*Basis risk:* The City is exposed to basis risk on its pay-fixed interest rate swaps because the variable-rate payments received by the City on these hedging derivative instruments are based on a rate or index other than interest rates the City pays on its hedged variable-rate debt, which is remarketed either daily or weekly. Under the terms of its synthetic fixed rate swap transactions, the City pays a variable rate on its bonds based on the Securities Industry and Financial Markets Association (SIFMA) but receives a variable rate on the swaps based on a percentage of LIBOR.

*Tax risk:* The City is at risk that a change in Federal tax rates will alter the fundamental relationship between the SIFMA and LIBOR Indices. A reduction in Federal tax rates, for example, will likely increase the City's payment on its underlying variable rate bonds in the synthetic fixed rate transactions and its variable payer rate in the basis swaps.

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

*Counterparty risk:* The City is at risk that a counterparty will not meet its obligations under the swap. If a counterparty were to default under its agreement when the counterparty would owe a termination payment to the City, the City may have to pay another entity to assume the position of the defaulting counterparty. The City has sought to limit its counterparty risk by contracting only with highly rated entities or requiring guarantees of the counterparty's obligations under the swap documents.

*Rollover risk:* The City is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the City will be re-exposed to the risks being hedged by the hedging derivative instrument.

#### *Contingencies*

All of the City's derivative instruments include provisions that require the City to post collateral in the event its credit rating falls below Baa1 (Moody's) or BBB+ (Standard & Poor's) for derivative instruments A, B, D, E, F, J, K, and L; below Baa3 (Moody's) or BBB- (Standard & Poor's) for derivative instruments C, G and H. The collateral posted is to be in the form of cash, U.S. Treasury securities, or specified Agency securities in the amount equal to (in the form of cash) or greater than (in the form of securities) the fair value of derivative instruments in liability positions net of the effect of applicable netting arrangements and applicable thresholds. If the City does not post collateral, the derivative instrument may be terminated by the counterparty. At June 30, 2014, the aggregate fair value of all derivative instruments with these collateral posting provisions is \$(141.476) million. If the collateral posting requirements were triggered at June 30, 2014, based on ratings of Baa3 or BBB-, the City would have been required to post \$68.497 million in collateral to its counterparties based on posting cash. The collateral requirements would be \$141.397 million for ratings below Baa3 or BBB- based on posting cash. The City's credit rating as of June 30, 2014 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<sup>(1)</sup>**

Swap/Counterparty	Fair Value <sup>(2)</sup> as of June 30, 2014	Collateral Threshold at Baa2/BBB to Baa3/BBB. <sup>(3)</sup>	Collateral Amount <sup>(4)</sup>  (in thousands)	Collateral Threshold below Baa3/BBB-	Collateral Amount <sup>(5)</sup>
Bank of New York Mellon . . . . .	\$ (3,842)	Infinity	\$ —	—	\$ 3,800
JP Morgan Chase Bank, N.A. . . . .	(47,593)	3,000	44,600	—	47,600
Merrill Lynch Capital Services, Inc. . . . .	(6,997)	3,000	3,997	—	6,997
Morgan Stanley Capital Services, Inc. . . . .	115	3,000	—	—	(100)
UBS AG . . . . .	(22,939)	3,000	19,900	—	22,900
U.S. Bank National Association. . . . .	(6,997)	Infinity	—	—	7,000
Wells Fargo Bank, N.A. . . . .	(53,223)	Infinity	—	—	53,200
Total Fair Value . . . . .	<u>\$ (141,476)</u>		<u>\$68,497</u>		<u>\$141,397</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, 2014 were due July 1, 2013 and January 1, 2014, 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 2014 taxes was June 29, 2013. The lien date is the date taxes are due.

Real estate tax revenue represents payments received during the year and payments received (against the current fiscal year and prior years' levies) within the first two months of the following fiscal year reduced by tax refunds for the fund financial statements. Real estate tax revenues not available are reported as deferred inflows of resources. The government-wide financial statements recognize real estate tax revenue (net of refunds) which are not available to the governmental fund type in the fiscal year for which the taxes are levied. Real estate taxes received or reported as receivables before the period for which the property taxes are levied, or the period when resources are required to be used, or when use is first permitted, are reported as deferred inflows of resources.

The City offered a 1% discount on the full amount of a taxpayer's yearly property tax if the entire amount shown on their bill is paid by the July due date (or grace period due date), a 0.66% 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 2015 and 2014. Payment of real estate taxes before July 15, 2014, on properties with an assessed value of \$250,000 or less and before July 1, 2014, on properties with an assessed value over \$250,000 received the discount. Collections of these real estate taxes received on or before June 30, 2014 and 2013 were about \$6.7 billion and \$5.7 billion, respectively.

The City sold approximately \$92.0 million of real property tax liens, fully attributable to Fiscal Year 2014, at various dates in Fiscal Year 2014. As in prior year's lien sale agreements, the City will refund the value of liens later determined to be defective, plus interest and a 5% surcharge. It has been estimated that \$7.8 million worth of liens sold in Fiscal Year 2014 will require refunding.

The estimated refund accrual amount of \$8 million, including the surcharge and interest, resulted in Fiscal Year 2014 net sale proceeds of \$84.0 million.

In Fiscal Year 2014, there was \$7.8 million refunded for defective liens from the Fiscal Year 2013 sale. This resulted in a decrease to Fiscal Year 2014 revenue of \$2.8 million and consequently, the under-estimated Fiscal Year 2013 accrual of \$5.0 million increased the net sale proceeds of the Fiscal Year 2013 sale to \$84.0 million up from the original Fiscal Year 2013 net sale proceeds reported as \$83.6 million.

The City sold approximately \$90.5 million of real property tax liens, fully attributable to Fiscal Year 2013, at various dates in Fiscal Year 2013. 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 \$3.8 million worth of liens sold in Fiscal Year 2013 will require refunding. The estimated refund accrual amount of \$5 million, including the surcharge and interest, resulted in Fiscal Year 2013 net sale proceeds of \$85.5 million.

In Fiscal Year 2013, there were \$3.8 million refunded for defective liens from the Fiscal Year 2012 sale. This resulted in an increase to Fiscal Year 2013 revenue of \$1.2 million and consequently, the under-estimated Fiscal Year 2012 accrual of \$5 million increased the net sale proceeds of the Fiscal Year 2012 sale to \$83.6 million up from the original Fiscal Year 2012 net sale proceeds reported as \$79.8 million.

In Fiscal Years 2014 and 2013, \$205 million and \$234 million, respectively, were provided as allowances for uncollectible real estate taxes against the balance of the receivable. Delinquent real estate taxes receivable that are estimated to be collectible but which are not collected in the first two months of the next fiscal year are recorded as deferred inflows of resources in the governmental funds balance sheet but included in general revenues on the government-wide *Statement of Activities*.

The City is permitted to levy real estate taxes for general operating purposes in an amount up to 2.5% of the average full value of taxable real estate in the City for the last five years and in unlimited amounts for the payment of principal and interest on long-term City debt. Amounts collected for payment of principal and interest on long-term debt in excess of that required for that purpose in the year of the levy must be applied towards future years' debt service. For the Fiscal Years ended June 30, 2014 and 2013, excess amounts of \$481 million and \$587 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. Assets recorded in the governmental fund financial statements, but the revenue is not available, are reported as deferred inflows of resources. Additionally, the government-wide financial statements recognize sales and income taxes (net of refunds), which are not available to the governmental fund type in the accounting period for which the taxes are assessed.

### **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. Resources received before the time requirements are met, but after all other eligibility requirements are met, are reported as deferred inflows of resources.

### **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 recognized as an expense in the period incurred.

### **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 City and the discretely presented component units are reported as if 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. Deferred Outflows and Inflows of Resources**

In accordance with Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the City reports deferred outflows of resources in the *Statement of Financial Position* in a separate section following Assets. Similarly, the City reports deferred inflows of resources in the *Statement of Net Position* in a separate section following Liabilities.

The Components of the deferred outflows of resources and deferred inflows of resources are as follows:

	FY 2014		FY 2013	
	Primary Government	Component Units	Primary Government	Component Units
	(in thousands)			
Deferred Outflows of Resources:				
Deferred outflows from pension activities . . . . .	\$ —	\$ 235	\$ —	\$ 13
Accumulated decrease in fair value of hedging derivatives . . . . .	48,963	128,439	100,884	82,694
Unamortized deferred bond refunding costs . . . . .	495,284	8,881	534,277	48,273
Other . . . . .	—	4,294	—	—
Total Deferred Outflows of Resources . . . . .	<u>\$ 544,247</u>	<u>\$141,849</u>	<u>\$ 635,161</u>	<u>\$130,980</u>
Deferred Inflows of Resources:				
Deferred inflows from pension activities . . . . .	\$14,827,736	\$724,179	\$ 5,055,403	\$223,131
Service concession arrangements . . . . .	171,039	—	195,666	—
Real estate taxes . . . . .	6,733,998	—	5,739,809	—
Grant advances . . . . .	491,540	—	507,674	—
Prepaid payments in lieu of taxes . . . . .	1,950	—	—	—
Total Deferred Inflows of Resources . . . . .	<u>\$22,226,263</u>	<u>\$724,179</u>	<u>\$11,498,552</u>	<u>\$223,131</u>

**21. Fund Balance**

In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the classification of Fund Balance is based on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable—includes fund balance amounts that cannot be spent, either because they are not in spendable form, or because of legal or contractual constraints requiring such amounts to remain intact. As required by the New York State Financial Emergency Act, the City must prepare its budget covering all expenditures, other than capital items, balanced so that the results do not show a deficit when reported in accordance with GAAP. Therefore, the General Fund’s fund balance must legally remain intact and is classified as nonspendable.

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 Projects Fund and Nonmajor Governmental Funds deficits are 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, 2014 and 2013:

<b>Fiscal Year 2014</b>					
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
(in thousands)					
<b>Nonspendable:</b>					
General Fund balance . . . . .	\$462,519	\$ —	\$ —	\$ —	\$ 462,519
Prepaid expenditures . . . . .	—	—	—	611	611
<b>Spendable:</b>					
Restricted					
Capital projects . . . . .	—	423,296	—	1,415,158	1,838,454
Debt service . . . . .	—	—	498,082	1,942,821	2,440,903
Committed					
Debt service . . . . .	—	—	140,770	—	140,770
Assigned					
Nonmajor operating funds . . . . .	—	—	—	1,507,412	1,507,412
Unassigned					
Capital Projects Fund . . . . .	—	(3,459,177)	—	—	(3,459,177)
<b>Total Fund Balance (Deficit) . . . . .</b>	<b><u>\$462,519</u></b>	<b><u>\$(3,035,881)</u></b>	<b><u>\$638,852</u></b>	<b><u>\$4,866,002</u></b>	<b><u>\$ 2,931,492</u></b>
<b>Fiscal Year 2013</b>					
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
(in thousands)					
<b>Nonspendable:</b>					
General Fund balance . . . . .	\$457,467	\$ —	\$ —	\$ —	\$ 457,467
Prepaid expenditures . . . . .	—	—	—	620	620
<b>Spendable:</b>					
Restricted					
Capital projects . . . . .	—	378,865	—	2,127,760	2,506,625
Debt service . . . . .	—	—	586,908	1,992,386	2,579,294
Committed					
Debt service . . . . .	—	—	2,179,799	199	2,179,998
Assigned					
Nonmajor operating funds . . . . .	—	—	—	140,086	140,086
Unassigned					
Capital Projects Fund . . . . .	—	(3,414,621)	—	—	(3,414,621)
Nonmajor Special Revenue Fund . . . . .	—	—	—	(1,805)	(1,805)
<b>Total Fund Balance (Deficit) . . . . .</b>	<b><u>\$457,467</u></b>	<b><u>\$(3,035,756)</u></b>	<b><u>\$2,766,707</u></b>	<b><u>\$4,259,246</u></b>	<b><u>\$4,447,664</u></b>

## 22. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Notes E.5 and the RSI section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

## 23. Other Postemployment Benefits

Other Postemployment Benefits (OPEB) cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note E.4), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GASB No. 45.

## 24. 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.

## B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A summary reconciliation of the difference between total fund balances (deficit) as reflected on the governmental funds balance sheet and total net position (deficit) of governmental activities as shown on the government-wide *Statement of Net Position* is presented in an accompanying schedule to the governmental funds balance sheet. The asset and liability elements, 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.

Similarly, a summary reconciliation of the difference between net change in fund balances, as reflected on the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*, and *Change in Net Position* of governmental activities, as shown on the government-wide Statement of Activities, is presented in an accompanying schedule to the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*. The revenue and expense elements, 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 and other financing uses in excess of revenues and other financing sources.

Expenditures made against the expense budget are controlled through the use of quarterly spending allotments and units of appropriation. A unit of appropriation represents a subdivision of an agency's budget and is the level of control at which expenditures may not legally exceed the appropriation. The number of units of appropriation, and the span of operating responsibility which each unit represents, differs from agency to agency depending on the size of the agency and the level of control required. Transfers between units of appropriation and supplementary appropriations may be made by the Mayor, subject to the approval provisions set forth in the City Charter. Supplementary appropriations increased the expense budget by \$5.783 billion and \$4.237 billion subsequent to its original adoption in Fiscal Years 2014 and 2013, respectively.

#### *Financial Plans*

As noted earlier, the New York State Financial Emergency Act for The City of New York requires the City to operate under a "rolling" Four-Year Financial Plan (Plan). Revenues and expenditures, including transfers, of each year of the Plan are required to be balanced on a basis consistent with GAAP. The Plan is broader in scope than the expense budget; it comprises General Fund revenues and expenditures, Capital Projects Fund revenues and expenditures, and all short and long-term financing.

The expense budget is generally consistent with the first year of the Plan and operations under the expense budget must reflect the aggregate limitations contained in the approved Plan. The City reviews its Plan periodically during the year and, if necessary, makes modifications to incorporate actual results and revisions to assumptions.

## **2. Deficit Fund Balance**

The Capital Projects Fund had cumulative deficits of \$3.0 billion at both June 30, 2014 and 2013, 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 and bank regulators' reports are used to determine the financial soundness of each bank, and the City's banking relationships are under periodic operational, financial and credit reviews.

The City Charter limits the amount of deposits at any time in any one bank or trust company to a maximum of one-half of the amount of the capital and net surplus of such bank or trust company. The discretely presented component units included in the City's reporting entity maintain their own banking relationships, which generally conform with the City's.

The City's bank account balances in excess of the prevailing Federal Deposit Insurance Corporation (FDIC) insurance limits of \$250,000 are fully collateralized in accordance with the New York State General Municipal Law (GML) and the New York City Department of Finance Collateral Policy, dated December 5, 2012. Each of the City's designated banks are required to pledge Eligible Securities or Letters of Credit that satisfy the minimum GML requirements. The City's designated banks are also required to closely monitor City bank account balances and recommend adjustments to the amount of collateral when necessary to ensure that City deposits are always fully collateralized.

At June 30, 2014 and 2013, the carrying amount of the City's unrestricted cash and cash equivalents was \$7.959 billion and \$5.823 billion, respectively, and the bank balances were \$1.471 billion and \$1.202 billion, respectively. At June 30, 2014 and 2013, the carrying amount of the restricted cash and cash equivalents was \$2.690 billion and \$5.469 billion, respectively, and the bank balances were \$644 million and \$2.772 billion, respectively. Of the restricted bank balances, \$10 thousand and \$8 thousand were exposed to custodial credit risk (this is the risk that in the event of a bank failure, the City's deposits may not be returned to it or the City will not be able to recover collateral securities that are in the possession of an outside party) because the respective bank balances were uninsured and uncollateralized at June 30, 2014 and 2013, 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, 2014 and 2013:

**Governmental activities:**

Investment Type	Investment Maturities					
	(in years)					
	2014		2013			
	Less than 1	1 to 5	More than 5	Less than 1	1 to 5	More than 5
	(in thousands)					
<b>Unrestricted</b>						
U.S. Government securities . . . . .	\$1,133,948	\$454,259	\$ —	\$1,348,903	\$ —	\$ —
U.S. Government agency obligations . . . . .	1,687,535	137,777	—	493	117,426	—
Commercial paper . . . . .	2,052,145	—	—	1,788,275	149,843	—
Corporate bonds . . . . .	—	—	—	—	—	—
Investment derivative instruments . . . . .	—	—	(92,513) <sup>(1)</sup>	—	—	(51,709) <sup>(2)</sup>
Total unrestricted . . . . .	<u>\$4,873,628</u>	<u>\$592,036</u>	<u>\$(92,513)</u>	<u>\$3,137,671</u>	<u>\$267,269</u>	<u>\$(51,709)</u>
<b>Restricted</b>						
U.S. Government securities . . . . .	\$193,164	\$219,164	\$ —	\$ 164,798	\$303,608	\$ —
U.S. Government agency obligations . . . . .	973,208	52,436	—	1,051,992	78,804	—
Commercial paper . . . . .	324,462	—	—	428,971	—	—
Municipal bonds . . . . .	391	—	22,743	2,851	—	31,618
Time deposits . . . . .	10,730	—	—	12,153	—	—
Repurchase agreements . . . . .	14,013	—	—	8,701	—	—
Total restricted . . . . .	<u>\$1,515,968</u>	<u>\$271,600</u>	<u>\$ 22,743</u>	<u>\$1,669,466</u>	<u>\$382,412</u>	<u>\$ 31,618</u>

(1) The City has two pay-fixed interest rate swaps (see Note A.13, E and F) and two basis swaps (see Note A.13, G and K) that are treated as investment derivative instruments. Additionally, the City has five pay-fixed swaps (see Note A.13, A-D, and H) that are partially treated as investment derivative instruments. On June 30, 2014, the swaps had fair values of \$(15,905) thousand, \$(37) thousand, \$(3,842) thousand, \$(25,957) thousand, \$(15,782) thousand, \$(5,261) thousand, \$(5,261) thousand, \$(5,261) thousand, and \$(15,207) thousand, respectively.

(2) The City had two pay-fixed interest rate swaps (see Note A.13, E and F) and two basis swaps (see Note A.13, G and K) that were treated as investment derivative instruments. Additionally, the City had four pay-fixed swaps (see Note A.13, A-D,) that were partially treated as investment derivative instruments. On June 30, 2013, the swaps had fair values of \$(17,111) thousand, \$(210) thousand, \$(5,690) thousand, \$(28,062) thousand, \$(318) thousand, \$(106) thousand, \$(106) thousand, and \$(106) 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 201 days.

**Credit risk.** Investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished through ratings, collateral, and diversification requirements that vary according to the type of investment. As of June 30, 2014 and 2013, investments in Fannie Mae or Freddie Mac and Federal Home Loan Bank (FHLB) were rated in the highest long-term or short-term ratings category (as applicable) by Standard & Poor's and/or Moody's Investor Service. These ratings were AA+ and A-1+ by Standard & Poor's and Aaa and P-1 by Moody's for long-term and short-term instruments, respectively.

Concentration of credit risk. The City's investment policy limits investments to no more than \$250 million invested at any time in either commercial paper of a single issuer or investment agreements with a single provider.

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

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

#### *Investment Derivative Instruments*

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

The counterparty (or its respective guarantor) with respect to derivative instruments B, D, E, F and H (see note A.13) is required to post collateral if one of its credit ratings goes below A3/A-. The counterparty with respect to derivative instrument H (see note A.13) is required to post collateral if one of its credit ratings goes below A2/A. The counterparty with respect to derivative instruments A, C, G and K (see note A.13) is required to post collateral if it has at least one rating below Aa3 or AA-. The City has never been required to access collateral.

As discussed in Note A.13, it is the City's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty.

The aggregate fair value of investment derivative instruments requiring collateralization at June 30, 2014 was \$(92,513) 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 A, B, C, D, E, F and H, pay-fixed, receive-variable interest rate swaps, as LIBOR decreases, the City's net payment on the swap increases.

Basis risk: The City is exposed to basis risk on derivative instruments A, B, C, D, E, F and H (see note A.13) because the variable-rate payment received by the City is based on a rate or index other than the interest rate the City pays on its variable-rate debt. Under the terms of its derivative instruments A, B, C, D, E, F and H (see note A.13), the City pays a variable rate on the outstanding underlying bonds based on SIFMA, but receives a variable rate on the swap based on a percentage of LIBOR. In derivative instrument G (see note A.13), the City's variable payer rate is based on SIFMA times 1.36 and the City receives 100% of LIBOR in return. The City's net payments over time will be determined by both the absolute levels of interest rates and the relationship between SIFMA and LIBOR. In derivative instrument K, the City's variable payer rate is based on SIFMA and its variable receiver rate is based on a percentage of LIBOR. However, the stepped percentages of LIBOR received by the City mitigate the risk that the City will be harmed in low interest rate environments by the compression of the SIFMA and LIBOR indices. As the overall level of interest rate decreases, the percentage of LIBOR received by the City increases.

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

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

Through negotiations with Morgan Stanley Capital Services, Inc. the City has waived its rights with respect to the Automatic Termination Event (ATE) as the affected party. The City has reserved all other rights going forward, including its ability to trigger an ATE upon an additional downgrade.

*Counterparty risk:* The City is at a risk that a counterparty (or its guarantor) will not meet its obligations under the swap. If a counterparty were to default under its agreement when the counterparty would owe a payment to the City, the City may have to pay another entity to assume the position of the defaulting counterparty. The City has sought to limit its counterparty risk by contracting only with highly-rated entities or requiring guarantees of the counterparty's obligations under the swap documents.

The discretely presented component units included in the City's reporting entity maintain their own investment policies that generally conform to those of the City.

The criteria for the Pension and Other Employee Benefit Trust Funds' and Other Trust Funds' investments are as follows:

1. Fixed income investments may be made in U.S. Government guaranteed securities or securities of U.S. Government agencies, securities of entities rated BBB or better by both Standard and Poor's Corporation and Moody's Investors Service, Inc., and any bond that meets the qualifications of the New York State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.
2. Equity investments may be made only in those stocks that meet the qualifications of the New York State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.
3. Short-term investments may be made in the following:
  - a. U.S. Government guaranteed securities or U.S. Government agency securities.
  - b. Commercial paper rated A1, P1, or F1 by Standard & Poor's Corporation or Moody's Investors Service, Inc., or Fitch, respectively.
  - c. Repurchase agreements collateralized in a range of 100% to 102% of matured value, purchased from primary dealers of U.S. Government securities.
  - d. Investments in bankers' acceptances, certificates of deposit, and time deposits are limited to banks with worldwide assets in excess of \$50 billion that are rated within the highest categories of the leading bank rating services, and selected regional banks also rated within the highest categories.
  - e. Other top-rate securities maturing in less than 4 years.
4. Investments up to 25% of total pension fund assets in instruments not specifically covered by the New York State Retirement and Social Security Law.
5. No investment in any one corporation can be: (i) more than 2% of the pension plan net position; or (ii) more than 5% of the total outstanding issues of the corporation.

All investments are held by the City's custodial banks (in bearer or book-entry form) solely as an agent of the Comptroller of The City of New York on behalf of the various account owners. Payments for purchases are not released until evidence of ownership of the underlying investments are received by the City's custodial bank.

#### *Securities Lending*

State statutes and 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 position 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 2012 and 2013, there was no further recoupment. In Fiscal Year 2014 an additional \$22 million was received as a partial settlement from litigation.

The City reports securities loaned as assets on the Statement of *Fiduciary Net Position*. Cash received as collateral on securities lending transactions, and investments made with that cash, are also recorded as assets. Liabilities resulting from these transactions are reported on the *Statement of Fiduciary Net Position*. Accordingly, the City records the investments purchased with the cash collateral as Investments; Collateral From Securities Lending Transactions with a corresponding liability are recorded as Securities Lending Transactions.

## 2. Capital Assets

The following is a summary of capital assets activity for the Fiscal Years ended June 30, 2013 and 2014:

Primary Government	Primary Government						Balance June 30, 2014
	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Additions	Deletions	
	(in thousands)						
<b>Governmental Activities:</b>							
Capital assets, not being depreciated/amortized:							
Land	\$ 1,633,551	\$ 72,282	\$ 5,379	\$ 1,700,454	\$ 90,833	\$ 20,553	\$ 1,770,734
Construction work-in-progress	4,437,427	3,086,231	2,818,767	4,704,891	3,373,572	3,818,819	4,259,644
Total capital assets, not being depreciated/amortized	6,070,978	3,158,513	2,824,146	6,405,345	3,464,405	3,839,372	6,030,378
Capital assets, being depreciated/amortized:							
Buildings	46,739,543	2,818,767	269,499	49,288,811	3,226,888	430,700	52,084,999
Equipment (including software)	7,146,695	857,844	598,514	7,406,025	705,317	261,615	7,849,727
Infrastructure	18,291,936	1,544,812	740,544	19,096,204	1,119,471	673,539	19,542,136
Total capital assets, being depreciated/amortized	72,178,174	5,221,423	1,608,557	75,791,040	5,051,676	1,365,854	79,476,862
Less accumulated depreciation/amortization:							
Buildings	18,356,605	1,695,724	144,554	19,907,775	1,588,555	196,793	21,299,537
Equipment (including software)	4,736,676	456,080	292,057	4,900,699	509,198	131,557	5,278,340
Infrastructure	6,640,452	850,063	612,668	6,877,847	875,677	486,266	7,267,258
Total accumulated depreciation/amortization	29,733,733	3,001,867 <sup>(1)</sup>	1,049,279	31,686,321	2,973,430 <sup>(1)</sup>	814,616	33,845,135
Total capital assets, being depreciated/amortized, net	42,444,441	2,219,556	559,278	44,104,719	2,078,246	551,238	45,631,727
Governmental activities capital assets, net	\$48,515,419	\$5,378,069	\$3,383,424	\$50,510,064	\$5,542,651	\$4,390,610	\$51,662,105

<sup>(1)</sup> Depreciation expense was charged to functions/programs of the City for the Fiscal Years ended June 30, 2014 and 2013 as follows:

	<u>2014</u>	<u>2013</u>
	(in thousands)	
<b>Governmental activities:</b>		
General government . . . . .	\$ 412,838	\$ 411,219
Public safety and judicial . . . . .	188,031	180,878
Education . . . . .	1,162,064	1,235,342
City University . . . . .	5,041	5,397
Social services . . . . .	71,659	66,817
Environmental protection . . . . .	148,608	153,744
Transportation services . . . . .	567,202	568,944
Parks, recreation and cultural activities . . . . .	347,768	312,547
Housing . . . . .	7,377	7,931
Health . . . . .	46,936	45,488
Libraries . . . . .	15,906	13,560
Total depreciation expense-governmental activities . . . . .	<u>\$2,973,430</u>	<u>\$3,001,867</u>

The following are the sources of funding for the governmental activities capital assets for the Fiscal Years ended June 30, 2014 and 2013. Sources of funding for capital assets are not available prior to Fiscal Year 1987.

	<u>2014</u>	<u>2013</u>
	(in thousands)	
<b>Capital Projects Funds:</b>		
Prior to Fiscal Year 1987 . . . . .	\$ 6,630,099	\$ 6,661,847
City and TFA bonds . . . . .	75,711,645	71,630,886
Federal grants . . . . .	479,184	644,220
State grants . . . . .	55,715	139,003
Private grants . . . . .	67,224	558,147
Capitalized leases . . . . .	<u>2,563,373</u>	<u>2,562,282</u>
Total funding sources . . . . .	<u>\$85,507,240</u>	<u>\$82,196,385</u>

At June 30, 2014 and 2013, 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, 2014 and 2013 are leased properties that have elements of ownership. These assets are recorded as capital assets as follows:

	<u>Capital Leases</u>	
	<u>2014</u>	<u>2013</u>
	(in thousands)	
<b>Governmental activities:</b>		
<b>Capital asset:</b>		
Buildings, gross . . . . .	\$2,563,373	\$ 2,562,282
Less accumulated amortization . . . . .	<u>861,934</u>	<u>822,793</u>
Buildings, net . . . . .	<u>\$1,701,439</u>	<u>\$ 1,739,489</u>

#### *Capital Commitments*

At June 30, 2014, the outstanding commitments relating to projects of the New York City Capital Projects Fund amounted to approximately \$13.8 billion.

To address the need for significant infrastructure and public facility capital investments, the City has prepared a ten-year capital spending program which contemplates New York City Capital Projects Fund expenditures of \$53.7 billion over Fiscal Years 2014 through 2023. To help meet its capital spending program, the City and TFA borrowed \$5.08 billion in the public credit market in Fiscal Year 2014. The City and TFA plan to borrow \$5.25 billion in the public credit market in Fiscal Year 2015.

### 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, 2014 and 2013 were approximately \$822.0 million and \$842.0 million, respectively.

As of June 30, 2014, 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>	<u>Total</u>
	(in thousands)		
<b>Governmental activities:</b>			
Fiscal Year ending June 30:			
2015 .....	\$ 191,210	\$ 536,319	\$ 727,529
2016 .....	184,076	502,248	686,324
2017 .....	177,986	486,569	664,555
2018 .....	173,660	453,717	627,377
2019 .....	158,118	410,773	568,891
2020-2024 .....	718,414	1,609,337	2,327,751
2025-2029 .....	457,565	934,263	1,391,828
2030-2034 .....	249,942	336,132	586,074
2035-2039 .....	115,616	53,933	169,549
2040-2044 .....	12,243	22,840	35,083
2045-2049 .....	—	12,411	12,411
2050-2054 .....	—	1,464	1,464
Future minimum payments .....	<u>2,438,830</u>	<u>\$5,360,006</u>	<u>\$7,798,836</u>
Less: Interest .....	<u>737,391</u>		
Present value of future minimum payments .....	<u>\$1,701,439</u>		

The present value of future minimum lease payments includes approximately \$1.188 billion for leases with Public Benefit Corporations (PBC) where State law generally provides that in the event the City fails to make any required lease payment, the amount of such payment will be deducted from State aid otherwise payable to the City and paid to PBCs.

The City also leases City-owned property to others, primarily for markets, ports, and terminals. Total rental revenue on these capital and operating leases for the Fiscal Years ended June 30, 2014 and 2013 was approximately \$311 million and \$297 million, respectively. As of June 30, 2014, the following future minimum rentals are provided for by the leases:

	Capital Leases	Operating Leases (in thousands)	Total
<b>Governmental activities:</b>			
Fiscal Year ending June 30:			
2015	\$ 1,121	\$ 192,205	\$ 193,326
2016	1,177	184,431	185,608
2017	1,197	183,056	184,253
2018	1,198	181,434	182,632
2019	1,197	163,512	164,709
2020-2024	5,621	794,936	800,557
2025-2029	5,227	742,169	747,396
2030-2034	5,252	723,730	728,982
2035-2039	2,982	707,259	710,241
2040-2044	2,040	705,624	707,664
2045-2049	1,900	703,638	705,538
2050-2054	1,799	249,836	251,635
2055-2059	1,800	56,923	58,723
2060-2064	1,800	56,923	58,723
2065-2069	1,800	56,923	58,723
2070-2074	1,800	55,010	56,810
2075-2079	1,799	49,017	50,816
2080-2084	180	39,663	39,843
2085-2089	—	19,762	19,762
Thereafter until 2111	—	2	2
Future minimum lease rentals	<u>39,890</u>	<u>\$5,866,053</u>	<u>\$5,905,943</u>
Less interest	<u>25,666</u>		
Present value of future minimum lease rentals	<u>\$14,224</u>		

#### 4. Service Concession Arrangements

The City is the transferor in 67 Service Concession Arrangements contracted at the Parks Department. The agreements convey to the operators the right, either through licenses or permits, to construct capital assets and operate and maintain all service concessions. The City has the right to approve the type of services the operators may provide and the fees that may be charged by the operators to the public. As per the agreements, the operators provide high-quality amenities and facilities to park users, which generate General Fund revenues for the City and also create valuable business and employment opportunities for the public. The Parks Department operators help preserve some of the City's unique park facilities and provide public amenities while creating and developing new park destinations with fewer public funds.

The Service Concession Agreements do not contain any upfront payments from the operators nor are there any guarantees or commitments by the City. By concession type, the value of the Capital Assets associated with the above Service Concession Arrangements and the deferred inflows resulting from such arrangements are as follows at June 30:

Concession Type	2014			2013			
	Number of concessions	Deferred inflows	Capital Assets Value	Number of concessions	Deferred inflows	Capital Assets Value	
		(in thousands)				(in thousands)	
Restaurants	23	\$ 56,062	\$ 89,281	27	\$ 64,185	\$ 93,965	
Sports Centers	15	26,252	53,996	15	30,399	54,078	
Golf Courses	15	32,665	50,264	15	36,069	51,805	
Gas Stations	6	546	807	7	609	872	
Amusement Parks/Carousels	3	55,293	81,151	5	64,067	85,797	
Stables	3	155	691	3	230	709	
Other	2	66	237	2	107	126	
Total	<u>67</u>	<u>\$171,039</u>	<u>\$276,432</u>	<u>74</u>	<u>\$195,666</u>	<u>\$287,352</u>	

**5. Long-Term Liabilities**

*Changes in Long-term liabilities*

In Fiscal Years 2013 and 2014, the changes in long-term liabilities were as follows:

Primary Government	Balance	Additions	Deletions	Balance	Additions	Deletions	Balance	Due Within One Year
	June 30, 2012			June 30, 2013			June 30, 2014	
(in thousands)								
<b>Governmental activities:</b>								
Bonds and notes payable								
General Obligation Bonds <sup>(1)</sup>	\$ 42,286,494	\$ 4,551,360	\$ 5,245,916	\$ 41,591,938	\$ 4,882,530	\$ 4,809,835	\$ 41,664,633	\$2,039,161
TFA bonds	26,267,350	5,754,435	2,819,335	29,202,450	3,384,420	1,548,050	31,038,820	897,120
TSASC bonds	1,252,750	—	7,310	1,245,440	—	17,070	1,228,370	—
IDA bonds	95,300	—	2,710	92,590	—	2,835	89,755	2,975
STAR bonds	2,053,655	—	68,240	1,985,415	—	10,885	1,974,530	10,880
FSC bonds	270,235	—	10,385	259,850	—	29,060	230,790	33,415
HYIC bonds	3,000,000	—	—	3,000,000	—	—	3,000,000	—
ECF bond	274,435	—	6,390	268,045	—	1,890	266,155	1,965
Tax lien collateralized bonds	36,086	66,749	69,179	33,656	91,366	79,241	45,781	—
Total before premiums/discounts(net)	75,536,305	10,372,544	8,229,465	77,679,384	8,358,316	6,498,866	79,538,834	2,985,516
Less premiums/(discounts)(net)	2,004,002	1,398,561	446,459	2,956,104	622,151	416,276	3,161,979	—
Total bonds and notes payable	77,540,307	11,771,105	8,675,924	80,635,488	8,980,467	6,915,142	82,700,813	2,985,516
Capital lease obligations	1,818,240	28,262	107,013	1,739,489	75,467	113,517	1,701,439	76,022
Other tax refunds	1,957,389	97,656	113,389	1,941,656	179,703	186,656	1,934,703	145,703
Judgments and claims	6,277,938	975,919	1,016,729	6,237,128	1,812,784	1,136,454	6,913,458	1,344,217
Real estate tax certiorari	858,904	192,558	171,120	880,342	184,227	178,608	885,961	192,153
Vacation and sick leave	4,177,582	215,823	243,136	4,150,269	76,029	290,632	3,935,666	290,632
Pension liability	592,000	64,887,652	5,538,526	59,941,126	—	13,343,041	46,598,085	—
OPEB liability	88,174,139	5,542,845	1,195,638	92,521,346	78,551	3,114,775	89,485,122	—
Landfill closure and postclosure care costs	1,474,586	7,976	353,750	1,128,812	394,850	57,029	1,466,633	77,617
Pollution remediation obligation	212,432	149,555	145,233	216,754	234,404	213,551	237,607	179,392
Total changes in governmental activities long-term liabilities	\$183,083,517	\$83,869,351	\$17,560,458	\$249,392,410	\$12,016,482	\$25,549,405	\$235,859,487	\$5,291,252

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

The bonds and notes payable at June 30, 2013 and 2014, summarized by type of issue are as follows:

Primary Government	2013				2014			
	City General Obligation <sup>(1)</sup>	Other bonds and notes payable <sup>(2)</sup>	Revenue <sup>(3)</sup>	Total	City General Obligation <sup>(1)</sup>	Other bonds and notes payable <sup>(2)</sup>	Revenue <sup>(3)</sup>	Total
(in thousands)								
<b>Governmental activities:</b>								
Bonds and notes payable								
General obligation bonds	\$41,591,938	\$ —	\$ —	\$41,591,938	\$41,664,633	\$ —	\$ —	\$41,664,633
TFA bonds	—	23,048,335	—	23,048,335	—	24,987,400	—	24,987,400
TFA bonds BARBs	—	—	6,154,115	6,154,115	—	—	6,051,420	6,051,420
TSASC bonds	—	—	1,245,440	1,245,440	—	—	1,228,370	1,228,370
IDA bonds	—	92,590	—	92,590	—	89,755	—	89,755
STAR bonds	—	—	1,985,415	1,985,415	—	—	1,974,530	1,974,530
FSC bonds	—	—	259,850	259,850	—	—	230,790	230,790
HYIC bonds	—	—	3,000,000	3,000,000	—	—	3,000,000	3,000,000
ECF bonds	—	—	268,045	268,045	—	—	266,155	266,155
Tax lien collateralized bonds	—	—	33,656	33,656	—	—	45,781	45,781
Total before net of premium / discount	41,591,938	23,140,925	12,946,521	77,679,384	41,664,633	25,077,155	12,797,046	79,538,834
Premiums/(discounts)(net)	1,412,754	1,388,431	154,919	2,956,104	1,577,393	1,437,303	147,283	3,161,979
Total bonds payable	43,004,692	24,529,356	13,101,440	80,635,488	43,242,026	26,514,458	12,944,329	82,700,813

(1) The City issues its General Obligation for capital projects which include construction, acquisition, repair or life extending maintenance of the City's infrastructure.

(2) Other bonds and notes payable includes TFA (excluded BARBs) and IDA. They are general obligations of the respective issuers.

(3) Revenue bonds include ECF, FSC, HYIC, STAR, TFA (BARBs), NYCTLs and TSASC.

The following table summarizes future debt service requirements as of June 30, 2014:

Primary Government	Governmental Activities					
	City General Obligation Bonds		Other Bonds and Notes Payable		Revenue Bonds	
	Principal	Interest <sup>(1)</sup>	Principal	Interest	Principal	Interest
	(in thousands)					
Fiscal Year ending June 30:						
2015 .....	\$ 2,039,161	\$ 1,762,666	\$ 768,455	\$ 1,004,353	\$ 177,900	\$ 643,135
2016 .....	2,369,115	1,694,365	917,615	978,906	199,420	635,252
2017 .....	2,307,431	1,594,038	1,054,640	938,743	269,285	625,449
2018 .....	2,281,870	1,490,848	1,086,780	896,942	285,495	612,541
2019 .....	2,227,731	1,387,823	1,172,635	853,816	315,435	598,878
2020-2024 .....	11,058,453	5,428,554	5,671,145	3,623,048	1,619,295	2,769,559
2025-2029 .....	9,116,863	3,101,131	5,232,455	2,549,062	2,027,201	2,314,531
2030-2034 .....	5,806,902	1,460,843	4,102,990	1,579,374	2,553,315	1,770,849
2035-2039 .....	3,536,332	399,911	3,687,315	687,280	1,614,270	1,169,315
2040-2044 .....	920,728	42,637	1,383,125	69,761	735,430	863,074
2045-2049 .....	4	16	—	—	3,000,000	306,250
Thereafter until 2147 ..	43	147	—	—	—	—
Total future debt service requirements .	41,664,633	18,362,979	25,077,155	13,181,285	12,797,046	12,308,833
Less interest component .....	—	18,362,979	—	13,181,285	—	12,308,833
Total principal outstanding .....	<u>\$41,664,633</u>	<u>\$ —</u>	<u>\$25,077,155</u>	<u>\$ —</u>	<u>\$12,797,046</u>	<u>\$ —</u>

<sup>(1)</sup> Includes interest for general obligation bonds estimated at 2% rate on tax-exempt adjustable rate bonds and at a 3% rate on taxable adjustable rate bonds.

The average (weighted) interest rates for outstanding City general obligation bonds as of June 30, 2014 and 2013, were 4.36% and 4.33%, respectively, and both ranged from 0% to 8.6%. The last maturity of the outstanding City debt is in the year 2147.

Since the City has variable rate debt outstanding, the terms by which interest rates change for variable rate debt are as follows: for Auction Rate Securities, an interest rate is established periodically by an auction agent at the lowest clearing rate based upon bids received from broker-dealers. Variable Rate Demand Bonds (VRDBs) are long-term bonds that have a daily or weekly “put” feature backed by a bank Letter of Credit or Stand By Bond Purchase Agreement. VRDBs are repriced daily or weekly and provide investors with the option to tender the bonds at each repricing. A broker, called a Remarketing Agent, is responsible for setting interest rates and reselling to new investors any securities that have been tendered. CPI Bonds pay the holder a floating interest rate tied to the consumer price index. The rate is a fixed spread plus a floating rate equal to the change in the Consumer Price Index-Urban (CPI-U) for a given period. LIBOR Bonds pay the holder a floating interest rate calculated as a percentage of the LIBOR. 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. SIFMA Index Bonds pay the holder a floating index rate base on the Securities Industry and Financial Markets Association Municipal Swap Index plus spread.

In Fiscal Years 2014 and 2013, the City issued \$2.61 billion and \$2.92 billion, respectively, of general obligation bonds to advance refund general obligation bonds of \$2.83 billion and \$3.22 billion, respectively, aggregate principal amounts. The net proceeds from the sales of the refunding bonds, together with other funds of \$32.45 million and \$16.29 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 2014, the refunding transactions will decrease the City’s aggregate debt service payments by \$246.3 million and provide an economic gain of \$216.89 million. In Fiscal Year 2013, the refunding transactions decreased the City’s aggregate debt service payments by \$406.49 million and provided an economic gain of \$374.8 million. At June 30, 2014 and 2013, \$19.67 billion and \$19.75 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, 2014 and 2013, the 10% general limitation was approximately \$81.35 billion and \$79.10 billion, respectively. Also, as of July 1, 2014, the City's remaining GO debt-incurring power totaled \$25.45 billion, after providing for capital commitments.

Pursuant to State law, the City's General Debt Service Fund is administered and maintained by the State Comptroller. Payments of real estate taxes and other revenues are deposited in advance of debt service payment dates into the Fund. Debt service on all City notes and bonds is paid from this Fund. In Fiscal Year 2014, discretionary transfers of \$620.54 million were made from the General Fund to the General Debt Service Fund for Fiscal Year 2015 debt service. In Fiscal Year 2013, discretionary and other transfers of \$2.73 billion were made from the General Fund to the General Debt Service Fund for Fiscal Year 2014 debt service. In addition, in Fiscal Year 2014, discretionary transfers of \$1.36 billion were made to component unit Debt Service Funds.

*Hedging derivative instrument payments and hedged debt*

The table that follows represents debt service payments on certain general obligation variable-rate bonds and net receipts/payments on associated hedging derivative instruments (see Note A.13), as of June 30, 2014. 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, 2014 will remain the same for their term.

Primary Government	Governmental Activities			
	General Obligation Bonds		Hedging Derivative Instruments, Net	Total
	Principal	Interest		
	(in thousands)			
Fiscal Year ending June 30:				
2015	\$ 25,000	\$3,375	\$ 9,584	\$ 37,959
2016	11,980	2,399	9,772	24,151
2017	31,225	1,649	9,646	42,520
2018	36,050	713	9,263	46,026
2019	18,970	180	8,773	27,923
2020-2024	41,070	775	37,170	79,015
2025-2029	162,620	530	25,335	188,485
2030-2032	87,380	69	3,299	90,748
Total	<u>\$414,295</u>	<u>\$9,690</u>	<u>\$112,842</u>	<u>\$536,827</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, 2014 and 2013, claims in excess of \$1.139 trillion and \$840 billion, respectively, were outstanding against the City for which the City estimates its potential future liability to be \$6.9 billion and \$6.2 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 Position* under noncurrent liabilities. The liability was estimated by using the probable exposure information provided by the New York City Law Department (Law Department), and supplemented by information provided by the Law Department with respect to certain large individual claims and proceedings. The recorded liability is the City's best estimate based on available information and application of the foregoing procedures.

Complaints on behalf of approximately 11,900 plaintiffs alleging respiratory or other injuries from alleged exposures to World Trade Center dust and debris at the World Trade Center site or the Fresh Kills landfill were commenced against the City and other entities involved in the post-September 11 rescue and recovery process. Plaintiffs include, among others, Department of Sanitation employees, firefighters, police officers, construction workers and building clean-up workers. The actions were consolidated in

Federal District Court pursuant to the Air Transportation and System Stabilization Act, which grants exclusive federal jurisdiction for all claims related to or resulting from the September 11 attack. A not-for-profit “captive” insurance company, WTC Captive, was formed to cover claims against the City and its private contractors relating to debris removal work at the World Trade Center site and the Fresh Kills landfill. WTC Captive was funded by a grant from the Federal Emergency Management Agency in the amount of \$999.9 million. On June 10, 2010, WTC Captive announced that a settlement was reached with attorneys for the plaintiffs. On November 19, 2010, District Court Judge Hellerstein announced that more than the required 95% of plaintiffs agreed to the settlement, thus making it effective. Approximately \$642.5 million has been paid under the settlement, leaving residual funds of approximately \$335 million to insure and defend the City and its contractors against any new claims. Additionally, the City is threatened with third-party claims in more than 1,000 building clean-up cases to which it is currently not a party. Since the applicable statute of limitations runs from the time a person learns of his or her injury or should reasonably be aware of the injury, additional plaintiffs may bring lawsuits in the future, which could result in substantial damages. No assurance can be given that the insurance will be sufficient to cover all liability that might arise from such claims.

In 1996, a class action was brought against the City and the State under Title VII of the Civil Rights Act of 1964 alleging that the use by the New York City Board of Education of two teacher certification examinations mandated by the State had a disparate impact on minority candidates. The District Court dismissed the case following a bench trial. Plaintiffs appealed and, in 2006, the United States Court of Appeals for the Second Circuit reversed the District Court’s ruling, dismissed the claims against the State, and remanded for further proceedings. On remand in December 2012 the District Court decertified the class with respect to plaintiffs’ claims for monetary relief and individualized injunctive relief. The District Court, however, left open the possibility that plaintiffs’ claims for monetary relief, in the form of back pay, and individualized injunctive relief could be certified as a class during a remedies phase. The District Court found that the class survived as to plaintiffs’ claims for class-wide declaratory and injunctive relief and decided that the New York City Board of Education had not violated Title VII by reducing plaintiffs’ salaries, benefits, and seniority if they failed to pass the Core Battery exam, the earlier of the two exams at issue, which was last used by the State in 1996. The court, however, found that the City had violated Title VII by requiring plaintiffs to pass the Liberal Arts and Sciences Test (LAST), a certification examination that was once, but is no longer, being utilized by the New York State Department of Education. As of Spring 2014, the State has required an entirely new set of certification requirements, one of which is passage of the Academic Literacy Skills Test (ALST), a New York State certification examination aligned with the new Common Core curriculum. On August 29, 2013, the District Court certified an individual damages class. The number of class members is not ascertainable at this time, nor, at this time, is it possible to estimate possible class-wide damages given the highly individualized nature of each individual plaintiff’s damages claim and of New York City Department of Education’s defense of mitigation. In addition, plaintiffs are seeking to add a category of plaintiffs, day-to-day substitutes, that would increase the number of individuals seeking monetary recovery. Finally, although the current class period ends on February 14, 2004, the class could be expanded to the present. Specifically, the Court has directed the appointment of a neutral expert, whose opinion the parties will have an opportunity to address, to advise the Court as to whether the LAST administered after February 14, 2004, and possibly the ALST were properly validated as job-related. If the Court, after reviewing the neutral expert’s opinion, determines that they were not properly validated, the plaintiffs may seek to expand the damages class to include people who failed to pass those examinations. On January 28, 2013, the District Court granted the City’s motion for leave to file an interlocutory appeal from the District Court’s December 2012 decision which ruled against the City with respect to the controlling legal question of whether an employer’s compliance with a facially neutral state licensing requirement that allegedly has a disparate impact on members of a protected class may subject it to liability under Title VII. On March 19, 2013, the Second Circuit granted the City’s motion for an interlocutory appeal. By Summary Order, dated February 4, 2013, the Second Circuit affirmed the District Court’s December 2012 decision, deciding the controlling legal question against the City.

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

Section 22 of Part B of Chapter 109 of the Laws of 2010 amended an earlier unconsolidated State law to set forth a process under which the State Department of Health may recover from a social services district, including the City, the amount of a federal Medicaid disallowance or recovery that the State Commissioner of Health “determines was caused by a district’s failure to properly

administer, supervise or operate the Medicaid program.” Such a determination would require a finding that the local agency had “violated a statute, regulation or clearly articulated written policy and that such violation was a direct cause of the federal disallowance or recovery.” It is not clear whether the recovery process set out in the amendment can be applied to a federal disallowance against the State based upon a pre-existing audit; however, in the event that it does, and results in a final determination by the State Commissioner of Health against the City, such a determination could result in substantial liability for the City as a result of the audit.

A lawsuit has been brought against the City in the United States District Court for the Southern District of New York by School Safety Agents alleging violation of the federal Equal Pay Act, Title VII of the Civil Rights Act of 1964 and provisions of State law. Plaintiffs claim that School Safety Agents (who are predominantly female) earn less pay than Special Officers (who are predominantly male), although both jobs require substantially equal, skill, effort, and responsibility. The case has been certified as a class action. Although the case was commenced by three named plaintiffs in 2010, 4,900 plaintiffs subsequently opted into the lawsuit. Plaintiffs seek injunctive relief and damages. A tentative settlement has been reached in this case, subject to a fairness hearing and approval by the Court. The estimated settlement amount is \$32-35 million plus reasonable attorney’s fees to be determined by the Court. If the settlement is not approved and the City does not prevail the City’s liability could exceed \$35 million.

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. The finding of intentional discrimination was vacated on appeal in May 2013, and a trial was scheduled to begin in late March 2014. Prior to the trial, the City agreed to settle the intentional discrimination claims for injunctive relief only and agreed to pay \$98 million in economic damages to resolve the disparate impact claims. A proposed Consent Order has been submitted to the Court and a fairness hearing was held on October 1, 2014. The Court will decide whether to approve the settlement.

A lawsuit against the New York City Department of Education and other school districts throughout the State alleging that claims by the districts seeking Medicaid reimbursement for their respective Targeted Case Management programs violated the federal False Claims Act was unsealed in July 2012 and served on the City in October 2012. The Targeted Case Management program is a program that coordinates services for children with disabilities. The relators (plaintiffs) allege that the districts submitted false and fraudulent claims for reimbursement. The federal government is not participating in this action. The relators seek treble damages as well as civil penalties. By order dated March 2, 2014, all of the relators’ claims were dismissed. The relators filed a notice of appeal relating to that order on April 10, 2014. If the relators were to ultimately prevail, the City could be subject to substantial damages.

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

A personal injury lawsuit brought in 1998 alleges that a 12 year-old female suffered brain injuries as a result of the negligent actions of City emergency medical technicians. On May 28, 2014, a Bronx jury awarded plaintiffs a \$172 million judgment which would be subject to interest retroactive to the date of the verdict. The City intends to appeal the verdict.

In July 2014 disability rights advocates organizations and disabled individuals commenced a putative class action against the City in the United States District Court for the Southern District of New York. Plaintiffs allege, among other matters, that the City has

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

Con Edison has challenged the City’s method of valuation for determining assessments of certain of its properties in two separate actions. Con Edison has challenged the City’s tax assessments on its Manhattan East River plants for tax years 1994/1995 through 2013/2014 and the City’s special franchise assessment on its electric grid located in the public right of way for tax years 2009/2010 and 2013/2014. The challenges could result in substantial real property tax refunds in Fiscal Years 2015 and beyond.

In 2014, a class action seeking declaratory and injunctive relief was filed on the basis that the City’s real property tax classification system as prescribed by State law violates the Fair Housing Act, denies plaintiffs equal protection and due process rights and results in disparate, adverse and discriminatory treatment of the City’s African-American and Hispanic renters. The City believes this case has no merit.

In addition to the above claims and proceedings, numerous real estate tax *certiorari* proceedings alleging overvaluation, inequality and illegality are pending against the City. Based on historical settlement activity, and including an estimated premium for inequality of assessment, the City estimates its potential future liability for outstanding certiorari proceedings to be \$886 million and \$880 million at June 30, 2014 and 2013, respectively as reported in the government-wide financial statements.

*Landfill Closure and Postclosure Care Costs*

The City’s only active landfill after October 9, 1993 was the Fresh Kills landfill has been closed since 2002. Upon the landfill becoming inactive, the City is required by Federal and State law to close the landfill, including final cover, stormwater management, and landfill gas control, and to provide postclosure care for a minimum 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.

The liability for these activities as of June 30, 2014, which equates to the total estimated current cost, is \$1.307 billion. There are no costs remaining to be recognized. Cost estimates are based on current data including contracts awarded by the City, contract bids, and engineering studies. These estimates are subject to adjustment for inflation and to account for any changes in landfill conditions, regulatory requirements, technologies, or cost estimates. For government-wide financial statements, the liability for closure and postclosure care is based on total estimated current cost. For fund financial statements, expenditures are recognized using the modified accrual basis of accounting when the related liability is incurred and the payment is due.

Resource Conservation and Recovery Act Subtitle D Part 258, which became effective April, 1997, requires financial assurance regarding closure and postclosure care. This assurance was most recently provided, on March 20, 2014, 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, 2014, the financial assurance cost estimate for the Fresh Kills Landfill is \$1.082 billion.

The City has five inactive hazardous waste sites not covered by the EPA rule. The City has recorded the long-term liability for these postclosure care costs in the government-wide financial statements.

During Fiscal Year 2014, expenditures for landfill and inactive hazardous waste site closure and postclosure care costs totaled \$36.4 million.

The following represents the City’s total landfill and hazardous waste sites liability which is recorded in the government-wide *Statement of Net Position*:

	<u>Amount</u> <u>(in thousands)</u>
Landfill .....	\$1,307,170
Hazardous waste sites .....	159,463
Total landfill and hazardous waste sites liability .....	<u>\$1,466,633</u>

*Pollution Remediation Obligations*

The pollution remediation obligations (PROs) at June 30, 2014 and June 30, 2013 summarized by obligating event and pollution type, respectively, are as follows:

<u>Obligating Event</u>	<u>Fiscal Year 2014</u>		<u>Fiscal Year 2013</u>	
	<u>Amount</u> <u>(in thousands)</u>	<u>Percentage</u>	<u>Amount</u> <u>(in thousands)</u>	<u>Percentage</u>
Imminent endangerment .....	\$ 143	0.1%	\$ 30,190	14.0%
Violation of pollution prevention-related permit or license ..	108	0.1	3,098	1.4
Named by regulator as a potentially responsible party .....	50,344	21.1	50,996	23.5
Voluntary commencement .....	187,012	78.7	132,470	61.1
Total .....	<u>\$237,607</u>	<u>100.0%</u>	<u>\$216,754<sup>(1)</sup></u>	<u>100.0%</u>

<u>Pollution Type</u>	<u>Amount</u>		<u>Amount</u>	
	<u>(in thousands)</u>	<u>Percentage</u>	<u>(in thousands)</u>	<u>Percentage</u>
Asbestos removal .....	\$139,837	58.9%	\$118,688	54.8%
Lead paint removal .....	12,145	5.0	15,750	7.3
Soil remediation .....	32,927	13.9	30,067	13.9
Water remediation .....	50,791	21.4	50,433	23.2
Other .....	1,907	0.8	1,816	0.8
Total .....	<u>\$237,607</u>	<u>100.0%</u>	<u>\$216,754<sup>(1)</sup></u>	<u>100.0%</u>

<sup>(1)</sup> There are no expected recoveries to reduce the liability.

The PRO liability is derived from registered multi-year contracts which offsets cumulative expenditures (liquidated/unliquidated) against original encumbered contractual amounts. The potential for changes to existing PRO estimates is recognized due to such factors as: additional remediation work arising during the remediation of an existing pollution project; remediation activities may find unanticipated site conditions resulting in necessary modifications to work plans; changes in methodology during the course of a project may cause cost estimates to change, e.g., the new ambient air quality standard for lead considered a drastic change will trigger the adoption of new/revised technologies for compliance purposes; and changes in the quantity which is paid based on actual field measured quantity for unit price items measured in cubic meters, linear meters, etc. Consequently, changes to original estimates are processed as change orders. Further, regarding pollution remediation liabilities that are not yet recognized because they are not reasonably estimable, the Law Department relates that we have approximately 22 cases involving hazardous substances, including spills from above and underground storage tanks, and other condemnation on, or caused by facilities on City-owned property. There are also two cases involving environmental review and land use, and two cases involving polychlorinated biphenyls caulk in the public schools. Due to the uncertainty of the legal proceedings we cannot estimate a future liability.

On Monday, October 29, 2012, Superstorm Sandy hit the Mid-Atlantic East Coast. The storm caused widespread damage to the coastal and other low-lying areas of the City and power failures in various parts of the City, including most of downtown Manhattan. Although it is not possible for the City to quantify the full, long-term impact of the storm on the City and its economy, the current estimate of costs to the City and HHC is approximately \$5.5 billion. Of such amount, approximately \$2.2 billion represents expense funding for emergency response, debris removal and emergency protective measures, and approximately \$3.3 billion represents capital funding of long-term permanent work to restore damaged infrastructure.

The Financial Plan assumes that all of the City's costs relating to emergency services and the repair of damaged infrastructure as a result of the storm will ultimately be paid from non-City sources, primarily the federal government. On January 29, 2013, President Obama signed legislation providing for approximately \$50.5 billion in storm-related aid for the region affected by the storm. The maximum reimbursement rate from the Federal Emergency Management Agency (FEMA) is 90% of total costs. Other funding sources may have larger local share percentages. In addition to the \$5.5 billion of costs to the City and HHC described above, which the City expects to be predominately funded by FEMA, the City has received an allocation of \$805 million from the U.S. Department of Housing and Urban Development of Community Development-Disaster Recovery funding. This allocation would be available to fill gaps in such FEMA funding. No assurance can be given that the City will be reimbursed for all of its costs or that such reimbursements will be received within the time periods assumed in the Financial Plan. In addition, the City may incur costs relating to flood insurance that are not reflected in the Financial Plan, which could offset some reimbursements.

In June 2013, the City released a report that analyzed the City's climate risks and outlined certain recommendations to address those risks. The report included a first phase of recommendations with a total estimated cost of nearly \$20 billion. Such recommendations involve City and non-City assets and programs, and reflect both expense and capital funding from the City along with other sources. The report identified approximately \$10 billion to be provided through a combination of \$5.5 billion of City capital funding already included in the Ten Year Capital Strategy for City infrastructure and coastal protection and federal relief already appropriated by Congress and allocated to the City. In addition, the report expected an additional \$5 billion of funding, in part from federal support already appropriated by Congress but not yet allocated to the City. Additional costs would require increased federal or other funding and increased City capital or expense funding.

On March 2, 2010, the United States Environmental Protection Agency (EPA) listed the Gowanus Canal (the Canal), a waterway located in the City, as a federal Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). EPA considers the City a potentially responsible party (PRP) under CERCLA, based on contaminants from currently and formerly City-owned and operated properties, as well as from the City's combined sewer overflows (CSOs). EPA's 2013 Record of Decision (ROD) for the remediation requires dredging the contaminated sediment in the Canal and covering it with a cap. The ROD includes two CSO tanks in order to prevent recontamination of the Canal following implementation of the Superfund remedy. EPA estimates that the costs of the tanks will be approximately \$85 million and the overall cleanup costs (to be allocated among potentially responsible parties) will be \$506 million. The City anticipates that the actual cleanup costs could substantially exceed EPA's cost estimate. In March 2014, EPA issued a unilateral administrative order to perform the in-canal remedial design work to National Grid and approximately 30 nongovernmental PRPs. On May 28, 2014, EPA issued a unilateral administrative order requiring the City to design major components of the remedy for the Canal, including the CSO retention tanks, remediation of the First Street basin (a currently filled-in portion of the Canal), and storm water controls. On June 23, 2014, the City notified EPA of its intent to commence design of the tanks but also outlined several major legal and practical problems with the unilateral administrative order, including EPA's vast underestimate of costs, the agency's failure to identify and analyze certain control measures according to CERCLA's legally mandated and scientifically valid remedy selection process, and unreasonable deadlines for completion of the tank design.

On September 27, 2010, EPA listed Newtown Creek, the waterway on the border between Brooklyn and Queens, New York, as a Superfund site. On April 6, 2010, EPA notified the City that EPA considers the City a PRP under CERCLA for hazardous substances in Newtown Creek. In its Newtown Creek PRP notice letter, EPA identified historical City activities that filled former wetlands and low lying areas in and around Newtown Creek and releases from formerly City-owned and operated facilities, including municipal incinerators, as well as discharges from sewers and CSO outfalls, as potential sources of hazardous substances in Newtown Creek. In July, 2011, the City entered into an Administrative Settlement Agreement and Order on Consent (AOC) with EPA and five other PRPs to conduct an investigation of conditions in Newtown Creek and evaluate feasible remedies. The investigation and feasibility study is expected to take approximately seven years. Under the AOC, the City is required to establish and maintain financial security in the amount of \$25 million for the benefit of EPA in order to secure the full and final completion of the work required to be performed under the AOC by the City and the Newtown Creek Group, the group of five companies that are respondents to the AOC, in addition to the City. The City has made its demonstration of financial assurance pursuant to the Resource Conservation and Recovery Act, 40 C.F.R. § 258.74(f). This assurance was most recently provided March 2014, to the EPA in satisfaction of the AOC. The City's share will be determined in a future allocation proceeding. The settlement does not cover any remedy that may ultimately be chosen by EPA to address the contamination identified as a result of the investigation and evaluation.

Under CERCLA, a responsible party may be held responsible for monies expended for response actions at a Superfund site, including investigative, planning, removal, remedial and EPA enforcement actions. A responsible party may also be ordered by EPA to take response actions itself. Responsible parties include, among others, past or current owners or operators of a facility from which there is a release of a hazardous substance that causes the incurrence of response costs. The nature, extent, and cost of response actions at either the Canal or Newtown Creek, the contribution, if any, of discharges from the City's water and sewer system of 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 and could be material.

**6. Interfund Receivables, Payables, and Transfers**

At June 30, 2014 and 2013, City 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	2014	2013
		(in thousands)	
General Fund	Capital Projects Fund .....	\$3,104,484 <sup>(1)</sup>	\$3,082,989 <sup>(1)</sup>
	HYIC—General Fund .....	1,636	8,989
	TDC—General Fund .....	—	291
	TFA—Debt Service .....	48,641	54,690
Capital Projects Fund	TFA—Capital Projects Fund .....	99,696	156,140
	HYIC—Capital Projects Fund .....	2,702	2,346
HYDC—Capital Projects Fund	HYIC—Capital Projects Fund .....	47	204
HYIC—Debt Service Fund	HYIC—Capital Projects Fund .....	255	363
Total due from/to other funds .....		<u>\$3,257,461</u>	<u>\$3,306,012</u>

**Component Units:**

Due from/to City and Component Units:

Receivable Entity	Payable Entity	2014	2013
		(in thousands)	
City—General Fund	Component Units—HDC .....	\$1,085,778	\$1,034,038
	HHC .....	746,740	436,591
		<u>1,832,518</u>	<u>1,470,629</u>
City—Capital Projects Fund	Component Units—Water Authority . . . .	522,036	572,700
	EDC .....	111,579	118,148
		<u>633,615</u>	<u>690,848</u>
Total due from Component Units .....		<u>\$2,466,133</u>	<u>\$2,161,477</u>
Component Unit—Water Board	City—General Fund .....	\$ 23,414	\$ 152,879
Total due to Component Units .....		<u>\$ 23,414</u>	<u>\$ 152,879</u>

<sup>(1)</sup> Net of eliminations within the same fund type.

Note: During Fiscal Years 2014 and 2013, the Capital Projects Fund reimbursed the General Fund for expenditures made on its behalf.

**Governmental activities:**

Interfund transfers<sup>(1)</sup>

	Fiscal Year 2014					Total
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	
Transfer from (to):						
General Fund	\$ —	\$ —	\$ 1,483,355	\$ 1,717,760	\$ —	\$ 3,201,115
General Debt Services Fund	(1,483,355)	—	—	6,220	—	(1,477,135)
Capital Projects Fund	—	—	—	(3,518,579)	—	(3,518,579)
Nonmajor Debt Service Funds	(3,359,071)	—	(6,220)	(40,040)	1,641,311	(1,764,020)
Nonmajor Capital Projects Funds	—	3,518,579	—	4,020	—	3,522,599
Nonmajor Special Revenue Funds	—	—	—	36,020	—	36,020
Total	<u>\$ (4,842,426)</u>	<u>\$ 3,518,579</u>	<u>\$ 1,477,135</u>	<u>\$ (1,794,599)</u>	<u>\$ 1,641,311</u>	<u>\$ —</u>

	Fiscal Year 2013					Total
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	
Transfer from (to):						
General Fund	\$ —	\$ —	\$ 5,055,535	\$ 147,684	\$ —	\$ 5,203,219
General Debt Service Fund	(5,055,535)	—	—	5,751	—	(5,049,784)
Capital Projects Fund	—	—	—	(3,895,842)	—	(3,895,842)
Nonmajor Debt Service Funds	(1,154,135)	—	(5,751)	(108,988)	1,006,451	(262,423)
Nonmajor Capital Projects Funds	—	3,895,842	—	5,645	—	3,901,487
Nonmajor Special Revenue Funds	—	—	—	103,343	—	103,343
Total	<u>\$ (6,209,670)</u>	<u>\$ 3,895,842</u>	<u>\$ 5,049,784</u>	<u>\$ (3,742,407)</u>	<u>\$ 1,006,451</u>	<u>\$ —</u>

(1) Transfers are used to: (i) move unrestricted General Fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as aid or matching funds for grant programs, (ii) move restricted amounts borrowed by authorized fund or component unit to finance Capital Projects Fund expenditures, (iii) move unrestricted surplus revenue from the General Fund to finance Capital Projects Fund expenditures and prepay debt service coming due in the next fiscal year, and (iv) move revenue from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due.

In the Fiscal Year ended June 30, 2014, the City made the following one-time transfer: A transfer from the General Fund of an unrestricted grant of \$1,362 million on June 26, 2014 to TFA. These funds were used to fund debt service requirements for future tax secured debt during the Fiscal Year ending June 30, 2015. In the Fiscal Year ended June 30, 2013, there were no transfers.

## 7. Superstorm Sandy

### *Government Assistance*

On October 29, 2012, Superstorm Sandy (Sandy) made landfall in the City. The storm surge and high winds caused significant damage in the City, as well as other states and cities along the U.S. eastern seaboard. The City incurred costs for emergency response and storm related damages to, and destruction of, City buildings and other assets. As of June 30, 2014, the estimated value of damages and recovery costs was approximately \$5.5 billion—this includes \$3.3 billion for capital construction and \$2.2 billion for cleanup, relief, and repairs.

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

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

Approximately \$532 million in emergency and recovery spending had been obligated for reimbursement by FEMA as of June 30, 2014, the remainder of eligible reimbursement will be obligated going forward. To the extent that eligible Sandy related costs were incurred as of June 30, 2014, the FEMA reimbursement has been received or accrued as receivable in Fiscal Year 2014.

### *Capital Asset Impairment*

The damage caused by Sandy had a major impact on the City's Capital Assets, including buildings, equipment, and infrastructure. In accordance with GASB No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the City recognized a net impairment loss of \$182 million in Fiscal Year 2013. This amount was recorded as part of the disposals of capital assets during the Fiscal Year. The City is self-insured with respect to risk. The loss was recognized net of insurance recoveries of city assets used by other entities, of \$3.2 million that were either realized or realizable. The City will continue to recognize insurance proceeds for Sandy-related losses in future periods if and when they become recognizable.

See details below:

<u>Function</u>	<u>Asset Type</u>			<u>Total Loss from Impairment by Function</u>
	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	
		(in thousands)		
General government . . . . .	\$ 4,936	\$ 1	\$ 5,796	\$ 10,733
Public safety and judicial . . . . .	2,973	995	—	3,968
Education . . . . .	30,777	—	—	30,777
Social services . . . . .	384	—	—	384
Environmental protection . . . . .	4,351	—	—	4,351
Transportation services . . . . .	7,142	403	106,653	114,198
Parks, recreation and cultural activities . . . . .	3,319	19	10,135	13,473
Libraries . . . . .	3,507	698	—	4,205
Total loss from impairment by asset type . . . . .	<u>\$57,389</u>	<u>\$2,116</u>	<u>\$122,584</u>	<u>\$182,089</u>

**E. OTHER INFORMATION****1. Audit Responsibility**

In Fiscal Years 2014 and 2013, respectively, the separately administered organizations included in the financial statements of the City audited by auditors other than Deloitte & Touche LLP are TSASC, Inc., New York City School Construction Authority, New York City Health and Hospitals Corporation, New York City Housing Development Corporation, New York City Industrial Development Agency, New York City Economic Development Corporation, Business Relocation Assistance Corporation, Brooklyn Navy Yard Development Corporation, Deferred Compensation Plan, WTC Captive Insurance Company, Inc., New York City Educational Construction Fund, Sales Tax Asset Receivable Corporation, Fiscal Year 2005 Securitization Corporation, NYCTL Trusts, New York City Housing Authority, Hudson Yards Infrastructure Corporation, Hudson Yards Development Corporation, Brooklyn Bridge Park Corporation, The Trust for Governors Island, Build NYC, and the New York City Land Development Corporation.

	Government-wide				Fund-based			
	Governmental Activities		Component Units		Nonmajor Governmental Funds		Fiduciary Funds	
	2014	2013	2014	2013	2014	2013	2014	2013
Total assets . . . . .	3%	3%	50%	50%	42%	50%	6%	8%
Revenues, other financing sources and net position held in trust . . . .	4%	3%	77%	77%	62%	69%	8%	10%

**2. Subsequent Events**

The following events occurred subsequent to June 30, 2014:

*Long-Term Financing*

- City Debt:* On September 4, 2014, the City of New York issued \$980,000,000 of Fiscal 2015 Series AB General Obligation bonds for refunding purposes.
- City Swap Portfolio:* On August 1, 2014, the City's \$25,000,000 swap with Morgan Stanley Capital Services LLC matured. Also on August 1, 2014 the City's \$2,375,000 swap with UBS AG matured.
- TFA Debt:* On August 1, 2014, the New York City Transitional Finance Authority issued \$1,000,000,000 of Fiscal 2015 Series A Future Tax Secured bonds for capital purposes.
- STAR Corporation Debt:* On October 15, 2014 the Sales Tax Asset Receivable Corporation issued \$2,035,330,000 of Fiscal 2015 Series A Sales Tax Asset Revenue Bonds. The proceeds from the bonds will be used to provide for the payment of the principal, interest and redemption premium, if any, of certain Future Tax Secured Bonds of the New York City Transitional Finance Authority.
- NYCTLT 2014-A Debt:* On August 6, 2014, NYCTLT 2014-A issued \$95,479,000 of Tax Lien Collateralized Bonds, Series 2014-A to fund the purchase of certain liens from the City.

**3. Other Employee Benefit Trust Funds***Deferred Compensation Plans For Employees of The City of New York and Related Agencies and Instrumentalities (DCP) and the New York City Employee Individual Retirement Account (NYCE IRA)*

DCP offers employees of The City of New York and Related Agencies and Instrumentalities two defined contribution plans in accordance with Internal Revenue Code Sections 457 and 401(k). DCP permits employees to defer a portion of their salary on either a pre-tax (traditional) or after-tax (Roth) basis until future years. Funds may not be withdrawn until termination, retirement, death, Board-approved unforeseen emergency or hardship (as defined by the Internal Revenue Code) or, if still working for the City, upon attainment of age 70 ½ in the 457 Plan or upon age 59 ½ for the 401(k). A 401(a) defined contribution plan is available to certain employees of the Lieutenant's Benevolent Association and the Captains Endowment Association of The City of New York Police Department.

The NYCE IRA is a deemed Individual Retirement Account (IRA) in accordance with Internal Revenue Code Section 408(q) and is available as both a traditional and Roth IRA to those employees eligible to participate in the 457 Plan and 401(k) Plan and their spouses along with former employees and their spouses. Funds may be withdrawn from the NYCE IRA at any time, subject to an early withdrawal penalty.

Amounts maintained under a deferred compensation plan and an IRA by a state or local government are held in trusts (or in a custodial accounts) for the exclusive benefit of participants and their beneficiaries. The DCP plans and IRA are presented together as an Other Employee Benefit Trust Fund in the City's financial statements.

Participants in DCP or NYCE IRA can choose among seven investment options, or one of twelve pre-arranged portfolios consisting of varying percentages of those investment options. Participants can also invest a portion of their assets in a self-directed brokerage option.

*The New York City Other Postemployment Benefits Plan (OPEB Plan)*

The OPEB Plan is a fiduciary component unit of the City and is composed of: (1) the New York City Retiree Health Benefits Trust (RHBT) which is used to receive, hold, and disburse assets accumulated to pay for some of the OPEB provided by the City to its retired employees, and (2) OPEB paid for directly by the City out of its general resources rather than through RHBT. RHBT was established for the exclusive benefit of the City's retired employees and their eligible spouses and dependents, to fund some of the OPEB provided in accordance with the City's various collective bargaining agreements and the City's Administrative Code. Amounts contributed to RHBT by the City are held in an irrevocable trust and are irrevocable and may not be used for any other purpose than to fund the costs of health and welfare benefits of its eligible persons participants. Consequently, the OPEB Plan is presented as an Other Employee Benefit Trust Fund in the City's financial statements. The separate annual financial statements of the OPEB Plan are available at: Office of the Comptroller, Bureau of Accountancy—Room 200 South, 1 Centre Street, New York, New York 10007, or at [www.comptroller.nyc.gov](http://www.comptroller.nyc.gov).

*Summary of Significant Accounting Policies:*

*Basis of Accounting.* The measurement focus of the OPEB Plan is on the flow of economic resources. This focus emphasizes the determination of changes in the OPEB Plan's net position. With this measurement focus, all assets and liabilities associated with the operation of this fiduciary fund are included on the *Statement of Fiduciary Net Position*. This fund uses the accrual basis of accounting whereby contributions from the employer are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

*Method Used to Value Investments.* Investments are reported on the *Statement of Fiduciary Net Position* at fair value based on quoted market prices.

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

#### **4. Other Postemployment Benefits**

*Program Description.* The New York City Retiree Health Benefits Program (Program) is a single-employer defined benefit healthcare plan funded by the OPEB Plan, an Other Employee Benefit Trust Fund of the City, which provides OPEB to eligible retirees and beneficiaries. OPEB includes: health insurance, Medicare Part B Premium reimbursements and welfare fund contributions. The OPEB Plan issues a publicly available financial report that includes financial statements and RSI for funding 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, or at [www.comptroller.nyc.gov](http://www.comptroller.nyc.gov).

*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 eligible retirees and dependents. For the fiscal year ended June 30, 2014, the City paid \$3.1 billion on behalf of the Program. Based on current practice (the Substantive Plan, which is derived from ACNY), the City pays the full cost of basic coverage for non-Medicare-eligible/Medicare-eligible retiree participants. The costs of these benchmark plans are reflected in the actuarial valuations by using age and gender adjusted premium amounts. Program retiree participants who opt for other basic or enhanced coverage must contribute 100% of the incremental costs above the premiums for the benchmark

plans. The City also reimburses covered employees 100% of the Medicare Part B Premium rate applicable to a given year and there is no retiree contribution to the Welfare Funds. The City pays per capita contributions to the Welfare Funds, the amounts of which are based on negotiated contract provisions.

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount that was actuarially determined by using the Entry Age Actuarial Cost Method (one of the actuarial cost methods in accordance with the parameters of GASB No. 45). The method is unchanged from the actuarial cost method used in the prior OPEB actuarial valuation.

Under this method, as used in the June 30, 2013 OPEB actuarial valuation, the Actuarial Present Value (APV) of Benefits (APVB) of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The employer portion of this APVB allocated to a valuation year is the Employer Normal Cost. The portion of this APVB not provided for at a valuation date by the APV of Future Employer Normal Costs is the Actuarial Accrued Liability (AAL).

The excess, of the AAL over the Actuarial Asset Value (AAV) is the Unfunded Actuarial Accrued Liability (UAAL). Under this method, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized. Increases (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.

The following table shows the elements of the City's annual OPEB cost for the year, the amount actually paid on behalf of the Program, and changes in the City's net OPEB obligation to the Program for the Fiscal Year ended June 30, 2014:

	<u>Amount</u>
	<u>(in thousands)</u>
Annual required contribution . . . . .	\$ 92,599,897
Interest on net OPEB obligation . . . . .	3,700,854
Adjustment to annual required contribution . .	<u>(96,222,200)<sup>(1)</sup></u>
Annual OPEB cost (expense) . . . . .	78,551
Payments made . . . . .	<u>3,114,775</u>
Increase in net OPEB obligation . . . . .	(3,036,224)
Net OPEB obligation-beginning of year . . . .	<u>92,521,346</u>
Net OPEB obligation-end of year . . . . .	<u>\$ 89,485,122</u>

<sup>(1)</sup> This adjustment is the amount of past contribution deficiencies included in the annual required contribution. It is made in accordance with the GASB standards to avoid the amount being double counted.

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, 2014, 2013, 2012, 2011, 2010 and 2009 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 except %)		
6/30/2014	\$ 78,551	3,965.3%	\$89,485,122
6/30/2013	5,542,845	21.6	92,521,346
6/30/2012	5,707,001	25.2	88,174,139
6/30/2011	10,494,993	15.0	83,906,953
6/30/2010	11,021,425	14.3	74,984,832
6/30/2009	3,937,583	42.8	65,544,361

*Funded Status and Funding Progress.* As of June 30, 2013, the most recent actuarial valuation date, the funded status was 1.9%. The actuarial accrued liability for benefits was \$71.3 billion, and the actuarial value of assets was \$1.4 billion, resulting in an unfunded actuarial accrued liability (UAAL) of \$69.9 billion. The covered payroll (annual payroll of active employees covered) was \$20.3 billion, and the ratio of the UAAL to the covered payroll was 345.5%. 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 for the New York City Other Postemployment Benefits Plan*, shown in the RSI section, Schedule D, immediately following the Notes to Financial Statements disclosures required by GASB No. 43 for the OPEB Plan reporting, presents GASB No. 45 results of OPEB valuations as of June 30, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006 and the schedule provides an eight year information trend about whether the actuarial values of the OPEB 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, 2013 and 2012 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 (TRS); (iii) New York City Board of Education Retirement System (BERS); (iv) New York City Police Pension Funds (POLICE); and (v) New York City Fire Pension Funds (FIRE). The OPEB actuarial valuations incorporate only the use of certain NYCRS demographic and salary increase assumptions. The NYCRS demographic and salary scale assumptions are unchanged from the prior OPEB actuarial valuation. For purposes of determining pension obligations, the demographic and salary scale assumptions requiring NYCRS Board approval (available on the website of the Office of the Actuary at [www.nyc.gov/actuary](http://www.nyc.gov/actuary)) were adopted by each respective Board of Trustees during fiscal year 2012 (the Silver Books). Chapter 3 of the Laws of 2013 enacted those actuarial assumptions and methods that require New York State Legislation.

The OPEB-specific actuarial assumptions used in the June 30, 2013 OPEB actuarial valuation of the Plan are as follows:

Valuation Date . . . . .	June 30, 2013.
Discount Rate . . . . .	4.0% per annum. <sup>(1)</sup>
Actuarial Cost Method . . . . .	Entry Age calculated on an individual basis with the Actuarial Value of Projected Benefits allocated on a level basis over earnings from hire through age of exit.
Per-Capita Claims Costs . . . . .	HIP HMO and GHI/EBCBS benefit costs reflect age adjusted premiums. Age adjustments based on assumed age distribution of covered population used for non-Medicare retirees and HIP HMO Medicare retirees.  Age adjustment based on actual age distribution of the GHI/EBCBS Medicare covered population.  Insured premiums without age adjustment for other coverage. Premiums assumed to include administrative costs.

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

Employer premium contribution schedules for the month of July 2013 and January 2014 were reported by the 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 2014 premium rate was different than the July 2013 premium rate, the valuation assumed that the January 2014 rate was more representative of the long-range cost of the arrangement.

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

Plan	Monthly Rates	
	FY '14 <sup>(1)</sup>	FY '13 <sup>(2)</sup>
<b>HIP HMO</b>		
Non-Medicare Single	\$ 579.04	\$ 550.50
Non-Medicare Family	1,418.66	1,348.75
Medicare	149.42	140.37
<b>GHI/EBCBS</b>		
Non-Medicare Single	459.63	459.68
Non-Medicare Family	1,194.24	1,194.29
Medicare	159.69	159.69
<b>Others</b>		
Non-Medicare Single	579.04	550.50
Non-Medicare Family	1,418.66	1,348.75
Medicare	159.69	159.69

<sup>(1)</sup> Used in June 30, 2013 OPEB actuarial valuation.

<sup>(2)</sup> Used in June 30, 2012 OPEB 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 1.64% for Fiscal Year 2013 and 2.33% for Fiscal Year 2012, approximating overall recent growth of Welfare Fund contributions.

For the June 30, 2013 and the June 30, 2012 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 Ninth Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program dated September 24, 2014, for Fiscal Year 2014 used for current retirees.

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

	Annual Rate	
	FY'14	FY'13
NYCERS	\$1,700	\$1,703
TRS	1,754	1,762
BERS	1,683	1,690
POLICE	1,620	1,638
FIRE	1,712	1,720

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

Contributions were assumed to increase by Medicare Plans trend rates.

For Welfare Fund contribution amounts reflected in the June 30, 2012 OPEB actuarial valuation for current retirees, see the Eighth Annual OPEB Report.

Medicare Part B Premiums . . . . .	<u>Calendar Year</u>	<u>Monthly Premium</u>
	2012	\$ 99.90
	2013	104.90
	2014	104.90*

\* Reflected only in June 30, 2013 OPEB actuarial valuation.

2014 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 2014. The actual 2015 Medicare Part B Premium was not announced at the time these calculations were prepared and, thus, was not reflected in the valuation.

For the June 30, 2012 OPEB actuarial valuation (i.e., Fiscal Year 2013), the annual premium used (i.e., \$1,228.80) equals 6 months of the Calendar Year 2012 premium plus 6 months of the Calendar Year 2013 premium.

For the June 30, 2013 OPEB actuarial valuation (i.e., Fiscal Year 2014), the annual premium used (i.e., \$1,258.80) equals 6 months of the Calendar Year 2013 premium (i.e., \$104.90) plus 6 months of the Calendar Year 2014 premium (i.e., \$104.90).

Future Calendar Year Medicare Part B premium rates are projected from the Calendar Year 2014 rate of \$104.90 using the assumed Medicare Part B Premium trend.

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

<u>Fiscal Year</u>	<u>Income-related Medicare Part B Increase</u>	
	<u>June 30, 2013 Valuation</u>	<u>June 30, 2012 Valuation</u>
2013	NA	3.6%
2014	3.7%	3.7
2015	3.8	3.8
2016	3.9	3.9
2017 and Later	Increasing by .1% per year to a maximum of 5.0%	Increasing by .1% per year to a maximum of 5.0%

Medicare Part B Premium

Reimbursement Assumption . . . . . For the June 30, 2013 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 the last valuation). For purposes of measuring entry age calculations, actual historic plan increases are reflected to the extent known, with further historic trend rates based on the trend assumed for Fiscal Year 2014 (initial trend).

HCCTR Assumptions			
Fiscal Year Ending June 30, <sup>(1)</sup>	Pre-Medicare Plans	Medicare Plans	Medicare Part B Premiums
2014 <sup>(2)</sup>	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

<sup>(1)</sup> Fiscal Year for Pre-Medicare Plans and Medicare Plans and Calendar Year for Medicare Part B Premiums.

<sup>(2)</sup> For the June 30, 2013 OPEB actuarial valuation, rates shown for 2014 were not reflected, since actual values for the Fiscal Year 2014 per capita costs, Fiscal Year 2014 Welfare Fund contributions, and Calendar Year 2014 Medicare Part B Premium amounts were used.

Age- and Gender-Related Morbidity . . . . . The premiums are age adjusted for HIP HMO and GHI/EBCBS participants. Beginning with June 30, 2012 OPEB actuarial valuation, the premiums are also adjusted for gender.

Beginning with the June 30, 2012 OPEB actuarial valuation, the assumed relative costs of coverage are consistent with information presented in *Health Care Costs—From Birth to Death*, prepared by Dale H. Yamamoto<sup>(3)</sup> (“Yamamoto Study”).

<sup>(3)</sup> [http://www.healthcostinstitute.org/files /Age-Curve-Study\\_0.pdf](http://www.healthcostinstitute.org/files /Age-Curve-Study_0.pdf). Retrieved July 15, 2013. The Study was sponsored by the Society of Actuaries and is part of the Health Care Cost Institute’s Independent Report Series.

For non-Medicare costs, relative factors were based on graduated 2010 PPO/POS data as presented in Chart 28 of the Yamamoto Study. The resultant relative factors, normalized to the male age 65 rate, used for non-Medicare costs (unchanged from the previous OPEB actuarial valuation) are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.170	0.225	43	0.325	0.480
21	0.157	0.227	44	0.340	0.487
22	0.147	0.236	45	0.355	0.495
23	0.143	0.252	46	0.372	0.505
24	0.143	0.274	47	0.391	0.519
25	0.146	0.301	48	0.412	0.536
26	0.151	0.329	49	0.437	0.556
27	0.157	0.357	50	0.463	0.576
28	0.165	0.384	51	0.491	0.597
29	0.173	0.408	52	0.519	0.616
30	0.181	0.428	53	0.547	0.635
31	0.190	0.444	54	0.577	0.653
32	0.199	0.456	55	0.608	0.671
33	0.208	0.463	56	0.641	0.690
34	0.217	0.466	57	0.676	0.710
35	0.227	0.466	58	0.711	0.732
36	0.237	0.465	59	0.747	0.756
37	0.249	0.464	60	0.783	0.783
38	0.261	0.464	61	0.822	0.813
39	0.274	0.465	62	0.864	0.846
40	0.286	0.467	63	0.909	0.881
41	0.299	0.471	64	0.957	0.917
42	0.312	0.475			

Costs for children were assumed to represent a relative factor of .229.

For Medicare costs, relative factors based on the Yamamoto Study for net Medicare costs for 2010 for inpatient, outpatient and professional costs were blended. Prescription drug costs were not reflected, as NYCHBP excludes most drugs from coverage. Professional costs were weighted at 64%, based on the GHI portion of the combined GHI/EBCBS premiums reported historically. Inpatient costs were weighted as twice as prevalent as outpatient costs based on the relative allocation suggested in the Yamamoto Study. Costs prior to age 65 were approximated using the non-Medicare data, but assuming that individuals under age 65 on Medicare had an additional disability-related morbidity factor. The resultant Medicare relative factors are as follows:

<u>Age</u>	<u>Males</u>	<u>Females</u>	<u>Age</u>	<u>Males</u>	<u>Females</u>
20	0.323	0.422	60	1.493	1.470
21	0.297	0.426	61	1.567	1.526
22	0.280	0.443	62	1.646	1.588
23	0.272	0.474	63	1.731	1.653
24	0.272	0.516	64	1.822	1.721
25	0.278	0.565	65	0.919	0.867
26	0.288	0.618	66	0.917	0.864
27	0.300	0.671	67	0.918	0.864
28	0.314	0.721	68	0.924	0.867
29	0.329	0.766	69	0.933	0.875
30	0.346	0.804	70	0.946	0.885
31	0.363	0.834	71	0.961	0.898
32	0.380	0.856	72	0.978	0.911
33	0.397	0.869	73	0.996	0.925
34	0.414	0.875	74	1.013	0.939
35	0.432	0.876	75	1.032	0.953
36	0.452	0.874	76	1.049	0.967
37	0.474	0.872	77	1.067	0.982
38	0.497	0.871	78	1.085	0.996
39	0.521	0.873	79	1.103	1.012
40	0.545	0.878	80	1.122	1.029
41	0.569	0.885	81	1.141	1.047
42	0.594	0.893	82	1.161	1.065
43	0.620	0.902	83	1.180	1.083
44	0.647	0.914	84	1.199	1.100
45	0.676	0.929	85	1.217	1.116
46	0.708	0.949	86	1.234	1.130
47	0.744	0.975	87	1.250	1.143
48	0.785	1.007	88	1.264	1.155
49	0.832	1.043	89	1.277	1.164
50	0.883	1.082	90	1.287	1.169
51	0.935	1.120	91	1.295	1.171
52	0.988	1.156	92	1.301	1.167
53	1.042	1.191	93	1.305	1.156
54	1.099	1.225	94	1.306	1.139
55	1.159	1.260	95	1.304	1.113
56	1.222	1.295	96	1.299	1.077
57	1.288	1.333	97	1.292	1.033
58	1.355	1.374	98	1.281	0.978
59	1.423	1.419	99+	1.281	0.978

Beginning with the June 30, 2012 OPEB actuarial valuation, the age and gender distribution of non-Medicare eligible participants in the plans were based on the following assumed distribution table, assuming a total of 2,354 single contracts and 2,492 family contracts.

Age Range	Membership Used for Valuation	
	Male	Female
00-00	64	64
01-01	67	67
02-04	210	210
05-09	373	373
10-14	403	403
15-19	388	371
20-24	310	323
25-29	338	357
30-34	431	447
35-39	481	499
40-44	495	530
45-49	446	486
50-54	392	422
55-59	271	272
60-64	173	166
65+	89	76

For the June 30, 2012, and June 30, 2013 OPEB actuarial valuations, an actual age and gender distribution based on reported census information was used for Medicare-eligible GHI/EBCBS retirees and dependents. For the June 30, 2012, and June 30, 2013 OPEB actuarial valuations, the Medicare participants in the HIP Medicare Advantage arrangement were assumed to have the same age and gender distribution as the data underlying the Yamamoto Study.

For the June 30, 2012 OPEB actuarial valuation, the age adjustment for the non-Medicare GHI/EBCBS premium reflects a 5% reduction in the GHI portion of the premium and a 3% reduction in the EBCBS portion of the premium for the estimated margin anticipated to be returned. For the June 30, 2012 OPEB actuarial valuation, separate GHI and EBCBS components to the rate were not provided. The GHI component was estimated to represent 48% of the combined premium based on historic information.

No adjustment was assumed for margin for the June 30, 2013 valuation.

Medicare Advantage Adjustment Factors . . . The age adjusted premiums for HIP HMO Medicare-eligible retirees were multiplied by the following factors to reflect actual Calendar Year 2014 premiums and future anticipated changes in Medicare Advantage reimbursement rates. As of June 30, 2009, the factors had been updated to reflect that Medicare Advantage reimbursement rates are expected to be significantly reduced over the next several years. The reductions in the reimbursement rates were part of the NHCR legislation and are likely to be most significant in areas where medical costs are greater, such as New York City. In developing the adjustment factors for the June 30, 2013 and the June 30, 2012 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, 2012 are shown for comparative purposes.

<u>Fiscal Year</u>	<u>Factor*</u>	
	<u>6/30/13 Valuation</u>	<u>6/30/12 Valuation</u>
2014	1.00%	1.03%
2015	1.03	1.08
2016	1.04	1.11
Thereafter	1.04	1.11

\* Includes anticipated impact of National Health Care Reform

Medicare ..... Medicare is assumed to be the primary payer over age 65 and for retirees currently on Medicare. For future disability retirements, Medicare is assumed to start 2.5 years after retirement in the June 30 OPEB actuarial valuations for the following portion of retirees:

	<u>Valuation as of June 30</u>	
	<u>2013</u>	<u>2012</u>
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:

<u>Benefits</u>	<u>PLAN PARTICIPATION ASSUMPTIONS</u>				
	<u>June 30, 2013 and June 30, 2012 Valuations</u>				
	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>
<u>Pre-Medicare</u>					
-GHI/EBCBS	65%	83%	73%	76%	71%
-HIP HMO	22	6	16	13	16
-Other HMO	8	4	3	9	12
-Waiver	5	7	8	2	1
<u>Medicare</u>					
-GHI	72	87	78	82	77
-HIP HMO	21	9	16	12	16
-Other HMO	4	2	2	4	6
-Waiver	3	2	4	2	1
<u>Post-Medicare Migration</u>					
-Other HMO to GHI	50	0	33	50	50
-HIP HMO to GHI	0	0	0	0	0
-Pre-Med. Waiver					
** To GHI @ 65	13	35	50	0	0
** To HIP @ 65	13	35	0	0	0

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

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

- I. Lifetime coverage is provided to the surviving spouse or domestic partner and to children (coverage to age 26 based on legislative mandates under National Health Care Reform) of uniformed members of the Police or Fire Departments who die in the Line of Duty.
- II. Effective November 13, 2001, other surviving spouses of retired uniformed members of the Police and Fire Departments may elect to continue coverage for life by paying 102% of stated premium.
- III. Effective August 31, 2010 surviving spouses of retired uniformed members of the Departments of Correction and Sanitation may elect to continue coverage for life by paying 102% of stated premium.

For survivors of POLICE and FIRE who die other than in the Line of Duty (assumed to be all who terminate with Accidental Death Benefits), and for all survivors of uniformed members of the Departments of Correction and Sanitation, the valuation assumes that 30% of spouses eligible for survivor continuation will elect the benefit, with costs equal to 30% greater than the age-adjusted premiums for surviving spouses for HIP HMO and GHI/EBCBS participants.

Beginning with the June 30, 2010 OPEB actuarial valuation, the valuation includes an estimate of the value of benefits provided to existing survivors of POLICE and FIRE retirees who died other than in the Line of Duty, who qualified for lifetime continuation coverage prior to the valuation date, based on the assumptions outlined above. Beginning with the June 30, 2012 OPEB actuarial valuation, the valuation includes an estimate of the value of benefits provided to existing survivors of retired uniformed members of the Departments of Correction and Sanitation who qualified for lifetime continuation coverage prior to the valuation date, based on the assumptions outlined above.

The valuation includes the entire cost of additional surviving spouse benefits for basic coverage and Medicare Part B Premium reimbursement for Line of Duty survivors, although the OA understands that some of this amount may be reimbursed through Welfare Funds.

Dependents . . . . . Dependent assumptions based on distribution of coverage of recent retirees are shown in the following table. Actual spouse data for current retirees. Child dependents of current retirees are assumed to receive coverage until age 26.

Beginning with the June 30, 2012 valuation, based on experience under the Plan, for NYCERS, TRS and BERS employees, male retirees were assumed to be four (4) years older than their wives, and female retirees were assumed to be two (2) years younger than their husbands; for POLICE and FIRE employees, husbands are assumed to be two (2) years older than their wives. For employees eligible to retire based only on service, any children were assumed to be covered for an additional five (5) years.

Group	Dependent Coverage Assumptions				
	June 30, 2013 and June 30, 2012 Valuations				
	NYCERS	TRS	BERS	POLICE	FIRE
<u>Male</u>					
-Single Coverage	30%	45%	35%	15%	10%
-Spouse	40	35	55	15	20
-Child/No Spouse	5	5	2	5	5
-Spouse and Child	25	15	8	65	65
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>Female</u>					
-Single Coverage	70%	60%	60%	45%	10%
-Spouse	20	32	35	10	20
-Child/No Spouse	5	3	2	25	5
-Spouse and Child	5	5	3	20	65
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

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

Demographic Assumptions . . . . . The same assumptions that were used to value the pension benefits of the NYCERS for determining employer contributions for fiscal years beginning 2012 adopted by the Boards of Trustees (see the Silver Books).

For assumptions used in the June 30, 2012 OPEB actuarial valuation, see the Eighth Annual OPEB Report.

COBRA Benefits . . . . . Although COBRA beneficiaries pay 102% of “premiums,” typical claim costs for COBRA participants run about 50% greater than other participants.

There is no cost to the City for COBRA beneficiaries who enroll in community-rated HMOs, 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, 2013 OPEB actuarial valuation of a lump-sum COBRA cost of \$800 for terminations during Fiscal Year 2014 (\$800 lump-sum cost during Fiscal Year 2013 was assumed in the June 30, 2012 OPEB actuarial valuation). The \$800 lump-sum amount is increased by the Pre-Medicare HCCTR for future years but is not adjusted for age-related morbidity.

Cadillac Tax . . . . . Beginning with the June 30, 2012, the OPEB actuarial valuation includes an explicit calculation of the high cost plan excise tax (“Cadillac Tax”) that will be imposed beginning in 2018 under NHCR.

The tax is 40% of the excess of (a) over (b) where (a) is the cost of medical coverage, and (b) is the statutory limits (\$10,200 for single coverage and \$27,500 for family coverage), adjusted for the following:

- The limit will first be increased by the excess of accumulated trend for the period from 2010 through 2018 over 55% (reflecting the adjustment for excess trend on the standard Federal Blue Cross/Blue Shield option). The calculation reflects actual trend on the standard Federal Blue Cross/Blue Shield option for 2010 through 2014. Trend was estimated using the Pre-Medicare trend for the period from 2014 through 2018 and actual Federal Blue Cross/Blue Shield trend for the period 2010-2014.
- For Pre-Medicare retirees above the age of 55, the limit will be further increased by \$1,650 for single coverage; \$3,450 for family coverage.
- For 2019, the 2018 limit was increased by CPI + 1% (e.g. 3.5%). For each year after 2019, the limit is further increased by CPI (2.5%).

The impact of the Cadillac Tax for the Program benefits is calculated based on the following assumptions about the cost of medical coverage:

- Benefit costs were based on pre-Medicare and Medicare plan premiums as stated, without adjustment for age.
- For Medicare participants, the cost of reimbursing the Medicare Part B premium was reflected based on average cost assumed in the valuation, including IRMAA.
- The cost for each benefit option (GHI, HIP, or other HMO, combined with Medicare Part B premium reimbursement, if applicable) was separately compared to the applicable limit.
- The additional Cadillac Tax due to the riders or optional benefit arrangements is assumed to be reflected in the contribution required for the rider or optional benefit.
- The additional Cadillac Tax due to amounts provided by Welfare Fund benefits is assumed to be absorbed by the Welfare Fund or by lower net Welfare Fund contribution amounts.
- There is no assumption of additional amounts required from the various benefit administrators due to the fact that the Cadillac Tax is not deductible to tax-paying entities. Instead, it is assumed that by 2018, financial arrangements are structured such that the tax exempt status of the City results in no need to gross up the cost of the Cadillac Tax for additional taxes.
- The additional amount for pre-Medicare retirees above age 55 is available to Medicare retirees or retirees who are younger than age 55 for plans sponsored by an employer where the majority of employees are engaged in high-risk professions including law enforcement officers and firefighters. It has been assumed that the majority of the employees of the City are not engaged in such professions and have not extended the adjustment to these additional ages.

In cases where the City provides only a portion of the OPEB benefits which give rise to the Cadillac Tax, the calculated Cadillac Tax is allocated to the appropriate paying entity in proportion to the OPEB liabilities for relevant OPEB benefits.

In the prior OPEB actuarial valuations, a load was applied to all Pre-Medicare, Medicare and Medicare Part B Premium liabilities to estimate the impact of the Cadillac Tax.

Active/Inactives Liabilities . . . . .	Beginning with the June 30, 2010 OPEB actuarial valuation, it was assumed that the liability for the Active/Inactive members (generally non-vested individuals who remain members of a NYCERS but are not on payroll as of the valuation date) should be 40% of the measured liability of the Active/Inactive population. This is roughly equivalent to assuming that 60% of the Active/Inactive members will terminate membership prior to vesting and not receive OPEB. Beginning with the June 30, 2012 OPEB actuarial valuation, the Entry Age Actuarial Accrued Liability is assumed to include the 40% of the measured present value of projected benefits.
Stabilization Fund . . . . .	A .7% load is applied on all City GASB No. 45 obligations (unchanged). 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 GASB No. 45 obligations for ECF are shown in Appendix E of the Report on the Ninth Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program (Report) dated September 24, 2014. The Report is available at the Office of the Comptroller, Bureau of Accountancy - Room 200 South, 1 Centre Street, New York, New York 10007 and on the website of the New York City Office of the Actuary, or at <a href="http://www.nyc.gov/html/actuary">http://www.nyc.gov/html/actuary</a> .
CUNY TIAA . . . . .	The actuarial assumptions used for determining obligations for CUNY TIAA are shown in Appendix F of the Report on the Ninth Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program (Report) dated September 24, 2014. The Report is available at the Office of the Comptroller, Bureau of Accountancy - Room 200 South, 1 Centre Street, New York, New York 10007 and on the website of the New York City Office of the Actuary, or at <a href="http://www.nyc.gov/html/actuary">http://www.nyc.gov/html/actuary</a> .

**5. Pensions**

*Plan Descriptions*

The City sponsors or participates in five pension trusts providing benefits to its employees, the majority of whom are members of one of these pension trusts (collectively referred to as NYCERS). Each of the trusts administers a qualified pension plan (QPP) and one or more variable supplements funds (VSFs) or tax-deferred annuity programs (TDA Programs) that supplement the pension benefits provided by the QPP. The trusts administered by NYCERS function in accordance with existing State statutes and City laws, which are the basis by which benefit terms and employer and member contribution requirements are established and amended. The QPPs combine features of a defined benefit pension plan with those of a defined contribution pension plan; however, they are considered defined benefit plans for financial reporting purposes. The VSFs are considered defined benefit pension plans and the TDA Programs are considered defined contribution plans for financial reporting purposes. A brief description of each of the NYCERS and the individual plans they administer follows:

1. New York City Employees' Retirement System (NYCERS) administers the NYCERS QPP and five VSFs. The NYCERS QPP is a cost-sharing multiple-employer plan that provides pension benefits for employees of the City not covered by one of the other NYCERS, and employees of certain component units of the City and certain other governmental units.

NYCERS also administers the following VSFs, which operate pursuant to the provisions of Title 13, Chapter 1 of the Administrative Code of The City of New York (ACNY):

- Transit Police Officers' Variable Supplements Fund (TPOVSF), which provides supplemental benefits to NYCERS QPP members who retire on or after July 1, 1987 with 20 or more years of service as Transit Police Officers.
- Transit Police Superior Officers' Variable Supplements Fund (TPSOVSF), which provides supplemental benefits to NYCERS QPP members who retire on or after July 1, 1987 as Transit Police Superior Officers with 20 or more years of service.

- Housing Police Officers' Variable Supplements Fund (HPOVSF), which provides supplemental benefits to NYCERS QPP members who retire on or after July 1, 1987 with 20 or more years of service as Housing Police Officers.
- Housing Police Superior Officers' Variable Supplements Fund (HPSOVSF), which provides supplemental benefits to NYCERS QPP members who retire on or after July 1, 1987 as Housing Police Superior Officers with 20 or more years of service.
- Correction Officers' Variable Supplements Fund (COVSF), which provides supplemental benefits to NYCERS QPP members who retire for service on or after July 1, 1999 (with 20 or 25 years of service, depending upon the plan) as members of the Uniformed Correction Force.

TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF are closed to new entrants.

2. Teachers' Retirement System of The City of New York (TRS) administers the TRS QPP and the TRS TDA Program. The TRS QPP is a cost-sharing, multiple-employer pension plan for pedagogical employees in the public schools of the City and certain Charter Schools and certain other specified school and CUNY employees. The TRS TDA Program was established and is administered pursuant to Internal Revenue Code Section 403(b) and Chapter 4 of Title 13 of ACNY. The TRS TDA Program provides a means of deferring income tax payments on members' voluntary pre-tax contributions and earnings thereon until the periods after retirement or upon withdrawal of contributions. Members of the TRS QPP have the option to participate in the TRS TDA Program.
3. New York City Board of Education Retirement System (BERS) administers the BERS QPP and the BERS TDA Program. The BERS QPP is a cost-sharing, multiple-employer pension plan for non-pedagogical employees of the Department of Education and certain Charter Schools and certain employees of the School Construction Authority. The BERS TDA Program was established and is administered pursuant to Internal Revenue Code Section 403(b), the New York State Education Law and the BERS Rules and Regulations. The BERS TDA Program provides a means of deferring income tax payments on members' voluntary pre-tax contributions and earnings thereon until the periods after retirement or upon withdrawal of contributions. Members of the BERS QPP have the option to participate in the TRS TDA Program.
4. New York City Police Pension Funds (POLICE) administers the POLICE QPP, along with the Police Officers' Variable Supplements Fund (POVSF) and Police Superior Officers' Variable Supplements Fund (PSOVSF). The POLICE QPP is a single-employer pension plan for all full-time uniformed employees of the New York City Police Department.

POVSF and PSOVSF operate pursuant to the provisions of Title 13, Chapter 2 of the ACNY. POVSF provides supplemental benefits to POLICE QPP members who retire on or after October 1, 1968 with 20 or more years of service as police officers. PSOVSF provides supplemental benefits to POLICE QPP members who retire on or after October 1, 1968 as police superior officers with 20 or more years of service.

5. New York City Fire Pension Funds (FIRE) administers the FIRE QPP, along with the Firefighters' Variable Supplements Fund (FFVSF) and the Fire Officers' Variable Supplements Fund (FOVSF). The FIRE QPP is a single-employer pension plan for full-time uniformed employees of the New York City Fire Department.

FFVSF and FOVSF operate pursuant to the provisions of Title 13, Chapter 3 of the ACNY. FFVSF provides supplemental benefits to FIRE QPP members who retire on or after October 1, 1968 with 20 or more years of service as firefighters or wipers. FOVSF provides supplemental benefits to FIRE QPP members who retire on or after October 1, 1968 as fire officers, and all pilots and marine uniformed engineers, with 20 or more years of service.

Except for NYCERS and BERS, permanent, full-time employees are generally required to become members of a NYCERS QPP upon employment. Permanent full-time employees who are eligible to participate in the NYCERS QPP and BERS QPP are generally required to become members within six months of their permanent employment status but may elect to become members earlier. Other employees who are eligible to participate in the NYCERS QPP and BERS QPP may become members at their option.

As of June 30, 2012 and June 30, 2011, the dates of the most recent actuarial valuations, membership data for the QPPs are as follows:

	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>	<u>Total</u>
<b>QPP Membership at June 30, 2012</b>						
Retirees and Beneficiaries Receiving Benefits . . . . .	137,987	76,539	14,874	46,638	16,917	292,955
Terminated Vested Members Not Yet						
Receiving Benefits . . . . .	8,880	9,868	184	746	30	19,708
Other Inactives . . . . .	16,353	9,689	3,305	1,358	12	30,717
Active Members . . . . .	187,114	112,460	27,840	34,240	10,267	371,921
Total QPP Membership . . . . .	<u>350,334</u>	<u>208,556</u>	<u>46,203</u>	<u>82,982</u>	<u>27,226</u>	<u>715,301</u>
	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>	<u>Total</u>
<b>QPP Membership at June 30, 2011</b>						
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 . . . . .	182,021	109,636	23,131	33,705	10,650	359,143
Total QPP Membership . . . . .	<u>345,372</u>	<u>203,570</u>	<u>41,164</u>	<u>81,883</u>	<u>27,713</u>	<u>699,702</u>

As of June 30, 2013 and 2012, the dates of the most recent actuarial valuations, membership data for the NYCERS VSFs are as follows:

	<u>TPOVSF</u>	<u>TPSOVSF</u>	<u>HPOVSF</u>	<u>HPSOVSF</u>	<u>COVSF</u>	<u>Total</u>
<b>Membership at June 30, 2013</b>						
Retirees Receiving or Eligible to Receive Benefits . . . . .	343	261	181	238	6,434	7,457
Active Members . . . . .	—	—	—	—	8,142	8,142
Total Membership . . . . .	<u>343</u>	<u>261</u>	<u>181</u>	<u>238</u>	<u>14,576</u>	<u>15,599</u>
	<u>TPOVSF</u>	<u>TPSOVSF</u>	<u>HPOVSF</u>	<u>HPSOVSF</u>	<u>COVSF</u>	<u>Total</u>
<b>Membership at June 30, 2012</b>						
Retirees Receiving or Eligible to Receive Benefits . . . . .	351	265	189	243	6,172	7,220
Active Members . . . . .	—	—	—	—	8,142	8,142
Total Membership . . . . .	<u>351</u>	<u>265</u>	<u>189</u>	<u>243</u>	<u>14,314</u>	<u>15,368</u>

As of June 30, 2013 and 2012, the dates of the most recent actuarial valuations, membership data for the POLICE and FIRE VSFs are as follows:

	<u>PSOVSF</u>	<u>POVSF</u>	<u>Total POLICE</u>	<u>FOVSF</u>	<u>FFVSF</u>	<u>Total FIRE</u>
<b>Membership at June 30, 2013</b>						
Retirees Receiving Benefits . . . . .	16,996	11,777	28,773	1,653	3,720	5,373
Active Members . . . . .	12,137	22,638	34,775	2,485	7,697	10,182
Total Membership . . . . .	<u>29,133</u>	<u>34,415</u>	<u>63,548</u>	<u>4,138</u>	<u>11,417</u>	<u>15,555</u>
	<u>PSOVSF</u>	<u>POVSF</u>	<u>Total POLICE</u>	<u>FOVSF</u>	<u>FFVSF</u>	<u>Total FIRE</u>
<b>Membership at June 30, 2012</b>						
Retirees Receiving Benefits . . . . .	16,715	11,746	28,461	1,694	3,816	5,510
Active Members . . . . .	12,058	22,182	34,240	2,463	7,804	10,267
Total Membership . . . . .	<u>28,773</u>	<u>33,928</u>	<u>62,701</u>	<u>4,157</u>	<u>11,620</u>	<u>15,777</u>

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### *Summary of Plan Benefits*

#### *QPPs*

The NYCERS QPPs provide pension benefits to retired employees generally based on salary, length of service, and Pension Tier. For certain members of the NYCERS QPPs, voluntary member contributions also impact pension benefits provided. The NYCERS also provide automatic Cost-of-Living Adjustments (COLA) and other supplemental pension benefits to certain retirees and beneficiaries. In the event of disability during employment, participants may receive retirement allowances based on satisfaction of certain service requirements and other provisions. The NYCERS QPPs also provide death benefits. Subject to certain conditions, members become fully vested as to benefits upon the completion of 10 years of service (5 years for certain members who joined TRS and BERS before Calendar Year 2010). Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions, including accumulated interest, less any outstanding loan balances.

The State Constitution provides that pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, 1976, 1983 and 2012, significant amendments made to the State Retirement and Social Security Law (RSSL) modified certain benefits for employees joining the QPP on or after the effective date of such amendments, creating membership tiers. Currently, there are several tiers referred to as Tier I, Tier II, Tier III, Tier IV and Tier VI. Members are assigned a tier based on membership date. The specific membership dates for each tier may vary depending on the respective QPP. The Tier II Plan provisions have expired as of June 30, 2009. This affects new hires into the uniformed forces of the New York City Police Department and the New York City Fire Department (new members of the POLICE QPP and FIRE QPP) and Detective Investigators who become new members of the NYCERS QPP between July 1, 2009 and March 31, 2012. Chapter 18 of the Laws of 2012 (Chapter 18/12) amended the retirement benefits of public employees who establish membership in one of the NYCERS on or after April 1, 2012. Chapter 18/12 is commonly referred to as Tier VI. Tier VI is expected to reduce future employer pension contributions.

#### *VSFs*

The VSFs, other than COVSF, provide a guaranteed schedule of supplemental benefits for respective eligible members. Currently, these annual supplemental benefits generally are a maximum amount of \$12,000. For COVSF prior to Calendar Year 2019, total supplemental benefits paid, although determined in the same manner as for other VSFs, are limited to the assets of COVSF. For Calendar Years 2019 and later, COVSF provides for a schedule of defined supplemental benefits that are guaranteed. Scheduled benefits to COVSF participants were paid for Calendar Years 2000 to 2005. Due to insufficient assets, no benefits have been paid to COVSF participants after calendar year 2005.

In accordance with ACNY, VSFs are not pension funds or retirement systems. Instead, they provide scheduled supplemental payments, in accordance with applicable statutory provisions. While a portion of these payments are guaranteed by the City, the Legislature has reserved to itself and The State of New York, the right and power to amend, modify, or repeal VSFs and the payments they provide. However, any assets transferred to the VSFs are held in trust solely for the benefit of its members.

#### *TDA Programs*

Benefits provided under the TRS and BERS TDA Programs are derived from members' accumulated contributions. No benefits are provided by employer contributions. A participant may withdraw all or part of the balance of his or her account at the time of retirement or termination of employment. Beginning January 1, 1989, the tax laws restricted withdrawals of tax-deferred annuity contributions and accumulated earnings thereon for reasons other than retirement or termination. Contributions made after December 31, 1988, and investment earnings credited after December 31, 1988, may only be withdrawn upon attainment of age 59-1/2 or for reasons of hardship (as defined by Internal Revenue Service regulations). Hardship withdrawals are limited to contributions only.

An active member may withdraw all or part of the contributions made before January 1, 1989, and the earnings credited to the account before January 1, 1989. The member making the withdrawals may not contribute to the TDA Program for the remainder of the current year.

If a member dies while an active employee, the full value of his or her account at the date of death is paid to the member's beneficiary or estate.

When a member resigns before attaining vested rights under the respective QPP, he or she may withdraw the value of his or her TDA Program account or leave the account in the TDA Program for a period of up to five years after the date of resignation. If a member resigns after attaining vested rights under the respective QPP, he or she may leave his or her account in the TDA Program,

accruing earnings until reaching an age requiring minimum distribution as required by IRS regulations. Once a withdrawal is made from the respective QPP, an automatic termination and refund of the value of the account in the TDA Program will be made to the member. In lieu of making withdrawals from his or her TDA Program account upon retirement, a member may choose to take the balance in the form of an annuity that is calculated based on the statutory rate of interest (discussed below) and statutory mortality assumptions,

The TDA Programs have several investment options broadly categorized as fixed return funds and variable return funds. Under the fixed return funds, deposits from members' TDA Program accounts are used by the respective QPP to purchase investments, and such TDA Program accounts are credited with a statutory rate of interest, currently 7% for UFT members and 8.25% for all other members. The QPP is initially responsible for funding any deficiency between the statutory rates and actual rate of return of the QPP. If earnings on the respective QPP are less than the amount credited to the TDA Program members' accounts, then additional payments by the City to the respective QPP will be required. If the earnings are higher, then lower payments by the City to the QPP will be required.

All investment securities held in the fixed return funds are owned and reported by the QPP. A receivable due from the QPP equal in amount to the aggregate original principal amounts contributed by TDA Program members to the fixed return funds, plus accrued interest at the statutory rate, is owned by the TDA Program. The balance of TDA Program fixed return funds held by the TRS QPP as of June 30, 2014 and 2013 were \$17.2 billion and \$15.8 billion, respectively, and interest paid on TDA Program fixed return funds by the TRS QPP for the years then ended were \$1.1 billion and \$1.0 billion, respectively. The balance of TDA Program fixed return funds held by the BERS QPP as of June 30, 2014 and 2013 are \$999 million and \$866 million, respectively, and interest paid on TDA Program fixed return funds by the BERS QPP for the years then ended were \$206.6 million and \$163.8 million, respectively. Under the variable return funds, members' TDA Program accounts are adjusted for actual returns on the underlying investments of the specific fund selected. Members may switch all or a part of their TDA contributions between the fixed and variable return funds on a quarterly basis.

#### *Contributions and Funding Policy*

##### *QPPs*

The City's funding policy is to contribute statutorily-required contributions (Statutory Contributions). Statutory Contributions for the NYCERS, determined by the Actuary in accordance with State statutes and City laws, are generally funded by the employers within the appropriate Fiscal Year. The Statutory Contributions are determined under the One-Year Lag Methodology (OYLM). Under OYLM, the actuarial valuation date is used for calculating the Employer Contributions for the second following Fiscal Year. For example, the June 30, 2012 actuarial valuation was used for determining the Fiscal Year 2014 Statutory Contributions. Statutory Contributions are determined annually to be an amount that, together with member contributions and investment income, provides for QPP assets to be sufficient to pay benefits when due. The aggregate Statutory Contributions due to each QPP from participating employers for Fiscal Years 2014 and 2013 and the amount of the City's contribution to each QPP for such fiscal years are as follows (in millions):

<u>QPPs</u>	<u>Fiscal</u> <u>Year 2014</u> <u>Aggregate</u> <u>Statutory</u> <u>Contribution</u>	<u>Fiscal</u> <u>Year 2014</u> <u>City</u> <u>Contribution</u>	<u>Fiscal</u> <u>Year 2013</u> <u>Aggregate</u> <u>Statutory</u> <u>Contribution</u>	<u>Fiscal</u> <u>Year 2013</u> <u>City</u> <u>Contribution</u>
	<u>(in millions)</u>			
NYCERS .....	\$3,114.1	\$1,729.6	\$3,046.8	\$1,679.6
TRS .....	2,998.7	2,917.0	2,855.6	2,790.0
BERS .....	214.6	214.5	196.2	196.2
POLICE .....	2,320.9	2,320.9	2,424.7	2,424.7
FIRE .....	970.0	970.0	962.2	962.2

Member contributions are established by law and vary by QPP. In general, Tier I and Tier II member contribution rates are dependent upon the employee's age at membership and retirement plan election. In general, Tier III and Tier IV members make basic contributions of 3.0% of salary regardless of age at membership. Effective October 1, 2000, in accordance with Chapter 126 of the Laws of 2000, these members, except for certain Transit Authority employees, are not required to make basic contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. Effective December 2000, certain Transit Authority Tier III and Tier IV members make basic member contributions of 2.0% of salary in accordance with Chapter 10 of the Laws of 2000. Certain members of the NYCERS QPP, TRS QPP and BERS QPP also make additional member contributions. Tier VI members who joined between April 1, 2012 and March 31, 2013 contribute 3% of salary, while Tier VI members who join on or after April 1, 2013 contribute between 3.0% and 6.0% of salary, depending on salary level.

*VSFs*

ACNY provides that the POLICE QPP and FIRE QPP transfer to their respective VSFs amounts equal to certain earnings on QPP equity investments, generally limited to the unfunded accumulated benefit obligation for each VSF. ACNY also provides that the NYCERS QPP transfer to COVSF a fraction of certain earnings on NYCERS QPP equity investments, such fraction reflecting the ratio of United Correction Force member salaries to the salaries of all active members of the NYCERS QPP. In each case, the earnings to be transferred (or the appropriate fraction thereof in the case of COVSF) are the amount by which earnings on equity investments exceed what the earnings would have been had such funds been invested at a yield comparable to that available from fixed income securities, less any cumulative past deficiencies (Excess Earnings).

In addition to the transfer of Excess Earnings, under Chapter 3 of the Laws of 2013, should the assets of the POVSF or the PSOVSF be insufficient to pay annual benefits, the POLICE QPP is required to transfer amounts sufficient to make such benefit payments. Additionally, under Chapter 583 of the Laws of 1989, should the assets of the FFVSF or the FOVSF be insufficient to pay annual benefits, the City is required to transfer amounts sufficient to make such benefit payments. Such transfers are made through the City's statutory contribution to the FIRE QPP, which makes the initial transfer to the respective VSF. Further, under Chapter 255 of the Laws of 2000, the NYCERS QPP is required to make transfers to TPOVSF, TPISOVSF, HPOVSF and HPSOVSF sufficient to meet their annual benefit payments.

For Fiscal Year 2014, Excess Earnings on equity investments, inclusive of prior year's cumulative deficiencies, exceeded zero, and therefore, transfers of assets from the QPPs to their respective VSFs were required. The amount of such transfer due for Fiscal Year 2014 from the NYCERS QPP to COVSF is \$190 million. The amounts of such transfers due for Fiscal Year 2014 from the POLICE QPP to POVSF and PSOVSF are \$1.29 billion and \$1.02 billion, respectively. The amounts of such transfers due for Fiscal Year 2014 from the FIRE QPP to FFVSF and FOVSF are \$110 million and \$10 million, respectively. Additionally, in Fiscal Year 2014, the NYCERS QPP made required transfers of \$4.1 million, \$3.1 million, \$2.2 million and \$2.8 million to TPOVSF, TPISOVSF, HPOVSF, and HPSOVSF, respectively, to fund annual benefits. Also, because PSOVSF assets were insufficient to pay benefits, the POLICE QPP made required transfers to PSOVSF of approximately \$231 million in Fiscal Year 2014.

In Fiscal Year 2013, Excess Earnings on equity investments, inclusive of prior year's cumulative deficiencies, equaled zero and, therefore, there were no earnings to be transferred from the QPPs to their respective VSFs for the fiscal year. However, the NYCERS QPP made required transfers of approximately \$4.2 million, \$3.1 million, \$2.3 million, and \$2.7 million to TPOVSF, TPISOVSF, HPOVSF, and HPSOVSF, respectively to fund annual benefits. Also, because PSOVSF assets were insufficient to pay benefits, the POLICE QPP made required transfers to PSOVSF of approximately \$7.9 million.

*TDA Programs*

Contributions to the TDA Programs are made by the members only and are voluntary. Active members of the respective QPP are required to submit a salary reduction agreement and an enrollment request to make contributions. A participant may elect to exclude an amount (within the maximum allowed by the Internal Revenue Service) of his or her compensation from current taxable income by contributing it to the TDA Programs. This maximum is determined annually by the IRS for each calendar year. Additionally, members can elect either a fixed or variable investment program for investment of their contributions.

No employer contributions are made to the TDA Programs. However, the TDA Programs offer the fixed return investment option as discussed above which could increase or decrease the City's contribution to the respective QPPs.

*Net Pension Liability*

The City's net pension liabilities for each of the QPPs reported at June 30, 2014 and 2013 were measured as of those fiscal year-end dates. The total pension liability used to calculate those net pension liabilities were determined by actuarial valuations as of June 30, 2012 and June 30, 2011, respectively, based on the OLYM described above, and rolled forward to the respective fiscal year-end measurement dates. Information about the fiduciary net position of each QPP and additions to and deductions from each QPP's fiduciary net position has been determined on the same basis as they are reported by the respective QPP. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan and investments are reported at fair value.

*Actuarial Assumptions*

The total pension liability in the June 30, 2012 and June 30, 2011 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2012	June 30, 2011
<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 QPP and BERS QPP)</i>	<i>7.0% per annum, net of expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS QPP and BERS QPP)</i>
<i>Post-Retirement Mortality</i> . . . . .	<i>Tables adopted by the respective Boards of Trustees during Fiscal Year 2012</i>	<i>Tables adopted by the respective Boards of Trustees during Fiscal Year 2012</i>
<i>Active Service: Withdrawal, Death, Disability, Retirement</i> . . . . .	<i>Tables adopted by the respective Boards of Trustees during Fiscal Year 2012</i>	<i>Tables adopted by the respective Boards of Trustees during Fiscal Year 2012</i>
<i>Salary Increases</i> <sup>1</sup> . . . . .	<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> <sup>1</sup> . . . . .	<i>1.5% per annum for Tiers I, II, IV, and certain Tier III and Tier VI retirees. 2.5% per annum for certain Tier III and Tier VI retirees.</i>	<i>1.5% per annum for Tiers I and II. 2.5% per annum for Tier III.</i>

<sup>(1)</sup> *Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year.*

Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded QPPs are conducted by an independent actuarial firm every two years. The most recent actuarial study analyzed experience for Fiscal Years 2010 and 2011. In a report dated October 28, 2014, the independent actuarial auditor confirmed that the Actuary's calculations of employer contributions for Fiscal Year 2012 were reasonable and appropriate and recommended the consideration of minor changes to some actuarial methods.

In accordance with the ACNY and with appropriate practice, the Boards of Trustees of the five actuarially-funded QPPs are to periodically review and adopt certain actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions, which are also generally used to determine the total pension liability, as applicable. Based, in part, upon a review of the then two most recent experience studies, the Actuary issued reports for the QPPs proposing changes in actuarial assumptions and methods for Fiscal Years beginning on and after July 1, 2011 (February 2012 Reports). Where required, the Boards of Trustees of the NYCERS adopted those changes to actuarial assumptions that required Board approval. The State Legislature enacted Chapter 3/13 to provide for those changes to the actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate (AIR) assumption of 7.0% per annum, net of expenses.

Management of each of the pension funds has determined its long-term expected rate of return to be 7.0%. This is based upon expected real rates of return (RROR) ranging from 5.33% to 5.58% and a long-term Consumer Price inflation assumption of 2.5% offset by investment related expenses. The RROR for the funds are summarized in the following tables:

<b>NYCERS</b>			
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Arithmetic RROR by Asset Class</u>	<u>Portfolio Component Arithmetic RROR</u>
U.S. Public Market Equities . . . . .	32.60%	6.60%	2.15%
International Public Market Equities . . . . .	10.00%	7.00%	0.70%
Emerging Public Market Equities . . . . .	6.90%	7.90%	0.55%
Private Market Equities . . . . .	7.00%	9.90%	0.69%
Fixed Income . . . . .	33.50%	2.70%	0.90%
Alternatives (Real Assets, Hedge Funds) . . . . .	10.00%	4.00%	0.40%
Portfolio Long Term Average Arithmetic RROR . . . . .	100.00%		5.39%

<b>BERS</b>			
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Arithmetic RROR by Asset Class</u>	<u>Portfolio Component Arithmetic RROR</u>
U.S. Public Market Equities . . . . .	35.00%	6.60%	2.31%
International Public Market Equities . . . . .	17.00%	7.00%	1.19%
Emerging Public Market Equities . . . . .	5.00%	7.90%	0.40%
Private Market Equities . . . . .	6.00%	9.90%	0.59%
Fixed Income . . . . .	30.00%	2.70%	0.81%
Alternatives (Real Assets, Hedge Funds) . . . . .	7.00%	4.00%	0.28%
Portfolio Long Term Average Arithmetic RROR . . . . .	100.00%		5.58%

<b>TRS</b>			
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Arithmetic RROR by Asset Class</u>	<u>Portfolio Component Arithmetic RROR</u>
U.S. Public Market Equities . . . . .	34.00%	6.60%	2.24%
International Public Market Equities . . . . .	9.00%	7.00%	0.63%
Emerging Public Market Equities . . . . .	8.00%	7.90%	0.63%
Private Market Equities . . . . .	6.00%	9.90%	0.59%
Fixed Income . . . . .	37.00%	2.70%	1.00%
Alternatives (Real Assets, Hedge Funds) . . . . .	6.00%	4.00%	0.24%
Portfolio Long Term Average Arithmetic RROR . . . . .	100.00%		5.33%

<b>POLICE</b>			
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Arithmetic RROR by Asset Class</u>	<u>Portfolio Component Arithmetic RROR</u>
U.S. Public Market Equities . . . . .	34.00%	6.60%	2.24%
International Public Market Equities . . . . .	10.00%	7.00%	0.70%
Emerging Public Market Equities . . . . .	6.00%	7.90%	0.47%
Private Market Equities . . . . .	7.00%	9.90%	0.69%
Fixed Income . . . . .	32.00%	2.70%	0.86%
Alternatives (Real Assets, Hedge Funds) . . . . .	11.00%	4.00%	0.44%
Portfolio Long Term Average Arithmetic RROR . . . . .	100.00%		5.40%

<u>Asset Class</u>	<b>FIRE</b>		
	<u>Target Asset Allocation</u>	<u>Arithmetic RROR by Asset Class</u>	<u>Portfolio Component Arithmetic RROR</u>
U.S. Public Market Equities . . . . .	32.00%	6.60%	2.11%
International Public Market Equities . . . . .	10.00%	7.00%	0.70%
Emerging Public Market Equities . . . . .	6.50%	7.90%	0.51%
Private Market Equities . . . . .	7.00%	9.90%	0.69%
Fixed Income . . . . .	34.50%	2.70%	0.93%
Alternatives (Real Assets, Hedge Funds) . . . . .	10.00%	4.00%	0.40%
Portfolio Long Term Average Arithmetic RROR . . . . .	100.00%		5.34%

*Discount Rate*

The discount rate used to measure the total pension liability of each QPP as of June 30, 2014 and 2013 was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable to the current tier for each member and that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, each QPP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active QPP members. Therefore, the long-term expected rate of return on QPP investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability—POLICE and FIRE QPPs*

Changes in the City's net pension liability for the POLICE and FIRE QPPs for the Fiscal Years ended June 30, 2014 and 2013 are as follows:

	POLICE			FIRE		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(in millions)					
<b>Balances at 6/30/2012</b> .....	\$42,813	\$26,233	\$16,580	\$17,074	\$8,809	\$8,265
<b>Changes for Fiscal Year 2013:</b>						
Service cost .....	1,264	—	1,264	401	—	401
Interest .....	2,998	—	2,998	1,184	—	1,184
Contributions—employer .....	—	2,425	(2,425)	—	962	(962)
Contributions—employee .....	—	229	(229)	—	105	(105)
Net investment income .....	—	3,102	(3,102)	—	1,042	(1,042)
Benefit payments, including refunds of employee contributions .....	(2,525)	(2,525)	—	(1,135)	(1,135)	—
Administrative expense .....	—	(18)	18	—	—	—
Other changes .....	—	6	(6)	—	39	(39)
<b>Net changes</b> .....	<u>1,737</u>	<u>3,219</u>	<u>(1,482)</u>	<u>450</u>	<u>1,013</u>	<u>(563)</u>
<b>Balances at 6/30/2013</b> .....	<u>44,550</u>	<u>29,452</u>	<u>15,098</u>	<u>17,524</u>	<u>9,822</u>	<u>7,702</u>
<b>Changes for the Fiscal Year 2014:</b>						
Service cost .....	1,302	—	1,302	413	—	413
Interest .....	3,117	—	3,117	1,215	—	1,215
Contributions—employer .....	—	2,321	(2,321)	—	970	(970)
Contributions—employee .....	—	229	(229)	—	109	(109)
Net investment income .....	—	5,147	(5,147)	—	1,689	(1,689)
Benefit payments, including refunds of employee contributions .....	(2,682)	(2,682)	—	(1,172)	(1,172)	—
Administrative expense .....	—	(17)	17	—	—	—
Other changes .....	—	6	(6)	—	40	(40)
<b>Net changes</b> .....	<u>1,737</u>	<u>5,004</u>	<u>(3,267)</u>	<u>456</u>	<u>1,636</u>	<u>(1,180)</u>
<b>Balances at 6/30/2014</b> .....	<u>\$46,287</u>	<u>\$34,456</u>	<u>\$11,831</u>	<u>\$17,980</u>	<u>\$11,458</u>	<u>\$ 6,522</u>

The following table presents the City's net pension liability for the POLICE and FIRE QPPs calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

QPPs	Fiscal Year 2014			Fiscal Year 2013		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
	(in millions)					
POLICE .....	\$16,892.8	\$11,830.5	\$7,576.7	20,020.1	15,098.1	10,961.3
FIRE .....	8,449.0	6,521.9	4,885.5	9,591.7	7,701.9	6,098.8

*City Proportion of Net Pension Liability—NYCERS, TRS and BERS QPPs*

The following table presents the City's proportionate share of the net pension liability of the NYCERS, TRS and BERS QPPs at June 30, 2014 and 2013, and the proportion percentage of the aggregate net pension liability of each QPP allocated to the City:

	June 30, 2014			June 30, 2013		
	NYCERS	TRS	BERS	NYCERS	TRS	BERS
	(in millions, except for %)					
City's proportion of the net pension liability .....	55.54%	97.28%	99.99%	55.54%	97.28%	99.99%
City's proportionate share of the net pension liability .....	\$10,008.2	\$17,331.1	\$906.5	\$12,815.3	\$23,010.2	\$1,315.6

The City's proportion of the respective QPP's net pension liability was based on actual required contributions of each of the participating employers for the fiscal year.

The following table presents the City's proportionate share of net pension liability for the NYCERS, TRS, and BERS QPPs calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the respective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

QPPs	Fiscal Year 2014			Fiscal Year 2013		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
	(in millions, except for %)					
NYCERS .....	\$14,434.9	\$10,008.2	\$ 5,900.1	\$17,121.1	\$12,815.3	\$ 8,836.2
TRS .....	23,414.2	17,331.0	12,088.2	28,919.4	23,010.2	17,922.5
BERS .....	1,376.7	906.5	510.6	1,763.7	1,315.6	937.9

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

Pension expense recognized by the City for the Fiscal Years ending June 30, 2014 and 2013 related to the QPPs are as follows:

QPPs	2014	2013
	(in millions)	
NYCERS .....	\$ 910.8	\$1,511.4
TRS .....	1,685.8	2,958.9
BERS .....	257.7	463.7
POLICE .....	1,273.7	1,951.5
FIRE .....	507.5	740.3
TOTAL .....	<u>\$4,635.5</u>	<u>\$7,625.8</u>

NOTES TO FINANCIAL STATEMENTS, Continued

Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2014 and 2013 for each QPP are as follows:

	Fiscal Year 2014											
	NYCERS		TRS		BERS		POLICE		FIRE		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)											
Differences between expected and actual experience	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Changes of assumptions	—	—	—	—	—	—	—	—	—	—	—	—
Net difference between projected and actual earnings on pension plan investments	—	2,873,796	—	6,809,048	—	856,456	—	3,229,364	—	1,059,072	—	14,827,736
Changes in proportion and differences between City contributions and proportionate share of contributions (cost-sharing plans)	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$ —	\$ 2,873,796	\$ —	\$ 6,809,048	\$ —	\$ 856,456	\$ —	\$ 3,229,364	\$ —	\$ 1,059,072	\$ —	\$ 14,827,736
	Fiscal Year 2013											
	NYCERS		TRS		BERS		POLICE		FIRE		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
		(in thousands)										
Differences between expected and actual experience	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Changes of assumptions	—	—	—	—	—	—	—	—	—	—	—	—
Net difference between projected and actual earnings on pension plan investments	—	885,540	—	2,415,170	—	404,279	—	1,008,984	—	341,429	—	5,055,402
Changes in proportion and differences between City contributions and proportionate share of contributions (cost-sharing plans)	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$ —	\$ 885,540	\$ —	\$ 2,415,170	\$ —	\$ 404,279	\$ —	\$ 1,008,984	\$ —	\$ 341,429	\$ —	\$ 5,055,402

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2014 will be recognized in pension expense as follows:

	NYCERS	TRS	BERS	POLICE	FIRE	TOTAL
	(in thousands)					
<b>Year ending June 30:</b>						
2015	\$ (773,795)	\$ (1,853,210)	\$ (239,382)	\$ (870,403)	\$ (286,108)	\$ (4,022,898)
2016	(773,795)	(1,853,210)	(239,381)	(870,402)	(286,107)	(4,022,895)
2017	(773,795)	(1,853,209)	(239,381)	(870,402)	(286,107)	(4,022,894)
2018	(552,411)	(1,249,419)	(138,312)	(618,157)	(200,750)	(2,759,049)
2019	—	—	—	—	—	—
Thereafter	—	—	—	—	—	—
Total	<u>\$ (2,873,796)</u>	<u>\$ (6,809,048)</u>	<u>\$ (856,456)</u>	<u>\$ (3,229,364)</u>	<u>\$ (1,059,072)</u>	<u>\$ (14,827,736)</u>



The Flatiron Building

**The City of New York**

**Comprehensive  
Annual Financial Report  
of the  
Comptroller**

**Required Supplementary Information**

**Part II-B**

**Fiscal Year Ended June 30, 2014**



THE CITY OF NEW YORK  
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

**A. Schedule of Changes in the City's Net Pension Liability and Related Ratios for Single-Employer Pension Plans at June 30,**

	POLICE		FIRE	
	2014	2013	2014	2013
	(in thousands, except %)			
Total pension liability:				
Service cost . . . . .	\$ 1,301,753	\$ 1,263,838	\$ 412,911	\$ 400,885
Interest . . . . .	3,117,317	2,998,478	1,215,277	1,184,217
Benefit payments and withdrawals . . . . .	(2,682,223)	(2,525,475)	(1,171,998)	(1,135,469)
Net change in total pension liability . . . . .	1,736,847	1,736,841	456,190	449,633
Total pension liability—beginning . . . . .	44,549,856	42,813,015	17,524,303	17,074,670
Total pension liability—ending <sup>(a)</sup> . . . . .	46,286,703	44,549,856	17,980,492	17,524,303
Plan fiduciary net position:				
Employer contributions . . . . .	2,320,910	2,424,690	969,956	962,173
Member contributions . . . . .	228,783	229,675	108,859	104,816
Net investment income . . . . .	5,147,483	3,101,564	1,689,485	1,042,431
Benefit payments and withdrawals . . . . .	(2,682,223)	(2,525,475)	(1,171,998)	(1,135,469)
Administrative expenses . . . . .	(17,450)	(17,548)	—	—
Other . . . . .	6,911	6,118	39,980	38,965
Net change in plan fiduciary net position . . . . .	5,004,414	3,219,024	1,636,282	1,012,916
Plan fiduciary net position—beginning . . . . .	29,451,768	26,232,744	9,822,356	8,809,440
Plan fiduciary net position—ending <sup>(b)</sup> . . . . .	34,456,182	29,451,768	11,458,638	9,822,356
Employer's net pension liability—ending <sup>(a)-(b)</sup> . . . . .	\$11,830,521	\$15,098,088	\$ 6,521,859	\$ 7,701,947
Plan fiduciary net position as a percentage of the total pension liability . . . . .	74.44%	66.11%	63.97%	56.05%
Covered-employee payroll . . . . .	\$ 3,420,296	\$ 3,459,889	\$ 1,102,398	\$ 1,129,921
Employer's net pension liability as a percentage of covered-employee payroll . . . . .	345.89%	436.37%	591.61%	681.64%

**B. Schedule of the City's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Multiple-Employer Pension Plans at June 30,**

	NYCERS		TRS		BERS	
	2014	2013	2014	2013	2014	2013
	(in thousands, except %)					
City's proportion of the net pension liability . . . . .	55.54%	55.54%	97.28%	97.28%	99.99%	99.99%
City's proportionate share of the net pension liability . . . . .	\$10,008.2	\$12,815.3	\$17,331.1	\$23,010.2	\$ 906.5	\$1,315.6
City's covered-employee payroll . . . .	\$ 6,506.4	\$ 6,322.1	\$ 7,772.8	\$ 7,683.5	\$ 988.8	\$ 885.5
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll . . .	153.83%	202.71%	222.97%	299.48%	91.68%	148.57%
Plan fiduciary net position as a percentage of the total pension liability . . . . .	75.32%	67.18%	71.79%	61.01%	78.60%	66.95%

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited), Continued

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

	2014	2013	2012*	2011*	2010*	2009*	2008*	2007*	2006*	2005*
<b>NYCERS</b>					(in thousands except %)					
Contractually required contribution ...	\$1,729,616	\$1,692,278	\$3,017,004	\$2,387,216	\$2,197,717	\$2,150,438	\$1,874,242	\$1,471,030	\$1,024,358	\$1,020,380
Contributions in relation to the contractually required contribution .....	1,729,616	1,692,278	3,017,004	2,387,216	2,197,717	2,150,438	1,874,242	1,471,030	1,024,358	822,763
Contribution deficiency (excess) ...	—	—	—	—	—	—	—	—	—	197,617
Covered-employee payroll .....	6,506,353	6,322,125	11,812,858	11,465,975	10,977,607	10,454,244	9,863,942	9,456,351	9,193,664	9,157,073
Contributions as a percentage of covered-employee payroll .....	26.583%	26.768%	25.540%	20.820%	20.020%	20.570%	19.001%	15.556%	11.142%	8.985%
<b>TRS</b>										
Contractually required contribution ...	\$2,917,129	\$2,777,966	\$2,673,078	\$2,468,973	\$2,484,074	\$2,223,644	\$1,916,520	\$1,600,904	\$1,316,611	\$1,304,033
Contributions in relation to the contractually required contribution .....	2,917,129	2,777,966	2,673,078	2,468,973	2,484,074	2,223,644	1,916,520	1,600,904	1,316,611	1,228,275
Contribution deficiency (excess) ...	—	—	—	—	—	—	—	—	—	75,758
Covered-employee payroll .....	7,772,827	7,683,465	7,920,935	7,935,248	7,859,999	7,221,499	6,998,174	6,285,203	6,183,304	6,219,744
Contributions as a percentage of covered-employee payroll .....	37.53%	36.16%	33.747%	31.114%	31.604%	30.792%	27.386%	25.471%	21.293%	19.748%
<b>BERS</b>										
Contractually required contribution ...	\$ 214,574	\$ 196,231	\$ 213,651	\$ 180,191	\$ 147,349	\$ 134,225	\$ 143,100	\$ 129,820	\$ 90,839	\$ 106,359
Contributions in relation to the contractually required contribution .....	214,574	196,231	213,651	180,191	147,349	134,225	143,100	129,820	90,839	96,648
Contribution deficiency (excess) ...	—	—	—	—	—	—	—	—	—	9,711
Covered-employee payroll .....	988,757	885,491	879,476	880,656	826,782	755,516	729,098	696,421	608,596	624,866
Contributions as a percentage of covered-employee payroll .....	21.701%	22.161%	24.293%	20.461%	17.822%	17.766%	19.627%	18.641%	14.926%	15.467%
<b>POLICE</b>										
Contractually required contribution ...	\$2,320,910	\$2,424,690	\$2,385,731	\$2,083,633	\$1,980,996	\$1,932,150	\$1,797,824	\$1,544,341	\$1,337,715	\$1,123,939
Contributions in relation to the contractually required contribution .....	2,320,910	2,424,690	2,385,731	2,083,633	1,980,996	1,932,150	1,797,824	1,544,341	1,337,715	1,033,285
Contribution deficiency (excess) ...	—	—	—	—	—	—	—	—	—	90,654
Covered-employee payroll .....	3,420,312	3,459,889	3,448,784	3,252,729	3,097,484	2,946,698	2,797,429	2,788,324	2,750,632	2,460,730
Contributions as a percentage of covered-employee payroll .....	67.857%	70.080%	69.176%	64.058%	63.955%	65.570%	64.267%	55.386%	48.633%	41.991%
<b>FIRE</b>										
Contractually required contribution ...	\$ 969,956	\$ 962,173	\$ 976,895	\$ 890,706	\$ 874,331	\$ 843,751	\$ 780,202	\$ 683,193	\$ 608,771	\$ 518,398
Contributions in relation to the contractually required contribution .....	969,956	962,173	976,895	890,706	874,331	843,751	780,202	683,193	608,771	489,508
Contribution deficiency (excess) ...	—	—	—	—	—	—	—	—	—	28,890
Covered-employee payroll .....	1,102,396	1,129,921	1,149,423	1,057,243	1,059,911	1,013,661	944,463	916,582	872,490	804,979
Contributions as a percentage of covered-employee payroll .....	87.986%	85.154%	84.990%	84.248%	82.491%	83.238%	82.608%	74.537%	69.774%	60.810%

\* For City Fiscal Years 2012, 2011, 2010, 2009, 2008, 2006 and 2005, reported contributions and covered payroll amounts are those of each retirement system as a whole (i.e., the sums for all participating employers.) City-only covered payroll is not readily available for years prior to 2013; and due to methodological changes during the periods 2005 through 2012, the City-only employer contributions are not comparable over the ten year period.



REQUIRED SUPPLEMENTARY INFORMATION (Unaudited), Continued

**Notes to Schedule C:**

	2009	2008	2007	2006	2005
	June 30, 2007 (Lag)	June 30, 2006 (Lag)	June 30, 2005 (Lag)	June 30, 2004 (Lag)	June 30, 2004
Valuation Dates .....	Frozen Initial Liability <sup>1</sup>	Frozen Initial Liability <sup>1</sup>	Frozen Initial Liability <sup>1</sup>	Frozen Initial Liability <sup>1</sup>	Frozen Initial Liability <sup>1</sup>
Actuarial cost method .....					
Actuarial method for Unfunded Actuarial Accrued Liabilities (UAAL):					
Pre-2010 UAALs .....	Increasing dollar for FIRE; <sup>2</sup> All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for FIRE; <sup>2</sup> Level dollar for UAAL attributable to NYCERS, TRS and BERS 2002 ERI (Part A only); <sup>3</sup> All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for FIRE; <sup>2</sup> Level dollar for UAAL attributable to NYCERS, TRS and BERS 2002 ERI (Part A only); <sup>3</sup> All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for FIRE; <sup>2</sup> Level dollar for UAAL attributable to NYCERS 2000 Early Retirement Incentive (ERI); BERS, NYCERS, and TRS 2002 ERI (Part A only); <sup>3</sup> All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for FIRE; <sup>2</sup> Level dollar for UAAL attributable to NYCERS and TRS 1999 Early Retirement Incentive (ERI); NYCERS 2000 ERI; BERS, NYCERS, and TRS 2002 ERI (Part A only); <sup>3</sup> All outstanding components of UAAL are being amortized over closed periods.
Initial 2010 UAAL .....	NA	NA	NA	NA	NA
Post-2010 UAALs .....	NA	NA	NA	NA	NA
Remaining amortization period:					
Pre-2010 UAALs .....	2 years for FIRE <sup>2</sup> .	3 years for FIRE <sup>2</sup> , and 1 year for 2002 ERI (Part A only).	4 years for FIRE <sup>2</sup> , and 2 years for 2002 ERI (Part A only).	5 years for FIRE <sup>2</sup> , 1 year for 2000 ERI, and 3 years for 2002 ERI (Part A only).	6 years for FIRE <sup>2</sup> , 1 year for 1999 ERI, 2 years for 2000 ERI, and 4 years for 2002 ERI (Part A only).
Initial UAAL .....	NA	NA	NA	NA	NA
2010 ERI .....	NA	NA	NA	NA	NA
2011 UAAL .....	NA	NA	NA	NA	NA
Actuarial Asset Valuation (AAV) Method	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 5-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.
Actuarial assumptions:					
Assumed rate of return .....	8.0% per annum <sup>4</sup> (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum <sup>4</sup> (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum <sup>4</sup> (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum <sup>4</sup> (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum <sup>4</sup> (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).
Post-retirement mortality .....	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2000.
Active service: withdrawal, death, disability, service retirement .....	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2000.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited), Continued

**Notes to Schedule C:**

	2009	2008	2007	2006	2005
Salary increases	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year. <sup>4</sup> 1.3% per annum <sup>4</sup>	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year. <sup>4</sup> 1.3% per annum <sup>4</sup>	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year. <sup>4</sup> 1.3% per annum <sup>4</sup>	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year. <sup>4</sup> 1.3% per annum <sup>4</sup>	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year. <sup>4</sup> 1.3% per annum <sup>4</sup>
Cost-of-Living Adjustments <sup>2</sup> . . . . .					

<sup>1</sup> Under the Frozen Initial Liability Actuarial Cost Method, the excess of the Actuarial Present Value (APV) of projected benefits of the membership as of the valuation date, over the sum of the Actuarial Value of Assets plus the UAAL, if any, and the APV of future employee contributions is allocated on a level basis over the future earnings of members who are on the payroll of the valuation date. The Initial Liability was reestablished by the Entry Age Actuarial Cost Method as of June 20, 1999 but with the UAAL not less than \$0. Actuarial gains and losses are reflected in the employer normal contribution rate.

<sup>2</sup> In conjunction with Chapter 85 of the Laws of 2000 (Chapter 85/100), there is an amortization method. However, the initial pre-2010 UAAL of NYCERS, TRS, BERS, and Police equal \$0 and no amortization periods are required.

<sup>3</sup> Laws of established UAAL for Early Retirement Inventive Programs to be amortized on a level dollar basis over periods of 5 years.

<sup>4</sup> Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year.

<sup>5</sup> Beginning with the June 30, 2010 (Lag) actuarial valuation under the 2012 A&M, the Entry Age Actuarial Cost Method (EAACM) of funding is utilized by the Actuary to calculate the contributions required of the Employer. Under this method, the Actuarial Present Value (APV) of Benefits (APVB) of each individual included in the actuarial valuation is allocated on a level basis over the earnings (or service) of the individual between entry age and assumed exit 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.

<sup>6</sup> Market Value Restart as of June 30, 2011. Actuarial Asset Value ("AAV") as of June 30, 2010 defined to recognize Fiscal Year 2011 investment performance. The June 30, 2010 AAV is derived as equal to the June 30, 2011 Market Value of Assets, discounted by the Actuarial Interest Rate assumption (adjusted for cash flow) to June 30, 2010.

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

The schedule of funding progress presents GASB No. 45 results of OPEB valuations as of Fiscal Years ended June 30, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, and 2006. The schedule provides a nine year information trend about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(1)	(2)	(3)	(4)	(5)	(6)	
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)*	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
			(2)-(1)	(1)÷(2)		(3)÷(5)
			(in thousands, except %)			
6/30/13	\$1,363,073	\$71,338,386	\$ 69,975,313	1.9%	\$20,252,631	345.5%
6/30/12	2,115,846	71,417,253	69,301,407	3.0	20,262,853	342.0
6/30/11	2,631,584	85,971,494	83,339,910	3.1	19,912,761	418.5
6/30/10	3,022,624	82,063,852	79,041,228	3.7	19,731,127	400.6
6/30/09	3,103,186	73,674,157	70,570,971	4.2	19,469,182	362.5
6/30/08	3,186,139	65,164,503	61,978,364	4.9	18,721,681	331.1
6/30/07	2,594,452	62,135,453	59,541,001	4.2	17,355,874	343.1
6/30/06*	1,001,332	56,077,151	55,075,819	1.8	16,546,829	332.8
6/30/05*	—	50,543,963	50,543,963	0.0	15,737,531	321.2

\*Based on the Frozen Entry Age Actuarial Cost Method.

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**The City of New York**

**Comprehensive  
Annual Financial Report  
of the  
Comptroller**

**SUPPLEMENTARY INFORMATION**

**COMBINING FINANCIAL INFORMATION —  
GOVERNMENTAL FUNDS**

**Part II-C**

**Fiscal Year Ended June 30, 2014**





Downtown, Manhattan

**THE CITY OF NEW YORK**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

JUNE 30, 2014  
(in thousands)

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

**THE CITY OF NEW YORK**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

JUNE 30, 2013  
(in thousands)

	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents . . . . .	\$ 30,646	\$ —	\$ 45,616	\$ 76,262
Investments, including accrued interest . . . . .	38	109	493	640
Accounts receivables:				
Taxes other than real estate . . . . .	—	101,690	—	101,690
Tobacco settlement revenues . . . . .	—	28,050	46,950	75,000
Other receivables, net . . . . .	—	—	343,154	343,154
Restricted cash and investments . . . . .	2,379,514	1,727,356	14,293	4,121,163
Due from other funds . . . . .	349,033	364	32	349,429
Other assets . . . . .	111,137	265,316	1,034	377,487
Total assets . . . . .	\$2,870,368	\$2,122,885	\$451,572	\$5,444,825
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities . . . . .	\$ 574,566	\$ 560	\$ 8,048	\$ 583,174
Unearned revenues . . . . .	—	—	3,245	3,245
Due to other funds . . . . .	168,042	54,690	291	223,023
Total liabilities . . . . .	742,608	55,250	11,584	809,442
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Personal income tax revenue . . . . .	—	47,000	—	47,000
Other deferred inflows of resources . . . . .	—	28,050	301,087	329,137
Total deferred inflows of resources . . . . .	—	75,050	301,087	376,137
<b>FUND BALANCES:</b>				
Nonspendable . . . . .	—	—	620	620
Spendable:				
Restricted				
Nonmajor Capital Projects Fund . . . . .	2,127,760	—	—	2,127,760
Nonmajor Debt Service Fund . . . . .	—	1,992,386	—	1,992,386
Committed				
Nonmajor Debt Service Fund . . . . .	—	199	—	199
Assigned . . . . .	—	—	140,086	140,086
Unassigned . . . . .	—	—	(1,805)	(1,805)
Total fund balances . . . . .	2,127,760	1,992,585	138,901	4,259,246
Total liabilities, deferred inflows of resources and fund balances . . . . .	\$2,870,368	\$2,122,885	\$451,572	\$5,444,825

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

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

**THE CITY OF NEW YORK**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
FOR THE YEAR ENDED JUNE 30, 2013  
(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>
<b>REVENUES:</b>				
Investment income . . . . .	\$ 3,822	\$ 4,316	\$ 63,946	\$ 72,084
Interest on mortgages, net . . . . .	—	775	—	775
Personal income tax . . . . .	—	1,003,486	2,965	1,006,451
Tobacco settlement . . . . .	—	69,464	117,587	187,051
NYS Local Government Assistance Corporation				
Revenue . . . . .	—	169,676	324	170,000
Tax equivalency payment revenue . . . . .	—	—	14,844	14,844
Other revenues . . . . .	<u>1,871,842</u>	<u>17,626</u>	<u>271,549</u>	<u>2,161,017</u>
Total revenues . . . . .	<u>1,875,664</u>	<u>1,265,343</u>	<u>471,215</u>	<u>3,612,222</u>
<b>EXPENDITURES:</b>				
General government . . . . .	344,955	—	—	344,955
Education . . . . .	1,945,877	8,919	—	1,954,796
Administrative and other . . . . .	16,637	12,124	222,518	251,279
Debt Service:				
Interest . . . . .	—	1,458,633	—	1,458,633
Redemptions . . . . .	—	1,084,480	—	1,084,480
Total expenditures . . . . .	<u>2,307,469</u>	<u>2,564,156</u>	<u>222,518</u>	<u>5,094,143</u>
Excess (deficiency) of revenues over expenditures . . . . .	<u>(431,805)</u>	<u>(1,298,813)</u>	<u>248,697</u>	<u>(1,481,921)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from (to) General Fund . . . . .	—	376,435	(228,751)	147,684
Transfers from (to) Nonmajor Capital Projects Funds . .	—	3,782	1,863	5,645
Transfers from (to) Nonmajor Debt Service Funds . . . .	(3,782)	—	(105,206)	(108,988)
Transfers from (to) Nonmajor Special Revenue Funds . .	(1,863)	105,206	—	103,343
Principal amount of bonds issued . . . . .	3,778,000	—	66,749	3,844,749
Bond premium (discount) . . . . .	334,631	351,760	(5)	686,386
Issuance of refunding debt . . . . .	—	1,976,435	—	1,976,435
Transfers from (to) Capital Projects Fund . . . . .	(3,895,842)	—	—	(3,895,842)
Transfers from (to) General Debt Service Fund . . . . .	—	5,751	—	5,751
Payments to refunded bond escrow holder . . . . .	—	(2,069,251)	—	(2,069,251)
Total other financing sources (uses) . . . . .	<u>211,144</u>	<u>750,118</u>	<u>(265,350)</u>	<u>695,912</u>
Net change in fund balances . . . . .	(220,661)	(548,695)	(16,653)	(786,009)
FUND BALANCES AT BEGINNING OF YEAR . . . . .	<u>2,348,421</u>	<u>2,541,280</u>	<u>155,554</u>	<u>5,045,255</u>
FUND BALANCES AT END OF YEAR . . . . .	<u>\$ 2,127,760</u>	<u>\$ 1,992,585</u>	<u>\$ 138,901</u>	<u>\$ 4,259,246</u>

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

JUNE 30, 2014  
(in thousands)

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

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

JUNE 30, 2013  
(in thousands)

	School Construction Authority	Transitional Finance Authority	Educational Construction Fund	Hudson Yards Development Corporation	Hudson Yards Infrastructure Corporation	Total Nonmajor Capital Projects Funds
<b>ASSETS:</b>						
Cash and cash equivalents . . . . .	\$ 30,646	\$ —	\$ —	\$ —	\$ —	\$ 30,646
Investments, including accrued interest . . . . .	—	—	38	—	—	38
Restricted cash and investments . . .	39,966	1,693,796	12,148	38	633,566	2,379,514
Due from other funds . . . . .	348,862	—	—	171	—	349,033
Other . . . . .	111,137	—	—	—	—	111,137
Total assets . . . . .	\$530,611	\$1,693,796	\$ 12,186	\$ 209	\$ 633,566	\$2,870,368
<b>LIABILITIES:</b>						
Accounts payable and accrued liabilities . . . . .	\$511,251	\$ 715	\$ 2,131	\$ 171	\$ 60,298	\$ 574,566
Due to other funds . . . . .	—	156,139	—	—	11,903	168,042
Total liabilities . . . . .	511,251	156,854	2,131	171	72,201	742,608
<b>FUND BALANCES:</b>						
Spendable:						
Restricted						
Capital Projects . . . . .	19,360	1,536,942	10,055	38	561,365	2,127,760
Total fund balances . . . . .	19,360	1,536,942	10,055	38	561,365	2,127,760
Total liabilities and fund balances . . .	\$530,611	\$1,693,796	\$ 12,186	\$ 209	\$ 633,566	\$2,870,368

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

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

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

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

FOR THE YEAR ENDED JUNE 30, 2013  
(in thousands)

	School Construction Authority	Transitional Finance Authority	Educational Construction Fund	Hudson Yards Development Corporation	Hudson Yards Infrastructure Corporation	Total Nonmajor Capital Projects Funds
<b>REVENUES:</b>						
Investment income .....	\$ —	\$ 1,993	\$ 94	\$ —	\$ 1,735	\$ 3,822
Other revenues .....	1,871,842	—	—	—	—	1,871,842
Total revenues .....	1,871,842	1,993	94	—	1,735	1,875,664
<b>EXPENDITURES:</b>						
General government .....	—	—	—	533	344,422	344,955
Education .....	1,934,363	—	11,514	—	—	1,945,877
Administrative and other .....	—	16,637	—	—	—	16,637
Total expenditures .....	1,934,363	16,637	11,514	533	344,422	2,307,469
Excess (deficiency) of revenues over expenditures .....	(62,521)	(14,644)	(11,420)	(533)	(342,687)	(431,805)
<b>OTHER FINANCING SOURCES (USES):</b>						
Principal amount of bonds issued ..	—	3,778,000	—	—	—	3,778,000
Bond premium (discount) .....	—	334,631	—	—	—	334,631
Transfers from (to) Capital Projects Fund .....	—	(3,895,842)	—	—	—	(3,895,842)
Transfers from (to) Nonmajor Capital Projects Fund .....	—	—	—	533	(533)	—
Transfers from (to) Nonmajor Debt Service Fund .....	—	(1,732)	(108)	—	(1,942)	(3,782)
Transfers from (to) Nonmajor Special Revenue Funds .....	—	(416)	—	—	(1,447)	(1,863)
Total other financing sources (uses) ..	—	214,641	(108)	533	(3,922)	211,144
Net change in fund balances .....	(62,521)	199,997	(11,528)	—	(346,609)	(220,661)
FUND BALANCES AT BEGINNING OF YEAR ..	81,881	1,336,945	21,583	38	907,974	2,348,421
FUND BALANCES AT END OF YEAR .....	\$ 19,360	\$ 1,536,942	\$ 10,055	\$ 38	\$ 561,365	\$ 2,127,760

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

JUNE 30, 2014  
(in thousands)

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

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

JUNE 30, 2013  
(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
<b>ASSETS:</b>									
Investments, including accrued interest . . . . .	\$ —	\$ —	\$ 109	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 109
Accounts receivable:									
Taxes other than real estate . . . . .	101,690	—	—	—	—	—	—	—	101,690
Tobacco settlement revenues . . . . .	—	28,050	—	—	—	—	—	—	28,050
Restricted cash, investments and interest receivable . . . . .	919,339	117,015	35,394	199	294,851	279,808	72,392	8,358	1,727,356
Due from other funds . . . . .	—	—	—	—	—	—	364	—	364
Other . . . . .	13,081	—	—	—	—	—	252,235	—	265,316
Total assets . . . . .	<u>\$1,034,110</u>	<u>\$ 145,065</u>	<u>\$ 35,503</u>	<u>\$ 199</u>	<u>\$ 294,851</u>	<u>\$ 279,808</u>	<u>\$ 324,991</u>	<u>\$ 8,358</u>	<u>\$2,122,885</u>
<b>LIABILITIES:</b>									
Accounts payable and accrued liabilities . . . . .	\$ 560	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 560
Due to other funds . . . . .	54,690	—	—	—	—	—	—	—	54,690
Total liabilities . . . . .	<u>55,250</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>55,250</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>									
Personal income tax revenue . . . . .	47,000	—	—	—	—	—	—	—	47,000
Other deferred inflows of resources . . . . .	—	28,050	—	—	—	—	—	—	28,050
Total deferred inflows of resources . . . . .	<u>47,000</u>	<u>28,050</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>75,050</u>
<b>FUND BALANCES:</b>									
Spendable:									
Restricted:									
Debt service . . . . .	931,860	117,015	35,503	—	294,851	279,808	324,991	8,358	1,992,386
Committed:									
Debt service . . . . .	—	—	—	199	—	—	—	—	199
Total fund balances . . . . .	<u>931,860</u>	<u>117,015</u>	<u>35,503</u>	<u>199</u>	<u>294,851</u>	<u>279,808</u>	<u>324,991</u>	<u>8,358</u>	<u>1,992,585</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$1,034,110</u>	<u>\$ 145,065</u>	<u>\$ 35,503</u>	<u>\$ 199</u>	<u>\$ 294,851</u>	<u>\$ 279,808</u>	<u>\$ 324,991</u>	<u>\$ 8,358</u>	<u>\$2,122,885</u>

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

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

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

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

FOR THE YEAR ENDED JUNE 30, 2013  
(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
<b>REVENUES:</b>									
Investment income (loss) . . . . .	\$ 2,871	\$ (146)	\$ 491	\$ —	\$ 710	\$ 306	\$ 82	\$ 2	\$ 4,316
Interest on mortgages, net . . . . .	—	—	—	775	—	—	—	—	775
District improvement bonus revenue . . . . .	—	—	—	—	—	—	3,261	—	3,261
Personal income tax . . . . .	1,003,486	—	—	—	—	—	—	—	1,003,486
<b>NYS Local Government Assistance</b>									
Corporation Revenue . . . . .	—	—	—	—	—	169,676	—	—	169,676
Tobacco settlement . . . . .	—	69,464	—	—	—	—	—	—	69,464
Other revenues . . . . .	—	—	—	194	—	—	14,171	—	14,365
<b>Total revenues . . . . .</b>	<b>1,006,357</b>	<b>69,318</b>	<b>491</b>	<b>969</b>	<b>710</b>	<b>169,982</b>	<b>17,514</b>	<b>2</b>	<b>1,265,343</b>
<b>EXPENDITURES:</b>									
Education . . . . .	—	—	8,919	—	—	—	—	—	8,919
Administrative and other . . . . .	9,952	—	—	—	—	—	—	2,172	12,124
<b>Debt Service:</b>									
Interest . . . . .	1,130,343	62,878	4,632	606	12,968	102,445	143,848	913	1,458,633
Redemptions . . . . .	911,285	7,310	6,390	6,525	10,385	73,406	—	69,179	1,084,480
<b>Total expenditures . . . . .</b>	<b>2,051,580</b>	<b>70,188</b>	<b>19,941</b>	<b>7,131</b>	<b>23,353</b>	<b>175,851</b>	<b>143,848</b>	<b>72,264</b>	<b>2,564,156</b>
Excess (deficiency) of revenues over expenditures . . . . .	(1,045,223)	(870)	(19,450)	(6,162)	(22,643)	(5,869)	(126,334)	(72,262)	(1,298,813)
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers from (to) General Fund, net . . . . .	344,576	—	—	—	—	—	31,859	—	376,435
Transfers from (to) Nonmajor Capital Projects Funds . . . . .	1,732	—	108	—	—	—	1,942	—	3,782
Transfers from (to) Nonmajor Special Revenue Funds . . . . .	68	—	17,365	—	(100)	—	16,698	71,175	105,206
Transfers from (to) General Debt Service Fund . Bond premium (discount) . . . . .	—	—	—	5,751	—	—	—	—	5,751
Issuance of refunding debt . . . . .	351,760	—	—	—	—	—	—	—	351,760
Payments to refunded bond escrow holder . . Total other financing sources (uses) . . . . .	1,976,435 (2,069,251)	—	—	—	—	—	—	—	1,976,435 (2,069,251)
Net change in fund balances . . . . .	605,320 (439,903)	— (870)	17,473 (1,977)	5,751 (411)	(100) (22,743)	— (5,869)	50,499 (75,835)	71,175 (1,087)	750,118 (548,695)
<b>FUND BALANCES AT BEGINNING OF YEAR . . . . .</b>	<b>1,371,763</b>	<b>117,885</b>	<b>37,480</b>	<b>610</b>	<b>317,594</b>	<b>285,677</b>	<b>400,826</b>	<b>9,445</b>	<b>2,541,280</b>
<b>FUND BALANCES AT END OF YEAR . . . . .</b>	<b>\$ 931,860</b>	<b>\$ 117,015</b>	<b>\$ 35,503</b>	<b>\$ 199</b>	<b>\$ 294,851</b>	<b>\$ 279,808</b>	<b>\$ 324,991</b>	<b>\$ 8,358</b>	<b>\$ 1,992,585</b>

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

JUNE 30, 2014  
(in thousands)

	NYCTL 2011-A TRUST	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	Total New York City Tax Lien Trusts
<b>ASSETS:</b>				
Restricted investments . . . . .	\$ —	\$ 6,111	\$ 13,086	\$ 19,197
Total assets . . . . .	\$ —	\$ 6,111	\$ 13,086	\$ 19,197
<b>LIABILITIES AND FUND BALANCES:</b>				
Total liabilities . . . . .	\$ —	\$ —	\$ —	\$ —
<b>FUND BALANCES:</b>				
Spendable:				
Restricted				
Debt Service . . . . .	—	6,111	13,086	19,197
Total fund balances . . . . .	—	6,111	13,086	19,197
Total liabilities and fund balances . . . . .	\$ —	\$ 6,111	\$ 13,086	\$ 19,197

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

JUNE 30, 2013  
(in thousands)

	NYCTL 2011-A TRUST	NYCTL 2012-A TRUST	Total New York City Tax Lien Trusts
<b>ASSETS:</b>			
Restricted investments .....	\$ —	\$ 8,358	\$ 8,358
Total assets .....	\$ —	\$ 8,358	\$ 8,358
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities .....	\$ —	\$ —	\$ —
<b>FUND BALANCES:</b>			
Spendable:			
Restricted			
Debt Service .....	—	8,358	8,358
Total fund balances .....	—	8,358	8,358
Total liabilities and fund balances .....	\$ —	\$ 8,358	\$ 8,358

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

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

	NYCTL 2011-A TRUST	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	Total New York City Tax Lien Trusts
<b>REVENUES:</b>				
Investment income . . . . .	\$ —	\$ 1	\$ —	\$ 1
Other revenues . . . . .	—	—	2	2
Total revenues . . . . .	—	1	2	3
<b>EXPENDITURES:</b>				
Administrative and other . . . . .	—	—	2,318	2,318
Debt Service:				
Interest . . . . .	—	307	607	914
Redemptions . . . . .	—	22,806	56,435	79,241
Total expenditures . . . . .	—	23,113	59,360	82,473
Excess (deficiency) of revenues over expenditures . . . . .	—	(23,112)	(59,358)	(82,470)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from (to) Nonmajor Special Revenue Funds . . . . .	—	20,865	—	20,865
Transfer from (to) other New York City Tax Lien Trusts . . . . .	—	—	72,444	72,444
Total other financing uses . . . . .	—	20,865	72,444	93,309
Net change in fund balances . . . . .	—	(2,247)	13,086	10,839
FUND BALANCES AT BEGINNING OF YEAR . . . . .	—	8,358	—	8,358
FUND BALANCES AT END OF YEAR . . . . .	\$ —	\$ 6,111	\$ 13,086	\$ 19,197

**THE CITY OF NEW YORK**  
**NONMAJOR 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, 2013  
(in thousands)

	NYCTL 2011-A TRUST	NYCTL 2012-A TRUST	Total New York City Tax Lien Trusts
<b>REVENUES</b>			
Investment income .....	\$ 1	\$ 1	\$ 2
Total revenues .....	1	1	2
<b>EXPENDITURES:</b>			
Administrative and other .....	—	2,172	2,172
Debt Service:			
Interest .....	433	480	913
Redemptions .....	36,086	33,093	69,179
Total expenditures .....	36,519	35,745	72,264
Excess (deficiency) of revenues over expenditures .....	(36,518)	(35,744)	(72,262)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers from (to) Nonmajor Special Revenue Funds .....	27,073	44,102	71,175
Total other financing sources (uses) .....	27,073	44,102	71,175
Net change in fund balances .....	(9,445)	8,358	(1,087)
FUND BALANCES AT BEGINNING OF YEAR .....	9,445	—	9,445
FUND BALANCES AT END OF YEAR .....	\$ —	\$ 8,358	\$ 8,358

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

JUNE 30, 2014  
(in thousands)

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

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

JUNE 30, 2013  
(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Hudson Yards Development Corporation	NYC Technology Development Corporation	New York City Tax Lien Trusts	Total Nonmajor Special Revenue Funds
<b>ASSETS:</b>										
Cash and cash equivalents . . . . .	\$ 1,175	\$ 141	\$ 40,250	\$ 413	\$ 571	\$ 196	\$ 61	\$ 949	\$ 1,860	\$ 45,616
Investments, including										
accrued interest . . . . .	—	493	—	—	—	—	—	—	—	493
Prepaid items . . . . .	—	166	142	—	139	153	3	1	—	604
Accounts receivable:										
Tobacco settlement revenue . . . . .	—	46,950	—	—	—	—	—	—	—	46,950
Other receivables, net . . . . .	—	—	—	—	—	—	—	—	343,154	343,154
Restricted cash and investments	—	—	—	—	—	—	—	—	14,293	14,293
Due from other funds . . . . .	—	—	—	—	—	—	32	—	—	32
Other . . . . .	348	—	—	—	—	—	17	65	—	430
Total assets . . . . .	\$ 1,523	\$ 47,750	\$ 40,392	\$ 413	\$ 710	\$ 349	\$ 113	\$ 1,015	\$ 359,307	\$ 451,572
<b>LIABILITIES:</b>										
Accounts payable and accrued										
liabilities . . . . .	\$ 3,293	\$ 20	\$ —	\$ 16	\$ 21	\$ 29	\$ 129	\$ 225	\$ 3,728	\$ 7,461
Overages due to taxpayers . . . . .	—	—	—	—	—	—	—	—	587	587
Unearned revenues . . . . .	—	—	3,245	—	—	—	—	—	—	3,245
Due to other fund . . . . .	—	—	—	—	—	—	—	291	—	291
Total liabilities . . . . .	3,293	20	3,245	16	21	29	129	516	4,315	11,584
<b>DEFERRED INFLOWS OF RESOURCES:</b>										
Other deferred inflows of										
resources . . . . .	—	46,950	—	—	—	—	—	—	254,137	301,087
<b>FUND BALANCES:</b>										
Nonspendable:										
Prepaid expenses . . . . .	—	166	142	—	139	153	19	1	—	620
Assigned:										
Operations . . . . .	—	614	37,005	397	550	167	—	498	100,855	140,086
Unassigned . . . . .	(1,770)	—	—	—	—	—	(35)	—	—	(1,805)
Total fund balances . . . . .	(1,770)	780	37,147	397	689	320	(16)	499	100,855	138,901
Total liabilities, deferred inflows of										
resources and fund balances . . . . .	\$ 1,523	\$ 47,750	\$ 40,392	\$ 413	\$ 710	\$ 349	\$ 113	\$ 1,015	\$ 359,307	\$ 451,572

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

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

**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, 2013  
(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Hudson Yards Development Corporation	NYC Technology Development Corporation	New York City Tax Lien Trusts	Total Nonmajor Special Revenue Funds
<b>REVENUES:</b>										
Tax liens receivable from the City of New York	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 141,671	\$ 141,671
Investment income	8	4	192	—	—	2	20	—	63,720	63,946
Personal income tax revenues	2,965	—	—	—	—	—	—	—	—	2,965
Tobacco settlement	—	117,587	—	—	—	—	—	—	—	117,587
NYS Local Government Assistance Corporation Revenue	—	—	—	—	324	—	—	—	—	324
Rental income and tax equivalency payments	—	—	14,844	—	—	—	—	—	—	14,844
Other revenues	112,446	—	—	—	—	—	—	1,797	15,635	129,878
Total revenues	115,419	117,591	15,036	—	324	2	20	1,797	221,026	471,215
<b>EXPENDITURES:</b>										
Administrative and other	25,637	450	1,683	120	347	458	1,870	1,298	190,655	222,518
Total expenditures	25,637	450	1,683	120	347	458	1,870	1,298	190,655	222,518
Excess (deficiency) of revenues over expenditures	89,782	117,141	13,353	(120)	(23)	(456)	(1,850)	499	30,371	248,697
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers from (to) General Fund, net	(112,446)	(117,094)	—	—	—	789	—	—	—	(228,751)
Transfers from (to) Nonmajor Capital Projects Funds	416	—	—	—	—	—	1,447	—	—	1,863
Transfers from (to) Nonmajor Debt Service Funds	(68)	—	(17,365)	100	—	(16,698)	—	—	(71,175)	(105,206)
Principal amount of bonds issued	—	—	—	—	—	—	—	—	66,749	66,749
Bond premium (discount)	—	—	—	—	—	—	—	—	(5)	(5)
Total other financing sources (uses)	(112,098)	(117,094)	(17,365)	100	—	(15,909)	1,447	—	(4,431)	(265,350)
Net change in fund balances	(22,316)	47	(4,012)	(20)	(23)	(16,365)	(403)	499	25,940	(16,653)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	20,546	733	41,159	417	712	16,685	387	—	74,915	155,554
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	\$ (1,770)	\$ 780	\$ 37,147	\$ 397	\$ 689	\$ 320	\$ (16)	\$ 499	\$ 100,855	\$ 138,901

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

JUNE 30, 2014  
(in thousands)

	NYCTL 1998-2 TRUST	NYCTL 2011-A TRUST	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	NYCTL 2014-A TRUST	Total New York City Tax Lien Trusts
<b>ASSETS:</b>						
Cash and cash equivalents .....	\$ 1,013	\$ —	\$ 95	\$ 493	\$ 1,297	\$ 2,898
Accounts receivable:						
Tax liens receivable, net .....	180,081	—	35,976	82,873	66,160	365,090
Restricted investments .....	13,046	—	—	—	—	13,046
Total assets .....	\$ 194,140	\$ —	\$ 36,071	\$ 83,366	\$ 67,457	\$ 381,034
<b>LIABILITIES:</b>						
Accounts payable and accrued liabilities .....	\$ 3,362	\$ —	\$ 723	\$ 1,253	\$ —	\$ 5,338
Overages due to taxpayers .....	(98)	—	250	459	1	612
Total liabilities .....	3,264	—	973	1,712	1	5,950
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Other deferred inflows of resources .....	153,849	—	25,451	52,015	40,940	272,255
<b>FUND BALANCES:</b>						
Spendable:						
Assigned						
Operations .....	37,027	—	9,647	29,639	26,516	102,829
Total fund balances .....	37,027	—	9,647	29,639	26,516	102,829
Total liabilities, deferred inflows of resources and fund balances .....	\$ 194,140	\$ —	\$ 36,071	\$ 83,366	\$ 67,457	\$ 381,034

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

JUNE 30, 2013  
(in thousands)

	NYCTL 1998-2 TRUST	NYCTL 2011-A TRUST	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	Total New York City Tax Lien Trusts
<b>ASSETS:</b>					
Cash and cash equivalents .....	\$ 816	\$ 226	\$ 144	\$ 674	\$ 1,860
Accounts receivable:					
Tax liens receivable, net .....	152,250	54,453	50,867	85,584	343,154
Restricted investments .....	9,706	3,329	—	1,258	14,293
Total assets .....	<u>\$ 162,772</u>	<u>\$ 58,008</u>	<u>\$ 51,011</u>	<u>\$ 87,516</u>	<u>\$ 359,307</u>
<b>LIABILITIES:</b>					
Accounts payable and accrued liabilities .....	\$ 2,042	\$ 773	\$ 912	\$ 1	\$ 3,728
Overages due to taxpayers .....	(13)	222	377	1	587
Total liabilities .....	<u>2,029</u>	<u>995</u>	<u>1,289</u>	<u>2</u>	<u>4,315</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Other deferred inflows of resources .....	<u>127,811</u>	<u>38,945</u>	<u>32,445</u>	<u>54,936</u>	<u>254,137</u>
<b>FUND BALANCES:</b>					
Spendable:					
Assigned					
Operations .....	32,932	18,068	17,277	32,578	100,855
Total fund balances .....	<u>32,932</u>	<u>18,068</u>	<u>17,277</u>	<u>32,578</u>	<u>100,855</u>
Total liabilities, deferred inflows of resources and fund balances .....	<u>\$ 162,772</u>	<u>\$ 58,008</u>	<u>\$ 51,011</u>	<u>\$ 87,516</u>	<u>\$ 359,307</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, 2014  
(in thousands)

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

**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, 2013  
(in thousands)

	NYCTL 1998-2 TRUST	NYCTL 2011-A TRUST	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	Total New York City Tax Lien Trusts
<b>REVENUES:</b>					
Tax liens receivable from the City of New York . . .	\$ 15,293	\$ 8,409	\$ 30,836	\$ 87,133	\$ 141,671
Investment income . . . . .	54,589	—	7,837	1,294	63,720
Other revenues . . . . .	15,635	—	—	—	15,635
Total revenues . . . . .	<u>85,517</u>	<u>8,409</u>	<u>38,673</u>	<u>88,427</u>	<u>221,026</u>
<b>EXPENDITURES:</b>					
Administrative and other . . . . .	79,385	(5,671)	61,092	55,849	190,655
Total expenditures . . . . .	<u>79,385</u>	<u>(5,671)</u>	<u>61,092</u>	<u>55,849</u>	<u>190,655</u>
Excess (deficiency) of revenues over expenditures . . . . .	<u>6,132</u>	<u>14,080</u>	<u>(22,419)</u>	<u>32,578</u>	<u>30,371</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers from (to) Nonmajor Debt Service Funds . .	—	(27,073)	(44,102)	—	(71,175)
Principal amount of bonds issued . . . . .	—	—	66,749	—	66,749
Bond premium (discount) . . . . .	—	—	(5)	—	(5)
Total other financing sources (uses) . . . . .	<u>—</u>	<u>(27,073)</u>	<u>22,642</u>	<u>—</u>	<u>(4,431)</u>
Net change in fund balances . . . . .	6,132	(12,993)	223	32,578	25,940
FUND BALANCES AT BEGINNING OF YEAR . . . . .	26,800	31,061	17,054	—	74,915
FUND BALANCES AT END OF YEAR . . . . .	<u>\$ 32,932</u>	<u>\$ 18,068</u>	<u>\$ 17,277</u>	<u>\$ 32,578</u>	<u>\$ 100,855</u>



Brooklyn Bridge

**The City of New York**

**Comprehensive  
Annual Financial Report  
of the  
Comptroller**

**SUPPLEMENTARY INFORMATION**

**COMBINING FINANCIAL INFORMATION —  
FIDUCIARY FUNDS**

**Part II-D**

**Fiscal Year Ended June 30, 2014**





Statue of Liberty

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

JUNE 30, 2014  
(in thousands)

		<b>Other Employee Benefit Trust Funds</b>		
	<b>Pension Funds*</b>	<b>Deferred Compensation Plans December 31, 2013</b>	<b>The New York City Other Postemployment Benefits Plan</b>	<b>Total</b>
<b>ASSETS:</b>				
Cash and cash equivalents . . . . .	\$ 252,309	\$ 14,439	\$1,125,586	\$ 1,392,334
Receivables:				
Member loans . . . . .	2,008,938	219,445	—	2,228,383
Investment securities sold . . . . .	5,411,629	—	—	5,411,629
Accrued interest and dividends . . . . .	486,841	—	328	487,169
Other receivables . . . . .	16	—	272	288
Total receivables . . . . .	7,907,424	219,445	600	8,127,469
Investments:				
Fixed return funds . . . . .	64,161,348	—	—	64,161,348
Short-term investments . . . . .	4,281,436	—	—	4,281,436
Debt securities . . . . .	20,807,294	—	1,811,563	22,618,857
Equity securities . . . . .	41,917,755	—	—	41,917,755
Alternative investments . . . . .	16,803,357	—	—	16,803,357
Mutual funds . . . . .	26,254	9,262,627	—	9,288,881
Collective trust funds . . . . .	30,541,183	—	—	30,541,183
Collateral from securities lending transactions . . . . .	16,618,377	—	—	16,618,377
Guaranteed investment contracts . . . . .	—	5,057,209	—	5,057,209
Total investments . . . . .	195,157,004	14,319,836	1,811,563	211,288,403
Other assets . . . . .	92,538	1,175	43	93,756
Total assets . . . . .	203,409,275	14,554,895	2,937,792	220,901,962
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities . . . . .	805,580	4,718	559,649	1,369,947
Payable for investment securities purchased . . . . .	9,952,997	—	—	9,952,997
Accrued benefits payable . . . . .	636,319	—	—	636,319
Securities lending transactions . . . . .	16,623,227	—	—	16,623,227
Other liabilities . . . . .	1,484	—	—	1,484
Total liabilities . . . . .	28,019,607	4,718	559,649	28,583,974
<b>NET POSITION:</b>				
Restricted for benefits to be provided by QPP . . . . .	144,537,893	—	—	144,537,893
Restricted for benefits to be provided by VSF . . . . .	3,540,824	—	—	3,540,824
Restricted for benefits to be provided by TDA program . . . . .	27,310,951	—	—	27,310,951
Restricted for other employee benefits . . . . .	—	14,550,177	2,378,143	16,928,320
Total net position . . . . .	\$175,389,668	\$14,550,177	\$2,378,143	\$192,317,988

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

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

JUNE 30, 2013  
(in thousands)

		<b>Other Employee Benefit Trust Funds</b>		
		<b>Deferred Compensation Plans December 31, 2012</b>	<b>The New York City Other Postemployment Benefits Plan</b>	<b>Total</b>
	<b>Pension Funds*</b>			
<b>ASSETS:</b>				
Cash and cash equivalents . . . . .	\$ 85,569	\$ 15,666	\$ 851,186	\$ 952,421
Receivables:				
Member loans . . . . .	1,942,974	193,780	—	2,136,754
Investment securities sold . . . . .	5,456,056	—	—	5,456,056
Accrued interest and dividends . . . . .	493,683	—	1,424	495,107
Other receivables . . . . .	13	—	240	253
Total receivables . . . . .	7,892,726	193,780	1,664	8,088,170
Investments:				
Fixed return funds . . . . .	54,263,398	—	—	54,263,398
Short-term investments . . . . .	3,355,498	—	—	3,355,498
Debt securities . . . . .	20,409,889	—	1,018,578	21,428,467
Promissory notes . . . . .	19,272	—	—	19,272
Equity securities . . . . .	43,145,402	—	—	43,145,402
Alternative investments . . . . .	14,155,094	—	—	14,155,094
Mutual funds . . . . .	23,416	7,124,825	—	7,148,241
Collective trust funds . . . . .	18,370,464	—	—	18,370,464
Collateral from securities lending transactions . . . . .	14,506,587	—	—	14,506,587
Guaranteed investment contracts . . . . .	—	4,812,630	—	4,812,630
Total investments . . . . .	168,249,020	11,937,455	1,018,578	181,205,053
Other assets . . . . .	548,556	2,440	203	551,199
Total assets . . . . .	176,775,871	12,149,341	1,871,631	190,796,843
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities . . . . .	1,462,524	7,100	470,983	1,940,607
Payable for investment securities purchased . . . . .	9,867,833	—	37,576	9,905,409
Accrued benefits payable . . . . .	635,603	—	—	635,603
Securities lending transactions . . . . .	14,533,400	—	—	14,533,400
Other liabilities . . . . .	448	—	—	448
Total liabilities . . . . .	26,499,808	7,100	508,559	27,015,467
<b>NET POSITION:</b>				
Restricted for benefits to be provided by QPP . . . . .	124,818,880	—	—	124,818,880
Restricted for benefits to be provided by VSF . . . . .	989,436	—	—	989,436
Restricted for benefits to be provided by TDA program . . . . .	24,467,747	—	—	24,467,747
Restricted for other employee benefits . . . . .	—	12,142,241	1,363,072	13,505,313
Total net position . . . . .	\$150,276,063	\$12,142,241	\$1,363,072	\$163,781,376

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

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

FOR THE YEAR ENDED JUNE 30, 2014

(in thousands)

	<u>Other Employee Benefit Trust Funds</u>			<u>Total</u>
	<u>Pension Funds*</u>	<u>Deferred Compensation Plans December 31, 2013</u>	<u>The New York City Other Postemployment Benefits Plan</u>	
<b>ADDITIONS:</b>				
Contributions:				
Member contributions .....	\$ 1,680,232	\$ 735,396	\$ —	\$ 2,415,628
Employer contributions .....	9,618,218	—	3,114,329	12,732,547
Other employer contributions .....	55,730	—	—	55,730
Total contributions .....	<u>11,354,180</u>	<u>735,396</u>	<u>3,114,329</u>	<u>15,203,905</u>
Investment income:				
Interest income .....	1,953,632	142,099	8,207	2,103,938
Dividend income .....	2,374,721	—	—	2,374,721
Net appreciation in fair value of investments .....	22,950,337	2,077,933	—	25,028,270
Investment expenses .....	(530,151)	(30,471)	—	(560,622)
Investment income, net .....	<u>26,748,539</u>	<u>2,189,561</u>	<u>8,207</u>	<u>28,946,307</u>
Securities lending transactions:				
Securities lending income .....	33,813	—	—	33,813
Securities lending fees .....	(9,367)	—	—	(9,367)
Net securities lending income .....	<u>24,446</u>	<u>—</u>	<u>—</u>	<u>24,446</u>
Other .....	(129,246)	—	—	(129,246)
Total additions .....	<u>37,997,919</u>	<u>2,924,957</u>	<u>3,122,536</u>	<u>44,045,412</u>
<b>DEDUCTIONS:</b>				
Benefit payments and withdrawals .....	12,733,668	503,441	2,107,092	15,344,201
Administrative expenses .....	143,418	13,580	373	157,371
Other .....	7,228	—	—	7,228
Total deductions .....	<u>12,884,314</u>	<u>517,021</u>	<u>2,107,465</u>	<u>15,508,800</u>
Net increase in net position .....	25,113,605	2,407,936	1,015,071	28,536,612
<b>NET POSITION:</b>				
Restricted for benefits:				
Beginning of year .....	150,276,063	12,142,241	1,363,072	163,781,376
End of year .....	<u>\$175,389,668</u>	<u>\$14,550,177</u>	<u>\$2,378,143</u>	<u>\$192,317,988</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

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

FOR THE YEAR ENDED JUNE 30, 2013

(in thousands)

	<b>Other Employee Benefit Trust Funds</b>			
	<b>Pension Funds*</b>	<b>Deferred Compensation Plans December 31, 2012</b>	<b>The New York City Other Postemployment Benefits Plan</b>	<b>Total</b>
<b>ADDITIONS:</b>				
Contributions:				
Member contributions .....	\$ 1,661,470	\$ 728,829	\$ —	\$ 2,390,299
Employer contributions .....	9,485,595	—	1,195,224	10,680,819
Other employer contributions .....	57,204	—	—	57,204
Total contributions .....	11,204,269	728,829	1,195,224	13,128,322
Investment income:				
Interest income .....	1,875,721	159,291	7,574	2,042,586
Dividend income .....	2,238,168	—	—	2,238,168
Net appreciation in fair value of investments .....	13,059,848	943,843	—	14,003,691
Investment expenses .....	(488,731)	(26,912)	—	(515,643)
Investment income, net .....	16,685,006	1,076,222	7,574	17,768,802
Securities lending transactions:				
Securities lending income .....	100,809	—	—	100,809
Securities lending fees .....	(13,899)	—	—	(13,899)
Net securities lending income .....	86,910	—	—	86,910
Other .....	(212,999)	—	—	(212,999)
Total additions .....	27,763,186	1,805,051	1,202,798	30,771,035
<b>DEDUCTIONS:</b>				
Benefit payments and withdrawals .....	11,989,031	415,701	1,955,166	14,359,898
Administrative expenses .....	127,472	13,283	406	141,161
Other .....	5,250	—	—	5,250
Total deductions .....	12,121,753	428,984	1,955,572	14,506,309
Net increase (decrease) in net position .....	15,641,433	1,376,067	(752,774)	16,264,726
<b>NET POSITION:</b>				
Restricted for benefits:				
Beginning of year .....	134,634,630	10,766,174	2,115,846	147,516,650
End of year .....	\$150,276,063	\$12,142,241	\$1,363,072	\$163,781,376

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

JUNE 30, 2014  
(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Funds	New York City Fire Pension Funds	Total
<b>ASSETS:</b>						
Cash and cash equivalents . . . . .	\$ 90,850	\$ 77,349	\$ 11,805	\$ 50,387	\$ 21,918	\$ 252,309
Receivables:						
Member loans . . . . .	1,058,426	589,201	77,069	255,808	28,434	2,008,938
Investment securities sold . . . . .	1,389,323	2,993,708	185,119	606,996	236,483	5,411,629
Accrued interest and dividends . . . . .	259,370	145,970	577	60,730	20,194	486,841
Other receivables . . . . .	16	—	—	—	—	16
Total receivables . . . . .	<u>2,707,135</u>	<u>3,728,879</u>	<u>262,765</u>	<u>923,534</u>	<u>285,111</u>	<u>7,907,424</u>
Investments:						
Fixed return funds . . . . .	—	59,881,566	4,279,782	—	—	64,161,348
Short-term investments . . . . .	2,310,548	141,098	5,161	1,302,542	522,087	4,281,436
Debt securities . . . . .	11,043,530	590,661	10,055	7,053,821	2,109,227	20,807,294
Equity securities . . . . .	20,010,747	11,185,676	435,423	7,882,275	2,403,634	41,917,755
Alternative investments . . . . .	9,630,142	—	—	5,411,415	1,761,800	16,803,357
Mutual funds—international equity . . . . .	—	—	—	—	26,254	26,254
Collective trust funds:						
Debt securities . . . . .	2,927,243	—	—	1,796,458	815,841	5,539,542
Domestic equity . . . . .	—	—	—	5,949,347	1,905,476	7,854,823
International equity . . . . .	9,186,090	—	—	5,794,519	2,166,209	17,146,818
Collateral from securities lending transactions . . . . .	5,653,563	5,739,575	429,532	3,745,971	1,049,736	16,618,377
Total investments . . . . .	<u>60,761,863</u>	<u>77,538,576</u>	<u>5,159,953</u>	<u>38,936,348</u>	<u>12,760,264</u>	<u>195,157,004</u>
Other assets . . . . .	42,940	12,901	17,773	13,678	5,246	92,538
Total assets . . . . .	<u>63,602,788</u>	<u>81,357,705</u>	<u>5,452,296</u>	<u>39,923,947</u>	<u>13,072,539</u>	<u>203,409,275</u>
<b>LIABILITIES:</b>						
Accounts payable and accrued liabilities . . . . .	133,798	469,379	14,825	141,773	45,805	805,580
Payable for investment securities purchased . . . . .	2,960,761	4,711,075	277,646	1,500,827	502,688	9,952,997
Accrued benefits payable . . . . .	241,504	72,675	13,566	261,905	46,669	636,319
Securities lending transactions . . . . .	5,655,314	5,741,147	429,532	3,746,792	1,050,442	16,623,227
Other liabilities . . . . .	1,484	—	—	—	—	1,484
Total liabilities . . . . .	<u>8,992,861</u>	<u>10,994,276</u>	<u>735,569</u>	<u>5,651,297</u>	<u>1,645,604</u>	<u>28,019,607</u>
<b>NET POSITION:</b>						
Restricted for benefits to be provided by QPP . . . . .	54,421,958	44,489,940	3,279,265	31,750,892	10,595,838	144,537,893
Restricted for benefits to be provided by VSF . . . . .	187,969	—	—	2,521,758	831,097	3,540,824
Restricted for benefits to be provided by TDA program . . . . .	—	25,873,489	1,437,462	—	—	27,310,951
Total net position . . . . .	<u>\$54,609,927</u>	<u>\$70,363,429</u>	<u>\$4,716,727</u>	<u>\$34,272,650</u>	<u>\$11,426,935</u>	<u>\$175,389,668</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

JUNE 30, 2013  
(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Funds	New York City Fire Pension Funds	Total
<b>ASSETS:</b>						
Cash and cash equivalents . . . . .	\$ 39,661	\$ 13,815	\$ 1,212	\$ 18,157	\$ 12,724	\$ 85,569
Receivables:						
Member loans . . . . .	1,026,187	554,375	70,799	261,906	29,707	1,942,974
Investment securities sold . . . . .	1,799,366	2,026,444	128,321	1,127,442	374,483	5,456,056
Accrued interest and dividends . . .	259,300	138,706	524	73,248	21,905	493,683
Other receivables . . . . .	13	—	—	—	—	13
Total receivables . . . . .	<u>3,084,866</u>	<u>2,719,525</u>	<u>199,644</u>	<u>1,462,596</u>	<u>426,095</u>	<u>7,892,726</u>
Investments:						
Fixed return funds . . . . .	—	50,683,752	3,579,646	—	—	54,263,398
Short-term investments . . . . .	1,807,584	98,426	3,731	1,034,306	411,451	3,355,498
Debt securities . . . . .	10,672,605	790,644	16,478	6,892,245	2,037,917	20,409,889
Promissory notes . . . . .	11,921	—	—	5,563	1,788	19,272
Equity securities . . . . .	17,304,488	9,831,379	366,382	11,826,117	3,817,036	43,145,402
Alternative investments . . . . .	8,254,717	—	—	4,444,724	1,455,653	14,155,094
Mutual funds—international equity . .	—	—	—	—	23,416	23,416
Collective trust funds:						
Debt securities . . . . .	2,351,978	—	—	1,571,283	675,015	4,598,276
Domestic equity . . . . .	223,316	—	—	—	—	223,316
International equity . . . . .	7,082,656	—	—	4,670,328	1,795,888	13,548,872
Collateral from securities lending transactions . . . . .	4,680,419	5,196,936	396,028	3,222,140	1,011,064	14,506,587
Total investments . . . . .	<u>52,389,684</u>	<u>66,601,137</u>	<u>4,362,265</u>	<u>33,666,706</u>	<u>11,229,228</u>	<u>168,249,020</u>
Other assets . . . . .	76,717	438,486	15,849	12,697	4,807	548,556
Total assets . . . . .	<u>55,590,928</u>	<u>69,772,963</u>	<u>4,578,970</u>	<u>35,160,156</u>	<u>11,672,854</u>	<u>176,775,871</u>
<b>LIABILITIES:</b>						
Accounts payable and accrued liabilities . . . . .	359,862	703,690	14,186	269,525	115,261	1,462,524
Payable for investment securities purchased . . . . .	3,073,640	3,658,298	262,895	2,167,756	705,244	9,867,833
Accrued benefits payable . . . . .	235,954	119,483	14,139	218,155	47,872	635,603
Securities lending transactions . . . . .	4,690,422	5,205,359	396,028	3,227,098	1,014,493	14,533,400
Other liabilities . . . . .	448	—	—	—	—	448
Total liabilities . . . . .	<u>8,360,326</u>	<u>9,686,830</u>	<u>687,248</u>	<u>5,882,534</u>	<u>1,882,870</u>	<u>26,499,808</u>
<b>NET POSITION:</b>						
Restricted for benefits to be provided by QPP . . . . .	47,194,639	36,856,457	2,653,651	28,986,941	9,127,192	124,818,880
Restricted for benefits to be provided by VSF . . . . .	35,963	—	—	290,681	662,792	989,436
Restricted for benefits to be provided by TDA program . . . . .	—	23,229,676	1,238,071	—	—	24,467,747
Total net position . . . . .	<u>\$47,230,602</u>	<u>\$60,086,133</u>	<u>\$3,891,722</u>	<u>\$29,277,622</u>	<u>\$ 9,789,984</u>	<u>\$150,276,063</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**

FOR THE YEAR ENDED JUNE 30, 2014

(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Funds	New York City Fire Pension Funds	Total
<b>ADDITIONS:</b>						
Contributions:						
Member contributions . . . . .	\$ 447,689	\$ 793,941	\$ 100,960	\$ 228,783	\$ 108,859	\$ 1,680,232
Employer contributions . . . . .	3,114,068	2,998,694	214,590	2,320,910	969,956	9,618,218
Other employer contributions . . . . .	—	55,730	—	—	—	55,730
Total contributions . . . . .	<u>3,561,757</u>	<u>3,848,365</u>	<u>315,550</u>	<u>2,549,693</u>	<u>1,078,815</u>	<u>11,354,180</u>
Investment income:						
Interest income . . . . .	658,691	742,961	47,198	378,344	126,438	1,953,632
Dividend income . . . . .	739,163	970,861	65,626	447,569	151,502	2,374,721
Net appreciation in fair value of investments . . . . .	6,688,980	9,515,116	856,022	4,435,137	1,455,082	22,950,337
Investment expenses . . . . .	(184,611)	(169,736)	(12,171)	(120,830)	(42,803)	(530,151)
Investment income, net . . . . .	<u>7,902,223</u>	<u>11,059,202</u>	<u>956,675</u>	<u>5,140,220</u>	<u>1,690,219</u>	<u>26,748,539</u>
Securities lending transactions:						
Securities lending income . . . . .	10,251	9,594	1,084	8,443	4,441	33,813
Securities lending fees . . . . .	(1,450)	(1,479)	(83)	(1,180)	(5,175)	(9,367)
Net securities lending income . . . . .	8,801	8,115	1,001	7,263	(734)	24,446
Other . . . . .	4,648	404	(181,189)	6,911	39,980	(129,246)
Total additions . . . . .	<u>11,477,429</u>	<u>14,916,086</u>	<u>1,092,037</u>	<u>7,704,087</u>	<u>2,808,280</u>	<u>37,997,919</u>
<b>DEDUCTIONS:</b>						
Benefit payments and withdrawals . . . . .	4,040,445	4,575,560	254,725	2,691,609	1,171,329	12,733,668
Administrative expenses . . . . .	50,431	63,230	12,307	17,450	—	143,418
Other . . . . .	7,228	—	—	—	—	7,228
Total deductions . . . . .	<u>4,098,104</u>	<u>4,638,790</u>	<u>267,032</u>	<u>2,709,059</u>	<u>1,171,329</u>	<u>12,884,314</u>
Net increase in net position . . . . .	7,379,325	10,277,296	825,005	4,995,028	1,636,951	25,113,605
<b>NET POSITION:</b>						
Restricted for benefits:						
Beginning of year . . . . .	47,230,602	60,086,133	3,891,722	29,277,622	9,789,984	150,276,063
End of year . . . . .	<u>\$54,609,927</u>	<u>\$70,363,429</u>	<u>\$4,716,727</u>	<u>\$34,272,650</u>	<u>\$11,426,935</u>	<u>\$175,389,668</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**

FOR THE YEAR ENDED JUNE 30, 2013

(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Funds	New York City Fire Pension Funds	Total
<b>ADDITIONS:</b>						
Contributions:						
Member contributions .....	\$ 437,775	\$ 788,598	\$ 100,606	\$ 229,675	\$ 104,816	\$ 1,661,470
Employer contributions .....	3,046,845	2,855,640	196,246	2,424,691	962,173	9,485,595
Other employer contributions .....	—	57,204	—	—	—	57,204
Total contributions .....	<u>3,484,620</u>	<u>3,701,442</u>	<u>296,852</u>	<u>2,654,366</u>	<u>1,066,989</u>	<u>11,204,269</u>
Investment income:						
Interest income .....	624,732	708,833	44,021	381,267	116,868	1,875,721
Dividend income .....	696,700	943,135	57,377	402,019	138,937	2,238,168
Net appreciation in fair value of investments .....	3,801,091	5,404,452	628,894	2,406,289	819,122	13,059,848
Investment expenses .....	(183,252)	(151,402)	(9,635)	(105,960)	(38,482)	(488,731)
Investment income, net .....	<u>4,939,271</u>	<u>6,905,018</u>	<u>720,657</u>	<u>3,083,615</u>	<u>1,036,445</u>	<u>16,685,006</u>
Securities lending transactions:						
Securities lending income .....	31,981	38,356	2,556	21,048	6,868	100,809
Securities lending fees .....	(4,196)	(5,469)	(252)	(3,100)	(882)	(13,899)
Net securities lending income ...	<u>27,785</u>	<u>32,887</u>	<u>2,304</u>	<u>17,948</u>	<u>5,986</u>	<u>86,910</u>
Other .....	5,072	(43)	(263,111)	6,118	38,965	(212,999)
Total additions .....	<u>8,456,748</u>	<u>10,639,304</u>	<u>756,702</u>	<u>5,762,047</u>	<u>2,148,385</u>	<u>27,763,186</u>
<b>DEDUCTIONS:</b>						
Benefit payments and withdrawals ..	3,863,491	4,220,152	238,750	2,530,634	1,136,004	11,989,031
Administrative expenses .....	48,666	49,877	11,381	17,548	—	127,472
Other .....	5,250	—	—	—	—	5,250
Total deductions .....	<u>3,917,407</u>	<u>4,270,029</u>	<u>250,131</u>	<u>2,548,182</u>	<u>1,136,004</u>	<u>12,121,753</u>
Net increase in net position .....	4,539,341	6,369,275	506,571	3,213,865	1,012,381	15,641,433
<b>NET POSITION:</b>						
Restricted for benefits:						
Beginning of year .....	<u>42,691,261</u>	<u>53,716,858</u>	<u>3,385,151</u>	<u>26,063,757</u>	<u>8,777,603</u>	<u>134,634,630</u>
End of year .....	<u>\$47,230,602</u>	<u>\$60,086,133</u>	<u>\$3,891,722</u>	<u>\$29,277,622</u>	<u>\$9,789,984</u>	<u>\$150,276,063</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

JUNE 30, 2014  
(in thousands)

	NYCERS Qualified Pension Plan	Variable Supplements Funds					COVSF	Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	HPVSF			
<b>ASSETS:</b>									
Cash and cash equivalents	\$ 90,534	\$ 22	\$ 26	\$ 13	\$ 30	\$ 225	\$ —	\$ 90,850	
Receivables:									
Member loans	1,058,426	—	—	—	—	—	—	1,058,426	
Investment securities sold	1,389,323	—	—	—	—	—	—	1,389,323	
Accrued interest and dividends	259,369	—	—	—	—	1	—	259,370	
Other receivables	—	1	—	—	5	10	—	16	
Transferrable earnings due from QPP to Variable Supplements Funds	—	—	—	—	—	190,000	(190,000)	—	
Total receivables	2,707,118	1	—	—	5	190,011	(190,000)	2,707,135	
Investments:									
Short-term investments	2,274,801	—	—	—	—	35,747	—	2,310,548	
Debt securities	11,043,530	—	—	—	—	—	—	11,043,530	
Equity securities	20,010,747	—	—	—	—	—	—	20,010,747	
Alternative investments	9,630,142	—	—	—	—	—	—	9,630,142	
Collective trust funds:									
Debt securities	2,927,243	—	—	—	—	—	—	2,927,243	
International equity	9,186,090	—	—	—	—	—	—	9,186,090	
Collateral from securities lending transactions	5,653,563	—	—	—	—	—	—	5,653,563	
Total investments	60,726,116	—	—	—	—	35,747	—	60,761,863	
Due from QPP	—	2,034	1,540	1,065	1,387	—	(6,026)	42,940	
Other assets	42,940	—	—	—	—	—	—	—	
Total assets	63,566,708	2,057	1,566	1,078	1,422	225,983	(196,026)	63,602,788	
<b>LIABILITIES:</b>									
Accounts payable and accrued liabilities	133,798	—	—	—	—	—	—	133,798	
Payable for investment securities purchased	2,960,761	—	—	—	—	—	—	2,960,761	
Accrued benefits payable	197,367	2,057	1,566	1,078	1,422	38,014	—	241,504	
Transferrable earnings due from QPP to Variable Supplements Funds	190,000	—	—	—	—	—	(190,000)	—	
Due to VSFs	6,026	—	—	—	—	—	(6,026)	—	
Securities lending transactions	5,655,314	—	—	—	—	—	—	5,655,314	
Other liabilities	1,484	—	—	—	—	—	—	1,484	
Total liabilities	9,144,750	2,057	1,566	1,078	1,422	38,014	(196,026)	8,992,861	
<b>NET POSITION:</b>									
Restricted for benefits to be provided by QPP	54,421,958	—	—	—	—	—	—	54,421,958	
Restricted for benefits to be provided by VSF	—	—	—	—	—	187,969	—	187,969	
Total net position	\$54,421,958	\$ —	\$ —	\$ —	\$ —	\$187,969	\$ —	\$54,609,927	

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

JUNE 30, 2013  
(in thousands)

	NYCERS Qualified Pension Plan	Variable Supplements Funds					Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF		
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 39,355	\$ 7	\$ 25	\$ 32	\$ 17	\$ 225	\$ —	
Receivables:								
Member loans	1,026,187	—	—	—	—	—	1,026,187	
Investment securities sold	1,799,366	—	—	—	—	—	1,799,366	
Accrued interest and dividends	259,296	—	—	—	—	4	259,300	
Other receivables	—	—	—	—	3	10	13	
Total receivables	3,084,849	—	—	—	3	14	3,084,866	
Investments:								
Short-term investments	1,771,860	—	—	—	—	35,724	1,807,584	
Debt securities	10,672,605	—	—	—	—	—	10,672,605	
Promissory notes	11,921	—	—	—	—	—	11,921	
Equity securities	17,304,488	—	—	—	—	—	17,304,488	
Alternative investments	8,254,717	—	—	—	—	—	8,254,717	
Collective trust funds:								
Debt securities	2,351,978	—	—	—	—	—	2,351,978	
Domestic equity	223,316	—	—	—	—	—	223,316	
International equity	7,082,656	—	—	—	—	—	7,082,656	
Collateral from securities lending transactions	4,680,419	—	—	—	—	—	4,680,419	
Total investments	52,353,960	—	—	—	—	35,724	52,389,684	
Due from QPP	—	2,063	1,545	1,057	1,391	—	(6,056)	
Other assets	76,717	—	—	—	—	—	76,717	
Total assets	55,554,881	2,070	1,570	1,089	1,411	35,963	55,590,928	
<b>LIABILITIES:</b>								
Accounts payable and accrued liabilities	359,862	—	—	—	—	—	359,862	
Payable for investment securities purchased	3,073,640	—	—	—	—	—	3,073,640	
Accrued benefits payable	229,814	2,070	1,570	1,089	1,411	—	235,954	
Due to VSFs	6,056	—	—	—	—	—	(6,056)	
Securities lending transactions	4,690,422	—	—	—	—	—	4,690,422	
Other liabilities	448	—	—	—	—	—	448	
Total liabilities	8,360,242	2,070	1,570	1,089	1,411	—	8,360,326	
<b>NET POSITION:</b>								
Restricted for benefits to be provided by QPP	47,194,639	—	—	—	—	—	47,194,639	
Restricted for benefits to be provided by VSF	—	—	—	—	—	35,963	35,963	
Total net position	\$47,194,639	\$ —	\$ —	\$ —	\$ —	\$35,963	\$47,230,602	

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**

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

	NYCERS Qualified Pension Plan	Variable Supplements Funds				COVSF	Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF			
<b>ADDITIONS:</b>								
Contributions:								
Member contributions	\$ 447,689	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 447,689
Employer contributions	3,114,068	—	—	—	—	—	—	3,114,068
Total contributions	3,561,757	—	—	—	—	—	—	3,561,757
Investment income:								
Interest income	658,671	—	—	—	—	—	—	658,691
Dividend income	739,163	—	—	—	—	—	—	739,163
Net appreciation in fair value of investments	6,688,980	—	—	—	—	—	—	6,688,980
Investment expenses	(184,611)	—	—	—	—	—	—	(184,611)
Investment income, net	7,902,203	—	—	—	—	—	—	7,902,223
Securities lending transactions:								
Securities lending income	10,251	—	—	—	—	—	—	10,251
Securities lending fees	(1,450)	—	—	—	—	—	—	(1,450)
Net securities lending income	8,801	—	—	—	—	—	—	8,801
Payments from QPP	—	4,070	3,090	2,168	2,797	—	(12,125)	—
Transferrable earnings due from QPP	—	—	—	—	—	190,000	(190,000)	—
to Variable Supplements Funds	—	—	—	—	—	—	—	4,648
Other	4,648	4,070	3,090	2,168	2,797	190,020	(202,125)	11,477,429
Total additions	11,477,409	4,070	3,090	2,168	2,797	190,020	(202,125)	11,477,429
<b>DEDUCTIONS:</b>								
Benefit payments and withdrawals	3,990,306	4,070	3,090	2,168	2,797	38,014	(12,125)	4,040,445
Payments to VSFs	12,125	—	—	—	—	—	—	—
Transferrable earnings due from QPP	—	—	—	—	—	—	—	—
to Variable Supplements Funds	190,000	—	—	—	—	—	(190,000)	—
Administrative expenses	50,431	—	—	—	—	—	—	50,431
Other	7,228	—	—	—	—	—	—	7,228
Total deductions	4,250,090	4,070	3,090	2,168	2,797	38,014	(202,125)	4,098,104
Net increase in net position	7,227,319	—	—	—	—	152,006	—	7,379,325
<b>NET POSITION:</b>								
Restricted for benefits:								
Beginning of year	47,194,639	—	—	—	—	35,963	—	47,230,602
End of year	\$54,421,958	\$ —	\$ —	\$ —	\$ —	\$187,969	\$ —	\$54,609,927

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**

FOR THE YEAR ENDED JUNE 30, 2013  
(in thousands)

	NYCERS Qualified Pension Plan	Variable Supplements Funds				COVSF	Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF			
<b>ADDITIONS:</b>								
Contributions:								
Member contributions	\$ 437,775	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 437,775
Employer contributions	3,046,845	—	—	—	—	—	—	3,046,845
Total contributions	3,484,620	—	—	—	—	—	—	3,484,620
Investment income:								
Interest income	624,694	—	—	—	—	—	—	624,732
Dividend income	696,700	—	—	—	—	—	—	696,700
Net appreciation in fair value of investments	3,801,091	—	—	—	—	—	—	3,801,091
Investment expenses	(183,252)	—	—	—	—	—	—	(183,252)
Investment income, net	4,939,233	—	—	—	—	—	—	4,939,271
Securities lending transactions:								
Securities lending income	31,981	—	—	—	—	—	—	31,981
Securities lending fees	(4,196)	—	—	—	—	—	—	(4,196)
Net securities lending income	27,785	—	—	—	—	—	—	27,785
Payments from QPP	—	4,142	3,121	2,188	2,823	—	(12,274)	—
Other	5,072	—	—	—	—	—	—	5,072
Total additions	8,456,710	4,142	3,121	2,188	2,823	38	(12,274)	8,456,748
<b>DEDUCTIONS:</b>								
Benefit payments and withdrawals	3,851,217	4,142	3,121	2,188	2,823	—	—	3,863,491
Payments to VSFs	12,274	—	—	—	—	—	(12,274)	—
Administrative expenses	48,666	—	—	—	—	—	—	48,666
Other	5,250	—	—	—	—	—	—	5,250
Total deductions	3,917,407	4,142	3,121	2,188	2,823	—	(12,274)	3,917,407
Net increase in net position	4,539,303	—	—	—	—	38	—	4,539,341
<b>NET POSITION:</b>								
Restricted for benefits:								
Beginning of year	42,655,336	—	—	—	—	35,925	—	42,691,261
End of year	\$47,194,639	\$ —	\$ —	\$ —	\$ —	\$35,963	\$ —	\$47,230,602

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**TEACHERS' RETIREMENT SYSTEM**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

JUNE 30, 2014  
(in thousands)

	<u>TRS Qualified Pension Plan</u>	<u>Tax-Deferred Annuity Program</u>	<u>Eliminations</u>	<u>Total Teachers' Retirement System</u>
<b>ASSETS:</b>				
Cash and cash equivalents . . . . .	\$ 74,829	\$ 2,520	\$ —	\$ 77,349
Receivables:				
Member loans . . . . .	240,266	348,935	—	589,201
Investment securities sold . . . . .	2,907,019	86,689	—	2,993,708
Accrued interest and dividends . . . . .	134,559	11,411	—	145,970
Total receivables . . . . .	<u>3,281,844</u>	<u>447,035</u>	<u>—</u>	<u>3,728,879</u>
Investments:				
Fixed return funds:				
Short-term investments . . . . .	2,603,828	—	—	2,603,828
Debt securities . . . . .	12,373,225	—	—	12,373,225
Equity securities . . . . .	24,690,600	—	—	24,690,600
Alternative investments . . . . .	5,353,828	—	—	5,353,828
Collective trust funds:				
International equity . . . . .	11,492,097	—	—	11,492,097
Fixed income . . . . .	3,367,988	—	—	3,367,988
Collateral from securities lending transactions . . . . .	5,262,907	—	—	5,262,907
Variable Funds:				
Short-term investments . . . . .	39,110	101,988	—	141,098
Debt securities . . . . .	123,143	467,518	—	590,661
Equity securities . . . . .	3,283,257	7,902,419	—	11,185,676
Collateral from securities lending transactions . . . . .	138,606	338,062	—	476,668
Total investments . . . . .	<u>68,728,589</u>	<u>8,809,987</u>	<u>—</u>	<u>77,538,576</u>
Investment in fixed return funds . . . . .	—	17,236,032	(17,236,032)	—
Other assets . . . . .	32,391	2,390	(21,880)	12,901
Total assets . . . . .	<u>72,117,653</u>	<u>26,497,964</u>	<u>(17,257,912)</u>	<u>81,357,705</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities . . . . .	353,907	137,352	(21,880)	469,379
Payable for investment securities purchased . . . . .	4,623,463	87,612	—	4,711,075
Accrued benefits payable . . . . .	11,226	61,449	—	72,675
Due to TDA fixed return funds . . . . .	17,236,032	—	(17,236,032)	—
Securities lending transactions . . . . .	5,403,085	338,062	—	5,741,147
Total liabilities . . . . .	<u>27,627,713</u>	<u>624,475</u>	<u>(17,257,912)</u>	<u>10,994,276</u>
<b>NET POSITION:</b>				
Restricted for benefits to be provided by QPP . . . . .	44,489,940	—	—	44,489,940
Restricted for benefits to be provided by TDA program . . . . .	—	25,873,489	—	25,873,489
Total net position . . . . .	<u>\$44,489,940</u>	<u>\$25,873,489</u>	<u>\$ —</u>	<u>\$70,363,429</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**TEACHERS' RETIREMENT SYSTEM**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

JUNE 30, 2013  
(in thousands)

	<u>TRS Qualified Pension Plan</u>	<u>Tax-Deferred Annuity Program</u>	<u>Eliminations</u>	<u>Total Teachers' Retirement System</u>
<b>ASSETS:</b>				
Cash and cash equivalents . . . . .	\$ 12,752	\$ 1,063	\$ —	\$ 13,815
Receivables:				
Member loans . . . . .	218,813	335,562	—	554,375
Investment securities sold . . . . .	1,909,897	116,547	—	2,026,444
Accrued interest and dividends . . . . .	128,162	10,544	—	138,706
Total receivables . . . . .	<u>2,256,872</u>	<u>462,653</u>	<u>—</u>	<u>2,719,525</u>
Investments:				
Fixed return funds:				
Short-term investments . . . . .	1,462,934	—	—	1,462,934
Debt securities . . . . .	11,039,238	—	—	11,039,238
Promissory notes . . . . .	9,934	—	—	9,934
Equity securities . . . . .	21,380,182	—	—	21,380,182
Alternative investments . . . . .	4,372,185	—	—	4,372,185
Collective trust funds:				
International equity . . . . .	9,658,830	—	—	9,658,830
Fixed income . . . . .	2,760,449	—	—	2,760,449
Collateral from securities lending transactions . . . . .	5,192,822	—	—	5,192,822
Variable Funds:				
Short-term investments . . . . .	30,882	67,544	—	98,426
Debt securities . . . . .	201,098	589,546	—	790,644
Equity securities . . . . .	3,128,146	6,703,233	—	9,831,379
Collateral from securities lending transactions . . . . .	1,289	2,825	—	4,114
Total investments . . . . .	<u>59,237,989</u>	<u>7,363,148</u>	<u>—</u>	<u>66,601,137</u>
Investment in fixed return funds . . . . .	—	15,753,693	(15,753,693)	—
Other assets . . . . .	444,982	1,133	(7,629)	438,486
Total assets . . . . .	<u>61,952,595</u>	<u>23,581,690</u>	<u>(15,761,322)</u>	<u>69,772,963</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities . . . . .	589,437	121,882	(7,629)	703,690
Payable for investment securities purchased . . . . .	3,533,790	124,508	—	3,658,298
Accrued benefits payable . . . . .	16,684	102,799	—	119,483
Due to TDA fixed return funds . . . . .	15,753,693	—	(15,753,693)	—
Securities lending transactions . . . . .	5,202,534	2,825	—	5,205,359
Total liabilities . . . . .	<u>25,096,138</u>	<u>352,014</u>	<u>(15,761,322)</u>	<u>9,686,830</u>
<b>NET POSITION:</b>				
Restricted for benefits to be provided by QPP . . . . .	36,856,457	—	—	36,856,457
Restricted for benefits to be provided by TDA program . . . . .	—	23,229,676	—	23,229,676
Total net position . . . . .	<u>\$36,856,457</u>	<u>\$23,229,676</u>	<u>\$ —</u>	<u>\$60,086,133</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**TEACHERS' RETIREMENT SYSTEM**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
 FOR THE YEAR ENDED JUNE 30, 2014  
 (in thousands)

	TRS Qualified Pension Plan	Tax-Deferred Annuity Program	Total Teachers' Retirement System
<b>ADDITIONS:</b>			
Contributions:			
Member contributions .....	\$ 154,962	\$ 638,979	\$ 793,941
Employer contributions .....	2,998,694	—	2,998,694
Other employer contributions .....	55,730	—	55,730
Total contributions .....	3,209,386	638,979	3,848,365
Investment income:			
Interest income .....	709,594	33,367	742,961
Dividend income .....	854,701	116,160	970,861
Net appreciation in fair value of investments .....	8,027,414	1,487,702	9,515,116
Investment expenses .....	(162,208)	(7,528)	(169,736)
Investment income, net .....	9,429,501	1,629,701	11,059,202
Securities lending transactions:			
Securities lending income .....	7,699	1,895	9,594
Securities lending fees .....	(1,294)	(185)	(1,479)
Net securities lending income .....	6,405	1,710	8,115
Interest on TDA Program fixed return funds .....	(1,147,923)	1,147,923	—
Other .....	404	—	404
Total additions .....	11,497,773	3,418,313	14,916,086
<b>DEDUCTIONS:</b>			
Benefit payments and withdrawals .....	3,818,248	757,312	4,575,560
Administrative expenses .....	46,042	17,188	63,230
Total deductions .....	3,864,290	774,500	4,638,790
Net increase in net position .....	7,633,483	2,643,813	10,277,296
<b>NET POSITION:</b>			
Restricted for benefits:			
Beginning of year .....	36,856,457	23,229,676	60,086,133
End of year .....	\$44,489,940	\$25,873,489	\$70,363,429

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**TEACHERS' RETIREMENT SYSTEM**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
 FOR THE YEAR ENDED JUNE 30, 2013  
 (in thousands)

	<u>TRS Qualified Pension Plan</u>	<u>Tax-Deferred Annuity Program</u>	<u>Total Teachers' Retirement System</u>
<b>ADDITIONS:</b>			
Contributions:			
Member contributions .....	\$ 154,698	\$ 633,900	\$ 788,598
Employer contributions .....	2,855,640	—	2,855,640
Other employer contributions .....	57,204	—	57,204
Total contributions .....	<u>3,067,542</u>	<u>633,900</u>	<u>3,701,442</u>
Investment income:			
Interest income .....	660,118	48,715	708,833
Dividend income .....	811,982	131,153	943,135
Net appreciation in fair value of investments .....	4,355,828	1,048,624	5,404,452
Investment expenses .....	(139,154)	(12,248)	(151,402)
Investment income, net .....	<u>5,688,774</u>	<u>1,216,244</u>	<u>6,905,018</u>
Securities lending transactions:			
Securities lending income .....	37,705	651	38,356
Securities lending fees .....	(5,367)	(102)	(5,469)
Net securities lending income .....	<u>32,338</u>	<u>549</u>	<u>32,887</u>
Interest on TDA Program fixed return funds .....	(1,047,979)	1,047,979	—
Other .....	(43)	—	(43)
Total additions .....	<u>7,740,632</u>	<u>2,898,672</u>	<u>10,639,304</u>
<b>DEDUCTIONS:</b>			
Benefit payments and withdrawals .....	3,619,254	600,898	4,220,152
Administrative expenses .....	39,682	10,195	49,877
Total deductions .....	<u>3,658,936</u>	<u>611,093</u>	<u>4,270,029</u>
Net increase in net position .....	<u>4,081,696</u>	<u>2,287,579</u>	<u>6,369,275</u>
<b>NET POSITION:</b>			
Restricted for benefits:			
Beginning of year .....	32,774,761	20,942,097	53,716,858
End of year .....	<u>\$36,856,457</u>	<u>\$23,229,676</u>	<u>\$60,086,133</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**BOARD OF EDUCATION RETIREMENT SYSTEM**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

JUNE 30, 2014  
(in thousands)

	BERS Qualified Pension Plan	Tax-Deferred Annuity Program	Eliminations	Total Board of Education Retirement System
<b>ASSETS:</b>				
Cash and cash equivalents . . . . .	\$8,903	\$2,902	\$ —	\$11,805
Receivables:				
Member loans . . . . .	42,307	34,762	—	77,069
Investment securities sold . . . . .	181,295	3,824	—	185,119
Accrued interest and dividends . . . . .	61	516	—	577
Total receivables . . . . .	<u>223,663</u>	<u>39,102</u>	<u>—</u>	<u>262,765</u>
Investments:				
Fixed return funds:				
Short-term investments . . . . .	152,828	—	—	152,828
Debt securities . . . . .	781,227	—	—	781,227
Equity securities . . . . .	472,007	—	—	472,007
Alternative investments . . . . .	280,168	—	—	280,168
Collective trust funds:				
Debt securities . . . . .	245,030	—	—	245,030
International equity . . . . .	958,686	—	—	958,686
Domestic equity . . . . .	1,389,836	—	—	1,389,836
Collateral from securities lending transactions . . . . .	410,598	—	—	410,598
Variable funds:				
Short-term investments . . . . .	544	4,617	—	5,161
Debt securities . . . . .	1,059	8,996	—	10,055
Equity securities . . . . .	45,860	389,563	—	435,423
Collateral from securities lending transactions . . . . .	1,994	16,940	—	18,934
Total investments . . . . .	<u>4,739,837</u>	<u>420,116</u>	<u>—</u>	<u>5,159,953</u>
Investment in fixed return funds . . . . .	—	999,123	(999,123)	—
Other assets . . . . .	14,154	3,619	—	17,773
Total assets . . . . .	<u>4,986,557</u>	<u>1,464,862</u>	<u>(999,123)</u>	<u>5,452,296</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities . . . . .	14,783	42	—	14,825
Payable for investment securities purchased . . . . .	273,978	3,668	—	277,646
Accrued benefits payable . . . . .	6,816	6,750	—	13,566
Due to TDA Program fixed return funds . . . . .	999,123	—	(999,123)	—
Securities lending transactions . . . . .	412,592	16,940	—	429,532
Total liabilities . . . . .	<u>1,707,292</u>	<u>27,400</u>	<u>(999,123)</u>	<u>735,569</u>
<b>NET POSITION:</b>				
Restricted for benefits to be provided by QPP . . . . .	3,279,265	—	—	3,279,265
Restricted for benefits to be provided by TDA program . . . . .	—	1,437,462	—	1,437,462
Total net position . . . . .	<u>\$3,279,265</u>	<u>\$1,437,462</u>	<u>\$ —</u>	<u>\$4,716,727</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**BOARD OF EDUCATION RETIREMENT SYSTEM**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

JUNE 30, 2013  
(in thousands)

	BERS Qualified Pension Plan	Tax-Deferred Annuity Program	Eliminations	Total Board of Education Retirement System
<b>ASSETS:</b>				
Cash and cash equivalents . . . . .	\$903	\$309	\$ —	\$1,212
Receivables:				
Member loans . . . . .	39,281	31,518	—	70,799
Investment securities sold . . . . .	123,297	5,024	—	128,321
Accrued interest and dividends . . . . .	55	469	—	524
Total receivables . . . . .	<u>162,633</u>	<u>37,011</u>	<u>—</u>	<u>199,644</u>
Investments:				
Fixed return funds:				
Short-term investments . . . . .	64,121	—	—	64,121
Debt securities . . . . .	842,329	—	—	842,329
Promissory notes . . . . .	596	—	—	596
Equity securities . . . . .	1,475,473	—	—	1,475,473
Alternative investments . . . . .	202,598	—	—	202,598
Collective trust funds:				
Debt securities . . . . .	228,586	—	—	228,586
International equity . . . . .	765,943	—	—	765,943
Collateral from securities lending transactions . . . . .	395,874	—	—	395,874
Variable funds:				
Short-term investments . . . . .	390	3,341	—	3,731
Debt securities . . . . .	1,723	14,755	—	16,478
Equity securities . . . . .	38,310	328,072	—	366,382
Collateral from securities lending transactions . . . . .	16	138	—	154
Total investments . . . . .	<u>4,015,959</u>	<u>346,306</u>	<u>—</u>	<u>4,362,265</u>
Investment in fixed return funds . . . . .	—	866,065	(866,065)	—
Other assets . . . . .	12,592	3,257	—	15,849
Total assets . . . . .	<u>4,192,087</u>	<u>1,252,948</u>	<u>(866,065)</u>	<u>4,578,970</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities . . . . .	11,190	2,996	—	14,186
Payable for investment securities purchased . . . . .	257,507	5,388	—	262,895
Accrued benefits payable . . . . .	7,784	6,355	—	14,139
Due to TDA Program fixed return funds . . . . .	866,065	—	(866,065)	—
Securities lending transactions . . . . .	395,890	138	—	396,028
Total liabilities . . . . .	<u>1,538,436</u>	<u>14,877</u>	<u>(866,065)</u>	<u>687,248</u>
<b>NET POSITION:</b>				
Restricted for benefits to be provided by QPP . . . . .	2,653,651	—	—	2,653,651
Restricted for benefits to be provided by TDA program . . . . .	—	1,238,071	—	1,238,071
Total net position . . . . .	<u>\$2,653,651</u>	<u>\$1,238,071</u>	<u>\$ —</u>	<u>\$3,891,722</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**BOARD OF EDUCATION RETIREMENT SYSTEM**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
 FOR THE YEAR ENDED JUNE 30, 2014  
 (in thousands)

	<u>BERS Qualified Pension Plan</u>	<u>Tax-Deferred Annuity Program</u>	<u>Total Board of Education Retirement System</u>
<b>ADDITIONS:</b>			
Contributions:			
Member contributions .....	\$ 37,193	\$ 63,767	\$ 100,960
Employer contributions .....	214,590	—	214,590
Total contributions .....	<u>251,783</u>	<u>63,767</u>	<u>315,550</u>
Investment income:			
Interest income .....	44,321	2,877	47,198
Dividend income .....	60,033	5,593	65,626
Net appreciation in fair value of investments .....	781,671	74,351	856,022
Investment expenses .....	<u>(11,486)</u>	<u>(685)</u>	<u>(12,171)</u>
Investment income, net .....	<u>874,539</u>	<u>82,136</u>	<u>956,675</u>
Securities lending transactions:			
Securities lending income .....	997	87	1,084
Securities lending fees .....	<u>(83)</u>	<u>—</u>	<u>(83)</u>
Net securities lending income .....	<u>914</u>	<u>87</u>	<u>1,001</u>
Interest on TDA Program fixed return funds .....	(206,615)	206,615	—
Other receipts from other retirement systems .....	<u>(70,916)</u>	<u>(110,273)</u>	<u>(181,189)</u>
Total additions .....	<u>849,705</u>	<u>242,332</u>	<u>1,092,037</u>
<b>DEDUCTIONS:</b>			
Benefit payments and withdrawals .....	214,315	40,410	254,725
Administrative expenses .....	<u>9,776</u>	<u>2,531</u>	<u>12,307</u>
Total deductions .....	<u>224,091</u>	<u>42,941</u>	<u>267,032</u>
Net increase in net position .....	625,614	199,391	825,005
<b>NET POSITION:</b>			
Restricted for benefits:			
Beginning of year .....	2,653,651	1,238,071	3,891,722
End of year .....	<u>\$3,279,265</u>	<u>\$1,437,462</u>	<u>\$4,716,727</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**BOARD OF EDUCATION RETIREMENT SYSTEM**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
 FOR THE YEAR ENDED JUNE 30, 2013  
 (in thousands)

	<u>BERS Qualified Pension Plan</u>	<u>Tax-Deferred Annuity Program</u>	<u>Total Board of Education Retirement System</u>
<b>ADDITIONS:</b>			
Contributions:			
Member contributions .....	\$ 39,056	\$ 61,550	\$ 100,606
Employer contributions .....	196,246	—	196,246
Total contributions .....	<u>235,302</u>	<u>61,550</u>	<u>296,852</u>
Investment income:			
Interest income .....	40,531	3,490	44,021
Dividend income .....	50,865	6,512	57,377
Net appreciation in fair value of investments .....	576,115	52,779	628,894
Investment expenses .....	<u>(8,968)</u>	<u>(667)</u>	<u>(9,635)</u>
Investment income, net .....	<u>658,543</u>	<u>62,114</u>	<u>720,657</u>
Securities lending transactions:			
Securities lending income .....	2,469	87	2,556
Securities lending fees .....	<u>(185)</u>	<u>(67)</u>	<u>(252)</u>
Net securities lending income .....	<u>2,284</u>	<u>20</u>	<u>2,304</u>
Interest on TDA Program fixed return funds .....	(163,756)	163,756	—
Other receipts from other retirement systems .....	<u>(176,301)</u>	<u>(86,810)</u>	<u>(263,111)</u>
Total additions .....	<u>556,072</u>	<u>200,630</u>	<u>756,702</u>
<b>DEDUCTIONS:</b>			
Benefit payments and withdrawals .....	204,093	34,657	238,750
Administrative expenses .....	<u>8,927</u>	<u>2,454</u>	<u>11,381</u>
Total deductions .....	<u>213,020</u>	<u>37,111</u>	<u>250,131</u>
Net increase in net position .....	343,052	163,519	506,571
<b>NET POSITION:</b>			
Restricted for benefits:			
Beginning of year .....	<u>2,310,599</u>	<u>1,074,552</u>	<u>3,385,151</u>
End of year .....	<u>\$2,653,651</u>	<u>\$1,238,071</u>	<u>\$3,891,722</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**NEW YORK CITY POLICE PENSION FUNDS**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

JUNE 30, 2014  
(in thousands)

	POLICE Qualified Pension Plan	Variable Supplements Funds		Eliminations	Total New York City Police Pension Funds
		POVSF	PSOVSF		
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 45,733	\$ 3,307	\$ 1,347	\$ —	\$ 50,387
Receivables:					
Member loans	255,808	—	—	—	255,808
Investment securities sold	581,149	25,846	1	—	606,996
Transferrable earnings due from QPP to Variable Supplements Funds	—	1,290,000	1,020,000	(2,310,000)	—
Accrued interest and dividends	59,897	816	17	—	60,730
Total receivables	<u>896,854</u>	<u>1,316,662</u>	<u>1,020,018</u>	<u>(2,310,000)</u>	<u>923,534</u>
Investments:					
Short-term investments	1,279,645	22,840	57	—	1,302,542
Debt securities	6,933,743	120,078	—	—	7,053,821
Equity securities	7,882,275	—	—	—	7,882,275
Alternative investments	5,411,415	—	—	—	5,411,415
Collective trust funds:					
Debt securities	1,796,458	—	—	—	1,796,458
Domestic equity	5,685,263	264,084	—	—	5,949,347
International equity	5,794,509	10	—	—	5,794,519
Collateral from securities lending transactions	3,704,504	41,467	—	—	3,745,971
Total investments	<u>38,487,812</u>	<u>448,479</u>	<u>57</u>	<u>—</u>	<u>38,936,348</u>
Other assets	13,678	—	—	—	13,678
Total assets	<u>39,444,077</u>	<u>1,768,448</u>	<u>1,021,422</u>	<u>(2,310,000)</u>	<u>39,923,947</u>
<b>LIABILITIES:</b>					
Accounts payable and accrued liabilities	141,773	—	—	—	141,773
Payable for investment securities purchased	1,457,714	43,113	—	—	1,500,827
Accrued benefits payable	78,373	74,933	108,599	—	261,905
Transferrable earnings due from QPP to Variable Supplements Funds	2,310,000	—	—	(2,310,000)	—
Securities lending transactions	3,705,325	41,467	—	—	3,746,792
Total liabilities	<u>7,693,185</u>	<u>159,513</u>	<u>108,599</u>	<u>(2,310,000)</u>	<u>5,651,297</u>
<b>NET POSITION:</b>					
Restricted for benefits to be provided by QPP	31,750,892	—	—	—	31,750,892
Restricted for benefits to be provided by VSF	—	1,608,935	912,823	—	2,521,758
Total net position	<u>\$ 31,750,892</u>	<u>\$ 1,608,935</u>	<u>\$ 912,823</u>	<u>\$ —</u>	<u>\$34,272,650</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**NEW YORK CITY POLICE PENSION FUNDS**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

JUNE 30, 2013  
(in thousands)

	POLICE Qualified Pension Plan	Variable Supplements Funds		Total New York City Police Pension Funds
		POVSF	PSOVSF	
<b>ASSETS:</b>				
Cash and cash equivalents . . . . .	\$ 18,110	\$ 46	\$ 1	\$ 18,157
Receivables:				
Member loans . . . . .	261,906	—	—	261,906
Investment securities sold . . . . .	1,101,260	26,182	—	1,127,442
Accrued interest and dividends . . . . .	72,010	1,238	—	73,248
Total receivables . . . . .	<u>1,435,176</u>	<u>27,420</u>	<u>—</u>	<u>1,462,596</u>
Investments:				
Short-term investments . . . . .	1,015,106	18,949	251	1,034,306
Debt securities . . . . .	6,753,637	138,608	—	6,892,245
Promissory notes . . . . .	5,563	—	—	5,563
Equity securities . . . . .	11,491,706	334,411	—	11,826,117
Alternative investments . . . . .	4,444,724	—	—	4,444,724
Collective trust funds:				
Debt securities . . . . .	1,571,283	—	—	1,571,283
International equity . . . . .	4,670,297	26	5	4,670,328
Collateral from securities lending transactions . . . . .	3,174,158	47,982	—	3,222,140
Total investments . . . . .	<u>33,126,474</u>	<u>539,976</u>	<u>256</u>	<u>33,666,706</u>
Other assets . . . . .	12,697	—	—	12,697
Total assets . . . . .	<u>34,592,457</u>	<u>567,442</u>	<u>257</u>	<u>35,160,156</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities . . . . .	269,071	137	317	269,525
Payable for investment securities purchased . . . . .	2,113,320	54,436	—	2,167,756
Accrued benefits payable . . . . .	44,009	71,459	102,687	218,155
Securities lending transactions . . . . .	3,179,116	47,982	—	3,227,098
Total liabilities . . . . .	<u>5,605,516</u>	<u>174,014</u>	<u>103,004</u>	<u>5,882,534</u>
<b>NET POSITION:</b>				
Restricted for benefits to be provided by QPP . . . . .	28,986,941	—	—	28,986,941
Restricted for benefits to be provided by VSF . . . . .	—	393,428	(102,747)	290,681
Total net position . . . . .	<u>\$28,986,941</u>	<u>\$393,428</u>	<u>\$(102,747)</u>	<u>\$29,277,622</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**NEW YORK CITY POLICE PENSION FUNDS**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
 FOR THE YEAR ENDED JUNE 30, 2014  
 (in thousands)

	POLICE Qualified Pension Plan	Variable Supplements Funds		Eliminations	Total New York City Police Pension Funds
		POVSF	PSOVSF		
<b>ADDITIONS:</b>					
Contributions:					
Member contributions	\$ 228,783	\$ —	\$ —	\$ —	\$ 228,783
Employer contributions	2,320,910	—	—	—	2,320,910
Total contributions	2,549,693	—	—	—	2,549,693
Investment income:					
Interest income	374,192	4,149	3	—	378,344
Dividend income	441,568	5,993	8	—	447,569
Net appreciation in fair value of investments	4,369,202	65,899	36	—	4,435,137
Investment expenses	(120,828)	—	(2)	—	(120,830)
Investment income, net	5,064,134	76,041	45	—	5,140,220
Securities lending transactions:					
Securities lending income	8,412	31	—	—	8,443
Securities lending fees	(1,016)	(18)	(146)	—	(1,180)
Net securities lending income	7,396	13	(146)	—	7,263
Payments from QPP	—	—	231,024	(231,024)	—
Transferrable earnings due from QPP					
to Variable Supplements Funds	—	1,290,000	1,020,000	(2,310,000)	—
Other	6,811	80	20	—	6,911
Total additions	7,628,034	1,366,134	1,250,943	(2,541,024)	7,704,087
<b>DEDUCTIONS:</b>					
Benefit payments and withdrawals	2,305,609	150,627	235,373	—	2,691,609
Payments to VSFs	231,024	—	—	(231,024)	—
Transferrable earnings due from QPP					
to Variable Supplements Funds	2,310,000	—	—	(2,310,000)	—
Administrative expenses	17,450	—	—	—	17,450
Total deductions	4,864,083	150,627	235,373	(2,541,024)	2,709,059
Net increase in net position	2,763,951	1,215,507	1,015,570	—	4,995,028
<b>NET POSITION:</b>					
Restricted for benefits:					
Beginning of year	28,986,941	393,428	(102,747)	—	29,277,622
End of year	\$31,750,892	\$1,608,935	\$ 912,823	\$ —	\$34,272,650

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**NEW YORK CITY POLICE PENSION FUNDS**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
(in thousands)

	POLICE Qualified Pension Plan	Variable Supplements Funds		Eliminations	Total New York City Police Pension Funds
		POVSF	PSOVSF		
<b>ADDITIONS:</b>					
Contributions:					
Member contributions . . . . .	\$ 229,675	\$ —	\$ —	\$ —	\$ 229,675
Employer contributions . . . . .	2,424,691	—	—	—	2,424,691
Total contributions . . . . .	<u>2,654,366</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,654,366</u>
Investment income:					
Interest income . . . . .	376,436	4,365	466	—	381,267
Dividend income . . . . .	393,640	7,777	602	—	402,019
Net appreciation in fair value of investments . . . . .	2,348,307	52,779	5,203	—	2,406,289
Investment expenses . . . . .	(105,960)	—	—	—	(105,960)
Investment income, net . . . . .	<u>3,012,423</u>	<u>64,921</u>	<u>6,271</u>	<u>—</u>	<u>3,083,615</u>
Securities lending transactions:					
Securities lending income . . . . .	20,593	424	31	—	21,048
Securities lending fees . . . . .	(3,016)	(78)	(6)	—	(3,100)
Net securities lending income . . . . .	<u>17,577</u>	<u>346</u>	<u>25</u>	<u>—</u>	<u>17,948</u>
Payments from QPP . . . . .	—	—	8,169	(8,169)	—
Other . . . . .	5,965	90	63	—	6,118
Total additions . . . . .	<u>5,690,331</u>	<u>65,357</u>	<u>14,528</u>	<u>(8,169)</u>	<u>5,762,047</u>
<b>DEDUCTIONS:</b>					
Benefit payments and withdrawals . . . . .	2,157,547	147,165	225,922	—	2,530,634
Payments to VSFs . . . . .	8,169	—	—	(8,169)	—
Administrative expenses . . . . .	17,548	—	—	—	17,548
Total deductions . . . . .	<u>2,183,264</u>	<u>147,165</u>	<u>225,922</u>	<u>(8,169)</u>	<u>2,548,182</u>
Net increase (decrease) in net position . . . . .	3,507,067	(81,808)	(211,394)	—	3,213,865
<b>NET POSITION:</b>					
Restricted for benefits:					
Beginning of year . . . . .	<u>25,479,874</u>	<u>475,236</u>	<u>108,647</u>	<u>—</u>	<u>26,063,757</u>
End of year . . . . .	<u>\$28,986,941</u>	<u>\$393,428</u>	<u>\$(102,747)</u>	<u>\$ —</u>	<u>29,277,622</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**NEW YORK CITY FIRE PENSION FUNDS**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

JUNE 30, 2014  
(in thousands)

	FIRE Qualified Pension Plan	Variable Supplements Funds		Eliminations	Total New York City Fire Pension Funds
		FFVSF	FOVSF		
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 9,801	\$ 11,591	\$ 526	\$ —	\$ 21,918
Receivables:					
Member loans	28,434	—	—	—	28,434
Investment securities sold	225,735	7,769	2,979	—	236,483
Accrued interest and dividends	18,907	755	532	—	20,194
Transferrable earnings due from QPP to Variable Supplements Funds	—	110,000	10,000	(120,000)	—
Total receivables	<u>273,076</u>	<u>118,524</u>	<u>13,511</u>	<u>(120,000)</u>	<u>285,111</u>
Investments:					
Short-term investments	497,864	17,503	6,720	—	522,087
Debt securities	1,973,972	76,719	58,536	—	2,109,227
Equity securities	2,403,634	—	—	—	2,403,634
Alternative investments	1,761,800	—	—	—	1,761,800
Mutual funds—international equity	—	15,535	10,719	—	26,254
Collective trust funds:					
Debt securities	756,344	36,116	23,381	—	815,841
Domestic equity	1,516,964	226,046	162,466	—	1,905,476
International equity	2,051,440	63,353	51,416	—	2,166,209
Collateral from securities lending transactions	990,167	33,011	26,558	—	1,049,736
Total investments	<u>11,952,185</u>	<u>468,283</u>	<u>339,796</u>	<u>—</u>	<u>12,760,264</u>
Other assets	5,246	—	—	—	5,246
Total assets	<u>12,240,308</u>	<u>598,398</u>	<u>353,833</u>	<u>(120,000)</u>	<u>13,072,539</u>
<b>LIABILITIES:</b>					
Accounts payable and accrued liabilities	45,749	—	56	—	45,805
Payable for investment securities purchased	472,882	19,382	10,424	—	502,688
Accrued benefits payable	14,966	22,034	9,669	—	46,669
Transferrable earnings due from QPP to Variable Supplements Funds	120,000	—	—	(120,000)	—
Securities lending transactions	990,873	33,011	26,558	—	1,050,442
Total liabilities	<u>1,644,470</u>	<u>74,427</u>	<u>46,707</u>	<u>(120,000)</u>	<u>1,645,604</u>
<b>NET POSITION:</b>					
Restricted for benefits to be provided by QPP	10,595,838	—	—	—	10,595,838
Restricted for benefits to be provided by VSF	—	523,971	307,126	—	831,097
Total net position	<u>\$10,595,838</u>	<u>\$523,971</u>	<u>\$ 307,126</u>	<u>\$ —</u>	<u>\$11,426,935</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**NEW YORK CITY FIRE PENSION FUNDS**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

JUNE 30, 2013  
(in thousands)

	<b>FIRE Qualified Pension Plan</b>	<b>Variable Supplements Funds</b>		<b>Total New York Fire City Pension Funds</b>
		<b>FFVSF</b>	<b>FOVSF</b>	
<b>ASSETS:</b>				
Cash and cash equivalents . . . . .	\$ 2,155	\$ 10,490	\$ 79	\$ 12,724
Receivables:				
Member loans . . . . .	29,707	—	—	29,707
Investment securities sold . . . . .	335,643	12,867	25,973	374,483
Accrued interest and dividends . . . . .	20,277	978	650	21,905
Total receivables . . . . .	<u>385,627</u>	<u>13,845</u>	<u>26,623</u>	<u>426,095</u>
Investments:				
Short-term investments . . . . .	392,855	13,323	5,273	411,451
Debt securities . . . . .	1,902,494	81,702	53,721	2,037,917
Promissory notes . . . . .	1,788	—	—	1,788
Equity securities . . . . .	3,440,857	225,196	150,983	3,817,036
Alternative investments . . . . .	1,455,653	—	—	1,455,653
Mutual funds—international equity . . . . .	—	13,854	9,562	23,416
Collective trust funds:				
Debt securities . . . . .	619,958	33,417	21,640	675,015
International equity . . . . .	1,698,801	55,429	41,658	1,795,888
Collateral from securities lending transactions . . . . .	936,985	44,784	29,295	1,011,064
Total investments . . . . .	<u>10,449,391</u>	<u>467,705</u>	<u>312,132</u>	<u>11,229,228</u>
Other assets . . . . .	4,807	—	—	4,807
Total assets . . . . .	<u>10,841,980</u>	<u>492,040</u>	<u>338,834</u>	<u>11,672,854</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities . . . . .	115,178	—	83	115,261
Payable for investment securities purchased . . . . .	643,697	29,455	32,092	705,244
Accrued benefits payable . . . . .	15,499	22,432	9,941	47,872
Securities lending transactions . . . . .	940,414	44,784	29,295	1,014,493
Total liabilities . . . . .	<u>1,714,788</u>	<u>96,671</u>	<u>71,411</u>	<u>1,882,870</u>
<b>NET POSITION:</b>				
Restricted for benefits to be provided by QPP . . . . .	9,127,192	—	—	9,127,192
Restricted for benefits to be provided by VSF . . . . .	—	395,369	267,423	662,792
Total net position . . . . .	<u>\$ 9,127,192</u>	<u>\$395,369</u>	<u>\$267,423</u>	<u>\$ 9,789,984</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**NEW YORK CITY FIRE PENSION FUNDS**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
 FOR THE YEAR ENDED JUNE 30, 2014  
 (in thousands)

	FIRE Qualified Pension Plan	Variable Supplements Funds		Eliminations	Total New York City Fire Pension Funds
		FFVSF	FOVSF		
<b>ADDITIONS:</b>					
Contributions:					
Member contributions . . . . .	\$ 108,859	\$ —	\$ —	\$ —	\$108,859
Employer contributions . . . . .	969,956	—	—	—	969,956
Total contributions . . . . .	<u>1,078,815</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,078,815</u>
Investment income:					
Interest income . . . . .	118,699	4,701	3,038	—	126,438
Dividend income . . . . .	141,157	6,025	4,320	—	151,502
Net appreciation in fair value of investments . . . . .	1,352,930	58,245	43,907	—	1,455,082
Investment expenses . . . . .	(42,803)	—	—	—	(42,803)
Investment income, net . . . . .	<u>1,569,983</u>	<u>68,971</u>	<u>51,265</u>	<u>—</u>	<u>1,690,219</u>
Securities lending transactions:					
Securities lending income . . . . .	4,171	149	121	—	4,441
Securities lending fees . . . . .	(5,141)	(93)	59	—	(5,175)
Net securities lending income . . . . .	<u>(970)</u>	<u>56</u>	<u>180</u>	<u>—</u>	<u>(734)</u>
Transferrable earnings due from QPP					
to Variable Supplements Funds . . . . .	—	110,000	10,000	(120,000)	—
Other. . . . .	39,980	—	—	—	39,980
Total additions . . . . .	<u>2,687,808</u>	<u>179,027</u>	<u>61,445</u>	<u>(120,000)</u>	<u>2,808,280</u>
<b>DEDUCTIONS:</b>					
Benefit payments and withdrawals . . . . .	1,099,162	50,425	21,742	—	1,171,329
Transferrable earnings due from QPP					
to Variable Supplements Funds . . . . .	120,000	—	—	(120,000)	—
Total deductions . . . . .	<u>1,219,162</u>	<u>50,425</u>	<u>21,742</u>	<u>(120,000)</u>	<u>1,171,329</u>
Net increase in net position . . . . .	1,468,646	128,602	39,703	—	1,636,951
<b>NET POSITION:</b>					
Restricted for benefits:					
Beginning of year . . . . .	9,127,192	395,369	267,423	—	9,789,984
End of year . . . . .	<u>\$10,595,838</u>	<u>\$523,971</u>	<u>\$307,126</u>	<u>\$ —</u>	<u>\$11,426,935</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**PENSION TRUST FUNDS\***  
**NEW YORK CITY FIRE PENSION FUNDS**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
 FOR THE YEAR ENDED JUNE 30, 2013  
 (in thousands)

	FIRE Qualified Pension Plan	Variable Supplements Funds		Total New York City Fire Pension Funds
		FFVSF	FOVSF	
<b>ADDITIONS:</b>				
Contributions:				
Member contributions .....	\$ 104,816	\$ —	\$ —	\$ 104,816
Employer contributions .....	962,173	—	—	962,173
Total contributions .....	<u>1,066,989</u>	<u>—</u>	<u>—</u>	<u>1,066,989</u>
Investment income:				
Interest income .....	109,000	4,690	3,178	116,868
Dividend income .....	128,031	6,397	4,509	138,937
Net appreciation in fair value of investments .....	757,136	35,181	26,805	819,122
Investment expenses .....	(38,482)	—	—	(38,482)
Investment income, net .....	<u>955,685</u>	<u>46,268</u>	<u>34,492</u>	<u>1,036,445</u>
Securities lending transactions:				
Securities lending income .....	6,298	345	225	6,868
Securities lending fees .....	(791)	(56)	(35)	(882)
Net securities lending income .....	<u>5,507</u>	<u>289</u>	<u>190</u>	<u>5,986</u>
Other .....	38,965	—	—	38,965
Total additions .....	<u>2,067,146</u>	<u>46,557</u>	<u>34,682</u>	<u>2,148,385</u>
<b>DEDUCTIONS:</b>				
Benefit payments and withdrawals .....	1,064,631	48,539	22,834	1,136,004
Total deductions .....	<u>1,064,631</u>	<u>48,539</u>	<u>22,834</u>	<u>1,136,004</u>
Net increase (decrease) in net position .....	1,002,515	(1,982)	11,848	1,012,381
<b>NET POSITION:</b>				
Restricted for benefits:				
Beginning of year .....	<u>8,124,677</u>	<u>397,351</u>	<u>255,575</u>	<u>8,777,603</u>
End of year .....	<u>\$9,127,192</u>	<u>\$395,369</u>	<u>\$267,423</u>	<u>\$9,789,984</u>

\* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

**THE CITY OF NEW YORK**  
**OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**DEFERRED COMPENSATION PLANS**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

DECEMBER 31, 2013

(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	Total
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 12,095	\$ 2,335	\$ 9	\$ —	\$ 14,439
Receivables:					
Member loans	198,634	20,811	—	—	219,445
Total receivables	198,634	20,811	—	—	219,445
Investments:					
Mutual funds	8,131,160	1,038,279	77,784	15,404	9,262,627
Guaranteed investment contracts	4,310,505	630,547	113,848	2,309	5,057,209
Total investments	12,441,665	1,668,826	191,632	17,713	14,319,836
Other assets	960	215	—	—	1,175
Total assets	12,653,354	1,692,187	191,641	17,713	14,554,895
<b>LIABILITIES:</b>					
Accounts payable and accrued liabilities	4,015	591	112	—	4,718
Total liabilities	4,015	591	112	—	4,718
<b>NET POSITION:</b>					
Restricted for other employee benefits	12,649,339	1,691,596	191,529	17,713	14,550,177
Total net position	<u>\$12,649,339</u>	<u>\$1,691,596</u>	<u>\$191,529</u>	<u>\$17,713</u>	<u>\$14,550,177</u>

**THE CITY OF NEW YORK**  
**OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**DEFERRED COMPENSATION PLANS**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**

DECEMBER 31, 2012

(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	Total
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	
<b>ASSETS:</b>					
Cash and cash equivalents . . . . .	\$ 13,598	\$ 2,062	\$ 6	\$ —	\$ 15,666
Receivables:					
Member loans . . . . .	176,558	17,222	—	—	193,780
Total receivables . . . . .	<u>176,558</u>	<u>17,222</u>	<u>—</u>	<u>—</u>	<u>193,780</u>
Investments:					
Mutual funds . . . . .	6,293,002	769,999	50,520	11,304	7,124,825
Guaranteed investment contracts . . . . .	4,143,340	569,270	97,861	2,159	4,812,630
Total investments . . . . .	<u>10,436,342</u>	<u>1,339,269</u>	<u>148,381</u>	<u>13,463</u>	<u>11,937,455</u>
Other assets . . . . .	613	1,827	—	—	2,440
Total assets . . . . .	<u>10,627,111</u>	<u>1,360,380</u>	<u>148,387</u>	<u>13,463</u>	<u>12,149,341</u>
<b>LIABILITIES:</b>					
Accounts payable and accrued liabilities . . . . .	5,138	1,882	80	—	7,100
Total liabilities . . . . .	<u>5,138</u>	<u>1,882</u>	<u>80</u>	<u>—</u>	<u>7,100</u>
<b>NET POSITION:</b>					
Restricted for other employee benefits . . . . .	10,621,973	1,358,498	148,307	13,463	12,142,241
Total net position . . . . .	<u>\$10,621,973</u>	<u>\$1,358,498</u>	<u>\$148,307</u>	<u>\$13,463</u>	<u>\$12,142,241</u>

**THE CITY OF NEW YORK**  
**OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**DEFERRED COMPENSATION PLANS**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	Total
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	
<b>ADDITIONS:</b>					
Contributions:					
Member contributions . . . . .	\$ 533,030	\$ 166,331	\$ 35,290	\$ 745	\$ 735,396
Total contributions . . . . .	<u>533,030</u>	<u>166,331</u>	<u>35,290</u>	<u>745</u>	<u>735,396</u>
Investment income:					
Interest income . . . . .	122,652	16,505	2,885	57	142,099
Net appreciation in fair value of investments . . . . .	1,856,185	204,270	13,796	3,682	2,077,933
Investment expenses . . . . .	(26,251)	(3,727)	(460)	(33)	(30,471)
Investment income, net . . . . .	<u>1,952,586</u>	<u>217,048</u>	<u>16,221</u>	<u>3,706</u>	<u>2,189,561</u>
Total additions . . . . .	<u>2,485,616</u>	<u>383,379</u>	<u>51,511</u>	<u>4,451</u>	<u>2,924,957</u>
<b>DEDUCTIONS:</b>					
Benefit payments and withdrawals . . . . .	446,213	48,860	8,168	200	503,441
Administrative expenses . . . . .	12,037	1,421	121	1	13,580
Total deductions . . . . .	<u>458,250</u>	<u>50,281</u>	<u>8,289</u>	<u>201</u>	<u>517,021</u>
Net increase in net position . . . . .	2,027,366	333,098	43,222	4,250	2,407,936
<b>NET POSITION:</b>					
Restricted for other employee benefits:					
Beginning of year . . . . .	<u>10,621,973</u>	<u>1,358,498</u>	<u>148,307</u>	<u>13,463</u>	<u>12,142,241</u>
End of year . . . . .	<u>\$12,649,339</u>	<u>\$1,691,596</u>	<u>\$191,529</u>	<u>\$17,713</u>	<u>\$14,550,177</u>

**THE CITY OF NEW YORK**  
**OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**DEFERRED COMPENSATION PLANS**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
 FOR THE YEAR ENDED DECEMBER 31, 2012  
 (in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	Total
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	
<b>ADDITIONS:</b>					
Contributions:					
Member contributions . . . . .	\$ 540,289	\$ 156,556	\$ 31,222	\$ 762	\$ 728,829
Total contributions . . . . .	<u>540,289</u>	<u>156,556</u>	<u>31,222</u>	<u>762</u>	<u>728,829</u>
Investment income:					
Interest income . . . . .	138,646	17,713	2,872	60	159,291
Net appreciation in fair value of investments . . . . .	843,109	93,207	6,003	1,524	943,843
Investment expenses . . . . .	(23,317)	(3,199)	(368)	(28)	(26,912)
Investment income, net . . . . .	<u>958,438</u>	<u>107,721</u>	<u>8,507</u>	<u>1,556</u>	<u>1,076,222</u>
Total additions . . . . .	<u>1,498,727</u>	<u>264,277</u>	<u>39,729</u>	<u>2,318</u>	<u>1,805,051</u>
<b>DEDUCTIONS:</b>					
Benefit payments and withdrawals . . . . .	374,310	35,047	6,166	178	415,701
Administrative expenses . . . . .	11,855	1,319	108	1	13,283
Total deductions . . . . .	<u>386,165</u>	<u>36,366</u>	<u>6,274</u>	<u>179</u>	<u>428,984</u>
Net increase in net position . . . . .	1,112,562	227,911	33,455	2,139	1,376,067
<b>NET POSITION:</b>					
Restricted for other employee benefits:					
Beginning of year . . . . .	9,509,411	1,130,587	114,852	11,324	10,766,174
End of year . . . . .	<u>\$10,621,973</u>	<u>\$1,358,498</u>	<u>\$148,307</u>	<u>\$13,463</u>	<u>\$12,142,241</u>

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

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

**THE CITY OF NEW YORK**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
 FOR THE YEAR ENDED JUNE 30, 2013  
 (in thousands)

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
<b>ASSETS:</b>				
Cash and investments .....	<u>\$2,095,993</u>	<u>\$752,809</u>	<u>\$858,599</u>	<u>\$1,990,203</u>
<b>LIABILITIES:</b>				
Other .....	<u>\$2,095,993</u>	<u>\$752,809</u>	<u>\$858,599</u>	<u>\$1,990,203</u>



Staten Island Ferry

**The City of New York**

**Comprehensive  
Annual Financial Report  
of the  
Comptroller**

**SUPPLEMENTARY INFORMATION**

**COMBINING FINANCIAL INFORMATION —  
COMPONENT UNITS**

**Part II-E**

**Fiscal Year Ended June 30, 2014**





One World Trade Center

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

June 30, 2014  
(in thousands)

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

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

June 30, 2013  
(in thousands)

	WTC Captive Insurance Company, Inc. December 31, 2012	Brooklyn Navy Yard Development Corporation	Industrial Development Agency	The Trust for Governors Island	Brooklyn Bridge Park Corporation	Business Relocation Assistance Corporation	Build NYC Resource Corporation	NYC Land Development Corporation	Total
<b>ASSETS:</b>									
Cash and cash equivalents	\$ 6,272	\$ 5,931	\$ 2,057	\$ 1,433	\$ 13,842	\$ 573	\$ 2,762	\$	\$ 32,870
Investments, including accrued interest	346,225	—	49,682	—	—	—	—	—	395,907
Lease receivables	—	—	1,760,040	—	—	—	—	—	1,760,040
Other receivables	—	12,123	64	15,440	465	—	—	23	28,115
Restricted cash and investments	4,608	97,896	144,329	10,439	23,649	—	—	—	280,921
Other	38	818	—	4	1	—	—	—	861
Capital assets:									
Land and construction work-in-progress	—	—	—	153,239	48,644	—	—	—	201,883
Buildings and equipment	—	399,588	—	9,615	69,299	—	—	—	478,502
Accumulated depreciation	—	(112,636)	—	(1,983)	(4,423)	—	—	—	(119,042)
Total assets	<u>\$ 357,143</u>	<u>\$ 403,720</u>	<u>\$ 1,956,172</u>	<u>\$ 188,187</u>	<u>\$ 151,477</u>	<u>\$ 573</u>	<u>\$ 2,762</u>	<u>\$ 23</u>	<u>\$ 3,060,057</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	—	—	15,908	—	—	—	—	—	15,908
<b>LIABILITIES:</b>									
Accounts payable and accrued liabilities	\$ 4,878	\$ 2,974	\$ 736	\$ 24,596	\$ 7,349	\$ 3	\$ 54	\$ 18	\$ 40,608
Unearned revenues	—	9,378	355	10,327	19,162	—	—	—	39,222
Other	—	2,805	101,831	—	—	—	10	—	104,646
Derivative instruments-interest rate swaps	—	—	15,908	—	—	—	—	—	15,908
Noncurrent Liabilities:									
Due within one year	—	—	23,478	—	—	—	—	—	23,478
Bonds and notes payable (net of amount due within one year)	—	—	1,779,060	—	—	—	—	—	1,779,060
OPEB liability	—	—	—	225	19	—	—	—	244
Other (net of amount due within one year)	352,265	125,320	—	—	—	—	—	—	477,585
Total liabilities	<u>357,143</u>	<u>140,477</u>	<u>1,921,368</u>	<u>35,148</u>	<u>26,530</u>	<u>3</u>	<u>64</u>	<u>18</u>	<u>2,480,751</u>
<b>NET ASSETS:</b>									
Net investment in capital assets	—	220,319	—	160,871	113,520	—	—	—	494,710
Restricted for:									
Capital projects	—	—	—	—	58	—	—	—	58
Loans/security deposits	—	2,805	—	—	—	570	—	—	3,375
Unrestricted (deficit)	—	40,119	50,712	(7,832)	11,369	—	2,698	5	97,071
Total net position	<u>\$ —</u>	<u>\$ 263,243</u>	<u>\$ 50,712</u>	<u>\$ 153,039</u>	<u>\$ 124,947</u>	<u>\$ 570</u>	<u>\$ 2,698</u>	<u>\$ 5</u>	<u>\$ 595,214</u>

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

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

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

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

FOR THE YEAR ENDED JUNE 30, 2013  
(in thousands)

<b>EXPENSES</b> .....	WTC Captive Insurance Company, Inc. December 31, 2012	\$ (2,495)	Brooklyn Navy Yard Development Corporation	\$ 43,295	Industrial Development Agency	\$ 114,555	The Trust for Governors Island	\$ 13,814	Brooklyn Bridge Park Corporation	\$ 8,874	Business Relocation Assistance Corporation	\$ 32	Build NYC Resource Corporation	\$ 1,274	NYC Land Development Corporation	\$ 68	Total	\$ 179,417
<b>PROGRAM REVENUES:</b>																		
Charges for services .....	—	32,546	6,959	571	3,001	—	—	2,795	—	—	—	—	—	—	—	—	45,872	—
Operating grants and contributions .....	—	524	—	11,909	—	—	—	—	—	—	—	—	—	—	—	—	12,456	23
Capital grants, contributions and other .....	—	21,183	—	100,700	44,189	—	—	—	—	—	—	—	—	—	—	—	166,122	50
Total program revenues .....	—	54,253	6,959	113,180	47,190	—	—	—	—	—	—	—	—	—	—	—	224,450	73
Net (expenses) program revenues .....	2,495	10,958	(107,596)	99,366	38,316	—	—	—	—	—	—	—	—	—	—	—	45,033	5
<b>GENERAL REVENUES:</b>																		
Investment income .....	(2,495)	116	82	14	41	—	—	—	—	—	—	—	—	—	—	—	(2,242)	—
Other .....	—	—	100,952	9	231	—	—	—	—	—	—	—	583	—	—	—	101,775	—
Total general revenue .....	(2,495)	116	101,034	23	272	—	—	—	—	—	—	—	583	—	—	—	99,533	—
Change in net assets .....	—	11,074	(6,562)	99,389	38,588	—	—	—	—	—	—	—	2,104	—	—	—	144,566	5
Net position—beginning .....	—	252,169	57,274	53,650	86,359	—	—	—	—	—	—	—	594	—	—	—	450,648	—
Net position—ending .....	—	\$ 263,243	\$ 50,712	\$ 153,039	\$ 124,947	\$ 50,712	\$ 153,039	\$ 124,947	\$ 124,947	\$ 124,947	\$ 124,947	\$ 570	\$ 2,698	\$ 2,698	\$ 5	\$ 5	\$ 595,214	5



Verrazano Narrows Bridge

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

The People of The City of New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major governmental fund, the aggregate remaining fund information, each major component unit, and the aggregate nonmajor component units of The City of New York ("The City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise The City's basic financial statements as listed in the table of contents. We also have audited the financial statements of The City's individual nonmajor governmental and fiduciary funds and each nonmajor component unit presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, and have issued our report thereon dated October 29, 2014, which includes emphasis of matter paragraphs 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 23 percent as of and for the year ended June 30, 2014, of the assets and revenues of the government-wide financial statements, 7 percent and 7 percent, as of and for the year ended June 30, 2014, of the assets and revenues of the fund financial statements, 6 percent and 8 percent, as of and for the year ended June 30, 2014, of the assets and net position of the fiduciary fund financial statements, and 50 percent and 50 percent, as of and for the year ended June 30, 2014, of the assets and revenues of the component unit financial statements of The City. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities disclosed in Note E.1, are based solely on the reports of the other auditors.

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

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in

the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The City's internal control. Accordingly, we do not express an opinion on the effectiveness of The City's internal control.

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

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

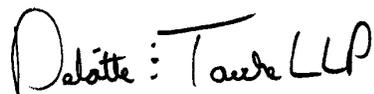
### **Compliance and Other Matters**

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

We noted certain matters that we reported to the Audit Committee and management of The City in a separate letter dated October 29, 2014.

### **Purpose of this Report**

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

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

October 29, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE PROGRAMS; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND PART 43 OF THE NEW YORK STATE CODIFICATION OF RULES AND REGULATIONS**

The People of The City of New York:

**Report on Compliance for Each Major Federal and State of New York Department of Transportation Assistance Programs**

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* and *Part 43 of the New York State Codification of Rules and Regulations* ("NYSCRR") that could have a direct and material effect on each of The City's major federal and State of New York Department of Transportation assistance programs for the year ended June 30, 2014. The City's major federal and State of New York Department of Transportation assistance programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs, and the State of New York Department of Transportation assistance expended schedule of findings and questioned costs. The City's basic financial statements includes the operation of the New York City Health and Hospital Corporation, New York City Economic Development Corporation, and New York City Municipal Water Finance Authority. These entities expended \$267,007,000 in federal funds and are included in the Consolidated Schedule of Expenditures of Federal Awards. Our audit of compliance did not include the operations of the entities listed in Note E.1, except as listed above, because those entities engaged other auditors or us to perform separate audits in accordance with OMB Circular A-133 or did not require an audit in accordance with OMB Circular A-133.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal and State of New York Department of Transportation Assistance Programs**

In our opinion, The City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and State of New York Department of Transportation assistance programs for the year ended June 30, 2014.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and NYSCRR and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001, 2014-002, 2014-003, 2014-004, 2014-005, 2014-006, 2014-007, 2014-008, 2014-009, 2014-010, 2014-011, 2014-012, 2014-013 and 2014-014. Our opinion on each major federal and State of New York Department of Transportation assistance programs is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

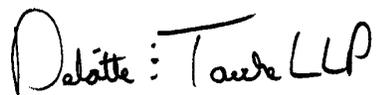
Management of The City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The City's internal control over compliance with the types of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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-003, 2014-009, and 2014-012, that we consider to be significant deficiencies.

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

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

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October 29, 2014

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# THE CITY OF NEW YORK

## CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2014 (In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF AGRICULTURE:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	NYS OTDA	\$ 230,638	\$ -
	10.561	NYS DOH	1,561	
	10.561	Direct Federal	2,670	
Child Nutrition Cluster:				
School Breakfast Program	10.553	Direct Federal	346	
	10.553	NYS ED	63,364	
National School Lunch Program	10.555	Direct Federal	518	
	10.555	NYS ED	287,267	
Summer Food Service Program for Children	10.559	NYS ED	23,732	
	10.559	NYS DOH	106	
Total Child Nutrition Cluster			375,333	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	NYS DOH	17,800	71,703
Child and Adult Care Food Program	10.558	NYS DOH	8,478	
	10.558	NYS ED	30,721	
Commodity Supplemental Food Program	10.565	NYS DOH	2,756	
	10.565	Direct Federal		31,766
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580	Direct Federal	57	
Fresh Fruit and Vegetable Program	10.582	NYS ED	2,098	
Cooperative Forestry Assistance	10.664	Direct Federal	239	
Total U.S. Department of Agriculture			672,351	103,469
U.S. DEPARTMENT OF COMMERCE:				
Measurement and Engineering Research and Standards	11.609	Direct Federal	4	
<b>ARRA—Broadband Technology Opportunities Program (BTOP)</b>	11.557	Direct Federal	1,140	
Total U.S. Department of Commerce			1,144	-
U.S. DEPARTMENT OF DEFENSE:				
Procurement Technical Assistance for Business Firms	12.002	Direct Federal	306	
Military Medical Research and Development	12.420	Direct Federal	4	
Language Grant Program	12.900	Direct Federal	87	
Total U.S. Department of Defense			397	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Rent Supplement—Rental Housing for Lower Income Families	14.149	Direct Federal	601	
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	Direct Federal	17,939	
Community Compass Technical Assistance and Capacity Building	14.259	Direct Federal	208	
Community Development Block Grants/Entitlement Grants	14.218	Direct Federal	201,879	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Direct Federal	8,240	
	14.228	LMDC	22,061	
	14.228	NYC SBS	12,514	
Emergency Shelter Grants Program	14.231	Direct Federal	12,560	
Supportive Housing Program	14.235	Direct Federal	1,346	
Shelter Plus Care	14.238	Direct Federal	28,201	
HOME Investment Partnerships Program	14.239	Direct Federal	101,024	

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

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# THE CITY OF NEW YORK

## CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(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	\$ 55,504	\$ -
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	Direct Federal	2,206	
<b>ARRA—Neighborhood Stabilization Program, Recovery Act</b>	14.256	Direct Federal	42	
Continuum of Care Program	14.267	Direct Federal	69	
Hurricane Sandy Community Development Block Grant	14.269	Direct Federal	145,520	
Disaster Recovery Grants (CDBG-DR)	14.269	NYC SBS	55,881	
Transformation Initiative Research Grants	14.524	Direct Federal	76	
Sustainable Communities Regional Planning Grant Program	14.703	RPA	283	
Section 8 Housing Choice Vouchers	14.871	Direct Federal	412,392	
Lead Hazard Reduction Demonstration Grant Program	14.905	Direct Federal	1,305	
Total U.S. Department of Housing and Urban Development			<u>1,079,851</u>	<u>-</u>
U.S. DEPARTMENT OF THE INTERIOR:				
North American Wetlands Conservation Fund	15.623	Direct Federal	14	
National Fish and Wildlife Foundation	15.663	NFWF	13	
Natural Resource Stewardship	15.944	Direct Federal	25	
Total U.S. Department of the Interior			<u>52</u>	<u>-</u>
U.S. DEPARTMENT OF JUSTICE:				
Law Enforcement Assistance—Narcotics and Dangerous Drugs Training	16.004	Direct Federal	4,355	
Law Enforcement Assistance—National Crime Information Center	16.304	Direct Federal	9	
Services for Trafficking Victims	16.320	Direct Federal	51	
Juvenile Accountability Block Grants	16.523	NYS DCJS	577	
Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528	Direct Federal	37	
Juvenile Justice and Delinquency Prevention—Allocation to States	16.540	NYS DCJS	53	
	16.540	Direct Federal	125	
Missing Children's Assistance	16.543	Direct Federal	297	
National Institute of Justice Research, Evaluation, and Development				
Project Grants	16.560	Direct Federal	2,149	
Crime Victim Assistance	16.575	NYS OVS	726	
Edward Byrne Memorial Formula Grant Program	16.579	NYS DCJS	619	
Violence Against Women Formula Grants	16.588	Direct Federal	409	
	16.588	NYS DCJS	560	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	Direct Federal	965	
	16.590	NYS DCJS	58	
State Criminal Alien Assistance Program	16.606	Direct Federal	5,962	
Bulletproof Vest Partnership Program	16.607	Direct Federal	5	
Edward Byrne Memorial Justice Assistance Grant Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct Federal	3,001	
	16.738	NYS DCJS	2,485	
<b>ARRA—Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories</b>	16.803	NYS DCJS	152	
<b>ARR—Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants To Units of Local Government</b>	16.804	Direct Federal	702	
Total Edward Byrne Memorial Justice Assistance Grant Program Cluster			<u>6,340</u>	<u>-</u>
Forensic DNA Backlog Reduction Program	16.741	Direct Federal	1,059	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	Direct Federal	68	
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Direct Federal	113	

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

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# THE CITY OF NEW YORK

## CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Support For Adam Walsh Act Implementation Grant Program	16.750	Direct Federal	\$ 71	\$ -
Edward Byrne Memorial Competitive Grant Program	16.751	Direct Federal	99	
Economic High-Tech and Cyber Crime Prevention	16.752	Direct Federal	100	
Harold Rogers Prescription Drug Monitoring Program	16.754	Direct Federal	190	
<b>ARRA—Recovery Act-Edward Byrne Memorial Competitive Grant Program</b>	16.808	Direct Federal	241	
Second Chance Act Prisoner Reentry Initiative	16.812	NYS DCJS	26	
	16.812	Direct Federal	599	
Northern Border Prosecution Initiative Program	16.814	Direct Federal	395	
Equitable Sharing Program	16.922	Direct Federal	8,444	
Total U.S. Department of Justice			<u>34,702</u>	<u>-</u>
U.S. DEPARTMENT OF LABOR:				
Senior Community Service Employment Program	17.235	NYS OFA	3,466	
	17.235	Direct Federal	306	
Trade Adjustment Assistance	17.245	NYS DOL	850	
Hurricane Sandy Disaster Relief Appropriations Act Supplemental National Emergency Grants (NEGs)	17.284	NYS DOL	6,706	
	17.284	NYS OTDA	562	
WIA Cluster:				
WIA Adult Program	17.258	NYS DOL	25,569	
WIA Youth Activities	17.259	NYS DOL	23,017	
WIA Dislocated Workers Formula Grants	17.278	NYS DOL	14,785	
Total WIA Cluster			<u>63,371</u>	<u>-</u>
WIA National Emergency Grants	17.277	NYS DOL	2,446	
Total U.S. Department of Labor			<u>77,707</u>	<u>-</u>
U.S. DEPARTMENT OF STATE:				
Professional and Cultural Exchange Programs	19.012	Direct Federal	26,085	
Cultural Technical and Educational Centers	19.015	Direct Federal	1,358	
Total U.S. Department of State			<u>27,443</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION:				
Highway Research and Development Program	20.200	NYS DOT	46	
Highway Planning and Construction	20.205	NYS DOT	278,325	
	20.205	NYC DOT	3,912	
	20.205	Direct Federal	11,981	
	20.205	NYS OEM	2,775	
Federal Transit Cluster:				
Federal Transit—Capital Investment Grants	20.500	Direct Federal	26,658	
	20.500	NYC DOT	4,541	
Federal Transit—Formula Grants	20.507	Direct Federal	19,967	
Total Federal Transit Cluster			<u>51,166</u>	<u>-</u>
Federal Transit Administration—Metropolitan Transportation Planning	20.505	NYMTC	5,613	
	20.505	Direct Federal	9,327	
	20.505	NYS DOT	235	
	20.505	NYC DOT	26	
Transit Services Programs Cluster:				
Federal Transit Administration—Job Access— Reverse Commute	20.516	Direct Federal	1,014	
Federal Transit Administration—New Freedom Program	20.521	Direct Federal	2,517	
Total Transit Services Programs Cluster			<u>3,531</u>	<u>-</u>
Alternatives Analysis	20.522	Direct Federal	104	

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

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# THE CITY OF NEW YORK

## CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Public Transportation Emergency Relief Program	20.527	NYC DOT	\$ 1,773	\$ -
	20.527	Direct Federal	2,282	
State and Community Highway Safety	20.600	NYS DMV	712	
	20.600	NYS GTSC	72	
National Infrastructure Investments	20.933	Direct Federal	<u>2,216</u>	
Total U.S. Department of Transportation			<u>374,096</u>	<u>-</u>
U.S. TREASURY:				
Equitable Sharing Program—Treasury	21.unknown	Direct Federal	<u>5,638</u>	
Total U.S. Treasury			<u>5,638</u>	<u>-</u>
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION:				
Employment Discrimination—State and Local Fair Employment Practices Agency Contracts	30.002	Direct Federal	<u>141</u>	
Total U.S. Equal Employment Opportunity Commission			<u>141</u>	<u>-</u>
U.S. NATIONAL ENDOWMENT FOR THE ARTS:				
Promotion of the Arts—Grants to Organizations and Individuals	45.024	Direct Federal	<u>30</u>	
Total U.S. National Endowment for the Arts			<u>30</u>	<u>-</u>
U.S. NATIONAL ENDOWMENT FOR THE HUMANITIES				
Promotion of the Humanities—Division of Preservation and Access	45.149	Direct Federal	<u>116</u>	
Total U.S. National Endowment for the Humanities			<u>116</u>	<u>-</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS:				
VA Homeless Providers Grants and Per Diem Program	64.024	Direct Federal	<u>2,724</u>	
Total U.S. Department of Veterans Affairs			<u>2,724</u>	<u>-</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
Long Island Sound Program	66.437	NFWF	82	
<b>ARRA—Capitalization Grants For Clean Water State Revolving Fund</b>	66.458	Direct Federal	174,047	
	66.458	NYS EFC	5,280	
Regional Wetland Program Development Grants	66.461	Direct Federal	82	
Beach Monitoring and Notification Program Implementation Grants	66.472	NYS DOH	60	
Science to Achieve Results (STAR) Research Program	66.509	Direct Federal	84	
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	Direct Federal	<u>967</u>	
Total U.S. Environmental Protection Agency			<u>180,602</u>	<u>-</u>

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

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# THE CITY OF NEW YORK

## CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF ENERGY:				
Office of Scientific and Technical Information	81.064	Direct Federal	\$ 102	\$ -
Energy Efficiency and Renewable Energy Information Dissemination				
Defense Nuclear Non-proliferation Research	81.113	Direct Federal	45	
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	NYC SBS	741	
<b>ARRA—Electricity Delivery and Energy Reliability, Research, Development and Analysis</b>	81.122	Direct Federal	928	
<b>ARRA—Energy Efficiency and Conservation Block Grant (EECBG)</b>	81.128	Direct Federal	1,088	
Total U.S. Department of Energy			<u>2,904</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION:				
Title I Grants to Local Educational Agencies	84.010	NYS ED	724,523	
Reserve Officers Training Corps.	84.unknown	Direct Federal	1,576	
Special Education Cluster:				
Special Education Grants to States	84.027	NYS ED	223,958	
Special Education—Preschool Grants	84.173	NYS ED	10,835	
Total Special Education Cluster			<u>234,793</u>	<u>-</u>
Impact Aid	84.041	Direct Federal	5,000	
TRIO—Student Support Services	84.042	CUNY	969	
Career and Technical Education—Basic Grants to States	84.048	NYS ED	13,801	
Magnet Schools Assistance	84.165	NYS ED	9,786	
Special Education—Grants for Infants and Families	84.181	NYS DOH	3,739	
Safe and Drug-Free Schools and Communities—State Grants	84.186	NYS ED	673	
Education for Homeless Children and Youth	84.196	NYS ED	1,500	
Fund for the Improvement of Education	84.215	Direct Federal	4,507	
Twenty-First Century Community Learning Centers	84.287	NYS ED	20,085	
Education Research, Development and Dissemination	84.305	Rand Corp.	9	
	84.305	NYU	90	
Advanced Placement Program (AP Test Fee: AP Incentive Program Grants)	84.330	Direct Federal	263	
Arts in Education	84.351	Direct Federal	1,404	
Voluntary Public School Choice	84.361	Direct Federal	561	
School Leadership	84.363	Direct Federal	1,375	
English Language Acquisition Grants	84.365	NYS ED	33,261	
Teacher Incentive Fund	84.374	Direct Federal	6,115	
Improving Teacher Quality State Grants	84.367	NYS ED	107,014	
<b>ARRA—School Improvement Grant, Recovery Act</b>	84.388	NYS ED	13,766	
<b>ARRA—Race to the Top Incentive</b>	84.395	NYS ED	81,247	
<b>ARRA—State Fiscal Stabilization Fund (SFSF)—Investing in Innovation Fund, Recovery Act</b>	84.396	NYS ED	263	
	84.396	Direct Federal	1,578	
Investing in Innovation (I3) Fund	84.411	Direct Federal	1,120	
Total U.S. Department of Education			<u>1,269,018</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	309	
Special Programs for the Aging—Title III, Part D—Disease Prevention and Health Promotion Services	93.043	NYS OFA	359	

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

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# THE CITY OF NEW YORK

## CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Aging Cluster:				
Special Programs for the Aging—Title III, Part B— Grants for Supportive Services and Senior Centers	93.044	NYS OFA	\$ 10,889	\$ -
Special Programs for the Aging—Title III, Part C—Nutrition Services	93.045	NYS OFA	18,469	
Nutrition Services Incentive Program	93.053	NYS OFA	8,309	
			<u>37,667</u>	<u>-</u>
Total Aging Cluster				
Special Programs for the Aging—Title IV-and Title II-Discretionary Projects	93.048	NYS OFA	271	
	93.048	Direct Federal	109	
National Family Caregiver Support Title III, Part E	93.052	NYS OFA	3,957	
Training in General, Pediatric, and Public Health Dentistry	93.059	Direct Federal	240	
Environmental Public Health and Emergency Response	93.070	FPHNY	61	
Hospital Preparedness Program & Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	PHS	12,179	
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	Direct Federal	279	
Sodium Reduction in Communities	93.082	FPHNY	32	
HHS Programs for Disaster Relief Appropriations Act-Non-Construction	93.095	Direct Federal	611	
	93.095	NYS DOH	1,704	
	93.095	University of Pittsburg	83	
	93.095	Columbia University	14	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Direct Federal	5,242	
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	NYS DOH	429	
	93.118	Ed. Dev. Center, Inc.	88	
Emergency Medical Services for Children	93.127	Direct Federal	78	
Injury Prevention and Control Research, State and Community Based Programs	93.136	NYS DOH	40	
Projects for Assistance in Transition from Homelessness (PATH)	93.150	NYS OMH	2,591	
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	Direct Federal	1,389	
	93.153	Montefiore	494	
Research and Training in Complementary and Alternative Medicine	93.213	Direct Federal	20	
Family Planning—Services	93.217	NYS DOH	963	
Research on Healthcare Costs, Quality and Outcomes	93.226	Direct Federal	19	
Mental Health Research Grants	93.242	Direct Federal	69	
	93.242	CUNY	121	
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	Direct Federal	2,607	
	93.243	ASCNYC	81	
Poison Control Stabilization and Enhancement Grants	93.253	Direct Federal	544	
Occupational Safety and Health Program	93.262	Direct Federal	5,974	
	93.262	RFMH	49	
	93.262	Columbia University	71	
Immunization Grants	93.268	Direct Federal	9,310	126,742
	93.268	NYC DoHMH		20,371
Adult Viral Hepatitis Prevention and Control	93.270	Direct Federal	133	
Drug Abuse and Addiction Research Programs	93.279	Direct Federal	45	
	93.279	St. Luke Roosevelt	59	
Centers for Disease Control and Prevention—Investigations and Technical Assistance	93.283	Direct Federal	3,417	
	93.283	NYS DOH	51	
	93.283	HRI	31	

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

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# THE CITY OF NEW YORK

## CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Teenage Pregnancy Prevention Program	93.297	FPHNY	\$ 1,017	\$ -
Minority Health and Health Disparities Research	93.307	Direct Federal	75	
National Center for Advancing Translational Sciences	93.350	Direct Federal	219	
Nurse Education, Practice Quality and Retention Grants	93.359	Direct Federal	69	
Nursing Research	93.361	Direct Federal	313	
Cancer Cause and Prevention Research	93.393	Direct Federal	262	
Cancer Control	93.399	Direct Federal	1,058	
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501	Direct Federal	613	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Programs	93.505	NYS DOH	897	
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507	Direct Federal	1,190	
The Affordable Care Act: Building Epidemiology, Laboratory & Health Information Systems Capacity in the Epidemiology & Laboratory Capacity for Infectious Disease and Emerging Infections Program Cooperative Agreement	93.521	Direct Federal	2,101	
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	Direct Federal	322	
PPHF 2012: Community Transformation Grants and National Dissemination & Support for Community Transformation Grants	93.531	FPHNY	1,475	
Affordable Care Act: National Environmental Public Health Tracking Program—Network Implementation	93.538	Direct Federal	875	
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	Direct Federal	301	
Promoting Safe and Stable Families	93.556	NYS OTDA	19,551	
Temporary Assistance for Needy Families	93.558	NYS OTDA	1,374,066	
	93.558	Direct Federal	5,651	
	93.558	NYS DOH	1,549	
	93.558	NYS DOS	13,467	
Child Support Enforcement	93.563	NYS OTDA	66,340	
	93.563	Direct Federal	594	
Low-Income Home Energy Assistance	93.568	Direct Federal	34	
	93.568	NYS OTDA	39,721	
Community Services Block Grant	93.569	NYS DOS	32,063	
Child Care and Development Block Grant	93.575	NYS OCFS	9,720	
	93.575	NYS OTDA	476,154	
	93.575	Direct Federal	65	
Refugee and Entrant Assistance-Discretionary Grants	93.576	Direct Federal	9	
	93.576	NYS OTDA	1,101	
Head Start	93.600	Direct Federal	155,737	
Assistance for Torture Victims	93.604	Direct Federal	729	
Health Care Innovation Awards (HCIA)	93.610	FPHNY	1,117	
Voting Access for Individuals with Disabilities—Grants to States	93.617	NYS Board of Elections	403	
Foster Care—Title IV—E	93.658	Direct Federal	4,022	
	93.658	NYS OTDA	227,327	
Adoption Assistance	93.659	Direct Federal	19	
	93.659	NYS OTDA	103,840	
Social Services Block Grant	93.667	Direct Federal	21,616	
	93.667	NYS OTDA	138,289	
	93.667	NYS OCFS	39,265	
Chafee Foster Care Independence Program	93.674	NYS OTDA	7,591	
<b>ARRA—Trans-NIH Recovery Act Research Support</b>	93.701	Direct Federal	6	
<b>ARRA—Health Information Technology Regional Extension Center</b>	93.718	FPHNY	135	
<b>ARRA—Recovery Act—Comparative Effectiveness Research—AHRQ</b>	93.715	Direct Federal	322	

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

(Continued)

# THE CITY OF NEW YORK

## CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
State Children's Health Insurance Program Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.767	NYS DOH	\$ 14,683	\$ -
Medical Assistance Program (Medicaid)	93.778	Direct Federal	1,242	
Medical Assistance Program (New Medicaid)	93.778	NYS DOH	14,652,643	
	93.778	NYS OTDA	274,363	
	93.778	NYS OMH	5,471	
	93.778	NYS DOH	20,084	
	93.778	Direct Federal	18,388	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	NYS OFA	522	
Cardiovascular Diseases Research	93.837	Direct Federal	29	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	FPHNY	54	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Direct Federal	274	
Allergy, Immunology and Transplantation Research	93.855	Direct Federal	88	
	93.855	UCSF	97	
Child Health and Human Development Extramural Research	93.865	Direct Federal	371	
Aging Research	93.866	Direct Federal	4	
HIV Emergency Relief Project Grants	93.914	Direct Federal	104,023	
	93.914	PHS	8,373	
HIV Care Formula Grants	93.917	HRI	868	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	Direct Federal	2,062	
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	Direct Federal	906	
Special Projects of National Significance	93.928	Direct Federal	321	
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	Direct Federal	35	
	93.936	FHI	2	
Medical monitoring project	93.937	Direct Federal	961	
Cooperative Agreement to Support Comprehensive School Health Program to Prevent the Spread of HIV and Other Important Health Problems	93.938	Direct Federal	23	
HIV Prevention Activities—Non-Governmental Organization Based	93.939	Direct Federal	99	
HIV Prevention Activities—Health Department Based	93.940	Direct Federal	35,598	
	93.940	PHS	3,634	
HIV Demonstration, Research, Public and Professional Education Projects	93.941	PHS	81	
Epidemiological Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	Direct Federal	343	
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome Surveillance	93.944	Direct Federal	5,221	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	Direct Federal	257	
Block Grants for Community Mental Health Services	93.958	NYS OMH	14,919	
	93.958	Direct Federal	823	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Direct Federal	3,296	
	93.959	NYS OASAS	26,521	
Preventive Health Services—Sexually Transmitted Diseases Control Grants	93.977	Direct Federal	5,437	
Preventive Health and Health Services Block Grant	93.991	NYS DOH	101	
Maternal and Child Health Services Block Grant to the States	93.994	NYS DOH	4,220	
Total U.S. Department of Health and Human Services			<u>18,049,517</u>	<u>147,113</u>

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

(Continued)

# THE CITY OF NEW YORK

## CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICES:</b>				
Foster Grandparent Program	94.011	Direct Federal	\$ 1,655	\$ -
Total Corporation for National and Community Services			<u>1,655</u>	<u>-</u>
<b>SOCIAL SECURITY ADMINISTRATION</b>				
Supplemental Security Income	96.006	Direct Federal	850	
Total Social Security Administration			<u>850</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>				
Emergency Food and Shelter National Board Program	97.024	NYS OTDA	100	
National Urban Search and Rescue Response System	97.025	Direct Federal	1,527	
	97.025	NYS DHSES	19	
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	Direct Federal	204,700	
	97.036	NYS DOT	5,139	
	97.036	NYS DHSES	322,216	
	97.036	NYC OMB	3,994	
	97.036	NYC SBS	14,854	
Emergency Management Performance Grants	97.042	NYS DHSES	2,290	
Pre-Disaster Mitigation	97.047	NYS DHSES	288	
Interoperable Communications Equipment	97.055	NYS DHSES	3,661	
Port Security Grant Program	97.056	Direct Federal	3,114	
	97.056	PANY&NJ	42,184	
	97.056	NYS DHSES	3,090	
Homeland Security Grant Program	97.067	Direct Federal	288	
	97.067	NYS DHSES	227,121	
Rail and Transit Security Grant Program	97.075	MTA	27,313	
	97.075	NYS DHSES	97	
Buffer Zone Protection Program	97.078	NYS DHSES	2,163	
Homeland Security Biowatch Program	97.091	NYS DHSES	3,612	
Securing the Cities	97.106	Direct Federal	8,541	
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	NYS DHSES	5,458	
Total U.S. Department of Homeland Security			<u>881,769</u>	<u>-</u>
Total all programs			22,662,707	250,582
PROGRAMS WITH NEW YORK CITY AS A PASS-THROUGH GRANTOR			<u>(98,236)</u>	<u>(20,371)</u>
TOTAL ALL PROGRAMS (EXCLUDING NEW YORK CITY AS A PASS-THROUGH GRANTOR)			<u>\$22,564,471</u>	<u>\$230,211</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

EXHIBIT 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014  
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	NYS OTDA	\$ 230,638	\$ -
	10.561	NYS DOH	1,561	
	10.561	Direct Federal	2,670	
<b>Child Nutrition Cluster:</b>				
School Breakfast Program	10.553	Direct Federal	346	
	10.553	NYS ED	181	
National School Lunch Program	10.555	Direct Federal	518	
	10.555	NYS ED	214	
Summer Food Service Program for Children	10.559	NYS DOH	106	
Total Child Nutrition Cluster			1,365	-
Child and Adult Care Food Program	10.558	NYS DOH	8,478	
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580	Direct Federal	57	
Cooperative Forestry Assistance	10.664	Direct Federal	239	
Total U.S. Department of Agriculture			245,008	-
<b>U.S. DEPARTMENT OF COMMERCE:</b>				
<b>ARRA—Broadband Technology Opportunities Program (BTOP)</b>	11.557	Direct Federal	1,140	
Total U.S. Department of Commerce			1,140	-
<b>U.S. DEPARTMENT OF DEFENSE:</b>				
Procurement Technical Assistance for Business Firms	12.002	Direct Federal	306	
Total U.S. Department of Defense			306	-
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>				
Rent Supplement—Rental Housing for Lower Income Families	14.149	Direct Federal	601	
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	Direct Federal	17,939	
Community Compass Technical Assistance and Capacity Building	14.259	Direct Federal	208	
Community Development Block Grants/Entitlement Grants	14.218	Direct Federal	201,879	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Direct Federal	8,240	
	14.228	LMDC	22,061	
Emergency Shelter Grants Program	14.231	Direct Federal	12,560	
Supportive Housing Program	14.235	Direct Federal	1,346	
Shelter Plus Care	14.238	Direct Federal	28,201	
HOME Investment Partnerships Program	14.239	Direct Federal	101,024	
Housing Opportunities for Persons with AIDS	14.241	Direct Federal	55,504	
Economic Development Initiative—Special Projects	14.251	Direct Federal	995	
<b>ARRA—Neighborhood Stabilization Program, Recovery Act</b>	14.256	Direct Federal	42	
Continuum of Care Program	14.267	Direct Federal	69	
Hurricane Sandy Community Development Block Grant				
Disaster Recovery Grants (CDBG-DR)	14.269	Direct Federal	144,378	
Transformation Initiative Research Grants	14.524	Direct Federal	76	
Sustainable Communities Regional Planning Grant Program	14.703	RPA	283	
Section 8 Housing Choice Vouchers	14.871	Direct Federal	412,392	
Lead Hazard Reduction Demonstration Grant Program	14.905	Direct Federal	1,305	
Total U.S. Department of Housing and Urban Development			1,009,103	-

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

(Continued)

THE CITY OF NEW YORK

EXHIBIT 1

SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF THE INTERIOR:				
North American Wetlands Conservation Fund	15.623	Direct Federal	\$ 14	\$ -
National Fish and Wildlife Foundation	15.663	NFWF	13	
Natural Resource Stewardship	15.944	Direct Federal	25	
			<u>52</u>	<u>-</u>
Total U.S. Department of the Interior				
U.S. DEPARTMENT OF JUSTICE:				
Law Enforcement Assistance—Narcotics and Dangerous Drugs Training	16.004	Direct Federal	4,355	
Law Enforcement Assistance—National Crime Information Center	16.304	Direct Federal	9	
Services for Trafficking Victims	16.320	Direct Federal	51	
Juvenile Accountability Block Grants	16.523	NYS DCJS	577	
Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528	Direct Federal	37	
Juvenile Justice and Delinquency Prevention—Allocation to States	16.540	NYS DCJS	53	
	16.540	Direct Federal	125	
Missing Children’s Assistance	16.543	Direct Federal	297	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	Direct Federal	2,149	
Crime Victim Assistance	16.575	NYS OVS	182	
Edward Byrne Memorial Formula Grant Program	16.579	NYS DCJS	619	
Violence Against Women Formula Grants	16.588	Direct Federal	409	
	16.588	NYS DCJS	468	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	Direct Federal	965	
	16.590	NYS DCJS	58	
State Criminal Alien Assistance Program	16.606	Direct Federal	5,962	
Bulletproof Vest Partnership Program	16.607	Direct Federal	5	
Edward Byrne Memorial Justice Assistance Grant Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct Federal	3,001	
	16.738	NYS DCJS	2,485	
<b>ARRA—Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories</b>	16.803	NYS DCJS	152	
<b>ARRA—Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants To Units of Local Government</b>	16.804	Direct Federal	702	
			<u>6,340</u>	<u>-</u>
Total Edward Byrne Memorial Justice Assistance Grant Program Cluster				
Forensic DNA Backlog Reduction Program	16.741	Direct Federal	1,059	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	Direct Federal	68	
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Direct Federal	110	
Support For Adam Walsh Act Implementation Grant Program	16.750	Direct Federal	71	
Edward Byrne Memorial Competitive Grant Program	16.751	Direct Federal	99	
Economic High-Tech and Cyber Crime Prevention	16.752	Direct Federal	100	
Harold Rogers Prescription Drug Monitoring Program	16.754	Direct Federal	190	
<b>ARRA—Recovery Act-Edward Byrne Memorial Competitive Grant Program</b>	16.808	Direct Federal	241	
Second Chance Act Prisoner Reentry Initiative	16.812	Direct Federal	599	
	16.812	NYS DCJS	26	
Northern Border Prosecution Initiative Program	16.814	Direct Federal	395	
Equitable Sharing Program	16.922	Direct Federal	8,444	
			<u>34,063</u>	<u>-</u>
Total U.S. Department of Justice				

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

(Continued)

THE CITY OF NEW YORK

EXHIBIT 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014  
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
<b>U. S. DEPARTMENT OF LABOR:</b>				
Senior Community Service Employment Program	17.235	NYS OFA	\$ 3,466	\$ -
	17.235	Direct Federal	306	
Trade Adjustment Assistance	17.245	NYS DOL	850	
Hurricane Sandy Disaster Relief Appropriations Act Supplemental National Emergency Grants (NEGs)	17.284	NYS DOL	6,706	
	17.284	NYS OTDA	562	
<b>WIA CLUSTER:</b>				
WIA Adult Program	17.258	NYS DOL	25,569	
WIA Youth Activities	17.259	NYS DOL	23,017	
WIA Dislocated Workers Formula Grants	17.278	NYS DOL	14,785	
Total WIA Cluster			63,371	-
WIA National Emergency Grants	17.277	NYS DOL	2,446	
Total U.S. Department of Labor			77,707	-
<b>U.S. DEPARTMENT OF STATE:</b>				
Professional and Cultural Exchange Programs	19.012	Direct Federal	26,085	
Cultural Technical and Educational Centers	19.015	Direct Federal	1,358	
Total U.S. Department of State			27,443	-
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Highway Research and Development Program	20.200	NYS DOT	46	
Highway Planning and Construction	20.205	NYS DOT	278,325	
	20.205	Direct Federal	11,981	
	20.205	NYS OEM	2,775	
<b>Federal Transit Cluster:</b>				
Federal Transit—Capital Investment Grants	20.500	Direct Federal	26,658	
Federal Transit—Formula Grants	20.507	Direct Federal	19,967	
Total Federal Transit Cluster			46,625	-
Federal Transit Administration—Metropolitan Transportation Planning	20.505	NYMTC	5,613	
	20.505	Direct Federal	9,327	
	20.505	NYS DOT	235	
<b>Transit Services Programs Cluster:</b>				
Federal Transit Administration—Job Access and Reverse Commute Program	20.516	Direct Federal	1,014	
Federal Transit Administration—New Freedom Program	20.521	Direct Federal	2,517	
Total Transit Services Programs Cluster			3,531	-
Alternatives Analysis	20.522	Direct Federal	104	
Public Transportation Emergency Relief Program	20.527	Direct Federal	2,282	
State and Community Highway Safety	20.600	NYS DMV	604	
National Infrastructure Investments	20.933	Direct Federal	2,216	
Total U.S. Department of Transportation			363,664	-

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

(Continued)

THE CITY OF NEW YORK

EXHIBIT 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014  
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. TREASURY:				
Equitable Sharing Program—Treasury	21.unknown	Direct Federal	\$ 5,638	\$ -
Total U.S. Treasury			5,638	-
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION:				
Employment Discrimination—State and Local Fair Employment Practices Agency Contracts	30.002	Direct Federal	141	
Total U.S. Equal Employment Opportunity Commission			141	-
U.S. NATIONAL ENDOWMENT FOR THE HUMANITIES				
Promotion of the Humanities-Division of Preservation and Access	45.149	Direct Federal	116	
Total U.S. National Endowment for the Humanities			116	-
U.S. DEPARTMENT OF VETERANS AFFAIRS—				
VA Homeless Providers Grants and Per Diem Program	64.024	Direct Federal	2,724	
Total U.S. Department of Veterans Affairs			2,724	-
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
Long Island Sound Program	66.437	NFWF	82	
<b>ARRA—Capitalization Grants For Clean Water State Revolving Fund</b>	66.458	Direct Federal	174,047	
Regional Wetland Program Development Grants	66.461	Direct Federal	82	
Beach Monitoring and Notification Program Implementation Grants	66.472	NYS DOH	60	
Science to Achieve Results (STAR) Research Program	66.509	Direct Federal	84	
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	Direct Federal	967	
Total U.S. Environmental Protection Agency			175,322	-
U.S. DEPARTMENT OF ENERGY:				
Office of Scientific and Technical Information	81.064	Direct Federal	102	
Energy Efficiency and Renewable Energy Information Dissemination				
Defense Nuclear Non-proliferation Research	81.113	Direct Federal	45	
<b>ARRA—Electricity Delivery and Energy Reliability, Research, Development and Analysis</b>	81.122	Direct Federal	928	
<b>ARRA—Energy Efficiency and Conservation Block Grant (EECBG)</b>	81.128	Direct Federal	1,088	
Total U.S. Department of Energy			2,163	-
U.S. DEPARTMENT OF EDUCATION:				
TRIO—Student Support Services	84.042	CUNY	969	
Special Education—Grants for Infants and Families	84.181	NYS DOH	3,739	
Total U.S. Department of Education			4,708	-

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

(Continued)

**THE CITY OF NEW YORK**

**EXHIBIT 1**

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2014**

**(In thousands)**

<b>Federal Agency/Program Title</b>	<b>CFDA * Number</b>	<b>Pass-Through Grantor (Note 1c)</b>	<b>Expenditures</b>	<b>Noncash Assistance</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042	NYS OFA	\$ 309	\$ -
Special Programs for the Aging—Title III, Part D—Disease Prevention and Health Promotion Services	93.043	NYS OFA	359	
<b>Aging Cluster:</b>				
Special Programs for the Aging—Title III, Part B— Grants for Supportive Services and Senior Centers	93.044	NYS OFA	10,889	
Special Programs for the Aging—Title III, Part C—Nutrition Services	93.045	NYS OFA	18,469	
Nutrition Services Incentive Program	93.053	NYS OFA	<u>8,309</u>	
<b>Total Aging Cluster</b>			<u>37,667</u>	<u>-</u>
Special Programs for the Aging—Title IV-and Title II-Discretionary Projects	93.048	NYS OFA	271	
	93.048	Direct Federal	109	
National Family Caregiver Support Title III, Part E	93.052	NYS OFA	3,957	
Environmental Public Health and Emergency Response	93.070	FPHNY	61	
Hospital Preparedness Program & Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	PHS	12,149	
Sodium Reduction in Communities	93.082	FPHNY	32	
HHS Programs for Disaster Relief Appropriations Act-Non Construction	93.095	Direct Federal	611	
	93.095	University of Pittsburgh	83	
	93.095	Columbia University	14	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Direct Federal	5,242	
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	Ed. Develop. Center, Inc.	88	
Emergency Medical Services for Children	93.127	Direct Federal	78	
Projects For Assistance in transition From Homeless (PATH)	93.150	NYS OMH	2,591	
Research on Healthcare Costs, Quality and Outcomes	93.226	Direct Federal	19	
Mental Health Research Grants	93.242	CUNY	121	
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	Direct Federal	1,610	
	93.243	ASCNYC	81	
Occupational Safety and Health Program	93.262	Direct Federal	5,826	
	93.262	RFMH	49	
	93.262	Columbia University	71	
Immunization Grants	93.268	Direct Federal	9,310	126,742
Adult Viral Hepatitis Prevention and Control	93.270	Direct Federal	133	
Drug Abuse and Addiction Research Programs	93.279	St.Luke Roosevelt	59	
Centers for Disease Control and Prevention—Investigations and Technical Assistance	93.283	Direct Federal	3,102	
	93.283	NYS DOH	51	
Teenage Pregnancy Prevention Program	93.297	FPHNY	967	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	NYS DOH	897	
Strengthening Public Health Infrastructure for Improved Health Outcomes The Affordable Care Act: Building Epidemiology, Laboratory & Health Information Systems Capacity in the Epidemiology & Laboratory Capacity for Infectious Disease and Emerging Infections Program	93.507	Direct Federal	1,190	
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	Direct Federal	322	
PPHF 2012: Community Transformation Grants and National Dissemination & Support for Community Transformation Grants	93.531	FPHNY	1,475	

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

(Continued)

THE CITY OF NEW YORK

EXHIBIT 1

SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Affordable Care Act: National Environmental Public Health Tracking Program—Network Implementation	93.538	Direct Federal	\$ 875	\$ -
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by	93.539	Direct Federal	301	
Prevention and Public Health Funds	93.556	NYS OTDA	19,551	
Promoting Safe and Stable Families	93.558	NYS OTDA	1,374,066	
Temporary Assistance for Needy Families	93.558	Direct Federal	5,651	
	93.558	NYS DOH	1,549	
	93.558	NYS DOS	13,467	
Child Support Enforcement	93.563	NYS OTDA	66,340	
	93.563	Direct Federal	594	
Low-Income Home Energy Assistance	93.568	Direct Federal	34	
	93.568	NYS OTDA	39,721	
Community Services Block Grant	93.569	NYS DOS	32,063	
Child Care and Development Block Grant	93.575	NYS OCFS	9,720	
	93.575	NYS OTDA	476,154	
	93.575	Direct Federal	65	
Refugee and Entrant Assistance—Discretionary Grants	93.576	NYS OTDA	1,101	
	93.576	Direct Federal	9	
Head Start	93.600	Direct Federal	155,737	
Health Care Innovation Awards (HCIA)	93.610	FPHNY	641	
Voting Access for Individuals with Disabilities—Grants to States	93.617	NYS Board of Elections	403	
Foster Care—Title IV—E	93.658	Direct Federal	4,022	
	93.658	NYS OTDA	227,327	
Adoption Assistance	93.659	Direct Federal	19	
	93.659	NYS OTDA	103,840	
Social Services Block Grant	93.667	Direct Federal	21,616	
	93.667	NYS OTDA	138,289	
	93.667	NYS OCFS	39,265	
Chafee Foster Care Independence Program	93.674	NYS OTDA	7,591	
<b>ARRA—Health Information Technology Regional Extension Center</b>	93.718	FPHNY	135	
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.733	Direct Federal	1,242	
Medical Assistance Program (Medicaid)	93.778	NYS DOH	14,652,643	
Medical Assistance Program (New Medicaid)	93.778	NYS OTDA	274,363	
	93.778	NYS OMH	5,471	
	93.778	Direct Federal	18,388	
	93.778	NYS DOH	5,061	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	NYS OFA	522	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	FPHNY	54	
Allergy, Immunology and Transplantation Research	93.855	UCSF	97	
HIV Emergency Relief Project Grants	93.914	Direct Federal	103,729	
Special Projects of National Significance	93.928	Direct Federal	176	
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	FHI	2	
Medical Monitoring Project	93.937	Direct Federal	961	
HIV Prevention Activities—Non-Governmental Organization Based	93.939	Direct Federal	99	
HIV Prevention Activities—Health Department Based	93.940	Direct Federal	35,535	
HIV Demonstration, Research, Public and Professional Education Projects	93.941	PHS	81	

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

(Continued)

THE CITY OF NEW YORK

EXHIBIT 1

SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Epidemiological Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	Direct Federal	\$ 343	\$ -
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome Surveillance	93.944	Direct Federal	5,221	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	Direct Federal	257	
Block Grants for Community Mental Health Services	93.958	NYS OMH	14,919	
Block Grants for Prevention and Treatment of Substance	93.959	NYS OASAS	10,971	
Preventive Health Services—Sexually Transmitted Diseases Control Grants	93.977	Direct Federal	5,437	
Maternal and Child Health Services Block Grant to the States	93.994	NYS DOH	3,115	
<b>Total U.S. Department of Health and Human Services</b>			<u>17,969,838</u>	<u>126,742</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICES</b>				
Foster Grandparent Program	94.011	Direct Federal	1,655	
<b>Total Corporation for National and Community Services</b>			<u>1,655</u>	<u>-</u>
<b>SOCIAL SECURITY ADMINISTRATION</b>				
Supplemental Security Income	96.006	Direct Federal	850	
<b>Total Social Security Administration</b>			<u>850</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>				
Homeland Security Grant Program	97.067	Direct Federal	288	
	97.067	NYS DHSES	227,121	
Emergency Food and Shelter National Board Program	97.024	NYS OTDA	100	
National Urban Search and Rescue Response System	97.025	Direct Federal	1,527	
	97.025	NYS DHSES	19	
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	Direct Federal	187,938	
	97.036	NYS DOT	5,139	
	97.036	NYS DHSES	322,216	
Emergency Management Performance Grants	97.042	NYS DHSES	2,290	
Pre-Disaster Mitigation	97.047	NYS DHSES	288	
Interoperable Communications Equipment	97.055	NYS DHSES	3,661	
Port Security Grant Program	97.056	Direct Federal	3,114	
	97.056	PANY&NJ	42,184	
	97.056	NYS DHSES	3,090	
Rail and Transit Security Grant Program	97.075	MTA	27,313	
	97.075	NYSDHSES	97	
Buffer Zone Protection Program	97.078	NYS DHSES	2,163	
Homeland Security Biowatch Program	97.091	NYSDHSES	3,612	
Securing the Cities	97.106	Direct Federal	8,541	
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	NYS DHSES	5,458	
<b>Total U.S. Department of Homeland Security</b>			<u>846,159</u>	<u>-</u>

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

(Continued)

**THE CITY OF NEW YORK**

**EXHIBIT 1**

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014  
(In thousands)**

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Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Total all programs			\$ 20,767,800	\$126,742
PROGRAMS WITH NEW YORK CITY AS PASS-THROUGH GRANTOR			<u>          -</u>	<u>          -</u>
TOTAL ALL PROGRAMS (EXCLUDING NEW YORK CITY AS A PASS-THROUGH GRANTOR)			<u>\$ 20,767,800</u>	<u>\$126,742</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, 2014  
(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	\$17,800	\$ 71,703
Commodity Supplemental Food Program	10.565	NYS DOH	<u>2,756</u>	<u>          </u>
Total U.S. Department of Agriculture			<u>20,556</u>	<u>71,703</u>
U.S. DEPARTMENT OF DEFENSE:				
Military Medical Research and Development	12.420	Direct Federal	<u>4</u>	<u>          </u>
Total U.S. Department of Defense			<u>4</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—				
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	Direct Federal	<u>380</u>	<u>          </u>
Total U.S. Department of Housing and Urban Development			<u>380</u>	<u>-</u>
U.S. DEPARTMENT OF JUSTICE:				
Crime Victim Assistance	16.575	NYS OVS	544	
Violence Against Women Formula Grants	16.588	NYS DCJS	92	
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Direct Federal	<u>3</u>	<u>          </u>
Total U.S. Department of Justice			<u>639</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION—				
State and Community Highway Safety	20.600	NYS GTSC	72	
	20.600	NYS DMV	<u>108</u>	<u>          </u>
Total U.S. Department of the Transportation			<u>180</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Training in General, Pediatric, and Public Health Dentistry	93.059	Direct Federal	240	
Hospital Preparedness Program(HPP) & Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	PHS	30	
HHS Programs for Disaster Relief Appropriations Act—Non-Construction	93.095	NYS DOH	1,704	
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	NYS DOH	429	
Injury Prevention and Control Research, State and Community Based Programs	93.136	NYS DOH	40	
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	Direct Federal	1,389	
	93.153	Montefiorre	494	
Research and Training in Complementary and Alternative Medicine	93.213	Direct Federal	20	
Family Planning—Services	93.217	NYS DOH	963	
Mental Health Research Grants	93.242	Direct Federal	69	
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	Direct Federal	997	
Poison Control Stabilization and Enhancement Grants	93.253	Direct Federal	544	
Occupational Safety and Health Program	93.262	Direct Federal	148	
Immunization Grants	93.268	NYC DoHMH		20,371
Drug Abuse and Addiction Research Programs	93.279	Direct Federal	45	
Centers for Disease Control and Prevention—Investigations and Technical Assistance	93.283	Direct Federal	315	
	93.283	HRI	31	
Teenage Pregnancy Prevention Program	93.297	FPHNY	50	
Minority Health and Health Disparities Research	93.307	Direct Federal	75	
National Center for Advancing Translational Sciences	93.350	Direct Federal	219	
Nurse Education, Practice Quality and Retention Grants	93.359	Direct Federal	69	
Nursing Research	93.361	Direct Federal	313	

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

(Continued)

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

**EXHIBIT 2**

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014  
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Cancer Cause and Prevention Research	93.393	Direct Federal	\$ 262	\$ -
Cancer Control	93.399	Direct Federal	1,058	
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501	Direct Federal	613	
Assistance for Torture Victims	93.604	Direct Federal	729	
Health Care Innovation Awards (HCIA)	93.610	FPHNY	476	
<b>ARRA—Trans-NIH Recovery Act Research Support</b>	93.701	Direct Federal	6	
<b>ARRA—Recovery Act -Comparative Effectiveness Research—AHRQ</b>	93.715	Direct Federal	322	
State Children’s Health Insurance Program	93.767	NYS DOH	14,683	
Medical Assistance Program (New Medicaid)	93.778	NYS DOH	23	
Cardiovascular Diseases Research	93.837	Direct Federal	29	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Direct Federal	274	
Allergy, Immunology and Transplantation Research	93.855	Direct Federal	88	
Child Health and Human Development Extramural Research	93.865	Direct Federal	371	
Aging Research	93.866	Direct Federal	4	
HIV Emergency Relief Project Grants	93.914	Direct Federal	294	
	93.914	PHS	8,373	
HIV Care Formula Grants	93.917	HRI	868	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	Direct Federal	2,062	
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	Direct Federal	906	
Special Projects of National Significance	93.928	Direct Federal	145	
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	Direct Federal	35	
HIV Prevention Activities—Health Department Based	93.940	Direct Federal	63	
	93.940	PHS	3,634	
Block Grants for Community Mental Health Services	93.958	Direct Federal	823	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Direct Federal	3,296	
Preventive Health and Health Services Block Grant	93.991	NYS DOH	101	
Maternal and Child Health Services Block Grant to the States	93.994	NYS DOH	1,105	
Total U.S. Department of Health and Human Services			<u>48,827</u>	<u>20,371</u>
U.S. DEPARTMENT OF HOMELAND SECURITY—				
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	NYC OMB	3,994	
Total U.S. Department of Homeland Security			<u>3,994</u>	<u>-</u>
Total all programs			74,580	92,074
PROGRAMS WITH NEW YORK CITY AS A PASS-THROUGH GRANTOR			<u>(3,994)</u>	<u>(20,371)</u>
TOTAL PROGRAMS (EXCLUDING NEW YORK CITY AS A PASS-THROUGH GRANTOR)			<u>\$70,586</u>	<u>\$ 71,703</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, 2014  
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF AGRICULTURE:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	NYS ED	\$ 63,183	\$ -
National School Lunch Program	10.555	NYS ED	287,053	
Summer Food Service Program for Children	10.559	NYS ED	<u>23,732</u>	
Total Child Nutrition Cluster			<u>373,968</u>	<u>-</u>
Child and Adult Care Food Program	10.558	NYS ED	30,721	
Commodity Supplemental Food Program	10.565	Direct Federal		31,766
Fresh Fruit and Vegetables Program	10.582	NYS ED	<u>2,098</u>	
Total U.S. Department of Agriculture			<u>406,787</u>	<u>31,766</u>
U.S. DEPARTMENT OF COMMERCE				
Measurement and Engineering Research and Standards	11.609	Direct Federal	<u>4</u>	
Total U.S. Department of Commerce			<u>4</u>	<u>-</u>
U.S. DEPARTMENT OF DEFENSE				
Language Grant Program	12.900	Direct Federal	<u>87</u>	
Total U.S. Department of Defense			<u>87</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—				
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	Direct Federal	<u>1,142</u>	
Total U.S. Department of Housing and Urban Development			<u>1,142</u>	<u>-</u>
U.S. NATIONAL ENDOWMENT FOR THE ARTS				
Promotion of the Arts—Grants to Organizations and Individuals	45.024	Direct Federal	<u>30</u>	
Total U.S. National Endowment for the Arts			<u>30</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION:				
Title I Grants to Local Educational Agencies	84.010	NYS ED	724,523	
Reserve Officers Training Corps.	84.unknown	Direct Federal	1,576	
Special Education Cluster:				
Special Education Grants to States	84.027	NYS ED	223,958	
Special Education—Preschool Grants	84.173	NYS ED	<u>10,835</u>	
Total Special Education Cluster			<u>234,793</u>	<u>-</u>
Impact Aid	84.041	Direct Federal	5,000	
Career and Technical Education—Basic Grants to States	84.048	NYS ED	13,801	
Magnet Schools Assistance	84.165	NYS ED	9,786	
Safe and Drug-Free Schools and Communities—State Grants	84.186	NYS ED	673	
Education for Homeless Children and Youth	84.196	NYS ED	1,500	
Fund for the Improvement of Education	84.215	Direct Federal	4,507	
Twenty-First Century Community Learning Centers	84.287	NYS ED	20,085	
Education Research Development and Dissemination	84.305	Rand Corp.	9	
	84.305	NYU	90	
Advanced Placement Program (AP Test Fee: AP Incentive Program Grant)	84.330	Direct Federal	263	
Arts in Education	84.351	Direct Federal	1,404	

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

(Continued)

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

**EXHIBIT 3**

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014  
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Voluntary Public School Choice	84.361	Direct Federal	\$ 561	\$ -
School Leadership	84.363	Direct Federal	1,375	
English Language Acquisition Grants	84.365	NYS ED	33,261	
Improving Teacher Quality State Grants	84.367	NYS ED	107,014	
Teacher Incentive Fund	84.374	Direct Federal	6,115	
<b>ARRA—School Improvement Grants, Recovery Act</b>	84.388	NYS ED	13,766	
<b>ARRA—Race to the Top Incentive</b>	84.395	NYS ED	81,247	
<b>ARRA—State Fiscal Stabilization Fund (SFSF)- Investing in Innovation Fund, Recovery Act</b>	84.396	NYS ED	263	
	84.396	Direct Federal	1,578	
Investing in Innovation (I3) Fund	84.411	Direct Federal	<u>1,120</u>	
Total U.S. Department of Education			<u>1,264,310</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	Direct Federal	279	
Medical Assistance Program (New Medicaid)	93.778	NYS DOH	15,000	
Cooperative Agreements to Support Comprehensive School Health Program to Prevent the Spread of HIV and Other Important Health Problems	93.938	Direct Federal	23	
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>30,852</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>				
Disaster Grants—Public assistance (Presidentially Declared Disasters)	97.036	Direct Federal	<u>16,762</u>	
Total U.S. Department of Homeland Security			<u>16,762</u>	<u>-</u>
Total all programs			1,719,974	31,766
<b>PROGRAMS WITH NEW YORK CITY AS A PASS-THROUGH GRANTOR</b>			<u>-</u>	<u>-</u>
<b>TOTAL ALL PROGRAMS (EXCLUDING NEW YORK CITY AS A PASS-THROUGH GRANTOR)</b>			<u>\$1,719,974</u>	<u>\$31,766</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, 2014  
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	NYC SBS	\$ 12,514	\$ -
Economic Development Initiative—Special Projects	14.251	Direct Federal	831	
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	NYC SBS	<u>55,881</u>	
Total U.S. Department of Housing and Urban Development			<u>69,226</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION:				
Highway Planning and Construction	20.205	NYC DOT	3,912	
Federal Transit—Capital Investment Grants	20.500	NYC DOT	4,541	
Federal Transit Administration—Metropolitan Transportation Planning	20.505	NYC DOT	26	
Federal Transit Public Transportation Emergency Relief Program	20.527	NYC DOT	<u>1,773</u>	
Total U.S. Department of Transportation			<u>10,252</u>	<u>-</u>
U.S. DEPARTMENT OF ENERGY:				
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	NYC SBS	<u>741</u>	
Total U.S. Department of Energy			<u>741</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	NYC SBS	<u>14,854</u>	
Total U.S. Department of Homeland Security			<u>14,854</u>	<u>-</u>
Total all programs			95,073	-
PROGRAMS WITH NEW YORK CITY AS A PASS-THROUGH GRANTOR			<u>(94,242)</u>	<u>-</u>
TOTAL ALL PROGRAMS (EXCLUDING NEW YORK CITY AS A PASS-THROUGH GRANTOR)			<u>\$ 831</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, 2014  
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. ENVIRONMENTAL PROTECTION AGENCY— <b>ARRA—Capitalization Grants For Clean Water State Revolving Fund</b>	66.458	NYS EFC	\$ 5,280	\$ -
Total U.S. Environmental Protection Agency			<u>5,280</u>	<u>-</u>
Total New York City Municipal Water Finance Authority			5,280	-
PROGRAMS WITH NEW YORK CITY AS A PASS-THROUGH GRANTOR			<u>-</u>	<u>-</u>
TOTAL ALL PROGRAMS (EXCLUDING NEW YORK CITY AS PASS-THROUGH GRANTOR)			<u>\$ 5,280</u>	<u>\$ -</u>

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

**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 \$4.4 billion at June 30, 2014. Under the State program for drinking water (Federal CFDA Number 66.468), the Authority had bonds outstanding of approximately \$669 million at June 30, 2014, 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.

(Concluded)

# THE CITY OF NEW YORK

## SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED YEAR ENDED JUNE 30, 2014

State Grantor Program Title	CFDA * Number	State Contract Number	Expenditures
<b>New York City Department of Transportation</b>			
Marchicelli/Bond Match for Federal Aid Highway Projects	20.205	-	\$ <u>10,068,624</u>
<i>Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component Cluster:</i>			
Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component	-	-	67,724,382
State-aid Multi-Modal Program	-	-	<u>786,363</u>
<i>Total Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component Cluster</i>			68,510,745
State Transit Operating Assistance (STOA)	-	-	88,765,735
Arterial Highway Maintenance	-	-	13,545,716
Safety	-	-	<u>37,123</u>
<b>TOTAL STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED</b>			<u>\$ 180,927,943</u>

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

(Concluded)

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2014

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### 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 \$34,369,933 when the total Federal expenditures of the reporting entity exceeds \$20 billion. Total expenditures of Federal awards for all The City programs including HHC, DOE, EDC and New York City Water Finance Authority were approximately \$22.9 billion (approximately \$22.7 billion in expenditures and \$251 million in noncash assistance). As a result, all programs with expenditures of \$34,369,933 or more were classified as Type A programs.
- (c) **Pass-Through Programs**—When The City receives Federal funds from a government entity other than the Federal government (“pass-through”) the funds are accumulated based upon the Catalog of Federal Domestic Assistance (“CFDA”) number advised by the pass-through grantor.
- Identifying numbers, other than CFDA numbers, which may be assigned by pass-through grantors, are not maintained in The City’s Financial Management System (“FMS”) and thus could not be included in the Consolidated Schedule of Expenditures of Federal Awards.
- (d) **Other Federal Assistance**—The “Other Federal Assistance” presented in the accompanying Consolidated Schedule of Expenditures of Federal Awards, which includes Federal financial assistance programs that have not been assigned a CFDA number, has been identified by Federal agency and reported as “unknown” with the Federal agency’s code (i.e., 7. unknown).
- (e) **Noncash Federal Programs**—The City is the recipient of Federal financial assistance programs that do not result in cash receipts or disbursements, termed “Noncash Assistance.” Noncash Assistance received by The City is included in the Consolidated Schedule of Expenditures of Federal Awards.

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2014—(CONTINUED)

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### 2. BASIS OF ACCOUNTING

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

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

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

- (a) **Reconciliation of Federal Expenditures related to Disaster Grants—Public Assistance (Presidentially Declared Disasters) (“Disaster Grant”) CFDA # 97.036; reported in the Consolidated Schedule of Expenditures of Federal Awards to The City’s Basic Financial Statements**— On October 29, 2012, Superstorm Sandy (Sandy) made landfall in the City. The storm surge and high winds caused significant damage in the City as well as other states and cities along the U.S. eastern seaboard. The City incurred costs for emergency response and storm related damages to, and destruction of, City buildings and other assets. As of June 30, 2014, the estimated value of damages and recovery costs was approximately \$5.5 billion – this includes \$3.3 billion for capital construction and \$2.2 billion for cleanup, relief, and repairs.

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

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

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2014—(CONTINUED)

Approximately \$694 million in emergency and recovery spending (including current, prior and future years' expenditures) was obligated for reimbursement by FEMA during the City's Fiscal Year 2014, and approximately \$709 million had been obligated in Fiscal Year 2013, bringing the total amount obligated as of June 30, 2014 to approximately \$1,403 million; the remainder of recovery spending will be obligated in future fiscal years

In the City's Basic Financial Statements, the FEMA Public Assistance revenue recognized in Fiscal Year 2014 is approximately \$240 million and is related to eligible expenditures made during the year (and thus meeting all FEMA eligibility requirements and GAAP revenue recognition requirements), regardless of the timing of FEMA's obligation of grant funds related to those expenditures.

However, in the Schedule of Federal Expenditures, The City is required to report all expenditures made by the City that correspond to all obligations that had been made through June 30, 2014, regardless of which fiscal year(s) the expenditures were incurred, except for amounts for which expenditures and obligations had both occurred in prior years (and that, therefore, had been previously recorded as expenditures in a prior year's Schedule of Federal Expenditures).

Approximately \$429 million of the amount obligated in Fiscal Year 2014 corresponds to eligible expenditures incurred by The City in Fiscal Year 2013 that were recognized in The City's Basic Financial Statements in Fiscal Year 2013 but are included in the Fiscal Year 2014 Schedule of Federal Expenditures. Similarly, FEMA has not yet obligated recovery spending for approximately \$118 million of the expenditures made by The City during Fiscal Year 2014; this amount is excluded from the Fiscal 2014 Schedule of Federal Expenditures and will be included in the Schedule of Federal Expenditures in a future year in which the related obligation is made. A reconciliation of The City's Basic Financial Statements to the Federal Expenditures reported in The City's Fiscal Year 2014 Consolidated Schedule of Expenditures of Federal Awards is provided below (in thousands):

Total Fiscal Year 2014 Disaster Grant related expenditures with respect to federal revenues as reported in The City's Basic Financial Statements	\$ 239,866 *
Add: Disaster Grant expenditures incurred prior to Fiscal Year 2014 for which obligations were made during Fiscal Year 2014	428,994
Less: Fiscal Year 2014 disaster grant expenditures for which no obligations had been made as of June 30, 2014 but for which obligations are expected to be made in future years	(117,957)
Fiscal Year 2014 Schedule of Expenditures of Federal Awards expenditures	\$ 550,903

\* This includes \$65,142,488 of expenditures incurred in Fiscal Year 2014 and for which FEMA also obligated funds in Fiscal Year 2014.

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2014—(CONTINUED)

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### 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:

<b>Major Programs with Subrecipients</b>	<b>Federal CFDA #</b>
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

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2014—(CONTINUED)

### 6. RESEARCH AND DEVELOPMENT CLUSTER

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

Research and Development Programs	Federal CFDA#	Expenditures (In thousand)
Transformation Initiative Research Grants	14.524	\$ 76
National Institutes of Justice Research, Evaluation, and Development Project Grants	16.560	2,149
Science to Achieve Results Research Program	66.509	84
Research and Training in Complementary and Alternative Medicine	93.213	20
Research on Healthcare Costs, Quality and Outcomes	93.226	19
Mental Health Research Grants	93.242	190
Occupational Safety and Health Program	93.262	6,094
Drug Abuse and Addiction Research Programs	93.279	104
Minority Health and Health Disparities Research	93.307	75
Nursing Research	93.361	313
Cancer Cause and Prevention Research	93.393	262
<b>ARRA—Trans-NIH Recovery Act Research Support</b>	93.701	6
<b>ARRA - Recovery Act - Comparative Effectiveness Research—AHRQ</b>	93.715	322
Cardiovascular Diseases Research	93.837	29
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	54
Extramural Research Programs in the Neurosciences and Neurological Disorder	93.853	274
Allergy, Immunology and Transplantation Research	93.855	185
Child Health and Human Development Extramural Research	93.865	371
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	37
HIV Prevention Activities—Health Department Based	93.940	3,634
Epidemiological Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	<u>343</u>
Total Research and Development Cluster		<u>\$ 14,641</u>

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2014—(CONCLUDED)

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### 7. GLOSSARY OF PASS-THROUGH GRANTORS

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

ASCNYC	Aids Service Center New York City
Columbia University	Columbia University in The City of New York
CUNY	City University of New York
Ed. Dev. Center, Inc.	Education Development Center, Inc.
FHI	Family Health International
FPHNY	Fund for Public Health—New York Inc.
HRI	Health Research, Inc.
LMDC	Lower Manhattan Development Corporation
Montefiorre	Montefiorre Medical Center
NFWF	National Fish and Wildlife Foundation
PHS	Public Health Solutions
PANY&NJ	Port Authority of New York and New Jersey
St. Luke Roosevelt	St. Luke's Roosevelt Institute for Health Services
MTA	Metropolitan Transportation Authority
NYMTC	New York Metropolitan Transportation Council
NYU	New York University
NYC DoHMH	New York City Department of Health and Mental Hygiene
NYC DOT	New York City Department of Transportation
NYC OMB	New York City Office of Management and Budget
NYS Board of Elections	New York State Board of Elections
NYC SBS	New York City Department of Small Business Services
NYS OEM	New York State Office of Emergency Management
NYS DCJS	New York State Division of Criminal Justice Services
NYS DHSES	New York State Division of Homeland Security and Emergency Services
NYS DMV	New York State Department of Motor Vehicle
NYS DOH	New York State Department of Health
NYS 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 EFC	New York State Environmental Facilities Corporation
NYS GTSC	New York State Governor's Traffic Safety Committee
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 OMH	New York State Office of Mental Health
NYS OTDA	New York State Office of Temporary and Disability Assistance
NYS OVS	New York State Office of Victim Services
RFMH	Research Foundation for Mental Hygiene, Inc
RPA	Regional Plan Association
Rand Corp.	Rand Corporation
UCSF	University of California, San Francisco
United Way	United Way of America

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## NOTES TO SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED YEAR ENDED JUNE 30, 2014

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### 1. BASIS OF PRESENTATION

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

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

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

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

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

**Audit Responsibility**—In Fiscal Years 2014 and 2013, respectively, the separately administered organizations included in the financial statements of The City audited by auditors other than Deloitte & Touche LLP are TSASC, Inc., New York City School Construction Authority, New York City Health and Hospitals Corporation, New York City Housing Development Corporation, New York City Industrial Development Agency, New York City Economic Development Corporation, Business Relocation Assistance Corporation, Brooklyn Navy Yard Development Corporation, Deferred Compensation Plan, WTC Captive Insurance Company, Inc., New York City Educational Construction Fund, Sales Tax Asset Receivable Corporation, Fiscal Year 2005 Securitization Corporation, NYCTL Trusts, New York City Housing Authority, Hudson Yards Infrastructure Corporation, Hudson Yards Development Corporation, Brooklyn Bridge Park Corporation, The Trust for Governors Island, Build NYC, and the New York City Land Development Corporation.

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## NOTES TO SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED YEAR ENDED JUNE 30, 2014— (CONTINUED)

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**Program Tested**—For The City’s purposes, a State Transportation Assistance Program, as defined by *Part 43 of the NYCRR*, is any program that exceeds \$3,000,000 when the total State Transportation Assistance Expended of the reporting entity exceeds \$100 million. Total expenditures incurred by The City for the State Transportation Assistance Programs were approximately \$181 million.

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

### 2. BASIS OF ACCOUNTING

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

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

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

### 3. MATCHING COSTS

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

### 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## NOTES TO SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED YEAR ENDED JUNE 30, 2014— (CONTINUED)

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### 5. PROGRAM CLUSTER

New York State Department of Transportation (“NYSDOT”) has determined that certain State Transportation Assistance Programs may be clustered for the purposes of the NYSDOT State Single Audit Program. At June 30, 2014, the following programs were categorized as a cluster:

<i>Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component Cluster:</i>	
Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component	\$ 67,724,382
State-aid Multi—Modal Program	<u>786,363</u>
<i>Total Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component Cluster</i>	<u>\$ 68,510,745</u>

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# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2014

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### 1. SUMMARY OF AUDITORS' RESULTS

#### Financial Audit

- (a) An unmodified opinion was issued on the financial statements of The City of New York ("The City") as of and for the year ended June 30, 2014.
- (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, 2014.
- (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, 2014.

#### Single Audit

- (d) The audit disclosed three significant deficiencies in connection with the major Federal programs of The City for the year ended June 30, 2014.
- (e) An unmodified opinion was issued on The City's compliance with its major Federal programs for the year ended June 30, 2014.
- (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, 2014.
- (g) The dollar threshold used to determine Type A programs was \$34,369,933. All other programs were categorized as Type B. All Type A programs except one Type program A were assessed as high risk and were tested as major programs. The low risk Type A program was replaced with high risk Type B program. In addition, we have also tested five Type B programs as major programs.
- (h) We have audited the Federal programs of The City of New York and New York City Department of Education as well as the Federal Funds received by The New York City Health and Hospital Corporation, ("HHC") New York City Economic Development Corporation, ("EDC"), and New York City Municipal Water Finance Authority ("NYC Water"). Deloitte & Touche LLP audits the financial statements of NYC Water under a separate engagement. Other auditors audit the financial statements of HHC, and EDC.

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2014—(CONTINUED)

(i) The major Federal programs of The City for the year ended June 30, 2014 were as follows:

<b>Major Programs Names</b>	<b>Federal CFDA#</b>
U.S. Department of Agriculture:	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Child and Adult Care Food Program	10.558
Commodity Supplemental Food Program	10.565
U.S. Department of Housing and Urban Development:	
Community Development Block Grants/Entitlement Grants	14.218
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228
HOME Investment Partnerships Program	14.239
Housing Opportunities for Persons with AIDS	14.241
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269
Section 8 Housing Choice Vouchers	14.871
U.S. Department of Justice:	
Equitable Sharing Program	16.922
U.S. Department of Labor - WIA Cluster:	
WIA Adult Program	17.258
WIA Youth Activities	17.259
WIA Dislocated Workers Formula Grants	17.278
U.S. Department of Transportation:	
Highway Planning and Construction	20.205
Federal Transit Cluster:	
Federal Transit—Capital Investment Grants	20.500
Federal Transit—Formula Grants	20.507
U.S. Environmental Protection Agency:	
ARRA-Capitalization Grants for Clean Water State Revolving Fund	66.458
U.S. Department of Education:	
Title I Grants to Local Educational Agencies	84.010
Special Education Cluster:	
Special Education Grants to States	84.027
Special Education—Preschool Grants	84.173
Career and Technical Education—Basic Grants to States	84.048
Twenty-First Century Community Learning Centers	84.287
English Language Acquisition Grants	84.365
Improving Teacher Quality State Grants	84.367
ARRA—School Improvement Grant, Recovery Act	84.388
ARRA—Race to the Top Incentive	84.395

(Continued)

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014—(CONTINUED)**

The major Federal programs of The City for the year ended June 30, 2014. (Continued)

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

(Concluded)

(j) The City did not qualify as a low-risk auditee for the year ended June 30, 2014.

**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 257 through 288.



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

NEW YORK CITY DEPARTMENT OF EDUCATION  
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT  
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE  
REFERENCE: 2014-001

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## 1. CRITERIA

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

## 2. CONDITION

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

We reviewed the summer program site review reports, and meal accountability and claiming review reports for twenty-five regular and summer schools visited by the TFTAs during the School Year 2013-2014.

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 two instances where the absence of a follow-up visit report to determine if the prior recommended corrective actions were implemented in a timely manner, and if any deviation from procedures were determined.

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

### *a. Review of Meal and Counting and Claiming System*

- The number of children certified for free or reduced-price meals must be updated in the school’s database or on a master listing to reflect new students, discharges, transfers and changes in student eligibility determinations resulting from an official audit, review or verification process.
- Roster Counts Transferred Incorrectly to SF-1: Staff persons must ensure that the final counts recorded on the Report of Meals Served is accurately transferred and reflects the daily counts from the tallied rosters or applicable transaction logs, including eligibility categories (free, reduced and paid). To reduce errors when transferring totals to the Report of Meals Served form, assigned staff person should take care when tallying daily participation counts by eligibility categories and accurately record the totals on each day’s rosters or transaction logs.

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

NEW YORK CITY DEPARTMENT OF EDUCATION  
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT  
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE  
REFERENCE: 2014-001 (CONTINUED)

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- Rosters Missing During Day of Review: All final Report of Meals Served submitted for meal claim reimbursements must be supported by rosters, ticket stubs or applicable transaction logs on file at the school. These supporting documents must be completed by eligibility categories.
- Staff persons must ensure that rosters or applicable transaction logs are accurately counted prior to recording final counts on the Report of Meals Served.
- The Report of Meals served form must be revised for the weeks identified in this report. Due to the errors identified in this report, prior Report of Meals Served forms that were not reviewed during the visit must be re-examined for similar errors and revised as necessary.
- Student's meal eligibility codes must be changed on the point-of-service rosters to reflect the changes on the Automate the Schools ("ATS") and Non-Public Schools Information System ("NPSIS"). The most current change with the date of the change must be noted on the rosters.
- We noted six schools were identified as unsatisfactory or not satisfying this regulation.

### *b. Weekly Meals Claims Report*

- Each weekly Report of Meals Served form must contain the school's average daily attendance as obtained that week from the principal's office and, for public schools, as reported on ATS. In public school the ATS Student Attendance List ("RSAL") report will show the actual daily attendance for each school.
- Each weekly Report of Meals Served form must contain the school's current register as obtained that week from the principal's office and, for public schools, as reported on ATS.
- The number of children certified for free or reduced-price meals must be updated in the school's database or on master listing to reflect new students, discharges, transfers and from the changes in student eligibility determinations resulting from an official audit, review or verification process.
- We noted one school was identified as unsatisfactory or not satisfying these regulations.

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

NEW YORK CITY DEPARTMENT OF EDUCATION  
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT  
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE  
REFERENCE: 2014-001 (CONTINUED)

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### *c. Cash Handling*

- National School Lunch Program Regulations (Section 7 CFR Part 210.15) require participating school districts to report and maintain records of all program revenues. Therefore, all schools are to continue assisting the Office of School Food in complying with this requirement by reporting and submitting weekly money collected. SchoolFood Memorandum No. FS2 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).
- We noted one school was identified as unsatisfactory or not satisfying these regulations.

### *d. Production Records*

- The menu must be served as planned. In the event that there is a change to the menu, the change must be reflected in the cook's book, and on the posted menu in all cafeteria/eating area. The menu change must also be called in to the field office.
- The total amount of food prepared must be completed daily in the cook's book.
- The total number of portions served must be recorded daily in the cook's book.
- The total number of leftovers must be recorded daily in the cook's book.
- The daily minimum of one ounce of meat/meat alternate, 1/2 cup of vegetable, 1/2 cup of fruits, one ounce of grain and 1/2 pint of milk must be offered for grades K-8 and a minimum of two ounces of meat/meat alternate, 1 cup of vegetable, 1 cup of fruit, two ounces of grain and 1/2 pint of milk for grades 9-12 or K-12.
- The weekly minimum of eight ounce of meat/meat alternate, 2&1/2 cup of vegetable, 2&1/2 cup of fruits, eight ounce of grain and 2&1/2 pint of milk must be offered for grades K-8 and a minimum of ten ounce of meat/meat alternate, five cup of vegetable, five cup of fruit, ten ounces of grain and 2&1/2 pint of milk for grades 9-12 or K-12.
- Vegetables from each of the subgroups dark green, red/orange, beans and peas (legumes), starchy and other vegetable must be offered over the course of a week.
- We noted one school was identified as unsatisfactory or not satisfying these regulations.

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

NEW YORK CITY DEPARTMENT OF EDUCATION  
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT  
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE  
REFERENCE: 2014-001 (CONTINUED)

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### *e. General Areas*

- Annual Civil Rights training must be provided by the Local Educational Agency for all staff, including front-line team members who deal directly with program applicants and participants by November 1st of each new school year. A Power Point presentation is available in the audit area of the eligibility and compliance SharePoint portal for use in training staff. SchoolFood staff are to use the signature sheet that is downloadable in the SharePoint portal to collect the data on the team members who have viewed the Civil Rights training module.
- Student and other school fundraising activity involving the sale of food items must be for approved foods only; however, such approved food items may be sold from the beginning of the school day until 6:00 PM, as long as the sale of the approved food items occurs outside the cafeteria.
- Schools may not sell any food items (including approved foods) through vending machines or school stores during breakfast, and from the beginning of the first lunch period until the end of the last lunch period. Schools using vending machines must use the DOE's central contracts, which provide machines equipped with timers. The snack vending machine contractor will be required to set the timers to lock the machines during the breakfast meal and then again, during the lunch periods. Snack vending machines may not be used in any schools serving grade levels pre-kindergarten ("PK") through five (5). Failure to follow this regulation may result in a directive to remove vending machines from the school, or to stop selling food and/or beverage items in a school store or otherwise. In addition, non-compliance may result in adverse impact on the principal's compliance performance rating.
- We noted one school was identified as unsatisfactory or not satisfying these regulations.

A similar finding was included in the prior year's single audit report on page 227 (Reference: 2013-001).

### **3. CAUSE**

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

### **4. EFFECT**

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

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

**NEW YORK CITY DEPARTMENT OF EDUCATION  
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT  
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE  
REFERENCE: 2014-001 (CONTINUED)**

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### **5. RECOMMENDATION**

We recommend that the Department reinforce existing procedures to ensure that noncompliant schools satisfy meal count and accountability reporting 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 schools and the appropriate Department office (e.g., Office of Funded Programs) to ensure the school understands the importance of meal count requirements and the effect of SchoolFood program eligibility on other federally funded programs.

### **6. QUESTIONED COST**

None

### **7. VIEWS OF RESPONSIBLE OFFICIAL**

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

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

Moreover, in support of the National School Lunch and Breakfast Programs, the Department annually reviews meal accountability procedures at a minimum of 500 high risk schools. Both programs require at a minimum, one initial site review to evaluate the school's procedures for counting and claiming meals for reimbursement, and also require that if there is a problem, for example, with the accuracy of the data, the source of the counts, incomplete meals, etc., the schools where the school staff does accountability implement corrective actions. Follow-up is performed by the SchoolFood Manager and District Supervisor. At least one follow-up site review is conducted within 45 days to determine that the corrective actions have been taken to resolve possible problems prior to February 1 of each school year.

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

**NEW YORK CITY DEPARTMENT OF EDUCATION  
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT  
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE  
REFERENCE: 2014-001 (CONTINUED)**

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The Department also continues to support the electronic Point-of-Sale (POS) accountability system at 373 buildings hosting 812 schools throughout The City of New York. 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. The Department has obtained contractual vendor support for the expansion of POS at the remaining schools.

As of School Year 2005-2006, the Department implemented a centralized automated eligibility determination whereby the Application for Free and Reduced Price Meals are scanned and eligibility software is used to determine if students qualify for free or reduced-price meals. The system relieves school administration from the manual paper process and reduces benefit issuance errors and generates student-specific notification letters with respect to eligibility and meal benefit determinations. During School Year 2013-2014 SchoolFood processed applications (online and paper) and determined meal benefits for 1,553 schools, 139 more schools than School Year 2012-2013, which included 1,290 public schools, 139 charter schools and 124 non-public schools. The centralized eligibility determination process is used for all schools participating in the food service program.

With respect to the Weekly Meal Claims Report, the SchoolFood Accountability Unit continues to provide onsite training to School Aides, school administrative staff and SchoolFood employees to improve meal accountability and accurate meal claims. Further, as applicable, the respective SchoolFood Regional Directors and District Supervisors, Network Cluster Leaders and Food Liaisons, Business Directors and Operational Managers for charter and non-public schools will be included in the action plan as well as made aware of the schools' progress, and required to intervene to help make sure that an approved system is implemented, as necessary. All schools that are non-compliant at the end of the school year for the breakfast and lunch programs will be included in the list of high risks schools scheduled for review during School Year 2014-2015.

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

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

Training was conducted in this regard throughout the summer of 2014 for all Cooks, Assistant Cooks SchoolFood managers, District Supervisors and Monitors. As applicable, retraining is conducted.

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

**NEW YORK CITY HEATH AND HOSPITAL CORPORATION  
STATE AGENCY: NEW YORK STATE DEPARTMENT OF HEALTH  
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE  
REFERENCE: 2014-002**

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## **1. CRITERIA**

**Allowable Costs**—In accordance with the Federal Office of Management and Budget (OMB) Circular A-133, direct allowable costs are those costs that can be identified specifically with a particular sponsored project, instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Identification with the sponsored work rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of a sponsored agreement.

## **2. CONDITION**

The New York City Health and Hospital Corporation (the “Corporation”) has a system to monitor the direct allowable costs of service units, including the conduct of program-specific financial and compliance audits.

Of the twenty-five transactions selected for review, we noted one case where the employee was not performing any grant duties as of March 2014; however, salary expenses were charged for the months of April and May 2014.

The questioned cost was calculated based on the salaries charged for the pay period ended May 23, 2014.

## **3. CAUSE**

The Corporation did not follow policies and procedures that ensure all direct costs are reconciled timely with actual hours worked.

## **4. EFFECT**

The Corporation may not be able to properly calculate the direct cost on a timely manner.

## **5. RECOMMENDATION**

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

## **6. QUESTIONED COST**

\$2,528.00

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

**NEW YORK CITY HEATH AND HOSPITAL CORPORATION  
STATE AGENCY: NEW YORK STATE DEPARTMENT OF HEALTH  
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE  
REFERENCE: 2014-002 (CONTINUED)**

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### **7. VIEWS OF RESPONSIBLE OFFICIAL**

The Corporation recognizes the importance of carefully tracking grant-related costs and has established processes and procedures to monitor associated reimbursement activity. This work includes routine evaluation of costs with respect to staff assignments, as well as enhanced controls which include program manager sign-off on related vouchers in connection with reimbursement requests. With respect to the audit finding, the adjustment was made June 2014.

# 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: 2014-003

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## 1. CRITERIA

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

## 2. CONDITION

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

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

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

A similar finding was included in the prior year’s single audit report on page 231 (Reference: 2013-002).

## 3. CAUSE

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

## 4. EFFECT

Sponsor units may not be repaired on a timely basis.

## 5. RECOMMENDATION

We recommend that the Department strengthen its controls over this requirement.

## 6. QUESTIONED COST

Cannot be determined

## **HOME INVESTMENT PARTNERSHIPS PROGRAM (CFDA # 14.239)**

**NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT  
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
REFERENCE: 2014-003 (CONTINUED)**

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### **7. VIEWS OF RESPONSIBLE OFFICIAL**

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

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

With respect to the seven unit files that failed to demonstrate the required repairs within 90 days after the notification of failure, the Department will continue to notify owners to resolve conditions timely, and all required repairs for the seven units certified as complete.

## EQUITABLE SHARING PROGRAM (CFDA # 16.922)

NEW YORK CITY DEPARTMENT OF INVESTIGATIONS

FEDERAL AGENCY: U.S. DEPARTMENT OF JUSTICE

REFERENCE: 2014-004

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### 1. CRITERIA

**Allowable Costs**—*Basic Guidelines for allowability of the Federal expenditures are as follows:*

- a. The basic guidelines affecting allowability of costs (direct and indirect) are identified in Federal Office of Management and Budget Circular (“OMB”) A-87, Attachment A, paragraph C.
- b. To be allowable under Federal awards, costs must meet the following general criteria: (Federal OMB Circular A-87, Attachment A, paragraph C.1).
- c. Be necessary and reasonable for the performance and administration of Federal awards. (Refer to Federal OMB Circular A-87, Attachment A, paragraph C.2 for additional information on reasonableness of costs.)
- d. Be allocable to Federal awards under the provisions of Federal OMB Circular A-87. (Refer to Federal OMB Circular A-87, Attachment A, paragraph C.3 for additional information on allocable costs.)
- e. Be authorized or not prohibited under State or local laws or regulations.
- f. Conform to any limitations or exclusions set forth in Federal OMB Circular A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- g. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- h. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- i. Be determined in accordance with generally accepted accounting principles, except as otherwise provided in Federal OMB Circular A-87.
- j. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.
- k. Be net of all applicable credits. (Refer to Federal OMB Circular A-87, Attachment A, paragraph C.4 for additional information on applicable credits.)
- l. Be adequately documented.

## **EQUITABLE SHARING PROGRAM (CFDA # 16.922)**

**NEW YORK CITY DEPARTMENT OF INVESTIGATIONS  
FEDERAL AGENCY: U.S. DEPARTMENT OF JUSTICE  
REFERENCE: 2014-004 (CONTINUED)**

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### **2. CONDITION**

We tested 25 transactions at The New York City Department of Investigation (the “Department”). Of the 25 transactions selected for review under this reward, we were not provided a complete contract file for one award; therefore, we were unable to determine the validity of the allowable costs.

The questioned cost was calculated based on the invoice amount of the transaction.

### **3. CAUSE**

The Department did not ensure that all required contract documents were completed and retained.

### **4. EFFECT**

The Department’s internal controls over allowability with respect to contract files are not adequate.

### **5. RECOMMENDATION**

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

### **6. QUESTIONED COST**

\$15,400.00

### **7. VIEWS OF RESPONSIBLE OFFICIAL**

The Department recognizes the importance of adhering to the Equitable Sharing Program guidelines and had determined that the services obtained with respect to the sampled contracts were allowable and in accordance with U. S. Department of Justice asset forfeiture guidelines. Moreover, the Department has reminded staff to carefully review grant-related procurement requirements and to maintain relevant documentation.

**TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES (CFDA # 84.010)**  
**SPECIAL EDUCATION—GRANTS TO STATES (CFDA # 84.027)**  
**SPECIAL EDUCATION—PRESCHOOL GRANTS (CFDA # 84.173)**  
**CAREER AND TECHNICAL EDUCATION—BASIC GRANTS TO STATES**  
**(CFDA # 84.048)**  
**ENGLISH LANGUAGE ACQUISITION GRANTS (CFDA # 84.365)**  
**ARRA - SCHOOL IMPROVEMENT GRANTS, RECOVERY ACT (CFDA # 84.388)**

**NEW YORK CITY DEPARTMENT OF EDUCATION**  
**STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT**  
**FEDERAL AGENCY: U.S. DEPARTMENT OF EDUCATION**  
**REFERENCE: 2014-005**

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**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 reports submitted during fiscal year 2014 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 237 (Reference: 2013-005).

**3. CAUSE**

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

**4. EFFECT**

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

**5. RECOMMENDATION**

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

**6. QUESTIONED COST**

None

**TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES (CFDA # 84.010)**  
**SPECIAL EDUCATION—GRANTS TO STATES (CFDA # 84.027)**  
**SPECIAL EDUCATION—PRESCHOOL GRANTS (CFDA # 84.173)**  
**CAREER AND TECHNICAL EDUCATION—BASIC GRANTS TO STATES**  
**(CFDA # 84.048)**  
**ENGLISH LANGUAGE ACQUISITION GRANTS (CFDA # 84.365)**  
**ARRA—SCHOOL IMPROVEMENT GRANTS, RECOVERY ACT (CFDA # 84.388)**

**NEW YORK CITY DEPARTMENT OF EDUCATION**  
**STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT**  
**FEDERAL AGENCY: U.S. DEPARTMENT OF EDUCATION**  
**REFERENCE: 2014-005 (CONTINUED)**

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## **7. VIEWS OF RESPONSIBLE OFFICIAL**

The Department recognizes the importance of fiscal reporting requirements and maintains processes and procedures to monitor grant award programs with respect to the timely submission of Final Expenditure Reports (FS-10F). The Department continues to carefully monitor programs/schools to facilitate accurate and complete records. The Department also continues to oversee programs/schools throughout the award period and re-enforces established reporting guidelines to facilitate timely submission of expenditure reports.

The Department continues to closely track grant expenditures throughout the grant period, as well as work with appropriate State Education officials to facilitate the completion and submission of financial expenditure reports. An encumbrance report is utilized, which lists open encumbrances by project within district to facilitate the liquidation of these open obligations. Additionally, the Office of Revenue Operations periodically provides the Office of Accounts Payable with open detail listings of categorical grant outstanding encumbrances to identify and promote processing of outstanding vendor invoices. System users are able to drill-down on projects, districts and grant codes to identify the open document numbers that comprise the total open encumbrance amount. This system helps ensure applicable program, finance and Senior Grant Officer staff take action to liquidate or reduce potential payable amounts.

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

**NEW YORK CITY DEPARTMENT FOR THE AGING  
STATE AGENCY: NEW YORK STATE OFFICE FOR THE AGING  
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
REFERENCE: 2014-006**

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**1. CRITERIA**

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

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

**2. CONDITION**

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

Of the twenty-five delegate agencies selected for review:

- One subrecipient did not submit their Federal OMB Circular A-133 Report for the fiscal year ended 2012.

**3. CAUSE**

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

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

**NEW YORK CITY DEPARTMENT FOR THE AGING  
STATE AGENCY: NEW YORK STATE OFFICE FOR THE AGING  
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
REFERENCE: 2014-006 (CONTINUED)**

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**4. EFFECT**

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

**5. RECOMMENDATION**

We recommend that the Department continue to monitor its subrecipient and reiterate the necessity to submit required reports timely.

**6. QUESTIONED COST**

Cannot be determined

**7. VIEWS OF RESPONSIBLE OFFICIAL**

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

Concerning the audit finding, the Department has been in contact with this subrecipient extensively, including by phone conferences and correspondences. Penalties have been assessed as well due to an outstanding audit. With respect to Fiscal 2014, the report is expected by the due date of March 31, 2014. Further, the provider has executed an agreement with an independent certified public accountant to conduct a timely audit for Fiscal 2015. The Department will request a schedule to ascertain federal funding and confirm submission requirements with respect to federal Office of Management and Budget Circular A-133. The Department will continue to monitor this subrecipient closely, as well as its other providers to facilitate timely and complete submissions.

# CHILD CARE AND DEVELOPMENT BLOCK GRANT (CFDA # 93.575)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
STATE AGENCY: NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES  
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
REFERENCE: 2014-007

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## 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 ended after December 31, 2003, as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period.
- The cognizant agency for audit shall consider auditee requests for extensions to the report submission due date required by §320(a). The cognizant agency for audit may grant extensions for good cause (§400(a)(2)).

## 2. CONDITION

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

Of the Twenty-five (25) delegate agencies selected for review:

- Eleven (11) had not submitted current audited financial statements within the prescribed 9-month deadline.
- Four (4) Subrecipients' OMB Circular A-133 Reports were not received by the Department.

A similar finding was included in the prior year's single audit report on page 241 (Reference: 2013-007).

## 3. CAUSE

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

## 4. EFFECT

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

## **CHILD CARE AND DEVELOPMENT BLOCK GRANT (CFDA # 93.575)**

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES**

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

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

**REFERENCE: 2014-007 (CONTINUED)**

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### **5. RECOMMENDATION**

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

### **6. QUESTIONED COST**

Cannot be determined

### **7. VIEWS OF RESPONSIBLE OFFICIAL**

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

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

## HEAD START (CFDA # 93.600)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
REFERENCE: 2014-008

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### 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 ended after December 31, 2003, as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period.
- The cognizant agency for audit shall consider auditee requests for extensions to the report submission due date required by §320(a). The cognizant agency for audit may grant extensions for good cause (§400(a)(2)).

### 2. CONDITION

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

Of the twenty-five (25) delegate agencies selected for review, we noted that two (2) had not submitted current audited financial statements within the prescribed 9-month deadline. We also noted that seven (7) did not provide their audited financial statements to the Department.

A similar finding was included in the prior year's single audit report on page 255 (Reference: 2013-013).

### 3. CAUSE

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

### 4. EFFECT

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

### 5. RECOMMENDATION

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

## **HEAD START (CFDA # 93.600)**

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
REFERENCE: 2014-008 (CONTINUED)**

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### **6. QUESTIONED COST**

Cannot be determined

### **7. VIEWS OF RESPONSIBLE OFFICIAL**

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

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

## HEAD START (CFDA # 93.600)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
REFERENCE: 2014-009

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### 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 Family (“ACF”) (42 USC 9835(b); 45 CFR sections 1301.20 and 1301.21).

### 2. CONDITION

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

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

A similar finding was included in the prior year’s single audit report on page 247 (Reference: 2013-009).

### 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 approvals to delegate agencies timely, as well as maintain a copy of such approval.

## **HEAD START (CFDA # 93.600)**

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
REFERENCE: 2014- 009 (CONTINUED)**

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### **6. QUESTIONED COST**

Cannot be determined

### **7. VIEWS OF RESPONSIBLE OFFICIAL**

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

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

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

## HEAD START (CFDA # 93.600)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
REFERENCE: 2014-010

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### 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 all the five (5) months selected for testing, the Department did not enroll 100 percent of its funded enrollment.

A similar finding was included in the prior year’s single audit report on page 249 (Reference: 2013-010).

### 3. CAUSE

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

### 4. EFFECT

Earmarking levels may not reach Federal requirements.

### 5. RECOMMENDATION

We recommend 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 Department recognizes the importance of adherence to Head Start enrollment requirements and continues to work to maintain the 100 percent enrollment target as well as maintain an enrollment of at least 10 percent of children with diagnosed disabilities. Moreover, the Department is in communication with the applicable federal agency concerning the Department’s efforts and enhancements in this regard. This includes monthly enrollment 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: 2014-010 (CONTINUED)**

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Further, the Department has strengthened enrollment monitoring and program support; staff teams conduct site visits, provide technical assistance and review program plans. Also, the Department Head Start Early Learn program staff and delegate agencies work on-site at New York City Human Resources Administration Job Centers to provide parents with information about Head Start opportunities. The Department also conducts outreach by mail with respect to Head Start EarlyLearn, impacting clients who receive a child care subsidy, as well as works with the New York City Housing Authority to identify and conduct outreach to families with young children.

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

## HEAD START (CFDA # 93.600)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
REFERENCE: 2014-011

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### 1. CRITERIA

**Reporting**—Recipients are required to submit Final Expenditure Reports to the State of New York. The Final Expenditures Report is due 30 days after the end of the each quarter.

### 2. CONDITION

The New York City Administration for Children's Services (the "Department") has policies and procedures in place to submit expenditures reports quarterly.

We noted that the quarterly reports for the periods ended December 31, 2013 and March 31, 2014 were not available. To generate these reports information is entered into a reporting system; however, the system does not allow for data entry once a certain period of time has elapsed after the quarter has ended. This was the case for the two reports requested.

A similar finding was included in the prior year's single audit report on page 251 (Reference: 2013-011).

### 3. CAUSE

Due to voluminous data collection from various contractors, the Department was not able to prepare the financial reports on a timely basis.

### 4. EFFECT

The Department as well as the pass through entity may not be in compliance with requirements to report timely.

### 5. RECOMMENDATION

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

### 6. QUESTIONED COST

Cannot be determined

### 7. VIEWS OF RESPONSIBLE OFFICIAL

The Department understands the importance of complying with the Head Start Reporting requirements and works closely with its delegate agencies to promote timely reporting.

With respect to the audit finding, the information covering the referenced periods was submitted in subsequent reports. In addition, the data required to formulate the quarterly reports is now accessible sooner to better facilitate timely submissions.

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## HEAD START (CFDA # 93.600)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
REFERENCE: 2014-012

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### 1. CRITERIA

**Reporting—Federal Funding Accountability and Transparency Act**—Aspects of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), as amended by Section 6202(a) of the Government Funding Transparency Act of 2008 (Pub. L. No. 111-252), that relate to subaward reporting (1) under grants and cooperative agreements were implemented as interim final guidance by the Federal Office of Management and Budget (OMB) in 2 Code of Federal Regulations (CFR) part 170, effective October 1, 2010 (75 Federal Register (FR) 55663 *et seq.*, September 14, 2010) and (2) under contracts, by the regulatory agencies responsible for the Federal Acquisition Regulation (FAR) in an interim rule, effective July 8, 2010 (75 FR 39414 *et seq.*, July 8, 2010). The interim final guidance and the interim rule have the same effect as final guidance or a final rule and will remain in effect until superseded by final issuances. If the final issuances include any changes to the interim requirements, they will have new effective dates. The requirements pertain to recipients (i.e., direct recipients) of grants or cooperative agreements who make first-tier subawards and contractors (i.e., prime contractors) that award first-tier subcontracts. There are limited exceptions as specified in 2 CFR part 170 and the FAR. The guidance at 2 CFR part 170 currently applies only to Federal financial assistance awards in the form of grants and cooperative agreements, e.g., it does not apply to loans made by a Federal agency to a recipient; however, the subaward reporting requirement applies to all types of first-tier subawards under a grant or cooperative agreement.

### 2. CONDITION

During our testing of reporting requirements, we noted that the New York City Administration for Children's Services (the "Department") is considered a prime recipient of Federal awards from the U.S. Department of Health and Human Services ("DHHS"). Since, the Department is a prime recipient, they are required to register certain awards information on [www.USAspending.gov](http://www.USAspending.gov). The Department was not in compliance with the reporting requirement of the Federal Funding Accountability and Transparency Act as of June 30, 2014.

A similar finding was included in the prior year's Single audit report on page 253 (Reference: 2013-012).

### 3. CAUSE

The Department did not report subawards.

### 4. EFFECT

The Department did not comply fully with reporting requirement.

### 5. RECOMMENDATION

We recommend that the Department comply with policies and procedures for the Transparency Act.

## **HEAD START (CFDA # 93.600)**

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
REFERENCE: 2014-012**

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### **6. QUESTIONED COST**

None

### **7. VIEWS OF RESPONSIBLE OFFICIAL**

The Department understands the importance of full compliance with Federal Funding Accountability and Transparency Act reporting guidelines. The Department has been reporting the required basic grantee information in the federal Contractor Contract Registration (CCR) system since 2010, and in the federal System for Award Management (SAM) system. Relevant awards information on FRS.gov is being updated and required reporting will be performed monthly.

## **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: 2014-013**

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### **1. CRITERIA**

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

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

### **2. CONDITION**

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

## **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: 2014-013 (CONTINUED)**

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Of the forty files (40) selected for review:

- Five (5) files did not include one or more federally-required documents. The missing documents were the Adoptive Placement Agreement, Adoption Subsidy Agreement, and/or the Agreement for Non-recurring Adoption Expenses.

A similar finding was included in the prior year's single audit report on page 243 (Reference: 2013-008).

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

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

Effective September 2014, the Division of Family Permanency has strengthened records management processing; provider agencies are notified if an adoption subsidy case record is missing documentation prior to the closing and warehousing of the record. This will allow for timely gathering of all required documentation.

## **SOCIAL SERVICES BLOCK GRANT (CFDA # 93.667)**

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES**  
**STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE**  
**FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**REFERENCE: 2014-014**

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### **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 ended after December 31, 2003, as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period.
- The cognizant agency for the audit shall consider auditee requests for extensions to the report submission due date required by §320(a). The cognizant agency for the audit may grant extensions for good cause (§400(a)(2)).

### **2. CONDITION**

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

Of the twenty-five (25) delegate agencies selected for review, we noted that two (2) had not submitted current audited financial statements to the Department. We also noted that three (3) delegate agents did not submit audited financial statements within the prescribed 9-month deadline.

A similar finding was included in the prior year's single audit report on page 257 (Reference: 2013-014).

### **3. CAUSE**

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

### **4. EFFECT**

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

### **5. RECOMMENDATION**

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

## **SOCIAL SERVICES BLOCK GRANT (CFDA # 93.667)**

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE  
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
REFERENCE: 2014-014 (CONTINUED)**

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### **6. QUESTIONED COST**

Cannot be determined

### **7. VIEWS OF RESPONSIBLE OFFICIAL**

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

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

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## STATUS OF PRIOR YEARS' FINDINGS YEAR ENDED JUNE 30, 2014

City Agency	Index #	Page #	Program Name	Summary of Finding	Status
Department of Education	96-02-10.553, 10.555	24	Child Nutrition Cluster—	Meal count requirement monitoring	Repeat: CAP in current year report; refer to index 2014-001-10.553, 10.555 and 10.559.
	97-03-10.553, 10.555	27	School Breakfast Program (10.553), National		
	98-02-10.553, 10.555	30	School Lunch Program (10.555), Summer		
	99-02-10.553, 10.555	29	Food Service Program for Children (10.559)		
	00-02-10.553, 10.555	29			
	01-01-10.553, 10.555	30			
	02-03-10.553, 10.555	147			
	03-02-10.553, 10.555	142			
	04-04-10.553, 10.555	158			
	05-01-10.553, 10.555	166			
	06-02-10.553, 10.555	177			
	07-01-10.553, 10.555	179			
	08-01-10.553, 10.555	181			
	09-04-10.553, 10.555	193			
10-03-10.553, 10.555	203				
11-01-10.553, 10.555	209				
12-01-10.553, 10.555	218				
13-001-10.553,10.555	227				
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 2014-003-14.239.
	09-08-14.239	203			
	10-04-14.239	207			
	11-03-14.239	215			
	12-03-14.239	224			
13-002-14.239	231				
Housing Preservation and Development	13-003-14.249	233	Section 8 Moderate Rehabilitation Single Room Occupancy (14.249), Low Income Housing Assistance Program - Section 8 Moderate Rehabilitation (14.856)	Reporting	Corrected
Kings County District Attorney	13-004-16.804	235	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government (16.804)	Procurement	Corrected
Department of Education	02-25-84.027, 84.173	178	Title I - Grants to Local Educational Agencies (84.010), Special Education - Grants to States (84.027), Career and Technical Education - Basic Grants to States (84.048), Special Education Pre-school Grants (84.173), Twenty-First Century Community Learning Centers (84.287), Education Technology State Grants (84.318), Reading First State Grants (84.357), English Language Acquisition Grants (84.365), Improving Teacher Quality State Grants (84.367), Recovery Act - Education Technology State Grants (84.386) School Improvement Grant, Recovery Act (84.388)	Timely completion of expenditure reports	Repeat: CAP in current year report; refer to index 2014-005-84.010, 84.027, 84.173, 84.048, 84.365, 84.388.
	03-18-84.027, 84.173	164			
	04-18-84.027, 84.173	176			
	05-18-84.027, 84.173	190			
	06-11-84.010, 84.027, 84.173, 84.287, 84.318/84.365, 84.367	199			
	07-12-84.027, 84.173	209			
	07-13-84.048	211			
	08-08-84.010, 84.027, 84.173, 84.048, 84.287, 84.318, 84.357, 84.365	197			
	09-11-84.010, 84.027, 84.173, 84.048, 84.287, 84.318, 84.357	211			

(Continued)

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## STATUS OF PRIOR YEARS' FINDINGS YEAR ENDED JUNE 30, 2014 - (CONTINUED)

City Agency	Index #	Page #	Program Name	Summary of Finding	Status
Department of Education	10-15-84.027, 84.173, 84.287, 84.318, 84.357, 84.048	229	Title I - Grants to Local Educational Agencies (84.010), Special Education - Grants to States (84.027), Career and Technical	Timely completion of expenditure reports	Repeat: CAP in current year report; refer to index 2014-005-84.010, 84.027, 84.173, 84.048, 84.365, 84.388.
	11-08-84.010, 84.027, 84.173, 84.048, 84.287, 84.365	227	Education - Basic Grants to States (84.048), Special Education Pre-school Grants (84.173), Twenty-First Century Community Learning		
	12-09-84.027, 84.173, 84.048, 84.287, 84.386	236	Centers (84.287), Education Technology State Grants (84.318), Reading First State Grants (84.357), English Language Acquisition		
	13-005-84.027, 84.173, 84.048, 84.287, 84.365, 84.367	237	Grants (84.365), Improving Teacher Quality State Grants (84.367), Recovery Act - Education		
	84.386, 84.395		Technology State Grants (84.386) School Improvement Grant, Recovery Act (84.388)		
Administration for Children's Services	12-12-93.575 13-006-93.575	242 239	Child Care and Development Block Grant (93.575)	Eligibility	Corrected
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 2014-007-95.575.
	11-11-93.575, 93.713	233			
	12-11-93.575	240			
	13-007-93.575	241			
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 2014-013-93.659.
	09-19-93.659	227			
	10-23-93.659	247			
	11-14-93.659	239			
	12-16-93.659	250			
13-008-93.659	243				
Administration for Children's Services	12-15-93.600	248	Head Start (93.600)	Delegate agency matching	Repeat: CAP in current year report; refer to index 2014-009-93.600.
	13-009-93.600	247			
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 2014-010-93.600.
	10-20-93.600	239			
	11-13-93.600	237			
	12-14-93.600	246			
	13-010-93.600	249			

(Continued)

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## STATUS OF PRIOR YEARS' FINDINGS YEAR ENDED JUNE 30, 2014 - (CONTINUED)

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City Agency	Index #	Page #	Program Name	Summary of Finding	Status
Administration for Children's Services	13-011-93.600	251	Head Start (93.600)	Reporting	Repeat: CAP in current year report; refer to index 2014-011-93.600.
Administration for Children's Services	13-012-93.600	253	Head Start (93.600)	Reporting	Repeat: CAP in current year report; refer to index 2014-012-93.600.
Administration for Children's Services	05-33-93.600 06-22-93.600 07-23-93.600 08-22-93.600 09-15-93.600 10-21-93.600 11-12-93.600 12-13-93.600 13-013-93.600	214 221 231 227 219 241 235 244 255	Head Start (93.600)	Subrecipient monitoring	Repeat: CAP in current year report; refer to index 2014-008-93.600.
Administration for Children's Services	11-15-93.667 12-17-93.667 13-014-93.667	241 254 257	Social Services Block Grant (93.667)	Subrecipient Monitoring	Repeat: CAP in current year report; refer to index 2014-014-93.667.
Department of Health and Mental Hygiene	13-015-93.914	259	HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A) (93.914)	Level of Effort	Corrected

(Concluded)

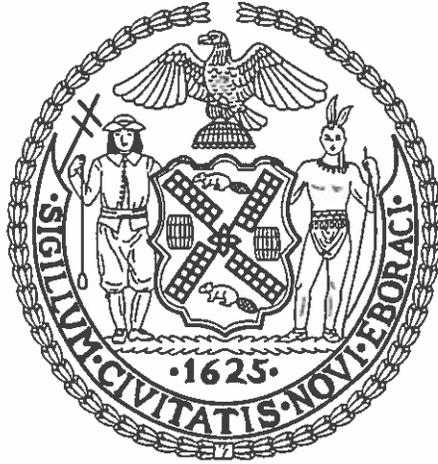
# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED — STATUS OF PRIOR YEARS' FINDINGS YEAR ENDED JUNE 30, 2014

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City Agency	Index #	Page #	Program Name	Summary of Finding	Status
Department of Transportation	2012-001	9	Consolidated Local Street and Highway Improvement Program (CHIP) - Capital Reimbursement Component	Davis Bacon Act	Corrected

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**THE CITY OF NEW YORK**

**SINGLE AUDIT REPORT  
AGENCY CORRECTIVE ACTION PLANS**

**For the Fiscal Year Ended June 30, 2014**





March 26, 2015

**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, 2014. 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,

Mindy Tarlow  
Director

Mayor's Office of Operations



# SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2014

<p><b>Index #</b></p> <p><b>Step 1</b></p>	<p>2014-001-10.553, 10.555 and 10.559</p> <p>The Department of Education (DOE) Office of SchoolFood continues to maintain processes, procedures as well as the computerized Meal Counting and Claiming Systems to carefully track meals served to students participating in the National School Lunch, School Breakfast and Summer Food Service programs. DOE continues to emphasize to school staff the importance of adherence to policies and procedures regarding proper documentation for meal benefits. Further, the Department's Office of SchoolFood staff continues to work to help ensure that applicant eligibility determinations are processed and administered in accordance with established guidelines. Staff training is conducted annually with respect to offering breakfast, lunch, snacks, supper or any complete reimbursable meal to facilitate Child Nutrition Program meal benefits in accordance with applicable statutes. Training presentations in both English and Spanish in this regard are posted on the SchoolFood Website.</p> <p>The DOE also continues to review its processes and procedures regarding accurately counting and reporting meals served to program participants, as well as explore opportunities to further strengthen them. The Office of SchoolFood Compliance Unit coordinates and schedules all site reviews, and reports the findings and corrective actions. Due diligence will be taken to engage the SchoolFood administrators, networks and school administration to implement and maintain proper procedures to address repeated instances of non-compliance.</p> <p>Moreover, in support of the National School Lunch and Breakfast Programs, DOE annually reviews meal accountability procedures at a minimum of 500 high risk schools. Both programs require at a minimum, one initial site review to evaluate the school's procedures for counting and claiming meals for reimbursement, and also require that if there is a problem, for example, with the accuracy of the data, the source of the counts, incomplete meals, etc., the schools where the school staff does accountability implement corrective actions. Follow-up is performed by the SchoolFood Manager and District Supervisor. At least one follow-up site review is conducted within 45 days to determine that the corrective</p>
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	<p>actions have been taken to resolve possible problems prior to February 1 of each school year.</p> <p>The DOE also continues to support the electronic Point-of-Sale (POS) accountability system at 373 buildings hosting 812 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. The Department has obtained contractual vendor support for the expansion of POS at the remaining schools.</p> <p>As of School Year 2005-2006 DOE implemented a centralized automated eligibility determination whereby the Application for Free and Reduced Price Meals are scanned and eligibility software is used to determine if students qualify for free or reduced-price meals. The system relieves school administration from the manual paper process and reduces benefit issuance errors and generates student-specific notification letters with respect to eligibility and meal benefit determinations. During School Year 2013-2014 SchoolFood processed applications (online and paper) and determined meal benefits for 1,553 schools, 139 more schools than School Year 2012-2013, which included 1,290 public schools, 139 charter schools and 124 non-public schools. The centralized eligibility determination process is used for all schools participating in the food service program.</p>
<b>Action Date</b>	September 2014 and ongoing
<b>Step 2</b>	<p>With respect to the Weekly Meal Claims Report, the SchoolFood Accountability Unit continues to provide onsite training to School Aides, school administrative staff and SchoolFood employees to improve meal accountability and accurate meal claims. Further, as applicable, the respective SchoolFood Regional Directors and District Supervisors, Network Cluster Leaders and Food Liaisons, Business Directors and Operational Managers for charter and non-public schools will be included in the action plan as well as made aware of the schools' progress, and required to intervene to help make sure that an approved system is implemented, as necessary. All schools that are non-compliant at the end of the school year for the breakfast and lunch programs will be included in the list of high risks schools scheduled for review during School Year 2014-2015.</p>
<b>Action Date</b>	September 2014 and ongoing

<p><b>Step 3</b></p> <p><b>Action Date</b></p> <p><b>Step 4</b></p> <p><b>Action Date</b></p>	<p>The DOE Office of SchoolFood continues to require participating schools to report and maintain record of all program revenues with respect to handling cash. Therefore, all schools continue to complete the cash receipt worksheet weekly and submit weekly monies collected to the office of SchoolFood. The weekly receipt worksheet must be submitted weekly regardless if monies were submitted. SchoolFood Managers and District supervisors follow through on this process.</p> <p>September 2014 and ongoing</p> <p>With respect to production cook records, SchoolFood continues to provide training to Cooks in Charge, SchoolFood Managers and District Supervisors on following the correct procedures to maintain accurate production records. SchoolFood Managers, District Supervisors and the SchoolFood Compliance Unit follow through on this process. Effective September 2014, a revised version of the production was implemented citywide enhancing usability for end users.</p> <p>Training was conducted in this regard throughout the summer of 2014 for all Cooks, Assistant Cooks SchoolFood managers, District Supervisors and Monitors. As applicable, retraining is conducted.</p> <p>September 2014 and ongoing</p>
<p><b>Final Implementation Date</b></p>	<p>September 2014 and ongoing</p>
<p><b>Name and Phone # of Person Responsible for Implementation</b></p>	<p>Dennis Barrett Executive Director, NYC SchoolFood (718) 707-4357</p>

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## SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2014

<b>Index #</b>	2014-002-10.557
<b>Step 1</b>	The Health and Hospitals Corporation (HHC) recognizes the importance of carefully tracking grant-related costs and has established processes and procedures to monitor associated reimbursement activity. This work includes routine evaluation of costs with respect to staff assignments, as well as enhanced controls which include program manager sign-off on related vouchers in connection with reimbursement requests. With respect to the audit finding, the adjustment was made June 2014.
<b>Action Date</b>	June 2014 and ongoing
<b>Final Implementation Date</b>	June 2014 and ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	Robert Bochicchio Senior Associate Director, Finance (718) 579 - 6431

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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 2014

<b>Index #</b>	2014-003-14.239
<b>Step 1</b>	<p>The Department of Housing Preservation and Development (HPD) maintains processes and procedures supporting compliance with Housing Quality (“HQ”) inspection standards. HPD routinely conducts HQ inspections of HOME Investment Partnerships Program assisted rental units and continues to maintain systems to facilitate and promote compliance with HOME inspection requirements; HOME units are inspected periodically and failed inspections are followed-up routinely.</p> <p>Further, the Department continues to review program requirements and operations to enhance program oversight activity and timely repairs. Moreover, as part of the Department’s ongoing effort to accomplish complete and timely repairs of all HOME units, building owners are notified of failed inspections and provided regularly with detailed reports identifying non-compliant conditions.</p> <p>With respect to the seven unit files that failed to demonstrate the required repairs within 90 days after the notification of failure, the Department will continue to notify owners to resolve conditions timely, and all required repairs for the seven units certified as complete.</p>
<b>Action Date</b>	November 2014 and ongoing
<b>Final Implementation Date</b>	November 2014 and ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	John Cullinan Director, Tax Credit and HOME Compliance (212) 863-7371

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# SINGLE AUDIT CORRECTIVE ACTION PLAN

## New York City Department of Investigations Equitable Sharing Program (CFDA #) 16.922

Fiscal Year 2014

<b>Index #</b>	2014-004-16.922
<b>Step 1</b>	The Department of Investigation (DOI) recognizes the importance of adhering to the Equitable Sharing Program guidelines and had determined that the services obtained with respect to the sampled contracts were allowable and in accordance with U. S. Department of Justice asset forfeiture guidelines. Moreover, DOI has reminded staff to carefully review grant-related procurement requirements and to maintain relevant documentation.
<b>Action Date</b>	November and ongoing
<b>Final Implementation Date</b>	November and ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	Edgardo Rivera Assistant Commissioner for Administration (212) 825-5899

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# SINGLE AUDIT CORRECTIVE ACTION PLAN

## New York City Department of Education

**Title I - Grants to Local Educational Agencies (CFDA # 80.010)**

**Special Education – Grants to States (CFDA # 84.027)**

**Special Education – Preschool Grants (CFDA # 84.173)**

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

**English Language Acquisition Grants (CFDA# 84.365)**

**School Improvement Grants, Recovery Act (CFDA # 84.388)**

**Fiscal Year 2014**

<b>Index #</b>	2014-005 - 84.010, 84.027, 84.173, 84.048, 84.365 and 84.388
<b>Step 1</b>	<p>The Department of Education (DOE) recognizes the importance of fiscal reporting requirements and maintains processes and procedures to monitor grant award programs with respect to the timely submission of Final Expenditure Reports (FS-10F). DOE continues to carefully monitor programs/schools to facilitate accurate and complete records. The Department also continues to oversee programs/schools throughout the award period and re-enforces established reporting guidelines to facilitate timely submission of expenditure reports.</p> <p>The Department continues to closely track grant expenditures throughout the grant period, as well as work with appropriate State Education officials to facilitate the completion and submission of financial expenditure reports. An encumbrance report is utilized, which lists open encumbrances by project within district to facilitate the liquidation of these open obligations. Additionally, the Office of Revenue Operations (ORO) periodically provides the Office of Accounts Payable with open detail listings of categorical grant outstanding encumbrances to identify and promote processing of outstanding vendor invoices. System users are able to drill-down on projects, districts and grant codes to identify the open document numbers that comprise the total open encumbrance amount. This system helps ensure applicable program, finance and Senior Grant Officer staff take action to liquidate or reduce potential payable amounts.</p>
<b>Action Date</b>	Ongoing

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

## SINGLE AUDIT CORRECTIVE ACTION PLAN

### New York City Department for the Aging

#### Special Programs for the Aging

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

(CFDA # 93.044)

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

**Nutrition Services Incentive Program (CFDA # 93.053)**

**Fiscal Year 2014**

<b>Index #</b>	2014-006-93.044, 93.045 and 93.053
<b>Step 1</b>	<p>The Department for the Aging (DFTA) recognizes the importance of monitoring subrecipients and continues to maintain systems to oversee and assess the performance of its delegate agencies. The system includes communications with respect to timely submission of reports and resolution of conditions.</p> <p>Concerning the audit finding, DFTA has been in contact with this subrecipient extensively, including by phone conferences and correspondences. Penalties have been assessed as well due to an outstanding audit. With respect to Fiscal 2014, the report is expected by the due date of March 31, 2014. Further, the provider has executed an agreement with independent certified public accountant to conduct a timely audit for Fiscal 2015. The Department will request a schedule to ascertain federal funding and confirm submission requirements with respect to federal Office of Management and Budget Circular A-133. DFTA will continue to monitor this subrecipient closely, as well as its other providers to facilitate timely and complete submissions.</p>
<b>Action Date</b>	Ongoing
<b>Final Implementation Date</b>	Ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	John Jones Controller (212) 602-4495

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## SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2014

<b>Index #</b>	2014-007-93.575
<b>Step 1</b>	<p>The Administration for Children's Services (ACS) recognizes the importance of complying with the Child Care Development Block Grant Subrecipient Monitoring requirements. The Department continues to work closely with contract agencies to help ensure compliance with applicable rules and regulations. Further, ACS has established processes and procedures to monitor the fiscal and programmatic activities of its subrecipients as well as track the receipt of annual audited financial statements.</p> <p>With respect to the audit finding, the Department has established processes to monitor its contract agencies, including compliance with federal grant requirements. Contract agencies are also required to report the progress of independent audit activity. ACS will provide technical assistance if required to achieve on-time audits as well as lower VENDEX scores for those contractors with late submissions. The Department is working to obtain the four outstanding financial statements.</p>
<b>Action Date</b>	Ongoing
<b>Final Implementation Date</b>	Ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	Marcia Gilliard Assistant Commissioner (212) 676-8855

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## SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2014

<b>Index #</b>	2014-008-93.600
<b>Step 1</b>	<p>The Administration for Children's Services (ACS) recognizes the importance of complying with Head Start Subrecipient Monitoring requirements and continues to work closely with contract agencies to fulfill applicable rules and regulations. The Department maintains processes and procedures to monitor the fiscal and programmatic activities of its subrecipients and to track the receipt of annual audited financial statements.</p> <p>With respect to the audit findings, ACS established processes to monitor its contract agencies including compliance with federal grant requirements. Contract agencies are required to report the progress of independent auditor activity. ACS will provide technical assistance if required to achieve on-time audits as well as lower VENDEX scores for those contractors with late submissions. The Department is working to obtain the seven outstanding financial statements.</p>
<b>Action Date</b>	Ongoing
<b>Final Implementation Date</b>	Ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	Marcia Gilliard Assistant Commissioner (212) 676-8855

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# SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2014

<b>Index #</b>	2014-009-93.600
<b>Step 1</b>	<p>The Administration for Children's Services (ACS) recognizes the importance of complying with Head Start non-federal match requirements and has established procedures and protocols to monitor the fiscal activities of delegate agencies in this regard. ACS staff work closely with delegate agencies to provide applicable guidance and emphasize the importance of fulfilling match expectations; moreover, as needed, ACS assists delegates with satisfying their obligations.</p> <p>Specifically, each year delegate agencies are instructed to contribute at least 20 percent of program costs e.g., through cash or in-kind contributions, unless a lesser amount has been approved by ACS staff. Further, delegates' monthly budget reports are reviewed by ACS to determine whether the non-federal match is being met. ACS identifies delegate agencies that may not meet the match requirement and contacts them as required. Corrective Action Plans are required to track and resolve conditions impacting match fulfillment.</p> <p>Agencies at risk of not satisfying match expectations fully are advised to validate the accuracy and derivations of year-to-date and projected amounts. Those with confirmed needs are allowed to request a waiver, which if approved, necessitates the submission of corrective actions to achieve future targets. Delegate agencies are notified that non-compliance with federal matching requirements may negatively affect VENDEX scores.</p>
<b>Action Date</b>	Ongoing
<b>Final Implementation Date</b>	Ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	Courtney Leborious Executive Director (212) 676-9154

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## SINGLE AUDIT CORRECTIVE ACTION PLAN

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

**Fiscal Year 2014**

<b>Index #</b>	2014-010-93.600
<b>Step 1</b>	<p>The Administration for Children's Services (ACS) recognizes the importance of adherence to Head Start enrollment requirements and continues to work to maintain the 100 percent enrollment target as well as maintain an enrollment of at least 10 percent of children with diagnosed disabilities. Moreover, ACS is in communication with the applicable federal agency concerning the Department's efforts and enhancements in this regard. This includes monthly enrollment reports.</p> <p>Further, ACS has strengthened enrollment monitoring and program support; staff teams conduct site visits, provide technical assistance and review program plans. Also, ACS Head Start Early Learn program staff and delegate agencies work on-site at New York City Human Resources Administration Job Centers to provide parents with information about Head Start opportunities. ACS also conducts outreach by mail with respect to Head Start EarlyLearn, impacting clients who receive a child care subsidy, as well as works with the New York City Housing Authority to identify and conduct outreach to families with young children.</p> <p>ACS maintains a web-based enrollment and attendance reporting system which strengthens its ability to track enrollment. Programs using the system are provided technical assistance to also enhance reporting on enrollment of children.</p>
<b>Action Date</b>	Ongoing
<b>Final Implementation Date</b>	Ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	Ayleen Guzman Assistant Commissioner, Program Management (212) 393-5156

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# SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2014

<b>Index #</b>	2014-011-93.600
<b>Step 1</b>	<p>The Administration for Children's Services (ACS) understands the importance of complying with the Head Start Reporting requirements and works closely with its delegate agencies to promote timely reporting.</p> <p>With respect to the audit finding, the information covering the referenced periods was submitted in subsequent reports. In addition, the data required to formulate the quarterly reports is now accessible sooner to better facilitate timely submissions.</p>
<b>Action Date</b>	Ongoing
<b>Final Implementation Date</b>	Ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	Courtney Leborious Executive Director (212) 676-9154

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# SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2014

<b>Index #</b>	2014-012-93.600
<b>Step 1</b>	The Administration for Children's Services (ACS) understands the importance of full compliance with Federal Funding Accountability and Transparency Act reporting guidelines. The Department has been reporting the required basic grantee information in the federal Contractor Contract Registration (CCR) system since 2010, and in the federal System for Award Management (SAM) system. Relevant awards information on FSRS.gov is being updated and required reporting will be performed monthly.
<b>Action Date</b>	March 2015 and ongoing
<b>Final Implementation Date</b>	March 2015 and ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	Courtney Leborious Executive Director, Budget (212) 676-9154

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## SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2014

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

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## SINGLE AUDIT CORRECTIVE ACTION PLAN

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

Fiscal Year 2014

<b>Index #</b>	2014-014 93.667
<b>Step 1</b>	<p>The Administration for Children's Services (ACS) recognizes the importance of complying with the Social Services Block Grant Subrecipient Monitoring requirements; the Department continues to work closely with contract agencies to fulfill applicable rules and regulations. Further, ACS maintains processes and procedures to monitor the fiscal and programmatic activities of its subrecipients and track the receipt of annual audited financial statements.</p> <p>With respect to the audit finding, ACS has established processes to monitor contract agencies, including compliance with federal grant requirements. In this regard, contract agencies are required to report the progress of independent auditor activity. Also, ACS will provide technical assistance if required to achieve on-time audits as lower VENDEX scores for those contractors with late submissions. The Department is working to obtain the two outstanding financial statements.</p>
<b>Action Date</b>	Ongoing
<b>Final Implementation Date</b>	Ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	Marcia Gilliard Assistant Commissioner (212) 676-8855

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