NEW ISSUE

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

$350,000,000

The City of New York

General Obligation Bonds, Fiscal 2015 Series F
Subseries F-4, F-5, F-6 and F-7

ADJUSTABLE RATE BONDS

Dated: Date of Delivery | Due: June 1, 2044

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

The Bonds of a Subseries are subject to redemption and to optional and mandatory tender under the circumstances described herein. Payment of the Purchase Price on the Bonds tendered for purchase as described herein and not remarketed will be made pursuant and subject to the terms of the respective Liquidity Facilities described herein provided by JPMorgan Chase Bank, National Association and Barclays Bank, PLC, and the respective Credit Facilities described herein issued by The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, and Royal Bank of Canada, acting through its branch located at 200 Vesey Street, New York, New York (collectively, the "Banks"), each such Credit Facility or Liquidity Facility being a separate obligation of the respective Bank supporting the related Subseries as shown on the inside cover page hereof. The obligation of each provider of a Liquidity Facility to purchase tendered Bonds of a Subseries pursuant to the terms of the applicable Liquidity Facility can be terminated under certain circumstances as described herein. See "SECTION II: THE BONDS—Liquidity Facilities." In the event of a failure to remarket the Bonds of a Subseries and a failure by the applicable Bank to purchase such Bonds, the City may, but is not obligated to, purchase such Bonds. Upon any such failure, such Bonds, if not purchased by the City, will continue to be held by the tendering holders and will bear interest at the Maximum Rate.

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

The Bonds are offered subject to prior sale, when, as and if issued by the City and accepted by the Underwriters, subject to the approval of the legality of the Bonds by Sidley Austin LLP, New York, New York, Bond Counsel to the City, and to certain other conditions. Certain legal matters will be passed upon for the City by Norton Rose Fulbright, US LLP New York, New York, Bond Counsel to the City for Tax Matters. Certain legal matters in connection with the preparation of this Official Statement will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, New York, New York, Co-Counsel to the Underwriters. It is expected that the Bonds will be available for delivery in New York, New York, on or about June 18, 2015.

Morgan Stanley
(Underwriter and Remarketing Agent for Subseries F-4 Bonds)

Barclays
(Underwriter and Remarketing Agent for Subseries F-5 Bonds)

J.P. Morgan
(Underwriter and Remarketing Agent for Subseries F-6 Bonds)

RBC Capital Markets
(Underwriter and Remarketing Agent for Subseries F-7 Bonds)

June 10, 2015

$350,000,000 General Obligation Bonds, Fiscal 2015 Series F Subseries F-4, F-5, F-6 and F-7

Adjustable Rate Term Bonds
Price: 100%

$100,000,000
Subseries F-4

Rate Mode at Delivery Date: Initial Rate through June 23, 2015 and thereafter Weekly
First Interest Payment Date: July 1, 2015
Credit Facility Provider: The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch
Scheduled Expiration Date: June 15, 2018
Remarketing Agent: Morgan Stanley & Co. LLC
CUSIP Number[(1)]: 64966LT84

$100,000,000
Subseries F-5

Rate Mode at Delivery Date: Daily
First Interest Payment Date: July 1, 2015
Liquidity Facility Provider: Barclays Bank, PLC
Scheduled Expiration Date: June 18, 2019
Remarketing Agent: Barclays Capital Inc.
CUSIP Number[(1)]: 64966LU41

$100,000,000
Subseries F-6

Rate Mode at Delivery Date: Daily
First Interest Payment Date: July 1, 2015
Liquidity Facility Provider: JPMorgan Chase Bank, National Association
Scheduled Expiration Date: June 18, 2018
Remarketing Agent: J. P. Morgan Securities LLC
CUSIP Number[(1)]: 64966LU25

$50,000,000
Subseries F-7

Rate Mode at Delivery Date: Daily
First Interest Payment Date: July 1, 2015
Credit Facility Provider: Royal Bank of Canada, acting through its branch located at 200 Vesey Street, New York, New York
Scheduled Expiration Date: June 18, 2018
Remarketing Agent: RBC Capital Markets, LLC
CUSIP Number[(1)]: 64966LU66

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(1) Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the City makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific Subseries is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Subseries or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

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

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

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

Deloitte & Touche LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Deloitte & Touche LLP relating to the City's financial statements for the fiscal years ended June 30, 2014 and 2013, which is a matter of public record, is included in this Official Statement. However, Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

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

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

RATE PERIOD TABLE
FOR ADJUSTABLE RATE BONDS

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

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

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

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

OFFICIAL STATEMENT
OF
THE CITY OF NEW YORK

This Official Statement provides certain information concerning The City of New York (the "City") in connection with the sale of the City's General Obligation Bonds, Fiscal 2015 Series F, Subseries F-4, F-5, F-6 and F-7 (the "Adjustable Rate Bonds" or the "Bonds"), consisting of $100,000,000 tax-exempt bonds, Subseries F-4 (the "Subseries F-4 Bonds"), $100,000,000 tax-exempt bonds, Subseries F-5 (the "Subseries F-5 Bonds"), $100,000,000 tax-exempt bonds, Subseries F-6 (the "Subseries F-6 Bonds") and $50,000,000 tax-exempt bonds, Subseries F-7 (the "Subseries F-7 Bonds"). In addition to the Adjustable Rate Bonds, $600,000,000 of the City's tax-exempt General Obligation Bonds, Fiscal 2015 Series F, Subseries F-1, F-2 and F-3 (collectively, the "Fixed Rate Bonds"), will be issued as fixed rate bonds and described in a separate official statement. The Fixed Rate Bonds are not offered hereby. The delivery of the Adjustable Rate Bonds is contingent upon the delivery of the Fixed Rate Bonds.

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

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

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

SECTION I: INCLUSION BY SPECIFIC REFERENCE

Portions of the City's Official Statement dated June 3, 2015 (the "Fixed Rate Official Statement"), delivered herewith and relating to the Fixed Rate Bonds, subject to the information contained elsewhere herein, are included herein by specific reference, namely the information in the paragraph immediately preceding the caption "INTRODUCTORY STATEMENT" and under the captions:

INTRODUCTORY STATEMENT (excluding the first paragraph thereof)
SECTION I: RECENT FINANCIAL DEVELOPMENTS
SECTION III: GOVERNMENT AND FINANCIAL CONTROLS
SECTION IV: SOURCES OF CITY REVENUES
SECTION V: CITY SERVICES AND EXPENDITURES
SECTION VI: FINANCIAL OPERATIONS
SECTION VII: FINANCIAL PLAN (the descriptions of the City Comptroller and OSDC reports under the section entitled "Certain Reports" have been updated herein under Section III "MISCELLANEOUS")
SECTION VIII: INDEBTEDNESS
SECTION IX: OTHER INFORMATION
- Pension Systems
- Other Post-Employment Benefits
- Litigation (paragraph numbered 2 under the subheading "*Miscellaneous*" has been updated herein under Section III "MISCELLANEOUS")
- Environmental Matters
- Continuing Disclosure Undertaking (except that any reference therein to "Bonds" or "Bondholders" will be deemed to be a reference to Bonds and Bondholders as used in this Official Statement)
- Financial Advisors
- Financial Statements
- Further Information (excluding the last paragraph thereof)

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

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

SECTION II: THE BONDS

General

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

Adjustable Rate Bonds

For additional terms of the Bonds not included in this SECTION II see the cover page, the inside cover page, "APPENDIX A—DEFINITIONS" and "APPENDIX B—MULTI-MODAL BONDS." All or a portion of the Bonds of a Subseries may be converted to other Rate Modes as described in "APPENDIX B—MULTI-MODAL BONDS—Conversion to an Alternate Rate Mode." Any such Conversion, except with respect to Conversions of all (but not less than all) of a Subseries between the Daily Rate Mode, Weekly Rate Mode and Two-Day Mode, would result in a mandatory tender of the Bonds being so converted. This Official Statement only describes the Bonds bearing interest at a Daily Rate, Two-Day Rate, Weekly Rate or Commercial Paper Rate. The initial Liquidity Facilities and initial Credit Facilities do not support the Bonds bearing interest at a Commercial Paper Rate. Additionally, the Credit Facility provided by The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, only supports the Subseries F-4 Bonds bearing interest at an Initial Rate for an Initial Period ending on June 23, 2015, and thereafter at a Weekly Rate commencing each Wednesday. Under the Certificate, it is a condition to Conversion to a Daily Rate Mode, Weekly Rate Mode, Two-Day Mode or Commercial Paper Mode that the City provide a liquidity facility covering the Bonds in such Mode. It is currently anticipated that, should any Bonds be Converted to a Term Rate, Fixed Rate, Stepped Coupon Rate, Index Rate or Auction Rate, a remarketing circular will be distributed describing such Term Rate, Fixed Rate, Stepped Coupon Rate, Index Rate or Auction Rate.

Payment Mechanism

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

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

Enforceability of City Obligations

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

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

Certain Covenants and Agreements

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

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

Use of Proceeds

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

Credit Facilities

Each of the Credit Facility Providers listed on the inside cover page has agreed to provide a Credit Facility in the form of an irrevocable letter of credit with respect to the Subseries F-4 Bonds and Subseries F-7 Bonds as designated on the inside cover page hereof. Each such Credit Facility provides coverage for the principal of the applicable Subseries of tendered Bonds and up to 35 days accrued interest on such Subseries of Bonds at a maximum interest rate of 9%. Each Subseries of Bonds secured by a Credit Facility is subject to mandatory tender upon a failure by the City to pay principal or interest on such Subseries of Bonds when due. The scheduled expiration date for each Credit Facility is listed on the inside cover page hereof. For a description of certain provisions of the Credit Facilities to be provided by the Credit Facility Providers, see "APPENDIX B—MULTI-MODAL BONDS." The form of each Letter of Credit issued pursuant to the respective Credit Facility is attached hereto as "APPENDIX F—THE CREDIT FACILITIES." For information regarding the Credit Facility Providers, see "APPENDIX E—THE BANKS—Certain Information Concerning The Bank of Tokyo-Mitsubishi, UFJ" and "—Certain Information Concerning Royal Bank of Canada."

Liquidity Facilities

General. The following summary of each of the Liquidity Facilities does not purport to be comprehensive or definitive and is subject in all respects to all of the terms and provisions of the respective Liquidity Facility, to which reference is made hereby. Investors are urged to obtain and review copies of the Liquidity Facilities in order to understand all of their terms. Copies of the Liquidity Facilities will be available on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (www.emma.msrb.org) or may be obtained from the applicable Remarketing Agent. For information regarding the Liquidity Providers, see "APPENDIX E—THE BANKS—Certain Information Concerning JPMorgan Chase Bank, National Association" and "—Certain Information Concerning Barclays Bank, PLC."

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

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

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

Barclays Standby Agreement

Barclays Bank, PLC ("Barclays") has agreed to provide a Liquidity Facility effective on June 18, 2015, provided that each of the conditions set forth therein has been satisfied, in the form of a standby bond purchase agreement with respect to the Subseries F-5 Bonds (the "Barclays Standby Agreement"). The "Purchase Period" is the period from the effective date of the Barclays Standby Agreement to and including the earliest to occur of (i) June 18, 2019 (or such later date to which the Barclays Standby Agreement is extended upon the written request of the City and at the discretion of Barclays) (or if such date is not a Business Day (as defined in the Barclays Standby Agreement), the Business Day immediately preceding such date), (ii) the opening of business of Barclays on the Business Day immediately succeeding the date of delivery of a substitute Standby Agreement in accordance with the provisions of the Certificate, (iii) the opening of business of Barclays on the Business Day immediately succeeding the date on which all Subseries F-5 Bonds have been paid in full (not including a defeasance in which such Subseries F-5 Bonds continue to be subject to optional or mandatory tender for purchase), redeemed, or converted to a rate other than an Eligible Rate in accordance with the terms of such Subseries F-5 Bonds (the Purchase Period to include the date of such Conversion) and (iv) the date on which the Available Commitment is terminated pursuant to the terms of the Barclays Standby Agreement.

Commitment to Purchase Subseries F-5 Bonds. If, on any Business Day during the Purchase Period, Barclays receives a Notice of Purchase from the Tender Agent at the location specified under the Barclays Standby Agreement not later than 11:30 a.m. (New York time), Barclays will, subject to the satisfaction of certain requirements set forth in the Barclays Standby Agreement transfer to the Tender Agent not later than 2:30 p.m. (New York time) on the Purchase Date (as defined in the Barclays Standby Agreement), in immediately available funds, an amount equal to the aggregate Purchase Price (as defined in the Barclays Standby Agreement) of tendered Subseries F-5 Bonds bearing interest at an Eligible Rate which have not been remarketed by the Remarketing Agent.

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

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

(a) any default by the City has occurred and is continuing in the payment of principal of or premium, if any, or interest on any general obligation bonds (including Subseries F-5 Bonds or Purchased Bonds), notes or other similar forms of indebtedness which are supported by the faith, credit and taxing power of the City issued, assumed or guaranteed (provided, however, that the failure to pay any such guarantee as a result of any set-off, recoupment, counterclaim or any other defense of the City will not constitute a default), by the City; *provided, however,* that such a payment default by the City will not constitute an Event of Default if (x) the default was caused solely by an error or omission of an administrative or operational nature, (y) funds were available to enable the City to make the payment when due, and (z) the payment is made within two (2) Business Days of the City's actual knowledge of the failure to pay;

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

(c) (i) any provision of the Barclays Standby Agreement, the Certificate or the Subseries F-5 Bonds relating to the payment of principal of or interest on the Subseries F-5 Bonds (including Purchased Bonds) at any time for any reason ceases to be valid and binding on the City as a result of a ruling, finding, decree, order or legislative act or similar action (and with respect to any such ruling, finding, decree, order or similar action, such ruling, finding, decree order or similar action is final or non-appealable) by a governmental authority having jurisdiction over the City, or is declared in a final non-appealable judgment by any court having jurisdiction over the City to be null and void, invalid or unenforceable, or (ii) the City, acting through any official of the City having the authority to do so, publicly repudiates or repudiates in writing its obligations under the Barclays Standby Agreement or publicly contests or contests in writing (whether by legal proceedings or other similar proceedings or otherwise) any provision of the Barclays Standby Agreement, the Certificate or the Subseries F-5 Bonds (including Purchased Bonds) relating to the payment of principal of or interest on the Subseries F-5 Bonds (including Purchased Bonds), or the City, acting through any official of the City having the authority to do so, publicly denies or denies in writing that it has any obligation to make payments on the Subseries F-5 Bonds (including Purchased Bonds) or the City, acting through any official of the City having the authority to do so, publicly claims or claims in writing that any of its general obligation debt is not a valid, binding and enforceable general obligation of the City for any reason whatsoever;

(d) (i) the City declares a debt moratorium or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any general obligation bonds, notes or other similar forms of indebtedness which are supported by the faith, credit and taxing power of the City issued, assumed or guaranteed by the City or (ii) any governmental authority having appropriate jurisdiction over the City makes a finding or ruling or enacts or adopts legislation or issues an executive order or enters a judgment or decree which results in a debt moratorium or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Subseries F-5 Bonds or Purchased Bonds or on all general obligation bonds, notes or other similar forms of indebtedness of the City which are supported by the faith, credit and taxing power of the City;

(e) the long-term unenhanced ratings assigned by Moody's, S&P and Fitch to any general obligation bonds, notes or other similar forms of indebtedness of the City which are supported by the faith, credit and taxing power of the City are withdrawn or suspended (for credit related reasons) or reduced below "Baa3," "BBB-" and "BBB-" respectively; or

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

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

(a) In the case of the occurrence of a Default described in paragraph (a) under "*Events of Default Resulting in Immediate Termination*" above, the Available Commitment with respect to the Subseries F-5 Bonds and the obligations of the Barclays under Barclays Standby Agreement to purchase Subseries F-5 Bonds will immediately be suspended without notice or demand to any person from and after the date of such failure to make any payment described in such paragraph (a), and thereafter Barclays will be under no obligation to purchase Subseries F-5 Bonds, until such obligation is reinstated as specified in the following sentence. The Available Commitment with respect to the Subseries F-5 Bonds and the obligations of Barclays under the Barclays Standby Agreement immediately will be reinstated and the terms of the Barclays Standby Agreement will continue in full force and effect (unless the Barclays Standby Agreement shall otherwise have terminated by its terms) as if there had been no such suspension on the date on which, prior to the expiration of the time period specified in such paragraph (a) under "*Events of Default Resulting in Immediate Termination*" above, the relevant payment is made. In the event the City fails to cure any such payment default, the Available Commitment with respect to the Subseries F-5 Bonds and the obligations of Barclays under the Barclays Standby Agreement immediately will be terminated at the close of business upon the second Business Day after the City has actual knowledge of such failure to make such payment thereunder.

(b) A judgment that is appealable or otherwise not final is issued by a court of competent jurisdiction that the Subseries F-5 Bonds or any provision of the Barclays Standby Agreement or of the Certificate relating to the payment of principal of or interest on the Subseries F-5 Bonds ceases for any reason to be valid and binding and such judgment has not been overturned or stayed upon appeal within 30 days after issuance thereof.

Other Events of Default. There are various Events of Default listed in the Barclays Standby Agreement which can result in a termination of the Barclays Standby Agreement after notice and a mandatory tender of the Subseries F-5 Bonds.

Remedies. Upon the occurrence of an Event of Default under the Barclays Standby Agreement, Barclays may take one or more of the following actions:

(a) *Termination*. In the case of the occurrence of an Event of Default described under the subheading "Events of Default Resulting in Immediate Termination" (each an "Immediate Termination Event"), the Available Commitment and the obligation of Barclays under the Barclays Standby Agreement to purchase Subseries F-5 Bonds immediately terminates without notice or demand to any Person, and thereafter Barclays is under no obligation to purchase Subseries F-5 Bonds. Promptly upon the occurrence of such Immediate Termination Event, Barclays will give written notice of the same to the City, the Tender Agent, Fiscal Agent and the Remarketing Agent, but Barclays will incur no liability or responsibility by reason of its failure to give such notice and such failure will in no way affect the termination of the Available Commitment and its obligation to purchase such Subseries F-5 Bonds pursuant to the Barclays Standby Agreement.

(b) *Suspension of Barclays' Obligation to Purchase*. In the case of the occurrence of an Event of Default described under the subheading "Events of Default Resulting in Immediate Suspension" (each a "Suspension Event"), the Available Commitment and the obligations of Barclays under the Barclays Standby Agreement to purchase Subseries F-5 Bonds each will be suspended without notice or demand to any Person, and thereafter Barclays will be under no obligation to purchase Subseries F-5 Bonds, until such obligation is reinstated as specified below. The Available Commitment and the obligations of Barclays' under the Barclays Standby Agreement immediately will be reinstated and the terms of the Barclays Standby Agreement will continue in full force and effect (unless the Barclays Standby Agreement has otherwise terminated by its terms) as if there had been no such suspension if the Suspension Event is cured prior to becoming an Immediate Termination Event.

(c) *Mandatory Tender*. In the case of the occurrence of an Event of Default other than an Immediate Termination Event or a Suspension Event (each, a "Notice Termination Event"), Barclays, in its sole discretion, may (i) give written notice of such Notice Termination Event to the City, the Remarketing Agent and the Tender Agent requesting a mandatory tender of all of the Subseries F-5 Bonds pursuant to the Certificate and stating that the obligation of Barclays to purchase such Subseries F-5 Bonds will terminate 15 days after such notice is received by the Tender Agent and on such date the Available Commitment will terminate and Barclays will be under no obligation to purchase such Subseries F-5 Bonds after such date or (ii) give a written notice to the City directing the City to convert to a rate other than an Eligible Rate all or any portion of the Subseries F-5 Bonds. Upon conversion to a rate other than an Eligible Rate, Barclays agrees to purchase the Subseries F-5 Bonds so converted and not remarketed, subject to and in accordance with the terms of the Barclays Standby Agreement.

(d) *Other Remedies*. Upon the occurrence of an Event of Default under the Barclays Standby Agreement, the Bank Rate (as defined in the Barclays Standby Agreement) will automatically equal the Default Rate, and Barclays may take any other actions permitted by applicable law.

JPMorgan Standby Agreement

JPMorgan Chase Bank, National Association ("JPMorgan") has agreed to provide a Liquidity Facility effective on June 18, 2015, provided that each of the conditions set forth therein has been satisfied, in the form of a standby bond purchase agreement with respect to the Subseries F-6 Bonds (the "JPMorgan Standby Agreement"). The "Purchase Period" is the period from the effective date of the JPMorgan Standby Agreement to and including the earliest to occur of (i) June 18, 2018 (or such later date to which the JPMorgan Standby Agreement is extended upon the written request of the City and at the discretion of JPMorgan) (or if such date is not a Business Day (as defined in the JPMorgan Standby Agreement), the Business Day immediately preceding such date), (ii) the opening of business of JPMorgan on the Business Day immediately succeeding the date of delivery of a substitute Standby Agreement in accordance with the provisions of the Certificate, (iii) the opening of business of JPMorgan on the Business Day immediately succeeding the date on which all Subseries F-6 Bonds have been paid in full (not including a defeasance in which such Subseries F-6 Bonds continue to be subject to optional or mandatory tender for purchase), redeemed, or converted to a rate other than an Eligible Rate in accordance with the terms of such Subseries F-6 Bonds (the Purchase Period to include the date of such Conversion) and (iv) the date on which the Available Commitment is terminated pursuant to the terms of the JPMorgan Standby Agreement.

Commitment to Purchase Subseries F-6 Bonds. If, on any Business Day during the Purchase Period, JPMorgan receives a Notice of Purchase from the Tender Agent at the location specified under the JPMorgan Standby Agreement not later than 12:00 noon (New York time), JPMorgan will, subject to the satisfaction of certain requirements set forth in the JPMorgan Standby Agreement, transfer to the Tender Agent not later than 2:30 p.m. (New York time) on the Purchase Date (as defined in the JPMorgan Standby Agreement), in immediately available funds, an amount equal to the aggregate Purchase Price (as defined in the JPMorgan Standby Agreement) of tendered Subseries F-6 Bonds bearing interest at an Eligible Rate which have not been remarketed by the Remarketing Agent.

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

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

(a) any default by the City has occurred and is continuing in the payment of principal of or premium, if any, or interest when due on any general obligation bonds (including Subseries F-6 Bonds or Purchased Bonds), notes or other similar forms of indebtedness which are supported by the faith, credit and taxing power of the City issued, assumed or guaranteed (provided, however, that the failure to pay any such guarantee as a result of any set-off, recoupment, counterclaim or any other defense of the City will not constitute a default), by the City; *provided, however,* that such a payment default by the City will not constitute an Event of Default if (x) the default was caused solely by an error or omission of an administrative or operational nature, (y) funds were available to enable the City to make the payment when due, and (z) the payment is made within two (2) Business Days of the City's actual knowledge of the failure to pay;

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

(c) (i) any provision of the JPMorgan Standby Agreement, the Certificate or the Subseries F-6 Bonds relating to the payment of principal of or interest on the Subseries F-6 Bonds (including Purchased Bonds) at any time for any reason ceases to be valid and binding on the City as a result of a ruling, finding, decree, order or legislative act or similar action (and with respect to any such ruling, finding, decree, order or similar action, such ruling, finding, decree order or similar action is final or non-appealable) by a governmental authority having jurisdiction over the City, or declared in a final non-appealable judgment by any court having jurisdiction over the City to be null and void, invalid or unenforceable, or (ii) the City, acting through any official of the City having the authority to do so, publicly repudiates or repudiates in writing its obligations under the JPMorgan Standby Agreement or publicly contests or contests in writing (whether by legal proceedings or other similar proceedings or otherwise) any provision of the JPMorgan Standby Agreement, the Certificate or the Subseries F-6 Bonds (including Purchased Bonds) relating to the payment of principal of or interest on the Subseries F-6 Bonds (including Purchased Bonds), or the City, acting through any official of the City having the authority to do so, publicly denies or denies in writing that it has any obligation to make payments on the Subseries F-6 Bonds (including Purchased Bonds) or the City, acting through any official of the City having the authority to do so, publicly claims or claims in writing that any of its general obligation debt is not a valid, binding and enforceable general obligation of the City for any reason whatsoever;

(d) (i) the City declares a debt moratorium or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any general obligation bonds, notes or other similar forms of indebtedness which are supported by the faith, credit and taxing power of the City issued, assumed or guaranteed by the City or (ii) any governmental authority having appropriate jurisdiction over the City makes a finding or ruling or enacts or adopts legislation or issues an executive order or enters a judgment or decree which results in a debt moratorium or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Subseries F-6 Bonds or Purchased Bonds or on all general obligation bonds, notes or other similar forms of indebtedness of the City which are supported by the faith, credit and taxing power of the City;

(e) the long-term unenhanced ratings assigned by Moody's, S&P and Fitch to any general obligation bonds, notes or other similar forms of indebtedness of the City which are supported by the faith, credit and taxing power of the City are withdrawn or suspended (for credit related reasons) or reduced below "Baa3," "BBB-" and "BBB-" respectively; or

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

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

(a) In the case of the occurrence of a Default described in paragraph (a) under "*Events of Default Resulting in Immediate Termination"* above, the Available Commitment with respect to the Subseries F-6 Bonds and the obligations of JPMorgan under the JPMorgan Standby Agreement to purchase Subseries F-6 Bonds will immediately be suspended without notice or demand to any person from and after the date of such failure to make any payment described in such paragraph (a), and thereafter JPMorgan will be under no obligation to purchase Subseries F-6 Bonds, until such obligation is reinstated as specified in the following sentence. The Available Commitment with respect to the Subseries F-6 Bonds and the obligations of JPMorgan under the JPMorgan Standby Agreement immediately will be reinstated and the terms of the JPMorgan Standby Agreement will continue in full force and effect (unless the JPMorgan Standby Agreement shall otherwise have terminated by its terms) as if there had been no such suspension on the date on which, prior to the expiration of the time period specified in such paragraph (a) under "*Events of Default Resulting in Immediate Termination"* above, the relevant payment is made. In the event the City fails to cure any such payment default, the Available Commitment with respect to the Subseries F-6 Bonds and the obligations of JPMorgan under the JPMorgan Standby Agreement immediately will be terminated at the close of business upon the second Business Day after the City has actual knowledge of such failure to make such payment thereunder.

(b) A judgment that is appealable or otherwise not final is issued by a court of competent jurisdiction that the Subseries F-6 Bonds or any provision of the JPMorgan Standby Agreement or of the Certificate relating to the payment of principal of or interest on the Subseries F-6 Bonds ceases for any reason to be valid and binding and such judgment has not been overturned or stayed upon appeal within 30 days after issuance thereof.

Other Events of Default. There are various Events of Default listed in the JPMorgan Standby Agreement which can result in a termination of the JPMorgan Standby Agreement after notice and a mandatory tender of the Subseries F-6 Bonds.

Remedies. Upon the occurrence of an Event of Default under the JPMorgan Standby Agreement, JPMorgan may take one or more of the following actions:

(a) *Termination*. In the case of the occurrence of an Event of Default described under the subheading "Events of Default Resulting in Immediate Termination" (each an "Immediate Termination Event"), the Available Commitment and the obligation of JPMorgan under the JPMorgan Standby Agreement to purchase Subseries F-6 Bonds immediately terminates without notice or demand to any Person, and thereafter JPMorgan is under no obligation to purchase Subseries F-6 Bonds. Promptly upon the occurrence of such Immediate Termination Event, JPMorgan will give written notice of the same to the City, the Tender Agent and the Remarketing Agent, but JPMorgan will incur no liability or responsibility by reason of its failure to give such notice and such failure will in no way affect the termination of the Available Commitment and its obligation to purchase such Subseries F-6 Bonds pursuant to the JPMorgan Standby Agreement.

(b) *Suspension of JPMorgan's Obligation to Purchase*. In the case of the occurrence of an Event of Default described under the subheading "Events of Default Resulting in Immediate Suspension" (each a "Suspension Event"), the Available Commitment and the obligations of JPMorgan under the JPMorgan Standby Agreement to purchase Subseries F-6 Bonds each will be suspended without notice or demand to any Person, and thereafter JPMorgan will be under no obligation to purchase Subseries F-6 Bonds, until such obligation is reinstated as specified below. The Available Commitment and the obligations of JPMorgan's under the JPMorgan Standby Agreement immediately will be reinstated and the terms of the JPMorgan Standby Agreement will continue in full force and effect (unless the JPMorgan Standby Agreement has otherwise terminated by its terms) as if there had been no such suspension if the Suspension Event is cured prior to becoming an Immediate Termination Event.

(c) *Mandatory Tender*. In the case of the occurrence of an Event of Default other than an Immediate Termination Event or a Suspension Event (each, a "Notice Termination Event"), JPMorgan, in its sole discretion, may (i) give written notice of such Notice Termination Event to the City to the Remarketing Agent and the Tender Agent requesting a mandatory tender of all of the Subseries F-6 Bonds pursuant to the Certificate and stating that the obligation of JPMorgan to purchase such Subseries F-6 Bonds will terminate 15 days after such notice is received by the Tender Agent and on such date the Available Commitment will terminate and JPMorgan will be under no obligation to purchase such Subseries F-6 Bonds after such date or (ii) give a written notice to the City directing the City to convert to a rate other than an Eligible Rate all or any portion of the Subseries F-6 Bonds. Upon conversion to a rate other than an Eligible Rate, JPMorgan agrees to purchase the Subseries F-6 Bonds so converted and not remarketed, subject to and in accordance with the terms of the JPMorgan Standby Agreement.

(d) *Other Remedies*. Upon the occurrence of an Event of Default under the JPMorgan Standby Agreement, the Bank Rate (as defined in the JPMorgan Standby Agreement) will automatically equal the Default Rate, and JPMorgan may take any other actions permitted by applicable law.

Optional Redemption

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

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

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

Mandatory Redemption

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

Subseries F-4

June 1	Amount
2037	$ 1,760,000
2038	12,915,000
2039	13,370,000
2040	13,845,000
2041	14,330,000
2042	14,855,000
2043	15,390,000
2044*	13,535,000

Subseries F-5

June 1	Amount
2037	$ 1,760,000
2038	12,915,000
2039	13,370,000
2040	13,845,000
2041	14,330,000
2042	14,855,000
2043	15,390,000
2044*	13,535,000

Subseries F-6

June 1	Amount
2037	$ 1,760,000
2038	12,915,000
2039	13,370,000
2040	13,845,000
2041	14,330,000
2042	14,855,000
2043	15,390,000
2044*	13,535,000

Subseries F-7

June 1	Amount
2037	$ 875,000
2038	6,455,000
2039	6,680,000
2040	6,920,000
2041	7,190,000
2042	7,420,000
2043	7,690,000
2044*	6,770,000

* *Stated maturity.*

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

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

Notice of Redemption

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

Mandatory and Optional Tender

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

Special Considerations Relating to the Bonds

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

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

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

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

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

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

Book-Entry Only System

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION III: MISCELLANEOUS

Certain Reports

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

On June 9, 2015, the City Comptroller released a report entitled "Comments on New York City's Fiscal Year 2016 Executive Budget." In the report, the City Comptroller identified net additional revenues for fiscal years 2015 through 2019, which when added to the results projected in the Financial Plan, would result in a surplus of $422 million in fiscal year 2016, and gaps of $10 million, $716 million, $752 million and $1.57 billion in fiscal years 2015, 2017, 2018 and 2019, respectively. The differences from the Financial Plan projections result in part from the City Comptroller's net expenditure projections which are higher by $10 million and $172 million in fiscal years 2015 and 2016, respectively and $180 million in each of the fiscal years 2017 through 2019, respectively, as a result of: (i) increased overtime expenditures of $192 million in fiscal year 2016 and $100 million in each of fiscal years 2017 through 2019; (ii) uncertainty of Medicaid reimbursement for special education services of $60 million in fiscal year 2015 and $80 million in each of fiscal years 2016 through 2019; (iii) decreased debt service relating to variable rate debt of $100 million in fiscal year 2016, due to the low interest rate environment and (iv) a decrease of $50 million in fiscal year 2015 general reserve. The differences from the Financial Plan also result from the City Comptroller's revenue projections. The report estimates that (i) property taxes will be higher by $113 million, $318 million, $700 million and $1.04 billion in fiscal years 2016 through 2019, respectively; (ii) personal income taxes will be higher by $276 million, $494 million, $563 million and $502 million in fiscal years 2016 through 2019, respectively; (iii) business tax revenues will be lower by $4 million and $1 million in fiscal years 2016 and 2017, respectively, and higher by $70 million and $54 million in fiscal years 2018 and 2019, respectively; (iv) sales tax revenues will be higher by $28 million, $40 million, $37 million and $27 million in fiscal years 2016 through 2019, respectively and (v) real-estate related tax revenues will be higher by $181 million, $185 million and $25 million in fiscal years 2016 through 2018, respectively, and lower by $129 million in fiscal year 2019.

On June 9, 2015, the OSDC released a report on the Financial Plan. The report states that despite the cost of new labor agreements and large increases in agency and capital spending, the Financial Plan projects a surplus, a balanced budget and manageable out-year budget gaps. Tax collections are projected to increase by $2.4 billion in fiscal year 2015, in part due to strong job growth, the improved tourism industry and the real estate market.

Moreover, the securities industry is on pace to add 3,950 jobs in 2015, reflecting continued profitability over a six year consecutive period. Although the City has reached labor agreements with approximately 80 percent of its workforce, agreements with the police officer, firefighter and correction officers' unions remain outstanding. The report notes that despite the positive revenue forecasts, the City remains guarded against a potential economic setback and has replenished its reserves to address such risk. The report further notes that the City may have to provide additional funding to the MTA to assist with its $14 billion dollar gap for its proposed five-year capital plan.

The OSDC report quantifies certain risks and offsets to the Financial Plan. The report projects increased tax revenues of $375 million in fiscal year 2015, $550 million in fiscal year 2016 and $425 million in each of the fiscal years 2017 through 2019. The risks to the Financial Plan identified in the report include: (i) decreased Medicaid reimbursement for services provided by DOE to students with special needs of $50 million in fiscal year 2015, and $80 million in each of fiscal years 2016 through 2019; and (ii) increased uniformed services overtime costs of $50 million and $150 million in fiscal years 2015 and 2016, respectively and $125 million in each of fiscal years 2017 through 2019. The result is net additional resources of $275 million and $520 million in fiscal years 2015 and 2016, respectively, and $220 million in each of the fiscal years 2017 through 2019. When combined with the results in the Financial Plan, the report estimates budget surpluses of $275 million and $520 million in fiscal years 2015 and 2016, respectively, and budget gaps of $1.35 billion, $1.75 billion and $2.66 billion in fiscal years 2017 through 2019, respectively. The OSDC report also states that the Financial Plan includes a general reserve of $1 billion in each of the fiscal years 2016 through 2019. The City plans to contribute $280 million to the Retiree Health Benefits Trust, thereby raising the balance to $2.6 billion, and $500 million to the Capital Stabilization Reserve which could be used to close projected budget gaps, if needed.

Litigation

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

Supplemental Certificates

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

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

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

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

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

Tax Matters

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

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

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

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

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

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

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

Legal Opinions

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

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

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

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

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

Certain legal matters for each Bank will be passed upon by their respective special counsels.

Underwriting

The Subseries F-4 Bonds are being purchased for reoffering by Morgan Stanley & Co. LLC who has agreed, subject to certain conditions, to purchase such Bonds from the City at an aggregate underwriter's discount of $9,009.06 and to make an initial public offering of such Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. Morgan Stanley & Co. LLC will be obligated to purchase all such Bonds if any such Bonds are purchased.

The Subseries F-5 Bonds are being purchased for reoffering by Barclays Capital Inc. who has agreed, subject to certain conditions, to purchase such Bonds from the City at an aggregate underwriter's discount of $8,533.11 and to make an initial public offering of such Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. Barclays Capital, Inc. will be obligated to purchase all such Bonds if any such Bonds are purchased.

The Subseries F-6 Bonds are being purchased for reoffering by J. P. Morgan Securities LLC who has agreed, subject to certain conditions, to purchase such Bonds from the City at an aggregate underwriter's discount of $8,407.07 and to make an initial public offering of such Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. J. P. Morgan Securities LLC will be obligated to purchase all such Bonds if any such Bonds are purchased.

The Subseries F-7 Bonds are being purchased for reoffering by RBC Capital Markets, LLC who has agreed, subject to certain conditions, to purchase such Bonds from the City at an aggregate underwriter's discount of $2,857.16 and to make an initial public offering of such Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. RBC Capital Markets, LLC will be obligated to purchase all such Bonds if any such Bonds are purchased.

The delivery of a subseries of Adjustable Rate Bonds is contingent upon the delivery of each other subseries of Adjustable Rate Bonds and the delivery of the Adjustable Rate Bonds is contingent upon the delivery of the City's Fixed Rate Bonds described in the Fixed Rate Official Statement.

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

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

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

Financial Advisors

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

THE CITY OF NEW YORK

APPENDIX A

DEFINITIONS

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

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

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

"Authorizing Document" means the Certificate of the Deputy Comptroller for Public Finance of the City of New York With Respect to the Bonds, dated June 18, 2015.

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

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

"Bonds" means the City's General Obligation Bonds, Fiscal 2015 Series F, Subseries F-4, F-5, F-6 and F-7.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Maturity Month	Opposite Month
June	December

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

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

"Multi-Modal Bonds" means the Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Remarketing Agreement" means each Remarketing Agreement between the City and the Remarketing Agent for a Liquidity Enhanced Bond, as in effect from time to time.

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

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

"S&P" means Standard & Poor's Ratings Services and its successors and assigns; references to S&P are effective so long as S&P is a Rating Agency.

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

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

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

"Subseries" shall mean the Subseries F-4, F-5, F-6 or F-7 Bonds.

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

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

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

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

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

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

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

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

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

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

"Weekly Rate Period" means a period of 7 days commencing on the Issue Date, on a Conversion Date or on the date (Thursday unless otherwise specified by an Authorized Officer of the City) following an Initial Period or a Weekly Rate Period. The Subseries F-4 Bonds will bear interest at an Initial Rate for an Initial Period ending on June 23, 2015. Thereafter, the Subseries F-4 Bonds will bear interest at a Weekly Rate commencing each Wednesday.

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

APPENDIX B

MULTI-MODAL BONDS

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

General

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

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

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

Conversion to an Alternate Rate Mode

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

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

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

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

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

Interest Rates and Reset Dates

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

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

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

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

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

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

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

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

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

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

Optional Tender for Purchase

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

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

Mandatory Tender for Purchase

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

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

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

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

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

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

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

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

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

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

Bonds Deemed Purchased

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

Purchase Price and Payment

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

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

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

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

No Extinguishment

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

Liquidity Conditions

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

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

The Subseries F-4 and Subseries F-7 Bonds will be initially supported by Credit Facilities without Liquidity Conditions.

Inadequate Funds for Tender

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

Remarketing of Bonds Upon Tender

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

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

Defeasance

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

Liquidity or Credit Facility

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

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

Bank	Subseries	Facility Scheduled Expiration Date
The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch (Credit Facility)	F-4	June 15, 2018
Barclays Bank, PLC (Liquidity Facility)	F-5	June 18, 2019
JPMorgan Chase Bank, National Association (Liquidity Facility)	F-6	June 18, 2018
Royal Bank of Canada, acting through its branch located at 200 Vesey Street, New York, New York (Credit Facility)	F-7	June 18, 2018

No Bank is responsible for another Bank's performance of its obligations under a Credit Facility or Liquidity Facility.

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

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

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

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

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APPENDIX C

SIDLEY AUSTIN LLP
SIDLEY

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787 SEVENTH AVENUE
NEW YORK, NY 10019
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BEIJING
BOSTON
BRUSSELS
CHICAGO
DALLAS
FRANKFURT
GENEVA
HONG KONG
HOUSTON
LONDON
LOS ANGELES
NEW YORK
PALO ALTO
SAN FRANCISCO
SHANGHAI
SINGAPORE
SYDNEY
TOKYO
WASHINGTON, D.C.

FOUNDED 1866

June 18, 2015

HONORABLE SCOTT M. STRINGER
COMPTROLLER
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in the issuance of its General Obligation Bonds, Fiscal 2015 Series F (the "Bonds").

The Bonds are issued pursuant to the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Public Finance and related proceedings. In rendering the opinions set forth herein, we reviewed certificates of the City and such other agreements, documents and matters to the extent we deemed necessary to render our opinions. We have not undertaken an independent audit or investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the genuineness of all documents and signatures presented to us; the due and legal execution and delivery thereof by, and validity against, any parties other than the City; and the accuracy of the factual matters represented, warranted or certified therein.

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

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

The City has received the opinion of Norton Rose Fulbright US LLP regarding certain federal, state and local tax consequences of ownership of or receipt or accrual of interest on the Bonds and we express no opinion as to such matters. We have not been engaged to investigate, examine, review or opine as to any matter relating to the federal, state or local tax consequences with respect to the Bonds (including the receipt of interest thereon) or the ownership or disposition thereof.

Sidley Austin (NY) LLP is a Delaware limited liability partnership doing business as Sidley Austin LLP and practicing in affiliation with other Sidley Austin partnerships.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to update this opinion in light of such actions or events.

Very truly yours,

APPENDIX D

NORTON ROSE FULBRIGHT

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

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nortonrosefulbright.com

June 18, 2015

HONORABLE SCOTT M. STRINGER
COMPTROLLER
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in connection with the issuance by the City on the date hereof of its General Obligation Bonds, Fiscal 2015 Series F, Subseries F-4, F-5, F-6 and F-7 (the "Bonds").

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

In rendering the opinions below, we are relying on the opinion of Sidley Austin LLP of even date herewith to the effect that the Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City.

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

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

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

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

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

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

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above. Finally, we express no opinion herein as to the accuracy, completeness or sufficiency of, or any other matter related to, the Official Statement dated June 10, 2015, relating to the Bonds or any other offering material relating to the Bonds.

Very truly yours,

APPENDIX E

THE BANKS

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

CERTAIN INFORMATION CONCERNING THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. (*"BTMU"*), is a Japanese banking corporation with its head office in Tokyo, Japan. It is a wholly-owned subsidiary of Mitsubishi UFJ Financial Group Inc. (the *"Parent"*). With 37,527 employees and approximately 839 branches worldwide (as of March 31, 2014), BTMU is Japan's largest bank. BTMU also provides a wide range of banking and financial services worldwide, and is one of the largest banks in the world by deposits and loan portfolio. Mitsubishi UFJ Financial Group is one of the top 10 banks in the world as measured by assets and market capitalization.

As of March 31, 2014, BTMU and subsidiaries had total assets of approximately ¥201,615 billion (U.S. $1,959 billion) and deposits of approximately ¥132,732 billion (U.S. $1,290 billion). Net income for BTMU and subsidiaries for the Fiscal Year ended March 31, 2014, was approximately ¥754 billion (U.S. $7.3 billion). These figures are extracted from The Annual Securities Report (Excerpt) for the Fiscal Year ended March 31, 2014, for BTMU and subsidiaries (the *"Annual Securities Report"*). The Annual Securities Report can be found at www.bk.mufg.jp.

The financial information presented above was translated into U.S. dollars from the Japanese yen amounts set forth in the audited financial statements in the Annual Securities Report, which were prepared in accordance with the auditing standards generally accepted in Japan (*"JGAAP"*), and not in accordance with U.S. GAAP. The translations of the Japanese yen amounts into U.S. dollar amounts were included solely for the convenience of readers outside Japan, and were made at the rate of ¥102.92 to U.S. $1, the approximate rate of exchange at March 31, 2014. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

The BTMU Letter of Credit will be solely an obligation of BTMU, and will not be an obligation of, or otherwise guaranteed by, the Parent, and no assets of the Parent or any affiliate of BTMU or the Parent will be pledged to the payment thereof.

The information contained in this Appendix E under the subheading "Certain Information Concerning The Bank of Tokyo - Mitsubishi UFJ, LTD.", including financial information, relates to and has been obtained from BTMU, and is furnished solely to provide limited introductory information regarding BTMU, and does not purport to be comprehensive. Any financial information provided in this Appendix E under the subheading "Certain Information Concerning The Bank of Tokyo - Mitsubishi UFJ, LTD." is qualified in its entirety by the detailed information appearing in the Annual Securities Report referenced above. The delivery hereof shall not create any implication that there has been no change in the affairs of BTMU since March 31, 2014.

CERTAIN INFORMATION REGARDING BARCLAYS BANK PLC

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

Barclays Bank PLC (together with its subsidiary undertakings (Bank Group)) is engaged in personal banking, credit cards, corporate and investment banking, wealth and investment management services. The Bank Group is structured around four core businesses: Personal and Corporate Banking, Barclaycard, Africa Banking and the Investment Bank. Businesses and assets which no longer fit the Bank Group's strategic objectives, are not expected to meet certain returns criteria and/or offer limited growth opportunities to Barclays PLC (together with its subsidiary undertakings (Group)), have been reorganised into Barclays Non-Core. These assets are designated for exit or run-down over time. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC. Barclays PLC is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-2 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term unsecured unsubordinated obligations of Barclays Bank PLC are rated A- by Standard & Poor's Credit Market Services Europe Limited, A2 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Bank Group's audited financial information for the year ended 31 December 2014[1], the Bank Group had total assets of £1,358,693m (2013: £1,344,201m), total net loans and advances[2] of £470,424m (2013: £474,059m), total deposits[3] of £486,258m (2013: £487,647m), and total shareholders' equity of £66,045m (2013: £63,220m) (including non-controlling interests of £2,251m (2013: £2,211m)). The profit before tax from continuing operations of the Bank Group for the year ended 31 December 2014 was £2,309m (2013: £2,885m) after credit impairment charges and other provisions of £2,168m (2013: £3,071m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2014.

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

Barclays Bank PLC is responsible only for the information contained in this Appendix E under the subheading "Certain Information Concerning Barclays Bank (PLC)" of the Official Statement and did not participate in the preparation of, or in any way verify the information contained in, any other part of the Official Statement. Accordingly, Barclays Bank PLC assumes no responsibility for and makes no representation or warranty as to the accuracy or completeness of information contained in any other part of the Official Statement.

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1 As noted in the financial statements of the Bank for the year ended 31 December 2014, the prior year (2013) has been restated to reflect the IAS 32 (revised) standard.

2 Total net loans and advances include balances relating to both bank and customer accounts.

3 Total deposits include deposits from bank and customer accounts.

CERTAIN INFORMATION REGARDING ROYAL BANK

Royal Bank of Canada (referred to in this Appendix E under the subheading "Certain Information Regarding Royal Bank" as "Royal Bank") is a Schedule I bank under the *Bank Act* (Canada), which constitutes its charter and governs its operations. Royal Bank's corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario M5J 2J5, Canada, and its head office is located at 1 Place Ville Marie, Montreal, Quebec H3C 3A9, Canada. Royal Bank is the parent company of RBC Capital Markets, LLC, the Underwriter and the Remarketing Agent for the Subseries F-7 Bonds.

Royal Bank is Canada's largest bank, and one of the largest banks in the world, based on market capitalization. Royal Bank is one of North America's leading diversified financial services companies and provides personal and commercial banking, wealth management, insurance, investor services and capital markets products and services on a global basis. Royal Bank and its subsidiaries employ approximately 78,000 full- and part-time employees who serve more than 16 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 39 other countries.

Royal Bank had, on a consolidated basis, as at April 30, 2015, total assets of C$1,032.2 billion (approximately US$855.6 billion*), equity attributable to shareholders of C$56.4 billion (approximately US$46.8 billion*) and total deposits of C$651.6 billion (approximately US$540.1 billion*). The foregoing figures were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been extracted and derived from, and are qualified by reference to, Royal Bank's unaudited Interim Condensed Consolidated Financial Statements included in its quarterly Report to Shareholders for the fiscal period ended April 30, 2015.

The senior long-term unsecured debt of Royal Bank has been assigned ratings of AA- (negative outlook) by Standard & Poor's Ratings Services, Aa3 (negative outlook) by Moody's Investors Service and AA (stable outlook) by Fitch Ratings. Royal Bank's common shares are listed on the Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange under the trading symbol "RY." Its preferred shares are listed on the Toronto Stock Exchange.

On written request, and without charge, Royal Bank will provide a copy of its most recent publicly filed Annual Report on Form 40-F, which includes audited Consolidated Financial Statements, to any person to whom this Official Statement is delivered. Requests for such copies should be directed to Investor Relations, Royal Bank of Canada, by writing to 200 Bay Street, 4th Floor, North Tower, Toronto, Ontario M5J 2W7, Canada, or by calling (416) 955-7802, or by visiting rbc.com/investorrelations**.

The delivery of this Official Statement does not imply that there has been no change in the affairs of Royal Bank since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

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* As at April 30, 2015: C$1.00 = US$0.828912

** This website URL is an inactive textual reference only, and none of the information on the website is incorporated in this Official Statement.

CERTAIN INFORMATION CONCERNING JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

JPMorgan Chase Bank, National Association (the "Bank") is a wholly owned subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The Bank offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of March 31, 2015, JPMorgan Chase Bank, National Association, had total assets of $2,096.1 billion, total net loans of $652.2 billion, total deposits of $1,426.4 billion, and total stockholder's equity of $190.6 billion. These figures are extracted from the Bank's unaudited Consolidated Reports of Condition and Income (the "Call Report") as of March 31, 2015, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles. The Call Report including any update to the above quarterly figures is filed with the Federal Deposit Insurance Corporation and can be found at www.fdic.gov.

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2014, of JPMorgan Chase & Co., the 2014 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the "SEC") by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC's website at www.sec.gov.

The information contained in this Appendix E under the subheading "Certain Information Concerning JPMorgan Chase Bank, National Association" relates to and has been obtained from the Bank. The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this Appendix E under the subheading "Certain Information Concerning JPMorgan Chase Bank, National Association" is correct as of any time subsequent to its date.

APPENDIX F

THE CREDIT FACILITIES

FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
ACTING THROUGH ITS NEW YORK BRANCH

Letter of Credit No. [ ]

June 18, 2015

The Bank of New York Mellon, as
Tender Agent
Attn: Corporate Trust Department
Municipal Finance Northeast Unit
101 Barclay Street, 8W
New York, New York 10286

Dear Sirs:

We hereby establish, at the request and for the account of THE CITY OF NEW YORK, a New York municipal corporation (the "*Issuer*"), in favor of The Bank of New York Mellon, as Tender Agent, an Irrevocable Letter of Credit (the "*Letter of Credit*"). In accordance with the Certificate (including all attachments thereto, the *"Certificate"*) of the Deputy Comptroller for Public Finance of the Issuer, and pursuant to the provisions of the Constitution and laws of the State of New York (the "*State*"), the Issuer has issued its $100,000,000 aggregate principal amount of the General Obligation Bonds, Fiscal 2015, Series F, Subseries F-4 (Adjustable Rate Bonds) (the "*Bonds*") which mature on June 1, 2044. The Letter of Credit is for the benefit of the holders of the Bonds, is in the total amount of $100,863,014 (as more fully described below), is effective as of the date hereof and expires on the Termination Date. As used herein, "*Termination Date*" shall mean the earliest to occur of (i) June 15, 2018, or the date to which the Letter of Credit may be extended by us substantially in the form of Annex 6, (ii) the date on which the Principal Portion of the Letter of Credit Amount is reduced to zero pursuant to the terms hereof (other than as a result of a Tender Drawing), (iii) the date five days after we receive notice in the form of Annex 4 hereto directing us to terminate the Letter of Credit, (iv) the date on which the Letter of Credit is surrendered by the Tender Agent to us for cancellation and (v) the date which is eight days (or if such day is not a Business Day, the immediately succeeding Business Day) after the date on which you receive the Notice of Termination from us in the form of Annex 8 hereof.

Our obligation to make payments under this Letter of Credit shall be limited to the Letter of Credit Amount. The "*Letter of Credit Amount*" and the "*Principal Portion*" and "*Interest Portion*" thereof shall initially be the amounts set forth in Schedule I hereto, and shall thereafter, at any time, be equal to such amounts adjusted as set forth in this Letter of Credit. Notwithstanding any other provision of this Letter of Credit, at no time shall (i) the Principal Portion of the Letter of Credit Amount exceed the outstanding principal amount of the Bonds, (ii) the Interest Portion of the Letter of Credit Amount exceed 35 days interest at a per annum interest rate of 9% and a year of 365 days, or (iii) the Letter of Credit Amount exceed the sum of the amounts described in clause (i) and clause (ii) of this paragraph.

We hereby irrevocably authorize you to draw on us in accordance with the terms and conditions hereinafter set forth, by your draft, an aggregate amount not exceeding the Letter of Credit Amount, of which (i) an aggregate amount not exceeding the Principal Portion may be drawn with respect to payment of the portion of the purchase price equal to the principal amount of Bonds tendered or deemed tendered for purchase ("Tendered

Bonds"), pursuant to Annex 2 or 3 hereof, as appropriate, and (ii) an aggregate amount not exceeding the Interest Portion (but no more in the case of any drawing than an amount equal to the interest accrued on the Bonds for the 35 days immediately preceding the date on which such interest is to be paid) may be drawn with respect to payment of the portion of the purchase price of Tendered Bonds representing interest accrued thereon, pursuant to Annex 2 or 3 hereof, as appropriate. The Letter of Credit Amount shall be reduced (y) immediately upon any drawing hereunder by the amount of such drawing (each such drawing, or portion thereof, allocable to principal or interest, as the case may be, to result in a reduction of the Principal Portion or Interest Portion, as appropriate) and (z) effective upon receipt by us of a notice of reduction from the Tender Agent substantially in the form of Annex 4 to this Letter of Credit, by the amount specified in such notice, allocated between the Principal Portion and Interest Portion in accordance with such notice. We will pay drawings hereunder with our own funds.

Only you as Tender Agent may make drawings under this Letter of Credit. Upon the payment to you or your account of the amount specified in a draft drawn hereunder, we shall be fully discharged on our obligations under this Letter of Credit with respect to such draft, and we shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such draft to you.

Upon our receipt from you of a notice in the form of Annex 7 with respect to the sale of any Tendered Bond held by us or for our account through you, as Tender Agent, the Principal Portion and Interest Portion previously drawn pursuant to a drawing under the Certificate relating to (i) Optional Tenders or (ii) Mandatory Tenders (in either case, a "*Tender Drawing*") with respect to such Tendered Bonds shall be automatically reinstated in the amount set forth in such Annex 7 to the extent such amount is actually received by us. Subject to the preceding sentence, drawings in respect of payments hereunder honored by us shall not, in the aggregate, exceed the Letter of Credit Amount as hereinabove provided.

Funds under this Letter of Credit are available to you against (a) your draft in the form of Annex 1 hereto, appropriately completed and (b) (i) if the drawing is being made with respect to a Mandatory Tender pursuant to the Certificate, a certificate signed by you in the form of Annex 2 attached hereto appropriately completed and (ii) if a drawing is being made with respect to an Optional Tender pursuant to the Certificate, a certificate signed by you in the form of Annex 3 attached hereto appropriately completed. Such draft(s) and certificate(s) shall be dated the date of presentation. The original of each such draft and certificate shall be filed at our office located at The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch,
, Attention: (or at any other office which may be designated by written notice delivered to you). If we receive your draft(s) and certificate(s) at such office, all in strict conformity with the terms and conditions of this Letter of Credit, prior to 11:30 A.M. (New York City time) on a Business Day on or prior to the Termination Date, we will honor the same (to the extent required by this Letter of Credit) by making payment by wire transfer of immediately available funds by 2:30 P.M. (New York City time) on the Purchase Date to The Bank of New York Mellon,
, Attention: , Reference: . Such account may be changed only by presentation to the Bank of a letter in form satisfactory to the Bank specifying a different account with the Tender Agent and executed by the Tender Agent. The "*Purchase Date*" for any drawing shall be the date specified in the applicable draft; but in no event shall the Purchase Date be (i) before the day the draft and certificate are received by the Bank or on the same day the draft and certificate are received if such draft and certificate are received by the Bank at or after 11:30 A.M. (New York City time) or (ii) after the Termination Date.

Each draft and certificate may be delivered to us in person, by mail, by a delivery service or by telecopy transmission at such number as is indicated below or as we shall notify you in writing from time to time. Such a draft or certificate shall be deemed to have been presented on the date actually received by us. Any draft or certificate you submit to us by telecopy transmission (with the original of any such draft or certificate to be delivered to us on the next succeeding Business Day) shall be sent to [ ], Attention: . We shall have no duty to and will not examine original documents confirming presentation by telecopy.

As used herein or in the Annexes hereto, (i) *"Business Day"* means a day other than (a) a Saturday and Sunday or (b) a day on which the City, the New York Stock Exchange or banks in New York, New York, are authorized or required to remain closed; and (ii) "*Affiliate of the Issuer*" means any person, firm, corporation or other entity which is in control of or controlled by, or under common control by the same person as, the Issuer or any other Affiliate of the Issuer. For purposes of the preceding sentence, "*control*" means the power to direct the management and policies of a person, firm, corporation or other entity through the ownership of a majority of its voting securities, the right to determine or elect a majority of the members of its board of directors or other governing body or by contract or otherwise.

This Letter of Credit shall automatically terminate at the close of business on the Termination Date.

This Letter of Credit is subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (*"ISP98"*), and as to matters not governed by ISP98, be governed and construed in accordance with the laws of the State, including, without limitation, the Uniform Commercial Code as in effect in the State. Communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, , Attention: (or at any other office that we may designate by prior written notice to you), specifically referring to the number of this Letter of Credit.

This Letter of Credit is transferable in its entirety (but not in part) and may be successively transferred. Transfer of the available balance under this Letter of Credit to such transferee shall be effected by the presentation to us of this Letter of Credit accompanied by a certificate substantially in the form of Annex 5 attached hereto appropriately completed.

In connection with any drawing hereunder or transfer, the Issuer shall pay the Bank a fee, in accordance with the Bank's schedule of customary fees for such transactions, in connection with the Bank's processing of such drawing or transfer.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK; SIGNATURE PAGE TO FOLLOW]

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
acting through its New York Branch
LETTER OF CREDIT NO. [ ]

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except only the annexes, the certificates and the drafts referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such annexes, such certificates and such drafts.

Very truly yours,

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
acting through its New York Branch

By: ____________________
Name: ____________________
Title: ____________________

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
ACTING THROUGH ITS NEW YORK BRANCH
LETTER OF CREDIT NO. [ ]

SCHEDULE 1
TO
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
ACTING THROUGH ITS NEW YORK BRANCH
LETTER OF CREDIT
No. [ ]

ALLOCATED LETTER OF CREDIT AMOUNT

SUBSERIES	MATURITY	PRINCIPAL PORTION	INTEREST PORTION	LETTER OF CREDIT AMOUNT
F-4	June 1, 2044	$100,000,000	$863,014	$100,863,014

Form of Letter of Credit

Irrevocable Letter of Credit

Letter of Credit No. [ ]

June 18, 2015

The Bank of New York Mellon, as Tender Agent
Attn: Corporate Trust Department
Municipal Finance Northeast Unit
101 Barclay Street, 8W
New York, New York 10286

Dear Sirs:

We hereby establish, at the request and for the account of The City of New York, a New York municipal corporation (the "*Issuer*"), in your favor, as Tender Agent under and as defined in the Certificate of the Deputy Comptroller for Public Finance of the Issuer (including all attachments thereto, the "*Certificate*"), this Irrevocable Letter of Credit (this "*Letter of Credit*"). In accordance with the Certificate and pursuant to the provisions of the Constitution and laws of the State of New York (the "*State*"), $50,000,000 aggregate principal amount of General Obligation Bonds, Fiscal 2015, Series F, Subseries F-7 (Adjustable Rate Bonds) are being issued to mature on June 1, 2044 (the "*Bonds*"). This Letter of Credit is for the benefit of the holders of the Bonds, is in the total amount of $50,431,507 (as more fully described below), is effective as of the date hereof and expires on the Termination Date. As used herein, "*Termination Date*" means the earliest of (i) June 18, 2018 or the date to which the Letter of Credit may be extended by us pursuant to a notice substantially in the form of Annex 6, (ii) the date on which the Principal Portion of the Letter of Credit Amount is reduced to zero pursuant to the terms hereof (other than as a result of a Tender Drawing), (iii) the date which is five days after we receive notice from the Tender Agent that all of the Bonds have been paid in full, redeemed, defeased or converted to a rate other than the Daily Rate, the Two-Day Rate or the Weekly Rate in accordance with the terms of such Bonds or a substitute letter of credit has been delivered to the Tender Agent pursuant to the Certificate, (iv) the date on which this Letter of Credit is surrendered by the Tender Agent to us for cancellation (after we honor any drawing under the Letter of Credit made on the date thereof), and (v) the date which is eight days (or if such day is not a Business Day, the immediately succeeding Business Day) after the date on which you receive the notice of termination specified in Section 7(b) of the Reimbursement Agreement dated as of June 1, 2015 (as amended, supplemented, restated or otherwise modified from time to time, the "*Reimbursement Agreement*") between the Issuer and us to terminate this Letter of Credit.

Our obligation to make payments under this Letter of Credit will be limited to the Letter of Credit Amount. The "Letter of Credit Amount" and the "Principal Portion" and "Interest Portion" thereof will initially be the amounts set forth in Schedule I hereto, and thereafter, at any time, be equal to such amounts adjusted as set forth in this Letter of Credit. Notwithstanding any other provision of this Letter of Credit or the Reimbursement Agreement, at no time will (i) the Principal Portion of the Letter of Credit Amount exceed the outstanding principal amount of the Bonds bearing interest at the Daily Rate, the Two-Day Rate or the Weekly Rate which are subject to Mandatory Tender or Optional Tender under (and as defined in) the Certificate, (ii) the Interest Portion of the Letter of Credit Amount exceed 35 days interest at a per annum interest rate of 9%, calculated in accordance with the applicable provisions of the Certificate, or (iii) the Letter of Credit Amount exceed the sum of the amounts described in clause (i) and clause (ii) of this paragraph.

We hereby irrevocably authorize you to draw on us in accordance with the terms and conditions hereinafter set forth, by your draft, an aggregate amount not exceeding the Letter of Credit Amount, of which (i) an aggregate amount not exceeding the Principal Portion may be drawn with respect to payment of the portion of the purchase price equal to the principal amount of Bonds tendered or deemed tendered for purchase pursuant to the

Certificate (*"Tendered Bonds"*), pursuant to Annex 2 or 3 hereof, as appropriate, and (ii) an aggregate amount not exceeding the Interest Portion (not to exceed an amount equal to the interest accrued on the Bonds for the 35 days immediately preceding the date on which such interest is to be paid) may be drawn with respect to payment of the portion of the purchase price of Tendered Bonds representing interest accrued thereon, pursuant to Annex 2 or 3 hereto, as appropriate. The Letter of Credit Amount will be reduced (y) immediately upon any drawing hereunder by the amount of such drawing (each such drawing, or portion thereof, allocable to principal or interest, as the case may be, to result in a reduction of the Principal Portion or Interest Portion, as appropriate) and (z) effective upon receipt by us of a notice of reduction from the Tender Agent substantially in the form of Annex 4 to this Letter of Credit, by the amount specified in such notice, allocated between the Principal Portion and Interest Portion in accordance with such notice; provided, that if a notice of reduction in the form of Annex 4 should have been delivered by the Tender Agent but was not so delivered, the Tender Agent may not make a drawing for the amounts as to which the Letter of Credit would have been reduced had such notice of reduction been delivered. We will pay drawings hereunder with our own funds.

Only you as Tender Agent may make drawings under this Letter of Credit. Upon the payment to you or your account of the amount specified in a draft drawn hereunder, we will be fully discharged on our obligations under this Letter of Credit with respect to such draft, and we will not thereafter be obligated to make any further payments under this Letter of Credit in respect of such draft to you or to any other person, firm, corporation, or other entity who may have made to you or who makes to you a demand for payment of principal of or interest on any Bond or the purchase price thereof.

Immediately upon the sale of any Tendered Bond held by us or for our account through you, as Tender Agent, in accordance with Section 2(b)(ii) of the Reimbursement Agreement, the Principal Portion and Interest Portion previously drawn pursuant to a drawing under the Certificate relating to (i) Optional Tenders or (ii) Mandatory Tenders (in either case, a *"Tender Drawing"*) with respect to such Tendered Bonds will be restored to the amounts available to be drawn hereunder. Subject to the preceding sentence, drawings in respect of payments hereunder honored by us will not, in the aggregate, exceed the Letter of Credit Amount.

Funds under this Letter of Credit are available to you against (a) your draft in the form of Annex 1 hereto, appropriately completed and (b)(i) if the drawing is being made with respect to a Mandatory Tender pursuant to the Certificate, a certificate signed by you in the form of Annex 2 hereto appropriately completed and (ii) if a drawing is being made with respect to an Optional Tender pursuant to the Certificate, a certificate signed by you in the form of Annex 3 hereto appropriately completed. Such draft(s) and certificate(s) will be dated the date of presentation. The original of each such draft and certificate must be presented at our office located at , or by telecopier (at telecopier number), Attention: (or at any other office or telecopier number which may be designated by written notice delivered to you). If we receive your draft(s) and certificate(s) at such office, all in strict conformity with the terms and conditions of this Letter of Credit, at or prior to 11:30 A.M. (New York City time) on a Business Day on or prior to the Termination Date, we will honor the same (to the extent required by this Letter of Credit) by making payment by wire transfer of immediately available funds by 2:30 P.M. (New York City time) on the Purchase Date to The Bank of New York Mellon, Attention: , Reference: ; and if we receive a draft and certificate, all in strict conformity with the terms and conditions of this Letter of Credit, from both the Fiscal Agent and the Tender Agent with respect to any drawing at or prior to 11:30 A.M. (New York City time) on any Business Day, the draft and certificate from the Fiscal Agent will be controlling and the draft and certificate from the Tender Agent will be disregarded. Such account may be changed only by presentation to the Bank of a letter in form satisfactory to the Bank specifying a different account with the Tender Agent and executed by the Tender Agent. The *"Purchase Date"* for any drawing will be the date specified in the applicable draft; provided, that in no event will the Purchase Date be (i) before the day the draft and certificate are received by us or on the same day the draft and certificate are received if such draft and certificate are received by us later than 11:30 A.M. (New York City time) or (ii) after the Termination Date.

Each draft and certificate may be delivered to us in person, by mail, by a delivery service or by telecopy transmission. Such draft or certificate will be deemed to have been presented on the date actually received by us.

Any draft or certificate you submit to us by telecopy transmission (with the original of any such draft or certificate to be delivered to us on the next succeeding Business Day) must be sent to ; Attention: (or at any other office which may be designated by written notice delivered to you).

As used herein or in the Annexes hereto, (i) "*Business Day*" means a day (a) other than a day on which commercial banks (i) in The City of New York, New York, are required or authorized by law or executive order to close, (ii) in the city in which drawings under this Letter of Credit are to be presented is required or authorized by law or executive order to close, and (b) on which the New York Stock Exchange is not closed; and (ii) "*Affiliate of the Issuer*" means any person, firm, corporation or other entity which is in control of or controlled by, or under common control of the same person as, the Issuer or any other Affiliate of the Issuer. For purposes of the preceding sentence, "control" means the power to direct the management and policies of a person, firm, corporation or other entity through the ownership of a majority of its voting securities, the right to determine or elect a majority of the members of its board of directors or other governing body by contract or otherwise.

This Letter of Credit will automatically terminate at the close of business on the Termination Date.

This Letter of Credit is governed by, and construed in accordance with, the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (the *"ISP98"*). This Letter of Credit will be deemed made under the laws of the State, including Article 5 of the Uniform Commercial Code as in effect on the date hereof, and, as to matters not governed by ISP98, will be governed and construed in accordance with the laws of the State. Communications with respect to this Letter of Credit will be in writing and will be addressed to us at ; Attention: (or at any other office in the City and State of New York that we may designate by prior written notice to you), specifically referring to the number of this Letter of Credit.

This Letter of Credit is transferable in its entirety (but not in part) and may be successively transferred, provided, however, that under no circumstances shall this Letter of Credit be transferred to any person or entity with which U.S. persons or entities are prohibited from conducting business under U.S. Office of Foreign Assets Control regulations or any other applicable U.S. laws and regulations. Transfer of the available balance under this Letter of Credit to a permitted transferee will be effected by the presentation to us of this Letter of Credit accompanied by a transfer request in the form of Annex 5 hereto appropriately completed.

In connection with any drawing hereunder or transfer or substitution hereof, the Issuer shall pay the Bank a fee, in accordance with the Fee Agreement.

This Letter of Credit sets forth in full our undertaking, and such undertaking will not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds, the Certificate or the Reimbursement Agreement), except only the annexes referred to herein; and any such reference will not be deemed to incorporate herein by reference any document, instrument or agreement except for such annexes.

Very truly yours,

ROYAL BANK OF CANADA

By: ______________________________

Name: ____________________________

Title: _____________________________

Schedule I

to Irrevocable Letter of Credit No. [ ]

Letter of Credit Amount

Subseries	Principal Portion	Interest Portion	Letter of Credit Amount
Fiscal 2015, Series F, Subseries F-7	$50,000,000	$431,507	$50,431,507

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NEW ISSUE

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

$600,000,000

The City of New York

General Obligation Bonds, Fiscal 2015 Series F
$300,000,000 Tax-Exempt Bonds, Subseries F-1
$100,000,000 Taxable Bonds, Subseries F-2
$200,000,000 Taxable Bonds, Subseries F-3

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

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

Interest on the Bonds will be payable on each June 1 and December 1, commencing December 1, 2015. The Bonds can be purchased in principal amounts of $5,000 or any integral multiple thereof. Other terms of the Bonds including redemption provisions are described herein. *A detailed schedule of the Bonds is set forth on the inside cover page.*

The Tax-Exempt Bonds are offered subject to prior sale, when, as and if issued by the City and accepted by the Underwriters. The Taxable Bonds are being sold by public letting on the basis of electronic competitive bids in accordance with the Notices of Sale dated May 21, 2015, as supplemented. The issuance of the Bonds is subject to the approval of the legality of the Bonds by Sidley Austin LLP, New York, New York, Bond Counsel to the City, and to certain other conditions. Certain legal matters will be passed upon for the City by Norton Rose Fulbright US LLP, New York, New York, Bond Counsel to the City for Tax Matters. Certain legal matters in connection with the preparation of this Official Statement will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters and the Original Purchasers of the Taxable Bonds by Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, New York, New York, Co-Counsel to the Underwriters and the Original Purchasers. It is expected that the Bonds will be available for delivery in New York, New York, on or about June 18, 2015.

J.P. Morgan

BofA Merrill Lynch — **Citigroup** — **Jefferies**

Morgan Stanley — **Siebert Brandford Shank & Co., L.L.C.**

Barclays Capital	**Fidelity Capital Markets**	**Goldman, Sachs & Co.**
Janney Montgomery Scott LLC	**Lebenthal & Co., LLC**	**Loop Capital Markets LLC**
PNC Capital Markets LLC	**Ramirez & Co., Inc.**	**Raymond James**
RBC Capital Markets	**Rice Financial Products Company**	**Roosevelt & Cross Incorporated**
Southwest Securities, Inc.		**Wells Fargo Securities**

Blaylock Beal Van, LLC — **Cabrera Capital Markets, LLC** — **Drexel Hamilton, LLC**

TD Securities (USA) LLC

June 3, 2015

$600,000,000(1) General Obligation Bonds, Fiscal 2015 Series F

	$300,000,000 Subseries F-1 Tax-Exempt Bonds			
June 1,	Principal Amount	Interest Rate	Yield	CUSIP* (Base CUSIP 64966L)
2017	$18,545,000	3 %	0.77%	P47
2018	6,735,000	3	1.24	P54
2018	12,370,000	5	1.24	Q79
2021	2,525,000	2	2.01	Q87
2021	20,310,000	5	2.01	P62
2024	2,975,000	4	2.54	P70
2024	13,030,000	5	2.54	R29
2025	24,895,000	5	2.66	P88
2026	13,545,000	5	2.78(2)	P96
2033	36,205,000	3 ½	3.64	Q20
2034	5,455,000	3.6	3.68	Q38
2034	29,945,000	5	3.33(2)	Q95
2035	37,090,000	5	3.37(2)	Q46
2036	38,950,000	5	3.41(2)	Q53
2037	37,425,000	3 ¾	3.82	Q61

	$100,000,000 Subseries F-2 Taxable Bonds				$200,000,000 Subseries F-3 Taxable Bonds			
June 1,	Principal Amount	Interest Rate	Price or Yield	CUSIP* (Base CUSIP 64966L)	Principal Amount	Interest Rate	Price or Yield	CUSIP* (Base CUSIP 64966L)
2019	$19,995,000	1.80%	100%	N49				
2020	22,355,000	2.15	100	N56				
2022	23,870,000	2.74	100	N64				
2023	24,485,000	3.05	2.95	N72				
2024	9,295,000	3.20	3.10	N80				
2026					$11,995,000	4 %	3.40%(2)	M57
2027					28,690,000	4	3.55(2)	M65
2028					29,655,000	3 ¾	100	M73
2029					30,695,000	3.85	100	M81
2030					31,795,000	3.93	100	M99
2031					32,970,000	4.03	100	N23
2032					34,200,000	4.13	100	N31

(1) In addition to the $600,000,000 aggregate principal amount of Subseries F-1, Subseries F-2 Bonds and Subseries F-3 Bonds, the City expects to issue $350,000,000 aggregate principal amount of its tax-exempt Fiscal 2015 Subseries F-4 through F-7 multi-modal variable rate bonds (the "Adjustable Rate Bonds") simultaneously therewith. The Adjustable Rate Bonds will be offered by a separate official statement.

(2) Priced to first optional call on June 1, 2025.

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

OFFICIAL STATEMENT OF THE CITY OF NEW YORK

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

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

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

Deloitte & Touche LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Deloitte & Touche LLP relating to the City's financial statements for the fiscal years ended June 30, 2014 and 2013, which is a matter of public record, is included in this Official Statement. However, Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

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

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

OFFICIAL STATEMENT
OF
THE CITY OF NEW YORK

This Official Statement provides certain information concerning The City of New York (the "City") in connection with the sale of $600,000,000 aggregate principal amount of the City's General Obligation Bonds, Fiscal 2015 Series F (the "Bonds"), consisting of $300,000,000 tax-exempt bonds, Subseries F-1 (the "Subseries F-1 Bonds" or the "Tax-Exempt Bonds"), $100,000,000 taxable bonds, Subseries F-2 (the "Subseries F-2 Bonds") and $200,000,000 taxable bonds, Subseries F-3 (the "Subseries F-3 Bonds" and with the Subseries F-2 Bonds, the "Taxable Bonds"). Concurrently with the delivery of the Bonds, the City expects to convert $316,690,000 aggregate principal amount of multiple series of bonds from variable rates to fixed rates and to redesignate such subseries as its Fiscal 2015 Series 1 Bonds. Also concurrently with the issuance of the Bonds, the City expects to convert $50,000,000 aggregate principal amount of its Fiscal 1995 Series F, Subseries F-4 Bonds from a variable rate to an indexed rate. Such conversions are described in separate reoffering circulars. In addition, concurrently with the issuance of the Bonds, the City expects to deliver $350,000,000 aggregate principal amount of its tax-exempt Fiscal 2015 Subseries F-4 through F-7 multi-modal variable rate bonds (the "Adjustable Rate Bonds"), which will be described in a separate official statement and are not offered hereby.

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

Because the City is a large and complex entity, information about it changes on an ongoing basis. This Official Statement has been updated to include certain information not included in the Preliminary Official Statement. Changes include: updating "SECTION I: RECENT FINANCIAL DEVELOPMENTS—The State" to describe the State's recently released Annual Information Statement; updating paragraph 2 under "SECTION IX: OTHER INFORMATION—Litigation—*Miscellaneous*" and "—Environmental Matters" to reflect developments in the legal proceedings described therein; and updating "APPENDIX A: ECONOMIC AND DEMOGRAPHIC INFORMATION" to reflect certain recently released employment and population data.

INTRODUCTORY STATEMENT

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

The City, with an estimated population of approximately 8,400,000, is an international center of business and culture. Its non-manufacturing economy is broadly based, with the banking and securities, insurance, information, publishing, fashion design, retailing, education and health care industries accounting for a significant portion of the City's total employment earnings. Additionally, the City is a leading tourist destination. Manufacturing activity in the City is conducted primarily in apparel and printing.

For each of the 1981 through 2014 fiscal years, the City's General Fund had an operating surplus, before discretionary and other transfers, and achieved balanced operating results as reported in accordance with then applicable generally accepted accounting principles ("GAAP"), after discretionary and other transfers and except for the application of Statement No. 49 of the Governmental Accounting Standards Board ("GASB 49"), as described below. City fiscal years end on June 30 and are referred to by the calendar year in which they end. The City has been required to close substantial gaps between forecast revenues and forecast expenditures in order to maintain balanced operating results. There can be no assurance that the City will continue to maintain balanced operating results as required by New York State (the "State") law without proposed tax or other revenue increases or reductions in City services or entitlement programs, which could adversely affect the City's economic base.

As required by the New York State Financial Emergency Act For The City of New York (the "Financial Emergency Act" or the "Act") and the New York City Charter (the "City Charter"), the City prepares a four-year annual financial plan, which is reviewed and revised on a quarterly basis and which includes the City's capital, revenue and expense projections and outlines proposed gap-closing programs for years with projected budget gaps. The City's current financial plan projects budget balance in the 2015 and 2016 fiscal years in accordance with GAAP except for the application of GASB 49. In 2010, the Financial Emergency Act was amended to waive the budgetary impact of GASB 49 by enabling the City to continue to finance with bond proceeds certain pollution remediation costs. The City's current financial plan projects budget gaps for the 2017 through 2019 fiscal years. A pattern of current year balance and projected future year budget gaps has been consistent through the entire period since 1982, during which the City has achieved an excess of revenues over expenditures, before discretionary transfers, for each fiscal year. For information regarding the current financial plan, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS" and "SECTION VII: FINANCIAL PLAN." For information regarding the June 2010 amendment of the Financial Emergency Act with respect to the application of GASB 49 to the City budget, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS." The City is required to submit its financial plans to the New York State Financial Control Board (the "Control Board"). For further information regarding the Control Board, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Review and Oversight.*"

For its normal operations, the City depends on aid from the State both to enable the City to balance its budget and to meet its cash requirements. There can be no assurance that there will not be delays or reductions in State aid to the City from amounts currently projected; that State budgets for future State fiscal years will be adopted by the April 1 statutory deadline, or interim appropriations will be enacted; or that any such reductions or delays will not have adverse effects on the City's cash flow or expenditures. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS—2015-2019 Financial Plan." In addition, the City has made various assumptions with respect to federal aid. Future federal actions or inactions could have adverse effects on the City's cash flow or revenues.

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

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

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

SECTION I: RECENT FINANCIAL DEVELOPMENTS

For the 2014 fiscal year, the City's General Fund had a total surplus of $2.011 billion, before discretionary and other transfers, and achieved balanced operating results in accordance with GAAP, except for the application of GASB 49 as described above, after discretionary and other transfers. The 2014 fiscal year is the thirty-fourth consecutive year that the City has achieved balanced operating results when reported in accordance with GAAP, except for the application of GASB 49.

2015-2019 Financial Plan

On June 26, 2014, the City submitted to the Control Board the financial plan (the "June Financial Plan") for the 2015 through 2018 fiscal years, which was consistent with the City's capital and expense budgets as adopted for the 2015 fiscal year. On November 25, 2014, the City submitted to the Control Board a modification to the June Financial Plan. On February 9, 2015, the Mayor released his preliminary budget for the 2016 fiscal year and the City submitted to the Control Board a modification to the financial plan for the 2015 through 2019 fiscal years (the "February Financial Plan"). On May 7, 2015, the Mayor released his Executive Budget for the 2016 fiscal year and the City submitted to the Control Board a modification to the financial plan for fiscal years 2015 through 2019 (as so modified, the "Financial Plan"). The Executive Budget is subject to adoption by the City Council which is expected by June 30, 2015. The adopted budget may reflect additional expenditures.

The Financial Plan projects revenues and expenses for the 2015 and 2016 fiscal years balanced in accordance with GAAP, except for the application of GASB 49. The June Financial Plan had projected revenues and expenses for the 2015 fiscal year balanced in accordance with GAAP, except for the application of GASB 49, and had projected gaps of approximately $2.63 billion, $1.87 billion and $3.09 billion in fiscal years 2016 through 2018, respectively. The Financial Plan projects gaps of approximately $1.57 billion, $1.97 billion and $2.88 billion in fiscal years 2017 through 2019, respectively.

The Financial Plan reflects, since the June Financial Plan, increases in projected net revenues of $2.33 billion, $675 million, $714 million and $1.16 billion in fiscal years 2015 through 2018, respectively. Changes in projected revenues include: (i) increases in real property tax revenues of $491 million, $386 million, $468 million and $538 million in fiscal years 2015 through 2018, respectively; (ii) increases in personal income tax revenues of $876 million, $692 million, $466 million and $427 million in fiscal years 2015 through 2018, respectively; (iii) increases in business tax revenues of $99 million, $47 million, $57 million and $30 million in fiscal years 2015 through 2018, respectively; (iv) increases in sales tax revenues of $90 million, $92 million, $60 million and $61 million in fiscal years 2015 through 2018, respectively; (v) increases in real property transfer and mortgage recording tax revenues of $492 million, $30 million, $16 million and $15 million in fiscal years 2015 through 2018, respectively; (vi) decreases in State School Tax Relief Program (the "STAR Program") revenues of $2 million, $112 million, $84 million and $81 million in fiscal years 2015 through 2018, respectively; (vii) an increase in hotel tax revenues of $32 million in fiscal year 2015, and decreases in hotel tax revenues of $17 million, $21 million and $30 million in fiscal years 2016 through 2018, respectively; (viii) increases in other tax revenues of $84 million, $16 million, $19 million and $24 million in fiscal years 2015 through 2018, respectively; (ix) increases in tax audit revenues of $273 million in fiscal year 2015 and $2 million in each of fiscal years 2016 through 2018; (x) decreases in revenues from the sale of taxi medallions of $532 million, $360 million and $293 million in fiscal years 2015 through 2017, respectively, and an increase in revenues from the sale of taxi medallions of $257 million in fiscal year 2018, due to changes in the projected timing of such sales; (xi) decreases in payments in lieu of taxes from the New York City Housing Authority ("NYCHA") of $33 million in each of fiscal years 2016 through 2018; (xii) decreases in rental payments from the New York City Water Board of $2 million, $88 million, $132 million and $162 million in fiscal years 2015 through 2018, respectively; and (xiii) increases in other revenues of $427 million, $156 million and $75 million in fiscal years 2015, 2017 and 2018, respectively, resulting primarily from asset sales and the settlement of bank litigation, and a decreases in other revenues of $13 million in fiscal year 2016.

The Financial Plan also reflects, since the June Financial Plan, a decrease in projected net expenditures of $120 million in fiscal year 2015, and increases in projected net expenditures of $1.05 billion, $1.06 billion and $657 million in fiscal years 2016 through 2018, respectively. Changes in projected expenditures include: (i) net increases in agency expenses of $614 million, $1.19 billion, $1.16 billion and $1.13 billion in fiscal years 2015 through 2018, respectively; (ii) net decreases in pension contributions of $44 million, $118 million, $222 million and $723 million in fiscal years 2015 through 2018, respectively, excluding transfers from reserves, primarily as a result of higher than assumed investment returns in fiscal year 2014; (iii) decreases in debt service of $424 million, $548 million, $369 million and $301 million in fiscal years 2015 through 2018, respectively, primarily as a result of lower interest rates and debt refinancing; (iv) increases of $3 million in fiscal year 2015 and $72 million in each of fiscal years 2016 through 2018, reflecting relief to NYCHA from payments for police services; (v) a decrease in the general reserve of $700 million in fiscal year 2015 and increases in the general reserve of $250 million in each of fiscal years 2016 through 2018; (vi) a decrease in fringe benefit expenses of $10 million in fiscal year 2015, and increases in fringe benefit expenses of $14 million, $15 million and $17 million in fiscal years 2016 through 2018, respectively; (vii) increases of $261 million, $137 million, $94 million and $143 million in fiscal years 2015 through 2018, respectively, for the net additional cost of labor settlements as described below, above the amounts already provided for in the reserve for collective bargaining; (viii) an increase of $280 million in deposits to the Retiree Health Benefits Trust Fund in fiscal year 2015; (ix) increases in payments to certain service providers of $59 million, $54 million and $54 million in fiscal years 2016 through 2018, respectively, as a result of an initiative to allow such providers to increase employee compensation by 2.5%; (x) a decrease of $100 million in fiscal year 2015 reflecting a re-estimate of prior years' expenses and receivables; and (xi) an increase of $13 million in the reserve for collective bargaining in fiscal year 2018 reflecting in part the additional cost of a future round of collective bargaining. The Financial Plan also reflects the creation in fiscal year 2016 of a $500 million capital stabilization reserve, which would be available for debt retirement in an economic downturn or research before capital projects are funded to make capital investment more efficient.

In addition, the Financial Plan sets forth a citywide savings program to maintain budget balance in fiscal year 2015, to achieve budget balance in fiscal year 2016 and to reduce previously projected gaps in fiscal years 2017 and 2018. The savings actions reflect reduced agency expenditures or increased revenues totaling $589 million, $466 million, $641 million and $627 million in fiscal years 2015 through 2018, respectively.

The Financial Plan reflects, since the June Financial Plan, an increase of $3.04 billion in the provision for the prepayment in fiscal year 2015 of fiscal year 2016 expenses, resulting in total prepayment of $3.04 billion in fiscal year 2015 and expenditure reductions of $3.04 billion in fiscal year 2016.

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

The Financial Plan reflects $408.8 million in State and Federal funding in fiscal year 2016 for the expansion of universal pre-kindergarten.

The Financial Plan assumes that all of the City's costs relating to emergency services and the repair of damaged infrastructure as a result of Superstorm Sandy ("Sandy") will ultimately be paid from non-City sources, primarily the federal government. The current estimate of such costs to the City, the New York City Health and Hospitals Corporation ("HHC") and the NYCHA is approximately $9.9 billion. Of such amount, approximately $2.1 billion represents expense funding for emergency response, debris removal and emergency protective measures, and approximately $7.7 billion represents capital funding of long-term permanent work to repair damaged infrastructure and to make hazard mitigation investments. No assurance can be given that the City will be reimbursed for all of its costs or that such reimbursements will be received within the time periods assumed in the Financial Plan. In addition, the City may incur costs relating to flood insurance that are not reflected in the Financial Plan, which could offset some reimbursements. For further information, see "SECTION IX: OTHER INFORMATION—Environmental Matters."

The City is expected to benefit from a portion of the recent $8.9 billion penalty from the bank BNP Paribas in connection with a State and federal criminal proceeding. The amount of the portion to benefit the City, which will be subject to use restrictions, is $895.5 million.

Subsequent to the publication of the City's financial statements for fiscal year 2014, the City Comptroller and OMB have modified the accounting procedures for recording assets in the General Fund identified as "Due from Other Funds" in the Governmental Funds Balance Sheet. The Financial Plan reflects the implementation of such internal validation procedures through the write off of some previously recorded assets in fiscal year 2015, reflected within the re-estimate of prior years' expenses and receivables described above. In addition, the Financial Plan reflects the projected City financing of certain capital expenditures previously expected to be paid from State, federal and other non-City sources.

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

The State

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

The State forecasts ending the 2015-2016 Fiscal Year with an operating General Fund surplus of $3.5 billion on a cash accounting basis, a decrease of $3.8 billion from the fiscal year 2014-2015 closing balance, primarily due to the planned transfer of monetary settlements to the dedicated infrastructure investment fund. The State projects budget gaps for the fiscal years 2017-2018, 2018-2019 and 2019-2020 to be approximately $2.58 billion, $4.03 billion and $5.78 billion, respectively, prior to undertaking the gap-closing plan described in the Annual Information Statement, and surpluses of $279 million, $1.70 billion and $1.61 billion, respectively, after enactment of the gap-closing plan. The State Financial Plan projections for fiscal year 2016-2017 and thereafter reflect an assumption that the Governor will continue to propose, and the State Legislature will continue to enact, balanced budgets in future years that limit annual growth in State operating funds to no greater than 2 percent.

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

SECTION II: THE BONDS

General

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

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

Payment Mechanism

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

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

Enforceability of City Obligations

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

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

Certain Covenants and Agreements

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

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

Use of Proceeds

The proceeds of the Tax-Exempt Bonds will be used for capital purposes and the proceeds of the Taxable Bonds will be used for other discrete capital purposes. The proceeds of the Bonds will also be used for the payment of certain costs of issuance.

Optional Redemption and Mandatory Tender

Optional Redemption and Mandatory Tender of Tax-Exempt Bonds

The Tax-Exempt Bonds maturing before June 1, 2026 are not subject to optional redemption or mandatory tender prior to their stated maturity dates. The Tax-Exempt Bonds maturing on or after June 1, 2026 are subject to redemption, at the option of the City, in whole or in part, on any date on or after June 1, 2025 (the "Call Date") upon 30 days' notice, at a price of 100% of their principal amount plus accrued interest to the Call Date. Any Tax-Exempt Bonds that are escrowed to maturity in the future will remain subject to optional redemption by the City.

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

Optional Redemption and Mandatory Tender of Taxable Bonds

The Taxable Bonds are subject to redemption at the option of the City, in whole or in part, on any date, prior to June 1, 2025, at a redemption price equal to the greater of:

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

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

plus in each case accrued interest to the redemption date.

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

The Subseries F-3 Bonds are subject to redemption at the option of the City, in whole or in part, on any date on or after June 1, 2025 at par, plus accrued interest to the date of redemption.

Any Taxable Bonds that are escrowed to maturity in the future will remain subject to optional redemption by the City.

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

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

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

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

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

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

Defeasance

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

Book-Entry Only System

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (under this caption, "Book-Entry Only System," a "Beneficial Owner") is in turn to be recorded on the Direct and

Indirect Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

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

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

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

SECTION III: GOVERNMENT AND FINANCIAL CONTROLS

Structure of City Government

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

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

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

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

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

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

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

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

City Financial Management, Budgeting and Controls

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

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

Office of Management and Budget

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

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

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

Office of the Comptroller

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

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

The Comprehensive Annual Financial Report of the Comptroller (the "CAFR") for the 2014 fiscal year, which includes, among other things, the City's financial statements for the 2014 fiscal year, was issued on October 31, 2014. The CAFR for the 2013 fiscal year received the Government Finance Officers Association award of the Certificate of Achievement for Excellence in Financial Reporting, the thirty-fourth consecutive year the CAFR has won such award.

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

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

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

Financial Reporting and Control Systems

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

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

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

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

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

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

More than 97% of the aggregate assets of the City's five defined benefit pension systems are managed by outside managers, supervised by the Office of the City Comptroller, and the remainder is held in cash or managed by the City Comptroller. Allocations of investment assets are determined by each fund's board of trustees. As of February 28, 2015, aggregate pension assets were allocated approximately as follows: 36.8% U.S. equity; 30.1% fixed income; 17.5% international equity; 5.9% private equity; 3.6% real assets; 2.1% hedge funds; and 4.0% cash.

Financial Emergency Act and City Charter

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

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

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

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

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

Financial Review and Oversight

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

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

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

SECTION IV: SOURCES OF CITY REVENUES

The City derives its revenues from a variety of local taxes, user charges and miscellaneous revenues, as well as from federal and State unrestricted and categorical grants. State aid as a percentage of the City's revenues has remained relatively constant over the period from 1980 to 2014, while federal aid has been sharply reduced. The City projects that local revenues will provide approximately 73.6% of total revenues in the 2015 fiscal year while federal aid, including categorical grants, will provide 10.6%, and State aid, including unrestricted aid and categorical grants, will provide 15.8%. Adjusting the data for comparability, local revenues provided approximately 60.6% of total revenues in 1980, while federal and State aid each provided approximately 19.7%. A discussion of the City's principal revenue sources follows. For additional information regarding assumptions on which the City's revenue projections are based, see "SECTION VII: FINANCIAL PLAN—Assumptions." For information regarding the City's tax base, see "APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION."

Real Estate Tax

The real estate tax, the single largest source of the City's revenues, is the primary source of funds for the City's General Debt Service Fund. The City expects to derive approximately 41.7% of its total tax revenues and 26.7% of its total revenues for the 2015 fiscal year from the real estate tax. For information concerning tax revenues and total revenues of the City for prior fiscal years, see "SECTION VI: FINANCIAL OPERATIONS—2010-2014 Summary of Operations."

The State Constitution authorizes the City to levy a real estate tax without limit as to rate or amount (the "debt service levy") to cover scheduled payments of the principal of and interest on indebtedness of the City. However, the State Constitution limits the amount of revenue which the City can raise from the real estate tax for operating purposes (the "operating limit") to 2.5% of the average full value of taxable real estate in the City for the current and the last four fiscal years, which amount may be further limited by the State Constitution or laws. On June 24, 2011 the Governor signed into law the State's tax levy limitation law which restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a municipality in a particular year. Such law does not apply to the City. The table below sets forth the percentage the debt service levy represents of the total levy. The City Council has adopted a distinct tax rate for each of the four categories of real property established by State legislation.

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

Fiscal Year	Total Levy(1)	Levy Within Operating Limit	Debt Service Levy(2)	Debt Service Levy as a Percentage of Total Levy	Operating Limit	Levy Within Operating Limit as a Percentage of Operating Limit	Rate Per \$100 of Full Valuation(3)	Average Tax Rate Per \$100 of Assessed Valuation
				(Dollars in Millions, except for Tax Rates)				
2010	17,588.1	16,472.3	295.8	1.7	18,641.4	88.4	2.01	12.28
2011	18,323.7	16,418.4	921.2	5.0	18,898.5	86.9	2.17	12.28
2012	19,284.5	17,181.1	1,135.5	5.9	18,936.0	90.7	2.28	12.28
2013	20,133.2	16,239.9	2,896.2	14.4	19,101.9	85.0	2.35	12.28
2014	21,285.5	18,779.8	1,435.8	6.7	19,601.7	95.8	2.36	12.28
2015	22,591.5	17,923.1	3,623.5	16.0	20,164.1	88.9	2.43	12.28

(1) As approved by the City Council.

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

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

Assessment

The City has traditionally assessed real property at less than market value. The State Office of Real Property Tax Services (the "State Office") is required by law to determine annually the relationship between taxable assessed value and market value which is expressed as the "special equalization ratio." The special equalization ratio is used to compute full value for the purpose of measuring the City's compliance with the operating limit and general debt limit. For a discussion of the City's debt limit, see "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness.*" The ratios are calculated by using the most recent market value surveys available and a projection of market value based on recent survey trends, in accordance with methodologies established by the State Office from time to time. Ratios, and therefore full values, may be revised when new surveys are completed. The ratios and full values shown in the table below, which were used to compute the 2015 fiscal year operating limit and general debt limit, have been established by the State Office and include the results of the fiscal year 2013 market value survey.

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

Fiscal Year	Billable Assessed Valuation of Taxable Real Estate(2)	÷	Special Equalization Ratio	=	Full Valuation(2)
2011	$149,311,931,232		0.2000		$746,559,656,160
2012	157,121,003,987		0.2048		767,192,402,280
2013	164,036,985,806		0.2081		788,260,383,498
2014	173,429,032,559		0.2073		836,608,936,609
2015	184,059,201,523		0.1981		929,122,673,009
				Average:	$813,548,810,311

(1) Also assessed by the City, but excluded from the computation of taxable real estate, are various categories of property exempt from taxation under State law. For the 2015 fiscal year, the billable assessed value of all real estate (taxable and exempt) was $310.9 billion comprised of $108.2 billion of fully exempt real estate, $64.8 billion of partially taxable real estate and $179.9 billion of fully taxable real estate.

(2) Figures are based on estimates of the special equalization ratio which are revised annually. These figures are derived from official City Council Tax Resolutions adopted with respect to the 2015 fiscal year. These figures differ from the assessed and full valuation of taxable real estate reported in the CAFR, which excludes veterans' property subject to tax for school purposes and is based on estimates of the special equalization ratio which are not revised annually.

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

Assessment procedures differ for each class of property. For fiscal year 2015, class one was assessed at approximately 6% of market value and classes two, three and four were each assessed at 45.0% of market value. In addition, individual assessments on class one parcels cannot increase by more than 6% per year or 20% over a five-year period. Market value increases and decreases for most of class two and all of class four are phased in over a period of five years. Increases in class one market value in excess of applicable limitations are not phased in over subsequent years. There is also no phase in for class three property.

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

The share of the total levy that can be borne by each class is regulated by the provisions of the State Real Property Tax Law. Each class share of the total tax levy is updated annually to reflect new construction, demolition, alterations or changes in taxable status and is subject to limited adjustment to reflect market value changes among the four classes. Class share adjustments are limited to a 5% maximum increase per year. Maximum class increases below 5% must be, and typically are, approved by the State legislature. Fiscal year 2015 tax rates were set on June 25, 2014 and reflect a 5% limitation on the market value adjustment for 2014. The average tax rate for fiscal year 2015 was maintained at $12.28 per $100 of assessed value.

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

Trend in Taxable Assessed Value

State law provides for increases in assessed values of most properties to be phased into property tax bills over five-year periods. For fiscal year 2010, billable assessed valuation rose by $8.8 billion to $141.8 billion. The billable assessed valuation as determined by the City Department of Finance rose to $147.6 billion, $155.4 billion, $162.3 billion, $171.7 billion and $182.5 billion for fiscal years 2011 through 2015, respectively. The Department of Finance released the tentative assessment roll for fiscal year 2016 on January 15, 2015. The billable assessed value rose by $17.1 billion over the 2015 assessment roll to $199.6 billion, reflecting growth of 9.4 percent. However, the final roll for fiscal year 2016, which is expected to be released in May 2015, is expected to show a growth of 5.8% over fiscal year 2015. With moderate growth forecast in the class two and class four market values combined with a deflated level of existing pipeline of deferred assessment increases yet to be phased in, the billable assessed valuations are forecast to grow by 5.2%, 4.8% and 4.3% in fiscal years 2017 through 2019, respectively.

Collection of the Real Estate Tax

Real estate tax payments are due each July 1 and January 1. Prior to January 1, 2009, owners of class one and class two properties assessed at $80,000 or less and cooperatives whose individual units on average were valued at $80,000 or less were eligible to make tax payments in quarterly installments on July 1, October 1, January 1 and April 1. Effective January 1, 2009, owners of all properties assessed at $250,000 or less are eligible to make tax payments in quarterly installments. Prior to January 1, 2009, an annual interest rate of 9% compounded daily was imposed upon late payments on properties with an assessed value of $80,000 or less except in the case of (i) any parcel with respect to which the real estate taxes are held in escrow and paid by a mortgage escrow agent and (ii) parcels consisting of vacant or unimproved land. As of January 1, 2009, the assessed value threshold subject to the late payment interest rate of 9% was raised from $80,000 to $250,000. An interest rate of 18% compounded daily is imposed upon late payments on all other properties. These interest rates are set annually.

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

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

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

From time to time, the City sells tax liens to separate statutory trusts. In fiscal years 2010 through 2014, the City's tax lien program resulted in net proceeds of approximately $39.0 million, $2.4 million, $81.6 million, $86.7 million and $81.2 million, respectively. The Financial Plan reflects receipt of $80 million in fiscal year 2015 from the tax lien program.

REAL ESTATE TAX COLLECTIONS AND DELINQUENCIES

Fiscal Year	Tax Levy(1)	Tax Collections on Current Year Levy	Tax Collections as a Percentage of Tax Levy	Prior Year (Delinquent Tax) Collections	Refunds	Cancellations, Net Credits, Abatements, Exempt Property Restored and Shelter Rent	Delinquent as of End of Fiscal Year	Delinquency as a Percentage of Tax Levy	Lien Sale Program(2)
				(Dollars In Millions)					
2010	$17,588.1	$16,168.6	92.0%	$215.2	$(239.3)	$(1,077.6)	$(341.9)	1.94%	$39.0
2011	18,323.7	16,830.2	91.8	265.7	(230.0)	(1,093.0)	(400.5)	2.19	2.4
2012	19,284.5	17,820.6	92.4	283.9	(240.6)	(1,129.5)	(334.4)	1.73	81.6
2013	20,133.2	18,710.4	92.9	305.9	(352.5)	(1,119.0)	(303.7)	1.51	86.7
2014	21,285.5	19,909.2	93.5	280.5	(293.5)	(1,070.6)	(305.5)	1.44	81.2
2015(3)	22,591.5	21,221.1	93.9	260.0	(291.2)	(1,017.4)	(353.0)	1.56	80.0

(1) As approved by the City Council.

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

(3) Forecast.

Other Taxes

The City expects to derive 58.3% of its total tax revenues for the 2015 fiscal year from a variety of taxes other than the real estate tax, such as: (i) the 4.5% sales and compensating use tax, which commenced August 1, 2009, in addition to the 4% sales and use tax imposed by the State upon receipts from retail sales of tangible personal property and certain services in the City; (ii) the personal income tax on City residents; (iii) a general corporation tax levied on the income of corporations doing business in the City; and (iv) a banking corporation tax imposed on the income of banking corporations doing business in the City.

For local taxes other than the real estate tax, the City may adopt and amend local laws for the levy of local taxes to the extent authorized by the State. This authority can be withdrawn, amended or expanded by State legislation. A portion of sales tax revenues payable to the City would be paid to the TFA if personal income tax revenues did not satisfy specified debt service ratios.

Revenues from taxes other than the real estate tax in the 2014 fiscal year increased by $1.421 billion, an increase of approximately 5.3% from the 2013 fiscal year. The following table sets forth, by category, revenues from taxes, other than the real estate tax, for each of the City's 2010 through 2014 fiscal years.

	2010	2011	2012	2013	2014
			(In Millions)		
Personal Income(1)	$ 7,576	$ 8,138	$ 8,531	$ 9,778	$10,152
General Corporation	1,976	2,278	2,447	2,692	2,766
Banking Corporation	969	1,346	1,278	1,357	1,227
Unincorporated Business Income	1,560	1,675	1,637	1,808	1,882
Sales	5,059	5,586	5,812	6,132	6,494
Commercial Rent	594	601	629	664	710
Real Property Transfer	615	795	912	1,086	1,527
Mortgage Recording	366	434	537	742	961
Utility	375	394	371	385	405
Cigarette	94	70	67	61	54
Hotel	363	422	476	505	536
All Other(2)	515	536	513	533	548
Audits	769	989	743	1,009	911
Total	$20,832	$23,264	$23,953	$26,752	$28,173

Note: Totals may not add due to rounding.

(1) Personal Income includes the personal income tax revenues of $191 million, $695 million, $617 million, $1.006 billion and $1.641 billion, in fiscal years 2010 through 2014, respectively, retained by the TFA for funding requirements associated with TFA Future Tax Secured Bonds. Personal income taxes flow directly from the State to the TFA, and from the TFA to the City only to the extent not required by the TFA for debt service, operating expenses and contractual and other obligations incurred pursuant to the TFA indenture. Personal Income also reflects the impact of the early provision for TFA debt service in fiscal year 2007 which increased tax revenue by $382 million in fiscal year 2010. Personal Income also reflects the impact of grants to the TFA of $546 million, $371 million, $790 million and $879 million in fiscal years 2009 through 2012, respectively, which were used by the TFA to pay debt service in the following fiscal year thereby decreasing TFA funding requirements and increasing personal income tax revenues by a like amount in each of the following fiscal years. In fiscal years 2010 through 2014, Personal Income includes $1.039 billion, $718 million, $494 million, $578 million, $610 million and $613 million, respectively, which was provided to the City by the State as a reimbursement for the reduced personal income tax revenues resulting from the STAR Program.

(2) All Other includes, among others, surtax revenues from New York City Off-Track Betting Corporation ("OTB"), beer and liquor taxes, and the automobile use tax, but excludes the STAR Program aid of $904 million, $712 million, $790 million, $829 million and $838 million in fiscal years 2010 through 2014, respectively.

Miscellaneous Revenues

Miscellaneous revenues include revenue sources such as charges collected by the City for the issuance of licenses, permits and franchises, interest earned by the City on the investment of City cash balances, tuition and fees at the Community Colleges, reimbursement to the City from the proceeds of water and sewer rates charged by the New York City Water Board (the "Water Board") for costs of delivery of water and sewer services and paid to the City by the Water Board for its lease interest in the water and sewer system, rents collected from tenants in City-owned property and from The Port Authority of New York and New Jersey (the "Port Authority") with respect to airports, and the collection of fines. The following table sets forth amounts of miscellaneous revenues for each of the City's 2010 through 2014 fiscal years.

	2010	2011	2012	2013	2014
			(In Millions)		
Licenses, Permits and Franchises	$ 487	$ 525	$ 583	$ 593	$ 648
Interest Income	22	21	16	16	16
Charges for Services	746	776	850	872	951
Water and Sewer Payments	1,540	1,295	1,373	1,361	1,491
Rental Income	234	253	291	297	311
Fines and Forfeitures	833	820	859	815	892
Other	828	698	1,275	703	1,313
Total	$4,690	$4,388	$5,247	$4,657	$5,622

Note: Totals may not add due to rounding.

Rental income in fiscal years 2010 through 2014 includes approximately $102.7 million, $106.3 million, $124.8 million, $128.5 million and $128.5 million, respectively, in Port Authority lease payments for the City airports.

Fees and charges collected from the users of the water and sewer system of the City are revenues of the Water Board, a body corporate and politic, constituting a public benefit corporation, all of the members of which are appointed by the Mayor. The Water Board currently holds a long-term leasehold interest in the water and sewer system pursuant to a lease between the Water Board and the City. Water and Sewer Payments includes $267.3 million in fiscal year 2010 for collective bargaining settlements relating to certain water and sewer system workers.

Other miscellaneous revenues for fiscal years 2010 through 2014 include $121.2 million, $114.9 million, $117.2 million, $117.1 million and $132.5 million, respectively, of tobacco settlement revenues ("TSRs") from the settlement of litigation with certain cigarette manufacturers, that were not retained by TSASC. Other miscellaneous revenues for fiscal years 2010 through 2014 do not include TSRs retained by TSASC for debt service and operating expenses totaling $69 million, $69 million, $70 million, $70 million and $79 million, respectively. Pursuant to the TSASC indenture, less than 40% of the TSRs are pledged to the TSASC bondholders and the remainder flow to the City. For further information see "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—4. Miscellaneous Revenues" and "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities."

Other miscellaneous revenues for fiscal year 2010 include $133.5 million in settlement revenue from a deferred prosecution, $133.8 million from Battery Park City Authority ("BPCA") joint purpose funds and $122.5 million from the reimbursement of prior year expenditures. Other miscellaneous revenues for fiscal year 2011 include $70.8 million in settlement revenue from a deferred prosecution and BPCA joint purpose funds of $66.2 million. Other miscellaneous revenues for fiscal year 2012 include a $469 million settlement payment by Science Applications International Corporation and $150 million from a federal settlement with ING Bank N.V. Other miscellaneous revenues for fiscal year 2014 include $338 million from the sale of taxi medallions, a payment of $50 million from Verizon to settle cost overruns caused by delays on the Emergency Communications Transformation Program, $214 million from the sale of two City office buildings and $103 million from the reconciliation of prior years health insurance premiums.

Unrestricted Intergovernmental Aid

Unrestricted federal and State aid has consisted primarily of per capita aid from the State government. These funds, which are not subject to any substantial restriction as to their use, are used by the City as general support for its Expense Budget. State general revenue sharing (State per capita aid) is allocated among the units of local government by statutory formulas which take into account the distribution of the State's population and the full valuation of taxable real property. In recent years, however, such allocation has been based on prior year levels in lieu of the statutory formula. For a further discussion of State aid, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. Federal and State Categorical Grants."

The following table sets forth amounts of unrestricted federal and State aid received by the City in each of its 2010 through 2014 fiscal years.

	2010	2011	2012	2013	2014
			(In Millions)		
State Per Capita Aid(1)	$(26)	$ 0	$ 0	$0	$0
Other	8	39	25	0	1
Total	$(18)	$39	$25	$0	$1

(1) Fiscal year 2010 reflects a prior year disallowance of $25.7 million as a result of the elimination of State revenue sharing.

Federal and State Categorical Grants

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

The following table sets forth amounts of federal and State categorical grants received by the City for each of the City's 2011 through 2014 fiscal years.

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

(1) Federal funding includes amounts received under the American Recovery and Reinvestment Act of $1.61 billion, $1.55 billion, $444.7 million, $377.6 million and $296 million in fiscal years 2010 through 2014, respectively.

(2) Amounts represent actual funds received and may be lower or higher than the appropriation of funds actually provided by the federal government for the particular fiscal year due either to underspending or the spending of funds carried forward from prior fiscal years. Community Development includes $367.2 million and $145.5 million in fiscal years 2013 and 2014, respectively, in disaster recovery funding for storm damage remediation as a result of Superstorm Sandy.

(3) Other includes $1.214 billion and $172.3 million in fiscal years 2013 and 2014, respectively, of FEMA funding for expenditures for storm damage remediation as a result of Superstorm Sandy.

SECTION V: CITY SERVICES AND EXPENDITURES

Expenditures for City Services

Three types of governmental agencies provide public services within the City's borders and receive financial support from the City. One category is the mayoral agencies established by the City Charter which include, among others, the Police, Fire and Sanitation Departments. Another is the independent agencies which are funded in whole or in part through the City Budget by the City but which have greater independence in the use of appropriated funds than the mayoral agencies. Included in this category are certain Covered Organizations such as HHC and the Transit Authority. A third category consists of certain public benefit corporations ("PBCs") which were created to finance the construction of housing, hospitals, dormitories and other facilities and to provide other governmental services in the City. The legislation establishing this type of agency contemplates that annual payments from the City, appropriated through its Expense Budget, may or will constitute a substantial part of the revenues of the agency. Included in this category is, among others, the City University Construction Fund ("CUCF"). For information regarding expenditures for City services, see "SECTION VI: FINANCIAL OPERATIONS—2010-2014 Summary of Operations."

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

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

In July 2002, the Board of Education was replaced by the DOE which is overseen by a Chancellor, appointed by the Mayor, and the 13-member Panel for Educational Policy where the Mayor appoints 8 members including the Chancellor, and the Borough Presidents each appoint one member. The number of pupils in the school system is estimated to be approximately 1.1 million in each of the 2015 through 2019 fiscal years. Actual enrollment in fiscal years 2010 through 2014 has been 1,027,286, 1,038,798, 1,043,689, 1,051,232 and 1,062,146, respectively. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS—*Department of Education.*" The City's system of higher education, consisting of its Senior Colleges and Community Colleges, is operated under the supervision of the City University of New York ("CUNY"). The City is projected to provide approximately 39.1% of the costs of the Community Colleges in the 2015 fiscal year. The State has full responsibility for the costs of operating the Senior Colleges, although the City is required initially to fund these costs which are then reimbursed by the State.

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

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

State. Prior to State legislation in fiscal year 2006 capping City Medicaid payments, the State had assumed 81.2% of the non-federal share of long-term care costs, all of the costs of providing medical assistance to the mentally disabled, and 50% of the non-federal share of Medicaid costs for all other clients. As a result of the State legislation in fiscal year 2006 capping City Medicaid payments, the State percentage of the non-federal share may vary. In addition, as a result of State legislation, the City share of Medicaid will increase by 1% in State fiscal year 2014-2015. The federal government pays 50% of Medicaid costs for federally eligible recipients and a higher share for federally eligible childless adults.

The City's Expense Budget increased during the five-year period ended June 30, 2014, due to, among other factors, the increasing costs of pensions and Medicaid, the costs of labor settlements and the impact of inflation on various other than personal services costs.

Employees and Labor Relations

Employees

The following table presents the number of full-time and full-time equivalent employees of the City, including the mayoral agencies, the DOE and CUNY, at the end of each of the City's 2010 through 2014 fiscal years.

	2010	2011	2012	2013	2014
Education	136,369	134,209	132,273	132,469	134,426
Police	50,715	49,671	50,325	50,549	50,565
Social Services, Homeless and Children's Services	21,838	21,303	21,963	21,738	21,341
City University Community Colleges and Hunter Campus Schools	7,775	7,653	7,849	8,399	8,633
Environmental Protection and Sanitation	15,317	14,824	14,738	14,824	14,890
Fire	15,970	15,752	15,404	15,512	15,565
All Other	53,699	51,573	50,998	52,403	51,929
Total	301,683	294,985	293,550	295,894	297,349

The following table presents the number of full-time employees of certain Covered Organizations, as reported by such Organizations, at the end of each of the City's 2010 through 2014 fiscal years.

	2010	2011	2012	2013	2014
Transit Authority	46,582	44,966	44,963	45,300	46,271
Housing Authority	11,222	11,248	11,293	11,398	11,311
HHC	37,744	36,798	36,335	35,455	35,554
Total(1)	95,548	93,012	92,591	92,153	93,136

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

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

Labor Relations

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

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

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

Pensions

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

Capital Expenditures

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

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

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

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

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

The City's capital expenditures, including expenditures funded by State and federal grants, totaled $44.4 billion during the 2010 through 2014 fiscal years. City-funded expenditures, which totaled $39.7 billion during the 2010 through 2014 fiscal years, have been financed through the issuance of bonds by the City, the TFA and the Water Authority. The following table summarizes the major categories of capital expenditures in the City's 2010 through 2014 fiscal years.

	2010	2011	2012	2013	2014	Total
			(In Millions)			
Education	$ 2,953	$2,015	$1,877	$1,803	$2,107	$10,756
Environmental Protection	2,625	2,824	2,406	1,844	1,578	11,277
Transportation	1,082	951	1,044	1,031	902	5,009
Transit Authority(1)	74	65	131	123	36	429
Housing	429	330	349	414	428	1,950
Hospitals	253	128	169	286	197	1,033
Sanitation	347	234	322	353	264	1,519
All Other(2)	2,773	2,551	2,133	2,531	2,391	12,380
Total Expenditures(3)	$10,536	$9,099	$8,431	$8,385	$7,903	$44,354
City-funded Expenditures(4)	$ 9,824	$8,602	$6,994	$6,888	$7,468	$39,777

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

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

(3) Total Expenditures for the 2010 through 2014 fiscal years include City, State and federal funding and represent amounts which include an accrual for work-in-progress. These figures are derived from the CAFR.

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

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

SECTION VI: FINANCIAL OPERATIONS

The City's Basic Financial Statements and the independent auditors' opinion thereon are presented in "APPENDIX B—FINANCIAL STATEMENTS." Further details are set forth in the CAFR for the fiscal year ended June 30, 2014, which is available for inspection at the Office of the Comptroller and at www.comptroller.nyc.gov. For a summary of the City's significant accounting policies, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note A." For a summary of the City's operating results for the previous five fiscal years, see "2010-2014 Summary of Operations" below.

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

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

2010-2014 Summary of Operations

The following table sets forth the City's results of operations for its 2010 through 2014 fiscal years in accordance with GAAP.

The information regarding the 2010 through 2014 fiscal years has been derived from the City's audited financial statements and should be read in conjunction with the notes accompanying this table and the City's 2013 and 2014 financial statements included in "APPENDIX B—FINANCIAL STATEMENTS." The 2010 through 2012 financial statements are not separately presented herein. For further information regarding the City's revenues and expenditures, see "SECTION IV: SOURCES OF CITY REVENUES" and "SECTION V: CITY SERVICES AND EXPENDITURES."

	Fiscal Year(1)				
	Actual				
	2010	2011	2012	2013	2014
	(In Millions)				
Revenues and Transfers					
Real Estate Tax(2)	$16,369	$17,086	$18,158	$18,970	$20,202
Other Taxes(3)(4)	20,832	23,264	23,953	26,752	28,173
Miscellaneous Revenues(3)	4,690	4,388	5,247	4,657	5,622
Other Categorical Grants	1,579	1,523	1,141	1,062	1,023
Unrestricted Federal and State Aid(3)	(18)	39	25	—	1
Federal Categorical Grants	7,716	7,877	7,178	8,620	6,962
State Categorical Grants	11,645	11,255	11,114	11,027	10,916
Disallowances Against Categorical Grants	—	(112)	166	(59)	(18)
Total Revenues and Transfers(5)	$62,813	$65,320	$66,982	$71,029	$72,881
Expenditures and Transfers					
Social Services	$12,370	$11,786	$13,259	$13,433	$13,473
Board of Education	18,411	18,862	19,129	19,129	18,672
City University	719	736	750	802	853
Public Safety and Judicial	8,000	8,281	8,240	8,385	8,472
Health Services	1,661	1,667	1,608	1,856	1,622
Pensions(6)	6,631	6,843	7,830	8,054	8,141
Debt Service(3)(7)	3,596	5,255	4,257	6,333	4,798
All Other(7)(8)	11,420	11,885	11,904	13,032	16,845
Total Expenditures and Transfers(5)	$62,808	$65,315	$66,977	$71,024	$72,876
Surplus(7)(8)	$ 5	$ 5	$ 5	$ 5	$ 5

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

(2) In fiscal years 2010 through 2014, Real Estate Tax includes $185.9 million, $218.1 million, $212.2 million, $219.1 million and $224.6 million, respectively, which was provided to the City by the State as a reimbursement for the reduced property tax revenues resulting from the State's STAR Program.

(3) Other Taxes includes as revenues to the City the personal income tax revenues retained by the TFA of $191 million, $695 million, $617 million, $1.006 billion and $1.641 billion, in fiscal years 2010 through 2014, respectively. Debt Service includes as a debt service expense the funding requirements associated with TFA Future Tax Secured Bonds of $191 million, $695 million, $617 million, $1.006 billion and $1.641 billion in fiscal years 2010 through 2014, respectively. Debt Service does not include debt service on TSASC bonds. Miscellaneous Revenues includes TSRs that are not retained by TSASC for debt service and operating expenses.

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

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

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

(7) Surplus is the surplus after discretionary and other transfers and expenditures. The City had general fund operating revenues exceeding expenditures of $3.651 billion, $3.747 billion, $2.467 billion, $2.812 billion and $2.011 billion before discretionary and other transfers and expenditures for the 2010 through 2014 fiscal years, respectively. Discretionary and other transfers are included in Debt Service and for transit and other subsidies in All Other. Debt Service includes grants to the TFA of $371 million, $790 million, $879 million and $1.362 billion in fiscal years 2010, 2011, 2012 and 2014, respectively, which were used by the TFA to pay debt service in the following fiscal year thereby decreasing the TFA funding requirements and increasing personal income tax revenues by a like amount in each of those fiscal years.

(8) All Other reflects a lowered OPEB expense in fiscal year 2010 as a result of the prepayments into the Retiree Health Benefits Trust Fund of $225 million in fiscal year 2009. All Other includes a payment into the Retiree Health Benefits Trust Fund of $864 million in fiscal year 2014.

Forecast of 2015 Results

The following table compares the forecast for the 2015 fiscal year contained in the financial plan, submitted to the Control Board in June 2014 (the "June 2014 Forecast"), with the forecast contained in the Financial Plan, which was submitted to the Control Board on May 7, 2015 (the "May 2015 Forecast"). Each forecast was prepared on a basis consistent with GAAP except for the application of GASB 49. For information regarding recent developments, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

	June 2014 Forecast	May 2015 Forecast	Increase/(Decrease) from June 2014 Forecast
	(In Millions)		
REVENUES			
Taxes			
General Property Tax	$20,779	$21,270	$ 491 (1)
Other Taxes	27,130	28,801	1,671 (2)
Tax Audit Revenue	709	982	273 (3)
Subtotal — Taxes	$48,618	$51,053	$2,435
Miscellaneous Revenues	8,020	8,188	168 (4)
Unrestricted Intergovernmental Aid	—	—	—
Less: Intra-City Revenues	(1,797)	(2,003)	(206)
Disallowances Against Categorical Grants	(15)	(15)	—
Subtotal – City Funds	$54,826	$57,223	$2,397
Other Categorical Grants	809	888	79
Inter-Fund Revenues	533	559	26
Federal Categorical Grants	6,458	8,412	1,954 (5)
State Categorical Grants	12,401	12,569	168 (6)
Total Revenues	$75,027	$79,651	$4,624
EXPENDITURES			
Personal Services			
Salaries and Wages	$23,747	$24,149	$ 402 (7)
Pensions	8,595	8,621	26
Fringe Benefits	8,670	8,697	27
Retiree Health Benefits Trust	—	280	280 (8)
Total – Personal Services	$41,012	$41,747	$ 735
Other Than Personal Services			
Medical Assistance	$ 6,447	$ 6,455	$ 8
Public Assistance	1,428	1,472	44
All Other	22,640	25,044	2,404 (9)
Total – Other Than Personal Services	$30,515	$32,971	$2,456
General Obligation, Lease and TFA Debt Service	6,629	5,954	(675)(10)
Debt Defeasances	(99)	(99)	— (11)
FY 2014 Budget Stabilization	(1,983)	(2,006)	(23)(12)
FY 2015 Budget Stabilization	—	3,037	3,037 (13)
General Reserve	750	50	(700)
Total Expenditures	$76,824	$81,654	$4,830
Less: Intra-City Expenses	(1,797)	(2,003)	(206)
Net Total Expenditures	$75,027	$79,651	$4,624

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(1) The increase in General Property Tax is from a decline in reserve for uncollectibles of $269 million, a reduction in refunds payout of $200 million and an increase in lien sales of $22 million.

(2) The increase in Other Taxes is due to increases in personal income tax of $876 million, general corporation tax of $378 million, real property transfer tax of $273 million, mortgage recording tax of $219 million, sales tax of $90 million, unincorporated business tax of $36 million, hotel tax of $32 million, commercial rent tax of $25 million, and other taxes of $80 million offset by decreases in banking corporation tax of $315 million, utility tax of $17 million, cigarette tax of $4 million and S TAR Program aid of $2 million.

(3) The increase in Tax Audit Revenues is primarily from an increase in banking corporation tax audits.

(4) The increase in Miscellaneous Revenues is due to increases of $206 million in intra-city revenues, $132 million in fines and forfeitures, $72 million in revenues from permits, $28 million in charges in charges for services, $12 million in rental income, $11 million in franchises and $11 million in rental income offset by decreases of $281 million in miscellaneous other revenues, primarily due to a decrease in the number of taxi medallion sales, $22 million in water and sewer charges and $1 million in license income.

(5) The increase in Federal Categorical Grants is due to increases of $994 million in community development funding, primarily disaster recovery funding, $226 million in police department funding, $153 million in fire department funding, $143 million in housing preservation and development funding, $84 million in homeless services funding, $71 million in transportation funding, $70 million in health and mental hygiene funding, $55 million in emergency management funding, $42 million in social service funding, $35 million in environmental protection funding, $35 million in health and hospitals funding, $21 million in children services funding, $15 million in small business services funding, $13 million in mayoral agency funding, $11 million in youth and community development funding, and $38 million in other agencies funding, offset by decreases of $52 million in education funding.

(6) The increase in State Categorical Grants is due to increases of $54 million in children services funding, $26 million in transportation funding, $22 million in health and mental hygiene funding, $15 million is social service funding, $15 million in homeless service funding, $11 million in police department funding, and $35 million in other agencies funding, offset by a decreases of $10 million is education funding.

(7) The increase in Personal Services – Salaries and Wages is due to an increase of $92 million in budget modifications reflecting increases in federal and categorical expenditures which are offset by federal and categorical grants, and by an increase of $310 million in net agency spending.

(8) The increase in Retiree Health Benefits Trust reflects a contribution of $280 million into the Retiree Health Benefits Trust in fiscal year 2015.

(9) The increase in Other Than Personal Services—All Other is primarily due to an increase of $2.121 billion in budget modifications reflecting increases in federal and categorical expenditures which are offset by federal and categorical grants and an increase of $283 million in net agency expenditures.

(10) The decrease in General Obligation, Lease and TFA Debt Service is primarily due to lower actual interest rates on floating rate obligations and the elimination of a projected note issuance.

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

(12) FY 2014 Budget Stabilization reflects the discretionary transfer of $621 million into the General Debt Service Fund and a grant of $1.36 billion to the TFA in fiscal year 2014 for debt service due in fiscal year 2015 and a net equity contribution in bond refunding of $23 million.

(13) FY 2015 Budget Stabilization reflects the discretionary transfer of $1.46 billion into the General Debt Service Fund and a grant of $1.58 billion to the TFA in fiscal year 2015 for debt service due in fiscal year 2016.

SECTION VII: FINANCIAL PLAN

The following table sets forth the City's projected operations on a basis consistent with GAAP, except for the application of GASB 49, for the 2015 through 2019 fiscal years as contained in the Financial Plan. This table should be read in conjunction with the accompanying notes, "Actions to Close the Remaining Gaps" and "Assumptions" below. For information regarding recent developments, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

	Fiscal Years(1)(2)				
	2015	2016	2017	2018	2019
			(In Millions)		
REVENUES					
Taxes					
General Property Tax(3)	$21,270	$22,240	$23,267	$24,272	$25,336
Other Taxes(4)(5)	28,801	29,077	29,804	30,666	31,628
Tax Audit Revenue	982	711	711	711	711
Subtotal – Taxes	$51,053	$52,028	$53,782	$55,649	$57,675
Miscellaneous Revenues(6)	8,188	6,560	6,715	6,815	6,875
Less: Intra-City Revenues	(2,003)	(1,791)	(1,794)	(1,805)	(1,800)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal – City Funds	$57,223	$56,782	$58,688	$60,644	$62,735
Other Categorical Grants	888	831	839	844	841
Inter-Fund Revenues(7)	559	575	546	548	548
Federal Categorical Grants	8,412	7,127	6,832	6,401	6,300
State Categorical Grants	12,569	12,993	13,364	13,771	14,102
Total Revenues	$79,651	$78,308	$80,269	$82,208	$84,526
EXPENDITURES					
Personal Services					
Salaries and Wages	$24,149	$25,152	$25,275	$26,619	$28,129
Pension	8,621	8,755	8,719	8,725	8,823
Fringe Benefits	8,697	9,250	9,737	10,306	11,097
Retiree Health Benefits Trust(8)	280	—	—	—	—
Subtotal – Personal Services	$41,747	$43,157	$43,731	$45,650	$48,049
Other Than Personal Services					
Medical Assistance	$ 6,455	$ 6,424	$ 6,424	$ 6,424	$ 6,424
Public Assistance	1,472	1,481	1,464	1,464	1,464
All Other(9)	25,044	24,040	24,196	24,269	24,563
Subtotal – Other Than Personal Services	$32,971	$31,945	$32,084	$32,157	$32,451
General Obligation, Lease and TFA Debt Service(10)	5,954	6,637	6,820	7,173	7,707
TFA Debt Defeasances	(99)	(103)	—	—	—
FY 2014 Budget Stabilization(11)	(2,006)	—	—	—	—
FY 2015 Budget Stabilization(12)	3,037	(3,037)	—	—	—
Capital Stabilization Reserve(13)	—	500	—	—	—
General Reserve	50	1,000	1,000	1,000	1,000
Subtotal	$81,654	$80,099	$83,635	$85,980	$89,207
Less: Intra-City Expenses	(2,003)	(1,791)	(1,794)	(1,805)	(1,800)
Total Expenditures	$79,651	$78,308	$81,841	$84,175	$87,407
Gap to be Closed	$ —	$ —	$ (1,572)	$ (1,967)	$ (2,881)

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

The four year financial plan for the 2014 through 2017 fiscal years, as submitted to the Control Board on June 27, 2013, contained the following projections for the 2014-2017 fiscal years: (i) for 2014, total revenues of $69.917 billion and total expenditures of $69.917 billion;

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(ii) for 2015, total revenues of $72.587 billion and total expenditures of $74.552 billion, with a gap to be closed of $1.965 billion; (iii) for 2016, total revenues of $74.937 billion and total expenditures of $76.706 billion, with a gap to be closed of $1.769 billion; and (iv) for 2017, total revenues of $77.439 billion and total expenditures of $78.821 billion, with a gap to be closed of $1.382 billion.

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

The four year financial plan for the 2012 through 2015 fiscal years, as submitted to the Control Board on June 29, 2011, contained the following projections for the 2012-2015 fiscal years: (i) for 2012, total revenues of $65.911 billion and total expenditures of $65.911 billion; (ii) for 2013, total revenues of $67.036 billion and total expenditures of $71.668 billion, with a gap to be closed of $4.632 billion; (iii) for 2014, total revenues of $68.266 billion and total expenditures of $73.110 billion, with a gap to be closed of $4.844 billion; and (iv) for 2015, total revenues of $69.998 billion and total expenditures of $74.920 billion, with a gap to be closed of $4.922 billion.

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

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

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

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

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

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

(8) Retiree Health Benefits Trust reflects a contribution of $280 million into the Retiree Health Benefits Trust.

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

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

(11) FY 2014 Budget Stabilization reflects the discretionary transfer of $621 million into the General Debt Service Fund and a grant of $1.36 billion to the TFA in fiscal year 2014 for debt service due in fiscal year 2015 and a net equity contribution in connection with a bond refunding of $23 million.

(12) FY 2015 Budget Stabilization reflects the discretionary transfer of $1.46 billion into the General Debt Service Fund and a grant of $1.58 billion to the TFA in fiscal year 2015 for debt service due in fiscal year 2016.

(13) Capital Stabilization Reserve reflects the creation of a $500 million capital reserve fund. See "SECTION I: RECENT DEVELOPMENTS—2015-2019 FINANCIAL PLAN."

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

Actions to Close the Remaining Gaps

Although the City has maintained balanced budgets in each of its last thirty-four fiscal years, except for the application of GASB 49 with respect to fiscal years 2010 through 2014, and is projected to achieve balanced operating results for the 2015 and 2016 fiscal years, except for the application of GASB 49, there can be no assurance that the Financial Plan or future actions to close projected outyear gaps can be successfully implemented or that the City will maintain a balanced budget in future years without additional State aid, revenue increases or expenditure reductions. Additional tax increases and reductions in essential City services could adversely affect the City's economic base.

Assumptions

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

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

Revenue Assumptions

1. GENERAL ECONOMIC CONDITIONS

The Financial Plan assumes a more modest growth in economic activity in calendar year 2015 compared to calendar year 2014. The following table presents a forecast of the key economic indicators for the calendar years 2014 through 2019. This forecast is based upon information available in March 2015.

FORECAST OF KEY ECONOMIC INDICATORS

	Calendar Years					
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
U.S. ECONOMY						
Economic Activity and Income						
Real GDP (billions of 2009 dollars)	16,085	16,562	16,999	17,461	17,906	18,427
Percent Change	2.4	3.0	2.6	2.7	2.5	2.9
Non-Agricultural Employment (millions)	139.0	142.2	144.7	146.6	147.8	149.2
Percent Change	1.9	2.3	1.8	1.3	0.8	1.0
CPI-All Urban (1982-84=100)	236.7	235.9	241.7	247.2	252.9	258.7
Percent Change	1.6	-0.3	2.5	2.2	2.3	2.3
Wage Rate ($ per year)	53,559	54,918	56,692	58,820	61,171	63,651
Percent Change	2.5	2.5	3.2	3.8	4.0	4.1
Personal Income ($ billions)	14,729	15,306	16,038	16,901	17,734	18,644
Percent Change	4.0	3.9	4.8	5.4	4.9	5.1
Pre-Tax Corp Profits ($ billions)	2,411	2,538	2,544	2,421	2,424	2,513
Percent Change	7.9	5.2	0.2	-4.8	0.1	3.7
Unemployment Rate (Percent)	6.2	5.5	5.3	5.2	5.3	5.3
10-Year Treasury Bond Rate	2.5	2.5	3.3	3.9	4.0	4.0
Federal Funds Rate	0.1	0.4	1.6	3.3	3.8	3.8
NEW YORK CITY ECONOMY						
Real Gross City Product (billions of 2009 dollars)	724.9	734.5	746.6	759.0	773.8	790.6
Percent Change	4.2	1.3	1.6	1.7	1.9	2.2
Non-Agricultural Employment (thousands)	4,102	4,169	4,231	4,287	4,336	4,383
Percent Change	3.0	1.6	1.5	1.3	1.2	1.1
CPI-All Urban NY-NJ Area (1982-84=100)	260.2	261.0	267.7	274.1	280.8	287.5
Percent Change	1.3	0.3	2.6	2.4	2.5	2.4
Wage Rate ($ per year)	84,687	86,379	88,640	91,278	94,137	97,204
Percent Change	5.2	2.0	2.6	3.0	3.1	3.3
Personal Income ($ billions)	505.1	519.4	538.5	562.7	586.1	610.1
Percent Change	4.9	2.8	3.7	4.5	4.2	4.1
NEW YORK REAL ESTATE MARKET						
Manhattan Primary Office Market						
Asking Rental Rate ($ per square foot)	73.70	77.17	82.00	83.62	86.77	88.61
Percent Change	7.0	4.7	6.3	2.0	3.8	2.1
Vacancy Rate – Percent	10.5	11.2	10.8	11.2	11.4	12.0

Source: OMB.

2. Real Estate Tax

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

Projections of real estate tax revenues include net revenues from the sale of real property tax liens of $80 million in fiscal year 2015 and $63 million in each of fiscal years 2016 through 2019. The authorization to sell such real estate tax liens has been extended through December 31, 2016. Projections of real estate tax revenues include the effects of the STAR Program which will reduce the real estate tax revenues by an estimated $201 million in fiscal year 2015. Projections of real estate tax revenues reflect the estimated cost of extending the current tax reduction for owners of cooperative and condominium apartments amounting to $406 million, $437 million, $455 million, $473 million and $497 million in fiscal years 2015 through 2019, respectively.

The delinquency rate was 1.9% in fiscal year 2010, 2.2% in fiscal year 2011, 1.7% in fiscal year 2012, 1.5% in fiscal year 2013 and 1.4% in fiscal year 2014. The Financial Plan projects delinquency rates of 1.6% in fiscal years 2015 and 2016 and 1.8%, 1.9% and 2.0% in fiscal years 2017 through 2019, respectively. For information concerning the delinquency rates for prior years, see "Section IV: Sources of City Revenues—Real Estate Tax—*Collection of the Real Estate Tax.*" For a description of proceedings seeking real estate tax refunds from the City, see "Section IX: Other Information—Litigation—*Taxes.*"

3. Other Taxes

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

	2015	2016	2017	2018	2019
			(In Millions)		
Personal Income(1)	$10,067	$10,309	$10,414	$10,647	$10,984
General Corporation	3,236	4,065	4,223	4,327	4,465
Banking Corporation	853	77	6	—	—
Unincorporated Business Income	1,969	2,054	2,140	2,233	2,326
Sales	6,756	7,038	7,320	7,617	7,886
Commercial Rent	740	770	805	840	875
Real Property Transfer	1,625	1,513	1,565	1,614	1,660
Mortgage Recording	1,093	984	1,012	1,039	1,064
Utility	398	398	409	423	433
Cigarette	49	48	47	46	45
Hotel(2)	567	539	552	565	571
All Other(3)	1,448	1,282	1,311	1,315	1,319
Total	$28,801	$29,077	$29,804	$30,666	$31,628

Note: Totals may not add due to rounding.

(1) Personal Income includes $521 million, $371 million, $2.150 billion, $2.354 billion and $2.779 billion of personal income tax revenues projected to be retained by the TFA for debt service and other expenses in the 2015 through 2019 fiscal years, respectively. These projections reflect reductions in personal income tax revenues as a result of the State's STAR Program under law in effect at the date of the Financial Plan in the amount of $660 million in fiscal year 2015 and $645 million in each of fiscal years 2016 through 2018. The State will reimburse the City for reduced revenues resulting from the STAR Program.

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(2) Hotel includes the impact of an additional temporary hotel occupancy tax of 0.875 percent resulting in additional revenues of $75 million, $78 million, $81 million, $84 million and $84 million in fiscal years 2015 through 2019, respectively.

(3) All Other includes, among others, beer and liquor taxes and the automobile use tax. All Other also includes $860 million, $765 million, $797 million, $800 million and $804 million in fiscal years 2015 through 2019, respectively, to be provided to the City by the State as reimbursement for the reduced property tax and personal income tax revenues resulting from the STAR Program.

A recent U.S. Supreme Court decision found unconstitutional Maryland's collection of personal income taxes in relation to its treatment of resident and non-resident income. The impact, if any, of this decision on the City's projected personal income tax revenues has not yet been determined.

The Financial Plan reflects the following assumptions regarding projected baseline revenues from Other Taxes: (i) with respect to the personal income tax, growth in fiscal year 2015 as a result of strong withholding growth and gains in nonwage income, an increase in fiscal year 2016 reflecting employment and wage growth and non-wage income remaining at a high level, and moderate growth in fiscal years 2017 through 2019 reflecting the continuing growth of the national and local economies; (ii) with respect to the general corporation tax and banking corporation tax, an overall increase in general corporation tax collections and a corresponding decrease in banking corporation tax collections due to major changes in State law which merged the general corporation tax with the banking corporation tax effective beginning in tax year 2015, resulting in nearly all banking tax payments beginning with fiscal year 2016 being reported as general corporation tax payments, with underlying moderate growth of the combined taxes in fiscal year 2015 reflecting moderate Wall Street profitability and corporate profits in calendar year 2014, subdued growth for fiscal year 2016 reflecting moderate levels of corporate profits and lower levels of Wall Street profitability, reflecting increased government regulations, continued financial settlements, and moderate growth in fiscal years 2017 through 2019 reflecting moderate levels of Wall Street profitability and steady economic growth; (iii) with respect to the unincorporated business tax, moderate growth in fiscal year 2015 reflecting growth in hedge fund asset management and employment growth, steady growth from fiscal years 2016 through fiscal year 2019 reflecting steady economic growth; (iv) with respect to the sales tax, moderate growth in fiscal year 2015 reflecting increased taxable consumption due to the local economic recovery and moderate tourist consumption, slightly dampened by a decline in revenue from lower energy and gasoline prices and harsh winter weather, and moderate growth in fiscal years 2016 through 2019 reflecting steady economic growth; (v) with respect to real property transfer tax, growth in fiscal year 2015, a decline in 2016, as the volume of large commercial transactions declines from the high levels of fiscal year 2015, and moderate growth in fiscal year 2017 through 2019, as the local economy stabilizes; (vi) with respect to mortgage recording tax, strong growth in 2015, a decline in 2016, as the volume of large commercial transactions drops from the high levels seen in 2015, moderate growth from fiscal years 2017 through 2019 as the interest rates begin to rise; and (vii) with respect to the commercial rent tax, moderate growth in fiscal year 2015, reflecting improving vacancy rates and asking rents as the local economy recovers from the impact of the national slowdown and contraction in office-using employment, and continuing growth through 2019, as the local office market recovers with employment gains;

4. Miscellaneous Revenues

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

	2015	2016	2017	2018	2019
			(In Millions)		
Licenses, Permits and Franchises	$ 665	$ 641	$ 625	$ 619	$ 616
Interest Income	21	29	85	156	163
Charges for Services	948	948	949	948	948
Water and Sewer Payments (1)	1,537	1,516	1,454	1,411	1,375
Rental Income	284	271	271	271	271
Fines and Forfeitures	921	810	805	801	799
Other	1,809	554	732	804	903
Intra-City Revenues	2,003	1,791	1,794	1,805	1,800
	$8,188	$6,560	$6,715	$6,815	$6,875

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

Rental Income reflects approximately $128.5 million in each of fiscal years 2015 through 2019 for lease payments for the City's airports.

Other reflects $113.4 million, $123.5 million, $123.0 million, $137.3 million and $136.9 million of projected resources in fiscal years 2015 through 2019, respectively, from the receipt by the City of TSRs. For more information, see "Section IV: Sources of City Revenues—Miscellaneous Revenues." Economic and legal uncertainties relating to the tobacco industry and the settlement, including pending disputes concerning adjustments provided for under the settlement agreement, may significantly affect the receipt of TSRs by TSASC and the City. Other also reflects $21 million, $0 million, $107 million, $257 million and $367 million in fiscal years 2015 through 2019, respectively, from the sale of taxi medallions. Other reflects in fiscal year 2015 the release of $1 billion of reserves from the health stabilization fund to offset the cost of collective bargaining agreements. Other also reflects in fiscal year 2015 $173 million from the sale of a former City Department of Sanitation site and $82 million from a deferred prosecution agreement under the Manhattan District Attorney's Office and the US Department of Justice related to sanctions violations against Commerzbank. For additional information, see "Section I: Recent Financial Developments—2015-2019 Financial Plan."

5. Federal and State Categorical Grants

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

	2015	2016	2017	2018	2019
			(In Millions)		
Federal					
Community Development	$ 1,239	$ 1,011	$ 755	$ 334	$ 240
Social Services	3,389	3,237	3,235	3,228	3,223
Education	1,684	1,713	1,703	1,703	1,703
Other	2,100	1,166	1,139	1,136	1,134
Total	$ 8,412	$ 7,127	$ 6,832	$ 6,401	$ 6,300
State					
Social Services	$ 1,561	$ 1,522	$ 1,523	$ 1,529	$ 1,529
Education	9,243	9,737	10,065	10,419	10,703
Higher Education	262	271	271	271	271
Health and Mental Hygiene	490	482	479	479	480
Other	1,013	981	1,026	1,073	1,119
Total	$12,569	$12,993	$13,364	$13,771	$14,102

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

As of March 31, 2015, approximately 13.4% of the City's full-time and full-time equivalent employees (consisting of employees of the mayoral agencies and the DOE) were paid by Community Development funds, water and sewer funds and from other sources not funded by unrestricted revenues of the City.

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

The City's receipt of categorical aid is contingent upon the satisfaction of certain statutory conditions and is subject to subsequent audits, possible disallowances and possible prior claims by the State or federal governments. The general practice of the State and federal governments has been to deduct the amount of any disallowances against the current year's payment, although in some cases the City remits payment for disallowed amounts to the grantor. Substantial disallowances of aid claims may be asserted during the course of the Financial Plan. The City estimates probable amounts of disallowances of recognized grant revenues and makes the appropriate adjustments to recognized grant revenue for each fiscal year. The amounts of such downward adjustments to revenue for disallowances attributable to prior years increased from $124 million in the 1977 fiscal year to $542 million in the 2006 fiscal year. The amount of such disallowance was $103 million and $114 million in fiscal years 2007 and 2008, respectively. There were no adjustments for estimated disallowances in fiscal years 2009 and 2010. In fiscal year 2011 the downward adjustment for disallowances was $113 million and in fiscal year 2012 an upward adjustment of $166 million was made, reflecting a reduced estimate of disallowances attributable to prior years as of June 30, 2012. In fiscal years 2013 and 2014 a downward adjustments of $59 million and $18 million, respectively, were made. As of June 30, 2014, the City had an accumulated reserve of $1.008 billion for all disallowances of categorical aid.

Expenditure Assumptions

1. Personal Services Costs

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

	2015	2016	2017	2018	2019
			(In Millions)		
Wages and Salaries	$23,407	$23,911	$24,435	$24,934	$25,405
Pensions	8,621	8,755	8,719	8,725	8,823
Other Fringe Benefits	8,697	9,250	9,737	10,306	11,097
Retiree Health Benefits Trust	280	—	—	—	—
Reserve for Collective Bargaining	742	1,241	840	1,685	2,724
Total	$41,747	$43,157	$43,731	$45,650	$48,049

The Financial Plan projects that the authorized number of City-funded full-time and full-time equivalent employees will decrease from an estimated level of 266,230 as of June 30, 2015 to an estimated level of 265,215 by June 30, 2019.

Other Fringe Benefits includes $2.068 billion, $2.197 billion. $2.346 billion, $2.557 billion and $2.719 billion in fiscal years 2015 through 2019, respectively, for OPEB expenditures for current retirees, which costs are currently paid by the City on a pay-as-you-go basis. For information on deposits to the Retiree Health Benefits Trust to fund a portion of the future cost of OPEB for current and future retirees, see "Section VI: Financial Operations—2010-2014 Summary of Operations."

Retiree Health Benefits Trust reflects a contribution of $280 million in fiscal year 2015 to the Retiree Health Benefits Trust. For further information on OPEB, see "Section IX: Other Information—Other Post-Employment Benefits," and "Appendix B—Financial Statements—Notes to Financial Statements—Note E.4."

The Financial Plan reflects funding to cover the citywide cost of the collective bargaining patterns established in the agreement between the City and UFT, DC37 and the USOC. The UFT agreement and those subsequent agreements patterned on this agreement provide for the restructuring of increases that were previously granted to much of the municipal workforce, as four 2% increases in each of fiscal years 2015 through 2018. In addition, these agreements provide for five lump-sum payments which together approximate the wages that would have been paid to employees who worked throughout the period, and to those who worked part of the period and then retired from active service, had the settlement been reached during the 2008-2010 round. Of the total of such lump sum payments, 12.5% will be paid in each of fiscal years 2016 and 2018 and 25% will be paid in each of fiscal years 2019 through 2021. For the collective bargaining round covering the period 2010-2017, the agreements provide for wage increases of 0%, 1%, 1%, 1%, 1.5%, 2.5%, and 3%. For the UFT these occur in fiscal years 2012 through 2018, respectively. One-time $1,000 per person ratification payments were paid in calendar year 2014 and 2015. There are now collective bargaining agreements in place that follow this pattern with unions that cover all but 7,600 employees who were unsettled for the 2008-10 round.

In addition, the vast majority of City civilian employees who were settled for the 2008-2010 round are now covered by agreements patterned on the DC37 labor agreement which provided for wage increases equal to those received by the UFT in the last seven years of their agreement.

In December 2014, the City reached labor agreements with the USOC, which consists of eight uniformed superior officers unions, namely the Detective's Endowment Association, the Lieutenants Benevolent Association, the Captains Endowment Association, the Uniformed Fire Officers Association, the Correction Captains Association, the Assistant Deputy and Deputy Wardens association, the Sanitation Officers Association, and the Sanitation Chiefs Association. These contracts, all of which are now ratified, cover approximately 12,000 uniformed force supervisory employees. These contracts provided, in addition to the DC37 pattern increases, an additional 1.0% wage increase in the 12th month of the contract and additional 0.12% of funding in the 4th year of the agreement. These agreements did not include the $1,000 lump sum payments included in the civilian settlements. Instead the unions used this and credits from other savings such as delaying wage increases, welfare fund contribution reduction, and annuity fund contribution reductions to pay for the right to cash out terminal leave (upon retirement they are given 30 days of such leave for each 10 years of service) in a lump sum. Currently, they are required to run out this time by remaining on the payroll. In addition to this benefit, some of the members of the USOC used these funding mechanisms to advance the first wage increase to the 7th month of the agreement. In February 2015, the City reached a labor agreement with the Sergeants Benevolent Association on terms generally consistent with the USOC agreement. This agreement has now been ratified. In May 2015, the City reached a labor agreement with the Uniformed Sanitationmen's Association, Local 831, on terms generally consistent with the USOC agreement. The Financial Plan reflects the addition of $261 million, $137 million, $94 million, $143 million, and $171 million in fiscal years 2015 through 2019, respectively, to pay, principally, for the additional cost of these settlements applied to all uniformed force employees.

The Reserve for Collective Bargaining provides funding for all of the unsettled groups assuming: (i) the remaining groups unsettled through the 2008-2010 period will follow the UFT pattern; (ii) the rest of the unsettled civilian worker will receive the DC37 pattern; and (iii) that the unsettled uniformed employees will receive the uniformed pattern established by the USOC agreement.

The amounts in the Financial Plan reflect the offsets from the release of $1 billion of reserves from a health stabilization fund in fiscal year 2015 and health insurance savings of $400 million, $700 million, $1.0 billion, and $1.3 billion in fiscal years 2015 through 2018, respectively, which have been approved by the Municipal Labor Committee. The City has the right to enforce such health insurance savings through a binding arbitration process. If health insurance savings during the Financial Plan period are greater than $3.4 billion, the first $365 million of such additional savings is payable to union members as a one-time bonus or may be used for other purposes subject to negotiation. Any additional savings beyond such $365 million is to be divided equally between the City and the unions.

For a discussion of the City's pension systems, see "SECTION IX: OTHER INFORMATION—Pension Systems" and "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note E.6. and Note F."

2. OTHER THAN PERSONAL SERVICES COSTS

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

	2015	2016	2017	2018	2019
			(In Millions)		
Administrative OTPS and Energy	$20,777	$20,145	$20,112	$20,052	$20,240
Public Assistance	1,472	1,481	1,464	1,464	1,464
Medical Assistance	6,455	6,424	6,424	6,424	6,424
HHC Support	310	232	284	307	312
Other	3,957	3,663	3,800	3,910	4,011
Total	$32,971	$31,945	$32,084	$32,157	$32,451

Administrative OTPS and Energy

The Financial Plan contains estimates of the City's administrative OTPS expenditures for general supplies and materials, equipment and selected contractual services, and the impact of agency gap-closing actions relating to such expenditures in the 2015 and 2016 fiscal years. Thereafter, to account for inflation, administrative OTPS expenditures are projected to rise by 2.5% annually in fiscal years 2016 through 2019. Energy costs for each of the 2015 through 2019 fiscal years are assumed to vary annually, with total energy expenditures projected at $968 million in fiscal year 2015 and increasing to $1.1 billion by fiscal year 2019.

Public Assistance

The number of persons receiving benefits under cash assistance programs is projected to average 350,297 in fiscal year 2015 and remain at that level through the 2019 fiscal year. Of total cash assistance expenditures in the City, the City-funded portion is projected to be $621 million, $582 million, $586 million, $586 million and $586 million in fiscal years 2015 through 2019, respectively.

Medical Assistance

Medical assistance payments projected in the Financial Plan consist of payments to voluntary hospitals, skilled nursing facilities, intermediate care facilities, home care providers, pharmacies, managed care organizations, physicians and other medical practitioners. The City-funded portion of medical assistance payments is estimated at $6.3 billion for the 2015 fiscal year.

The City-funded portion of medical assistance payments is expected to decrease to $6.322 billion in fiscal year 2016 and remain at $6.322 billion annually in fiscal years 2017 through 2019. Such payments include the City's capped share of local Medicaid expenditures as well as Supplemental Medicaid payments to HHC.

Health and Hospitals Corporation

HHC operates under its own section of the Financial Plan as a Covered Organization. The HHC financial plan projects City-funded expenditures of $318 million in fiscal year 2015 decreasing to $279 million in fiscal year 2019. City-funded expenditures include City subsidy, intra-City payments and grants.

On an accrual basis, HHC's total receipts before implementation of the HHC gap-closing program are projected to be $8.6 billion, $8.5 billion, $8.5 billion, $8.2 billion and $8.2 billion in fiscal years 2015 through 2019, respectively. Total disbursements before implementation of the HHC gap-closing program are projected to be $9.0 billion in fiscal year 2015 increasing to $10.0 billion in fiscal year 2019. Significant changes have been and may continue to be made in Medicaid, Medicare and other third-party payor programs, which could have adverse impacts on HHC's financial condition.

Other

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

New York City Transit

NYCT operates under its own section of the Financial Plan as a Covered Organization. The financial plan for NYCT covering its 2015 through 2018 fiscal years was prepared in February 2015. The NYCT fiscal year coincides with the calendar year. The NYCT financial plan projects City assistance to the NYCT operating budget of $358.9 million in 2015 increasing to $406.6 million in 2018, in addition to real estate transfer tax revenue dedicated for NYCT use of $722.5 million in 2015 increasing to $877.6 million in 2018.

The NYCT financial plan includes additional revenues from a fare increase in 2015, the impact of labor settlements, updated inflation assumptions and organizational changes that involve consolidating information technology across MTA agencies. After reflecting such revenues and changes, the NYCT financial plan projects $9.5 billion in revenues and $12.8 billion in expenses for 2015, leaving a budget gap of $3.3 billion. After accounting for accrual adjustments and cash carried over from 2014, NYCT projects operating budget surpluses of $118.9 million, $196.7 million and $40.1 million in 2015 through 2017, respectively. The NYCT financial plan projects an operating budget gap of $137.4 million in 2018.

In 2009, a Payroll Mobility Tax ("PMT") was enacted into State law to provide $0.34 for every $100 of payroll in the MTA's twelve county service area. The PMT is currently expected to raise revenues for the MTA in the amount of $925.2 million in 2015, growing to $1.0 billion in 2018.

In September 2014, the MTA proposed the 2015-2019 Capital Program. The proposed plan includes $29.0 billion for all MTA agencies, including $17.1 billion to be invested in the NYCT core system, $1.6 billion for NYCT network expansion, and $39.1 million for NYCT security. To date, funding sources have been identified for only a portion of the proposed 2015-2019 Capital Program. On October 2, 2014, the State Capital Program Review Board ("CPRB") vetoed the proposed program without prejudice to permit additional time to resolve issues related to fully funding the program. There can be no assurance that the proposed 2015-2019 Capital Program will be fully funded. If the MTA's capital program is delayed or reduced, ridership and fare revenues may decline which could, among other things, impair the MTA's ability to meet its operating expenses without additional assistance.

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

Department of Education

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

Judgments and Claims

In the fiscal year ended on June 30, 2014, the City expended $732.2 million for judgments and claims, $126.9 million of which was reimbursed by HHC. The Financial Plan includes provisions for judgments and claims of $695.2 million, $709.9 million, $746.4 million, $781.6 million and $816.8 million for the 2015 through 2019 fiscal years, respectively. These projections incorporate a substantial amount of claims costs attributed to HHC for which HHC will reimburse the City. These amounts are estimated at $140 million for each of fiscal years 2015 through 2019. The City is a party to numerous lawsuits and is the subject of numerous claims and investigations. The City has estimated that its potential future liability on account of outstanding claims against it as of June 30, 2014 amounted to approximately $6.9 billion. This estimate was made by categorizing the various claims and applying a statistical model, based primarily on actual settlements by type of claim during the preceding ten fiscal years, and by supplementing the estimated liability with information supplied by the City's Corporation Counsel. For further information regarding certain of these claims, see "SECTION IX: OTHER INFORMATION—Litigation."

In addition to the above claims, numerous real estate tax *certiorari* proceedings involving allegations of inequality of assessment, illegality and overvaluation are currently pending against the City. The City's Financial Statements for the fiscal year ended June 30, 2014 include an estimate that the City's liability in the *certiorari* proceedings, as of June 30, 2014, could amount to approximately $886 million. Provision has been made in the Financial Plan for estimated refunds of $291 million, $395 million, $400 million, $400 million and $400 million for the 2015 through 2019 fiscal years, respectively. For further information concerning these claims, certain remedial legislation related thereto and the City's estimates of potential liability, see "SECTION IX: OTHER INFORMATION—Litigation—*Taxes*" and "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note D.5."

3. GENERAL OBLIGATION, LEASE AND TFA DEBT SERVICE

Debt service estimates for fiscal years 2015 through 2019 include debt service on outstanding general obligation bonds and conduit debt, and the funding requirements associated with outstanding TFA Future Tax Secured Bonds, and estimates of debt service costs of, or funding requirements associated with, future general obligation, conduit and TFA Future Tax Secured debt issuances based on projected future market conditions. Such debt service estimates also include estimated payments pursuant to interest rate exchange agreements but do not reflect receipts pursuant to such agreements.

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

The Financial Plan reflects general obligation debt service of $3.73 billion, $4.36 billion, $4.46 billion, $4.55 billion and $4.63 billion in fiscal years 2015 through 2019, respectively, conduit debt service of $224 million, $221 million, $210 million, $269 million and $295 million in fiscal years 2015 through 2019, respectively, and TFA debt service of $1.98 billion, $2.05 billion, $2.15 billion, $2.38 billion and $2.78 billion in fiscal years 2015 through 2019, respectively, in each case prior to giving effect to prepayments, defeasances and redemptions. Such debt service requirements are projected to be below 15% of projected City tax revenues for each year of the Financial Plan.

Certain Reports

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

On March 4, 2015, the City Comptroller released a report entitled "Comments on New York City's Preliminary Budget for Fiscal Year 2016 and Financial Plan for Fiscal Years 2015-2019." In the report, the City Comptroller identified net additional revenues for fiscal years 2015 through 2019, which when added to the results projected in the February Financial Plan, would result in surpluses of $1.07 billion and $509 million in fiscal years 2015 and 2016, respectively, and gaps of $173 million, $697 million and $796 million in fiscal years 2017 through 2019, respectively. The differences from the February Financial Plan projections result in part from the City Comptroller's net expenditure projections which are lower by $764 million in fiscal year 2015, and higher by $244 million, $220 million, $222 million and $222 million in fiscal years 2016 through 2019, respectively, as a result of: (i) increased overtime expenditures of $76 million and $174 million in fiscal years 2015 and 2016, respectively, and $100 million in each of fiscal years 2017 through 2019; (ii) uncertainty of Medicaid reimbursement for special education services of $60 million in fiscal year 2015 and $80 million in each of fiscal years 2016 through 2019; (iii) decreased State support for full-day universal pre-kindergarten of $40 million in each of fiscal years 2016 and 2017 and $42 million in each of fiscal years 2018 and 2019; (iv) decreased debt service relating to variable rate debt of $100 million and $50 million in fiscal years 2015 and 2016, respectively, due to the low interest rate environment; (v) a decrease of $300 million in fiscal year 2015 general reserve; and (vi) a net reduction in prior-year expense estimates of $500 million in fiscal year 2015. The differences from the February Financial Plan also result from the City Comptroller's revenue projections. The report estimates that (i) property taxes will be higher by $113 million, $320 million, $210 million and $1.05 billion in fiscal years 2016 through 2019, respectively; (ii) personal income taxes will be higher by $232 million, $424 million, $542 million, $559 million and $517 million in fiscal years 2015 through 2019, respectively; (iii) business tax revenues will be lower by $50 million, $53 million and $25 million in fiscal years 2015, 2016 and 2017, respectively, and higher by $60 million and $50 million in fiscal years 2018 and 2019, respectively; (iv) sales tax revenues will be higher by $21 million, $33 million, $30 million and $20 million in fiscal years 2016 through 2019, respectively; (v) real-estate related tax revenues will be higher by $117 million, $228 million, $219 million and $36 million in fiscal years 2015 through 2018, respectively, and lower by $137 million in fiscal year 2019; and (vi) speed camera revenues will be higher by $5 million, $20 million and $6 million in fiscal years 2015, 2016 and 2017, respectively.

The City Comptroller expects to issue a report in early June 2015, which will comment on the fiscal year 2016 Executive Budget and the Financial Plan. The report will present the Comptroller's evaluation of the assumptions and methodologies underlying the fiscal year 2016 Executive Budget and the Financial Plan and identify risks and offsets to the fiscal year 2016 Executive Budget and the Financial Plan.

On March 4, 2015, the OSDC released a report on the February Financial Plan. The report states that the February Financial Plan incorporates the fiscal year 2016 preliminary budget and developments during the first half of the current fiscal year, including the City's increased tax revenue forecast and savings from a reduction in planned debt service payments and pension contributions. As a result, the February Financial Plan reflects smaller out-year gaps than the City previously projected. The report notes that new labor agreements were reached with more than three-quarters of the City's workforce, and the February Financial Plan increases the reserve for collective bargaining to provide uniformed employees with a wage increase of 11 percent over seven years, one percentage point more than the pattern for civilian employees. However, the report also notes that HHC and NYCHA are still facing financial difficulty and have required financial assistance from the City. The report concludes that the City's budget continues to benefit from an improving economy and a surplus is likely to grow as the fiscal year progresses.

The OSDC report quantifies certain risks and offsets to the February Financial Plan. The report identifies net additional resources of $400 million and $270 million in fiscal years 2015 and 2016, and $120 million in each of fiscal years 2017 through 2019, respectively. When combined with the results projected in the February Financial Plan, the report estimates budget surpluses of $400 million and $270 million in fiscal years 2015 and 2016 and budget gaps of $928 million, $1.25 billion and $1.95 billion in fiscal years 2017 through 2019, respectively. The risks to the February Financial Plan identified in the report include: (i) decreased Medicaid reimbursement for services provided by DOE to students with special needs of $50 million in fiscal year 2015, and $80 million in each of fiscal years 2016 through 2019; and (ii) $50 million in fiscal year 2015 and $100 million in each of fiscal years 2016 through 2019 in increased uniformed services overtime costs. The report identifies (i) additional tax revenues of $250 million and $450 million in fiscal years 2015 and 2016, respectively, and $300 million in each of fiscal years 2017 through 2019; and (ii) reduced prior year payables of $250 million in fiscal year 2015. The OSDC report also states that the February Financial Plan includes a general reserve of $300 million in fiscal year 2015 and $750 million in each of the fiscal years 2016 through 2019, which if not needed, could be used to help close projected budget gaps. Moreover, $2.4 billion in the Retiree Health Benefits Trust could be used to close projected budget gaps, if needed.

The staff of the OSDC expects to release a report in mid-June 2015. The report will present the OSDC's evaluation of the assumptions and methodologies underlying the Financial Plan and identify risks and offsets to the Financial Plan.

On March 24, 2015, the staff of the Control Board issued a report on the February Financial Plan. The report states that the City has increased its revenue projections by $1.1 billion, due primarily to the strength of nonproperty tax collections, which the City projects to grow 12.1%. The report notes that Control Board projects even higher growth in nonproperty taxes. The report states that the City remains concerned regarding the potential Federal Reserve action to raise interest rates, and has addressed this by maintaining a historic high level in the general reserve. The report also mentions that the City is anticipating a ten-year capital project totaling approximately $67.7 billion. This reflects an increase of $14 billion, primarily in the areas of education and housing. The only major risk identified by the Control Board is the continued underfunding of uniformed services overtime. The report identifies certain additional resources and risks to the February Financial Plan. The report identifies net additional resources of $529 million, $371 million, $151 million, $55 million and $5 million in fiscal years 2015 through 2019, respectively, resulting in estimated surpluses of $529 million and $371 million in fiscal years 2015 and 2016, respectively, and estimated gaps of $897 million, $1.32 billion and $2.07 billion in fiscal years 2017 through 2019, respectively. Such net additional resources and risks result from (i) increased property taxes of $275 million, $150 million, $100 million and $50 million in fiscal years 2016 through 2019, respectively; (ii) increased nonproperty taxes of $400 million and $300 million in fiscal years in fiscal years 2015 and 2016, respectively, and $250 million in each of fiscal years 2017 through 2019; (iii) increased miscellaneous revenue of $125 million in each of fiscal years 2016 through 2019; (iv) increased prior year payables of $300 million in fiscal year 2015; (v) decreased savings from the police department program to decrease overtime expenses of $50 million in each of fiscal years 2015 through 2019; and (vi) increased uniformed services overtime expenses of $121 million, $279 million, $324 million, $370 million and $370 million in fiscal years 2015 through 2019, respectively.

The Control Board expects to release a report on the Financial Plan on or about June 11, 2015.

Long-Term Capital Program

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

The City utilizes a three-tiered capital planning process consisting of the Ten-Year Capital Strategy, the four-year capital plan and the current-year Capital Budget. The Ten-Year Capital Strategy is a long-term planning tool designed to reflect fundamental allocation choices and basic policy objectives. The four-year capital plan, which is updated three times a year as required by the City Charter, translates mid-range policy goals into specific projects. The Capital Budget defines specific projects and the timing of their initiation, design, construction and completion. On May 7, 2015, the City released the four-year capital commitment plan for fiscal years 2015 through 2019 which covers the current fiscal year and the four-year capital plan for fiscal years 2016 through 2018 (the "2015-2019 Capital Commitment Plan").

City-funded commitments, which were $344 million in fiscal year 1979, are projected to reach $8.1 billion in fiscal year 2015. City-funded expenditures are forecast at $6.3 billion in fiscal year 2015; total expenditures are forecast at $8.2 billion in fiscal year 2015. For additional information concerning the City's capital expenditures and the Ten-Year Capital Strategy covering fiscal years 2016 through 2025, see "SECTION V: CITY SERVICES AND EXPENDITURES—Capital Expenditures."

The following table sets forth the major areas of capital commitment projected in the 2015-2019 Capital Commitment Plan.

2015-2018 CAPITAL COMMITMENT PLAN

	2015		2016		2017		2018		2019		TOTALS	
	City Funds	*All Funds*	*City Funds*	*All Funds*	*City Funds*	*All Funds*	*City Funds*	*All Funds*	*City Funds*	*All Funds*	*City Funds*	*All Funds*
Mass Transit(1)	$ 350	$ 375	$ 129	$ 133	$ 125	$ 125	$ 125	$ 125	$ 125	$ 125	$ 855	$ 883
Roadway, Bridges	734	1,375	1,143	1,686	1,323	1,758	938	1,025	1,148	1,228	5,285	7,073
Environmental Protection(2)	2,591	2,623	2,227	2,246	1,702	1,725	1,905	2,171	1,594	1,594	10,020	10,360
Education(3)	1,740	3,100	2,465	2,783	2,405	2,600	1,975	2,647	2,405	2,600	10,991	13,730
Housing	562	609	827	827	645	671	661	687	675	707	3,369	3,500
Sanitation	311	330	264	265	200	200	136	136	286	286	1,197	1,218
City Operations/Facilities	4,372	5,234	3,722	4,710	2,713	3,306	2,446	3,096	1,291	1,656	14,542	18,002
Economic Development	339	519	648	667	709	727	409	427	257	275	2,362	2,615
Reserve for Unattained Commitments	(2,946)	(2,946)	(1,304)	(1,304)	(675)	(675)	193	193	353	353	(4,379)	(4,379)
Total Commitments(4)	**$ 8,053**	**$11,219**	**$10,121**	**$12,012**	**$9,147**	**$10,437**	**$8,788**	**$10,507**	**$8,133**	**$ 8,826**	**$44,242**	**$53,001**
Total Expenditures(5)	**$ 6,278**	**$ 8,244**	**$ 6,587**	**$ 7,961**	**$7,688**	**$ 9,199**	**$8,323**	**$ 9,914**	**$8,631**	**$10,151**	**$37,507**	**$45,469**

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

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

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

(3) All Funds reflects State funding for educational facilities in the form of financing of $3.07 billion from the proceeds of bonds of the TFA that are expected to be paid from State aid to education.

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

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

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

On May 5, 2014, the Mayor issued "Housing New York: A Five-Borough, Ten-Year Plan" which lays out a comprehensive plan to build and preserve 200,000 affordable units over the coming decade. The expected City costs of such plan for fiscal years 2015 through 2018 are reflected in the 2015-2019 Capital Commitment Plan.

In December 2014, the City issued an Asset Information Management System Report (the "AIMS Report"), which is its annual assessment of the asset condition and a proposed maintenance schedule for its assets and asset systems which have a replacement cost of $10 million or more and a useful life of at least ten years, as required by the City Charter. This report does not reflect any policy considerations which could affect the appropriate amount of investment, such as whether there is a continuing need for a particular facility or whether there have been changes in the use of a facility. The AIMS Report estimated that $6.58 billion in capital investment would be needed for fiscal years 2016 through 2019 to bring the assets to a state of good repair. The report also estimated that $409 million, $209 million, $257 million and $228 million should be spent on maintenance in fiscal years 2016 through 2019, respectively.

The recommended capital investment for each inventoried asset is not readily comparable to the capital spending allocated by the City in the 2015-2019 Capital Commitment Plan and the Ten-Year Capital Strategy. Only a portion of the funding set forth in the 2015-2019 Capital Commitment Plan is allocated to specifically identified assets, and funding in the subsequent years of the Ten-Year Capital Strategy is even less identifiable with individual assets. Therefore, there is a substantial difference between the amount of investment recommended in the report for all inventoried City assets and amounts allocated to the specifically identified inventoried assets in the 2015-2019 Capital Commitment Plan. The City also issues an annual report (the "Reconciliation Report") that compares the recommended capital investment with the capital spending allocated by the City in the four-year capital plan to the specifically identified inventoried assets.

The most recent Reconciliation Report, issued in May 2014, concluded that the capital investment in the four-year capital plan, for fiscal years 2015 through 2018, for the specifically identified inventoried assets funded 61% of the total investment recommended in the preceding AIMS Report issued in December 2013. Capital investment allocated in the Ten-Year Capital Strategy published in May 2013 funded an additional portion of the recommended investment. In the same Reconciliation Report, OMB estimated that 64% of the expense maintenance levels recommended were included in the financial plan.

Financing Program

The following table sets forth the par amount of bonds issued and expected to be issued during the 2015 through 2019 fiscal years to implement the 2015-2019 Capital Commitment Plan. See "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities."

2015-2019 FINANCING PROGRAM

	2015	2016	2017	2018	2019	Total
			(In Millions)			
City General Obligation Bonds	$ 800	$2,300	$3,070	$3,350	$3,490	$13,010
TFA Future Tax Secured Bonds(1)	2,890	2,300	3,070	3,350	3,490	15,100
Water Authority Bonds(1)(2)	1,186	1,333	1,314	1,383	1,353	6,569
Total	$4,876	$5,933	$7,454	$8,083	$8,333	$34,679

Note: Totals may not add due to rounding.

(1) Figures exclude refunding bonds.

(2) Water Authority Bonds includes commercial paper. Figures do not include refunding bonds or bonds that defease commercial paper.

The City's financing program includes the issuance of water and sewer revenue bonds by the Water Authority which is authorized to issue bonds to finance capital investment in the City's water and sewer system. Pursuant to State law, debt service on Water Authority indebtedness is secured by water and sewer fees paid by users of the water and sewer system. Such fees are revenues of the Water Board, which holds a lease interest in the City's water and sewer system. After providing for debt service on obligations of the Water Authority and certain incidental costs, the revenues of the Water Board are paid to the City to cover the City's costs of operating the water and sewer system and as rental for the system. The City's Ten-Year Capital Strategy applicable to the City's water and sewer system covering fiscal years 2016 through 2025, projects City-funded water and sewer investment (which is expected to be financed with proceeds of Water Authority debt) at approximately $14.4 billion. The City's Capital Commitment Plan for fiscal years 2015 through 2019 reflects total anticipated City-funded water and sewer commitments of $10.0 billion which are expected to be financed with the proceeds of Water Authority debt.

The TFA is authorized to have outstanding $13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and may issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, do not exceed the debt limit of the City. Future Tax Secured Bonds are issued for general City capital purposes and are secured by the City's personal income tax revenues and, to the extent such revenues do not satisfy specified debt ratios, sales tax revenues. In addition, the TFA is authorized to have outstanding $9.4 billion of Building Aid Revenue Bonds to pay for a portion of the City's five-year educational facilities capital plan. Building Aid Revenue Bonds are secured by State building aid, which the Mayor has assigned to the TFA. The TFA expects to issue $1.50 billion, $494 million, $281 million $299 million and $270 million of Building Aid Revenue Bonds in fiscal years 2015 through 2019, respectively.

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

Interest Rate Exchange Agreements

In an effort to reduce its borrowing costs over the life of its bonds, the City began entering into interest rate exchange agreements commencing in fiscal year 2003. For a description of such agreements, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note A.13." As of March 31, 2015, the aggregate notional amount of the City's interest rate exchange agreements was $1,754,960,000 and the total marked-to-market value of such agreements was ($134,395,393).

In addition, in connection with its Courts Facilities Lease Revenue Bonds (The City of New York Issue) Series 2005A and B, the Dormitory Authority of the State of New York ("DASNY") entered into interest rate exchange agreements with Goldman Sachs Mitsui Marine Derivative Products, L.P. and JPMorgan Chase Bank, National Association. The City is obligated, subject to appropriation, to make lease payments to DASNY reflecting DASNY's obligations under these interest rate exchange agreements. Under such agreements, with a notional amount of $125,500,000, an effective date of June 15, 2005 and a termination date of May 15, 2039, DASNY pays a fixed rate of 3.017% and receives payments based on a LIBOR-indexed variable rate. As of March 31, 2015, the total marked-to-market value of the DASNY agreements was ($35,143,222).

Seasonal Financing Requirements

The City since 1981 has fully satisfied its seasonal financing needs, when necessary, in the public credit markets, repaying all short-term obligations within their fiscal year of issuance. The City has not issued short-term obligations to finance projected cash flow needs since fiscal year 2004. The City regularly reviews its cash position and the need for short-term borrowing. The Financial Plan reflects the issuance of short-term obligations in the amount of $2.4 billion in each of fiscal years 2016 through 2019.

SECTION VIII: INDEBTEDNESS

Indebtedness of the City and Certain Other Entities

Outstanding City and PBC Indebtedness

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

	(In Thousands)	
Gross City Long-Term Indebtedness(1)	$39,701,876	
Less: Assets Held for Debt Service(2)	(135,170)	
Net City Long-Term Indebtedness		$39,566,606
PBC Indebtedness		
Bonds Payable	362,501	
Capital Lease Obligations	1,158,181	
Gross PBC Indebtedness	1,520,682	
Less: Assets Held for Debt Service	(235,453)	
Net PBC Indebtedness		1,285,229
Combined Net City and PBC Indebtedness		$40,851,935

(1) Reflects capital appreciation bonds at accreted values as of June 30, 2014.

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

Trend in Outstanding Net City and PBC Indebtedness

The following table shows the trend in the outstanding net City and PBC indebtedness as of June 30 of each of the fiscal years 2005 through 2014 and at March 31, 2015.

	City Indebtedness		PBC	
	Long-Term	Short-Term	Indebtedness	Total
	(In Millions)			
2005	$33,688	—	$1,941	$35,629
2006	34,076	—	1,751	35,827
2007	34,396	—	1,637	36,033
2008	33,129	—	1,558	34,687
2009	38,648	—	1,484	40,131
2010	41,490	—	1,395	42,885
2011	41,737	—	1,550	43,287
2012	40,913	—	1,486	42,399
2013	38,844	—	1,413	40,257
2014	41,033	—	1,347	42,380
March 31, 2015	39,567	—	1,285	40,852

Rapidity of Principal Retirement

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

Period	Cumulative Percentage of Debt Scheduled for Retirement
5 years	23.06%
10 years	51.07
15 years	74.14
20 years	88.78
25 years	97.68
30 years	100.00

City and PBC Debt Service Requirements

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

Fiscal Years	City Long-Term Debt Principal	City Long-Term Debt Interest	PBC Indebtedness	Total
	(In Thousands)			
2015	$ 133,932	$ 395,084	$ 30,900	$ 559,916
2016	2,253,600	1,681,338	83,872	4,018,810
2017	2,293,111	1,592,537	89,200	3,974,848
2018 through 2147	35,021,233	13,315,113	1,316,709	49,653,055
Total	$39,701,876	$16,984,072	$1,520,682	$58,206,630

Certain Debt Ratios

The following table sets forth the approximate ratio of City long-term general obligation indebtedness to taxable property value as of June 30 of each of the fiscal years 2005 through 2014.

Fiscal Year	City Long-Term Indebtedness	Restricted Cash: Debt Service	Net General Obligation Bonds Less Restricted Cash on Hand	Percentage of Taxable Assessed Value of Property(1)	Per Capita
	(In Millions)				
2005	$33,903	$2,097	$31,806	28.83%	$3,969
2006	35,844	3,251	32,593	26.61	4,077
2007	34,506	3,378	31,128	24.39	3,884
2008	36,100	5,125	30,975	21.28	3,839
2009	39,991	3,382	36,609	24.09	4,502
2010	41,555	2,931	38,624	24.45	4,718
2011	41,785	2,824	38,961	24.40	4,725
2012	42,286	1,379	40,907	25.90	4,907
2013	41,592	2,771	38,821	23.48	4,657
2014	41,665	644	41,021	23.32	4,883

Source: CAFR for the fiscal year ended June 30, 2014.

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

Indebtedness of the City and Related Issuers

The following table sets forth obligations of the City and other issuers as of June 30 of each of the fiscal years 2005 through 2014. General obligation bonds are debt of the City. Although IDA Stock Exchange bonds and PBC indebtedness are not debt of the City, the City has entered into agreements to make payments, subject to appropriation, to the respective issuers to be used for debt service on the indebtedness included in the following table. ECF bonds are also not debt of the City. ECF bonds are expected to be paid from revenues of ECF, provided, however, that if such revenues are insufficient, the City has agreed to make payments, subject to appropriation, to ECF for debt service on its bonds. Indebtedness of the TFA, TSASC and STAR Corp. does not constitute debt of, and is not paid by, the City.

Fiscal Year	General Obligation Bonds	ECF	TFA	TSASC	STAR	HYIC	PBC Indebtedness and Other(1)	IDA Stock Exchange
				(In Millions)				
2005	$33,903	$135	$12,977	$1,283	$2,552	$ —	$3,044	$106
2006	35,844	84	12,233	1,334	2,470	—	2,925	104
2007	34,506	123	14,607	1,317	2,368	2,100	2,832	102
2008	36,100	109	14,828	1,297	2,339	2,067	2,025	101
2009	39,991	102	16,913	1,274	2,253	2,033	1,937	99
2010	41,555	150	20,094	1,265	2,178	2,000	1,859	99
2011	41,785	281	23,820	1,260	2,117	2,000	1,895	98
2012	42,286	274	26,268	1,253	2,054	3,000	1,818	95
2013	41,592	268	29,203	1,245	1,985	3,000	1,739	93
2014	41,665	266	31,038	1,228	1,975	3,000	1,701	90

Source: CAFR for the fiscal year ended June 30, 2014.

(1) PBC Indebtedness and Other includes PBC indebtedness (excluding ECF) and includes capital leases of the City.

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

As of March 31, 2015, $3 billion aggregate principal amount of HYIC bonds were outstanding. Such bonds were issued to finance the extension of the Number 7 subway line and other public improvements. They are secured by and payable from payments in lieu of taxes and other revenues generated by development in the Hudson Yards area. To the extent such payments in lieu of taxes and other revenues are insufficient to pay interest on the HYIC bonds, the City has agreed to pay the amount of any shortfall in interest on such bonds, subject to appropriation. The Financial Plan provides approximately $28 million in fiscal year 2015, $0 in fiscal years 2016 and 2017, $66 million in fiscal year 2018 and $98 million in fiscal year 2019 for such interest support payments. The City has no obligation to pay the principal of such bonds.

Certain Provisions for the Payment of City Indebtedness

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

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

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

Limitations on the City's Authority to Contract Indebtedness

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

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

Water Authority and TSASC indebtedness and the City's commitments with other PBCs or related issuers are not chargeable against the City's constitutional debt limit. The TFA and TSASC were created to provide financing for the City's capital program. Without the TFA and TSASC, or other legislative relief, new contractual commitments for the City's general obligation financed capital program would have been virtually brought to a halt during the financial plan period beginning early in the 1998 fiscal year. TSASC has issued approximately $1.3 billion of bonds that are payable from TSRs. TSASC does not intend to issue additional bonds. The TFA is permitted to have outstanding $13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and may issue additional Future Tax Secured Bonds, provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, do not exceed the debt limit of the City. Future Tax Secured Bonds are secured by the City's personal income tax revenues and sales tax revenues, if personal income tax revenues do not satisfy specified debt ratios. The TFA, as of April 30, 2015, has outstanding approximately $25.4 billion of Future Tax Secured Bonds (excluding Recovery Bonds). The TFA is authorized to have outstanding $9.4 billion of Building Aid Revenue Bonds, which are secured by State building aid and are not chargeable against the City's constitutional debt limit.

The following table sets forth the calculation of debt-incurring power as of April 30, 2015.

		(In Thousands)
Total City Debt-Incurring Power under General Debt Limit		$81,354,881
Gross Debt-Funded	$39,349,243	
Less: Excluded Debt	(64,052)	
	39,285,191	
Less: Appropriations for Payment of Principal	(66,030)	
	39,219,161	
Contracts and Other Liabilities, Net of Prior Financings Thereof	6,634,172	
Total City Indebtedness		45,853,333
TFA Debt Outstanding above $13.5 billion		12,061,150
Debt-Incurring Power		$23,440,398

Note: Numbers may not add due to rounding.

Federal Bankruptcy Code

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

Public Benefit Corporation Indebtedness

City Financial Commitments to PBCs

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

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

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

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

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

Certain PBCs are further described below.

New York City Educational Construction Fund

As of March 31, 2015, $266.2 million principal amount of ECF bonds to finance costs related to the school portions of combined occupancy structures was outstanding. Under ECF's leases with the City, debt service on the ECF bonds is payable by the City to the extent third party revenues are not sufficient to pay such debt service.

Dormitory Authority of the State of New York

As of March 31, 2015, $498.4 million principal amount and $635.6 million principal amount of DASNY bonds issued to finance the design, construction and renovation of court facilities and health facilities, respectively, in the City were outstanding. The court facilities and health facilities are leased to the City by DASNY, with lease payments made by the City in amounts sufficient to pay debt service on DASNY bonds and certain fees and expenses of DASNY.

City University Construction Fund

As of March 31, 2015, approximately $192.7 million principal amount of DASNY bonds, relating to Community College facilities, subject to capital lease arrangements was outstanding. The City and the State are each responsible for approximately one-half of the CUCF's annual rental payments to DASNY for Community College facilities which are applied to the payment of debt service on the DASNY's bonds issued to finance the leased projects plus related overhead and administrative expenses of DASNY.

New York State Urban Development Corporation

As of March 31, 2015, $16.3 million principal amount of UDC bonds subject to lease arrangements was outstanding. The City leases schools and certain other facilities from UDC.

SECTION IX: OTHER INFORMATION

Pension Systems

The City maintains a number of pension systems, including five major actuarial systems, providing benefits for its employees and employees of various independent agencies (including certain Covered Organizations). The systems combine features of defined benefit pension plans with those of defined contribution pension plans. Three of the five major actuarial systems are cost-sharing multiple employer systems that include public employees who are not City employees. Each public employer in these multiple employer systems has primary responsibility for funding and reporting in the employer's financial statements on its share of the systems' liabilities. Total membership in the City's five major actuarial systems on June 30, 2012 consisted of approximately 372,000 active employees and approximately 313,000 retirees and beneficiaries receiving benefits and other vested members terminated but not receiving benefits. The City also contributes to three other pension systems, maintains a closed non-actuarial retirement program for retired individuals not covered by the five major actuarial systems, provides other supplemental benefits to retirees and makes contributions to certain union annuity funds.

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

City Employer Pension Contributions

The City has consistently made its full statutorily required pension contributions based on then-current actuarial valuations. For fiscal year 2014, the City's pension contributions for the five major actuarial pension systems, based on actuarial valuations performed as of June 30, 2012, plus other pension expenditures, were approximately $8.3 billion.

The Financial Plan reflects pension expense projections of $8.621 billion, $8.755 billion, $8.719 billion, $8.725 billion, and $8.823 billion for fiscal years 2015 through 2019, respectively. Pension expense estimates in the Financial Plan reflect estimates of required City contributions to its major retirement systems based on statutory requirements and actuarial valuations. The required City contributions reflect funding assumptions and methods first implemented in 2012 as recommended by the Actuary and adopted by the boards of trustees of each of the City's retirement systems. Certain assumptions subject to legislation were enacted into law in January 2013, retroactive to July 1, 2011. The major assumptions and methods include an actuarial interest (discount) rate assumption of seven percent (net of investment expenses), updated mortality tables to account for longer life expectancy, and the use of the Entry Age Actuarial Cost Method. Under this method, emerging discrete unfunded liabilities are recognized and amortized over closed, fixed periods using level dollar payments. The initial unfunded liability is being amortized over a closed 22-year period from June 30, 2010 using increasing dollar payments.

Based on projections provided by the Actuary in January 2015, assuming that all underlying assumptions are realized, the funded status (i.e., the ratio of Actuarial Asset Values to Actuarial Accrued Liabilities) is projected to be 63%, 65%, 67%, 69%, and 71% as of the valuation dates used to determine employer contributions for fiscal years 2015 through 2019, respectively, and to continue to increase thereafter over such closed 22 year period. These projections reflect the impact of the recent collective bargaining agreements and actual pension fund investment performance of 17.48 percent in fiscal year 2014. There can be no assurance that such assumptions will be realized. Other measures of funded status could produce, in some cases, lower ratios of assets to obligations and, in other cases, higher ratios of assets to obligations.

The Financial Plan projections reflect certain impacts of the Tax-Deferred Annuity programs and the Variable Supplements Funds discussed below. The Financial Plan reflects reduced required contributions associated with actual pension fund investment performance in fiscal year 2013 of 12.12 percent and in fiscal year 2014 of 17.48 percent, which in each case is significantly above the assumed actuarial rate of return of seven percent. The incremental cost or benefit of the return on investments in any given year is phased in, beginning two fiscal years later, using six-year averaging periods under the Actuary's actuarial asset valuation method.

For the 2014 fiscal year, the City's total annual pension contribution expenditures, including pension costs not associated with the five major actuarial systems, plus Social Security tax payments by the City for the year, were approximately 40% of total payroll costs. In addition, contributions are also made by certain component units of the City and other government units directly to the three cost-sharing multiple employer actuarial systems on behalf of their participating employees and retirees.

City Pension Fund Financial Reporting

The City accounts for its pensions consistent with the requirements of the Governmental Accounting Standards Board ("GASB"). In fiscal year 2014, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"). The adoption of GASB 68 also resulted in the restatement of the City's Fiscal Year 2013 government-wide financial statements. GASB 68 amends standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers. The GASB 68 standards apply to financial reporting but not to the actuarial calculation of annual City employer pension contributions, which continue to be determined as described above. The City implemented GASB 68 concurrently with the implementation by the five major actuarial pension systems of GASB Statement No. 67, Financial Reporting for Pension Plans ("GASB 67").

GASB 68 changed many but not all aspects of calculating the City's reported pension fund assets and liabilities. In broad terms, GASB 68 moves pension reporting in the City's government-wide financial statements away from the phased or smoothed asset and liability figures that the City uses in determining its annual pension contribution, as described above. The City expects that these changes will increase year-to-year volatility in reported pension assets and net pension liabilities.

Another significant change contained in GASB 68 is the requirement to report net pension liabilities on employers' Government-Wide Statements of Net Assets when the fair value of pension assets falls short of actuarially calculated liabilities, when both are measured as of the same date (fiscal year end). In the Government-Wide financial statements in the fiscal year 2014 CAFR, the City's net pension liabilities were reported as $46.60 billion and $59.94 billion as of June 30, 2014 and 2013, respectively. For the cost-sharing multiple employer pension systems, these figures include only the City share of net pension liabilities. The City's share of plan fiduciary net position, $123.1 billion and $104.0 billion, represented 72.5 percent and 63.4 percent of the City's total pension liabilities as of June 30, 2014 and 2013, respectively. The increase in the funded ratio from fiscal year 2013 to fiscal year 2014 is largely attributable to the strong investment performance in fiscal year 2014. These funded ratios for fiscal years 2014 and 2013 differ from the funding ratios described above because of the different basis of computing pension assets and liabilities for budgeting and reporting purposes.

After restatement of the City's Fiscal Year 2013 government-wide financial statements, Net position as of July 1, 2012 (the beginning of fiscal year 2013) was decreased by $64.89 billion to $(190.62) billion reflecting the cumulative retrospective effect of adoption of GASB 68. The largest component of the decrease in net position was addition of the aggregate net pension liability of $59.94 billion. The City recognized aggregate pension expense of $7.40 billion for fiscal year 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 GASB 68. As of June 30, 2014, net position was $(191.1) billion.

For further information see "APPENDIX B—FINANCIAL STATEMENTS"

Fiduciary Fund Reporting

The fiscal year 2014 CAFR contains Fiduciary Funds financial statements for each of the five major actuarial pension systems. These financial statements report on the entirety of the five systems, not just the City share. In the fiscal year 2014 CAFR, the combined plan fiduciary net position restricted for qualified pension plans' ("QPPs") benefits was approximately $144.54 billion and $124.82 billion in fiscal years 2014 and 2013, respectively. For further information see "APPENDIX B—FINANCIAL STATEMENTS—Pension and Other Employee Benefit Trust Funds Combining Statement of Fiduciary Net Position."

Each of the five major actuarial pension systems administers programs in addition to its respective QPP, and these programs are also reported as part of each system's financial statements in the Fiduciary Fund financial statements. In addition to the QPPs, the Teachers' Retirement System of the City of New York ("TRS") and the New York City Board of Education Retirement System ("BERS") administer Tax-Deferred Annuity Programs ("TDA Programs"). As of June 30, 2014 and 2013, the total fiduciary net position restricted for TDA benefits was $27.31 billion and $24.47 billion, respectively. Each of the TDA Programs has at least two investment options, broadly categorized as a fixed return fund and one or more variable return funds. Deposits from members' TDA Program accounts into the fixed return funds are used by the respective QPP to purchase investments, and such TDA Program accounts are credited with a statutory rate of interest, currently 7% for UFT members and 8.25% for all other members. If earnings on the respective QPP are less than the amount credited to the TDA Program members' accounts, then additional payments by the City to the pension funds would be required. If the earnings are higher, then lower payments by the City to the pension funds would be required.

All investment securities purchased and invested by the QPPs with TDA Programs' fixed return funds' balances are owned and reported by the QPP. A receivable due from the respective QPP equal in amount to the aggregate original principal amounts contributed by TDA Programs' members to the respective fixed return funds, plus accrued interest at the statutory rate, is owned by each of the TDA Programs. The balances of TDA Program fixed return funds held by the TRS QPP as of June 30, 2014 and 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 balances 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 earnings on TDA Program fixed return funds by the BERS QPP for the years then ended were $206.6 million and $163.8 million, respectively, a portion of which was credited to BERS members to reflect their 8.25% return. Deposits from members' TDA Program accounts into the variable return funds are credited with actual returns on the underlying investments of the specific fund selected. Members may switch all or a part of their TDA contributions between the fixed and variable return funds on a quarterly basis.

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

Pursuant to State law, certain retirees of the New York City Employees' Retirement System ("NYCERS"), New York City Police Pension Fund ("POLICE") and New York Fire Department Pension Fund ("FIRE") are eligible to receive scheduled supplemental benefits from Variable Supplements Funds ("VSFs"). Under some circumstances, NYCERS and POLICE are required to transfer assets to their respective VSFs to fund guaranteed payments for which assets in the VSFs are insufficient. However under current State law, the VSFs are not pension funds or retirement systems and are subject to change by the State legislature. For further information see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note E.5"

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

Other Post-Employment Benefits

In June 2004, the Government Accounting Standards Board ("GASB") issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" ("GASB 45"). GASB 45 establishes standards for the measurement, recognition, and display of other postemployment benefits ("OPEB") expense and related liabilities. OPEB includes post-employment healthcare, as well as other forms of post-employment benefits such as life insurance, when provided separately from a pension plan. The approach followed in GASB 45 generally is consistent with the current approach adopted with regard to accounting for pension expense and liabilities, with modifications to reflect differences between pension benefits and OPEB. As of June 30, 2014, the City reported an OPEB liability of $89.5 billion in its governmentwide financial statements, based upon an actuarial valuation in accordance with GASB 45. See "APPENDIX B—FINANCIAL STATEMENTS—Note E-4." There is no requirement to fund the future OPEB obligation. For information on the trust established to fund a portion of the future OPEB liability, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—1. Personal Services Costs."

Litigation

The following paragraphs describe certain material legal proceedings and claims involving the City and Covered Organizations other than routine litigation incidental to the performance of their governmental and other functions and certain other litigation arising out of alleged constitutional violations, torts, breaches of contract and other violations of law and condemnation proceedings. While the ultimate outcome and fiscal impact, if any, on the City of the proceedings and claims described below are not currently predictable, adverse determinations in certain of them might have a material adverse effect upon the City's ability to carry out the Financial Plan. The City has estimated that its potential future liability on account of outstanding claims against it as of June 30, 2014 amounted to approximately $6.9 billion. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. Other Than Personal Services Costs—*Judgments and Claims.*"

Taxes

1. Numerous real estate tax *certiorari* proceedings alleging overvaluation, inequality and illegality are pending against the City. Based on historical settlement activity, and including an estimated premium for inequality of assessment, the City estimates its potential future liability for outstanding *certiorari* proceedings to be $886 million at June 30, 2014. For a discussion of the City's accounting treatment of its inequality and overvaluation exposure, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note D.5."

2. Con Edison has challenged the City's method of valuation for determining assessments of certain of its properties in two separate actions. Con Edison has challenged the City's tax assessments on its Manhattan East River plants for tax years 1994/1995 through 2014/2015 and the City's special franchise assessment on its

electric grid located in the public right of way for tax years 2009/2010 through 2014/2015. The challenges could result in substantial real property tax refunds in fiscal years 2015 and beyond.

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

Miscellaneous

1. Complaints on behalf of approximately 11,900 plaintiffs alleging respiratory or other injuries from alleged exposures to World Trade Center dust and debris at the World Trade Center site or the Fresh Kills landfill were commenced against the City and other entities involved in the post-September 11 rescue and recovery process. Plaintiffs include, among others, Department of Sanitation employees, firefighters, police officers, construction workers and building clean-up workers. The actions were consolidated in federal District Court pursuant to the Air Transportation and System Stabilization Act, which grants exclusive federal jurisdiction for all claims related to or resulting from the September 11 attack. A not-for-profit "captive" insurance company, WTC Captive Insurance Company, Inc. (the "WTC Insurance Company") was formed to cover claims against the City and its private contractors relating to debris removal work at the World Trade Center site and the Fresh Kills landfill. The WTC Insurance Company was funded by a grant from the Federal Emergency Management Agency in the amount of $999,900,000. On June 10, 2010, the WTC Insurance Company announced that a settlement was reached with attorneys for the plaintiffs. On November 19, 2010, District Court Judge Hellerstein announced that more than the required 95% of plaintiffs agreed to the settlement, thus making it effective. Approximately $642.5 million has been paid under the settlement, leaving residual funds of approximately $326 million to insure and defend the City and its contractors against any new claims. Additionally, the City is threatened with third-party claims in almost 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.

2. In 1996, a class action was brought against the City Board of Education and the State under Title VII of the Civil Rights Act of 1964 alleging that the use by the Board of Education of two teacher certification examinations mandated by the State had a disparate impact on minority candidates. In 2006, the United States Court of Appeals for the Second Circuit dismissed the claims against the State. In December 2012, the District Court decided a controlling legal question against the City. On February 4, 2013, the Second Circuit affirmed the District Court's decision. The District Court has appointed a Special Master to oversee claimants' individualized hearings both as to damages and eligibility for Board of Education employment. 3,916 individuals have submitted claim forms and may be eligible for damages. The plaintiffs could seek to expand the damages class. If approved by the Court, the extent to which this would extend the class is not known at this time. The potential cost to the City is uncertain at this time but could be significant.

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

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

4. A lawsuit has been brought against the City in the United States District Court for the Southern District of New York by School Safety Agents alleging violation of the federal Equal Pay Act, Title VII of the Civil Rights Act of 1964 and provisions of State law. Plaintiffs claim that School Safety Agents (who are predominantly female) earn less pay than Special Officers (who are predominantly male) although both jobs require substantially equal skill, effort and responsibility. The case has been certified as a class action. Although the case was commenced by three named plaintiffs in 2010, 4,900 plaintiffs subsequently opted into the lawsuit. Plaintiffs seek injunctive relief and damages. A settlement was approved by the Court on March 26, 2015. The estimated settlement amount is $32-35 million plus reasonable attorney's fees to be determined by the Court.

5. 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.

6. A personal injury lawsuit brought in 1998 alleges that a 12 year-old female suffered brain injuries as a result of the negligent actions of City emergency medical technicians. On May 28, 2014, a Bronx jury awarded plaintiffs a $172 million judgment. On December 22, 2014, the parties to the lawsuit agreed to a settlement amount of $25 million.

7. 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.

8. The United States Department of Justice is investigating potential False Claims Act violations in connection with federal E-Rate program funding for the NYC Board of Education (NYCBOE). The program provides eligible schools and libraries funding for eligible telecommunications services. The Federal Communications Commission is also investigating E-Rate funding for NYCBOE. If NYCBOE or the City were to be a defendant in a False Claims Act lawsuit or other proceeding relating to the E-Rate program, they could be subject to substantial liability.

Environmental Matters

On Monday, October 29, 2012, Sandy hit the Mid-Atlantic East Coast. The storm caused widespread damage to the coastal and other low lying areas of the City and power failures in various parts of the City, including most of downtown Manhattan. Although it is not possible for the City to quantify the full, long-term impact of the storm on the City and its economy, the current estimate of costs to the City and HHC is approximately $9.8 billion. Of such amount, approximately $2.1 billion represents expense funding for emergency response, debris removal and emergency protective measures, and approximately $7.7 billion represents capital funding of long-term permanent work to restore damaged infrastructure.

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

In June 2013, the City released a report that analyzed the City's climate risks and outlined certain recommendations to address those risks. The report included a first phase of recommendations with a total estimated cost of nearly $20 billion. Such recommendations involve City and non-City assets and programs, and reflect both expense and capital funding from the City along with other sources. The report identified approximately $10 billion to be provided through a combination of $6.5 billion of City capital funding included in the Ten Year Capital Strategy for City infrastructure and coastal protection and federal relief already appropriated by Congress and allocated to the City. Additional costs would require increased federal or other funding and increased City capital or expense funding. The City issued an updated report in April 2015 as part of One New York: The Plan for a Strong and Just City.

Superfund Designations

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

On September 27, 2010, EPA listed Newtown Creek, the waterway on the border between Brooklyn and Queens, New York, as a Superfund site. On April 6, 2010, EPA notified the City that EPA considers the City a PRP under CERCLA for hazardous substances in Newtown Creek. In its Newtown Creek PRP notice letter, EPA identified historical City activities that filled former wetlands and low lying areas in and around Newtown Creek and releases from formerly City-owned and operated facilities, including municipal incinerators, as well as discharges from sewers and CSO outfalls, as potential sources of hazardous substances in Newtown Creek. In

July, 2011, the City entered into an Administrative Settlement Agreement and Order on Consent with EPA and five other PRPs to conduct an investigation of conditions in Newtown Creek and evaluate feasible remedies. The investigation and feasibility study is expected to take approximately seven years. The City's share will be determined in a future allocation proceeding. The settlement does not cover any remedy that may ultimately be chosen by EPA to address the contamination identified as a result of the investigation and evaluation.

On May 8, 2014, EPA listed the former Wolff-Alport Chemical Company site ("Wolff-Alport Site") in Ridgewood, Queens, as a Superfund site. The designation is based on radioactive contamination resulting from the operations of the Wolff-Alport Chemical Company during the 1920s to 1950s, which, among other things, disposed of radioactive thorium on-site and via the sewer system. In 2013, EPA, in cooperation with City and State agencies, completed a response action to implement certain interim remedial measures at the Wolff-Alport Site to address the site's short-term public health risks. The Superfund process will include an investigation of impacts to the sewer system from operations at the Wolff-Alport Site.

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

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

Tax Matters

Tax-Exempt Bonds

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

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

In the opinion of Tax Counsel, interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Tax Counsel, as a result of ownership of the

Tax-Exempt Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income. Interest on the Tax-Exempt Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

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

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

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

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

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

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

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

Taxable Bonds

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

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

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

<u>Original Issue Discount.</u> If the first price at which a substantial amount of the Taxable Bonds of any stated maturity is sold at original issuance (the "Issue Price") is less than the face amount by more than one quarter of one percent times the number of complete years to maturity, the Taxable Bonds of that maturity will be treated as being issued with "original issue discount". The amount of the original issue discount on each Taxable Bond of that maturity will equal the excess of the principal amount payable on that Taxable Bond at maturity over the Issue Price, and the amount of the original issue discount on such Taxable Bond will be accrued over its term using the "constant yield method" provided in the Treasury Regulations. As original issue discount on a Taxable Bond accrues under the constant yield method, the Beneficial Owner of a Taxable Bond with original issue discount will be required to include as interest each such accrual in its gross income regardless of its regular method of accounting. This can result in taxable income to the Beneficial Owner of a Taxable Bond issued with original issue discount that exceeds actual cash distributions on that Taxable Bond in the taxable year. The amount of any original issue discount that accrues on the Taxable Bonds each year will be reported annually to the IRS and to the Beneficial Owners. The portion of the original issue discount included in each Beneficial Owner's gross income while the Beneficial Owner holds a Taxable Bond will increase the adjusted tax basis of the Taxable Bond in the hands of such Beneficial Owner.

<u>Premium.</u> If a Beneficial Owner purchases a Taxable Bond for an amount that is greater than its stated redemption price at maturity, such Beneficial Owner will be considered to have purchased the Taxable Bond with "amortizable bond premium" equal in amount to such excess. A Beneficial Owner may elect to amortize such premium using a constant yield method over the remaining term of the Taxable Bond and may offset interest otherwise required to be included in respect of the Taxable Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Taxable Bond held by a Beneficial Owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Taxable Bond. However, if the Taxable Bond

may be optionally redeemed after the Beneficial Owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Taxable Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the Beneficial Owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

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

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

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

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

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

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

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

ERISA Considerations

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

Ratings

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

Legal Opinions

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

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

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

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

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

Underwriting

The Tax-Exempt Bonds are being purchased for reoffering by the Underwriters for whom J.P. Morgan Securities LLC, Citigroup Global Markets Inc., Jefferies LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC and Siebert Brandford Shank & Co., L.L.C are acting as lead managers. The compensation for services rendered in connection with the underwriting of the Tax-Exempt Bonds will be $1,467,643.31, inclusive of expenses.

The Subseries F-2 Bonds will be purchased for reoffering by J.P. Morgan Securities LLC, the Original Purchaser of such Bonds. The compensation for services rendered in connection with such Bonds will be $566,046.20, inclusive of expenses.

The Subseries F-3 Bonds will be purchased for reoffering by Citigroup Global Markets Inc., the Original Purchaser of such Bonds. The compensation for services rendered in connection with such Bonds will be $2,180,000.00, inclusive of expenses.

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

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

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

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

Continuing Disclosure Undertaking

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

(a) within 185 days after the end of each fiscal year, to the Electronic Municipal Market Access system ("EMMA") (www.emma.msrb.org) established by the Municipal Securities Rulemaking Board (the "MSRB"), core financial information and operating data for the prior fiscal year, including, (i) the City's audited general purpose financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative data on the City's revenues, expenditures, financial operations and indebtedness generally of the type found herein in Sections IV, V and VIII and under the captions "2010-2014 Summary of Operations" in Section VI and "Pension Systems" and "Other Post-Employment Benefits" in Section IX, provided that if the inclusion or format of such information is changed or new information is added in such sections in any future official statement, thereafter the information provided to EMMA will contain or include by reference information of the type included in that official statement as so changed or added; and

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

(1) principal and interest payment delinquencies;

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

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

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

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

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

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

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

(9) defeasances;

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

(11) rating changes;

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

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

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

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

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

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

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

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

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

Any amendment to the Undertaking may only take effect if:

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

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

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

Financial Advisors

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

Financial Statements

The City's financial statements for the fiscal years ended June 30, 2014 and 2013 are included herein as Appendix B. Deloitte & Touche LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Deloitte & Touche LLP relating to the City's financial statements for the fiscal years ended June 30, 2014 and 2013, which is a matter of public record, is included in this Official Statement. However, Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

Further Information

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

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

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

THE CITY OF NEW YORK

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APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

New York City Economy

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

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

Economic activity in the City has experienced periods of growth and recession and can be expected to experience periods of growth and recession in the future. The City experienced a recession in the early 1970s through the middle of that decade, followed by a period of expansion in the late 1970s through the late 1980s. The City fell into recession again in the early 1990s which was followed by an expansion that lasted until 2001. The economic slowdown that began in 2001 as a result of the September 11 attack, a national economic recession, and a downturn in the securities industry came to an end in 2003. Subsequently, Wall Street activity, tourism, and the real estate market drove a broad based economic recovery until the second half of 2007. A decrease in economic activity began in the second half of 2007 and continued through the first half of 2010. The Financial Plan assumes that the gradual increase in economic activity that began in the second half of 2010 will continue through 2015.

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

	Top Ten GDP by Metropolitan Area (millions of current dollars)				GDP Per Capita (2009 Dollars)
	2010	2011	2012	2013*	2013*
United States (metropolitan areas)	$13,461,662	$13,953,082	$14,606,938	$15,079,920	$52,093
New York-Newark-Jersey City, NY-NJ-PA	1,338,889	1,373,748	1,435,294	1,471,170	69,074
Los Angeles-Long Beach-Anaheim, CA	757,003	775,823	805,437	826,826	59,092
Chicago-Naperville-Elgin, IL-IN-WI	534,001	550,817	575,828	590,248	57,752
Houston-The Woodlands-Sugar Land, TX	402,383	447,911	489,186	517,367	72,258
Washington-Arlington-Alexandria, DC-VA-MD-WV	435,995	449,440	460,012	463,925	73,461
Dallas-Fort Worth-Arlington, TX	377,216	404,175	432,356	447,574	60,730
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	334,610	347,758	378,188	388,272	78,844
San Francisco-Oakland-Hayward, CA	354,528	362,802	375,652	383,401	59,339
Boston-Cambridge-Newton, MA-NH	331,168	343,045	358,837	370,769	74,643
Atlanta-Sandy Springs-Roswell, GA	277,282	284,644	296,300	307,233	52,178

Source: U.S. Bureau of Economic Analysis

* Advance statistics.

Personal Income

Total personal income for City residents, unadjusted for the effects of inflation and the differential in living costs, increased from 2003 to 2013 (the most recent year for which City personal income data are available). From 2003 to 2008, personal income averaged 5.6% and 5.3% annual growth in the City and the nation, respectively. Total personal income in the City decreased by 2.8% in 2009 and increased by 5.8%, 6.0%, 3.8% and 1.4% in 2010 through 2013, respectively. Total personal income in the nation decreased by 2.8% in 2009 and increased by 2.8%, 6.2%, 5.2% and 2.0% in 2010 through 2013, respectively.

The following table sets forth information regarding personal income in the City from 2003 to 2013.

PERSONAL INCOME(1)

Year	Total NYC Personal Income ($ billions)	Per Capita Personal Income NYC	Per Capita Personal Income U.S.	NYC as a Percent of U.S.
2003	$309.5	$38,358	$32,677	117.4%
2004	329.0	40,899	34,300	119.2
2005	345.5	43,114	35,888	120.1
2006	377.7	47,247	38,127	123.9
2007	415.3	51,827	39,804	130.2
2008	419.6	52,006	40,873	127.2
2009	407.9	50,167	39,379	127.4
2010	431.8	52,719	40,144	131.3
2011	457.6	55,311	42,332	130.7
2012	474.8	56,906	44,200	128.7
2013	481.6	57,290	44,765	128.0

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

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

Employment

The City is a leading center for the banking and securities industry, life insurance, communications, fashion design and retail fields. Over the past two decades the City has experienced a number of business cycles. From 1992 to 2000, the City added 453,900 private sector jobs (growth of 17%). From 2000 to 2003, the City lost 174,700 private sector jobs (decline of 6%). From 2003 to 2008, the City added 255,700 private sector jobs (growth of 9%). From 2008 to 2009, the City lost 103,400 private sector jobs (decline of 3%). From 2009 to 2014, the City added 430,800 private sector jobs (growth of 14%). All such changes are based on average annual employment levels through and including the years referenced.

As of April 2015, total employment in the City was 4,176,200 compared to 4,079,600 in April 2014, an increase of approximately 2.37% based on data provided by the New York State Department of Labor, which is not seasonally adjusted.

The table below shows the distribution of employment from 2003 to 2014.

EMPLOYMENT DISTRIBUTION

	Average Annual Employment (in thousands)											
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Goods Producing Sectors												
Construction	112.7	111.8	113.3	118.5	127.3	132.7	120.8	112.5	112.3	116.1	122.2	127.7
Manufacturing	126.6	120.8	113.9	106.1	101.0	95.6	81.6	76.3	75.7	76.3	76.4	76.0
Service Producing Sectors												
Trade, Transportation & Utilities	534.1	539.9	548.2	559.0	570.5	574.5	552.4	559.1	574.7	589.3	603.8	618.4
Information	163.9	160.2	162.8	164.9	166.9	169.5	165.3	166.0	170.9	175.8	179.6	184.5
Financial Activities	433.6	435.5	445.1	458.3	467.6	465.0	434.2	428.6	439.5	439.1	437.9	448.8
Professional & Business Services	537.0	542.0	556.0	571.9	592.3	603.5	569.4	575.8	598.3	620.4	643.6	668.9
Education & Health Services	656.8	663.9	677.4	693.3	703.9	718.1	734.0	752.4	769.2	786.2	813.2	846.6
Leisure & Hospitality	260.3	270.1	276.7	284.9	297.8	310.2	308.5	322.2	342.2	365.7	385.4	406.8
Other Services	149.1	150.5	153.2	154.3	157.7	160.8	160.3	160.6	165.2	170.4	174.9	179.5
Total Private	2,974.1	2,994.6	3,046.6	3,111.2	3,184.9	3,229.8	3,126.4	3,153.4	3,247.9	3,339.4	3,437.1	3,557.2
Total Government	556.6	554.4	555.6	555.2	559.0	564.1	567.0	558.0	550.6	546.1	544.4	545.0
Total	3,530.7	3,549.0	3,602.3	3,666.4	3,743.9	3,793.9	3,693.3	3,711.5	3,798.5	3,885.5	3,981.5	4,102.2

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

Sectoral Distribution of Employment and Earnings

In 2013, the City's service producing sectors provided approximately 3.2 million jobs and accounted for approximately 81% of total employment. Figures on the sectoral distribution of employment in the City from 1980 to 2000 reflect a significant shift to the service producing sectors and a shrinking manufacturing base relative to the nation.

The structural shift to the service producing sectors affects the total earnings as well as the average wage per employee because employee compensation in certain of those sectors, such as financial activities and professional and business services, tends to be considerably higher than in most other sectors. Moreover, average wage rates in these sectors are significantly higher in the City than in the nation. In the City in 2013, the employment share for the financial activities and professional and business services sectors was approximately 27% while the earnings share for those same sectors was approximately 47%. In the nation, those same service producing sectors accounted for only approximately 19% of employment and 26% of earnings in 2013. Due to the earnings distribution in the City, sudden or large shocks in the financial markets may have a disproportionately adverse effect on the City relative to the nation.

The City's and the nation's employment and earnings by sector for 2013 are set forth in the following table.

SECTORAL DISTRIBUTION OF EMPLOYMENT AND EARNINGS IN 2013(1)

	Employment		Earnings(2)	
	NYC	U.S.	NYC	U.S.
Goods Producing Sectors				
Mining	0.0%	0.6%	0.1%	1.7%
Construction	3.1	4.3	3.1	5.6
Manufacturing	1.9	8.8	1.3	9.8
Total Goods Producing	5.0	13.7	4.5	17.0
Service Producing Sectors				
Trade, Transportation and Utilities	15.2	19.0	9.3	15.4
Information	4.5	2.0	6.9	3.3
Financial Activities	11.0	5.8	26.5	9.3
Professional and Business Services	16.2	13.6	20.6	16.6
Education and Health Services	20.4	15.5	11.5	12.7
Leisure & Hospitality	9.7	10.5	5.0	4.3
Other Services	4.4	4.0	3.1	3.7
Total Service Producing	81.3	70.2	82.7	65.4
Total Private Sector	86.3	84.0	88.1	82.7
Government(3)	13.7	16.0	11.9	17.3

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

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

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

(2) Includes the sum of wage and salary disbursements, other labor income and proprietor's income. The latest information available is 2013 data.

(3) Excludes military establishments.

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

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

SECTORAL DISTRIBUTION OF EMPLOYMENT AND EARNINGS(1)

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

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

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

(1) The sectoral distributions are obtained by dividing each industry's employment or earnings by total non-agricultural employment or earnings.
(2) Includes the sum of wage and salary disbursements, other labor income, and proprietors' income. The latest information available for the City is 2000 data.
(3) Excludes military establishments.

Unemployment

As of April 2015, the total unemployment rate in the City was 6.1%, compared to 7.1% in April 2014, based on data provided by the New York State Department of Labor, which is not seasonally adjusted. The annual unemployment rate of the City's resident labor force is shown in the following table.

ANNUAL UNEMPLOYMENT RATE(1)
(Average Annual)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
New York City	7.1%	5.8%	5.0%	5.0%	5.6%	9.3%	9.5%	9.1%	9.4%	8.8%	7.2%
United States	5.5	5.1	4.6	4.6	5.8	9.3	9.6	8.9	8.1	7.4	6.2

Source: New York State Department of Labor.

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

Public Assistance

As of March 2015, the number of persons receiving cash assistance in the City was 357,101 compared to 339,203 in March 2014. The following table sets forth the number of persons receiving public assistance in the City.

PUBLIC ASSISTANCE

(Annual Averages in Thousands)

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

Taxable Sales

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

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

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

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

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

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

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

(Footnotes continued on next page)

(Footnotes continued from previous page)

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

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

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

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

(7) Preliminary.

Population

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

POPULATION

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

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

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

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

DISTRIBUTION OF POPULATION BY AGE

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

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

Housing

In 2011, the housing stock in the City consisted of approximately 3,352,041 housing units, excluding certain special types of units primarily in institutions such as hospitals and universities ("Housing Units") according to the 2011 Housing and Vacancy Survey released February 9, 2012. The 2011 housing inventory represented an increase of approximately 24,000 units, or 0.7%, since 2008. The 2011 Housing and Vacancy Survey indicates that rental housing units predominate in the City. Of all occupied housing units in 2011, approximately 31.9% were conventional home-ownership units, cooperatives or condominiums and approximately 68.1% were rental units. Due to changes in the inventory basis beginning in 2002, it is not possible to accurately compare Housing and Vacancy Survey results beginning in 2002 to the results of earlier Surveys until such time as the data is reweighted. The following table presents trends in the housing inventory in the City.

HOUSING INVENTORY
(In Thousands)

Ownership/Occupancy Status	1987	1991	1993	1996	1999	2002	2005	2008	2011
Total Housing Units	2,840	2,981	2,977	2,995	3,039	3,209	3,261	3,328	3,352
Owner Units	837	858	825	858	932	997	1,032	1,046	1,015
Owner-Occupied	817	829	805	834	915	982	1,010	1,019	984
Vacant for Sale	19	29	20	24	17	15	21	26	31
Rental Units	1,932	2,028	2,040	2,027	2,018	2,085	2,092	2,144	2,173
Renter-Occupied	1,884	1,952	1,970	1,946	1,953	2,024	2,027	2,082	2,105
Vacant for Rent	47	77	70	81	64	61	65	62	68
Vacant Not Available for Sale or Rent(1)	72	94	111	110	89	127	137	138	164

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

Sources: U.S. Bureau of the Census, 1987, 1991, 1993, 1996, 1999, 2002, 2005, 2008 and 2011 New York City Housing and Vacancy Surveys.

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

APPENDIX B

FINANCIAL STATEMENTS

Basic Financial Statements of the City of New York
June 30, 2014 and 2013

Deloitte.

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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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to The City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of The City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Member of
Deloitte Touche Tohmatsu Limited

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 Supplementary 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 Introductory Section, Other Supplementary Information, and Statistical Section, as listed in the foregoing table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management and was derived from and relates 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 by us and the other auditors. In our opinion the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Deloitte & Touche LLP

October 29, 2014

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 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 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.

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 another financing source, the repayment of debt as an expenditure, the purchase of capital assets as an expenditure, and do not reflect changes in long-term liabilities.

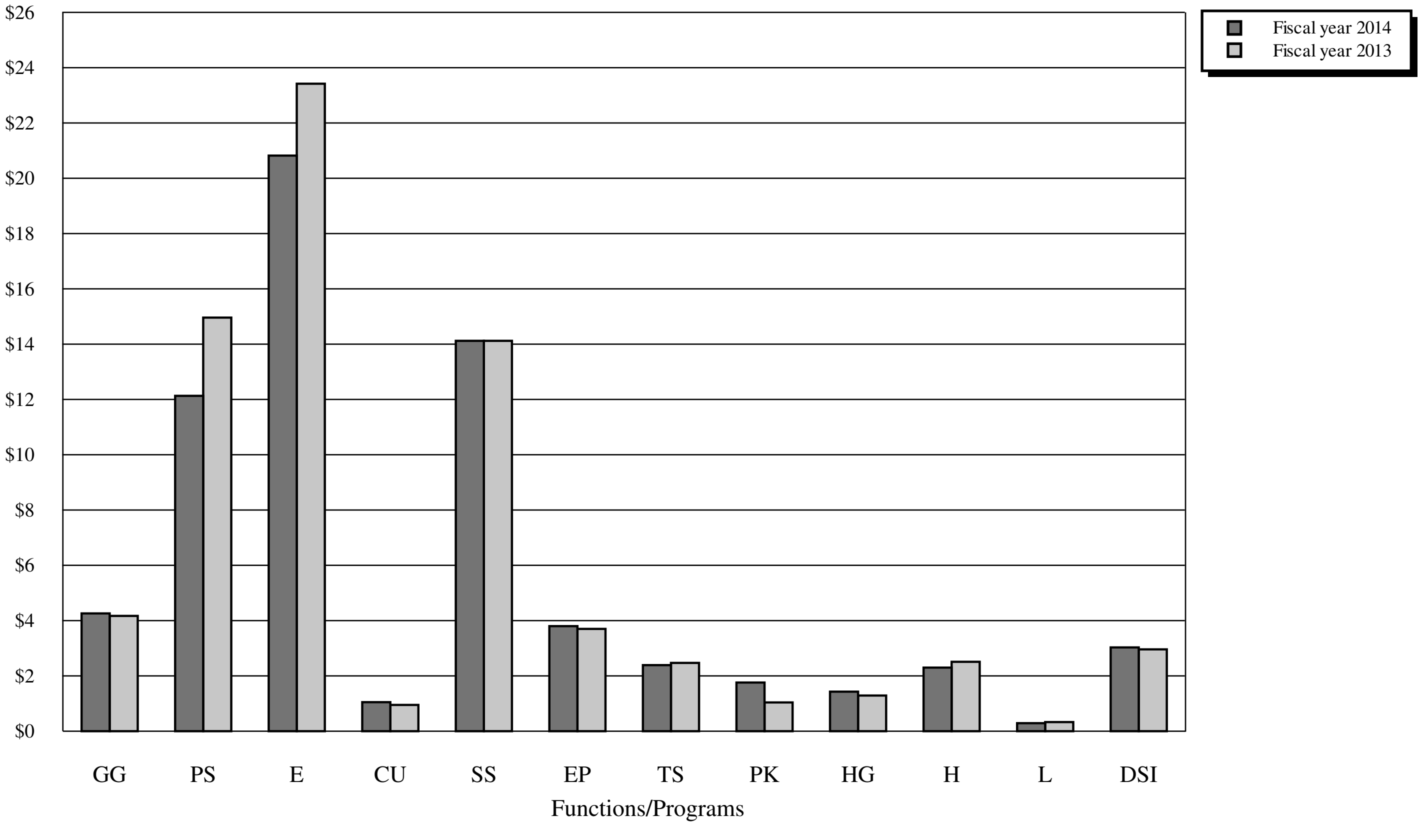
Key elements of these changes are as follows:

	Governmental Activities for the Fiscal Years ended June 30,		
	2014	2013 (restated)[(a)]	2012
		(in thousands)	
Revenues:			
Program revenues:			
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
General revenues:			
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
Total revenues	74,041,610	72,176,285	67,800,195
Expenses:			
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
Total expenses	70,400,163	76,300,058	75,314,809
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[(a)]	—	(64,887,652)	(363,576)
Net position deficit—ending	$(191,103,187)	$(194,744,634)	$(125,733,209)

(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)



Functions/Programs

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

In Fiscal Year 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 include general corporation, financial corporation, unincorporated business income, non-resident personal income taxes, and utility tax) is attributable to a decrease in financial corporation taxes, which reflects declines in national mortgage loan originations, refinancing activity, and settlements related to prior year mortgage securities and unfair banking practices.
  - For all other taxes, the increase in taxes associated with the conveyance of real property reflects a continued recovery in both the volume and average sale price for commercial properties and an improvement in the average sale price for residential properties. Also increasing was commercial rent tax, which shows improvements in commercial office vacancy rates and asking rents in Manhattan. Additionally, hotel room occupancy taxes grew due to continued growth in the tourism sector.
- The major components of the changes in government-wide expenses were:
  - Public Safety costs decreased as a result of a decrease in personal service costs 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 there was a large payment in Fiscal Year 2014 from the City to HHC for retroactive collective bargaining liabilities. In DOHMH, the decline in spending is related to the NYS Department of Health's takeover of the responsibility for fiscal claims in the Early Intervention Program. As of April 2013, claims which are to be reimbursed by Medicaid or commercial insurance companies will be paid directly to the provider by the State, instead of coming through DOHMH's budget.
  - Parks, recreation and culturals increased as a result of budget restorations from the previous year. In addition, there was an increase in certain OTPS payments for Cultural Institutions in Fiscal Year 2014.

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.

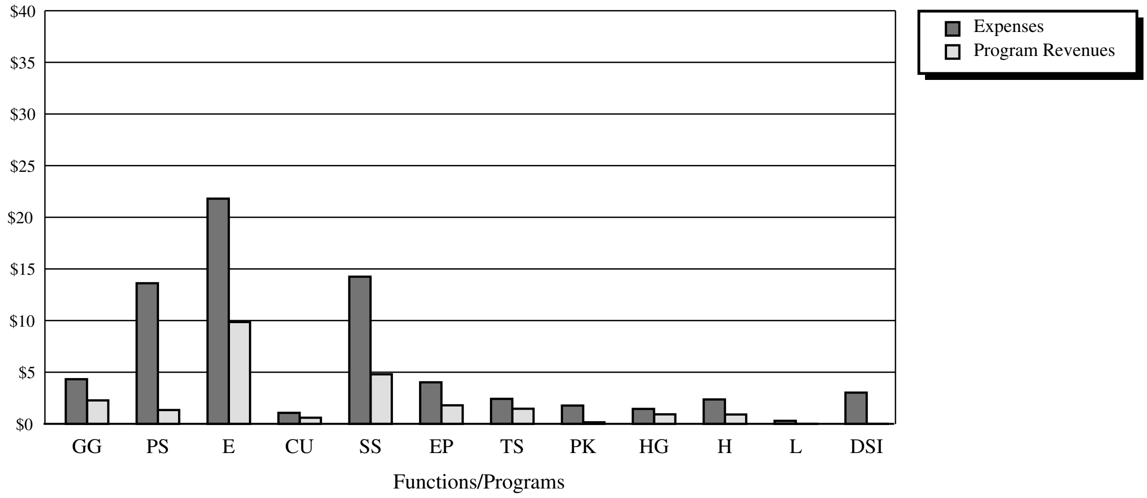
- Expenses in Environmental Protection increased due to the NYC Rapid Repairs Program in response to Superstorm Sandy, for which the Department of Environmental Protection served as the contracting entity.

- 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.

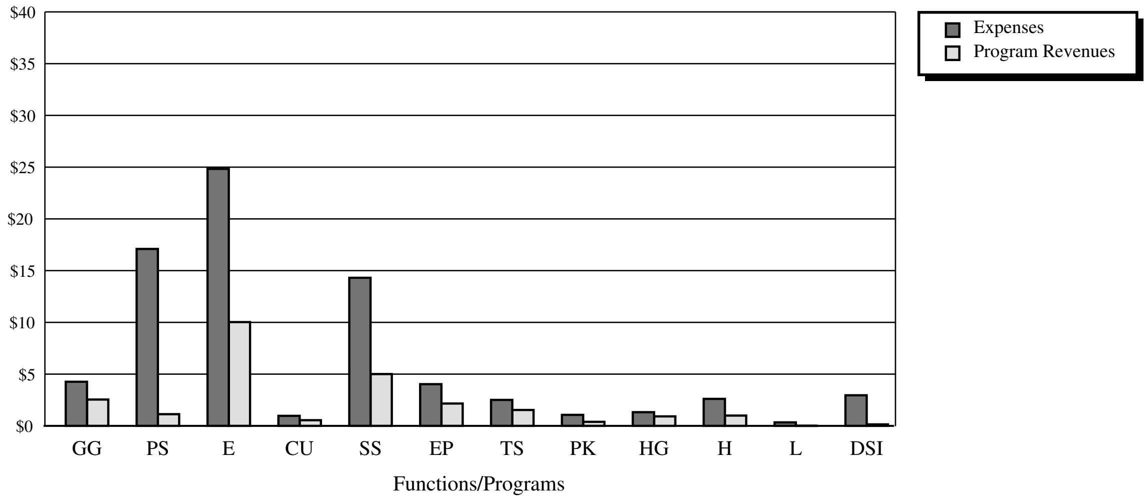
- Expenses in Libraries grew due to an increase in advance cash subsidies made to the Systems by the City in comparison with Fiscal Year 2012, for which the City had made significant prepayments during Fiscal Year 2011.

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)

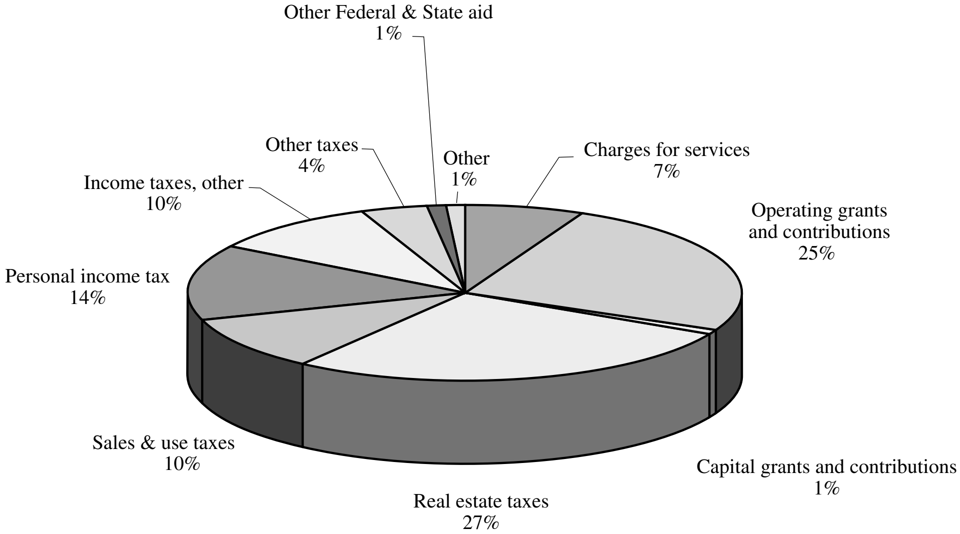


Functions/Programs

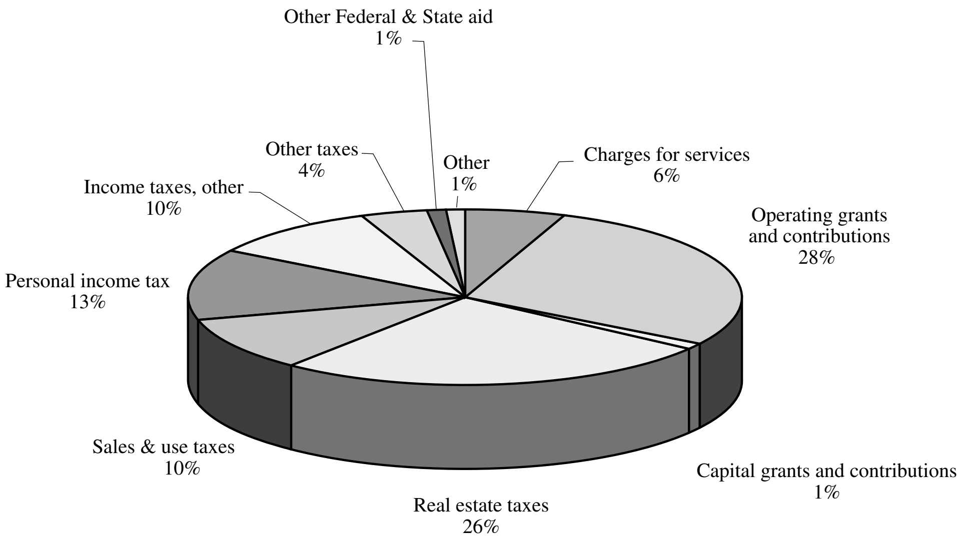
GG	General government
PS	Public safety and judicial
E	Education (Primary and Secondary)
CU	City University
SS	Social services
EP	Environmental protection
TS	Transportation services
PK	Parks, recreation, and cultural activities
HG	Housing
H	Health, including payments to HHC
L	Libraries
DSI	Debt service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

The following charts compare the amounts of program and general revenues for Fiscal Years 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, a 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.

	Governmental Activities		
	2014	2013 (restated)	2012
		(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	88,309,671	86,014,567	81,140,318
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	257,730,842	269,895,810	201,599,611
Deferred inflows of resources	22,226,263	11,498,552	5,822,479
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)	(188,027,418)	(192,666,950)	(121,574,500)
Total net position (deficit)	$(191,103,187)	$(194,744,634)	$(125,733,209)

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:

Summary of City Pension Information Fiscal Year 2014

	NYCERS*	TRS**	BERS**	POLICE*	FIRE*	Total
Membership (active and retired) as of 6/30/12	350,334	208,556	46,203	82,982	27,226	715,301
			(in billions, except %)			
Total Pension Liability (TPL)	$ 40.6	$ 60.6	$ 4.2	$ 46.3	$ 18.0	$ 169.7
Less Plan Fiduciary Net Position (PFNP)	30.6	43.3	3.3	34.5	11.5	123.1
Net Pension Liability (NPL)	$ 10.0	$ 17.3	$ 0.9	$ 11.8	$ 6.5	$ 46.6
PFNP as a % of TPL	75.4%	71.5%	78.1%	74.5%	63.9%	72.5%
Pension Expense	$ 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, except %)			
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)	$ 12.8	$ 23.0	$ 1.3	$ 15.1	$ 7.7	$ 59.9
PFNP as a % of TPL	67.2%	60.9%	67.5%	66.1%	56.0%	63.5%
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

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
			(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)	(6,018,123)	5,534,040	5,062,954	695,912	1,006,451	6,281,234
Fund Balances (deficit), June 30, 2013	457,467	(3,035,756)	2,766,707	4,259,246	—	4,447,664
Revenues	72,259,770	2,240,805	127,522	4,674,329	(3,831,660)	75,470,766
Expenditures	(67,705,878)	(7,902,711)	(3,742,518)	(5,565,135)	2,190,349	(82,725,893)
Other financing sources (uses)	(4,548,840)	5,661,781	1,487,141	1,497,562	1,641,311	5,738,955
Fund Balances (deficit), June 30, 2014	$ 462,519	$(3,035,881)	$ 638,852	$ 4,866,002	$ —	$ 2,931,492

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 $2.01 billion and $2.81 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 $2.74 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

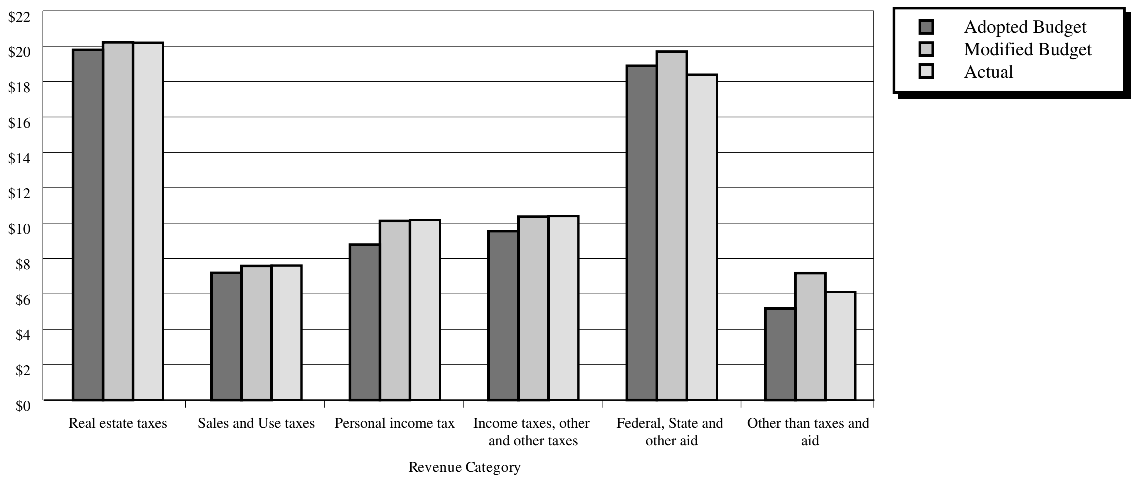
GAAP require recognition of pollution remediation obligations, and generally preclude costs incurred for pollution remediation from being reported as capital expenditures. Thus, the City's Fiscal Year 2014 General Fund expenditures include approximately $313.7 million of pollution remediation expenditures 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:

	General Fund Pollution Remediation Expenditures	
	2014	**2013**
	(in thousands)	
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	$ 313,727	$ 200,000

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.

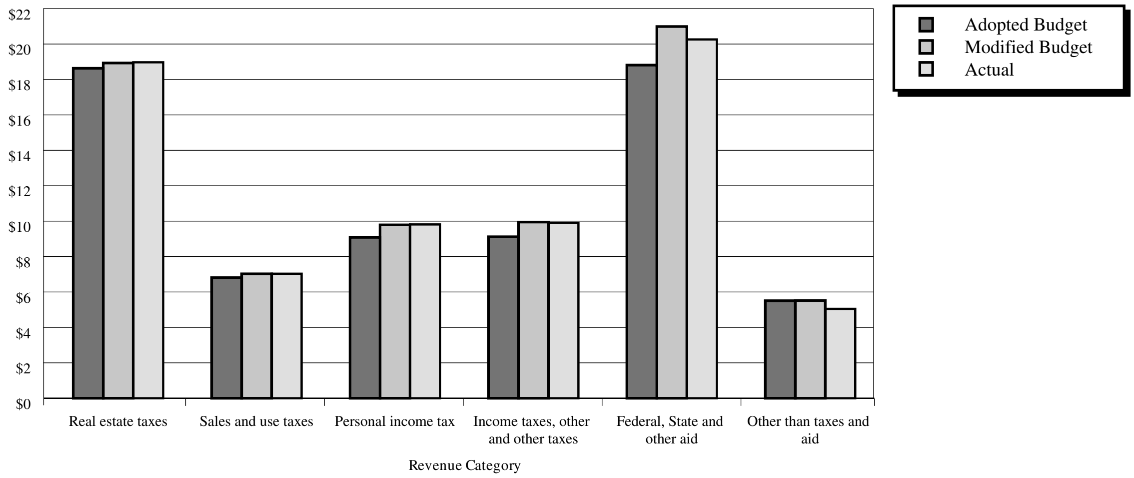
General Fund Revenues
Fiscal Year 2014
(in billions)



General Fund Revenues
Fiscal Year 2014

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

General Fund Revenues
Fiscal Year 2013
(in billions)



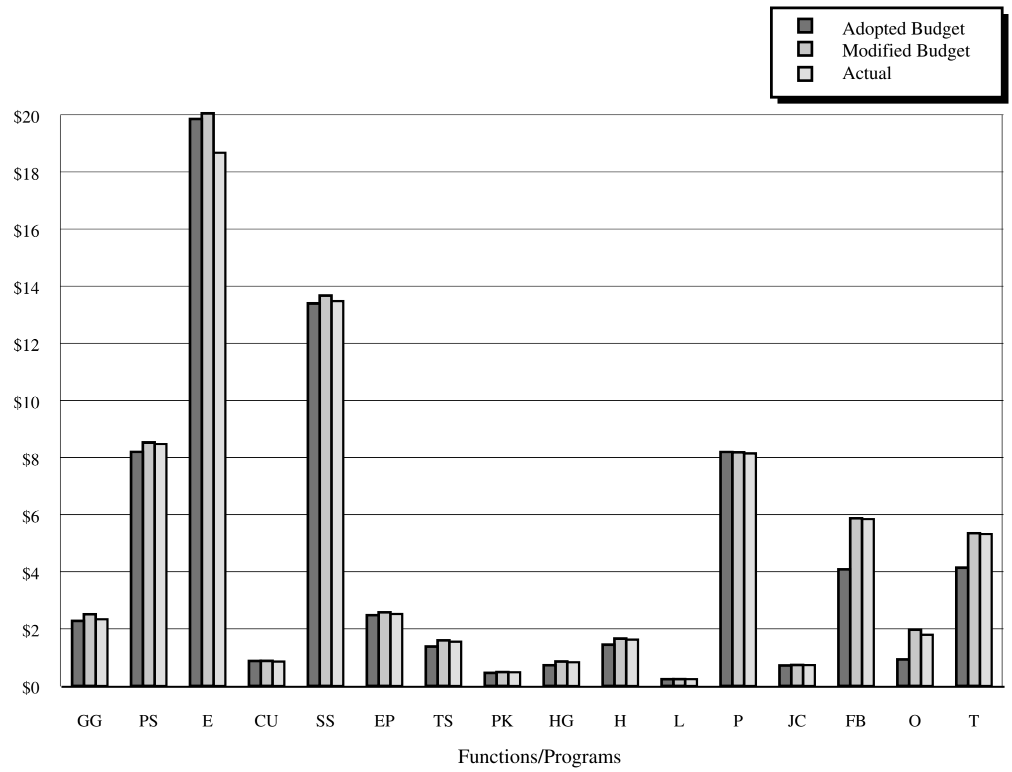
General Fund Revenues
Fiscal Year 2013

	Adopted Budget	Modified Budget (in millions)	Actual
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)	43,644	45,693	45,722
Federal, State and other aid:			
Categorical	18,811	20,989	20,260
Federal, State and other aid	18,811	20,989	20,260
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	5,507	5,517	5,047
Total revenues	$67,962	$72,199	$71,029

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.

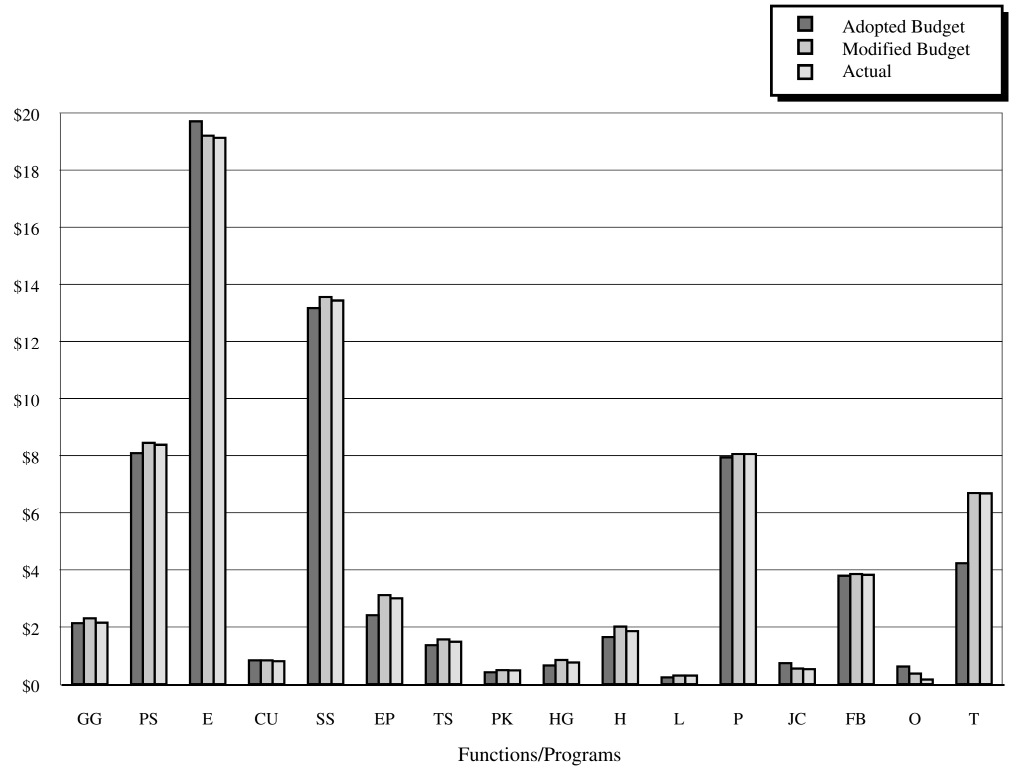
General Fund Expenditures
Fiscal Year 2014
(in billions)



General Fund Expenditures
Fiscal Year 2014

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

General Fund Expenditures
Fiscal Year 2013
(in billions)



General Fund Expenditures
Fiscal Year 2013

	Adopted Budget	Modified Budget	Actual
		(in millions)	
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
Total expenditures	$67,962	$72,199	$71,024

General Fund Surplus

The City had General Fund surpluses of $2.01 billion, $2.81 billion and $2.47 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	$2,011	$2,812	$2,467

Fiscal Year 2014

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

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

Fiscal Year 2013

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:

	2013
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	5,880
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	5,875
Reported Surplus	$ 5

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	$51,662*	$50,510	$48,515

* 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 $1.15 billion, a 2% increase. Capital assets additions in Fiscal Year 2014 were $8.52 billion, an increase of $136 million from Fiscal Year 2013.

In 2014 construction work-in-progress was $4.26 billion, representing a 9% net decrease. The decrease was the result of $3.23 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 $2.0 billion, a 4% increase. Capital assets additions in Fiscal Year 2013 were $8.38 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[(a)]	$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	79,539	77,680	75,536
Plus premiums / less discounts (net)	3,162	2,956	2,004
Total bonds and notes payable	$82,701	$80,636	$77,540

(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 2014, GO variable rate debt traded at the following average interest rates:

	Tax-Exempt	Taxable
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:

	Tax-Exempt
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 $1.81 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, or at Accountancy@comptroller.nyc.gov.

THE CITY OF NEW YORK
STATEMENT OF NET POSITION
JUNE 30, 2014
(in thousands)

	Primary Government (PG) Governmental Activities	Component Units
ASSETS:		
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
DEFERRED OUTFLOWS OF RESOURCES	544,247	141,849
LIABILITIES:		
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
DEFERRED INFLOWS OF RESOURCES		
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
NET POSITION:		
Net investment in capital assets	(7,495,896)	7,829,508
Restricted for:		
Capital projects	1,838,454	36,030
Debt service	2,581,673	2,299,130
Loans/security deposits	—	58,920
Donor/statutory restrictions	—	100,526
Operations	—	271,061
Unrestricted (deficit)	(188,027,418)	(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
Assets:		
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
Deferred Outflows of Resources	635,161	130,980
Liabilities:		
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
Deferred Inflows of Resources		
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
Net Position:		
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)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Units
Primary government:						
General government	$ 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	$70,400,163	$ 5,242,253	$18,156,544	$ 695,650	(46,305,716)	—
Component Units	$16,708,312	$12,519,179	$ 2,377,078	$1,465,007	—	$ (347,048)
General revenues:						
Taxes (Net of Refunds):						
Real estate taxes					20,033,049	—
Sales and use taxes					7,604,836	—
Personal income tax					10,364,714	—
Income taxes, other					7,364,845	—
Other taxes:						
Commercial Rent					771,186	—
Conveyance of Real Property					1,530,167	—
Hotel Room Occupancy					541,293	—
Payment in Lieu of Taxes					270,131	—
Other					49,058	—
Investment income					79,261	50,487
Other Federal and State aid					490,168	56,034
Other					848,455	1,041,705
Total general revenues					49,947,163	1,148,226
Change in net position					3,641,447	801,178
Net position—beginning					(194,744,634)	86,026
Net position—ending					$(191,103,187)	$ 887,204

See accompanying notes to financial statements.

THE CITY OF NEW YORK
STATEMENT OF ACTIVITIES

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
					Primary Government	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
Primary government:						
General government	$ 4,262,092	$ 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	$76,300,058	$ 4,483,973	$20,063,707	$849,828	(50,902,550)	—
Component Units	$16,266,008	$11,619,403	$ 2,651,365	$1,421,818	—	$ (573,422)
General revenues:						
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					46,778,777	521,396
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					$(194,744,634)	$ 86,026

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2014
(in thousands)

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 7,761,172	$ 74,452	$ —	$ 122,901	$ —	$ 7,958,525
Investments, 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	$30,760,926	$ 2,313,491	$ 643,937	$6,192,999	$(306,119)	$39,605,234
LIABILITIES:						
Accounts payable and accrued liabilities	$13,161,739	$ 1,357,114	$ 5,085	$ 586,322	$ —	$15,110,260
Accrued tax refunds:						
Real estate taxes	58,773	—	—	—	—	58,773
Personal income tax	50,974	—	—	—		50,974
Other	94,729	—	—	—	—	94,729
Accrued judgments and claims	522,742	70,050	—	—	—	592,792
Unearned revenues	—	—	—	493	—	493
Due to other funds	—	3,410,603	—	152,977	(306,119)	3,257,461
Due to component units	23,414	—	—	—	—	23,414
Estimated disallowance of Federal, State and other aid	1,007,755	—	—	—	—	1,007,755
Other liabilities	3,752,115	511,605	—	—	—	4,263,720
Total liabilities	18,672,241	5,349,372	5,085	739,792	(306,119)	24,460,371
DEFERRED INFLOWS OF RESOURCES:						
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	11,626,166	—	—	587,205	—	12,213,371
FUND BALANCES:						
Nonspendable	462,519	—	—	611	—	463,130
Spendable:						
Restricted	—	423,296	480,525	3,357,979	—	4,261,800
Committed	—	—	158,327	—	—	158,327
Assigned	—	—	—	1,505,488	—	1,505,488
Unassigned	—	(3,459,177)	—	1,924	—	(3,457,253)
Total fund balances (deficit)	462,519	(3,035,881)	638,852	4,866,002	—	2,931,492
Total liabilities, deferred inflows of resources and fund balances	$30,760,926	$ 2,313,491	$ 643,937	$6,192,999	$(306,119)	$39,605,234

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

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
ASSETS:						
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	$27,978,333	$ 2,677,237	$2,771,341	$5,444,825	$(348,862)	$38,522,874
LIABILITIES:						
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	17,202,250	5,712,993	4,634	809,442	(348,862)	23,380,457
DEFERRED INFLOWS OF RESOURCES:						
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	10,318,616	—	—	376,137	—	10,694,753
FUND BALANCES:						
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)	457,467	(3,035,756)	2,766,707	4,259,246	—	4,447,664
Total liabilities, deferred inflows of resources and fund balances	$27,978,333	$ 2,677,237	$2,771,341	$5,444,825	$(348,862)	$38,522,874

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

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

The reconciliation of the net change in fund balances of governmental funds to the change in net 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
REVENUES:						
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	70,522,027	2,562,094	109,838	3,612,222	(2,846,612)	73,959,569
EXPENDITURES:						
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	64,498,721	8,385,332	3,779,693	5,094,143	(1,840,161)	79,917,728
Excess (deficiency) of revenues over expenditures	6,023,306	(5,823,238)	(3,669,855)	(1,481,921)	(1,006,451)	(5,958,159)
OTHER FINANCING SOURCES (USES):						
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)	(6,018,123)	5,534,040	5,062,954	695,912	1,006,451	6,281,234
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	$ 457,467	$(3,035,756)	$ 2,766,707	$ 4,259,246	$ —	$ 4,447,664

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 *governmental activities* in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Purchases of capital assets	$ 5,289,193	
Depreciation expense	(2,973,430)	2,315,763
The net effect of various miscellaneous transactions involving capital assets and other (*i.e.* sales, trade-ins, and donations) is to decrease net position		(1,074,426)
The issuance of long-term debt (*i.e.*, bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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	157,685	(2,210,532)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds		(608,487)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		(9,623,111)
Net pension liability		13,343,041
OPEB liability		3,036,224
Pollution Remediation		(20,853)
Change in net position—governmental activities		$ 3,641,447

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 *governmental activities* in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Purchases of capital assets	$ 5,559,669	
Depreciation expense	(3,001,867)	2,557,802
The net effect of various miscellaneous transactions involving capital assets and other (*i.e.* sales, trade-ins, and donations) is to decrease net position		(474,461)
The issuance of long-term debt (*i.e.*, bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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	182,803	(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		(4,322)
Change in net position—governmental activities		$(4,123,773)

See accompanying notes to financial statements.

THE CITY OF NEW YORK

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

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

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

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

	Budget			Better (Worse) Than Modified Budget
	Adopted	Modified	Actual	
REVENUES:				
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	67,648,934	71,691,909	70,522,027	(1,169,882)
EXPENDITURES:				
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	63,887,426	65,657,347	64,498,721	1,158,626
Excess of revenues over expenditures	3,761,508	6,034,562	6,023,306	(11,256)
OTHER FINANCING SOURCES (USES):				
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	(3,761,508)	(6,034,562)	(6,018,123)	(16,439)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ —	$ —	5,183	$ 5,183
FUND BALANCE AT BEGINNING OF YEAR			452,284	
FUND BALANCE AT END OF YEAR			$ 457,467	

See accompanying notes to financial statements.

THE CITY OF NEW YORK

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014
(in thousands)

	Pension Funds and Other Employee Benefit Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	$ 1,392,334	$1,820,137
Receivables:		
Member loans	2,228,383	—
Investment securities sold	5,411,629	—
Accrued interest and dividends	487,169	—
Other receivables	288	—
Total receivables	8,127,469	—
Investments:		
Fixed return funds	64,161,348	—
Short-term investments	4,281,436	—
Debt securities	22,618,857	1,469,736
Equity securities	41,917,755	—
Alternative investments	16,803,357	—
Mutual funds	9,288,881	—
Collective trust funds	30,541,183	—
Collateral from securities lending transactions	16,618,377	—
Guaranteed investment contracts	5,057,209	—
Total investments	211,288,403	1,469,736
Other assets	93,756	—
Total assets	220,901,962	3,289,873
LIABILITIES:		
Accounts payable and accrued liabilities	1,369,947	954,411
Payable for investment securities purchased	9,952,997	—
Accrued benefits payable	636,319	—
Securities lending transactions	16,623,227	—
Other liabilities	1,484	2,335,462
Total liabilities	28,583,974	3,289,873
NET POSITION:		
Restricted for benefits to be provided by QPPs	144,537,893	—
Restricted for benefits to be provided by VSFs	3,540,824	—
Restricted for benefits to be provided by TDA Programs	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 Funds and Other Employee Benefit Trust Funds	Agency Funds
ASSETS:		
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
LIABILITIES:		
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
NET POSITION:		
Restricted for benefits to be provided by QPPs	124,818,880	—
Restricted for benefits to be provided by VSFs	989,436	—
Restricted for benefits to be provided by TDA Programs	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)

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

COMPONENT UNITS
STATEMENT OF NET POSITION

JUNE 30, 2014
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2013	Housing Development Corporation October 31, 2013	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
ASSETS:							
Cash and cash equivalents	$ 14,127	$ 854,715	$ 701,635	$ 1,123,508	$ 97,278	$ 362,778	$ 3,154,041
Investments, 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
DEFERRED OUTFLOWS OF RESOURCES	91,031	9,815	10,825	18,240	—	11,938	141,849
LIABILITIES:							
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
DEFERRED INFLOWS OF RESOURCES	272	—	—	723,907	—	—	724,179
NET POSITION:							
Net investment in capital assets	(771,165)	5,371,385	1,336	2,556,602	13,653	657,697	7,829,508
Restricted for:							
Capital projects	—	—	—	—	35,518	512	36,030
Debt service	1,145,505	—	1,016,156	137,469	—	—	2,299,130
Loans/security deposits	—	—	—	—	55,169	3,751	58,920
Statutory reserve	—	—	—	87,883	—	—	87,883
Donor restrictions	—	—	—	12,643	—	—	12,643
Operations	221,440	—	49,621	—	—	—	271,061
Unrestricted (deficit)	(754,581)	(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
ASSETS:							
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
DEFERRED OUTFLOWS OF RESOURCES	91,049	—	1,586	22,437	—	15,908	130,980
LIABILITIES:							
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
DEFERRED INFLOWS OF RESOURCES	64	—	—	223,067	—	—	223,131
NET ASSETS:							
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
EXPENSES	$3,676,966	$3,625,503	$ 217,756	$ 8,136,110	$865,533	$186,444	$16,708,312
PROGRAM REVENUES:							
Charges for services	3,684,275	919,973	269,828	7,264,125	292,053	88,925	12,519,179
Operating grants and contributions	—	2,010,903	—	285,763	68,621	11,791	2,377,078
Capital grants, contributions and other	9,799	504,226	—	313,904	473,522	163,556	1,465,007
Total program revenues	3,694,074	3,435,102	269,828	7,863,792	834,196	264,272	16,361,264
Net (expenses) program revenues	17,108	(190,401)	52,072	(272,318)	(31,337)	77,828	(347,048)
GENERAL REVENUES:							
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
EXPENSES	$3,399,197	$ 3,707,975	$ 203,051	$ 7,912,882	$ 863,486	$ 179,417	$16,266,008
PROGRAM REVENUES:							
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)
GENERAL REVENUES:							
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.

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. Reimbursement by HHC is negotiated annually with the City and HHC has agreed to reimburse the 2014 portion of the related City payments made on HHC's behalf.

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.

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)

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* 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.

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 $1.25 billion and $1.16 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:

		Changes in Fair Value from June 30, 2013		Fair Value at June 30, 2014		
Item		**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
			(in thousands)			
Governmental activities						
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.

Item	Type	Objective	Notional Amount (in thousands)	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
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 $(48.96) 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 $(141.48) 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 $68.50 million in collateral to its counterparties based on posting cash. The collateral requirements would be $141.40 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[(1)]

Swap/Counterparty	Fair Value[(2)] as of June 30, 2014	Collateral Threshold at Baa2/BBB to Baa3/BBB-[(3)]	Collateral Amount[(4)]	Collateral Threshold below Baa3/BBB-	Collateral Amount[(5)]
			(in thousands)		
Bank of New York Mellon	$ (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	$(141,476)		$68,497		$141,397

(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	$ 544,247	$141,849	$ 635,161	$130,980
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	$22,226,263	$724,179	$11,498,552	$223,131

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:

Fiscal Year 2014

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
			(in thousands)		
Nonspendable:					
General Fund balance	$462,519	$ —	$ —	$ —	$ 462,519
Prepaid expenditures	—	—	—	611	611
Spendable:					
Restricted					
Capital projects	—	423,296	—	1,415,158	1,838,454
Debt service	—	—	480,525	1,942,821	2,423,346
Committed					
Debt service	—	—	158,327	—	158,327
Assigned					
Nonmajor operating funds	—	—	—	1,507,412	1,507,412
Unassigned					
Capital Projects Fund	—	(3,459,177)	—	—	(3,459,177)
Total Fund Balance (Deficit)	$462,519	$(3,035,881)	$638,852	$4,866,002	$ 2,931,492

Fiscal Year 2013

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
			(in thousands)		
Nonspendable:					
General Fund balance	$457,467	$ —	$ —	$ —	$ 457,467
Prepaid expenditures	—	—	—	620	620
Spendable:					
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)
Total Fund Balance (Deficit)	$457,467	$(3,035,756)	$2,766,707	$4,259,246	$4,447,664

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 $5.78 billion and $4.24 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 $7.96 billion and $5.82 billion, respectively, and the bank balances were $1.47 billion and $1.20 billion, respectively. At June 30, 2014 and 2013, the carrying amount of the restricted cash and cash equivalents was $2.69 billion and $5.47 billion, respectively, and the bank balances were $644 million and $2.77 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 Maturities (in years)					
	2014			2013		
Investment Type	**Less than 1**	**1 to 5**	**More than 5**	**Less than 1**	**1 to 5**	**More than 5**
	(in thousands)					
Unrestricted						
U.S. Government securities	$1,133,948	$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)[1]	—	—	(51,709)[2]
Total unrestricted	$4,873,628	$592,036	$(92,513)	$3,137,671	$267,269	$(51,709)
Restricted						
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	$1,515,968	$271,600	$ 22,743	$1,669,466	$382,412	$ 31,618

(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 (E and F) and two basis swaps (G and K) that were treated as investment derivative instruments. Additionally, the City had four pay-fixed swaps (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, $21.61 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, 2012**	**Additions**	**Deletions**	**Balance June 30, 2013**	**Additions**	**Deletions**	**Balance June 30, 2014**
				(in thousands)			
Governmental Activities:							
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(1)	1,049,279	31,686,321	2,973,430(1)	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

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

	2014	2013
	(in thousands)	
Governmental activities:		
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	$2,973,430	$3,001,867

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.

	2014	2013
	(in thousands)	
Capital Projects Funds:		
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	2,563,373	2,562,282
Total funding sources	$85,507,240	$82,196,385

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:

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

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:

	Capital Leases	Operating Leases	Total
Governmental activities:		(in thousands)	
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	2,438,830	$5,360,006	$7,798,836
Less: Interest	737,391		
Present value of future minimum payments	$1,701,439		

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	Total
Governmental activities:		(in thousands)	
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	39,890	$5,866,053	$5,905,943
Less interest	25,666		
Present value of future minimum lease rentals	$14,224		

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:

	2014			2013		
Concession Type	**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	67	$171,039	$276,432	74	$195,666	$287,352

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 June 30, 2012	Additions	Deletions	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
				(in thousands)				
Governmental activities:								
Bonds and notes payable								
General Obligation Bonds[1]	$ 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:

	2013				2014			
Primary Government	City General Obligation[1]	Other bonds and notes payable[2]	Revenue[3]	Total	City General Obligation[1]	Other bonds and notes payable[2]	Revenue[3]	Total
				(in thousands)				
Governmental activities:								
Bonds and notes payable								
General obligation bonds	$41,591,938	$ —	$ —	$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), NYCTLTs and TSASC.

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

	Governmental Activities					
	City General Obligation Bonds		Other Bonds and Notes Payable		Revenue Bonds	
Primary Government	Principal	Interest[1]	Principal	Interest	Principal	Interest
	(in thousands)					
Fiscal Year ending June 30:						
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	$41,664,633	$ —	$25,077,155	$ —	$12,797,046	$ —

[1] 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 based 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.

	Governmental Activities			
	General Obligation Bonds			
Primary Government	Principal	Interest	Hedging Derivative Instruments, Net	Total
	(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	$414,295	$9,690	$112,842	$536,827

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 $1.31 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 $1.08 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*:

	Amount (in thousands)
Landfill	$1,307,170
Hazardous waste sites	159,463
Total landfill and hazardous waste sites liability	$1,466,633

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:

Obligating Event	Fiscal Year 2014 Amount (in thousands)	Fiscal Year 2014 Percentage	Fiscal Year 2013 Amount (in thousands)	Fiscal Year 2013 Percentage
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	$237,607	100.0%	$216,754[1]	100.0%

Pollution Type	Fiscal Year 2014 Amount (in thousands)	Fiscal Year 2014 Percentage	Fiscal Year 2013 Amount (in thousands)	Fiscal Year 2013 Percentage
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	$237,607	100.0%	$216,754[1]	100.0%

(1) There are no expected recoveries to reduce the liability.

The PRO liability is derived from registered multi-year contracts which offsets cumulative expenditures (liquidated/unliquidated) against original encumbered contractual amounts. The potential for changes to existing PRO estimates is recognized due to such factors as: additional remediation work arising during the remediation of an existing pollution project; remediation activities may find unanticipated site conditions resulting in necessary modifications to work plans; changes in methodology during the course of a project may cause cost estimates to change, e.g., the new ambient air quality standard for lead considered a drastic change will trigger the adoption of new/revised technologies for compliance purposes; and changes in the quantity which is paid based on actual field measured quantity for unit price items measured in cubic meters, linear meters, etc. Consequently, changes to original estimates are processed as change orders. Further, regarding pollution remediation liabilities that are not yet recognized because they are not reasonably estimable, the Law Department relates that we have approximately 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[1]	$3,082,989[1]
	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		$3,257,461	$3,306,012

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
		1,832,518	1,470,629
City—Capital Projects Fund	Component Units—Water Authority	522,036	572,700
	EDC	111,579	118,148
		633,615	690,848
Total due from Component Units		$2,466,133	$2,161,477
Component Unit—Water Board	City—General Fund	$ 23,414	$ 152,879
Total due to Component Units		$ 23,414	$ 152,879

(1) 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[(1)]

	Fiscal Year 2014					
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
	(in thousands)					
Transfer from (to):						
General Fund	$ —	$ —	$1,483,355	$ 1,717,760	$ —	$ 3,201,115
General Debt 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	$(4,842,426)	$3,518,579	$1,477,135	$(1,794,599)	$ 1,641,311	$ —

	Fiscal Year 2013					
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
	(in thousands)					
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	$(6,209,670)	$3,895,842	$5,049,784	$(3,742,407)	$1,006,451	$ —

(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:

	Asset Type			
Function	**Buildings**	**Equipment**	**Infrastructure**	**Total Loss from Impairment by Function**
		(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	$57,389	$2,116	$122,584	$182,089

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.

S*TAR 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 a 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.

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.

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:

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

[1] 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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
	(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) 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.[(1)]
Actuarial Cost Method	Entry Age calculated on an individual basis with the Actuarial Value of Projected Benefits allocated on a level basis over earnings from hire through age of exit.
Per-Capita Claims Costs	HIP HMO and GHI/EBCBS benefit costs reflect age adjusted premiums. Age adjustments based on assumed age distribution of covered population used for non-Medicare retirees and HIP HMO Medicare retirees. Age adjustment based on actual age distribution of the GHI/EBCBS Medicare covered population. Insured premiums without age adjustment for other coverage. Premiums assumed to include administrative costs.

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

Employer premium contribution schedules for the month of July 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[1]	FY '13[2]
HIP HMO		
Non-Medicare Single	$ 579.04	$ 550.50
Non-Medicare Family	1,418.66	1,348.75
Medicare	149.42	140.37
GHI/EBCBS		
Non-Medicare Single	459.63	459.68
Non-Medicare Family	1,194.24	1,194.29
Medicare	159.69	159.69
Others		
Non-Medicare Single	579.04	550.50
Non-Medicare Family	1,418.66	1,348.75
Medicare	159.69	159.69

(1) Used in June 30, 2013 OPEB actuarial valuation.

(2) 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 . . . .

Calendar Year	Monthly Premium
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.

	Income-related Medicare Part B Increase	
Fiscal Year	June 30, 2013 Valuation	June 30, 2012 Valuation
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,[1]	Pre-Medicare Plans	Medicare Plans	Medicare Part B Premiums
2014[2]	9.5%	5.0%	6.5%
2015	9.0	5.0	6.0
2016	8.5	5.0	5.5
2017	8.0	5.0	5.0
2018	7.5	5.0	5.0
2019	7.0	5.0	5.0
2020	6.5	5.0	5.0
2021	6.0	5.0	5.0
2022	5.5	5.0	5.0
2023 and Later	5.0	5.0	5.0

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

(2) For the June 30, 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[3] (“Yamamoto Study”).

(3) 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:

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

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:

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

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.

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

For the June 30, 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.

	Factor*	
Fiscal Year	6/30/13 Valuation	6/30/12 Valuation
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:

	Valuation as of June 30	
	2013	2012
NYCERS	35%	35%
TRS	45	45
BERS	45	45
POLICE	15	15
FIRE	20	20

Participation . . . . Active participation assumptions based on current retiree elections. Actual elections for current retirees. Portions of current retirees not eligible for Medicare are assumed to change elections upon attaining age 65 based on patterns of elections of Medicare-eligible retirees. Detailed assumptions appear in the following table:

PLAN PARTICIPATION ASSUMPTIONS

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

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

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

I. Lifetime coverage is provided to the surviving spouse or domestic partner and to children (coverage to age 26 based on legislative mandates under National Health Care Reform) of uniformed members of the Police or Fire Departments who die in the Line of Duty.

II. Effective November 13, 2001, other surviving spouses of retired uniformed members of the Police and Fire Departments may elect to continue coverage for life by paying 102% of stated premium.

III. Effective August 31, 2010 surviving spouses of retired uniformed members of the Departments of Correction and Sanitation may elect to continue coverage for life by paying 102% of stated premium.

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

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

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

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

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

Dependent Coverage Assumptions

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

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

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

For assumptions used in the June 30, 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 NYCRS 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 http://www.nyc.gov/html/actuary.
CUNY TIAA	The actuarial assumptions used for determining obligations for CUNY TIAA are shown in Appendix F of the Report on the 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 http://www.nyc.gov/html/actuary.

5. Pensions

Plan Descriptions

The City sponsors or participates in five pension trusts providing benefits to its employees, the majority of whom are members of one of these pension trusts (collectively referred to as NYCRS). Each of the trusts administers a qualified pension plan (QPP) and one or more variable supplements funds (VSFs) or tax-deferred annuity programs (TDA Programs) that supplement the pension benefits provided by the QPP. The trusts administered by NYCRS function in accordance with existing State statutes and City laws, which are the basis by which benefit terms and employer and member contribution requirements are established 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 NYCRS and the individual plans they administer follows:

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

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

   - Transit Police Officers' Variable Supplements Fund (TPOVSF), which provides supplemental benefits to NYCERS QPP members who retire 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 BERS 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 NYCRS QPP upon employment. Permanent full-time employees who are eligible to participate in the NYCERS QPP and BERS QPP are generally required to become members within six months of their permanent employment status but may elect to become members earlier. Other employees who are eligible to participate in the NYCERS QPP and BERS QPP may become members at their option.

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

	NYCERS	TRS	BERS	POLICE	FIRE	Total
QPP Membership at June 30, 2012						
Retirees and Beneficiaries Receiving Benefits	137,987	76,539	14,874	46,638	16,917	292,955
Terminated Vested Members Not Yet Receiving Benefits	8,880	9,868	184	746	30	19,708
Other Inactives	16,353	9,689	3,305	1,358	12	30,717
Active Members	187,114	112,460	27,840	34,240	10,267	371,921
Total QPP Membership	350,334	208,556	46,203	82,982	27,226	715,301

	NYCERS	TRS	BERS	POLICE	FIRE	Total
QPP Membership at June 30, 2011						
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	345,372	203,570	41,164	81,883	27,713	699,702

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

	TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Total
Membership at June 30, 2013						
Retirees Receiving or Eligible to Receive Benefits	343	261	181	238	6,434	7,457
Active Members	—	—	—	—	8,142	8,142
Total Membership	343	261	181	238	14,576	15,599

	TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Total
Membership at June 30, 2012						
Retirees Receiving or Eligible to Receive Benefits	351	265	189	243	6,172	7,220
Active Members	—	—	—	—	8,142	8,142
Total Membership	351	265	189	243	14,314	15,362

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:

	PSOVSF	POVSF	Total POLICE	FOVSF	FFVSF	Total FIRE
Membership at June 30, 2013						
Retirees Receiving Benefits	16,996	11,777	28,773	1,653	3,720	5,373
Active Members	12,137	22,638	34,775	2,485	7,697	10,182
Total Membership	29,133	34,415	63,548	4,138	11,417	15,555

	PSOVSF	POVSF	Total POLICE	FOVSF	FFVSF	Total FIRE
Membership at June 30, 2012						
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	28,773	33,928	62,701	4,157	11,620	15,777

Summary of Plan Benefits

QPPs

The NYCRS QPPs provide pension benefits to retired employees generally based on salary, length of service, and Pension Tier. For certain members of the NYCRS QPPs, voluntary member contributions also impact pension benefits provided. The NYCRS also provide automatic Cost-of-Living Adjustments (COLA) and other supplemental pension benefits to certain retirees and beneficiaries. In the event of disability during employment, participants may receive retirement allowances based on satisfaction of certain service requirements and other provisions. The NYCRS QPPs also provide death benefits. Subject to certain conditions, members become fully vested as to benefits upon the completion of 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. New enrollment into the Tier II Plan ended as of June 30, 2009. This affects new hires into the uniformed forces of the New York City Police Department and the New York City Fire Department (new members of the POLICE QPP and FIRE QPP) and Detective Investigators who become new members of the NYCERS QPP 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 NYCRS 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 NYCRS, determined by the Actuary in accordance with State statutes and City laws, are generally funded by the employers within the appropriate Fiscal Year. The Statutory Contributions are determined under the One-Year Lag Methodology (OYLM). Under OYLM, the actuarial valuation date is used for calculating the Employer Contributions for the second following Fiscal Year. For example, the June 30, 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 Statutory and Actual contribution to each QPP for such fiscal years are as follows (in millions):

QPPs	Fiscal Year 2014 Aggregate Statutory Contribution	Fiscal Year 2014 City Statutory/Actual Contribution	Fiscal Year 2013 Aggregate Statutory Contribution	Fiscal Year 2013 City Statutory/Actual Contribution
	(in millions)			
NYCERS	$3,114.1	$1,708.0	$3,046.8	$1,679.6
TRS	2,998.7	2,917.0	2,855.6	2,789.9
BERS	214.6	205.9	187.0	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 Uniformed Correction member salaries to the salaries of all active members of the NYCERS QPP. In each case, the earnings to be transferred (or the appropriate fraction thereof in the case of COVSF) are the amount by which earnings on equity investments exceed what the earnings would have been had such funds been invested at a yield comparable to that available from fixed income securities, less any cumulative past deficiencies (Excess Earnings).

In addition to the transfer of Excess Earnings, under Chapter 3 of the Laws of 2013, should the assets of the POVSF or the PSOVSF be insufficient to pay annual benefits, the POLICE QPP is required to transfer amounts sufficient to make such benefit payments. Additionally, under Chapter 583 of the Laws of 1989, should the assets of the FFVSF or the FOVSF be insufficient to pay annual benefits, the City is required to transfer amounts sufficient to make such benefit payments. 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, TPSOVSF, 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. As of the date of this report, the amount of such transfer due for Fiscal Year 2014 from the NYCERS QPP to COVSF is estimated to be $190 million. The amounts of such transfers due for Fiscal Year 2014 from the POLICE QPP to POVSF and PSOVSF are estimated to be $1.29 billion and $1.02 billion, respectively. The amounts of such transfers due for Fiscal Year 2014 from the FIRE QPP to FFVSF and FOVSF are estimated to be $110 million and $10 million, respectively. Additionally, in Fiscal Year 2014, the NYCERS QPP made required transfers of $4.1 million, $3.1 million, $2.2 million and $2.8 million to TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF, respectively, to fund annual benefits. Also, because PSOVSF assets were insufficient to pay benefits, the POLICE QPP made required transfers to PSOVSF of approximately $231 million in Fiscal Year 2014.

In Fiscal Year 2013, Excess Earnings on equity investments, inclusive of prior year's cumulative deficiencies, were negative 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, TPSOVSF, HPOVSF, and HPSOVSF, respectively to fund annual benefits. Also, because PSOVSF assets were insufficient to pay benefits, the POLICE QPP made required transfers to PSOVSF of approximately $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
Investment Rate of Return	*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)*	*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)*
Post-Retirement Mortality	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2012*	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2012*
Active Service: Withdrawal, Death, Disability, Retirement	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2012*	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2012*
Salary Increases[1]	*In general, Merit and Promotion increases, plus assumed General Wage Increases of 3.0% per year.*	*In general, Merit and Promotion increases, plus assumed General Wage Increases of 3.0% per year.*
Cost-of-Living Adjustments[1]	*1.5% per annum for Tiers I, II, IV, and certain Tier III and Tier VI retirees. 2.5% per annum for certain Tier III and Tier VI retirees.*	*1.5% per annum for Tiers I and II. 2.5% per annum for Tier III.*

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

Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded QPPs are conducted by an independent actuarial firm every two years. The most recent actuarial study analyzed experience for 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 NYCRS 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:

Asset Class	NYCERS Target Asset Allocation	NYCERS Arithmetic RROR by Asset Class	NYCERS Portfolio Component Arithmetic RROR
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%

Asset Class	BERS Target Asset Allocation	BERS Arithmetic RROR by Asset Class	BERS Portfolio Component Arithmetic RROR
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%

Asset Class	TRS Target Asset Allocation	TRS Arithmetic RROR by Asset Class	TRS Portfolio Component Arithmetic RROR
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%

Asset Class	POLICE Target Asset Allocation	POLICE Arithmetic RROR by Asset Class	POLICE Portfolio Component Arithmetic RROR
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%

	FIRE		
Asset Class	Target Asset Allocation	Arithmetic RROR by Asset Class	Portfolio Component Arithmetic RROR
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)					
Balances at 6/30/2012	$42,813	$26,233	$16,580	$17,074	$8,809	$8,265
Changes for Fiscal Year 2013:						
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)
Net changes	1,737	3,219	(1,482)	450	1,013	(563)
Balances at 6/30/2013	44,550	29,452	15,098	17,524	9,822	7,702
Changes for the Fiscal Year 2014:						
Service cost	1,302	—	1,302	413	—	413
Interest	3,117	—	3,117	1,215	—	1,215
Contributions—employer	—	2,321	(2,321)	—	970	(970)
Contributions—employee	—	229	(229)	—	109	(109)
Net investment income	—	5,147	(5,147)	—	1,689	(1,689)
Benefit payments, including refunds of employee contributions	(2,682)	(2,682)	—	(1,172)	(1,172)	—
Administrative expense	—	(17)	17	—	—	—
Other changes	—	6	(6)	—	40	(40)
Net changes	1,737	5,004	(3,267)	456	1,636	(1,180)
Balances at 6/30/2014	$46,287	$34,456	$11,831	$17,980	$11,458	$ 6,522

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:

	Fiscal Year 2014			Fiscal Year 2013		
QPPs	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
			(in millions)			
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:

	Fiscal Year 2014			Fiscal Year 2013		
QPPs	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
			(in millions, 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	$4,635.5	$7,625.8

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)			
Year ending June 30:						
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	$(2,873,796)	$(6,809,048)	$(856,456)	$(3,229,364)	$(1,059,072)	$(14,827,736)

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[(a)]	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[(b)]	34,456,182	29,451,768	11,458,638	9,822,356
Employer's net pension liability—ending[(a)-(b)]	$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%

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*
					(in thousands except %)					
NYCERS										
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%
TRS										
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%
BERS										
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%
POLICE										
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%
FIRE										
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.

Notes to Schedule C:

With the exception of Fiscal Year 2005, the above actuarially determined and contractually required contributions were developed using a One-Year Lag Methodology, under which the actuarial valuation determines the employer contribution for the second following fiscal year (e.g. Fiscal Year 2014 contributions were determined using an actuarial valuation as of June 30, 2012). The Fiscal Year 2005 employer contribution was determined using an actuarial valuation as of the immediate prior fiscal year (June 30, 2004). This change in methodology caused two actuarial valuations to be performed as of June 30, 2004. The methods and assumptions used to determine the actuarially determined and contractually required contributions are as follows:

	2014	2013	2012	2011	2010
Valuation Dates	June 30, 2012 (Lag)	June 30, 2011 (Lag)	June 30, 2010 (Lag)	June 30, 2009 (Lag)	June 30, 2008 (Lag)
Actuarial cost method	Entry Age[5]	Entry Age[5]	Entry Age[5]	Frozen Initial Liability[1]	Frozen Initial Liability[1]
Amortization method for Unfunded Actuarial Accrued Liabilities (UAAL):					
Pre-2010 UAALs	NA	NA	NA	NA	Increasing dollar for FIRE.[2] All outstanding components of UAAL are being amortized over closed periods.
Initial 2010 UAAL	Increasing Dollar Payments.	Increasing Dollar Payments.	Increasing Dollar Payments.	NA	NA
Post-2010 UAALs	Level Dollar Payments.	Level Dollar Payments.	Level Dollar Payments.	NA	NA
Remaining amortization period:					
Pre-2010 UAALs	NA	NA	NA	NA	1 year for FIRE[2].
Initial UAAL	20 Years (Closed).	21 Years (Closed).	22 years (Closed).	NA	NA
2010 ERI	14 Years (Closed).	15 Years (Closed).	NA	NA	NA
2011 UAAL	14 Years (Closed).	15 Years (Closed).	NA	NA	NA
Actuarial Asset Valuation (AAV) Method	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6].	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6].	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6].	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.
Actuarial assumptions:					
Assumed rate of return	7.0% per annum, net of expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, net of expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, net of expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum, gross of expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).
Post-retirement mortality	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.
Active service: withdrawal, death, disability, service retirement	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.
Salary increases	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]
Cost-of-Living Adjustments[2]	1.5% per annum for Tiers I and II. 2.5% per annum for Tier III.	1.5% per annum for Tiers I and II. 2.5% per annum for Tier III.	1.5% per annum for Tiers I and II. 2.5% per annum for Tier III.	1.3% per annum	1.3% per annum[4]

Notes to Schedule C:

	2009	2008	2007	2006	2005
Valuation Dates	June 30, 2007 (Lag)	June 30, 2006 (Lag)	June 30, 2005 (Lag)	June 30, 2004 (Lag)	June 30, 2004
Actuarial cost method	Frozen Initial Liability[1]	Frozen Initial Liability[1]	Frozen Initial Liability[1]	Frozen Initial Liability[1]	Frozen Initial Liability[1]
Amortization method for Unfunded Actuarial Accrued Liabilities (UAAL):					
Pre-2010 UAALs	Increasing dollar for FIRE.[2] All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for FIRE.[2] Level dollar for UAAL attributable to NYCERS, TRS and BERS 2002 ERI (Part A only).[3] All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for FIRE.[2] Level dollar for UAAL attributable to NYCERS, TRS and BERS 2002 ERI (Part A only).[3] All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for FIRE.[2] Level dollar for UAAL attributable to NYCERS 2000 Early Retirement Incentive (ERI); BERS, NYCERS, and TRS 2002 ERI (Part A only).[3] All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for FIRE.[2] 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).[3] All outstanding components of UAAL are being amortized over closed periods.
Initial 2010 UAAL	NA	NA	NA	NA	NA
Post-2010 UAALs	NA	NA	NA	NA	NA
Remaining amortization period:					
Pre-2010 UAALs	2 years for FIRE [2].	3 years for FIRE[2], and 1 year for 2002 ERI (Part A only).	4 years for FIRE[2], and 2 years for 2002 ERI (Part A only).	5 years for FIRE[2], 1 year for 2000 ERI, and 3 years for 2002 ERI (Part A only).	6 years for FIRE[2], 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[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).
Post-retirement mortality	Tables adopted by 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.

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.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]
Cost-of-Living Adjustments[2]	1.3% per annum[4]	1.3% per annum[4]	1.3% per annum[4]	1.3% per annum[4]	1.3% per annum[4]

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

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

[3] Laws of established UAAL for Early Retirement Inventive Programs to be amortized on a level dollar basis over periods of 5 years.

[4] Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year.

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

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

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

The schedule of funding progress presents GASB No. 45 results of OPEB valuations as of Fiscal Years ended June 30, 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.

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)*	(3) Unfunded AAL (UAAL)	(4) Funded Ratio	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
			(2)-(1)	(1)÷(2)		(3)÷(5)
			(in thousands, except %)			
6/30/13	$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.

THE CITY OF NEW YORK

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014
(in thousands)

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

	Pension Funds*	Other Employee Benefit Trust Funds: Deferred Compensation Plans December 31, 2012	Other Employee Benefit Trust Funds: The New York City Other Postemployment Benefits Plan	Total
ASSETS:				
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
LIABILITIES:				
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
NET POSITION:				
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)

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

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

THE CITY OF NEW YORK

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

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

		Other Employee Benefit Trust Funds		
	Pension Funds*	Deferred Compensation Plans December 31, 2012	The New York City Other Postemployment Benefits Plan	Total
ADDITIONS:				
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
DEDUCTIONS:				
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
NET POSITION:				
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
ASSETS:						
Cash and cash equivalents	$ 90,850	$ 77,349	$ 11,805	$ 50,387	$ 21,918	$ 252,309
Receivables:						
Member loans	1,058,426	589,201	77,069	255,808	28,434	2,008,938
Investment securities sold	1,389,323	2,993,708	185,119	606,996	236,483	5,411,629
Accrued interest and dividends	259,370	145,970	577	60,730	20,194	486,841
Other receivables	16	—	—	—	—	16
Total receivables	2,707,135	3,728,879	262,765	923,534	285,111	7,907,424
Investments:						
Fixed return funds	—	59,881,566	4,279,782	—	—	64,161,348
Short-term investments	2,310,548	141,098	5,161	1,302,542	522,087	4,281,436
Debt securities	11,043,530	590,661	10,055	7,053,821	2,109,227	20,807,294
Equity securities	20,010,747	11,185,676	435,423	7,882,275	2,403,634	41,917,755
Alternative investments	9,630,142	—	—	5,411,415	1,761,800	16,803,357
Mutual funds—international equity	—	—	—	—	26,254	26,254
Collective trust funds:						
Debt securities	2,927,243	—	—	1,796,458	815,841	5,539,542
Domestic equity	—	—	—	5,949,347	1,905,476	7,854,823
International equity	9,186,090	—	—	5,794,519	2,166,209	17,146,818
Collateral from securities lending transactions	5,653,563	5,739,575	429,532	3,745,971	1,049,736	16,618,377
Total investments	60,761,863	77,538,576	5,159,953	38,936,348	12,760,264	195,157,004
Other assets	42,940	12,901	17,773	13,678	5,246	92,538
Total assets	63,602,788	81,357,705	5,452,296	39,923,947	13,072,539	203,409,275
LIABILITIES:						
Accounts payable and accrued liabilities	133,798	469,379	14,825	141,773	45,805	805,580
Payable for investment securities purchased	2,960,761	4,711,075	277,646	1,500,827	502,688	9,952,997
Accrued benefits payable	241,504	72,675	13,566	261,905	46,669	636,319
Securities lending transactions	5,655,314	5,741,147	429,532	3,746,792	1,050,442	16,623,227
Other liabilities	1,484	—	—	—	—	1,484
Total liabilities	8,992,861	10,994,276	735,569	5,651,297	1,645,604	28,019,607
NET POSITION:						
Restricted for benefits to be provided by 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	$54,609,927	$70,363,429	$4,716,727	$34,272,650	$11,426,935	$175,389,668

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

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF 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
ASSETS:						
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	3,084,866	2,719,525	199,644	1,462,596	426,095	7,892,726
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	52,389,684	66,601,137	4,362,265	33,666,706	11,229,228	168,249,020
Other assets	76,717	438,486	15,849	12,697	4,807	548,556
Total assets	55,590,928	69,772,963	4,578,970	35,160,156	11,672,854	176,775,871
LIABILITIES:						
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	8,360,326	9,686,830	687,248	5,882,534	1,882,870	26,499,808
NET POSITION:						
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	$47,230,602	$60,086,133	$3,891,722	$29,277,622	$ 9,789,984	$150,276,063

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

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

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

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

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

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
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
ADDITIONS:						
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	3,484,620	3,701,442	296,852	2,654,366	1,066,989	11,204,269
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	4,939,271	6,905,018	720,657	3,083,615	1,036,445	16,685,006
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	27,785	32,887	2,304	17,948	5,986	86,910
Other	5,072	(43)	(263,111)	6,118	38,965	(212,999)
Total additions	8,456,748	10,639,304	756,702	5,762,047	2,148,385	27,763,186
DEDUCTIONS:						
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	3,917,407	4,270,029	250,131	2,548,182	1,136,004	12,121,753
Net increase in net position	4,539,341	6,369,275	506,571	3,213,865	1,012,381	15,641,433
NET POSITION:						
Restricted for benefits:						
Beginning of year	42,691,261	53,716,858	3,385,151	26,063,757	8,777,603	134,634,630
End of year	$47,230,602	$60,086,133	$3,891,722	$29,277,622	$9,789,984	$150,276,063

* 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						
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Eliminations	Total New York City Employees' Retirement System
ASSETS:								
Cash and cash equivalents	$ 90,534	$ 22	$ 26	$ 13	$ 30	$ 225	$ —	$ 90,850
Receivables:								
Member loans	1,058,426	—	—	—	—	—	—	1,058,426
Investment securities sold	1,389,323	—	—	—	—	—	—	1,389,323
Accrued interest and dividends	259,369	—	—	—	—	1	—	259,370
Other receivables	—	1	—	—	5	10	—	16
Transferrable earnings due from QPP to 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)	—
Other assets	42,940	—	—	—	—	—	—	42,940
Total assets	63,566,708	2,057	1,566	1,078	1,422	225,983	(196,026)	63,602,788
LIABILITIES:								
Accounts payable and accrued liabilities	133,798	—	—	—	—	—	—	133,798
Payable for investment securities purchased	2,960,761	—	—	—	—	—	—	2,960,761
Accrued benefits payable	197,367	2,057	1,566	1,078	1,422	38,014	—	241,504
Transferrable earnings due from QPP to 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
NET POSITION:								
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		
ASSETS:								
Cash and cash equivalents	$ 39,355	$ 7	$ 25	$ 32	$ 17	$ 225	$ —	$ 39,661
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	(6,056)	55,590,928
LIABILITIES:								
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	—	(6,056)	8,360,326
NET POSITION:								
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					Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF		
ADDITIONS:								
Contributions:								
Member contributions	$ 447,689	$ —	$ —	$ —	$ —	$ —	$ —	$ 447,689
Employer contributions	3,114,068	—	—	—	—	—	—	3,114,068
Total contributions	3,561,757	—	—	—	—	—	—	3,561,757
Investment income:								
Interest income	658,671	—	—	—	—	20	—	658,691
Dividend income	739,163	—	—	—	—	—	—	739,163
Net appreciation in fair value of investments	6,688,980	—	—	—	—	—	—	6,688,980
Investment expenses	(184,611)	—	—	—	—	—	—	(184,611)
Investment income, net	7,902,203	—	—	—	—	20	—	7,902,223
Securities lending transactions:								
Securities lending income	10,251	—	—	—	—	—	—	10,251
Securities lending fees	(1,450)	—	—	—	—	—	—	(1,450)
Net securities lending income	8,801	—	—	—	—	—	—	8,801
Payments from QPP	—	4,070	3,090	2,168	2,797	—	(12,125)	—
Transferrable earnings due from QPP to Variable Supplements Funds	—	—	—	—	—	190,000	(190,000)	—
Other	4,648	—	—	—	—	—	—	4,648
Total additions	11,477,409	4,070	3,090	2,168	2,797	190,020	(202,125)	11,477,429
DEDUCTIONS:								
Benefit payments and withdrawals	3,990,306	4,070	3,090	2,168	2,797	38,014	—	4,040,445
Payments to VSFs	12,125	—	—	—	—	—	(12,125)	—
Transferrable earnings due from QPP to 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
NET POSITION:								
Restricted for benefits:								
Beginning of year	47,194,639	—	—	—	—	35,963	—	47,230,602
End of year	$54,421,958	$ —	$ —	$ —	$ —	$187,969	$ —	$54,609,927

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

THE CITY OF NEW YORK
PENSION TRUST FUNDS*
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					Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF		
ADDITIONS:								
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	—	—	—	—	38	—	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	—	—	—	—	38	—	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
DEDUCTIONS:								
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
NET POSITION:								
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)

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

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

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

JUNE 30, 2013
(in thousands)

	TRS Qualified Pension Plan	Tax-Deferred Annuity Program	Eliminations	Total Teachers' Retirement System
ASSETS:				
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	2,256,872	462,653	—	2,719,525
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	59,237,989	7,363,148	—	66,601,137
Investment in fixed return funds	—	15,753,693	(15,753,693)	—
Other assets	444,982	1,133	(7,629)	438,486
Total assets	61,952,595	23,581,690	(15,761,322)	69,772,963
LIABILITIES:				
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	25,096,138	352,014	(15,761,322)	9,686,830
NET POSITION:				
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	$36,856,457	$23,229,676	$ —	$60,086,133

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

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

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

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

	TRS Qualified Pension Plan	Tax-Deferred Annuity Program	Total Teachers' Retirement System
ADDITIONS:			
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	3,067,542	633,900	3,701,442
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	5,688,774	1,216,244	6,905,018
Securities lending transactions:			
Securities lending income	37,705	651	38,356
Securities lending fees	(5,367)	(102)	(5,469)
Net securities lending income	32,338	549	32,887
Interest on TDA Program fixed return funds	(1,047,979)	1,047,979	—
Other	(43)	—	(43)
Total additions	7,740,632	2,898,672	10,639,304
DEDUCTIONS:			
Benefit payments and withdrawals	3,619,254	600,898	4,220,152
Administrative expenses	39,682	10,195	49,877
Total deductions	3,658,936	611,093	4,270,029
Net increase in net position	4,081,696	2,287,579	6,369,275
NET POSITION:			
Restricted for benefits:			
Beginning of year	32,774,761	20,942,097	53,716,858
End of year	$36,856,457	$23,229,676	$60,086,133

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

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

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
BOARD OF EDUCATION RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2013
(in thousands)

	BERS Qualified Pension Plan	Tax-Deferred Annuity Program	Eliminations	Total Board of Education Retirement System
ASSETS:				
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	162,633	37,011	—	199,644
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	4,015,959	346,306	—	4,362,265
Investment in fixed return funds	—	866,065	(866,065)	—
Other assets	12,592	3,257	—	15,849
Total assets	4,192,087	1,252,948	(866,065)	4,578,970
LIABILITIES:				
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	1,538,436	14,877	(866,065)	687,248
NET POSITION:				
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	$2,653,651	$1,238,071	$ —	$3,891,722

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

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
BOARD OF EDUCATION RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

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

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

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

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
BOARD OF EDUCATION RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

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

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

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

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

THE CITY OF NEW YORK

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

JUNE 30, 2013
(in thousands)

	POLICE Qualified Pension Plan	Variable Supplements Funds POVSF	PSOVSF	Total New York City Police Pension Funds
ASSETS:				
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	1,435,176	27,420	—	1,462,596
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	33,126,474	539,976	256	33,666,706
Other assets	12,697	—	—	12,697
Total assets	34,592,457	567,442	257	35,160,156
LIABILITIES:				
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	5,605,516	174,014	103,004	5,882,534
NET POSITION:				
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	$28,986,941	$393,428	$(102,747)	$29,277,622

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

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY 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		
ADDITIONS:					
Contributions:					
Member contributions	$ 228,783	$ —	$ —	$ —	$ 228,783
Employer contributions	2,320,910	—	—	—	2,320,910
Total contributions	2,549,693	—	—	—	2,549,693
Investment income:					
Interest income	374,192	4,149	3	—	378,344
Dividend income	441,568	5,993	8	—	447,569
Net appreciation in fair value of investments	4,369,202	65,899	36	—	4,435,137
Investment expenses	(120,828)	—	(2)	—	(120,830)
Investment income, net	5,064,134	76,041	45	—	5,140,220
Securities lending transactions:					
Securities lending income	8,412	31	—	—	8,443
Securities lending fees	(1,016)	(18)	(146)	—	(1,180)
Net securities lending income	7,396	13	(146)	—	7,263
Payments from QPP	—	—	231,024	(231,024)	—
Transferrable earnings due from QPP to 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
DEDUCTIONS:					
Benefit payments and withdrawals	2,305,609	150,627	235,373	—	2,691,609
Payments to VSFs	231,024	—	—	(231,024)	—
Transferrable earnings due from QPP to 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
NET POSITION:					
Restricted for benefits:					
Beginning of year	28,986,941	393,428	(102,747)	—	29,277,622
End of year	$31,750,892	$1,608,935	$ 912,823	$ —	$34,272,650

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

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY 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		
ADDITIONS:					
Contributions:					
Member contributions	$ 229,675	$ —	$ —	$ —	$ 229,675
Employer contributions	2,424,691	—	—	—	2,424,691
Total contributions	2,654,366	—	—	—	2,654,366
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	3,012,423	64,921	6,271	—	3,083,615
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	17,577	346	25	—	17,948
Payments from QPP	—	—	8,169	(8,169)	—
Other	5,965	90	63	—	6,118
Total additions	5,690,331	65,357	14,528	(8,169)	5,762,047
DEDUCTIONS:					
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	2,183,264	147,165	225,922	(8,169)	2,548,182
Net increase (decrease) in net position	3,507,067	(81,808)	(211,394)	—	3,213,865
NET POSITION:					
Restricted for benefits:					
Beginning of year	25,479,874	475,236	108,647	—	26,063,757
End of year	$28,986,941	$393,428	$(102,747)	$ —	29,277,622

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

THE CITY OF NEW YORK

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

JUNE 30, 2014
(in thousands)

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

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

THE CITY OF NEW YORK

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

JUNE 30, 2013
(in thousands)

	FIRE Qualified Pension Plan	Variable Supplements Funds		Total New York Fire City Pension Funds
		FFVSF	FOVSF	
Assets:				
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	385,627	13,845	26,623	426,095
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	10,449,391	467,705	312,132	11,229,228
Other assets	4,807	—	—	4,807
Total assets	10,841,980	492,040	338,834	11,672,854
Liabilities:				
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	1,714,788	96,671	71,411	1,882,870
Net Position:				
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	$ 9,127,192	$395,369	$267,423	$ 9,789,984

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

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

THE CITY OF NEW YORK

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 FFVSF	Variable Supplements Funds FOVSF	Total New York City Fire Pension Funds
ADDITIONS:				
Contributions:				
Member contributions	$ 104,816	$ —	$ —	$ 104,816
Employer contributions	962,173	—	—	962,173
Total contributions	1,066,989	—	—	1,066,989
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	955,685	46,268	34,492	1,036,445
Securities lending transactions:				
Securities lending income	6,298	345	225	6,868
Securities lending fees	(791)	(56)	(35)	(882)
Net securities lending income	5,507	289	190	5,986
Other	38,965	—	—	38,965
Total additions	2,067,146	46,557	34,682	2,148,385
DEDUCTIONS:				
Benefit payments and withdrawals	1,064,631	48,539	22,834	1,136,004
Total deductions	1,064,631	48,539	22,834	1,136,004
Net increase (decrease) in net position	1,002,515	(1,982)	11,848	1,012,381
NET POSITION:				
Restricted for benefits:				
Beginning of year	8,124,677	397,351	255,575	8,777,603
End of year	$9,127,192	$395,369	$267,423	$9,789,984

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

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

DECEMBER 31, 2012
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
ASSETS:					
Cash and cash equivalents	$ 13,598	$ 2,062	$ 6	$ —	$ 15,666
Receivables:					
Member loans	176,558	17,222	—	—	193,780
Total receivables	176,558	17,222	—	—	193,780
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	10,436,342	1,339,269	148,381	13,463	11,937,455
Other assets	613	1,827	—	—	2,440
Total assets	10,627,111	1,360,380	148,387	13,463	12,149,341
LIABILITIES:					
Accounts payable and accrued liabilities	5,138	1,882	80	—	7,100
Total liabilities	5,138	1,882	80	—	7,100
NET POSITION:					
Restricted for other employee benefits	10,621,973	1,358,498	148,307	13,463	12,142,241
Total net position	$10,621,973	$1,358,498	$148,307	$13,463	$12,142,241

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2013
(in thousands)

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

THE CITY OF NEW YORK

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	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
ADDITIONS:					
Contributions:					
Member contributions	$ 540,289	$ 156,556	$ 31,222	$ 762	$ 728,829
Total contributions	540,289	156,556	31,222	762	728,829
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	958,438	107,721	8,507	1,556	1,076,222
Total additions	1,498,727	264,277	39,729	2,318	1,805,051
DEDUCTIONS:					
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	386,165	36,366	6,274	179	428,984
Net increase in net position	1,112,562	227,911	33,455	2,139	1,376,067
NET POSITION:					
Restricted for other employee benefits:					
Beginning of year	9,509,411	1,130,587	114,852	11,324	10,766,174
End of year	$10,621,973	$1,358,498	$148,307	$13,463	$12,142,241

THE CITY OF NEW YORK
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

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

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets:				
Cash and investments	$1,990,203	$1,876,336	$576,666	$3,289,873
Liabilities:				
Other	$1,990,203	$1,876,336	$576,666	$3,289,873

THE CITY OF NEW YORK
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

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

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS:				
Cash and investments	$2,095,993	$752,809	$858,599	$1,990,203
LIABILITIES:				
Other	$2,095,993	$752,809	$858,599	$1,990,203

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APPENDIX C

SIDLEY AUSTIN LLP
SIDLEY

SIDLEY AUSTIN LLP
787 SEVENTH AVENUE
NEW YORK, NY 10019
(212) 839 5300
(212) 839 5599 FAX

BEIJING
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SYDNEY
TOKYO
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FOUNDED 1866

June 18, 2015

HONORABLE SCOTT M. STRINGER
COMPTROLLER
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in the issuance of its General Obligation Bonds, Fiscal 2015 Series F (the "Bonds").

The Bonds are issued pursuant to the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Public Finance and related proceedings. In rendering the opinions set forth herein, we reviewed certificates of the City and such other agreements, documents and matters to the extent we deemed necessary to render our opinions. We have not undertaken an independent audit or investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the genuineness of all documents and signatures presented to us; the due and legal execution and delivery thereof by, and validity against, any parties other than the City; and the accuracy of the factual matters represented, warranted or certified therein.

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

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

The City has received the opinion of Norton Rose Fulbright US LLP regarding certain federal, state and local tax consequences of ownership of or receipt or accrual of interest on the Bonds and we express no opinion as to such matters. We have not been engaged to investigate, examine, review or opine as to any matter relating to the federal, state or local tax consequences with respect to the Bonds (including the receipt of interest thereon) or the ownership or disposition thereof.

Sidley Austin (NY) LLP is a Delaware limited liability partnership doing business as Sidley Austin LLP and practicing in affiliation with other Sidley Austin partnerships.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to update this opinion in light of such actions or events.

Very truly yours,

NORTON ROSE FULBRIGHT

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

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Fax +1 212 318 3400
nortonrosefulbright.com

June 18, 2015

HONORABLE SCOTT M. STRINGER
COMPTROLLER
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in connection with the issuance by the City on the date hereof of its General Obligation Bonds, Fiscal 2015 Subseries F-1 (the "Tax Exempt Bonds"), General Obligation Bonds, Fiscal 2015 Subseries F-2 and General Obligation Bonds, Fiscal 2015 Subseries F-3 (said Subseries F-2 Bonds and Subseries F-3 Bonds, together with the Tax Exempt Bonds, the "Bonds").

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

In rendering the opinions below, we are relying on the opinion of Sidley Austin LLP of even date herewith to the effect that the Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City.

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

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

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

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

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

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

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above. Finally, we express no opinion herein as to the accuracy, completeness or sufficiency of, or any other matter related to, the Official Statement dated June 3, 2015, relating to the Bonds or any other offering material relating to the Bonds.

Very truly yours,

APPENDIX E

VARIABLE RATE BONDS

Variable Rate Demand Bonds

Series	Outstanding Principal Amount	Provider	Facility Type	Expiration or Optional Termination by Provider
1994A-4[1]	$ 36,750,000	BayernLB	LOC[2]	November 30, 2015
1994A-6[1]	30,000,000	Landesbank Hessen-Thüringen Girozentrale	LOC	December 15, 2015
1994A-7[1]	50,000,000	JPMorgan Chase Bank, N.A.	LOC	September 15, 2015
1994C	25,300,000	JPMorgan Chase Bank, N.A.	LOC	September 16, 2016
1994E-2	40,700,000	JPMorgan Chase Bank, N.A.	LOC	September 16, 2016
1994H-3	75,700,000	State Street Bank and Trust Company	SBPA[3]	October 12, 2018
1995B-4[1]	50,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	December 15, 2015
1995B-8[1]	50,000,000	BayernLB	LOC	November 30, 2015
1995B-9[1]	50,000,000	JPMorgan Chase Bank, N.A.	LOC	September 15, 2015
1995F-4[4]	50,000,000	Landesbank Hessen-Thüringen Girozentrale	LOC	December 15, 2015
1995F-5[5]	13,600,000	BayernLB	LOC	November 30, 2015
1996J-3[5]	8,900,000	JPMorgan Chase Bank, N.A.	LOC	September 15, 2015
2002A-6	70,000,000	Dexia Crédit Local	SBPA	November 1, 2017
2002A-10	60,000,000	Dexia Crédit Local	SBPA	November 1, 2017
2003C-2[1]	95,150,000	BayernLB	LOC	November 30, 2015
2004A-2	75,000,000	Bank of America, N.A.	LOC	June 30, 2015
2004A-3	100,000,000	Morgan Stanley Bank, N.A.	LOC	September 27, 2017
2004A-4	25,000,000	Bank of Montreal	LOC	August 29, 2016
2004A-5	50,000,000	Bank of Montreal	LOC	August 29, 2016
2004H-1	40,300,000	The Bank of New York Mellon	LOC	October 31, 2017
2004H-2	60,455,000	California Public Employees' Retirement System	LOC	October 31, 2017
2004H-3	60,455,000	California Public Employees' Retirement System	LOC	October 31, 2017
2004H-4	40,300,000	The Bank of New York Mellon	LOC	October 31, 2017
2004H-5	31,045,000	Dexia Crédit Local	LOC	February 2, 2022
2004H-6	31,305,000	Bank of America, N.A.	LOC	March 1, 2016
2004H-8	31,335,000	Bank of America, N.A.	LOC	March 1, 2016
2006E-2	87,530,000	Bank of America, N.A.	LOC	August 1, 2016
2006E-3	87,530,000	Bank of America, N.A.	LOC	August 1, 2016
2006E-4	87,525,000	Bank of America, N.A.	LOC	August 1, 2016
2006F-3	75,000,000	Sumitomo Mitsui Banking Corporation	LOC	September 20, 2016
2006F-4A	40,000,000	Sumitomo Mitsui Banking Corporation	LOC	September 20, 2016
2006F-4B	35,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	November 18, 2016
2006H-1	50,535,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2016
2006H-2	50,530,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2016
2006I-3	50,000,000	Bank of America, N.A.	LOC	May 12, 2017
2006I-4	125,000,000	California Public Employees' Retirement System	LOC	May 31, 2016
2006I-5	75,000,000	The Bank of New York Mellon	LOC	May 31, 2016
2006I-6	75,000,000	The Bank of New York Mellon	LOC	May 31, 2016
2006I-7	50,000,000	Bank of America, N.A.	LOC	May 12, 2017
2006I-8	50,000,000	State Street Bank and Trust Company	SBPA	July 10, 2019
2008D-3	50,000,000	Bank of Montreal	SBPA	December 3, 2019
2008D-4	50,000,000	Bank of Montreal	SBPA	December 3, 2019
2008J-3	75,000,000	Barclays Bank, PLC	SBPA	January 29, 2016
2008J-5	101,405,000	Bank of America, N.A.	SBPA	March 30, 2018
2008J-6	111,225,000	Landesbank Hessen-Thüringen Girozentrale	LOC	December 15, 2015

See footnotes on page E-2

Series	Outstanding Principal Amount	Provider	Facility Type	Expiration or Optional Termination by Provider
2008J-10	$ 100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD.	LOC	April 28, 2017
2008L-3	80,000,000	Bank of America, N.A.	SBPA	April 21, 2017
2008L-4	100,000,000	US Bank, N.A.	LOC	December 20, 2017
2008L-5	145,400,000	Bank of America, N.A.	SBPA	April 20, 2018
2009B-3	100,000,000	TD Bank, N.A.	LOC	January 1, 2020
2010G-4	150,000,000	Barclays Bank, PLC	SBPA	March 29, 2016
2012A-3	25,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	December 15, 2015
2012A-4	100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD.	LOC	June 29, 2017
2012A-5	50,000,000	Royal Bank of Canada	LOC	June 29, 2017
2012D-3A	76,665,000	California Public Employees' Retirement System	LOC	October 31, 2017
2012D-3B	50,000,000	Royal Bank of Canada	LOC	October 31, 2017
2012G-3	300,000,000	Citibank, N.A.	LOC	March 30, 2018
2012G-4	100,000,000	Citibank, N.A.	LOC	March 30, 2018
2012G-6	200,000,000	Mizuho Bank, Ltd.	LOC	April 2, 2018
2012G-7	85,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	April 2, 2018
2013A-2	100,000,000	Mizuho Bank, Ltd.	LOC	October 23, 2015
2013A-3	100,000,000	Mizuho Bank, Ltd.	LOC	October 23, 2015
2013A-4	75,000,000	Sumitomo Mitsui Banking Corporation	LOC	October 23, 2015
2013A-5	50,000,000	Sumitomo Mitsui Banking Corporation	LOC	October 23, 2015
2013F-3	180,000,000	Bank of America, N.A.	LOC	March 18, 2016
2014D-3	225,000,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2016
2014D-4	100,000,000	TD Bank, N.A.	LOC	October 16, 2018
2014D-5	75,000,000	PNC Bank, National Association	LOC	October 14, 2016
2014I-2	100,000,000	JPMorgan Chase Bank, N.A.	SBPA	March 24, 2017
	$5,244,640,000			

Index Rate Bonds[(6)]

Series	Outstanding Principal Amount	Step up Date
1994E-4	$ 50,000,000	none
2003F	31,540,000	none
2004A-6	50,250,000	April 2, 2018
2008J-4	100,000,000	April 2, 2018
2008J-7	74,060,000	April 3, 2017
2008J-8	74,060,000	April 1, 2016
2008J-9	100,000,000	April 3, 2017
2008J-11	100,000,000	April 1, 2019
2008L-6	150,000,000	June 23, 2019
2011F-3	75,000,000	December 1, 2020
2012 G-5	75,000,000	April 3, 2020
2014I-3	200,000,000	April 1, 2019
	$1,079,910,000	

Auction Rate Bonds

Series	Outstanding Principal Amount
Various	$ 634,900,000

(1) These subseries are expected to be converted to fixed rate bonds or redeemed simultaneously with the issuance of the Bonds.
(2) Letter of Credit.
(3) Standby Bond Purchase Agreement.
(4) This subseries is expected to be converted to index rate bonds simultaneously with the issuance of the Bonds.
(5) These subseries are expected to be redeemed on or about June 29, 2015.
(6) The City's index rate bonds pay interest based on a specified index. Such bonds, other than the Series 1994E-4, 2003F Bonds and Series 1995 F-4 Bonds (which are expected to be converted to index rate bonds simultaneously with the issuance of the Bonds), also provide for an increased rate of interest commencing on an identified step up date if such bonds are not converted or refunded.