

**THE CITY OF NEW YORK**

# **SINGLE AUDIT REPORT**

**FOR THE**

**FISCAL YEAR ENDED JUNE 30, 2017**

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

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**The City of New York**

**Single Audit Report**

**Part I**

**FINANCIAL SECTION**

**Fiscal Year Ended June 30, 2017**

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

### **The People of The City of New York:**

#### **Report on the financial statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The City of New York (“The City”) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise The City’s basic financial statements as listed in the table of contents.

#### **Management’s responsibility for the financial statements**

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

#### **Auditor’s responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of those entities disclosed in Note E.1 which represent 7 percent, (2) percent, and 5 percent, respectively, of the assets, net position (deficit) and revenues of the governmental activities, 100 percent of the assets, net position and revenues of the business-type activities, 100 percent of the assets, net position and revenues of the aggregate discretely presented component units, and 100 percent of the assets, fund balance/net position and revenues of the aggregate remaining funds of The City. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities disclosed in Note E.1, are based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of The City of New York Deferred Compensation Plan, New York City Board of Education Retirement System, New York City Fire Pension Funds, New York City Police Pension Funds, New York City Employee’s Retirement System, Teacher’s Retirement System of The City of New York, New York City Other Postemployment Benefits Plan, Brooklyn Bridge Park

Corporation, Brooklyn Public Library, New York City Housing Authority, New York City Municipal Water Finance Authority, The Queens Borough Public Library, Sales Tax Asset Receivable Corporation, Hudson Yards Development Corporation, Hudson Yards Infrastructure Corporation, New York City Technology Development Corporation, New York City Transitional Finance Authority, TSASC, Inc., New York City Housing Development Corporation, Fiscal year 2005 Securitization Corporation, New York City School Construction Authority, and New York City School Support Services, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to The City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The City of New York as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of matter

As further described in Note A.2 to the financial statements, The City adopted new standards in fiscal 2017 related to the accounting for Other Postemployment Benefits and Blended Component Units. 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 9 through 35, Schedule of Changes in The City's Net Pension Liability and Related Ratios for Single-Employer Pension Plans at June 30<sup>th</sup> on page 145, Schedule of the City's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Multiple-Employer Pension Plans at June 30<sup>th</sup> on page 146, Schedule of City Contributions for all Pension Plans for Fiscal Years Ended June 30<sup>th</sup> on page 147, and Schedule of the Net OPEB Liability on page 151 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The City's basic financial statements. The Consolidated Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State of New York Department of Transportation Assistance Awards, as listed in the foregoing table of contents, are presented for purposes of additional analysis and as required by Title 2 *U.S. Code of Federal Regulations* ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") and Part 43 of the *New York State Codification of Rules and Regulations* ("NYSCRR"), respectively. These schedules and the Exhibits to the Consolidated Schedule of Expenditures of Federal Awards are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 30, 2017, on our consideration of The City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "GRANT THORNTON LLP". The signature is written in a cursive, flowing style.

New York, New York  
October 30, 2017

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## **FINANCIAL SECTION**

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### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### ***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, 2017 and 2016. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements.

### ***Government-Wide Financial Statements***

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

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

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

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

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

### ***Governmental Funds***

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

### ***Proprietary Funds***

Proprietary funds are utilized when a state or local government charges customers to recover its costs of providing services. Proprietary funds report on business-type activities, which include enterprise type funds, and internal service type funds. The City has no internal service type funds. The City's enterprise funds are the same as the business-type activities reported in the government-wide statements. Proprietary funds statements are prepared using the economic resources measurement focus and accrual basis of accounting. In addition to a *Statement of Net Position* and a *Statement of Revenues, Expenses and Changes in Fund Net Position*, proprietary funds are also required to report a *Statement of Cash Flows*.

### ***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 are divided into two separate fund types: Pension and Other Employee Benefit Trust Funds and Agency Funds.

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

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

Each of the pension trusts report all jointly administered plans including primary pension (QPPs), and variable supplements funds (VSFs) and/or tax deferred annuity plans (TDAs), as appropriate. 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. Although a portion of these payments are guaranteed by the City, the State has the right and power to amend, modify, or repeal VSFs and the payments they provide. However, any assets transferred to the VSFs are held in trust solely for the benefit of its members. More information is available in Note E.5.

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

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

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

The 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 2017, the City contributed approximately \$3.0 billion to the OPEB Plan.

The **Agency Funds** account for miscellaneous assets held by the City for other funds, governmental units, and individuals. School fundraiser monies for scholarships, federal asset forfeiture for investigative purposes, and cash bail for use by the surety/assignee, are the major miscellaneous assets accounted for in these funds. The Agency Funds are custodial in nature and do not involve measurement of results of operations.

#### ***Notes to Financial Statements***

The notes to financial statements provide additional information that is essential for a more complete understanding of the information provided in the government-wide and fund financial statements.

#### ***Financial Reporting Entity***

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

The City is financially accountable for the organizations that make up its legal entity. The City is also financially accountable for a legally separate organization (component units) if City officials appoint a voting majority of that organization’s governing body and the City is able to either impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the City.

The City may also be financially accountable for organizations that are fiscally dependent on the City if there is a potential for the organizations to provide specific financial benefits to the City, or impose specific financial burdens on the City, regardless of whether the organizations have separate elected governing boards, governing boards appointed by higher levels of government, or jointly appointed boards.

#### *Blended Component Units*

Certain component units, despite being legally separate from the City, are reported as if they were part of the City because, in addition to the City being financially accountable for them, they provide services exclusively to the City. The blended component units, which are all reported as Nonmajor Governmental Funds, comprise the following:

- New York City School Construction Authority (SCA)
- New York City Transitional Finance Authority (TFA)
- TSASC, Inc. (TSASC)
- New York City Educational Construction Fund (ECF)
- Fiscal Year 2005 Securitization Corporation (FSC)
- Sales Tax Asset Receivable Corporation (STAR)
- Hudson Yards Development Corporation (HYDC)
- Hudson Yards Infrastructure Corporation (HYIC)
- New York City Technology Development Corporation (TDC)
- New York City School Support Services (NYCSSS)

#### *Discretely Presented Component Units*

Certain component units are discretely presented because, while the City is financially accountable for them, they do not provide services exclusively to the government itself.

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

- Water and Sewer System (the System):
  - New York City Water Board (Water Board)
  - New York City Municipal Water Finance Authority (Water Authority)
- New York City Housing Authority (HA)
- New York City Housing Development Corporation (HDC)
- New York City Health and Hospitals Corporation (HHC)
- New York City Economic Development Corporation (EDC)

The following entities are presented discretely in the City's financial statements as nonmajor component units:

- Brooklyn Navy Yard Development Corporation (BNYDC)
- New York City Industrial Development Agency (IDA)
- New York City Business Assistance Corporation (NYBAC)
- Build NYC Resource Corporation (Build NYC)
- New York City Land Development Corporation (LDC)
- New York City Neighborhood Capital Corporation (NYCNCC)
- Brooklyn Public Library (BPL)
- The Queens Borough Public Library & Affiliate (QBPL)

#### *Business-Type Activities*

Additionally, other component units are classified as business-type activities.

Although legally separate from the City, the City has financial accountability for entities under this classification and as such they are reported as if they are a part of the City. These entities were established to provide services to third parties, and intended to operate with limited or no public subsidy.

The following entities are presented as business-type activities in the City's financial statements:

- Brooklyn Bridge Park Corporation (BBPC)
- The Trust for Governors Island (TGI)
- WTC Captive Insurance Company, Inc. (WTC Captive)
- New York City Tax Lien Trusts (NYCTLT's):
  - NYCTLT 1998-2
  - NYCTLT 2014-A
  - NYCTLT 2015-A
  - NYCTLT 2016-A
  - NYCTLT 2017-A

**Financial Analysis of the  
Government-Wide  
Financial Statements**

In the government-wide financial statements, all of the activities of the City, aside from its discretely presented component units, are reported as governmental activities.

As mentioned previously, the basic financial statements include a reconciliation between the Fiscal Year 2017 governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*, which reports an increase of \$526 million for all governmental funds balances. A similar reconciliation is provided for Fiscal Year 2016 amounts.

For the City's business-type activities, the results for Fiscal Year 2017 were positive; total net position increased to reach an ending balance of \$868.3 million, a 4% increase from the prior year. The total Fiscal Year 2017 increase in net position for business-type activities was \$33.5 million. This increase was predominately driven by the creation and introduction of a new entity, the NYCTLT2017-A, which resulted in an additional revenue stream of \$48.9 million. Compared to the prior year change in net position, Fiscal Year 2017 showed an increase of \$1.07 million, a 3% increase.

For the City's business-type activities, the results for Fiscal Year 2016 were positive; total net position increased to reach an ending balance of \$834.8 million, a 4% increase from the prior year. The total Fiscal Year 2016 increase in net position for business-type activities was \$32.4 million. This increase was predominately driven by the creation and introduction of a new entity, the NYCTLT2016-A, which resulted in an additional revenue stream of \$46.8 million.

Key elements of these changes are as follows:

	Governmental Activities		
	2017	2016 (restated) <sup>(a)</sup>	2015
Revenues:			
Program revenues:			
Charges for services . . . . .	\$ 4,919,609	\$ 4,786,001	\$ 6,078,264
Operating grants and contributions . . .	23,344,455	20,897,593	19,437,743
Capital grants and contributions . . . . .	479,210	723,038	973,430
General revenues:			
Taxes . . . . .	55,337,797	53,564,673	52,523,182
Investment income . . . . .	110,145	94,718	161,351
Other Federal and State aid . . . . .	311,125	258,215	252,194
Other . . . . .	428,702	625,870	1,403,787
Total revenues . . . . .	84,931,043	80,950,108	80,829,951
Expenses:			
General government . . . . .	5,360,092	5,259,894	5,479,762
Public safety and judicial . . . . .	18,961,329	19,681,206	13,840,502
Education . . . . .	28,839,477	29,295,515	22,915,670
City University . . . . .	1,252,444	1,342,333	1,094,172
Social Services . . . . .	15,402,193	14,969,178	14,514,037
Environmental protection . . . . .	3,570,278	3,709,540	3,188,665
Transportation services . . . . .	2,542,300	2,784,695	2,460,777
Parks, recreation and cultural activities. .	1,265,383	1,149,928	1,249,560
Housing . . . . .	2,394,963	2,006,924	1,574,233
Health (including payments to HHC) . . .	2,874,032	3,277,736	2,186,493
Libraries . . . . .	420,994	457,653	350,475
Debt service interest . . . . .	2,958,883	2,932,656	2,929,046
Brooklyn Bridge Park . . . . .	—	—	—
The Trust for Governor's Island . . . . .	—	—	—
WTC Captive Insurance . . . . .	—	—	—
New York City Tax Lien Trusts . . . . .	—	—	—
Total expenses . . . . .	85,842,368	86,867,258	71,783,392
Change in net position . . . . .	(911,325)	(5,917,150)	9,046,559
Net position (deficit)—beginning . . . . .	(193,524,916)	(183,081,913)	(191,103,187)
Restatement of beginning net position (deficit) . . . . .	—	(4,525,853)	(1,025,285)
Net position (deficit)—ending . . . . .	<u>\$(194,436,241)</u>	<u>\$(193,524,916)</u>	<u>\$(183,081,913)</u>

(a) The restatement of the beginning net deficit in Fiscal Year 2016 is the result of the City implementing GASB Statement No. 75 and 80 in Fiscal Year 2017.

The implementation is discussed further in footnote A.2

N/A: Not Available.

Changes in Net Position (in thousands)			Total Primary Government		
Business-type Activities					
2017	2016 (restated) <sup>(a)</sup>	2015	2017	2016 (restated) <sup>(a)</sup>	2015
\$ 4,242	\$ 4,245	N/A	\$ 4,923,851	\$ 4,790,246	\$ 6,078,264
149,676	100,065	N/A	23,494,131	20,997,658	19,437,743
45,298	50,891	N/A	524,508	773,929	973,430
35,566	8,238	N/A	55,373,363	53,572,911	52,523,182
116,372	99,986	N/A	226,517	194,704	161,351
—	—	N/A	311,125	258,215	252,194
4,529	10,355	N/A	433,231	636,225	1,403,787
355,683	273,780	N/A	85,286,726	81,223,888	80,829,951
—	—	N/A	5,360,092	5,259,894	5,479,762
—	—	N/A	18,961,329	19,681,206	13,840,502
—	—	N/A	28,839,477	29,295,515	22,915,670
—	—	N/A	1,252,444	1,342,333	1,094,172
—	—	N/A	15,402,193	14,969,178	14,514,037
—	—	N/A	3,570,278	3,709,540	3,188,665
—	—	N/A	2,542,300	2,784,695	2,460,777
—	—	N/A	1,265,383	1,149,928	1,249,560
—	—	N/A	2,394,963	2,006,924	1,574,233
—	—	N/A	2,874,032	3,277,736	2,186,493
—	—	N/A	420,994	457,653	350,475
—	—	N/A	2,958,883	2,932,656	2,929,046
18,640	15,829	N/A	18,640	15,829	—
35,177	30,347	N/A	35,177	30,347	—
1,968	3,208	N/A	1,968	3,208	—
266,418	191,982	N/A	266,418	191,982	—
322,203	241,366	N/A	86,164,571	87,108,624	71,783,392
33,480	32,414	N/A	(877,845)	(5,884,736)	9,046,559
834,817	—	N/A	(192,690,099)	(183,081,913)	(191,103,187)
—	802,403	N/A	—	( 3,723,450)	(1,025,285)
\$ 868,297	\$ 834,817	N/A	\$(193,567,944)	\$(192,690,099)	\$(183,081,913)

In Fiscal Year 2017, the government-wide revenues increased from Fiscal Year 2016 by approximately \$4.0 billion and government-wide expenses decreased by approximately \$1.0 billion.

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

- Grant revenue increased as a result of the following:
  - Temporary Assistance for Needy Families (TANF): TANF increased due to greater spending on shelters as the homeless population increased slightly year over year. There was also an increase in the spending associated with increased prevention and outreach efforts, shelter maintenance, and shelter diversion strategies in the City's effort to combat the rise in homelessness.
  - State Child Welfare: State Child Welfare increased due to new investments in preventive services and an increase in Administration for Children's Services (ACS) staff.
- Changes in tax revenues, net of refunds, were a result of the following:
  - The increase in real estate taxes resulted from growth in billable assessed value during the fiscal year.
  - The overall decrease in sales and use taxes was driven primarily by a significant reduction of School Tax Relief (STAR) collections due to a decrease in mortgage financing activity as a result of a slow-down in commercial transaction activity.
  - There was an overall increase in income tax, despite there being a decrease in personal income tax due to a decline in estimated payments, the settlement of final returns, extension payments, and refunds reflecting weaker capital gains. A new corporate tax reform legislation went into effect in Fiscal Year 2017. The reform merged the general corporation tax and the banking corporation tax, redefined business and investment income, adopted a new business income base, and made many other changes regarding corporation tax, resulting in an overall increase in general corporation tax collections. The significant net gain in corporation tax was the primary driver of the overall increase in income taxes.
  - For all other taxes, commercial rent tax increased due to a strong commercial office market with declining vacancy rates. However, overall other taxes decreased because of a significant decrease in the conveyance of real property tax revenue due to a slow-down in commercial transaction activity.

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

- Overall government-wide OPEB expenses increased, which was a result of changes related to implementation of new OPEB accounting standards. This was offset by decreases in overall pension expenses. Public Safety and Education had the highest decrease in pension expenses and increase in OPEB expenses due to this change.
- Social services expenses increased due to higher expenses incurred by the Department of Homeless Services for increased prevention services, street outreach efforts, improved shelter maintenance, and rate enhancements for homeless shelter providers. Additionally, ACS expenses increased due to new investments in training, child protective services and preventive services, and child care changing from a rate based payment system to an expense based system.
- Parks, recreation, and cultural activities (Parks) expenses increased primarily due to additional hiring of Parks full-time and season personnel and increased Other than Personal Services spending for new Parks programs. Additionally, expenses at the Department of Cultural Affairs increased due to higher subsidies and grants provided to cultural institutions and organizations, higher spending on diversity initiatives, and new spending to support energy costs of non-Culturals Institutions Group institutions that reside on City-owned property.
- Housing expenses increased due to higher Federal spending at Housing Preservation and Development in support of rental assistance and Super Storm Sandy recovery and spending at Department of Buildings on multiple initiatives to improve service delivery and update agency IT infrastructure.
- Health expenses decreased due to Health and Hospitals Corporation prepayments made in the prior fiscal year that resulted in higher expenses in the prior fiscal year, but lower expenses in the current fiscal year. This was offset by increased spending at Department of Health and Mental Hygiene for new investments in disease control, family and child health, and mental health.

In Fiscal Year 2016, the government-wide revenues increased from Fiscal Year 2015 by approximately \$120 million and government-wide expenses increased by approximately \$15.1 billion.

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

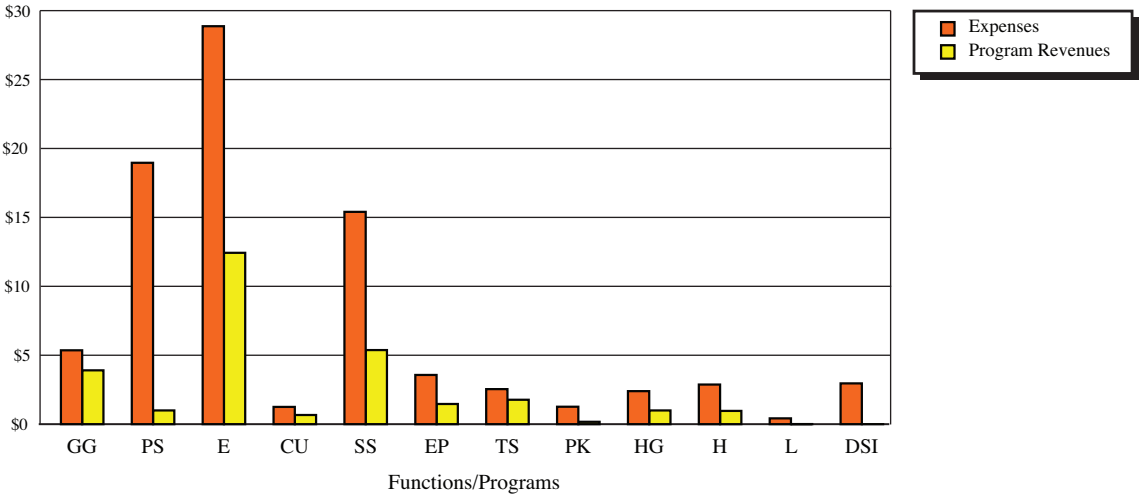
- Grants increased due to more reimbursements for costs associated with Superstorm Sandy which impacted New York City in October 2012.
- Tax revenues, net of refunds, increased overall, as a result of the following:
  - The increase in real estate taxes results from growth in billable assessed value during the fiscal year.
  - The overall increase in sales and use taxes was driven primarily by large growth in mortgage financing activity for the commercial real estate market and stable financial activity for the residential market. Additionally, there was an increase in the collection of general sales tax which demonstrates an increase in taxable consumption resulting from growth in wages and visitor spending.
  - The increase in personal income taxes reflects strong withholding growth and large gains in non-wage income.
  - The increase in other income taxes (which includes general corporation, financial corporation, unincorporated business income, non-resident personal income taxes, and utility tax) is primarily attributable to an increase in financial corporation taxes which reflects increases in consumer and corporate lending, deposit taking, and reduced settlements related to mortgage securities and unfair banking practices. Additionally, growth in hedge fund asset management and employment, and growth in personal income payments from non-resident City employees increased unincorporated business income and personal income taxes, respectively.
  - For all other taxes, the increase in taxes associated with the conveyance of real property reflects a continued recovery in the average sale price for both commercial and residential properties. Also increasing was payment in lieu of taxes (PILOT), which reflects higher payments for World Trade Center and Battery Park City Authority, offset by the forgiveness of New York City Housing Authority (HA) payments. Additionally, hotel room occupancy taxes grew due to continued growth in the tourism sector.
  - The decrease in penalties and interest on delinquent taxes is primarily attributable to a decrease in penalties and interest on real estate taxes, which reflects a smaller percentage of delinquent properties paying penalties and interest. Additionally, refunds increased as a result of overpayments by taxpayers.

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

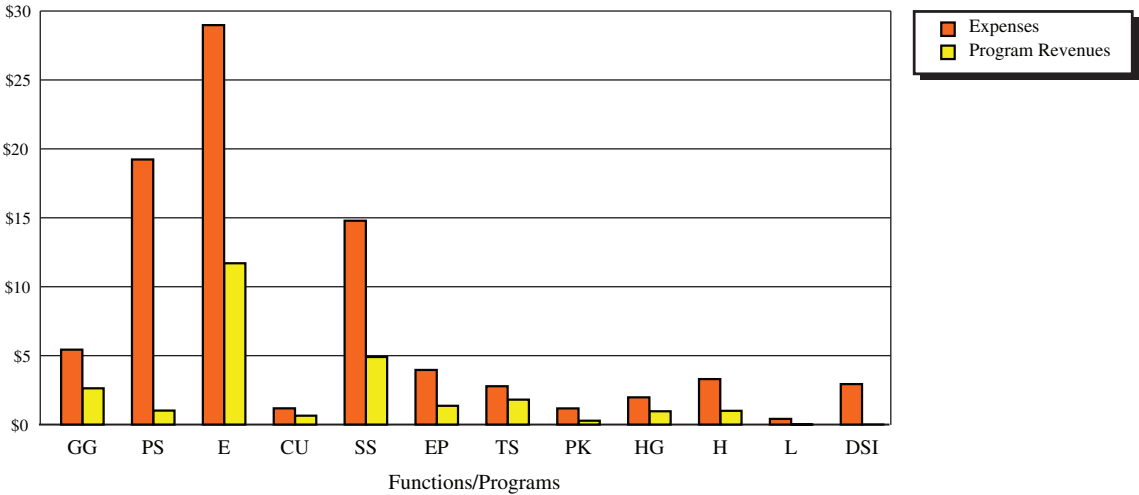
- General government expense increases are attributable to increases in Community Development Block Grant Disaster Recovery funded work, collective bargaining increases, and various Mayoral initiatives.
- Education expenses increased due to the expansion of Universal Pre-Kindergarten and after-school programming, new investments in low-performing schools, growth in mandated costs for special education pupils, and collective bargaining increases.
- Expenses in housing increased due to greater spending on initiatives associated with Super Storm Sandy housing recovery and resiliency efforts in Housing Preservation and Development (HPD). Department of Buildings expenses increased due to collective bargaining settlements and technology upgrades to improve service delivery. Expenses related to HA increased due to unit rehabilitations, extended hours at community centers, and collective bargaining increases.
- Parks, Recreation, Cultural Activities, and Health expenses decreased as a result of a reclassification of Capital work-in-progress that occurred during the fiscal year.
- Environmental protection expenses decreased primarily due to lower accruals for collective bargaining payments in Department of Environmental Protection in Fiscal Year 2015. Expenses in Sanitation increased due to landfill closure costs at Freshkills, start of operations at the North Shore Marine Transfer Station, and increase in collective bargaining expenses.
- Libraries expenses increased primarily due to budget increases to cover collective bargaining settlement payments made in Fiscal Year 2015.

The following charts compare the amounts of expenses and program revenues for Fiscal Years 2017 and 2016:

**Expenses and Program Revenues — Governmental Activities  
for the Fiscal Year ended June 30, 2017  
(in billions)**



**Expenses and Program Revenues — Governmental Activities  
for the Fiscal Year ended June 30, 2016  
(in billions)**

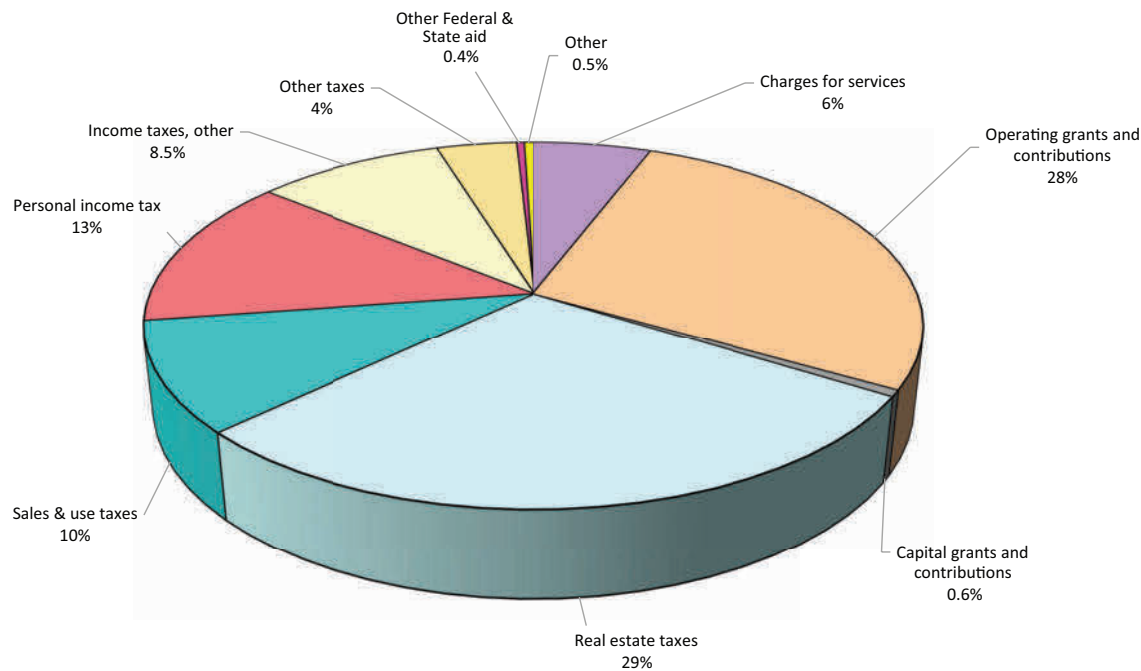


**Functions/Programs**

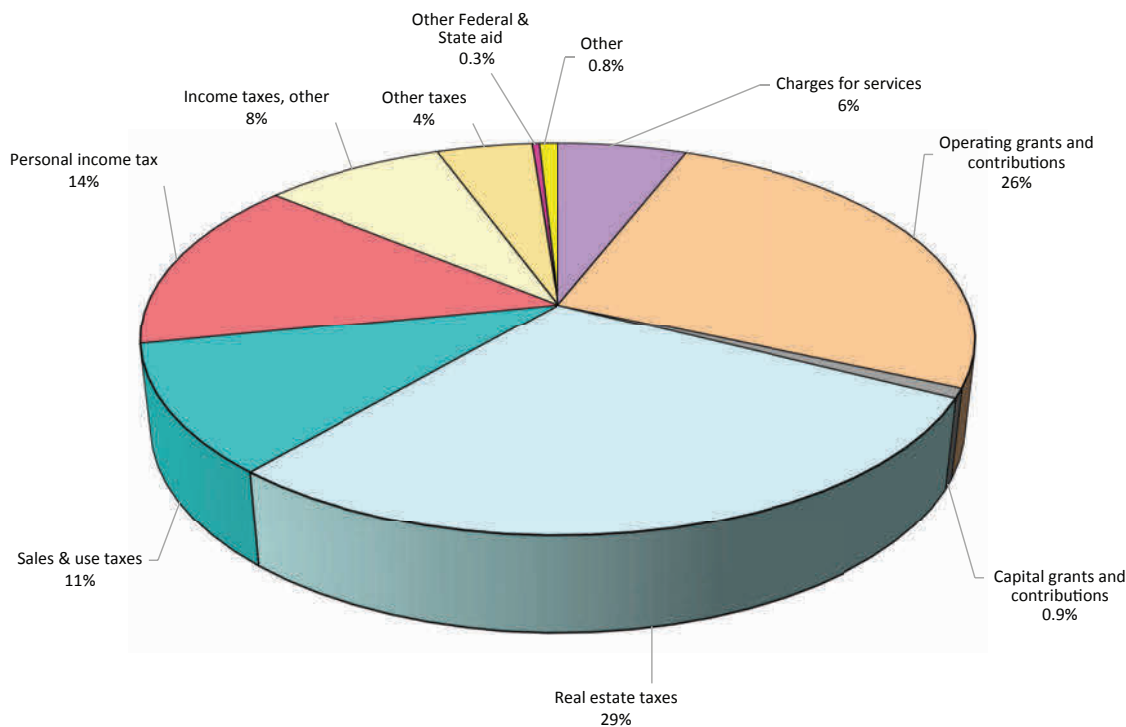
GG General government  
PS Public safety and judicial  
E Education (Primary and Secondary)  
CU City University  
SS Social services  
EP Environmental protection  
TS Transportation services  
PK Parks, recreation, and cultural activities  
HG Housing  
H Health, including payments to HHC  
L Libraries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

The following charts compare the amounts of program and general revenues for Fiscal Years 2017 and 2016:

**Revenues by Source — Governmental Activities  
for the Fiscal Year ended June 30, 2017**



**Revenues by Source — Governmental Activities  
for the Fiscal Year ended June 30, 2016**



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, governmental activities for Fiscal Year 2017 liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$194.4 billion, an increase in the net deficit of \$911.3 million from June 30, 2016 as restated, which in turn compares with an increase to the net deficit of \$10.4 billion over the prior Fiscal Year 2015.

See table below for further details.

	Governmental Activities		
	2017	2016 (restated)	2015
Current and other assets . . . . .	\$ 40,355,566	\$ 38,859,291	\$ 40,367,330
Capital assets (net of depreciation) . . . . .	57,516,792	54,952,234	53,122,237
Total assets . . . . .	97,872,358	93,811,525	93,489,567
Deferred outflows of resources . . . . .	5,098,543	13,489,496	5,334,087
Long-term liabilities outstanding . . . . .	251,130,595	262,960,871	240,788,718
Other liabilities . . . . .	22,467,090	22,233,855	22,860,910
Total liabilities . . . . .	273,597,685	285,194,726	263,649,628
Deferred inflows of resources . . . . .	23,809,457	15,631,211	18,255,939
Net position:			
Net investment in capital assets . . . . .	(12,522,029)	(12,684,965)	(13,828,805)
Restricted . . . . .	2,793,287	4,226,381	5,277,387
Unrestricted (deficit) . . . . .	(184,707,499)	(185,066,332)	(174,530,495)
Total net position (deficit) . . . . .	<u>\$(194,436,241)</u>	<u>\$(193,524,916)</u>	<u>\$(183,081,913)</u>

N/A: Not Available.

Net Position (in thousands)			Total Primary Government		
Business-type Activities					
2017	2016 (restated)	2015	2017	2016 (restated)	2015
\$ 762,818	\$ 763,813	N/A	\$ 41,118,384	\$ 39,623,104	\$ 40,367,330
571,320	540,547	N/A	58,088,112	55,492,781	53,122,237
1,334,138	1,304,360	N/A	99,206,496	95,115,885	93,489,567
—	—	N/A	5,098,543	13,489,496	5,334,087
405,352	402,017	N/A	251,535,947	263,362,888	240,788,718
60,489	67,526	N/A	22,527,579	22,301,381	22,860,910
465,841	469,543	N/A	274,063,526	285,664,269	263,649,628
—	—	N/A	23,809,457	15,631,211	18,255,939
571,319	540,548	N/A	(11,950,710)	(12,144,417)	(13,828,805)
296,978	302,740	N/A	3,090,265	4,529,121	5,277,387
—	(8,471)	N/A	(184,707,499)	(185,074,803)	(174,530,495)
<u>\$ 868,297</u>	<u>\$ 834,817</u>	<u>N/A</u>	<u>\$(193,567,944)</u>	<u>\$(192,690,099)</u>	<u>\$(183,081,913)</u>

The excess of liabilities over assets reported for governmental activities on the government-wide Statement of Net Position (deficit) is a result of several factors. The largest components of the net position (deficit) are the result of the City having long-term debt with no corresponding capital assets and the City's Post-retirement benefits liability. The following summarizes the main components of the net deficit as of June 30, 2017 and 2016:

	<b>Components of Net Deficit</b>	
	<b>2017</b>	<b>2016 (restated)</b>
	<b>(in billions)</b>	
<b>Net Position Invested in Capital Assets</b>		
Some City-owned assets have a depreciable life used for financial reporting that is different from the period over which the related debt principal is being repaid. Schools and related education assets depreciate more quickly than their related debt is paid, and they comprise one of the largest components of this difference	\$ (12.5)	\$ (12.7)
<b>Net Position Restricted for:</b>		
Debt Service .....	3.5	3.8
Capital Projects .....	0.6	0.4
Total restricted net position .....	<u>4.1</u>	<u>4.2</u>
<b>Unrestricted Net Position</b>		
TFA issued debt to finance costs related to the recovery from the September 11, 2001 World Trade Center disaster, which are operating expenses of the City ....	(0.8)	(0.9)
STAR issued debt related to the defeasance of the MAC issued debt .....	(1.9)	(1.9)
The City has issued debt for the acquisition and construction of public purpose capital assets which are not reported as City-owned assets on the Statement of Net Position. This includes assets of the TA, the System, HHC, and certain public libraries and cultural institutions. This is the debt outstanding for non-City owned assets at year end. ...	(32.0)	(28.0)
Certain long-term obligations do not require current funding:		
OPEB liability .....	(88.4)	(94.5)
Judgments and claims .....	(6.9)	(7.1)
Vacation and sick leave .....	(4.6)	(4.3)
Pension liability .....	(56.2)	(64.8)
Landfill closure and postclosure costs .....	(1.5)	(1.5)
Deferred outflows of resources .....	5.1	13.5
Other: .....	1.2	4.5
Total unrestricted net position .....	<u>(186.0)</u>	<u>(185.0)</u>
<b>Total net position (deficit) .....</b>	<b><u>\$(194.4)</u></b>	<b><u>\$(193.5)</u></b>

The following chart provides Fiscal Year ended June 30, 2017, pension statistics by pension system as of the dates of the most recent actuarial valuations:

Summary of City Pension Information Fiscal Year 2017						
	<u>NYCERS*</u>	<u>TRS**</u>	<u>BERS**</u>	<u>POLICE*</u>	<u>FIRE*</u>	<u>Total</u>
City Membership (active, inactive and retired) as of 6/30/15 . . . . .	189,339	211,634	45,529	85,168	27,540	559,210
			(in billions, except %)			
Total Pension Liability (TPL) . . . . .	\$ 44.8	\$ 71.6	\$ 5.1	\$ 52.4	\$ 21.3	\$ 195.2
Less Plan Fiduciary Net Position (PFNP)	33.5	48.9	4.1	39.4	13.0	138.9
Net Pension Liability (NPL) . . . . .	<u>\$ 11.3</u>	<u>\$ 22.7</u>	<u>\$ 1.0</u>	<u>\$ 13.0</u>	<u>\$ 8.3</u>	<u>\$ 56.3</u>
PFNP as a % of TPL*** . . . . .	74.8%	68.3%	80.8%	75.2%	61.0%	71.2%
Pension Expense . . . . .	\$ 1.3	\$ 3.6	\$ 0.2	\$ 1.8	\$ 1.1	\$ 8.0

\* Includes QPP and VSFs

\*\* QPP only

\*\*\* Calculated based on whole dollar unrounded amounts.

The following chart provides Fiscal Year ended June 30, 2016, pension statistics by pension system as of the dates of the most recent actuarial valuations:

Summary of City Pension Information Fiscal Year 2016						
	<u>NYCERS*</u>	<u>TRS**</u>	<u>BERS**</u>	<u>POLICE*</u>	<u>FIRE*</u>	<u>Total</u>
City Membership (active, inactive and retired) as of 6/30/14 . . . . .	187,548	206,481	45,358	84,555	27,138	551,080
			(in billions, except %)			
Total Pension Liability (TPL) . . . . .	\$ 43.7	\$ 68.0	\$ 4.8	\$ 51.1	\$ 20.6	\$ 188.2
Less Plan Fiduciary Net Position (PFNP)	30.4	42.4	3.4	35.5	11.7	123.4
Net Pension Liability (NPL) . . . . .	<u>\$ 13.3</u>	<u>\$ 25.6</u>	<u>\$ 1.4</u>	<u>\$ 15.6</u>	<u>\$ 8.9</u>	<u>\$ 64.8</u>
PFNP as a % of TPL*** . . . . .	69.6%	62.4%	70.8%	69.5%	56.8%	65.6%
Pension Expense. . . . .	\$ 1.7	\$ 3.8	\$ 0.3	\$ 2.2	\$ 1.1	\$ 9.1

\* Includes QPP and VSFs

\*\* QPP only

\*\*\* Calculated based on whole dollar unrounded amounts.

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

**Financial Analysis of the  
Governmental Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The table below summarizes the changes in the fund balances of the City's governmental funds.

	<b>Governmental Funds</b>					
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>General Debt Service Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Adjustments/ Eliminations</b>	<b>Total</b>
	<b>(in thousands)</b>					
Fund Balances (deficit), June 30, 2015 ..	\$ 467,621	\$ (1,779,591)	\$ 1,970,220	\$ 4,378,186	\$ —	\$ 5,036,436
Revenues .....	79,399,507	1,996,759	87,611	3,603,517	(2,746,399)	82,340,995
Expenditures .....	(73,700,743)	(8,079,916)	(3,912,444)	(5,613,288)	2,566,109	(88,740,282)
Other financing sources (uses) .....	(5,693,566)	4,884,351	3,629,730	2,026,286	180,290	5,027,091
Restatement of beginning net position ...	—	—	—	(120,417)	—	(120,417)
Fund Balances (deficit), June 30, 2016 ..	472,819	(2,978,397)	1,775,117	4,274,284	—	3,543,823
Revenues .....	83,029,725	2,128,070	118,404	4,151,266	(3,590,121)	85,837,344
Expenditures .....	(77,027,929)	(8,825,550)	(3,815,106)	(6,601,521)	3,292,870	(92,977,236)
Other financing sources (uses) .....	(5,996,586)	7,156,028	3,504,329	2,704,554	297,251	7,665,576
Fund Balances (deficit), June 30, 2017 ..	<u>\$ 478,029</u>	<u>\$(2,519,849)</u>	<u>\$ 1,582,744</u>	<u>\$ 4,528,583</u>	<u>\$ —</u>	<u>\$ 4,069,507</u>

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

If the City anticipates that the General Fund will have an operating surplus, the City will make discretionary transfers to the General Debt Service Fund and other payments that reduce the amount of the General Fund surplus for financial reporting purposes and reduce the need for expenditures in the succeeding fiscal year or years. As detailed later, the General Fund had an operating surplus of \$4.2 billion and \$4.0 billion before these expenditures and transfers (discretionary and other) for Fiscal Years 2017 and 2016, respectively. After these certain expenditures and transfers, the General Fund reported an operating surplus of \$5 million in both Fiscal Years 2017 and 2016, 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, 2017 can be attributed principally to transfers (discretionary transfer and other) from the General Fund totaling \$1.6 billion in Fiscal Year 2017 for Fiscal Year 2018 debt service. Similar transfers in Fiscal Year 2016 of \$1.8 billion for Fiscal Year 2017 debt service also primarily account for the General Debt Service Fund balance at June 30, 2016.

The Capital Projects Fund accounts for the financing of the City's capital program. The primary source of funding is the issuance of City and TFA debt. Capital-related expenditures are first paid from the General Fund, which is reimbursed for these expenditures by the Capital Projects Fund. To the extent that capital expenditures exceed proceeds from bond issuances, and other revenues and financing sources, the Capital Projects Fund will have a deficit. The deficit fund balances at June 30, 2017 and 2016 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**

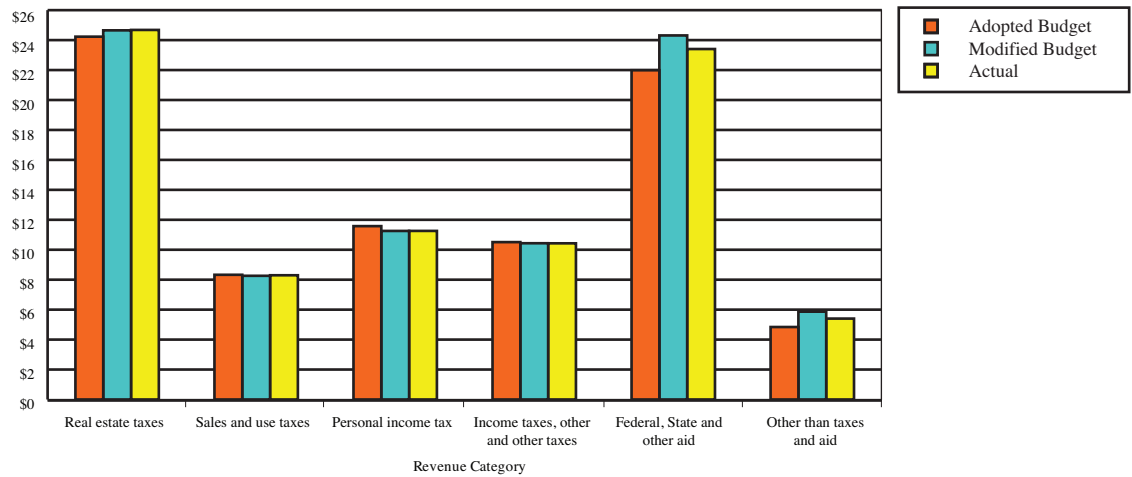
GAAP require recognition of pollution remediation obligations and generally preclude costs incurred for pollution remediation from being reported as capital expenditures. Thus, the City's Fiscal Year 2017 General Fund expenditures include approximately \$142.7 million of pollution remediation expenditures associated with projects which were originally included in the City's capital program. The City also reported \$139.9 million of City bond proceeds and \$2.8 million of other revenues (New York City Municipal Water Finance Authority bond proceeds transferred to the City) supporting the \$142.7 million of pollution remediation expenditures in the General Fund for Fiscal Year 2017. In Fiscal Year 2016, \$159.2 million of City bond proceeds and \$4.7 million of other revenues supported the \$163.9 million of pollution remediation expenditures reported in the General Fund. Although amounts were not established in the Adopted Budget, a modification to the budget was made to accommodate the amount of pollution remediation expenditure charge in the General Fund. These pollution remediation expenditures were incurred by various agencies, as follows:

	<b>General Fund Pollution Remediation Expenditures</b>	
	<b>2017</b>	<b>2016</b>
	<b>(in thousands)</b>	
General government. . . . .	\$ 24,290	\$ 23,456
Public safety and judicial . . . . .	2,602	3,172
Education. . . . .	81,828	107,083
Social services . . . . .	635	154
Environmental protection. . . . .	16,077	10,929
Transportation services . . . . .	8,459	5,879
Parks, recreation, and cultural activities . . . . .	5,848	3,227
Housing . . . . .	616	1,892
Health, including HHC . . . . .	1,962	7,665
Libraries. . . . .	381	437
Total expenditures . . . . .	<u>\$ 142,698</u>	<u>\$ 163,894</u>

## General Fund Revenues

The following charts and tables summarize actual revenues by category for Fiscal Years 2017 and 2016 and compare revenues with each fiscal year's Adopted Budget and Modified Budget.

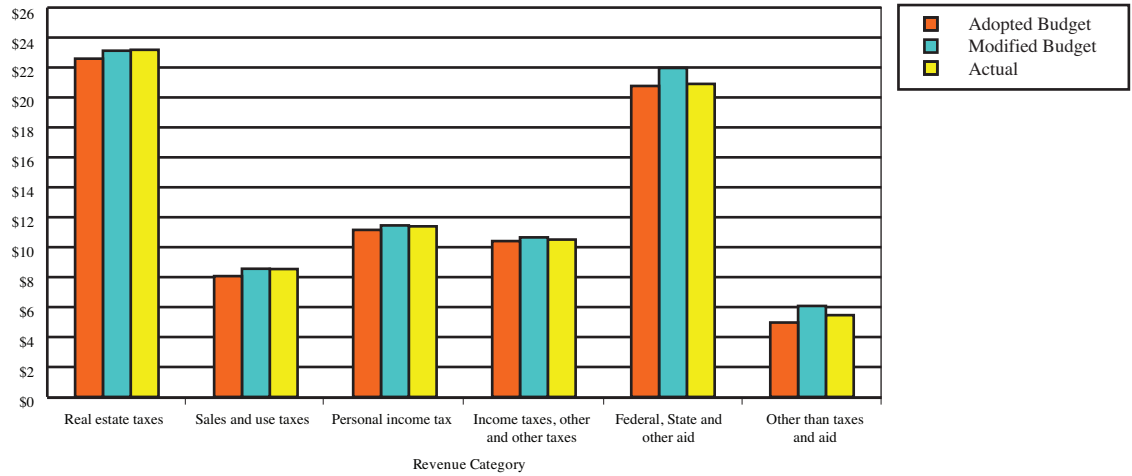
### General Fund Revenues Fiscal Year 2017 (in billions)



### General Fund Revenues Fiscal Year 2017

	Adopted Budget	Modified Budget (in millions)	Actual
Taxes (net of refunds):			
Real estate taxes . . . . .	\$24,229	\$24,651	\$24,679
Sales and use taxes . . . . .	8,328	8,260	8,296
Personal income tax . . . . .	11,577	11,256	11,258
Income taxes, other . . . . .	6,546	7,190	7,121
Other taxes. . . . .	3,963	3,244	3,308
Taxes (net of refunds) . . . . .	<u>54,643</u>	<u>54,601</u>	<u>54,662</u>
Federal, State and other aid:			
Categorical . . . . .	21,986	24,311	23,404
Federal, State and other aid . . . . .	<u>21,986</u>	<u>24,311</u>	<u>23,404</u>
Other than taxes and aid:			
Charges for services . . . . .	2,615	2,657	2,711
Other revenues . . . . .	1,905	2,769	2,252
Bond proceeds . . . . .	—	140	140
Transfers from Nonmajor Debt Service Fund . . . .	239	217	217
Transfers from General Nonmajor Debt Service Fund . . . . .	82	82	82
Other than taxes and aid. . . . .	<u>4,841</u>	<u>5,865</u>	<u>5,402</u>
Total revenues . . . . .	<u>\$81,470</u>	<u>\$84,777</u>	<u>\$83,468</u>

**General Fund Revenues**  
**Fiscal Year 2016**  
(in billions)



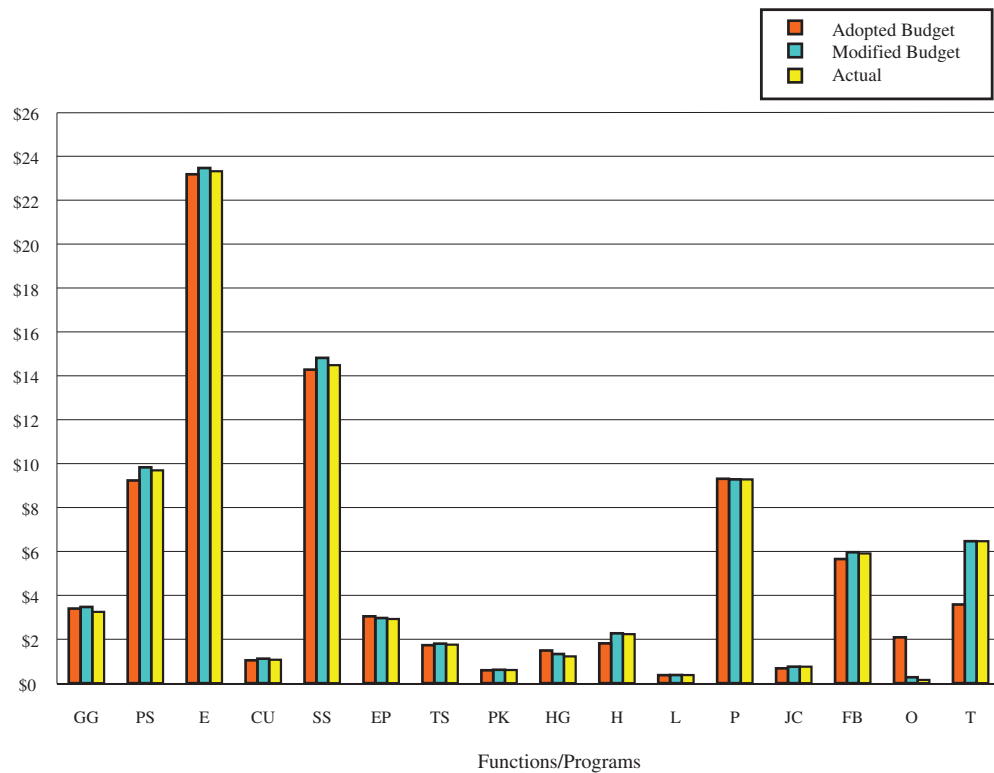
**General Fund Revenues**  
**Fiscal Year 2016**

	Adopted Budget	Modified Budget (in millions)	Actual
<b>Taxes (net of refunds):</b>			
Real estate taxes . . . . .	\$22,589	\$23,120	\$23,181
Sales and use taxes . . . . .	8,068	8,560	8,540
Personal income tax . . . . .	11,154	11,454	11,392
Income taxes, other . . . . .	6,662	7,171	6,948
Other taxes . . . . .	3,745	3,484	3,560
<b>Taxes (net of refunds) . . . . .</b>	<b>52,218</b>	<b>53,789</b>	<b>53,621</b>
<b>Federal, State and other aid:</b>			
Categorical . . . . .	20,766	21,969	20,904
<b>Federal, State and other aid . . . . .</b>	<b>20,766</b>	<b>21,969</b>	<b>20,904</b>
<b>Other than taxes and aid:</b>			
Charges for services . . . . .	2,735	2,734	2,624
Other revenues . . . . .	1,911	2,755	2,250
Bond proceeds . . . . .	—	159	159
Transfers from Nonmajor Debt Service Fund . . . .	240	346	346
Transfers from General Nonmajor Debt Service Fund . . . . .	82	82	82
<b>Other than taxes and aid . . . . .</b>	<b>4,968</b>	<b>6,076</b>	<b>5,461</b>
<b>Total revenues . . . . .</b>	<b>\$77,952</b>	<b>\$81,834</b>	<b>\$79,986</b>

## General Fund Expenditures

The following charts and tables summarize actual expenditures by function/program for Fiscal Years 2017 and 2016 and compare expenditures with each fiscal year's Adopted Budget and Modified Budget.

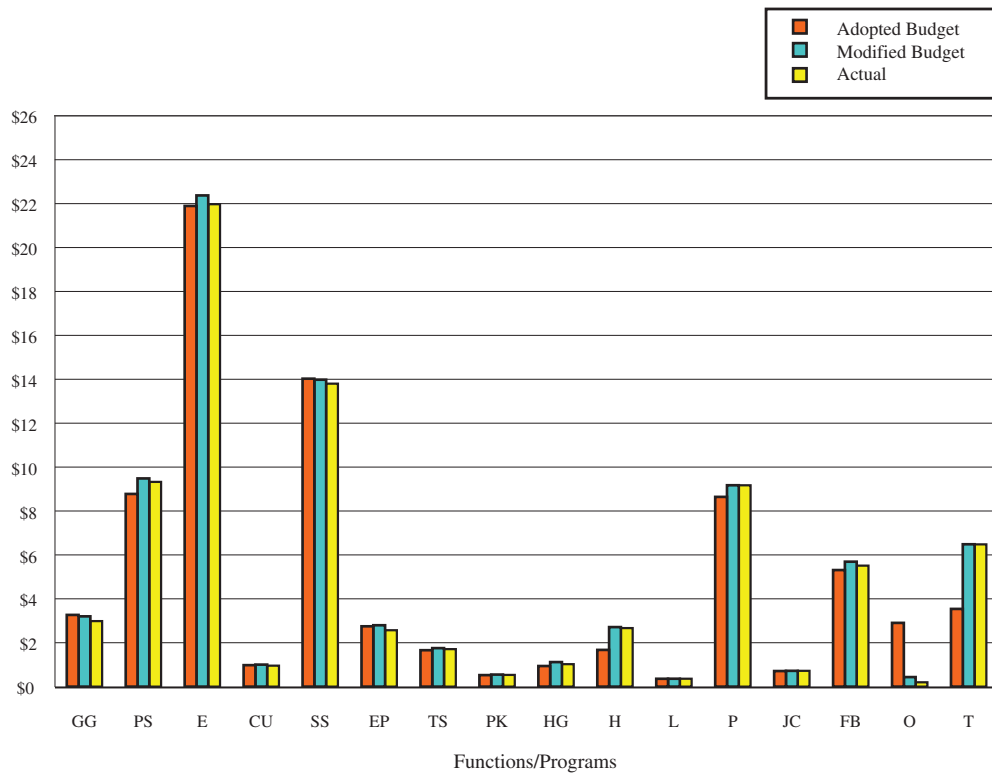
### General Fund Expenditures Fiscal Year 2017 (in billions)



### General Fund Expenditures Fiscal Year 2017

	Adopted Budget	Modified Budget (in millions)	Actual
General government (GG) . . . . .	\$ 3,398	\$ 3,471	\$ 3,247
Public safety and judicial (PS) . . . . .	9,233	9,831	9,694
Education (E) . . . . .	23,179	23,465	23,318
City University (CU) . . . . .	1,041	1,115	1,067
Social services (SS) . . . . .	14,281	14,817	14,485
Environmental protection (EP) . . . . .	3,044	2,967	2,923
Transportation services (TS) . . . . .	1,729	1,800	1,754
Parks, recreation and cultural activities (PK) . . . . .	587	610	599
Housing (HG) . . . . .	1,488	1,328	1,220
Health, including HHC (H) . . . . .	1,813	2,271	2,233
Libraries (L) . . . . .	365	371	370
Pensions (P) . . . . .	9,310	9,283	9,281
Judgments and claims (JC) . . . . .	676	751	750
Fringe benefits and other benefit payments (FB) . . . . .	5,654	5,963	5,909
Other (O). . . . .	2,088	268	147
Transfers and other payments for debt service (T) . . . . .	3,584	6,466	6,466
<b>Total expenditures . . . . .</b>	<b>\$81,470</b>	<b>\$84,777</b>	<b>\$83,463</b>

**General Fund Expenditures**  
**Fiscal Year 2016**  
(in billions)



**General Fund Expenditures**  
**Fiscal Year 2016**

	Adopted Budget	Modified Budget (in millions)	Actual
General government (GG) . . . . .	\$ 3,267	\$ 3,201	\$ 2,985
Public safety and judicial (PS) . . . . .	8,777	9,483	9,326
Education (E) . . . . .	21,894	22,374	21,974
City University (CU) . . . . .	978	1,003	955
Social services (SS) . . . . .	14,027	13,980	13,800
Environmental protection (EP) . . . . .	2,748	2,796	2,569
Transportation services (TS) . . . . .	1,659	1,754	1,708
Parks, recreation and cultural activities (PK) . . . . .	525	549	534
Housing (HG) . . . . .	939	1,118	1,023
Health, including HHC (H) . . . . .	1,673	2,712	2,667
Libraries (L) . . . . .	358	360	360
Pensions (P) . . . . .	8,643	9,173	9,171
Judgments and claims (JC) . . . . .	710	720	720
Fringe benefits and other benefit payments (FB) . . .	5,310	5,691	5,511
Other (O) . . . . .	2,904	435	198
Transfers and other payments for debt service (T) . .	3,540	6,485	6,480
<b>Total expenditures . . . . .</b>	<b>\$77,952</b>	<b>\$81,834</b>	<b>\$79,981</b>

## General Fund Surplus

The City had General Fund surpluses of \$4.2 billion, \$4.0 billion and \$3.6 billion before certain expenditures and transfers (discretionary and other) for Fiscal Years 2017, 2016 and 2015, respectively. For the Fiscal Years 2017, 2016 and 2015, 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 2017, 2016 and 2015 budgets follow:

	General Fund		
	2017	2016	2015
		(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. ....	\$ 239	\$ 382	\$ 428
Discretionary transfers to the General Debt Service Fund .....	1,321	1,378	1,548
Equity contribution set aside to bond refunding escrow accounts for current fiscal year interest costs. ....	11	44	47
Debt service prepayments for lease purchase debt service due in the fiscal year .....	—	100	—
Grant to TFA .....	1,909	1,734	1,578
Advance cash subsidies to the HHC .....	300	400	—
Payment to the Retiree Health Benefits Trust .....	400	—	—
Total expenditures and transfers (discretionary and other) .....	4,180	4,038	3,601
Reported surplus .....	5	5	5
Total surplus .....	<u>\$4,185</u>	<u>\$4,043</u>	<u>\$3,606</u>

Final results for any given fiscal year may differ greatly from that year's Adopted Budget. The following table shows the variance between actuals and amount for the Fiscal Year ended 2017 Adopted Budget:

	2017
	(in millions)
Additional Resources:	
Reallocation of General Reserve .....	\$ 1,000
Lower than expected all other administrative Other Than Personal	
Services (OTPS) costs .....	900
Reduced provisions for disallowance reserve .....	573
Lower than expected debt service costs .....	518
Higher than expected real estate tax collections .....	450
Lower than expected all other personal services costs .....	421
Higher than expected state categorical aid .....	317
Lower than expected health insurance costs .....	308
Greater than expected banking corporation tax collections .....	304
Greater than expected federal categorical aid .....	254
Lower than expected supplies and materials costs .....	230
Higher than expected non-governmental grants .....	215
Pollution remediation bond proceeds .....	140
Higher than expected all other miscellaneous revenues .....	123
Lower than expected public assistance spending .....	115
Greater than expected revenues from licenses, permits & privileges .....	114
Lower than expected all other fixed and miscellaneous charges .....	114
Greater than expected all other taxes collections .....	99
Higher than expected commercial rent tax collections .....	94
Greater than expected revenues from fines and forfeitures .....	80
Higher than expected all other general government charges (collections) ....	60
Higher than expected unrestricted aid .....	59
Lower than expected fuel and energy costs .....	42
Higher than expected housing revenues .....	40
Greater than expected rental revenues .....	36
Greater than expected mortgage tax collections .....	33
Higher than expected proceeds from asset sales .....	31
Lower than expected pension costs .....	29
Total .....	<u>6,699</u>
Enabled the City to provide for:	
Additional prepayments for certain debt service, future retirees' health	
benefits costs and subsidies due in Fiscal Year 2018 .....	4,169
Greater than expected overtime costs .....	520
Greater than expected contractual services costs .....	372
Lower than expected personal income tax collections .....	358
Lower than expected general corporation tax collections .....	301
Lower than expected real property transfer tax collections .....	146
Pollution remediation costs .....	143
Higher than expected property and equipment costs .....	133
Higher than expected payments to HHC .....	127
Lower than expected sales tax collections .....	106
Higher than expected future retirees' health benefits costs (net of prepayment) ..	100
Greater than expected judgments & claims costs .....	69
Lower than expected unincorporated business tax collections .....	50
Lower than expected water and sewer charges .....	41
Greater than expected all other social services spending	
(excluding Medicaid and public assistance) .....	26
Lower than expected tobacco settlement proceeds .....	23
All other net overspending or revenues below budget .....	10
Total .....	<u>6,694</u>
Reported Surplus .....	<u>\$ 5</u>

The following table shows the variance between actuals and amounts for the Fiscal Year ended 2016 Adopted Budget:

	2016
	(in millions)
Additional Resources:	
Lower than expected all other administrative OTPS costs	\$ 1,148
Lower than expected all other personal services spending	1,031
Reallocation of the General Reserve	1,000
Greater than expected real estate tax collections	591
Lower than expected debt service costs	580
Higher than expected banking corporation tax collections	481
Lower than expected Medicaid spending	414
Greater than expected real property transfer tax collections	364
Higher than expected mortgage tax collections	319
Lower than expected current health insurance costs	302
Higher than expected Federal categorical aid	248
Greater than expected personal income tax collections	217
Lower than expected fuel and energy costs	208
Greater than expected revenues from fines and forfeitures	185
Lower than expected supplies and materials costs	168
Pollution remediation bond proceeds	159
Greater than expected sales tax collections	117
Higher than expected tobacco settlement proceeds	106
Greater than expected all other general government charges (collections)	100
Higher than expected revenues from licenses, permits & privileges	87
Higher than expected commercial rent tax collections	47
Greater than expected all other tax collections	47
Higher than expected all other miscellaneous revenues	34
Greater than expected proceeds from asset sales	33
Greater than expected State categorical aid (including prior year adjustments)	24
Lower than expected provisions for disallowance reserve	14
Greater than expected unincorporated business tax collections	9
Greater than expected rental revenues	8
Lower than expected public assistance spending	4
Total	<u>8,045</u>
Enabled the City to provide for:	
Additional prepayments for certain debt service costs and subsidies due in	
Fiscal Year 2017	3,994
Lower than expected general corporation tax collections	789
Higher than expected payments to HHC	574
Greater than expected pension costs	528
Higher than expected reserve for future retirees' health insurance costs	500
Greater than expected uniformed overtime costs	296
Lower than expected reimbursement and payment for the water and sewer system	219
Greater than expected all other overtime costs	193
Higher than expected all other fixed and miscellaneous charges	193
Greater than expected property and equipment costs	179
Pollution remediation costs	164
Lower than expected non-governmental grants	154
Higher than expected contractual services spending	126
Higher than expected all other social services spending (excluding Medicaid and public assistance)	102
Greater than expected judgments & claims costs	21
All other net overspending or revenues below budget	8
Total	<u>8,040</u>
Reported Surplus	<u>\$ 5</u>

## Capital Assets

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

### Governmental Activities

	2017	2016	2015
		(in millions)	
Land* . . . . .	\$2,181	\$ 1,941	\$ 1,907
Buildings . . . . .	34,826	33,733	33,081
Equipment (including software) . . . . .	2,900	2,643	2,602
Infrastructure** . . . . .	13,866	13,124	12,552
Construction work-in-progress* . . . . .	3,744	3,511	2,980
Total . . . . .	<u>\$57,517</u>	<u>\$54,952</u>	<u>\$53,122</u>

\* Not depreciable/amortizable

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

The net increase in the City's governmental activities capital assets during Fiscal Year 2017 was \$2.56 billion, a 5% increase. Capital assets additions in Fiscal Year 2017 were \$9.2 billion, an increase of \$1.46 billion from Fiscal Year 2016.

In 2017, construction work-in-progress was \$3.74 billion, representing a 6.6% net increase. The 2017 addition to work-in-progress was \$3.30 billion, a 9% increase from prior year. In 2017 building additions (work-in-progress deletions) were \$3.07 billion, representing a 22% increase from Fiscal Year 2016.

The net increase in the City's governmental activities capital assets during Fiscal Year 2016 was \$1.83 billion, a 3% increase. Capital assets additions in Fiscal Year 2016 were \$7.71, a decrease of \$2.19 billion from Fiscal Year 2015.

In 2016, construction work-in-progress was \$3.51 billion, representing a 18% net increase. The 2016 addition to work-in-progress was \$3.04 billion, a 15% decrease from prior year. The increase in the work-in-progress ending balance was the result of a decrease in building additions (work-in-progress deletion) of \$2.35 billion, which represents a 48% decrease from Fiscal Year 2015.

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

### Business-type Activities

	2017	2016	2015
		(in millions)	
Land* . . . . .	\$ —	\$ —	\$ —
Buildings . . . . .	30	28	23
Equipment (including software) . . . . .	5	4	4
Infrastructure** . . . . .	392	342	313
Construction work-in-progress* . . . . .	144	167	162
Total . . . . .	<u>\$571</u>	<u>\$541</u>	<u>\$502</u>

\* Not depreciable/amortizable

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

The net increase in the City's business-type activities Capital assets during Fiscal Year 2017 was \$30 million, a 6% increase. Capital asset additions net of depreciation in Fiscal Year 2017 were \$105 million, an increase of \$9 million, from Fiscal Year 2016.

In 2017, construction work-in-progress was \$144 million, representing a 13% net decrease. The 2017 addition to work-in-progress was \$52 million, a 16% decrease from prior year.

The net increase in the City's business-type activities capital assets during Fiscal Year 2016 was \$39 million, an 8% increase. In 2016, construction work-in-progress was \$166.52 million, representing a 3% net increase. The 2016 net increase to work-in-progress was \$4.32 million, a 2.7% increase.

The City, through the Comptroller's Office of Public Finance, in conjunction with the Mayor's Office of Management and Budget, is charged with issuing debt to finance the City's capital program. The following table summarizes the debt outstanding for the City and certain City-related issuing entities at the end of Fiscal Years 2017, 2016 and 2015.

	New York City and City-Related Debt		
	2017	2016	2015
	(in millions)		
<b>Governmental activities:</b>			
Bonds and notes payable			
General Obligation Bonds <sup>(1)</sup> .....	\$37,891	\$38,073	\$40,460
TFA Bonds .....	32,014	28,408	25,488
TFA Recovery Bonds .....	800	906	936
TFA BARBs .....	7,882	8,044	7,426
TSASC Bonds .....	1,089	1,145	1,222
IDA Bonds .....	80	84	87
STAR Bonds .....	1,884	1,961	2,035
FSC Bonds .....	132	175	198
HYIC Bonds .....	2,751	3,000	3,000
ECF Bonds .....	236	240	264
Total bonds and notes outstanding governmental activities .....	<u>84,759</u>	<u>82,036</u>	<u>81,116</u>
<b>Business-type activities:</b>			
Bonds and notes payable			
Tax Lien Collateralized Bonds .....	37	32	34
Total bonds and notes outstanding business-type activities .....	<u>37</u>	<u>32</u>	<u>34</u>
Total before premiums/discounts (net) .....	84,796	82,068	81,150
Premiums/discounts (net) .....	4,827	4,173	3,825
Total bonds and notes outstanding .....	<u>\$89,623</u>	<u>\$86,241</u>	<u>\$84,975</u>

(1) Does not include capital contractual liabilities.

### General Obligation

The State Constitution provides that, with certain exceptions, the City may not contract indebtedness in an amount greater than 10% of the average full value of taxable real estate in the City for the most recent five years (Debt Limit). State law further provides that certain TFA debt also be counted against the Debt Limit. On June 30, 2017, the City's outstanding General Obligation (GO) debt, including capital contract liabilities and TFA's outstanding debt above \$13.5 billion (refer to Note D5 for further details) totaled \$66.21 billion (compared with \$62.21 billion and \$59.63 billion as of June 30, 2016 and 2015, respectively). As of June 30, 2017, the City's Debt Limit was \$90.24 billion (compared with \$85.18 billion and \$81.35 billion as of June 30, 2016 and 2015, respectively). The remaining debt incurring power for the City and TFA's combined debt as of June 30, 2017, after providing for capital contract liabilities, totaled \$24.02 billion. As of July 1, 2017, the remaining debt incurring power is \$34.21 billion, based on the change in the five- year full valuation average for fiscal year 2018.

As of June 30, 2017, the City's outstanding GO debt was \$37.89 billion, consisting of \$7.05 billion of variable rate bonds and \$30.84 billion of fixed rate bonds. In Fiscal Year 2017, a total of \$900.07 million GO bonds were issued to refund a portion of the City's outstanding bonds at lower interest rates and \$2.28 billion of bonds were issued for new money capital purposes. The proceeds of the refunding issues were placed in irrevocable escrow accounts in amounts sufficient to pay, when due, all principal, interest, and applicable redemption premium, if any, on the refunded bonds. These refundings produce a budgetary savings of \$8.39 million in Fiscal Year 2017 and \$29.74 million in both Fiscal Year 2018 and 2019. The refunding will generate \$133.68 million in budgetary savings over the life of the bonds and approximately \$118.81 million of savings on a net present value basis.

In Fiscal Year 2017, the City issued \$450 million of taxable fixed rate bonds.

In addition, the City converted \$209.83 million of bonds between variable to fixed rate interest modes.

During Fiscal Year 2017, GO variable rate debt traded at the following average interest rates:

	<u>Tax Exempt</u>	<u>Taxable</u>
Dailies <sup>(1)</sup> .....	0.63%	—
2-Day Mode <sup>(1)</sup> .....	0.66%	—
Weeklies <sup>(1)</sup> .....	0.69%	0.79%
Auction Rate Securities—7 day .....	1.10%	—
Index Floaters .....	2.05%	1.48%

<sup>(1)</sup> Remarketed with bank credit and/or liquidity support; rates do not include bank fee.

During Fiscal Year 2017, 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 2017, the City had no short-term borrowings.

#### *Transitional Finance Authority*

During Fiscal Year 2017, TFA issued \$5.19 billion of Future Tax Secured (FTS) bonds. This total included \$4.40 billion issued for new money capital purposes and \$794.56 million issued to refund a portion of its outstanding bonds at lower interest rates. The refunding will generate \$99.17 million in budgetary savings over the life of the bonds and approximately \$85 million on a net present value basis.

In addition TFA converted \$39.04 million of bonds from variable rate bonds to fixed rate bonds.

As of June 30, 2017, the total outstanding FTS and Recovery Bond debt was approximately \$32.81 billion. Of the amount outstanding, variable rate debt totaled \$4.22 billion, including \$645.1 million of variable rate Recovery Bonds. During Fiscal Year 2017, TFA's variable rate debt traded at the following average interest rates:

	<u>Tax Exempt</u>
Dailies <sup>(1)</sup> .....	0.66%
2-Day Mode <sup>(1)</sup> .....	0.66%
Weeklies <sup>(1)</sup> .....	0.74%
Auction Rate Securities—7 day .....	0.84%
Index Floaters .....	1.34%

<sup>(1)</sup> Remarketed with bank credit and/or liquidity support; rates do not include bank fee.

In Fiscal Year 2017, Standard & Poor's and Fitch Ratings maintained AAA ratings on both Senior Lien and Subordinate Lien TFA FTS Bonds. Moody's Investors Service maintained its rating of Aaa on FTS Senior Lien and Aa1 on Subordinate Lien Bonds.

TFA is authorized to issue bonds and notes or other obligations in an amount outstanding of up to \$9.4 billion to finance a portion of the City's educational facilities capital plan. TFA is authorized to use all or any portion of the state aid payable to the City or its school district pursuant to Section 3602.6 of the New York State Education Law (State Building Aid) as security for these Building Aid Revenue Bonds (BARBs). BARBs do not count against the FTSB Debt Limit. As of June 30, 2017, the TFA BARBs outstanding totaled \$7.88 billion. The TFA did not issue any TFA BARBs in Fiscal Year 2017.

TFA BARBs are rated AA by both Fitch Ratings and Standard & Poor's and Moody's Investor Services rates TFA BARBs Aa2.

<i>TSASC, Inc.</i>	<p>TSASC issued \$1.10 billion of refunding bonds in Fiscal Year 2017. As of June 30, 2017, TSASC had approximately \$1.09 billion of bonds outstanding.</p> <p>TSASC bond ratings vary by maturity. As of June 30, 2017, Standard and Poor's (S&amp;P) rated TSASC senior bonds maturing June 1, 2026 at A; June 1, 2036 at A-; and June 1, 2041 at BBB+. S&amp;P rated TSASC subordinate bonds maturing June 1, 2018 at A-; June 1, 2019 at BBB+; June 1, 2025 at BBB; and June 1, 2045 at BBB-. S&amp;P placed all of these ratings on negative credit watch on May 16, 2017, where they remained as of June 30, 2017.</p>
<i>Sales Tax Asset Receivable Corporation</i>	<p>As of June 30, 2017, STAR had \$1.88 billion of bonds outstanding. In Fiscal Year 2017, STAR had no financing activity.</p> <p>STAR maintained its Aa1 rating from Moody's Investor Services and AA+ from Fitch Ratings throughout Fiscal 2017. Standard &amp; Poor's maintained its AAA rating.</p>
<i>Fiscal Year 2005 Securitization Corporation</i>	<p>As of June 30, 2017, FSC had \$131.71 million of bonds outstanding. It had no financing activity in Fiscal Year 2017.</p> <p>As of June 30, 2017, the bonds were rated AA+ by S&amp;P, Aaa by Moody's, and AAA by Fitch.</p>
<i>Hudson Yards Infrastructure Corporation</i>	<p>As of June 30, 2017, HYIC had \$2.75 billion of bonds outstanding. In Fiscal Year 2017 HYIC issued \$2.14 billion of Second Indenture Revenue bonds to refund a portion of its outstanding bonds at lower interest rates and establish amortization for both First and Second Indenture bonds.</p> <p>The First Indenture bonds are rated AA- by S&amp;P, Aa3 by Moody's, and AA- by Fitch. The Second Indenture bonds are rated A+ by S&amp;P, Aa3 by Moody's, and A+ by Fitch.</p>
<i>New York City Educational Construction Fund</i>	<p>The ECF had no financing activity in Fiscal Year 2017.</p> <p>As of June 30, 2017, ECF had \$235.88 million of bonds outstanding. The bonds are rated AA-by S&amp;P and Aa3 by Moody's.</p>
<i>New York City Tax Lien Trusts</i>	<p>As of June 30, 2017, the New York City Tax Lien Trusts had in aggregate \$37.41 million in bonds outstanding. In Fiscal Year 2017, the New York City Tax Lien Trust, NYCTLT 2016-A, sold \$64.98 million of bonds. The bonds are rated AAA by Kroll Bond Rating Agency Inc. and Aaa by Moody's Investors Service.</p>
<i>Interest Rate Exchange Agreements</i>	<p>No new swaps were initiated in Fiscal Year 2017 and one outstanding swap was terminated. As of June 30, 2017, the outstanding notional amount on the City's various swap agreements in connection with General Obligation debt and City-related debt of the Dormitory Authority of the State of New York was \$1.41 billion.</p> <p>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 2017, the Authority did not initiate or terminate any swaps. As of June 30, 2017, the outstanding notional amount on the Water Authority's various swap agreements was \$401 million.</p> <p>Additional information on the City's long-term liabilities can be found in Note D.5 of the Basic Financial Statements.</p>

## ***Subsequent Events***

Subsequent to June 30, 2017, the City, TFA, Water Authority, and NYCTLT completed the following long-term financings:

<i>Water Authority:</i>	<p>On July 11, 2017, the New York City Municipal Water Finance Authority issued \$162,405,000 of Fiscal Series 2018 AA Second General Resolution Bonds to refund a portion of its outstanding bonds at lower interest rates.</p> <p>On October 12, 2017 the New York City Municipal Water Finance Authority issued \$383,975,000 of Fiscal Series 2018 BB Bonds for capital purposes and to convert a portion of its outstanding variable rate bonds to fixed rate.</p>
<i>TFA Debt:</i>	<p>On July 20, 2017, the New York City Transitional Finance Authority issued \$1,007,545,000 of Fiscal 2018 Series S Building Aid Revenue Bonds to refund a portion of its outstanding bonds at lower interest rates.</p> <p>On August 17, 2017, the New York City Transitional Finance Authority issued \$1,350,000,000 of Fiscal 2018 Series A Future Tax Secured bonds for capital purposes and reoffered \$161,075,500 of Fiscal 2018 Series 1 Future Tax Secured Bonds to convert a portion of its outstanding variable rate bonds to fixed rate.</p> <p>On October 26, 2017, the New York City Transitional Finance Authority issued \$990,000,000 of Fiscal 2018 Series B Future Tax Secured Bonds for capital purposes.</p>
<i>NYCTLT 2017-A:</i>	<p>On July 27, 2017, NYCTLT 2017-A issued Tax Lien Collateralized Bonds, Series 2017-A of \$68,017,000 to fund the purchase of certain liens from the City.</p>
<i>Interest Rate Exchange Agreements:</i>	<p>On August 1, 2017, \$18.04 million of Hedging Derivative L matured as scheduled.</p>
<i>City Debt:</i>	<p>On August 10, 2017, The City of New York issued \$898,965,000 of Fiscal 2018 Series A General Obligation bonds to refund a portion of its outstanding bonds at lower interest rates and reoffered \$59,970,000 of Fiscal 2002 Subseries A-10 to convert a portion of its outstanding variable rate bonds to fixed rate.</p> <p>On October 3, 2017, The City of New York issued \$1,000,000,000 of Fiscal 2018 Series B General Obligation bonds for capital purposes and \$307,305,000 of Fiscal 2018 Series 1 General Obligation bonds to convert a portion of its outstanding variable rate bonds to fixed rate.</p>

## ***Commitments***

At June 30, 2017, the outstanding commitments relating to projects of the New York City's Capital Projects Fund amounted to approximately \$18.0 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 \$89.6 billion over Fiscal Years 2017 through 2025. To help meet the financing needs for its capital spending program, the City and TFA borrowed \$5.5 billion in the public credit market in Fiscal Year 2017. The City and TFA plan to borrow \$6.7 billion in the public credit market in Fiscal Year 2018.

## ***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](mailto:Accountancy@comptroller.nyc.gov).

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**The City of New York**

**Single Audit Report**

**Part II-A**

**BASIC  
FINANCIAL STATEMENTS**

**Fiscal Year Ended June 30, 2017**

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David N. Dinkins Municipal Building

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

JUNE 30, 2017  
(in thousands)

	Primary Government (PG)			Component Units (CU)
	Governmental Activities	Business – Type Activities	Total – (PG)	
<b>ASSETS:</b>				
Cash and cash equivalents .....	\$ 6,587,981	\$ 44,114	\$ 6,632,095	\$ 2,529,684
Investments .....	8,066,538	305,348	8,371,886	1,669,863
Receivables:				
Real estate taxes (less allowance for uncollectible amounts of \$221,304) .....	350,028	—	350,028	—
Federal, State and other aid .....	9,041,862	1,395	9,043,257	—
Taxes other than real estate .....	6,458,927	—	6,458,927	—
Leases .....	—	—	—	1,677,674
Other .....	1,517,449	335,139	1,852,588	4,196,913
Mortgage loans and interest receivable, net .....	—	—	—	10,046,866
Inventories .....	465,232	—	465,232	13,061
Due from PG, net .....	—	—	—	57,631
Due from CUs (less allowance for uncollectible amounts of \$61,690) .....	2,454,470	—	2,454,470	—
Restricted cash, cash equivalents and investments .....	4,968,841	76,700	5,045,541	6,717,607
Other .....	444,238	122	444,360	272,805
Capital assets:				
Land and construction work-in-progress .....	5,924,772	144,081	6,068,853	7,795,167
Other capital assets (net of depreciation/amortization):				
Property, plant and equipment (including software) .....	37,726,059	35,071	37,761,130	32,175,234
Infrastructure .....	13,865,961	392,168	14,258,129	—
Total assets .....	97,872,358	1,334,138	99,206,496	67,152,505
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred outflows from pensions .....	3,885,847	—	3,885,847	260,406
Deferred outflows from OPEB .....	640,932	—	640,932	—
Other deferred outflows of resources .....	571,764	—	571,764	136,418
Total deferred outflows of resources .....	5,098,543	—	5,098,543	396,824
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities .....	15,066,744	34,730	15,101,474	3,020,630
Accrued interest payable .....	1,079,876	90	1,079,966	175,085
Unearned revenue .....	3,610	29,423	33,033	470,984
Due to PG .....	—	—	—	2,516,160
Due to CUs, net .....	57,631	—	57,631	—
Estimated disallowance of Federal, State and other aid .....	552,875	—	552,875	—
Other .....	5,667,595	(3,754)	5,663,841	223,306
Derivative instruments-interest rate swaps .....	38,759	—	38,759	112,842
Noncurrent liabilities:				
Due within one year .....	5,884,716	79,170	5,963,886	1,887,437
Bonds & notes payable (net of amount due within one year) ...	86,028,278	—	86,028,278	43,305,379
Net pension liability .....	56,241,371	—	56,241,371	3,813,831
Net OPEB liability .....	88,422,672	—	88,422,672	7,531,903
Other (net of amount due within one year) .....	14,553,558	326,182	14,879,740	1,791,989
Total liabilities .....	273,597,685	465,841	274,063,526	64,849,546
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows from pensions .....	5,386,509	—	5,386,509	47,715
Deferred real estate taxes .....	8,748,771	—	8,748,771	—
Deferred inflows from OPEB .....	9,451,365	—	9,451,365	694,750
Other deferred inflows of resources .....	222,812	—	222,812	99,710
Total deferred inflows of resources .....	23,809,457	—	23,809,457	842,175
<b>NET POSITION:</b>				
Net investment in capital assets .....	(12,522,029)	571,319	(11,950,710)	8,501,865
Restricted for:				
Capital projects .....	592,608	28,600	621,208	83,885
Debt service .....	2,200,679	—	2,200,679	3,316,842
Loans/security deposits .....	—	—	—	54,742
Donor/statutory restrictions .....	—	—	—	396,746
Operations .....	—	268,378	268,378	307,157
Unrestricted (deficit) .....	(184,707,499)	—	(184,707,499)	(10,803,629)
Total net position (deficit) .....	\$(194,436,241)	\$ 868,297	\$(193,567,944)	\$ 1,857,608

See accompanying notes to financial statements.

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

JUNE 30, 2016  
(in thousands)

	Restated			
	Primary Government (PG)			Component Units (CU)
	Governmental Activities	Business – Type Activities	Total – (PG)	
<b>ASSETS:</b>				
Cash and cash equivalents .....	\$ 6,619,456	\$ 25,667	\$ 6,645,123	\$ 2,444,883
Investments .....	9,878,993	318,545	10,197,538	1,862,981
Receivables:				
Real estate taxes (less allowance for uncollectible amounts of \$223,031) .....	352,832	—	352,832	—
Federal, State and other aid .....	7,848,075	3,013	7,851,088	—
Taxes other than real estate .....	6,127,117	—	6,127,117	—
Leases .....	—	—	—	1,694,490
Other .....	1,359,191	335,297	1,694,488	4,273,483
Mortgage loans and interest receivable, net .....	—	—	—	9,690,571
Inventories .....	402,433	—	402,433	13,394
Due from PG, net .....	—	—	—	217,428
Due from CUs (less allowance for uncollectible amounts of \$371,480) .....	1,781,185	—	1,781,185	—
Restricted cash, cash equivalents and investments .....	4,060,771	81,148	4,141,919	5,996,040
Other .....	429,238	143	429,381	277,335
Capital assets:				
Land and construction work-in-progress .....	5,452,463	166,515	5,618,978	7,740,888
Other capital assets (net of depreciation/amortization):				
Property, plant and equipment (including software) .....	36,376,135	32,135	36,408,270	31,317,167
Infrastructure .....	13,123,636	341,897	13,465,533	—
Total assets .....	93,811,525	1,304,360	95,115,885	65,528,660
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred outflows from pensions .....	12,814,357	—	12,814,357	577,146
Deferred outflows from OPEB .....	102,045	—	102,045	—
Other deferred outflows of resources .....	573,094	—	573,094	190,675
Total deferred outflows of resources .....	13,489,496	—	13,489,496	767,821
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities .....	14,765,752	38,410	14,804,162	3,528,283
Accrued interest payable .....	1,068,187	71	1,068,258	166,683
Unearned revenue .....	4,206	29,571	33,777	362,786
Due to PG .....	—	—	—	2,152,665
Due to CUs, net .....	217,428	—	217,428	—
Estimated disallowance of Federal, State and other aid .....	1,110,512	—	1,110,512	—
Other .....	5,011,216	(526)	5,010,690	231,638
Derivative instruments-interest rate swaps .....	56,554	—	56,554	161,319
Noncurrent liabilities:				
Due within one year .....	5,446,522	60,572	5,507,094	1,931,025
Bonds & notes payable (net of amount due within one year) . . .	82,896,721	10,918	82,907,639	43,175,695
Net pension liability .....	64,846,995	—	64,846,995	4,145,300
Net OPEB liability .....	94,502,356	85	94,502,441	7,810,703
Other (net of amount due within one year) .....	15,268,277	330,442	15,598,719	1,183,460
Total liabilities .....	285,194,726	469,543	285,664,269	64,849,557
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows from pensions .....	7,210,537	—	7,210,537	95,935
Deferred real estate taxes .....	8,105,167	—	8,105,167	—
Deferred inflows from OPEB .....	102,531	—	102,531	36,843
Other deferred inflows of resources .....	212,976	—	212,976	16,647
Total deferred inflows of resources .....	15,631,211	—	15,631,211	149,425
<b>NET POSITION:</b>				
Net investment in capital assets .....	(12,684,965)	540,548	(12,144,417)	7,898,733
Restricted for:				
Capital projects .....	416,919	38,300	455,219	63,881
Debt service .....	3,809,462	—	3,809,462	2,805,934
Loans/security deposits .....	—	—	—	54,865
Donor/statutory restrictions .....	—	—	—	172,613
Operations .....	—	264,440	264,440	317,493
Unrestricted (deficit) .....	(185,066,332)	(8,471)	(185,074,803)	(10,016,020)
Total net position (deficit) .....	\$(193,524,916)	\$ 834,817	\$(192,690,099)	\$ 1,297,499

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED JUNE 30, 2017  
(in thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government (PG)			Component Units (CU)
					Governmental Activities	Business-Type Activities	Total – (PG)	
<b>Primary Government (PG)</b>								
<b>Governmental Activities:</b>								
General government .....	\$ 5,360,092	\$ 905,738	\$ 3,142,123	\$ (142,958)	\$ (1,455,189)	\$ —	\$ (1,455,189)	\$ —
Public safety and judicial .....	18,961,329	332,938	661,440	1,938	(17,965,013)	—	(17,965,013)	—
Education .....	28,839,477	148,009	12,134,532	148,512	(16,408,424)	—	(16,408,424)	—
City University .....	1,252,444	404,758	260,528	—	(587,158)	—	(587,158)	—
Social services .....	15,402,193	66,693	5,286,726	21,802	(10,026,972)	—	(10,026,972)	—
Environmental protection .....	3,570,278	1,445,740	14,191	3,890	(2,106,457)	—	(2,106,457)	—
Transportation services .....	2,542,300	1,039,443	393,553	337,998	(771,306)	—	(771,306)	—
Parks, recreation and cultural activities .....	1,265,383	95,604	8,437	67,554	(1,093,788)	—	(1,093,788)	—
Housing .....	2,394,963	424,844	538,354	32,056	(1,399,709)	—	(1,399,709)	—
Health (including payments to HHC) ..	2,874,032	55,842	904,571	1,750	(1,911,869)	—	(1,911,869)	—
Libraries .....	420,994	—	—	6,668	(414,326)	—	(414,326)	—
Debt service interest .....	2,958,883	—	—	—	(2,958,883)	—	(2,958,883)	—
Total governmental activities ...	<u>\$5,842,368</u>	<u>\$4,919,609</u>	<u>\$23,344,455</u>	<u>\$479,210</u>	<u>\$(57,099,094)</u>	<u>—</u>	<u>\$(57,099,094)</u>	<u>—</u>
<b>Business-Type Activities:</b>								
Brooklyn Bridge Park .....	18,640	1,862	—	20,625	—	3,847	3,847	—
The Trust for Governor's Island .....	35,177	2,380	17,399	24,673	—	9,275	9,275	—
WTC Captive Insurance .....	1,968	—	—	—	—	(1,968)	(1,968)	—
New York City Tax Lien Trusts .....	266,418	—	132,277	—	—	(134,141)	(134,141)	—
Total business-type activities .....	<u>322,203</u>	<u>4,242</u>	<u>149,676</u>	<u>45,298</u>	<u>—</u>	<u>(122,987)</u>	<u>(122,987)</u>	<u>—</u>
Total Primary Government (PG)	<u>\$86,164,571</u>	<u>\$ 4,923,851</u>	<u>\$23,494,131</u>	<u>\$ 524,508</u>	<u>\$(57,099,094)</u>	<u>(122,987)</u>	<u>\$(57,222,081)</u>	<u>—</u>
<b>Component Units</b> .....	<u>\$18,690,644</u>	<u>\$13,406,968</u>	<u>\$ 3,305,202</u>	<u>\$ 1,265,020</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$(713,454)</u>
<b>General Revenues:</b>								
Taxes (net of refunds):								
Real estate taxes .....					24,586,758	—	24,586,758	—
Sales and use taxes .....					8,307,525	—	8,307,525	—
Personal income tax .....					11,256,809	—	11,256,809	—
Income taxes, other .....					7,875,921	—	7,875,921	—
Other taxes:								
Commercial rent .....					921,374	—	921,374	—
Conveyance of real property .....					1,418,683	—	1,418,683	—
Hotel room occupancy .....					582,481	—	582,481	—
Payments in lieu of taxes .....					351,438	35,566	387,004	—
Other .....					36,808	—	36,808	—
Investment income .....					110,145	116,372	226,517	66,335
Unrestricted Federal and State aid .....					311,125	—	311,125	9,572
Other .....					428,702	4,529	433,231	1,197,656
Total general revenues .....					<u>56,187,769</u>	<u>156,467</u>	<u>56,344,236</u>	<u>1,273,563</u>
Change in net position .....					(911,325)	33,480	(877,845)	560,109
Net position (deficit)—beginning .....					(193,524,916)	834,817	(192,690,099)	1,297,499
Net position (deficit)—ending .....					<u>\$(194,436,241)</u>	<u>\$868,297</u>	<u>\$(193,567,944)</u>	<u>\$1,857,608</u>

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED JUNE 30, 2016  
(in thousands)

Functions/Programs	Program Revenues				Restated			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			
					Primary Government (PG)			
					Governmental Activities	Business-Type Activities	Total – (PG)	Component Units (CU)
<b>Primary Government (PG)</b>								
<b>Governmental Activities:</b>								
General government .....	\$ 5,259,894	\$ 928,917	\$ 2,050,077	\$ (347,632)	\$ (2,628,532)	\$ —	\$ (2,628,532)	\$ —
Public safety and judicial .....	19,681,206	311,520	690,006	13,669	(18,666,011)	—	(18,666,011)	—
Education .....	29,295,515	75,555	11,435,552	281,227	(17,503,181)	—	(17,503,181)	—
City University .....	1,342,333	394,974	248,789	484	(698,086)	—	(698,086)	—
Social services .....	14,969,178	61,592	4,832,462	7,226	(10,067,898)	—	(10,067,898)	—
Environmental protection .....	3,709,540	1,343,526	8,567	9,745	(2,347,702)	—	(2,347,702)	—
Transportation services .....	2,784,695	1,069,257	226,858	512,611	(975,969)	—	(975,969)	—
Parks, recreation and cultural activities .....	1,149,928	96,456	9,938	173,822	(869,712)	—	(869,712)	—
Housing .....	2,006,924	416,901	504,946	43,611	(1,041,466)	—	(1,041,466)	—
Health (including payments to HHC) ..	3,277,736	87,303	890,398	19,135	(2,280,900)	—	(2,280,900)	—
Libraries .....	457,653	—	—	9,140	(448,513)	—	(448,513)	—
Debt service interest .....	2,932,656	—	—	—	(2,932,656)	—	(2,932,656)	—
Total governmental activities ...	<u>\$6,867,258</u>	<u>\$ 4,786,001</u>	<u>\$ 20,897,593</u>	<u>\$ 723,038</u>	<u>\$(60,460,626)</u>	<u>—</u>	<u>\$(60,460,626)</u>	<u>—</u>
<b>Business-type Activities:</b>								
Brooklyn Bridge Park .....	15,829	1,785	1,043	12,928	—	(73)	(73)	—
The Trust for Governor's Island .....	30,347	2,460	13,765	37,963	—	23,841	23,841	—
WTC Captive Insurance .....	3,208	—	—	—	—	(3,208)	(3,208)	—
New York City Tax Lien Trusts .....	191,982	—	85,257	—	—	(106,725)	(106,725)	—
Total business-type activities .....	<u>241,366</u>	<u>4,245</u>	<u>100,065</u>	<u>50,891</u>	<u>—</u>	<u>(86,165)</u>	<u>(86,165)</u>	<u>—</u>
Total Primary Government (PG)	<u>\$87,108,624</u>	<u>\$ 4,790,246</u>	<u>\$20,997,658</u>	<u>\$ 773,929</u>	<u>\$(60,460,626)</u>	<u>(86,165)</u>	<u>\$(60,546,791)</u>	<u>—</u>
<b>Component Units</b> .....	<u>\$18,079,176</u>	<u>\$13,400,494</u>	<u>\$ 2,888,478</u>	<u>\$1,142,304</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$(647,900)</u>
<b>General Revenues:</b>								
Taxes (net of refunds):								
Real estate taxes .....					23,171,276	—	23,171,276	—
Sales and use taxes .....					8,534,604	—	8,534,604	—
Personal income tax .....					11,565,473	—	11,565,473	—
Income taxes, other .....					6,760,614	—	6,760,614	—
Other taxes:								
Commercial rent .....					836,816	—	836,816	—
Conveyance of real property .....					1,788,182	—	1,788,182	—
Hotel room occupancy .....					568,069	—	568,069	—
Payments in lieu of taxes .....					320,634	8,238	328,872	—
Other .....					19,005	—	19,005	—
Investment income .....					94,718	99,986	194,704	111,955
Unrestricted Federal and State aid .....					258,215	—	258,215	8,966
Other .....					625,870	10,355	636,225	1,958,025
Total general revenues .....					<u>54,543,476</u>	<u>118,579</u>	<u>54,662,055</u>	<u>2,078,946</u>
Change in net position .....					(5,917,150)	32,414	(5,884,736)	1,431,046
Net position (deficit)—beginning .....					(183,081,913)	—	(183,081,913)	632,902
Restatement of beginning net position .....					(4,525,853)	802,403	(3,723,450)	(766,449)
Net position (deficit)—ending .....					<u>\$(193,524,916)</u>	<u>\$834,817</u>	<u>\$(192,690,099)</u>	<u>\$1,297,499</u>

See accompanying notes to financial statements.

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

JUNE 30, 2017  
(in thousands)

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
<b>ASSETS:</b>						
Cash and cash equivalents .....	\$ 6,029,520	\$ 357,501	\$ —	\$ 200,960	\$ —	\$ 6,587,981
Investments .....	6,126,819	—	—	1,988,605	—	8,115,424
Accounts receivable:						
Real estate taxes (less allowance for uncollectible amounts of \$221,304) .....	350,028	—	—	—	—	350,028
Federal, State and other aid .....	7,872,008	1,169,854	—	—	—	9,041,862
Taxes other than real estate .....	5,705,705	—	—	753,222	—	6,458,927
Other receivables, net .....	1,399,813	—	15	117,375	—	1,517,203
Due from other funds .....	3,610,020	1,050,881	—	514,847	(514,589)	4,661,159
Due from component units, net .....	1,790,186	664,284	—	—	—	2,454,470
Restricted cash and investments .....	—	114,038	1,583,596	3,271,207	—	4,968,841
Other assets .....	—	97,665	—	302,860	—	400,525
Total assets .....	<u>\$32,884,099</u>	<u>\$ 3,454,223</u>	<u>\$ 1,583,611</u>	<u>\$ 7,149,076</u>	<u>\$ (514,589)</u>	<u>\$ 44,556,420</u>
<b>LIABILITIES:</b>						
Accounts payable and accrued liabilities .....	\$12,918,991	\$ 1,431,626	\$ 867	\$ 715,576	\$ —	\$ 15,067,060
Accrued tax refunds:						
Real estate taxes .....	61,603	—	—	—	—	61,603
Personal income tax .....	60,429	—	—	—	—	60,429
Other .....	52,064	—	—	—	—	52,064
Accrued judgments and claims .....	533,892	56,540	—	—	—	590,432
Unearned revenue .....	—	—	—	3,610	—	3,610
Due to other funds .....	—	4,046,387	—	1,129,361	(514,589)	4,661,159
Due to component units, net .....	57,631	—	—	—	—	57,631
Estimated disallowance of Federal, State and other aid .....	552,875	—	—	—	—	552,875
Other liabilities .....	4,464,468	439,519	—	—	—	4,903,987
Total liabilities .....	<u>18,701,953</u>	<u>5,974,072</u>	<u>867</u>	<u>1,848,547</u>	<u>(514,589)</u>	<u>26,010,850</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Prepaid real estate taxes .....	8,748,771	—	—	—	—	8,748,771
Grant advances .....	18,124	—	—	—	—	18,124
Uncollected real estate taxes .....	269,666	—	—	—	—	269,666
Taxes other than real estate .....	4,428,859	—	—	—	—	4,428,859
Other deferred inflows of resources ..	238,697	—	—	771,946	—	1,010,643
Total deferred inflows of resources .....	<u>13,704,117</u>	<u>—</u>	<u>—</u>	<u>771,946</u>	<u>—</u>	<u>14,476,063</u>
<b>FUND BALANCES (DEFICITS):</b>						
Nonspendable .....	478,029	—	—	295	—	478,324
Spendable:						
Restricted .....	—	114,038	238,845	2,440,404	—	2,793,287
Committed .....	—	—	1,343,899	—	—	1,343,899
Assigned .....	—	—	—	2,087,896	—	2,087,896
Unassigned .....	—	(2,633,887)	—	(12)	—	(2,633,899)
Total fund balances (deficit) ..	<u>478,029</u>	<u>(2,519,849)</u>	<u>1,582,744</u>	<u>4,528,583</u>	<u>—</u>	<u>4,069,507</u>
Total liabilities, deferred inflows of resources and fund balances .....	<u>\$32,884,099</u>	<u>\$ 3,454,223</u>	<u>\$ 1,583,611</u>	<u>\$ 7,149,076</u>	<u>\$ (514,589)</u>	<u>\$ 44,556,420</u>

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

See accompanying notes to financial statements.

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

JUNE 30, 2016  
(in thousands)

	Restated					
	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
<b>ASSETS:</b>						
Cash and cash equivalents .....	\$ 6,218,872	\$ 261,047	\$ —	\$ 139,537	\$ —	\$ 6,619,456
Investments .....	8,025,500	—	—	1,927,972	—	9,953,472
Accounts receivable:						
Real estate taxes (less allowance for uncollectible amounts of \$223,031) .....	352,832	—	—	—	—	352,832
Federal, State and other aid .....	6,437,418	1,410,657	—	—	—	7,848,075
Taxes other than real estate .....	5,387,712	—	—	739,405	—	6,127,117
Other receivables, net .....	1,251,694	—	—	77,000	—	1,328,694
Due from other funds .....	3,230,864	6,668	—	414,751	(414,614)	3,237,669
Due from component units, net .....	1,155,612	625,573	—	—	—	1,781,185
Restricted cash and investments .....	—	129,509	1,778,906	2,152,356	—	4,060,771
Other assets .....	—	107,136	—	308,338	—	415,474
Total assets .....	<u>\$32,060,504</u>	<u>\$ 2,540,590</u>	<u>\$ 1,778,906</u>	<u>\$ 5,759,359</u>	<u>\$ (414,614)</u>	<u>\$ 41,724,745</u>
<b>LIABILITIES:</b>						
Accounts payable and accrued liabilities .....	\$12,657,086	\$ 1,453,393	\$ 3,789	\$ 651,864	\$ —	\$14,766,132
Accrued tax refunds:						
Real estate taxes .....	45,308	—	—	—	—	45,308
Personal income tax .....	56,820	—	—	—	—	56,820
Other .....	36,093	—	—	—	—	36,093
Accrued judgments and claims .....	510,048	44,925	—	—	—	554,973
Unearned revenue .....	—	—	—	4,206	—	4,206
Due to other funds .....	—	3,581,794	—	70,489	(414,614)	3,237,669
Due to component units, net .....	217,428	—	—	—	—	217,428
Estimated disallowance of Federal, State and other aid .....	1,110,512	—	—	—	—	1,110,512
Other liabilities .....	3,808,801	438,875	—	—	—	4,247,676
Total liabilities .....	<u>18,442,096</u>	<u>5,518,987</u>	<u>3,789</u>	<u>726,559</u>	<u>(414,614)</u>	<u>24,276,817</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Prepaid real estate taxes .....	8,105,167	—	—	—	—	8,105,167
Grant advances .....	30,613	—	—	—	—	30,613
Uncollected real estate taxes .....	287,280	—	—	—	—	287,280
Taxes other than real estate .....	4,496,113	—	—	—	—	4,496,113
Other deferred inflows of resources ..	226,416	—	—	758,516	—	984,932
Total deferred inflows of resources .....	<u>13,145,589</u>	<u>—</u>	<u>—</u>	<u>758,516</u>	<u>—</u>	<u>13,904,105</u>
<b>FUND BALANCES (DEFICITS):</b>						
Nonspendable .....	472,819	—	—	612	—	473,431
Spendable:						
Restricted .....	—	129,509	382,005	2,321,755	—	2,833,269
Committed .....	—	—	1,393,112	—	—	1,393,112
Assigned .....	—	—	—	1,951,917	—	1,951,917
Unassigned .....	—	(3,107,906)	—	—	—	(3,107,906)
Total fund balances (deficit) ..	<u>472,819</u>	<u>(2,978,397)</u>	<u>1,775,117</u>	<u>4,274,284</u>	<u>—</u>	<u>3,543,823</u>
Total liabilities, deferred inflows of resources and fund balances .....	<u>\$32,060,504</u>	<u>\$ 2,540,590</u>	<u>\$ 1,778,906</u>	<u>\$ 5,759,359</u>	<u>\$ (414,614)</u>	<u>\$41,724,745</u>

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

See accompanying notes to financial statements.

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

JUNE 30, 2017  
(in thousands)

Total fund balances — governmental funds .....	\$ 4,069,507
Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:	
Inventories recorded in the Statement of Net Position are recorded as expenditures in the governmental funds. ....	465,232
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds .....	57,516,792
Other long-term assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds Deferred outflows of resources .....	5,098,543
Other long-term assets .....	43,959
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds and notes payable .....	(89,585,973)
OPEB liability .....	(88,422,672)
Accrued interest payable .....	(1,079,876)
Capital lease obligations .....	(1,548,591)
Accrued vacation and sick leave .....	(4,648,180)
Net pension liability .....	(56,241,371)
Landfill closure and post-closure care costs .....	(1,508,009)
Pollution Remediation obligations .....	(202,577)
Accrued judgments and claims .....	(6,267,216)
Other accrued tax refunds .....	(929,700)
Deferred inflows of resources .....	(9,333,394)
Other long-term liabilities .....	(1,862,715)
Net position (deficit) — governmental activities .....	<u><u>\$ (194,436,241)</u></u>

See accompanying notes to financial statements.

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

JUNE 30, 2016  
(in thousands)

Total fund balances — governmental funds . . . . .	\$ 3,543,823
Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:	
Inventories recorded in the Statement of Net Position are recorded as expenditures in the governmental funds. . . . .	402,433
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds . . . . .	54,952,234
Other long-term assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds . . . . .	13,489,496
Deferred outflows of resources . . . . .	44,261
Other long-term assets . . . . .	44,261
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds and notes payable . . . . .	(86,208,962)
OPEB liability . . . . .	(94,502,356)
Accrued interest payable . . . . .	(1,068,187)
Capital lease obligations . . . . .	(1,571,006)
Accrued vacation and sick leave . . . . .	(4,262,698)
Net pension liability . . . . .	(64,846,995)
Landfill closure and post-closure care costs . . . . .	(1,465,689)
Pollution Remediation obligations . . . . .	(208,873)
Accrued judgments and claims . . . . .	(6,499,359)
Other accrued tax refunds . . . . .	(1,765,000)
Deferred inflows of resources . . . . .	(1,727,106)
Other long-term liabilities . . . . .	(1,830,932)
Net position (deficit) — governmental activities . . . . .	<u><u>\$ (193,524,916)</u></u>

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(in thousands)

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
<b>REVENUES:</b>						
Real estate taxes .....	\$ 24,679,411	\$ —	\$ —	\$ —	\$ —	\$ 24,679,411
Sales and use taxes .....	8,296,436	—	—	—	—	8,296,436
Personal income tax .....	11,257,809	—	—	297,251	(297,251)	11,257,809
Income taxes, other .....	7,120,621	—	—	—	—	7,120,621
Other taxes .....	3,308,127	—	—	—	—	3,308,127
Federal, State and other categorical aid .....	23,344,456	633,224	82,067	—	—	24,059,747
Unrestricted Federal and State aid .....	59,058	—	—	170,000	—	229,058
Charges for services .....	2,711,428	—	—	—	—	2,711,428
Tobacco settlement .....	—	—	—	160,161	—	160,161
Investment income .....	73,125	—	1,397	10,049	—	84,571
Other revenues .....	2,179,254	1,494,846	34,940	3,513,805	(3,292,870)	3,929,975
Total revenues .....	<u>83,029,725</u>	<u>2,128,070</u>	<u>118,404</u>	<u>4,151,266</u>	<u>(3,590,121)</u>	<u>85,837,344</u>
<b>EXPENDITURES:</b>						
General government .....	3,246,561	740,177	—	49,145	—	4,035,883
Public safety and judicial .....	9,694,083	364,833	—	—	—	10,058,916
Education .....	23,317,602	2,706,201	—	2,694,931	(3,292,870)	25,425,864
City University .....	1,067,117	63,103	—	—	—	1,130,220
Social services .....	14,485,139	111,756	—	—	—	14,596,895
Environmental protection .....	2,923,418	1,777,683	—	—	—	4,701,101
Transportation services .....	1,753,637	1,230,435	—	—	—	2,984,072
Parks, recreation and cultural activities .....	598,776	667,479	—	—	—	1,266,255
Housing .....	1,220,133	950,461	—	—	—	2,170,594
Health (including payments to HHC) .....	2,233,288	166,234	—	—	—	2,399,522
Libraries .....	369,871	47,188	—	—	—	417,059
Pensions .....	9,280,651	—	—	—	—	9,280,651
Judgments and claims .....	750,349	—	—	—	—	750,349
Fringe benefits and other benefit payments .....	5,909,908	—	—	—	—	5,909,908
Administrative and other .....	147,036	—	72,052	621,289	—	840,377
Debt Service:						
Interest .....	—	—	1,537,653	1,899,472	—	3,437,125
Redemptions .....	—	—	2,205,401	1,336,684	—	3,542,085
Lease payments .....	30,360	—	—	—	—	30,360
Total expenditures .....	<u>77,027,929</u>	<u>8,825,550</u>	<u>3,815,106</u>	<u>6,601,521</u>	<u>(3,292,870)</u>	<u>92,977,236</u>
Excess (deficiency) of revenues over expenditures .....	<u>6,001,796</u>	<u>(6,697,480)</u>	<u>(3,696,702)</u>	<u>(2,450,255)</u>	<u>(297,251)</u>	<u>(7,139,892)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from (to) General Fund .....	—	—	3,500,830	2,338,018	—	5,838,848
Transfers from (to) Nonmajor Capital Projects Funds .....	—	4,721,999	—	4,804	—	4,726,803
Transfers from (to) Nonmajor Special Revenue Funds, net .....	—	—	—	(943)	—	(943)
Principal amount of bonds issued .....	139,513	2,141,487	—	4,400,000	—	6,681,000
Bond premium .....	—	198,211	138,908	1,019,677	—	1,356,796
Capitalized leases .....	—	94,331	—	—	—	94,331
Issuance of refunding debt .....	—	—	900,065	3,628,425	—	4,528,490
Transfers from (to) Capital Projects Fund .....	—	—	—	(4,721,999)	—	(4,721,999)
Transfers from (to) General Debt Service Fund .....	(3,500,830)	—	—	—	—	(3,500,830)
Transfers from (to) Nonmajor Debt Service Funds, net .....	(2,635,269)	—	—	(3,861)	297,251	(2,341,879)
Payments to refunded bond escrow holder .....	—	—	(1,035,474)	(3,959,567)	—	(4,995,041)
Total other financing sources (uses) .....	<u>(5,996,586)</u>	<u>7,156,028</u>	<u>3,504,329</u>	<u>2,704,554</u>	<u>297,251</u>	<u>7,665,576</u>
Net change in fund balances .....	5,210	458,548	(192,373)	254,299	—	525,684
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR</b>	<u>472,819</u>	<u>(2,978,397)</u>	<u>1,775,117</u>	<u>4,274,284</u>	<u>—</u>	<u>3,543,823</u>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<u>\$ 478,029</u>	<u>\$ (2,519,849)</u>	<u>\$ 1,582,744</u>	<u>\$ 4,528,583</u>	<u>\$ —</u>	<u>\$ 4,069,507</u>

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

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(in thousands)

	Restated					
	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
<b>REVENUES:</b>						
Real estate taxes .....	\$23,180,583	\$ —	\$ —	\$ —	\$ —	\$23,180,583
Sales and use taxes .....	8,540,154	—	—	—	—	8,540,154
Personal income tax .....	11,392,473	—	—	180,290	(180,290)	11,392,473
Income taxes, other .....	6,947,614	—	—	—	—	6,947,614
Other taxes .....	3,559,825	—	—	—	—	3,559,825
Federal, State and other categorical aid .....	20,897,592	986,523	82,047	—	—	21,966,162
Unrestricted Federal and State aid .....	6,168	—	—	170,000	—	176,168
Charges for services .....	2,624,357	—	—	—	—	2,624,357
Tobacco settlement .....	—	—	—	365,783	—	365,783
Investment income .....	78,791	—	203	16,299	—	95,293
Other revenues .....	2,171,950	1,010,236	5,361	2,871,145	(2,566,109)	3,492,583
Total revenues .....	<u>79,399,507</u>	<u>1,996,759</u>	<u>87,611</u>	<u>3,603,517</u>	<u>(2,746,399)</u>	<u>82,340,995</u>
<b>EXPENDITURES:</b>						
General government .....	2,985,013	664,819	—	61,344	—	3,711,176
Public safety and judicial .....	9,325,708	327,079	—	—	—	9,652,787
Education .....	21,973,688	2,475,122	—	2,706,580	(2,566,109)	24,589,281
City University .....	955,775	56,994	—	—	—	1,012,769
Social services .....	13,800,868	60,086	—	—	—	13,860,954
Environmental protection .....	2,569,229	1,701,883	—	—	—	4,271,112
Transportation services .....	1,707,930	1,262,685	—	—	—	2,970,615
Parks, recreation and cultural activities .....	533,855	587,601	—	—	—	1,121,456
Housing .....	1,023,213	752,753	—	—	—	1,775,966
Health (including payments to HHC) .....	2,666,511	150,022	—	—	—	2,816,533
Libraries .....	359,548	40,872	—	—	—	400,420
Pensions .....	9,170,963	—	—	—	—	9,170,963
Judgments and claims .....	719,968	—	—	—	—	719,968
Fringe benefits and other benefit payments .....	5,511,572	—	—	—	—	5,511,572
Administrative and other .....	197,649	—	76,101	57,853	—	331,603
Debt Service:						
Interest .....	—	—	1,605,023	1,749,886	—	3,354,909
Redemptions .....	—	—	2,231,320	1,037,625	—	3,268,945
Lease payments .....	199,253	—	—	—	—	199,253
Total expenditures .....	<u>73,700,743</u>	<u>8,079,916</u>	<u>3,912,444</u>	<u>5,613,288</u>	<u>(2,566,109)</u>	<u>88,740,282</u>
Excess (deficiency) of revenues over expenditures .....	<u>5,698,764</u>	<u>(6,083,157)</u>	<u>(3,824,833)</u>	<u>(2,009,771)</u>	<u>(180,290)</u>	<u>(6,399,287)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from (to) General Fund .....	—	—	3,619,487	2,052,943	—	5,672,430
Transfers from (to) Nonmajor Capital Projects Funds .....	—	4,836,353	—	3,794	—	4,840,147
Transfers from (to) Nonmajor Special Revenue Funds, net .....	—	—	—	19,564	—	19,564
Principal amount of bonds issued .....	159,154	—	—	4,400,000	—	4,559,154
Bond premium .....	—	—	430,131	477,302	—	907,433
Capitalized leases .....	—	47,998	—	—	—	47,998
Issuance of refunding debt .....	—	—	2,351,450	399,660	—	2,751,110
Transfers from (to) Capital Projects Fund .....	—	—	—	(4,836,353)	—	(4,836,353)
Transfers from (to) General Debt Service Fund .....	(3,619,487)	—	—	—	—	(3,619,487)
Transfers from (to) Nonmajor Debt Service Funds, net .....	(2,233,233)	—	—	(23,358)	180,290	(2,076,301)
Payments to refunded bond escrow holder .....	—	—	(2,771,338)	(467,266)	—	(3,238,604)
Total other financing sources (uses) .....	<u>(5,693,566)</u>	<u>4,884,351</u>	<u>3,629,730</u>	<u>2,026,286</u>	<u>180,290</u>	<u>5,027,091</u>
Net change in fund balances .....	5,198	(1,198,806)	(195,103)	16,515	—	(1,372,196)
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR</b>	467,621	(1,779,591)	1,970,220	4,378,186	—	5,036,436
Restatement of beginning fund balance (deficit) ..	—	—	—	(120,417)	—	(120,417)
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b> .....	<u>\$ 472,819</u>	<u>\$(2,978,397)</u>	<u>\$ 1,775,117</u>	<u>\$ 4,274,284</u>	<u>\$ —</u>	<u>\$ 3,543,823</u>

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

See accompanying notes to financial statements.

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

FOR THE YEAR ENDED JUNE 30, 2017  
(in thousands)

Net change in fund balances — governmental funds .....	\$	525,684
--	----	---------

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 .....	\$ 6,075,034	
Depreciation expense .....	(3,485,994)	2,589,040

The net effect of various miscellaneous transactions involving capital assets and other ( <i>i.e.</i> , sales, trade-ins, and donations) is to decrease net position .....		43,073
--	--	--------

The issuance of long-term debt (*i.e.*, bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report, 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 .....	(11,209,490)	
Principal payments of bonds .....	7,332,755	
Other .....	484,432	(3,392,303)

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 .....		(196,727)
---	--	-----------

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds .....		(15,171,696)
--	--	--------------

Change in net pension liability .....		8,605,624
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Change in OPEB liability .....		6,079,684
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Change in pollution remediation obligations .....		6,296
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Change in net position — governmental activities .....	\$	(911,325)
--	----	-----------

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
 FOR THE YEAR ENDED JUNE 30, 2016  
 (in thousands)

Net change in fund balances — governmental funds .....	\$ (1,492,613)
--	----------------

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Purchases of capital assets .....	\$ 5,193,139	
Depreciation expense .....	<u>(3,353,181)</u>	1,839,958

The net effect of various miscellaneous transactions involving capital assets and other ( <i>i.e.</i> , sales, trade-ins, and donations) is to decrease net position .....	83,098
--	--------

The issuance of long-term debt (*i.e.*, bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds from sales of bonds .....	(7,310,264)	
Principal payments of bonds .....	5,602,082	
Other .....	<u>421,587</u>	(1,286,595)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds .....	(585,453)
---	-----------

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds .....	11,831,060
Change in net pension liability .....	(11,722,928)
Change in OPEB liability .....	(4,745,452)
Change in pollution remediation obligations .....	41,358
Restatement of beginning net position .....	<u>(4,405,436)</u>
Change in net position — governmental activities .....	<u><u>\$(10,443,003)</u></u>

See accompanying notes to financial statements.

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

FOR THE YEAR ENDED JUNE 30, 2017

(in thousands)

	Budget			Better (Worse) Than Modified Budget
	Adopted	Modified	Actual	
<b>REVENUES:</b>				
Real estate taxes . . . . .	\$24,228,997	\$24,650,915	\$24,679,411	\$ 28,496
Sales and use taxes . . . . .	8,328,000	8,259,800	8,296,436	36,636
Personal income tax . . . . .	11,577,000	11,255,500	11,257,809	2,309
Income taxes, other . . . . .	6,546,000	7,190,485	7,120,621	(69,864)
Other taxes . . . . .	3,963,309	3,244,032	3,308,127	64,095
Federal, State and other categorical aid . . . . .	21,986,184	24,253,925	23,344,456	(909,469)
Unrestricted Federal and State aid . . . . .	—	56,792	59,058	2,266
Charges for services . . . . .	2,615,487	2,657,330	2,711,428	54,098
Investment income . . . . .	61,210	80,540	73,125	(7,415)
Other revenues . . . . .	1,843,112	2,688,823	2,179,254	(509,569)
Total revenues . . . . .	<u>81,149,299</u>	<u>84,338,142</u>	<u>83,029,725</u>	<u>(1,308,417)</u>
<b>EXPENDITURES:</b>				
General government . . . . .	3,398,426	3,471,098	3,246,561	224,537
Public safety and judicial . . . . .	9,232,682	9,830,800	9,694,083	136,717
Education . . . . .	23,179,313	23,464,954	23,317,602	147,352
City University . . . . .	1,041,364	1,114,615	1,067,117	47,498
Social services . . . . .	14,281,008	14,817,052	14,485,139	331,913
Environmental protection . . . . .	3,044,111	2,967,308	2,923,418	43,890
Transportation services . . . . .	1,728,818	1,799,662	1,753,637	46,025
Parks, recreation and cultural activities . . . . .	586,846	610,040	598,776	11,264
Housing . . . . .	1,488,005	1,328,137	1,220,133	108,004
Health (including payments to HHC) . . . . .	1,812,929	2,270,873	2,233,288	37,585
Libraries . . . . .	365,104	370,512	369,871	641
Pensions . . . . .	9,309,981	9,282,808	9,280,651	2,157
Judgments and claims . . . . .	676,389	750,763	750,349	414
Fringe benefits and other benefit payments . . . . .	5,654,258	5,962,914	5,909,908	53,006
Lease payments for debt service . . . . .	58,841	30,360	30,360	—
Other . . . . .	2,086,913	268,755	147,036	121,719
Total expenditures . . . . .	<u>77,944,988</u>	<u>78,340,651</u>	<u>77,027,929</u>	<u>1,312,722</u>
Excess of revenues over expenditures . . . . .	<u>3,204,311</u>	<u>5,997,491</u>	<u>6,001,796</u>	<u>4,305</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Principal amount of bonds issued . . . . .	—	139,513	139,513	—
Transfers to Nonmajor Debt Service Fund . . . . .	(1,146,434)	(2,852,687)	(2,852,319)	(368)
Transfers from Nonmajor Debt Service Fund . . . . .	239,183	217,011	217,050	(39)
Transfers and other payments for debt service, net . . . . .	(2,297,060)	(3,501,328)	(3,500,830)	(498)
Total other financing uses . . . . .	<u>(3,204,311)</u>	<u>(5,997,491)</u>	<u>(5,996,586)</u>	<u>(905)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER</b>				
FINANCING USES . . . . .	<u>\$ —</u>	<u>\$ —</u>	5,210	<u>\$ 5,210</u>
<b>FUND BALANCE AT BEGINNING OF YEAR . . . . .</b>			472,819	
<b>FUND BALANCE AT END OF YEAR . . . . .</b>			<u>\$ 478,029</u>	

See accompanying notes to financial statements.

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

FOR THE YEAR ENDED JUNE 30, 2016

(in thousands)

	Budget			Better (Worse) Than Modified Budget
	Adopted	Modified	Actual	
<b>REVENUES:</b>				
Real estate taxes . . . . .	\$22,589,192	\$23,120,192	\$23,180,583	\$ 60,391
Sales and use taxes . . . . .	8,068,000	8,560,220	8,540,154	(20,066)
Personal income tax . . . . .	11,154,000	11,454,000	11,392,473	(61,527)
Income taxes, other . . . . .	6,662,000	7,170,791	6,947,614	(223,177)
Other taxes . . . . .	3,745,583	3,483,519	3,559,825	76,306
Federal, State and other categorical aid . . . . .	20,765,775	21,963,335	20,897,592	(1,065,743)
Unrestricted Federal and State aid . . . . .	—	6,155	6,168	13
Charges for services . . . . .	2,735,296	2,734,077	2,624,357	(109,720)
Investment income . . . . .	29,400	64,430	78,791	14,361
Other revenues . . . . .	1,881,683	2,690,983	2,171,950	(519,033)
Total revenues . . . . .	77,630,929	81,247,702	79,399,507	(1,848,195)
<b>EXPENDITURES:</b>				
General government . . . . .	3,267,424	3,200,819	2,985,013	215,806
Public safety and judicial . . . . .	8,777,557	9,483,114	9,325,708	157,406
Education . . . . .	21,894,475	22,373,621	21,973,688	399,933
City University . . . . .	977,677	1,003,118	955,775	47,343
Social services . . . . .	14,026,800	13,980,252	13,800,868	179,384
Environmental protection . . . . .	2,747,907	2,795,819	2,569,229	226,590
Transportation services . . . . .	1,658,820	1,754,285	1,707,930	46,355
Parks, recreation and cultural activities . . . . .	525,196	549,319	533,855	15,464
Housing . . . . .	939,324	1,118,137	1,023,213	94,924
Health (including payments to HHC) . . . . .	1,673,106	2,711,950	2,666,511	45,439
Libraries . . . . .	357,731	360,295	359,548	747
Pensions . . . . .	8,643,115	9,172,968	9,170,963	2,005
Judgments and claims . . . . .	709,890	719,966	719,968	(2)
Fringe benefits and other benefit payments . . . . .	5,309,527	5,691,328	5,511,572	179,756
Lease payments for debt service . . . . .	169,678	199,255	199,253	2
Other . . . . .	2,904,342	434,813	197,649	237,164
Total expenditures . . . . .	74,582,569	75,549,059	73,700,743	1,848,316
Excess of revenues over expenditures . . . . .	3,048,360	5,698,643	5,698,764	121
<b>OTHER FINANCING SOURCES (USES):</b>				
Principal amount of bonds issued . . . . .	—	159,154	159,154	—
Transfers to Nonmajor Debt Service Fund . . . . .	(1,024,767)	(2,578,096)	(2,579,009)	913
Transfers from Nonmajor Debt Service Fund . . . . .	239,768	345,879	345,776	103
Transfers and other payments for debt service, net . . . . .	(2,263,361)	(3,625,580)	(3,619,487)	(6,093)
Total other financing uses . . . . .	(3,048,360)	(5,698,643)	(5,693,566)	(5,077)
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER</b>				
FINANCING USES . . . . .	\$ —	\$ —	5,198	\$ 5,198
<b>FUND BALANCE AT BEGINNING OF YEAR . . . . .</b>			467,621	
<b>FUND BALANCE AT END OF YEAR . . . . .</b>			<u>\$ 472,819</u>	

See accompanying notes to financial statements.

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

JUNE 30, 2017  
(in thousands)

	Brooklyn Bridge Park Corporation	The Trust for Governors Island Corporation	WTC Captive Insurance Company, Inc.	NYCTL 1998-2 TRUST	NYCTL 2015-A TRUST	NYCTL 2016-A TRUST	NYCTL 2017-A TRUST	Total Proprietary Funds
<b>ASSETS:</b>								
Current assets:								
Cash and cash equivalents	\$ 25,658	\$ 6,102	\$ 11,296	\$ 437	\$ 91	\$ 364	\$ 166	\$ 44,114
Investments	1,250	—	1,057	—	—	—	709	3,016
Receivables:								
Federal, State and other aid	—	1,395	—	—	—	—	—	1,395
Accounts receivable	15,394	791	3	46,050	10,343	18,001	19,127	109,709
Restricted cash, cash equivalents	29,815	7,422	—	—	—	—	—	37,237
Restricted investments	—	—	—	20,210	6,666	11,794	—	38,670
Prepaid expenses	38	6	42	—	—	—	—	86
Total current assets	72,155	15,716	12,398	66,697	17,100	30,159	20,002	234,227
Noncurrent assets:								
Investments	23,562	—	278,770	—	—	—	—	302,332
Restricted cash, cash equivalents	—	793	—	—	—	—	—	793
Accounts receivable	—	—	—	148,403	23,080	25,107	28,840	225,430
Capital assets:								
Land and construction work in progress	110,401	33,680	—	—	—	—	—	144,081
Other capital assets	—	—	—	—	—	—	—	—
(net of depreciation/amortization):								
Property, plant and equipment	31,116	3,955	—	—	—	—	—	35,071
(including software)	88,040	304,128	—	—	—	—	—	392,168
Infrastructure	—	—	36	—	—	—	—	36
Other assets	253,119	342,556	278,806	148,403	23,080	25,107	28,840	1,099,911
Total noncurrent assets	325,274	358,272	291,204	215,100	40,180	55,266	48,842	1,334,138
Total assets								
	11,497	8,214	3,059	8,342	896	2,722	—	34,730
Current liabilities:								
Accounts payable and accrued liabilities	—	—	—	—	24	65	1	90
Accrued interest payable	23,806	5,617	—	—	—	—	—	29,423
Unearned revenue	708	—	983	—	—	—	—	1,691
Security deposits	—	—	—	(3,882)	25	103	—	(3,754)
Overage due to taxpayers	—	—	—	—	10,918	26,496	—	37,414
Bonds payable	—	—	—	—	—	(3)	—	(3)
Discount on bonds payable	—	—	—	10,637	9,516	6,826	13,089	40,068
Residual liability	—	—	—	15,097	21,379	36,209	13,090	139,659
Total current liabilities	36,011	13,831	4,042	—	—	—	—	—
Noncurrent liabilities:								
Security deposits	2,690	792	172,816	—	—	—	—	176,298
Residual liability	—	—	114,346	35,538	—	—	—	149,884
Total noncurrent liabilities	2,690	792	287,162	35,538	—	—	—	326,182
Total liabilities	38,701	14,623	291,204	50,635	21,379	36,209	13,090	465,841
<b>NET POSITION:</b>								
Net investment in capital assets	229,556	341,763	—	—	—	—	—	571,319
Restricted for:								
Capital	8,390	—	—	20,210	—	—	—	28,600
Operations	48,627	1,886	—	144,255	18,801	19,057	35,752	268,378
Total net position	\$ 286,573	\$ 343,649	\$ —	\$ 164,465	\$ 18,801	\$ 19,057	\$ 35,752	\$ 868,297

JUNE 30, 2016  
(in thousands)

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**THE CITY OF NEW YORK**  
**PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

FOR THE YEAR ENDED JUNE 30, 2017  
(in thousands)

	Brooklyn Bridge Park Corporation	The Trust for Governors Island Corporation	WTC Captive Insurance Company, Inc.	NYCTL 1998-2 TRUST	NYCTL 2015-A TRUST	NYCTL 2016-A TRUST	NYCTL 2017-A TRUST	Total Proprietary Funds
<b>OPERATING REVENUES:</b>								
Investment income	\$ 1,862	\$ 2,380	\$ (2,155)	\$ 105,758	\$ 4,715	\$ 7,241	\$ 588	\$ 116,147
Permits and other fees	—	—	—	—	—	—	—	4,242
Tax liens received from the City of New York	—	—	—	52,572	—	31,396	48,309	132,277
Payments in lieu of taxes and ground leases rent	35,566	17,399	—	—	—	—	—	35,566
Operating grants and contributions	—	—	—	—	—	—	—	17,399
Total operating revenues	37,428	19,779	(2,155)	158,330	4,715	38,637	48,897	305,631
<b>OPERATING EXPENSES:</b>								
General and administrative expense	—	—	530	11,950	1,141	1,542	—	15,163
Personnel costs	4,403	2,846	657	—	—	—	—	7,906
Utilities	428	615	—	—	—	—	—	1,043
Professional fees	1,816	—	781	—	—	—	—	2,597
Repairs and maintenance	2,891	—	—	—	—	—	—	2,891
Security	1,135	—	—	—	—	—	—	1,135
Distributions to the City of New York	—	—	—	53,793	—	43,055	—	96,848
Increase (decrease) in allowance for doubtful accounts	—	—	—	30,787	(647)	1,315	55	31,510
Addition to residual liability due to Water Board	—	—	—	3,096	939	6,677	13,090	23,802
Write-offs of uncollectible liens, net of recoveries	—	—	—	96,419	173	66	—	96,658
Depreciation and amortization	7,165	17,644	—	—	—	—	—	24,809
OPEB expense	(85)	—	—	—	—	—	—	(85)
Other general, administrative and project expenses	887	14,072	—	—	—	—	—	14,959
Other	—	—	—	—	260	2,707	—	2,967
Total operating expenses	18,640	35,177	1,968	196,045	1,866	55,362	13,145	322,203
Operating income (loss)	18,788	(15,398)	(4,123)	(37,715)	2,849	(16,725)	35,752	(16,572)
<b>NONOPERATING REVENUES (EXPENSES):</b>								
Capital contributions from government sources	20,625	19,793	—	—	—	—	—	40,418
Capital contributions from private sources	—	4,880	—	—	—	—	—	4,880
Investment income	95	—	—	58	28	44	—	225
Interest income	12	7	—	—	—	—	—	19
Transfer from residual liability	—	—	4,123	—	—	—	—	4,123
Other income	—	387	—	—	—	—	—	387
Total nonoperating revenues (expenses)	20,732	25,067	4,123	58	28	44	—	50,052
Income before capital contribution and transfers	39,520	9,669	—	(37,657)	2,877	(16,681)	35,752	33,480
Change in net position	39,520	9,669	—	(37,657)	2,877	(16,681)	35,752	33,480
Net position—beginning	247,053	333,980	—	202,122	15,924	35,738	—	834,817
Net position—ending	\$ 286,573	\$ 343,649	\$ —	\$ 164,465	\$ 18,801	\$ 19,057	\$ 35,752	\$ 868,297

# THE CITY OF NEW YORK

## PROPRIETARY FUNDS

### STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016

(in thousands)

	Brooklyn Bridge Park Corporation	The Trust for Governors Island Corporation	WTC Captive Insurance Company, Inc.	NYCTL 1998-2 TRUST	NYCTL 2014-A TRUST	NYCTL 2015-2 TRUST	NYCTL 2016-A TRUST	Total Proprietary Funds
<b>OPERATING REVENUES:</b>								
Investment income	\$ —	\$ —	\$ —	\$ 94,171	\$ —	\$ 7,217	\$ 744	\$ 99,939
Permits and other fees	1,785	2,460	(2,193)	—	—	—	—	4,245
Tax liens received from the City of New York	—	—	—	9,789	—	29,359	46,109	85,257
Transfers from other New York City Tax Lien Trust	—	—	—	30,435	—	—	—	30,435
Payments in lieu of taxes and ground leases rent	8,238	—	—	—	—	—	—	8,238
Operating grants and contributions	—	13,765	—	—	—	—	—	13,765
Total operating revenues	10,023	16,225	(2,193)	134,395	—	36,576	46,853	241,879
<b>OPERATING EXPENSES:</b>								
General and administrative expense	—	—	548	9,705	888	1,500	—	12,641
Personnel costs	4,397	2,555	676	—	—	—	—	7,628
Utilities	296	54	—	—	—	—	—	350
Professional fees	1,060	—	1,984	—	—	—	—	3,044
Repairs and maintenance	1,497	—	—	—	—	—	—	1,497
Security	881	—	—	—	—	—	—	881
Distributions to the City of New York	—	—	—	41,242	—	41,650	—	82,892
Increase (decrease) in allowance for doubtful accounts	—	—	—	27,279	—	1,694	76	29,049
Addition to residual liability due to Water Board	—	—	—	4,754	—	7,527	11,039	23,320
Write-offs of uncollectible liens, net of recoveries	—	—	—	40,723	—	21	—	40,744
Depreciation and amortization	6,684	13,585	—	—	—	—	—	20,269
OPEB expense	22	—	—	—	—	—	—	22
Other general, administrative and project expenses	992	14,153	—	—	1,113	—	—	16,258
Other	—	—	—	—	—	2,771	—	2,771
Total operating expenses	15,829	30,347	3,208	123,703	2,001	55,163	11,115	241,366
Operating income (loss)	(5,806)	(14,122)	(5,401)	10,692	(2,001)	(18,587)	35,738	513
<b>NONOPERATING REVENUES (EXPENSES):</b>								
Capital contributions from government sources	12,928	29,582	—	—	—	—	—	42,510
Capital contributions from private sources	—	8,381	—	—	—	—	—	8,381
Gain on disposal of capital assets	—	86	—	—	—	—	—	86
Other contributions from government sources	1,043	—	—	—	—	—	—	1,043
Investment income	8	—	—	13	19	7	—	47
Interest income	19	9	—	—	4,836	—	—	4,864
Transfer from residual liability	—	—	5,401	—	—	—	—	5,401
Other income	—	4	—	—	—	—	—	4
Total nonoperating revenues (expenses)	13,998	38,062	5,401	13	4,855	7	—	62,336
Income before capital contribution and transfers	8,192	23,940	—	10,705	2,854	(18,580)	35,738	62,849
Transfers out	—	—	—	—	(30,435)	—	—	(30,435)
Change in net position	8,192	23,940	—	10,705	(27,581)	(18,580)	35,738	32,414
Restatement of beginning net position	238,861	310,040	—	191,417	27,581	34,504	—	802,403
Net position-ending	\$ 247,053	\$ 333,980	\$ —	\$ 202,122	\$ —	\$ 15,924	\$ 35,738	\$ 834,817

**THE CITY OF NEW YORK**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOW**

FOR THE YEAR ENDED JUNE 30, 2017  
(in thousands)

	Brooklyn Bridge Park Corporation	The Trust for Governors Island Corporation	WTC Captive Insurance Company, Inc.	NYCTL 1998-2 TRUST	NYCTL 2015-A TRUST	NYCTL 2016-A TRUST	NYCTL 2017-A TRUST	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Receipts from:								
Cash received from other assets	\$ —	\$ —	\$ 25	\$ —	\$ —	\$ —	\$ —	\$ 25
Interest income collected	—	—	5,764	—	—	—	—	5,764
Receipts from customers	1,428	1,801	—	—	—	—	—	3,229
Cash collections	—	—	—	64,457	19,975	42,008	875	127,315
Tenants payments	33,661	—	—	—	—	—	—	33,661
Operating grants and contributions	—	17,572	—	—	—	—	—	17,572
Cash payments for:								
Losses and loss adjustment expenses paid	—	—	(5,987)	—	—	—	—	(5,987)
Personnel costs	(4,388)	(2,842)	(657)	—	—	—	—	(7,887)
Distributions	—	—	—	(53,793)	—	(53,945)	—	(107,738)
Services and supplies	(8,546)	(13,370)	(1,314)	(22,002)	(1,468)	(3,955)	—	(50,655)
Net cash provided by (used for) operating activities	22,155	3,161	(2,169)	(11,338)	18,507	(15,892)	875	15,299
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>								
Payments from lessees - security deposits	840	442	—	—	—	—	—	1,282
Other receipts	—	387	—	—	—	—	—	387
Bond issued	—	—	—	—	—	64,977	—	64,977
Bond retired	—	—	—	—	(20,946)	(38,480)	—	(59,426)
Bond discount	—	—	—	—	1	(4)	—	(3)
Net cash provided by (used for) noncapital financing activities	840	829	—	—	(20,945)	26,493	—	7,217
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>								
Capital grants and contributions received	12,642	—	—	—	—	—	—	12,642
Capital grants and contributions from government sources	—	16,066	—	—	—	—	—	16,066
Capital grants and contributions from private sources	—	5,389	—	—	—	—	—	5,389
Capital asset expenditures	(30,958)	(23,352)	—	—	—	—	—	(54,310)
Net cash used for capital and related financing activities	(18,316)	(1,897)	—	—	—	—	—	(20,213)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Purchase of investments	(23,465)	—	(859,034)	(97,879)	(39,076)	(83,289)	(709)	(1,103,452)
Sales and maturities of investments	28,003	—	866,298	108,373	41,488	72,704	—	1,116,866
Interest received	465	7	—	59	28	44	—	603
Net cash provided by (used for) investing activities	5,003	7	7,264	10,553	2,440	(10,541)	(709)	14,017
Net increase (decrease) in cash and cash equivalents	9,682	2,100	5,095	(785)	2	60	166	16,320
Cash and cash equivalents July 1	45,791	12,217	6,201	1,222	89	304	—	65,824
Cash and cash equivalents June 30	\$ 55,473	\$ 14,317	\$ 11,296	\$ 437	\$ 91	\$ 364	\$ 166	\$ 82,144

**THE CITY OF NEW YORK**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOW**

FOR THE YEAR ENDED JUNE 30, 2017  
(in thousands)

	Brooklyn Bridge Park Corporation	The Trust for Governors Island Corporation	WTC Captive Insurance Company, Inc.	NYCTL 1998-2 TRUST	NYCTL 2015-A TRUST	NYCTL 2016-A TRUST	NYCTL 2017-A TRUST	Total Proprietary Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>								
Operating income (loss) .....	\$ 18,788	\$ (15,398)	\$ (4,123)	\$ (37,715)	\$ 2,849	\$ (16,725)	\$ 35,752	\$ (16,572)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation expense .....	7,165	17,643	—	—	—	—	—	24,808
Accounts receivable .....	(14,839)	(492)	—	5,731	16,579	853	(48,022)	(40,190)
Change in allowance for doubtful accounts ..	—	—	—	30,787	(647)	1,315	55	31,510
Prepaid expenses .....	—	(4)	25	—	—	—	—	21
Accounts payable and accrued expenses ..	(1,374)	1,240	(1,676)	(10,141)	(227)	(1,335)	13,090	(423)
Unearned revenue .....	12,500	172	—	—	—	—	—	12,672
Other postemployment benefits obligation ..	(85)	—	—	—	—	—	—	(85)
Realized losses on sales of investments ..	—	—	3,151	—	—	—	—	3,151
Change in unrealized losses on investments	—	—	405	—	—	—	—	405
Accrued investment income .....	—	—	49	—	—	—	—	49
Bond interest .....	—	—	—	—	(47)	—	—	(47)
Total adjustments .....	3,367	18,559	1,954	26,377	15,658	833	(34,877)	31,871
Net cash provided by (used for) operating activities .....	22,155	3,161	(2,169)	(11,338)	18,507	(15,892)	875	15,299
<b>END OF YEAR:</b>								
Unrestricted cash and cash equivalents .....	25,658	6,102	11,296	437	91	364	166	44,114
Restricted cash and cash equivalents .....	29,815	8,215	—	—	—	—	—	38,030
Cash and Cash Equivalents—End of Year: ....	\$ 55,473	\$ 14,317	\$ 11,296	\$ 437	\$ 91	\$ 364	\$ 166	\$ 82,144

**RECONCILIATION TO CASH AND CASH EQUIVALENTS,**

**THE CITY OF NEW YORK**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOW**

FOR THE YEAR ENDED JUNE 30, 2016  
(in thousands)

	Brooklyn Bridge Park Corporation	The Trust for Governors Island Corporation	WTC Captive Insurance Company, Inc.	NYCTL 1998-2 TRUST	NYCTL 2014-A TRUST	NYCTL 2015-A TRUST	NYCTL 2016-A TRUST	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Receipts from:								
Cash received from other assets	\$ —	\$ —	\$ 5	\$ —	\$ —	\$ —	\$ —	\$ 5
Interest income collected	—	—	6,313	—	—	—	—	6,313
Receipts from customers	2,310	2,367	—	—	—	—	—	4,677
Cash collections	—	—	—	63,707	—	35,176	1,513	100,396
Tenants payments	6,315	—	—	—	—	—	—	6,315
Operating grants and contributions	—	13,739	—	—	—	—	—	13,739
Cash payments for:								
Losses and loss adjustment expenses paid	—	—	(31,016)	—	—	—	—	(31,016)
Personnel costs	(4,454)	(2,753)	(676)	—	—	—	—	(7,883)
Distributions	—	—	—	(41,242)	—	(55,246)	—	(96,488)
Services and supplies	(4,726)	(14,076)	(2,395)	(6,437)	—	(4,010)	—	(31,644)
Net cash provided by (used for) operating activities	(555)	(723)	(27,769)	16,028	—	(24,080)	1,513	(35,586)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>								
Payments from lessees - security deposits	535	70	—	—	—	—	—	605
Other receipts	—	4	—	—	—	—	—	4
Bond issued	—	—	—	—	—	71,797	—	71,797
Bond retired	—	—	—	—	—	(39,933)	—	(39,933)
Bond discount	—	—	—	—	—	(1)	—	(1)
Net cash provided by noncapital financing activities	535	74	—	—	—	31,863	—	32,472
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>								
Capital grants and contributions received	13,775	—	—	—	—	—	—	13,775
Capital grants and contributions from government sources	1,043	23,030	—	—	—	—	—	24,073
Capital grants and contributions from private sources	—	7,896	—	—	—	—	—	7,896
Capital asset expenditures	(23,467)	(37,593)	—	—	—	—	—	(61,060)
Proceeds from disposal of capital assets	—	254	—	—	—	—	—	254
Net cash used for capital and related financing activities	(8,649)	(6,413)	—	—	—	—	—	(15,062)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Purchase of investments	(41,962)	—	(697,145)	(116,136)	—	(62,489)	(5,007)	(922,739)
Sales and maturities of investments	12,019	—	719,583	100,461	—	53,411	3,797	889,271
Interest received	261	10	—	13	—	6	—	290
Net cash provided by (used for) investing activities	(29,682)	10	22,438	(15,662)	—	(9,072)	(1,210)	(33,178)
Net increase (decrease) in cash and cash equivalents	(38,351)	(7,052)	(5,331)	366	—	(1,289)	303	(51,354)
Cash and cash equivalents July 1	84,142	19,269	11,532	856	—	1,378	—	117,177
Cash and cash equivalents June 30	\$ 45,791	\$ 12,217	\$ 6,201	\$ 1,222	\$ —	\$ 89	\$ 303	\$ 65,823

**THE CITY OF NEW YORK  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOW**

FOR THE YEAR ENDED JUNE 30, 2016  
(in thousands)

	Brooklyn Bridge Park Corporation	The Trust for Governors Island Corporation	WTC Captive Insurance Company, Inc.	NYCTL 1998-2 TRUST	NYCTL 2014-A TRUST	NYCTL 2015-A TRUST	NYCTL 2016-A TRUST	Total Proprietary Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>								
Operating income (loss) .....	\$ (5,806)	\$ (14,122)	\$ (5,401)	\$ 10,692	\$ (2,001)	\$ (18,587)	\$ 35,738	\$ 513
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation expense .....	6,684	13,585	—	—	—	—	—	20,269
Accounts receivable .....	159	(93)	—	(29,240)	—	(3,274)	(45,353)	(77,801)
Increase in allowance for doubtful accounts .	—	—	—	27,279	—	1,694	77	29,050
Gain on disposal of capital assets .....	—	(87)	—	—	—	—	—	(87)
Prepaid expenses .....	5	3	10	—	—	—	—	18
Accounts payable and accrued expenses ..	(61)	209	(26,263)	7,297	—	(3,984)	11,051	(11,751)
Unearned revenue .....	(1,558)	(26)	—	—	—	—	—	(1,584)
Other postemployment benefits obligation	22	(192)	—	—	—	—	—	(170)
Realized losses on sales of investments ..	—	—	2,218	—	—	—	—	2,218
Change in unrealized losses on investments .	—	—	1,544	—	—	—	—	1,544
Accrued investment income .....	—	—	123	—	—	—	—	123
Bond interest .....	—	—	—	—	—	71	—	71
Noncash transfers, net .....	—	—	—	—	2,001	—	—	2,001
Total adjustments .....	5,251	13,399	(22,368)	5,336	2,001	(5,493)	(34,225)	(36,099)
Net cash provided by (used for) operating activities .....	\$ (555)	\$ (723)	\$ (27,769)	\$ 16,028	\$ —	\$ (24,080)	\$ 1,513	\$ (35,586)
<b>RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR:</b>								
Unrestricted cash and cash equivalents ....	\$ 16,453	\$ 1,513	\$ 6,087	\$ 1,222	\$ —	\$ 89	\$ 303	\$ 25,667
Restricted cash and cash equivalents .....	29,338	10,704	114	—	—	—	—	40,156
Cash and Cash Equivalents—End of Year .....	\$ 45,791	\$ 12,217	\$ 6,201	\$ 1,222	\$ —	\$ 89	\$ 303	\$ 65,823

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

JUNE 30, 2017  
(in thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS:</b>		
Cash and cash equivalents .....	\$ 1,496,348	\$ 1,278,843
Receivables:		
Member loans .....	2,363,266	—
Investment securities sold .....	2,809,613	—
Accrued interest and dividends .....	521,861	—
Other receivables .....	2,306	—
Total receivables .....	<u>5,697,046</u>	<u>—</u>
Investments:		
Short-term investments .....	3,153,337	—
Debt securities .....	44,811,213	2,793,532
Equity securities .....	63,428,113	—
Alternative investments .....	26,996,866	—
Mutual funds .....	11,484,251	—
Collective trust funds .....	65,840,204	—
Collateral from securities lending transactions .....	14,160,766	—
Guaranteed investment contracts .....	5,789,053	—
Total investments .....	<u>235,663,803</u>	<u>2,793,532</u>
Other assets .....	178,084	—
Total assets .....	<u>243,035,281</u>	<u>4,072,375</u>
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities .....	1,779,147	912,412
Payable for investment securities purchased .....	3,326,760	—
Accrued benefits payable .....	802,943	—
Securities lending transactions .....	14,160,766	—
Other liabilities .....	1,088	3,159,963
Total liabilities .....	<u>20,070,704</u>	<u>4,072,375</u>
<b>NET POSITION:</b>		
Restricted for benefits to be provided by QPPs .....	163,025,497	—
Restricted for benefits to be provided by VSFs .....	4,911,873	—
Restricted for benefits to be provided by TDA program .....	32,851,781	—
Restricted for other employee benefits .....	22,175,426	—
Total net position .....	<u>\$222,964,577</u>	<u>\$ —</u>

See accompanying notes to financial statements.

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

JUNE 30, 2016  
(in thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS:</b>		
Cash and cash equivalents .....	\$ 1,862,743	\$ 1,299,970
Receivables:		
Member loans .....	2,319,160	—
Investment securities sold .....	4,181,594	—
Accrued interest and dividends .....	540,835	—
Other receivables .....	379	—
Total receivables .....	<u>7,041,968</u>	<u>—</u>
Investments:		
Short-term investments .....	5,117,216	—
Debt securities .....	40,119,759	3,172,406
Equity securities .....	59,731,778	—
Alternative investments .....	25,752,930	—
Mutual funds .....	10,352,595	—
Collective trust funds .....	51,716,410	—
Collateral from securities lending transactions .....	11,902,353	—
Guaranteed investment contracts .....	5,303,762	—
Total investments .....	<u>209,996,803</u>	<u>3,172,406</u>
Other assets .....	275,809	—
Total assets .....	<u>219,177,323</u>	<u>4,472,376</u>
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities .....	1,389,479	1,010,008
Payable for investment securities purchased .....	5,432,381	—
Accrued benefits payable .....	787,009	—
Securities lending transactions .....	11,902,353	—
Other liabilities .....	97,746	3,462,368
Total liabilities .....	<u>19,608,968</u>	<u>4,472,376</u>
<b>NET POSITION:</b>		
Restricted for benefits to be provided by QPPs .....	146,917,855	—
Restricted for benefits to be provided by VSFs .....	2,642,245	—
Restricted for benefits to be provided by TDA program .....	30,074,416	—
Restricted for other employee benefits .....	19,933,839	—
Total net position .....	<u>\$199,568,355</u>	<u>\$ —</u>

See accompanying notes to financial statements.

**THE CITY OF NEW YORK**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
FOR THE YEAR ENDED JUNE 30, 2017  
(in thousands)

	<u>Pension and Other Employee Benefit Trust Funds</u>
<b>ADDITIONS:</b>	
Contributions:	
Member contributions .....	\$ 2,867,586
Employer contributions .....	13,880,778
Other employer contributions .....	57,369
Total contributions .....	<u>16,805,733</u>
Investment income:	
Interest income. ....	2,485,621
Dividend income. ....	2,823,560
Net appreciation in fair value of investments. ....	19,993,839
Investment expenses. ....	<u>(925,395)</u>
Investment income, net .....	<u>24,377,625</u>
Securities lending transactions:	
Securities lending income. ....	90,516
Securities lending fees .....	<u>(6,263)</u>
Securities lending income, net .....	<u>84,253</u>
Other .....	<u>(110,010)</u>
Total additions .....	<u>41,157,601</u>
<b>DEDUCTIONS:</b>	
Benefit payments and withdrawals .....	17,548,262
Administrative expenses .....	202,739
Other .....	<u>10,378</u>
Total deductions .....	<u>17,761,379</u>
Net increase in net position .....	23,396,222
<b>NET POSITION:</b>	
Restricted for Benefits:	
Beginning of year .....	199,568,355
End of year .....	<u><u>\$222,964,577</u></u>
See accompanying notes to financial statements.	

**THE CITY OF NEW YORK**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
FOR THE YEAR ENDED JUNE 30, 2016  
(in thousands)

	<u>Pension and Other Employee Benefit Trust Funds</u>
<b>ADDITIONS:</b>	
Contributions:	
Member contributions .....	\$ 2,739,214
Employer contributions .....	13,679,102
Other employer contributions .....	58,145
Total contributions .....	<u>16,476,461</u>
Investment income:	
Interest income .....	2,356,503
Dividend income .....	2,561,066
Net depreciation in fair value of investments .....	(1,399,849)
Investment expenses .....	(673,517)
Investment income, net .....	<u>2,844,203</u>
Securities lending transactions:	
Securities lending income .....	88,389
Securities lending fees .....	(6,057)
Securities lending income, net .....	<u>82,332</u>
Other .....	(106,450)
Total additions .....	<u>19,296,546</u>
<b>DEDUCTIONS:</b>	
Benefit payments and withdrawals .....	16,917,534
Administrative expenses .....	195,331
Other .....	7,440
Total deductions .....	<u>17,120,305</u>
Net increase in net position .....	2,176,241
<b>NET POSITION:</b>	
Restricted for Benefits:	
Beginning of year .....	<u>197,392,114</u>
End of year .....	<u>\$199,568,355</u>

See accompanying notes to financial statements.

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

JUNE 30, 2017  
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2016	Housing Development Corporation October 31, 2016	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
<b>ASSETS:</b>							
Cash and cash equivalents	\$ —	\$ 476,432	\$ 732,710	\$ 1,184,043	\$ 83,968	\$ 52,531	\$ 2,529,684
Investments	5,455	694,327	258,255	423,590	181,876	106,360	1,669,863
Lease receivables	—	—	—	—	—	1,677,674	1,677,674
Other receivables	731,900	416,481	1,298,804	1,509,395	217,650	22,683	4,196,913
Mortgage loans and interest receivable, net	—	178,921	9,845,275	—	22,670	—	10,046,866
Inventories	—	13,061	—	—	—	—	13,061
Due from Primary Government	34,515	—	—	—	—	23,116	57,631
Restricted cash, cash equivalents and investments	2,725,209	523,981	2,551,324	315,181	329,804	272,108	6,717,607
Other	75,607	103,584	5,576	—	70,784	17,254	272,805
Capital assets:							
Land and construction work-in-progress	5,475,307	1,740,279	—	444,773	132,387	2,421	7,795,167
Buildings and equipment	37,893,378	13,323,639	8,240	7,999,243	45,842	790,282	60,060,624
Accumulated depreciation	(13,832,413)	(8,777,344)	(5,767)	(5,041,764)	(11,520)	(216,582)	(27,885,390)
Total assets	33,108,958	8,693,361	14,694,417	6,834,461	1,073,461	2,747,847	67,152,505
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>							
Deferred outflows from pensions	(184)	242,849	3,608	14,133	—	—	260,406
Other deferred outflows of resources	100,438	4,767	8,105	10,537	167	12,404	136,418
Total deferred outflows of resources	100,254	247,616	11,713	24,670	167	12,404	396,824
<b>LIABILITIES:</b>							
Accounts payable and accrued liabilities	19,807	446,685	781,683	1,552,953	178,849	40,653	3,020,630
Accrued interest payable	51,706	14,694	97,531	11,154	—	—	175,085
Unearned revenue	139,577	206,038	79,962	—	36,053	9,354	470,984
Due to Primary Government	525,138	1,234,722	617,154	—	139,146	—	2,516,160
Other	—	45,293	—	—	24,763	153,250	223,306
Derivative instruments-interest rate swaps	100,438	—	—	—	—	12,404	112,842
Noncurrent Liabilities:							
Due within one year	632,921	210,864	327,642	688,905	—	27,105	1,887,437
Bonds & notes payable (net of amount due within one year)	30,633,829	700,197	9,529,494	776,783	—	1,665,076	43,305,379
Net pension liability	828	1,214,112	12,877	2,576,239	—	9,775	3,813,831
OPEB liability	1,412	2,833,465	11,051	4,663,684	22,291	—	7,531,903
Other (net of amount due within one year)	30,609	759,513	254,850	284,312	240,157	222,548	1,791,989
Total liabilities	32,136,265	6,430,861	12,329,812	11,171,184	641,259	2,140,165	64,849,546
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Deferred inflows from pensions	11	46,073	1,631	—	—	—	47,715
Deferred inflows from OPEB	291	—	—	694,459	—	—	694,750
Other deferred inflows of resources	16,393	83,317	—	—	—	—	99,710
Total deferred inflows of resources	16,695	129,390	1,631	694,459	—	—	842,175
<b>NET POSITION:</b>							
Net investment in capital assets	(204,403)	5,692,787	2,473	2,559,689	34,322	416,997	8,501,865
Restricted for:							
Capital projects	—	—	—	—	42,627	41,258	83,885
Debt service	1,781,994	—	1,395,994	138,854	—	—	3,316,842
Loans/security deposits	—	—	—	—	54,742	—	54,742
Donor/statutory restrictions	—	—	—	361,807	—	34,939	396,746
Operations	237,746	—	68,293	—	—	1,118	307,157
Unrestricted (deficit)	(759,085)	(3,312,061)	907,927	(8,066,862)	300,678	125,774	(10,803,629)
Total net position (deficit)	\$ 1,056,252	\$ 2,380,726	\$ 2,374,687	\$ (5,006,512)	\$ 432,369	\$ 620,086	\$ 1,857,608

See accompanying notes to financial statements.

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

JUNE 30, 2016  
(in thousands)

	Restated				
	Water and Sewer System	Housing Authority December 31, 2015	Housing Development Corporation October 31, 2015	Health and Hospitals Corporation	Economic Development Corporation
					Nonmajor Component Units
					Total
<b>ASSETS:</b>					
Cash and cash equivalents . . . . .	\$ 356	\$ 410,765	\$ 782,027	\$ 1,112,003	\$ 82,265
Investments . . . . .	6,096	797,948	375,587	405,906	175,693
Lease receivables . . . . .	—	—	—	—	—
Other receivables . . . . .	784,369	269,181	1,144,785	1,797,753	252,934
Mortgage loans and interest receivable, net . . . . .	—	27,083	9,646,533	—	16,955
Inventories . . . . .	—	13,394	—	—	—
Due from Primary Government . . . . .	194,362	—	—	—	—
Restricted cash, cash equivalents and investments . . . . .	2,199,646	409,376	2,524,077	320,960	280,826
Other . . . . .	73,556	105,249	9,133	—	76,910
Capital assets:					
Land and construction work-in-progress . . . . .	5,227,182	2,028,773	—	371,259	112,912
Buildings and equipment . . . . .	36,815,525	12,363,185	7,225	8,020,508	37,513
Accumulated depreciation . . . . .	(12,976,917)	(8,458,707)	(5,429)	(4,983,098)	(8,862)
Total assets . . . . .	32,324,175	7,966,247	14,483,938	7,045,291	1,027,146
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred outflows from pensions . . . . .	275	83,162	2,063	491,646	—
Other deferred outflows of resources . . . . .	142,802	6,284	10,287	12,785	—
Total deferred outflows of resources . . . . .	143,077	89,446	12,350	504,431	—
<b>LIABILITIES:</b>					
Accounts payable and accrued liabilities . . . . .	18,066	385,836	830,524	2,075,598	178,154
Accrued interest payable . . . . .	49,745	15,361	89,441	12,136	—
Unearned revenue . . . . .	141,741	95,120	83,198	—	34,205
Due to Primary Government . . . . .	498,330	—	1,022,190	504,902	127,243
Other . . . . .	—	48,617	—	—	32,667
Derivative instruments-interest rate swaps . . . . .	142,802	—	—	—	—
Noncurrent Liabilities:					
Due within one year . . . . .	578,028	217,698	429,706	679,185	26,408
Bonds & notes payable (net of amount due within one year) . . . . .	30,251,327	689,405	9,671,638	868,626	—
Net pension liability . . . . .	1,215	1,026,612	10,908	3,095,542	11,023
OPEB liability . . . . .	1,601	2,689,623	8,919	5,089,841	20,719
Other (net of amount due within one year) . . . . .	33,840	642,625	106,109	—	207,919
Total liabilities . . . . .	31,716,695	5,810,897	12,252,633	12,325,830	600,907
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred inflows from pensions . . . . .	154	93,706	2,075	—	—
Deferred inflows from OPEB . . . . .	8	—	—	36,835	—
Other deferred inflows of resources . . . . .	16,647	—	—	—	—
Total deferred inflows of resources . . . . .	16,809	93,706	2,075	36,835	—
<b>NET POSITION:</b>					
Net investment in capital assets . . . . .	(430,201)	5,407,064	1,796	2,520,920	28,651
Restricted for:					
Capital projects . . . . .	—	—	—	—	40,279
Debt service . . . . .	1,457,332	—	1,207,367	141,235	23,602
Loans/security deposits . . . . .	—	—	—	—	—
Donor/statutory restrictions . . . . .	—	—	—	148,130	—
Operations . . . . .	250,447	—	64,274	—	24,483
Unrestricted (deficit) . . . . .	(543,830)	(3,255,974)	968,143	(7,623,228)	302,444
Total net position (deficit) . . . . .	\$ 733,748	\$ 2,151,090	\$ 2,241,580	\$ (4,812,943)	\$ 426,239
					\$ 1,297,499

See accompanying notes to financial statements.

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

FOR THE YEAR ENDED JUNE 30, 2017  
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2016	Housing Development Corporation October 31, 2016	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
<b>EXPENSES</b> .....	\$3,685,949	\$3,680,515	\$ 295,970	\$ 9,899,987	\$677,754	\$ 450,469	\$18,690,644
<b>PROGRAM REVENUES:</b>							
Charges for services .....	3,831,335	1,041,574	401,573	7,859,238	227,198	46,050	13,406,968
Operating grants and contributions .....	—	2,124,415	—	864,768	71,598	244,421	3,305,202
Capital grants, contributions and other .....	6,225	640,887	—	155,780	363,673	98,455	1,265,020
Total program revenues .....	3,837,560	3,806,876	401,573	8,879,786	662,469	388,926	17,977,190
Net (expenses) program revenues .....	151,611	126,361	105,603	(1,020,201)	(15,285)	(61,543)	(713,454)
<b>GENERAL REVENUES:</b>							
Investment income .....	4,178	25,231	27,504	(1,105)	1,536	8,991	66,335
Unrestricted Federal and State aid .....	—	—	—	—	3,891	5,681	9,572
Other .....	166,715	78,044	—	827,737	15,988	109,172	1,197,656
Total general revenue .....	170,893	103,275	27,504	826,632	21,415	123,844	1,273,563
Change in net position .....	322,504	229,636	133,107	(193,569)	6,130	62,301	560,109
Net position (deficit)—beginning .....	733,748	2,151,090	2,241,580	(4,812,943)	426,239	557,785	1,297,499
Net position (deficit)—ending .....	\$1,056,252	\$2,380,726	\$2,374,687	\$(5,006,512)	\$432,369	\$ 620,086	\$ 1,857,608

See accompanying notes to financial statements.

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

FOR THE YEAR ENDED JUNE 30, 2016  
(in thousands)

	Restated				
	Water and Sewer System	Housing Authority December 31, 2015	Housing Development Corporation October 31, 2015	Health and Hospitals Corporation	Economic Development Corporation
					Nonmajor Component Units
					Total
<b>EXPENSES</b> .....	\$3,509,935	\$3,274,759	\$ 271,479	\$ 9,778,661	\$813,588
<b>PROGRAM REVENUES:</b>					
Charges for services .....	3,892,465	990,524	357,318	7,773,121	342,219
Operating grants and contributions .....	—	2,213,763	—	362,409	72,162
Capital grants, contributions and other .....	4,060	433,505	—	151,403	453,384
Total program revenues .....	3,896,525	3,637,792	357,318	8,286,933	867,765
Net (expenses) program revenues .....	386,590	363,033	85,839	(1,491,728)	54,177
<b>GENERAL REVENUES:</b>					
Investment income .....	53,322	10,249	32,324	12,389	1,929
Unrestricted Federal and State aid .....	—	—	—	—	3,374
Other .....	164,502	99,655	39,841	1,509,417	41,009
Total general revenue .....	217,824	109,904	72,165	1,521,806	46,312
Change in net position .....	604,414	472,937	158,004	30,078	100,489
Net position (deficit)—beginning .....	129,793	1,678,153	2,083,576	(4,622,133)	325,750
Restatement of beginning net position .....	(459)	—	—	(220,888)	—
Net position (deficit)—ending .....	\$ 733,748	\$2,151,090	\$2,241,580	\$ (4,812,943)	\$426,239
					\$ 557,785
					\$ 1,297,499

See accompanying notes to financial statements.

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**THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 and 2016**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**1. Reporting Entity**

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

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

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

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

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

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

*Blended Component Units*

Component Units that provide service exclusively to the City, whose governing bodies are substantially the same as that of the City, whose total debts outstanding are expected to be repaid with resources of the City, or who are organized as not-for-profits and the City is the sole corporate member (business-type activities), are reported as if they were part of the City, or blended into the City’s financial statements. They include the following:

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

TFA’s authorizing legislation, which was amended several times, authorizes TFA to have outstanding \$13.5 billion of Future Tax Secured (FTS) Bonds. TFA FTS Bonds are secured by the City’s collections of personal income tax and, if necessary, sales tax. In addition, TFA is authorized to issue additional FTS 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 authorized to have outstanding Recovery Bonds up to \$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.

TFA is administered by five directors, who serve ex-officio, consisting of the Director of Management and Budget of the City, the Comptroller of the City, the Speaker of the City Council, the Commissioner of Finance of the City, and the Commissioner of the Department of Design and Construction of the City. TFA does not have any employees; its affairs are administered by employees of the City and of another component unit of the City, for which TFA pays a management fee and overhead, based on its allocated share of personnel and overhead costs.

**TSASC, Inc. (TSASC).** TSASC is a special-purpose, local development corporation organized under the Not-for-Profit Corporation Law of the State. TSASC was created as a financing entity to issue and sell bonds and notes to fund a portion of the City's capital program.

Pursuant to a purchase and sale agreement with the City, the City sold to TSASC all of its future rights, titles, and interest in the tobacco settlement revenues (TSRs) under the Master Settlement Agreement and the Decree and Final Judgment. The proportion of these revenues pledged to debt service was 37.40%.

TSASC is a non-stock, membership corporation governed by a Board of Directors, a majority of whom are officials of the City. 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 is a public benefit corporation established to construct mixed-use real estate projects which feature new school facilities, thereby increasing the number of seats for the New York City Department of Education. The ECF builds combined-occupancy structures on City-owned land conveyed to the ECF by the City. 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 has a board of trustees consisting of the Chancellor of the City's Department of Education and two trustees appointed by the Mayor.

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

SCA's operations are funded by appropriations made by the City, which are based on a five-year capital plan developed by the DOE. The City's appropriation for the five-year capital plan for the fiscal years 2015 through 2019 is \$15.25 billion.

SCA also carries out certain projects funded by the City Council and Borough Presidents, pursuant to the City Charter.

As SCA is a pass-through entity, in existence for the sole purpose of constructing capital projects, all costs incurred are capitalized into construction-in-progress. Upon completion of projects, the assets are transferred to DOE.

**Fiscal Year 2005 Securitization Corporation (FSC).** FSC was established in 2004 as a special-purpose, bankruptcy-remote, local development corporation organized under the Not-for-Profit Corporation Law of the State. FSC was formed for the purpose of issuing bonds to acquire securities held in an escrow account securing City General Obligation Bonds of the City. The securities, which are held in a trust by the trustee for FSC are scheduled to generate sufficient cash flow to fund the debt service and operational expenditures of FSC for the life of FSC's bonds.

FSC does not have any employees; its affairs are administered by employees of the City and of another component unit of the City, for which FSC pays a management fee and overhead based on its allocated share of personnel and overhead costs. FSC is governed by a Board of Directors elected by its three members, all of whom are officials of the City.

**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.

Section 3238-a of the New York State Public Authorities Law, which terminates on July 1, 2034, requires that \$170 million be paid annually by the State Local Government Assistance Corporation to the City or its assignee. STAR bonds, backed by these revenues, retired all outstanding bonds of the Municipal Assistance Corporation for The City of New York (MAC). Retirement of the outstanding MAC bonds resulted in the receipt by the City of tax revenues that would otherwise have been paid to MAC for the payment of debt service on MAC's bonds.

STAR does not have any employees; its affairs are administered by employees of the City and of another component unit of the City, for which STAR pays a management and overhead fee based on its allocated share of personnel and overhead costs. STAR is governed by a Board of Directors elected by its six members, all of whom are officials of the City.

**Hudson Yards Development Corporation (HYDC).** HYDC, a local development corporation organized by the City under the Not-for-Profit Corporation Law of the State of New York, was created to manage and implement 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 serve as officials or employees of The City at the pleasure of 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, was created for the purpose of financing certain infrastructure improvements in the Hudson Yards area on the West Side of Manhattan (Project). HYIC does not engage in development directly, but finances development spearheaded by HYDC and carried out by existing public entities. HYIC fulfills its purpose through the issuance of bonds to finance the Project, including the operations of HYDC, and the collection of revenues, including payments in lieu of taxes and district improvement bonuses from private developers and appropriations from the City, to support its operations and pay principal and interest on its outstanding bonds. HYIC is governed by a Board of Directors elected by its five Members, all of whom are officials of the City.

HYIC 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.

**NYC Technology Development Corporation (TDC).** TDC is a type C not-for-profit corporation organized under the Not-for-Profit Corporation Law of the State of New York. TDC began operations on January 1, 2013. TDC receives quarterly payments from the City that cover its projected expenses for the forthcoming quarter and those contractual payments are TDC's sole source of revenue.

TDC was incorporated for the purpose of enhancing the City's ability to effectively manage and deploy information technology (IT) projects. 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.

TDC's sole source of income is its contract with the City, which was registered on December 24, 2012, and extended to fiscal years 2016 and 2017. However, the City decided not to renew TDC's contract for the periods thereafter, which resulted in TDC ceasing its operations on June 30, 2017. As of that date, TDC has no assets or liabilities.

**New York City School Support Services (NYCSSS).** NYCSSS is a Type C not-for-profit corporation organized under the Not-for-Profit Corporation Law of the State of New York. NYCSSS was incorporated for the purpose of providing staffing of custodial helpers for the DOE. NYCSSS' contract with the City was registered on April 28, 2016. Pursuant to this contract, NYCSSS receives monthly payments that cover its projected expenses for the forthcoming month and these contractual payments are NYCSSS' sole source of revenue. NYCSSS is governed by a Board of Directors consisting of five members, two of whom serve ex-officio.

As a result of an analysis performed by the City of GASB 14, *The Financial Reporting Entity*, as amended, it was determined that NYCSSS met the criteria of a component unit of the City because the City is financially accountable for NYCSSS and therefore, NYCSSS is blended into the financial statements of the City because NYCSSS provides services entirely to the City.

#### *Business-type Activities*

**WTC Captive Insurance Company, Inc. (WTC Captive).** WTC Captive is a not-for-profit corporation incorporated under the Not-for-Profit Corporation Law of the State of New York in 2004 in response to the events of September 11, 2001. WTC Captive was funded with \$999.9 million in funds by the Federal Emergency Management Agency (FEMA) and used this funding to support a liability insurance contract (Contract) that provides specified coverage (including general liability, environmental liability, professional liability, and marine liability) against certain third-party claims made against the City and approximately 145 contractors and subcontractors working on the City's FEMA-funded debris removal project. Coverage is provided on both an excess of loss and first dollar basis, depending on the line of coverage. WTC Captive uses deposit accounting, which is applicable when no insurance risk is transferred in an insurance contract. Additionally, as all of WTC Captive's resources must be used to satisfy obligations under the Contract or returned, it reports only changes to its liabilities and no net position. See also Judgements and Claims in Note D5. WTC Captive is governed by a five-member Board of Directors appointed by the Mayor and includes a contractor representative.

**Brooklyn Bridge Park Corporation (BBPC).** BBPC is a not-for-profit corporation incorporated under the Not-for-Profit Corporation Law of the State of New York in 2010. BBPC was formed for the purpose 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. BBPC is responsible for the planning, construction, maintenance, and operation of Brooklyn Bridge Park, an 85-acre sustainable waterfront park, stretching 1.3 miles along Brooklyn's East River shoreline. The majority of BBPC's funding comes from a limited number of revenue-generating development sites within the project's footprint. BBPC is governed by a 17-member Board of Directors appointed by the Mayor, the Governor of New York State, and local elected officials.

**Governors Island Corporation,** doing business as **The Trust for Governors Island (TGI),** is a not-for-profit corporation incorporated under the Not-for-Profit Corporation Law of the State of New York in 2010. TGI was formed for the purpose 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 receives funding from the City, and previously from the State of New York. TGI is governed by a 13-member Board of Directors appointed by the Mayor and nominated by the Mayor, the Governor of the State of New York, and local officials.

**New York City Tax Lien Trusts (NYCTLTs).** The NYCTLTs are Delaware statutory trusts, which were created to acquire certain tax liens from the City in exchange for the proceeds from bonds issued by the NYCTLTs, net of reserves funded by the bond proceeds and bond issuance costs. The City is the sole beneficiary to the NYCTLTs and is entitled to receive distributions from the NYCTLTs after payments to the bondholders and certain reserve requirements have been satisfied. The NYCTLTs do not have any employees. The NYCTLTs' affairs are administered by the owner trustee, its program manager, tax lien servicer, paying agent, and investment custodian.

The NYCTLTs are:

- NYCTLT 1998-2
- NYCTLT 2014-A
- NYCTLT 2015-A
- NYCTLT 2016-A
- NYCTLT 2017-A

#### *Discretely Presented Component Units*

Component units that do not meet the criteria for blending are presented discretely, separate from the financial data of the City. The component units' column in the government-wide financial statements includes the financial data of these entities, which are reported in a separate column to emphasize that they are legally separate from the City. They include the following:

**New York City Health and Hospitals Corporation (HHC).** HHC, a public benefit corporation, assumed responsibility for the operation of the City's municipal hospital system in 1970. HHC provides a full continuum of care, including primary and specialty care, inpatient acute, outpatient, long-term care, and home health services.

HHC's financial statements include the accounts of HHC and its blended component units, HHC Insurance Company, Inc., HHC Capital Corporation, HHC Physicians Purchasing Group, Inc., HHC Risk Services Corporation, HHC ACO Inc. and HHC Assistance Corporation. HHC's Financial Statements also include MetroPlus, a discretely presented component unit of HHC.

HHC mainly provides, on behalf of the City, comprehensive medical and mental health services to City residents regardless of ability to pay. Funds appropriated from the City are direct or indirect payments made by the City on behalf of HHC for patient care rendered to prisoners, uniformed City employees, and various discretely-funded facility-specific programs; for interest on City General Obligation debt which funded HHC capital acquisitions; for funding for collective bargaining agreements; and for settlements of claims for medical malpractice, negligence, other torts, and alleged breach of contracts and payments by the City. Reimbursement by HHC is negotiated annually with the City.

HHC is governed by a Board of Directors consisting of 16 members, five of whom are ex-officio members by virtue of their positions as heads of certain City agencies, appointed by the Mayor; five appointed solely by the Mayor; five appointed by the Mayor upon their designation by the City Council; and the Corporation's President and the Chief Executive Officer, who is appointed by the other directors and serves ex-officio.

**New York City Housing Development Corporation (HDC).** HDC, a corporate governmental agency constituting a public benefit corporation of the State of New York, was established in 1971 to encourage the investment of private capital through low-interest

mortgage loans in order to increase the supply of safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise. To accomplish its objectives, HDC is empowered to finance housing through new construction or rehabilitation and to provide permanent financing for multi-family residential housing. HDC finances significant amounts of its activities through the issuance of bonds, notes and debt obligations. The bonds, notes and debt obligations of HDC are not debts of either the State or the City. The combined financial statements include: (i) the accounts of HDC, and (ii) two active, blended component units: the New York City Housing Assistance Corporation and the New York City Residential Mortgage Insurance Corporation. HDC also includes the Housing New York Corporation, which became an inactive subsidiary of HDC on November 3, 2003 and is not expected to be dissolved, and the NYC HDC Real Estate Owned Corporation, a blended component of HDC that has not been active in recent years.

HDC is governed by a board consisting of the Commissioner of Housing Preservation and Development, the Commissioner of Finance of the City, the Director of Management and Budget of the City, and four public members, two appointed by the Mayor and two appointed by the Governor of the State.

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

Substantial operating losses result from the essential services that HA provides exceeding revenues. To meet the funding requirements of these operating losses, HA receives subsidies from: (i) 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; (ii) New York State in the form of debt service and capital payments; and (iii) 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.

The HA Board is comprised of seven members appointed by the Mayor, including three HA resident members. The Chair of the Board is the Chief Executive Officer of HA and is responsible for the supervision of the business and affairs of HA.

**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. Under its programs, IDA may provide one or more of the following tax benefits: exemption from mortgage recording tax; payments in lieu of real property taxes (PILOTs) that are less than full taxes; and exemption from City and State sales and use taxes as applied to construction materials and machinery and equipment. IDA is governed by a Board of Directors, which establishes official policies and reviews and approves requests for financial assistance. Its membership is prescribed by statute and includes a public official and Mayoral appointees.

**New York City Economic Development Corporation (EDC).** EDC was organized under the Not-for-Profit Corporation Law of the State of New York. EDC's primary activities consist of rendering a variety of services and administering certain economic development programs on behalf of the City relating to the attraction, retention and expansion of commerce in the City. These programs and services include encouragement of construction, acquisition, rehabilitation and improvement of commercial and industrial enterprises within the City and the provision of grants to qualifying business enterprises as a means of helping to create and retain employment therein.

EDC is governed by a Board of Directors, who are also the members of the corporation. The 27 members are appointed by the Mayor, including appointments upon nomination by each Borough President of the City, the Speaker of the City Council, and one in consultation with the Partnership for New York City, Inc.

**New York City Business Assistance Corporation (NYBAC).** NYBAC is a non-profit organization incorporated pursuant to section 1411 of the Not-for-Profit Corporation Law of the State of New York in December of 1988. NYCBAC was created for the purpose of relieving and reducing unemployment; promoting and providing for additional and maximum employment in New York City; encouraging the development and/or retention of business in the City; instructing or training individuals to improve or develop their capabilities for jobs in business; carrying on scientific research for the purpose of aiding the City by attracting new business or by encouraging economic development; lessening the burdens of government; and acting in the public interest, including, but not limited to, promoting the general welfare of the people of the City.

NYCBAC is governed by a Board of Directors consisting of five directors. NYBAC members elect directors who are employees of the City's Office for Economic Development, who serve ex-officio.

**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. In 1971, BNYDC leased the Brooklyn Navy Yard from the City for the purpose of rehabilitating it and attracting new businesses and industry to the area. That lease was amended, restated and the term extended by a lease commencing July 1, 2012, for a period of 49 years with five ten-year extension periods. The members of the Board of Directors serve at the pleasure of the Mayor.

**New York City Water and Sewer System (the System).** The System provides water supply, treatment, and distribution and sewage collection, treatment, and disposal for the City and began operations in July, 1985. The System is a joint operation consisting of two legally-separate and independent entities. The New York City Municipal Water Finance Authority (Water Authority) is a public benefit corporation created in accordance with the New York City Municipal Water Finance Act in 1984. The New York City Water Board (Water Board) was created by Chapter 515 of the laws of 1984 of the State of New York. The Water Authority issues debt to finance the cost of capital improvements to the system. The Water Board leases the System from the City and fixes and collects rates, fees, rents, and other charges for the use of, or for services furnished, rendered, or made available by, the System to produce cash sufficient to pay debt service on the Water Authority's bonds and to put the System on a self-sustaining basis. The physical operation and capital improvements of the System are performed by the City's Department of Environmental Protection subject to contractual agreements with the Water Authority and the Water Board. The Water Authority board has several members, four of whom serve ex-officio, including the Commissioner of Environmental Protection, Commissioner of Finance, and Director of Management and Budget of the City; Commissioner of the Department of Environmental Conservation of the State; and three public members, two appointed by the Mayor and one by the Governor. The Water Board has seven members, all appointed by the Mayor.

**Build NYC Resource Corporation (Build NYC).** Build NYC is a local development corporation organized under the Not-for-Profit Corporation Law of the State of New York to assist entities eligible under the Federal tax laws in obtaining tax-exempt bond and taxable bond financing; it began operating in 2011. Build NYC's primary goal is to facilitate access to private activity tax-exempt bond financing for eligible entities to acquire, construct, renovate, and/or equip their facilities as well as refinance previous financing transactions. Build NYC is governed by a Board of Directors.

**New York City Land Development Corporation (LDC).** LDC was formed in 2012, as a local development corporation organized under the Not-for-Profit Corporation Law of the State of New York. LDC assists the City with leasing and selling certain properties for the purpose of economic development. The mission of LDC is to encourage economic growth throughout the five boroughs of the City by acquiring City-owned property and disposing of it to strengthen the City's competitive position and facilitate investments that build capacity, generate economic opportunity, and improve the quality of life. LDC is governed by a five-member Board appointed by the Mayor.

**New York City Neighborhood Capital Corporation (NYCNCC).** NYCNCC was incorporated in 2014 under Section 402 of the Not-for-Profit Corporation Law of the State of New York. NYCNCC was formed for the following purposes: (i) to make qualified low-income community investments in the service area of the City; (ii) to operate as a qualified Community Development Entity (CDE) under the Federal New Markets Tax Credit Program; (iii) to form and manage subsidiary limited liability companies which are certified as CDEs to receive equity contributions, which will be utilized primarily to make qualified low-income community investments; and (iv) to engage in all activities consistent with the business of NYCNCC. The NYCNCC is governed by an 11-member Board, consisting of employees of NYCEDC, who are appointed by the Deputy Mayor for Economic Development on behalf of the City.

**Brooklyn Public Library (BPL).** BPL is a not-for-profit corporation, incorporated by the New York State Legislature in 1902. BPL serves more than 2.5 million Brooklynites with a Central Library, a Business Library, and 58 branch locations. BPL receives significant support through governmental appropriations, primarily from the State and the City. Its continuing operations are dependent upon such government support. The BPL is governed by a Board of Trustees consisting of 38 members, comprised of appointees by the Mayor, the Brooklyn Borough President, and elected trustees. The Mayor, City Comptroller, Speaker of the City Council, and Brooklyn Borough President are ex-officio members.

**The Queens Borough Public Library Affiliate (QBPL).** QBPL is a not-for-profit corporation, incorporated by the State Legislature in 1907. QBPL is a free association library and provides free public library service in the Borough of Queens. QBPL receives a substantial amount of support from the City, in addition to support from other governmental entities, and private sources. A significant reduction in the level of support provided by the City may have an effect on QBPL's programs and activities. The operations of QBPL also include its affiliate, Queens Library Foundation, Inc., which supports QBPL. The QBPL is governed by a Board of Trustees consisting of 19 members, comprised of appointees by the Mayor and Queens Borough President and elected trustees. The Mayor, City Comptroller, Speaker of the City Council, and Brooklyn Borough President are ex-officio members.

## 2. Basis of Presentation

**Government-Wide Statements:** The government-wide financial statements (the *Statement of Net Position* and the *Statement of Activities*) display information about the City and its component units. These statements include the financial activities of the overall government except for fiduciary activities. Eliminations of internal activity have been made in these statements. The City is reported separately from certain legally separate component units, for which the City is financially accountable. All of the activities of the City are either governmental or business-type 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. 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 three categories: governmental, proprietary and fiduciary; each category, in turn, is divided into separate "fund types."

### *Governmental Funds*

The City reports the following 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 expenditures 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, TDC and NYCSSS**. If a component unit is blended, the governmental fund types of the component unit are blended with those of the City by including them in the appropriate combining statements of the City. Although the City's General Fund is usually the main operating fund of the reporting entity, the General Fund of a blended component is reported as a Special Revenue Fund. The City does not have other Special Revenue Funds.

### *Proprietary Funds*

Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows. There are two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report an activity for which a fee is charged to external users for goods or services. The City reports the following blended component units as enterprise funds: **BBPC, TGI, WTC Captive and the NYCTLT's**. The City does not have any internal service funds.

### *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 are divided into two separate fund types: Pension and Other Employee Benefit Trust Funds and Agency Funds.

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

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

Each of the pension trusts report all jointly administered plans including primary pension (QPPs), and variable supplements funds (VSFs) and/or tax deferred annuity plans (TDAs), as appropriate. 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. Although a portion of these payments are guaranteed by the City, the State has the right and power to amend, modify, or repeal VSFs and the payments they provide. However, any assets transferred to the VSFs are held in trust solely for the benefit of its members. More information is available in note E.5.

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

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

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

The **Agency Funds** account for miscellaneous assets held by the City for other funds, governmental units, and individuals. School fundraiser monies for scholarships, federal asset forfeiture for investigative purposes, and cash bail for use by the surety/assignee, are the major miscellaneous assets accounted for in these funds. The Agency Funds are custodial in nature and do not involve measurement of results of operations.

### *Discretely Presented Component Units*

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

### *New Accounting Standards Adopted*

In Fiscal Year 2017, the City adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- Statement No. 80, *Blending Requirement for Certain Component Units—an amendment of GASB Statement No. 14*.
- Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68 and No. 73*.

Statement No. 74 establishes accounting and financial reporting standards, but not funding or budgetary standards, for state and local governmental other postemployment benefit ("OPEB") plans. The statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans*.

The adoption of Statement No. 74 had no impact on the City's governmental fund financial statements. The adoption also resulted in no changes to the presentation of the financial statements of the City's Pension and Other Employee Benefit Trust Funds. 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. 74.

Statement No. 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to the employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. This statement also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/ expenditure. It replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans*.

For defined benefit OPEB plans the statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information are addressed.

The adoption of Statement No. 75 had no impact on the City's governmental fund financial statements. However, the adoption has resulted in the restatement of the City's Fiscal Year 2016 government-wide financial statements to reflect the reporting of net OPEB liabilities, deferred inflows of resources, deferred outflows of resources and the recognition of OPEB expense in accordance with the provisions of the Statement. Refer to Note E.4 for more information regarding the City's OPEB.

Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments by providing an additional criterion. A component unit should be included in the reporting entity financial statements using the blending method if the component unit is organized as a not-for-profit corporations in which the primary government is the sole corporate member as identified in the component unit's articles of incorporation or bylaws.

As a result of The City's implementation of Statement No. 80, BBP, TGI and WTC Captive are blended into the City's financial statements as business-type entities. In the past these component units were presented discretely. Also in the course of implementing Statement No. 80, NYCTLT's activities are now presented as business-type activities rather than as blended within the Nonmajor Governmental Fund.

Consequently, the Governmental Funds fund balance for fiscal year 2016 decreased from \$3.67 million to \$3.54 million due to the reclassification of NYCTLT's. The change in governmental activities net position outlined below, incorporates the restatement of fund balance.

	<u>2016 Original</u>	<u>GASB: 75</u>	<u>GASB: 80</u>	<u>2016 Restated</u>
		(in thousands)		
Change in net position . . . . .	\$ (5,089,385)	(827,483)	(282)	\$ (5,917,150)
Net position (deficit)-beginning . . . . .	(183,081,913)	—	—	(183,081,913)
Restatement of Beginning net Position . . . . .	—	(4,272,352)	(253,501)	(4,525,853)
Net position (deficit)-ending . . . . .	<u>\$(188,171,298)</u>			<u>\$(193,524,916)</u>

Statement No. 82 addresses certain issues raised with respect to GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*; GASB No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 and GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement specifically addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. There was no material impact on the City's financial statements as a result of the implementation of Statement No. 82.

*Pronouncements Issued But Not Yet Effective*

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the City upon implementation. Management has not yet evaluated the effect of implementation of these standards.

<b>GASB Statement No.</b>	<b>GASB Accounting Standard</b>	<b>Effective Fiscal Year</b>
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
85	<i>Omnibus 2017</i>	2018
86	<i>Certain Debt Extinguishment Issues</i>	2018
87	<i>Leases</i>	2021

**3. Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in which revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions include: sales and income taxes, property taxes, grants, entitlements and donations, and are recorded on the accrual basis of accounting. Revenues from sales and income taxes are recognized when the underlying exchange transaction takes place.

Revenues from property tax are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds use the flow of current financial resources measurement focus. This focus is on the determination of and changes in financial position, and generally only current financial resources and current liabilities are included on the balance sheet although certain receivable amounts may not be currently available. These funds use the modified accrual basis of accounting, whereby revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Revenues from taxes are generally considered available if received within two months after the fiscal year-end. Revenues from categorical and other grants are generally considered available if expected to be received within one year after the fiscal year-end. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt, pensions, post employment benefits other than pensions and certain other estimated liabilities, which are recorded only when payment is due.

The measurement focus of the Pension and Other Employee Benefit Trust Funds and Other Trust Funds is on the flow of economic resources. This focus emphasizes the determination of and changes in net position. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Fiduciary Net Position. 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 that do not result in expenditures by year-end lapse.

**5. Cash and Investments**

The City considers all highly liquid investments (including restricted assets), with a maturity of three months or less when purchased, to be cash equivalents. Cash equivalents are carried at amortized cost which approximates fair value.

The annual average collected bank balances maintained during Fiscal Years 2017 and 2016 were approximately \$1.85 billion and \$1.59 billion, respectively.

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

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

Investments of the Pension and Other Employee Benefit Trust Funds and Other Trust Funds are reported at fair value. Investments are stated at the last reported sales price on a national securities exchange or as priced by a nationally recognized securities pricing service as on the last business day of the fiscal year, except for securities held as alternative investments where fair value is determined by the general partners or other experts of the partnerships.

A description of the City's fiduciary funds securities lending activities in Fiscal Years 2017 and 2016 is included in Deposits and Investments (see Note D.1).

## **6. Inventories**

Inventories on hand at June 30, 2017 and 2016, estimated based on average cost at \$465 million and \$402 million, respectively, have been reported on the government-wide *Statement of Net Position*. Inventories are recorded as expenditures in governmental funds at the time of purchase, and accordingly have not been reported on the governmental funds balance sheet.

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

Certain proceeds of the City and component unit bonds, as well as certain resources set aside for payments to bond holders, are classified as restricted cash and investments on the balance sheet, because their use is limited by applicable bond covenants.

## **8. Capital Assets**

Capital assets include all land, buildings, equipment (including software), and other elements of the City's infrastructure having an initial minimum useful life of five years, having a cost of more than \$35 thousand, and having been appropriated in the Capital Budget (see Note C.1). Capital assets, which are used for general governmental purposes and are not available for expenditure, are accounted for and reported in the government-wide financial statements. Infrastructure elements include the roads, bridges, curbs and gutters, streets and sidewalks, park land and improvements, piers, bulkheads and tunnels. The capital assets of the water distribution and sewage collection system are recorded in the 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 reported at their acquisition value. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the present value of net minimum lease payments at the inception of the lease (see Note D.3).

Accumulated depreciation and amortization are reported as reductions of capital assets. Depreciation is computed using the straight-line method based upon estimated useful lives of generally 25 to 50 years for new construction, 10 to 25 for betterments and/or reconstruction, 5 to 15 years for equipment (including software), and 15 to 40 years for infrastructure. Capital lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset, whichever is less.

## **9. Vacation and Sick Leave**

Earned vacation and sick leave is recorded as an expenditure in the period when it is payable from current financial resources in the fund financial statements. The estimated value of vacation leave earned by employees, which may be used in subsequent years, and earned vacation and sick leave to be paid upon termination or retirement from future resources, is recorded as a liability in the government-wide financial statements.

## **10. Judgments and Claims**

The City is generally uninsured with respect to risks including, but not limited to, property damage, personal injury, and workers' compensation. However, as required by the Stafford Act, the City insures certain assets, which have been restored with grant funds from the Federal Emergency Management Agency, through the National Flood Insurance Program. In the fund financial statements,

expenditures for judgments and claims (other than workers' compensation and condemnation proceedings) are recorded on the basis of settlements reached or judgments entered within the current fiscal year. Expenditures for workers' compensation are recorded when paid. Settlements relating to condemnation proceedings are reported when the liability is estimable. In the government-wide financial statements, the estimated liability for all judgments and claims incurred but not yet expended is recorded as a noncurrent liability.

### 11. Long-Term Liabilities

For long-term liabilities, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. All long-term liabilities are reported in the government-wide *Statement of Net Position*. Long-term liabilities expected to be financed from discretely presented component units' operations are accounted for in those component units' financial statements.

### 12. Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2017, classified by type, and the changes in fair value of such derivative instruments for the fiscal year then ended, as reported in the 2017 financial statements are as follows:

#### Governmental Activities

		Changes in Fair Value from June 30, 2016		Fair Value at June 30, 2017		Notional
		Classification	Amount	Classification	Amount	
Item		(in thousands)				
Cashflow Hedges:						
H	Pay-Fixed interest rate swap	Deferred Outflow	\$17,464	Debt	\$(38,730)	\$250,000
L	Pay-Fixed interest rate swap	Deferred Outflow	331	Debt	(29)	18,040
Investment derivative instruments:						
A	Pay-Fixed interest rate swap	Investment Revenue	6,478	Investment	(7,751)	156,103
B	Pay-Fixed interest rate swap	Investment Revenue	2,159	Investment	(2,584)	52,034
C	Pay-Fixed interest rate swap	Investment Revenue	2,159	Investment	(2,584)	52,034
D	Pay-Fixed interest rate swap	Investment Revenue	2,160	Investment	(2,583)	52,034
E	Pay-Fixed interest rate swap	Investment Revenue	5,440	Investment	(10,637)	100,600
H	Pay-Fixed interest rate swap	Investment Revenue	6,986	Investment	(15,492)	100,000
K	Basis Swap	Investment Revenue	192	Investment	(7,527)	500,000

On August 4, 2016 the City terminated Investment Derivative G. The total Notional Amount Terminated was \$364.10 million and the City received a \$2.41 million termination payment from the swap counterparty.

On August 1, 2016, \$14.25 million of Hedging Derivative L matured as scheduled.

On October 5, 2016 the City novated Investment Derivatives D and E from UBS AG to U.S. Bank, N.A.

On August 1, 2017 \$18.04 million of Hedging Derivative L matured as scheduled.

Fair Value for the derivate instruments is the estimated exit price that assumes a transaction takes place in the City's principal market, or in the City's most advantageous market in the absence of a principal market. These inputs include the mid-market valuation and then incorporates the credit risk of either the City or its counterparty and the bid/offer spread that would be charged to the City in order to transact. The mid-market values of the derivate instruments were estimated using the income approach. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement date. The derivate instruments are classified in Level 2 as their valuation relies primarily on observable inputs.

*Hedging Derivative Instruments*

The following table displays the objective and terms of the City's hedging derivative instruments outstanding at June 30, 2017, along with the credit rating of the associated counterparty. Regarding derivative instruments where the counterparty is unrated, the rating provided is that of the counterparty's guarantor.

Item	Type	Objective	Notional Amount (in thousands)	Effective Date	Maturity Date	Terms	Counterparty Rating
H	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2004 Series A bonds	\$250,000	7/14/2003	8/1/2031	Pay 2.964%; receive 61.85% of USD-LIBOR-BBA	Aa2/AA-
L	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2005 Series J, K, and L Bonds	18,040	3/3/2005	8/1/2017	Pay 4.55%/4.63%/4.71%; receive CPI + 1.50% for 2015 maturity/CPI + 1.55% for 2016 maturity/CPI + 1.60% for 2017 maturity	Aa3/A+

LIBOR: London Interbank Offered Rate Index

CPI: Consumer Price Index

*Risks*

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

- The counterparty with respect to derivative instrument H is required to post collateral if its credit ratings goes below A2/A. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The City has never been required to access collateral.
- The counterparty with respect to derivative instruments L is required to post collateral if it has at least one rating below the double-A category.

It is the City's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, closeout netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

The aggregate fair value of hedging derivative instruments requiring collateralization at June 30, 2017 was \$(38.76) million.

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

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

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

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

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

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

### Contingencies

All of the City's derivative instruments include provisions that require the City to post collateral in the event its credit rating falls below Baa1 (Moody's) or BBB+ (Standard & Poor's) for derivative instruments A, B, D, E, K, and L, or below Baa3 (Moody's) or BBB- (Standard & Poor's) for derivative instruments C and H. The collateral posted is to be in the form of cash, U.S. Treasury securities, or specified U.S. Government Agency securities in the amount equal to (when in the form of cash) or greater than (when in the form of securities) the fair value of derivative instruments in liability positions, net of the effect of applicable netting arrangements and applicable thresholds. If the City does not post collateral when required, the derivative instrument may be terminated by the counterparty. At June 30, 2017, the aggregate fair value of all derivative instruments with these collateral posting provisions is \$ (87.92 million). If the collateral posting requirements had been triggered at June 30, 2017, the City would have been required to post \$ 12.30 million in collateral to its counterparties (assuming cash collateral). The collateral requirements would be \$87.88 million for ratings below Baa3 or BBB- based on posting cash. The City's credit rating as of June 30, 2017 was Aa2 (Moody's) and AA (Standard & Poor's); therefore, no collateral was posted as of that date.

### Swap Collateral Requirements upon a Rating Downgrade of the City<sup>(1)</sup>

Swap/Counterparty	Fair Value as of June 30, 2017 <sup>(2)</sup> (in thousands)	Collateral Threshold at Baa2/BBB to Baa3/BBB- <sup>(3)</sup>	Collateral Amount <sup>(4)</sup> (in thousands)	Collateral Threshold below Baa3/BBB-	Collateral Amount <sup>(5)</sup> (in thousands)
Bank of New York Mellon .....	\$ —	Infinity	\$ —	—	\$ —
JP Morgan Chase Bank, N.A. ....	(15,307)	3,000	12,300	—	15,300
Merrill Lynch Capital Services, Inc. ....	(2,584)	3,000	—	—	2,584
US Bank National Association.....	(15,804)	Infinity	—	—	15,800
Wells Fargo Bank, NA .....	(54,222)	Infinity	—	—	54,200
Total Fair Value .....	<u>\$(87,917)</u>		<u>\$12,300</u>		<u>\$87,884</u>

- (1) All of the City's swap counterparties have agreements that collateral is to be posted by the City if the City were to owe a termination payment and its ratings fall below a certain level. Based on the credit rating level, the amount of collateral required can range from zero to the amount of the counterparty's exposure based on the market value of the swap.
- (2) A negative value means the City would owe a termination payment.
- (3) A downgrade of the City to either Baa2 (Moody's) or BBB (S&P) is the highest rating level at which the City would be required to post collateral.
- (4) The swap counterparties, other than Merrill Lynch Capital Services Inc., round the collateral amount up or down to the nearest \$100,000. Merrill Lynch does not round the amount.
- (5) Represents the total amount of required collateral for ratings below Baa3/BBB-. The amount of collateral required to be posted would be the amount shown below less any collateral previously posted.

### 13. Real Estate Tax

Real estate tax payments for the Fiscal Year ended June 30, 2017, were due July 1, 2016 and January 1, 2017 except that payments by owners of real property assessed at \$250,000 or less and cooperatives whose individual units, on average, are valued at \$250,000 or less, which were due in quarterly installments on the first day of each quarter beginning on July 1.

The adopted levy date for Fiscal Year 2017 taxes was June 14, 2016. The lien date is the date taxes are due.

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

The City offered a 0.5% discount on the full amount of a taxpayer's yearly property tax if the entire amount shown on their bill is paid by the July due date (or grace period due date), a 0.25% discount on the last three quarters if the taxpayer waits until the October due date to pay the entire amount due, or a 0.125% discount on the last six months of taxes when the taxpayer pays the balance by the January due date for both Fiscal Years 2017 and 2016. Payment of real estate taxes before July 15, 2017, on properties with an assessed value of \$250,000 or less and before July 1, 2017, on properties with an assessed value over \$250,000 received the discount. Collections of these real estate taxes received on or before June 30, 2017 and 2016 were about \$8.7 billion and \$8.1 billion, respectively.

The City sold approximately \$98.8 million of real property tax liens, fully attributable to Fiscal Year 2017, at various dates in Fiscal Year 2017. As in prior years' lien sale agreements, the City will refund the value of liens later determined to be defective, plus interest and a 5% surcharge. It has been estimated that \$4.3 million worth of liens sold in Fiscal Year 2017 will require refunding. The estimated refund accrual amount of \$5.0 million, including the surcharge and interest, resulted in Fiscal Year 2017 net sale proceeds of \$93.8 million.

The City sold approximately \$82.0 million of real property tax liens, fully attributable to Fiscal Year 2016, at various dates in Fiscal Year 2016. As in prior years' lien sale agreements, the City will refund the value of liens later determined to be defective, plus interest and a 5% surcharge. It has been estimated that \$4.0 million worth of liens sold in Fiscal Year 2016 will require refunding. The estimated refund accrual amount of \$6.0 million, including the surcharge and interest, resulted in Fiscal Year 2016 net sale proceeds of \$76.0 million.

In Fiscal Years 2017 and 2016, \$221 million and \$223 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 toward future years' debt service. For the Fiscal Years ended June 30, 2017 and 2016, excess amounts of \$239 million and \$382 million, respectively, were transferred to the General Debt Service Fund.

#### **14. Other Taxes and Other Revenues**

Taxpayer-assessed taxes, such as sales and income taxes, net of refunds, are recognized in the accounting period in which they become susceptible to accrual for the fund financial statements. Assets recorded in the governmental fund financial statements, but the revenue is not available, are reported as deferred inflows of resources. Additionally, the government-wide financial statements recognize sales and income taxes (net of refunds), which are not available to the governmental fund type in the accounting period for which the taxes are assessed.

#### **15. Federal, State, and Other Aid**

For the government-wide and fund financial statements, categorical aid, net of a provision for estimated disallowances, is reported as receivable when the related eligibility requirements are met. Unrestricted aid is reported as revenue in the fiscal year of entitlement. Resources received before the time requirements are met, but after all other eligibility requirements are met, are reported as deferred inflows of resources.

**16. Bond Discounts, Premiums and Issuance Costs**

In the fund financial statements, bond premiums, discounts and issuance costs are recognized as revenues/expenditures in the period incurred. In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds payable using the straight-line method. Bond premiums and discounts are presented as additions/reductions to the face amount of the bonds payable. Bond issuance costs are recognized as an expense in the period incurred.

**17. Intra-Entity Activity**

Payments from a fund receiving revenue to a fund through which the revenue is to be expended are reported as transfers. Such payments include transfers for debt service and capital construction. In the government-wide financial statements, resource flows between the City and the discretely presented component units are reported as if external transactions.

**18. Subsidies**

The City makes various payments to subsidize a number of organizations which provide services to City residents including but not limited to Art and Cultural institutions. These payments are recorded as expenditures in the fiscal year paid.

**19. Deferred Outflows and Inflows of Resources**

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

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

	FY 2017		FY 2016	
	Primary Government	Component units	Primary Government	Component units
	(in thousands)			
Deferred Outflows of Resources				
Deferred Outflows From Pension Activities .....	\$ 3,885,847	\$ 260,406	\$12,814,357	\$ 577,146
Deferred Outflows from OPEB activities .....	640,932	—	102,045	—
Accumulated decrease in fair value of hedging derivatives .....	38,759	114,075	56,554	176,706
Unamortized deferred bond refunding costs .....	532,905	22,343	516,235	13,969
Other .....	100	—	305	—
Total Deferred Outflows of Resources .....	<u>\$ 5,098,543</u>	<u>\$ 396,824</u>	<u>\$13,489,496</u>	<u>\$ 767,821</u>
Deferred Inflows of Resources:				
Deferred Inflows from pension activities .....	\$ 5,386,509	\$ 47,715	\$ 7,210,537	\$ 95,935
Deferred Inflows from OPEB activities .....	9,451,365	694,750	102,531	36,843
Service concession arrangements .....	114,880	—	122,432	—
Real estate taxes .....	8,748,771	—	8,105,167	—
Grant advances .....	18,124	—	30,613	—
Unamortized deferred refunding costs .....	—	16,393	—	16,647
Deferred housing assistance payments .....	—	83,317	—	—
Other .....	89,808	—	59,931	—
Total Deferred Inflows of Resources .....	<u>\$23,809,457</u>	<u>\$ 842,175</u>	<u>\$15,631,211</u>	<u>\$ 149,425</u>

**20. Fund Balance**

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

**Nonspendable**—includes fund balance amounts that cannot be spent, either because they are not in spendable form, or because of legal or contractual constraints requiring such amounts to remain intact. As required by the New York State Financial Emergency Act, the City must prepare its budget covering all expenditures, other than capital items, balanced so that the results do not show

a deficit when reported in accordance with GAAP. Therefore, the General Fund's fund balance must legally remain intact and is classified as nonspendable. Additionally, certain receivable amounts are not anticipated to be collected in the current period.

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

**Committed**—includes fund balance amounts that are constrained for specific purposes when such constraints are internally imposed by the government's formal action at the highest level of decision making authority and do not lapse at year-end. In accordance with the New York City Charter, the City Council is the City's highest level of decision-making authority and can, by legal resolution prior to the end of a fiscal year, approve to establish, modify or rescind a fund balance commitment. For the blended component units reported as Nonmajor Funds, the respective Boards of Directors (Boards) constitute the highest level of decision-making authority. When resolutions are adopted by the Boards that constrain fund balances for a specific purpose, such resources are accounted for and reported as committed for such purpose, unless and until a subsequent resolution altering the commitment is adopted by a Board.

**Assigned**—includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City does not have any assigned amounts in its major funds. For the blended component units reported as Nonmajor Funds, the fund balances which are constrained for use for a specific purpose based on the direction of the President of the component unit to direct the movement of such funds are accounted for and reported as assigned for such purpose unless and until a subsequent authorized action by the same, or another duly authorized officer, or by a Board, is taken which removes or changes the assignment.

**Unassigned**—The City's Capital Projects Fund's deficit is classified as unassigned.

The City uses restricted amounts first when both restricted and unrestricted resources are available. Additionally, the City first uses committed, then assigned, and lastly unassigned resources when expenditures are made.

The City does not have a formal minimum fund balance policy. Below is the detail included in the fund balance classifications for the governmental funds at June 30, 2017 and 2016:

	Fiscal Year 2017				
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	(in thousands)				
<b>Nonspendable:</b>					
General Fund balance . . . . .	\$ 478,029	\$ —	\$ —	\$ —	\$ 478,029
Prepaid expenditures . . . . .	—	—	—	295	295
<b>Spendable:</b>					
Restricted					
Capital projects . . . . .	—	114,038	—	478,570	592,608
Debt service . . . . .	—	—	238,845	1,961,834	2,200,679
Committed					
Debt service . . . . .	—	—	1,343,899	—	1,343,899
Assigned					
Debt Service . . . . .	—	—	—	2,000,208	2,000,208
Operations . . . . .	—	—	—	87,688	87,688
Unassigned					
Capital Projects Fund . . . . .	—	(2,633,887)	—	—	(2,633,887)
Nonmajor Special Revenue Funds . . . . .	—	—	—	(12)	(12)
<b>Total Fund Balance . . . . .</b>	<b>\$ 478,029</b>	<b>\$(2,519,849)</b>	<b>\$1,582,744</b>	<b>\$4,528,583</b>	<b>\$ 4,069,507</b>

Fiscal Year 2016					
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	(in thousands)				
<b>Nonspendable:</b>					
General Fund balance. ....	\$ 472,819	\$ —	\$ —	\$ —	\$ 472,819
Prepaid expenditures. ....	—	—	—	612	612
<b>Spendable:</b>					
Restricted					
Capital projects .....	—	129,509	—	287,410	416,919
Debt service. ....	—	—	382,005	2,034,345	2,416,350
Committed					
Debt service .....	—	—	1,393,112	—	1,393,112
Assigned					
Debt Service .....	—	—	—	1,899,644	1,899,644
Operations* .....	—	—	—	52,273	52,273
Unassigned					
Capital Projects Fund. ....	—	(3,107,906)	—	—	(3,107,906)
<b>Total Fund Balance (Deficit) .....</b>	<b>\$ 472,819</b>	<b>\$(2,978,397)</b>	<b>\$1,775,117</b>	<b>\$4,274,284</b>	<b>\$ 3,543,823</b>

\* Represents the unassigned fund balance of the Special Revenue Funds.

## 21. Pensions

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

## 22. Other Postemployment Benefits

Other Postemployment Benefits (OPEB) cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note E.4), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is calculated in accordance with GASB Statement No. 75.

## 23. Estimates and Assumptions

A number of estimates and assumptions relating to the reporting of revenues, expenditures, assets and liabilities, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

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

A summary reconciliation of the difference between total fund balances (deficit) as reflected on the governmental funds balance sheet and total net position (deficit) of governmental activities as shown on the government-wide *Statement of Net Position* is presented in an accompanying schedule to the governmental funds balance sheet. The asset and liability elements, that comprise the difference are related to the governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

Similarly, a summary reconciliation of the difference between net change in fund balances, as reflected on the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*, and *Change in Net Position* of governmental activities, as shown on the government-wide Statement of Activities, is presented in an accompanying schedule to the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*. The revenue and expense elements, that comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

## C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### 1. Budgets and Financial Plans

#### *Budgets*

Annual expense budget appropriations, which are prepared on the modified accrual basis, are adopted for the General Fund, and unused appropriations lapse at fiscal year-end. The City uses appropriations in the capital budget to authorize the expenditure of funds for various capital projects. Capital appropriations, unless modified or rescinded, remain in effect until the completion of each project.

The City is required by State Law to adopt and adhere to a budget, on a basis consistent with GAAP, that would not have General Fund expenditures and other financing uses in excess of revenues and other financing sources.

Expenditures made against the expense budget are controlled through the use of quarterly spending allotments and units of appropriation. A unit of appropriation represents a subdivision of an agency's budget and is the level of control at which expenditures may not legally exceed the appropriation. The number of units of appropriation, and the span of operating responsibility which each unit represents, differs from agency to agency depending on the size of the agency and the level of control required. Transfers between units of appropriation and supplementary appropriations may be made by the Mayor, subject to the approval provisions set forth in the City Charter. Supplementary appropriations increased the expense budget by \$3.31 and \$3.88 billion subsequent to its original adoption in Fiscal Years 2017 and 2016, respectively.

#### *Financial Plans*

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

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

### 2. Deficit Fund Balance

The Capital Projects Fund had deficits of \$2.52 and \$2.98 billion for the years ended June 30, 2017 and 2016, respectively. These deficits represent the amounts expected to be financed from future bond issues or intergovernmental reimbursements. To the extent the deficits will not be financed or reimbursed, a transfer from the General Fund will be required.

**D. DETAILED NOTES ON ALL FUNDS****1. Deposits and Investments***Deposits*

The City's bank depositories are designated by the New York City Banking Commission, which consists of representatives of the Comptroller, the Mayor, and the Finance Commissioner. The Banking Commission considers a list of requirements to approve banks for designation, including but not limited to independent bank rating agency reports, bank regulators' reports, the banks' quarterly financial statements reported to the SEC, independently audited public financial statements and the New York State Department of Financial Services and Federal supervisory agency Community Reinvestment Act (CRA) reports to determine the financial soundness of each bank. In addition, the City's banking relationships are under periodic operational, financial and credit reviews.

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

The City's bank account balances in excess of the prevailing Federal Deposit Insurance Corporation (FDIC) insurance limits of \$250 thousand are fully collateralized in accordance with the New York State General Municipal Law (GML) and the New York City Department of Finance Collateral Policy, dated December 5, 2012. The FDIC insurance limit of \$250 thousand is only applied one time to each bank relationship with multiple bank accounts. Each NYC Designated Bank must pledge Eligible Securities and/or Letters of Credit (LOC) that satisfy the minimum GML collateral requirements. The Designated Banks are required to closely monitor daily City bank account balances and adjust the amount of collateral pledged when the City's bank account balance changes to ensure that City deposits are always fully collateralized. With the exception of banks pledging a LOC as collateral, the banks are required on a daily basis to aggregate the total balances of all bank accounts under the City's tax ID, deduct the FDIC insurance limit of \$250 thousand and pledge collateral which more than covers the remaining balances. The custodians provide collateral reports to the Department of Finance Collateral Committee on a regular basis; ranging from daily to monthly.

**Cash & Cash Equivalents**

The following is a summary of the cash and cash equivalents of the City's Governmental Activities as of June 30, 2017 and June 30, 2016:

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016 (Restated)</b>
	<b>(in thousands)</b>	
<b>Restricted cash and cash equivalents:</b>		
Cash .....	\$ 1,582,865	\$ 18,435
Cash Equivalents .....	2,292,211	2,443,183
Total restricted cash and cash equivalents: .....	<u>\$ 3,875,076</u>	<u>\$2,461,618</u>
<b>Unrestricted cash and cash equivalents:</b>		
Cash* .....	\$ 1,848,715	\$2,103,912
Cash Equivalents .....	4,739,266	4,515,544
Total unrestricted cash and cash equivalents: .....	<u>\$ 6,587,981</u>	<u>\$6,619,456</u>
Grand Total cash and cash equivalents .....	<u>\$10,463,057</u>	<u>\$9,081,074</u>

\* Unrestricted cash for Governmental Activities represents book balances that include items in transit.

At June 30, 2017 and 2016, the City's unrestricted Governmental Activities bank balances were \$2.01 billion and \$2.33 billion, respectively. Of those amounts, \$472 thousand was exposed to custodial credit risk at June 30, 2017 (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); there was no exposure to custodial credit risk at June 30, 2016. At June 30, 2017 and 2016, the City's restricted Governmental Activities cash balances were \$1.58 billion and \$18.44 million, respectively. Of those amounts \$13 thousand and \$5 thousand were exposed to custodial credit risk. Bank balances are exposed to custodial credit risk when they are uninsured and uncollateralized.

The following is a summary of the cash and cash equivalents of the City's Business-Type Activities as of June 30, 2017 and June 30, 2016:

	<b>Business-type Activities</b>	
	<b>2017</b>	<b>2016</b>
	<b>(in thousands)</b>	
<b>Restricted cash and cash equivalents:</b>		
Cash .....	\$ 38,030	\$ 40,041
Cash Equivalents .....	—	115
Total restricted cash and cash equivalents: .....	<u>\$ 38,030</u>	<u>\$ 40,156</u>
<b>Unrestricted cash and cash equivalents:</b>		
Cash .....	\$ 32,864	\$ 19,610
Cash Equivalents .....	11,250	6,057
Total unrestricted cash and cash equivalents: .....	<u>\$ 44,114</u>	<u>\$ 25,667</u>
Grand Total cash and cash equivalents .....	<u>\$ 82,144</u>	<u>\$ 65,823</u>

At June 30, 2017 and 2016, the City's unrestricted Business-Type Activities bank balances were \$32.86 million and \$19.61 million, respectively. Of those amounts, there was no exposure to custodial credit risk at June 30, 2017 and 2016. At June 30, 2017 and 2016, the City's restricted Business-Type Activities cash balances were \$38.03 million and \$40.04 million, respectively. Of those amounts, there was no exposure to custodial credit risk at June 30, 2017 and 2016.

#### *Investments*

The City's investment of cash in its primary government 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's primary government as of June 30, 2017 and 2016:

#### **Governmental Activities:**

Investment Type	Investment Maturities					
	(in years)					
	2017		2016 (Restated)			
	Less than 1	1 to 5	More than 5	Less than 1	1 to 5	More than 5
	(in thousands)					
<u>Unrestricted</u>						
U.S. Government securities . . . . .	\$2,292,591	\$1,294,155	\$ —	\$1,038,024	\$5,259,266	\$ —
U.S. Government agency obligations . .	1,941,134	246,957	—	1,899,994	245,850	—
Commercial paper . . . . .	2,313,304	—	—	1,482,615	—	—
Time deposits . . . . .	27,555	—	—	27,976	—	—
Investment derivative instruments . . . .	—	—	(49,158) <sup>(1)</sup>	—	—	(74,732) <sup>(2)</sup>
Total unrestricted . . . . .	<u>\$6,574,584</u>	<u>\$1,541,112</u>	<u>\$(49,158)</u>	<u>\$4,448,609</u>	<u>\$5,505,116</u>	<u>\$(74,732)</u>
<u>Restricted</u>						
U. S. Government securities . . . . .	\$ 81,767	\$ 131,454	\$ 56,161	\$ 506,460	\$ 146,310	\$ —
U.S. Government agency obligations . .	817,454	—	—	909,661	10,000	—
Municipal securities . . . . .	—	—	—	—	—	17,389
Time deposits . . . . .	6,929	—	—	9,333	—	—
Total restricted . . . . .	<u>\$ 906,150</u>	<u>\$ 131,454</u>	<u>\$ 56,161</u>	<u>\$1,425,454</u>	<u>\$ 156,310</u>	<u>\$ 17,389</u>

<sup>(1)</sup> The City has five pay-fixed interest rate swaps, and one basis swap that is treated as investment derivative instruments. Additionally, the City had one pay-fixed swap (H) that is partially treated as an investment derivative instrument. On June 30, 2017, the swaps had fair values of \$(7,751) thousand, \$(2,584) thousand, \$(2,584) thousand, \$(2,583) thousand, \$(10,637) thousand, \$(7,527) thousand, and \$(15,492), respectively.

<sup>(2)</sup> The City has five pay-fixed interest rate swaps and one basis swap that is treated as investment derivative instruments. Additionally, the City has one pay-fixed swap (H) that is partially treated as an investment derivative instrument. On June 30, 2016, the swaps had fair values of \$(14,229) thousand, \$(4,743) thousand, \$(4,743) thousand, \$(4,743) thousand, \$(16,077) thousand, \$(7,719) thousand, and \$(22,478) thousand, respectively.

**Business-Type Activities:**

Investment Type	Investment Maturities					
	(in years)					
	2017			2016		
	Less than 1	1 to 5	More than 5	Less than 1	1 to 5	More than 5
	(in thousands)					
<b>Unrestricted</b>						
U.S. Government securities . . . . .	\$ 1,057	\$ —	\$ —	\$ 1,999	\$ —	\$ —
U.S. Government agency obligations . .	—	51,394	22,063	95,211	17,148	—
Commercial paper . . . . .	450	106,040	—	73,417	39,595	—
Money Market Fund . . . . .	709	—	—	—	—	—
Municipal securities . . . . .	—	4,500	2,468	1,249	—	—
Time deposits . . . . .	1,250	1,499	—	4,503	—	—
Mortgage Backed & Asset Securities . .	—	—	113,918	—	—	85,423
Total unrestricted . . . . .	<u>\$ 3,466</u>	<u>\$ 163,433</u>	<u>\$ 138,449</u>	<u>\$ 176,379</u>	<u>\$ 56,743</u>	<u>\$85,423</u>
<b>Restricted</b>						
Money Market Fund . . . . .	\$ 38,670	\$ —	\$ —	\$ 40,992	\$ —	\$ —
Total restricted . . . . .	<u>\$ 38,670</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 40,992</u>	<u>\$ —</u>	<u>\$ —</u>

**Fair Value Hierarchy**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the City does not have any investments for which level 3 inputs are required).

The following is a summary of the fair value hierarchy of the fair value of investments of the City's primary government as of June 30, 2017 and June 30, 2016:

Investments <sup>(1)</sup> by Fair Value Level	6/30/2017			6/30/2016		
	Fair Value Measurements Using			Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets			Quoted Prices in Active Markets for Identical Assets		
	Total	(Level 1)	Significant Other Observable Inputs (Level 2)	Total	(Level 1)	Significant Other Observable Inputs (Level 2)
	(in thousands)					
U.S. Government securities . . . . .	\$ 3,999,706	\$ 220,136	\$ 3,779,570	\$ 6,970,540	\$ 369,073	\$ 6,601,467
U.S. Government agency obligations . .	3,523,620	19,980	3,503,640	3,376,595	—	3,376,595
Commercial paper . . . . .	3,673,599	—	3,673,599	1,613,102	—	1,613,102
Money Market Funds (includes time deposits) . . . . .	482,157	42,129	440,028	359,399	45,495	313,904
Municipal Securities . . . . .	6,968	—	6,968	18,638	—	18,638
Mortgage Backed & Asset Back Securities . . . . .	113,918	—	113,918	85,423	—	85,423
Investment derivative instruments . . . . .	(49,158)	—	(49,158)	(74,732)	—	(74,732)
Total Investment & Cash Equivalent by Fair Value Level . . . . .	<u>\$11,750,810<sup>(2)</sup></u>	<u>\$ 282,245</u>	<u>\$11,468,565</u>	<u>\$12,348,965<sup>(2)</sup></u>	<u>\$ 414,568</u>	<u>\$11,934,397</u>

<sup>(1)</sup> Includes cash equivalents carried at fair value by several blended components as presented within their financial statements.

<sup>(2)</sup> As of June 30, 2017 and June 30, 2016, all ECF investment maturities were less than one year and recorded at carrying value. For the year ended June 30, 2017 and June 30, 2016, ECF's listed investments totaled \$68 million and \$68.57 million, respectively.

Investments classified in Level 1 of the fair value hierarchy, valued at \$282.25 million and \$414.57 million in Fiscal Years 2017 and 2016 respectively, are valued using quoted prices in active markets.

U.S. Government securities totaling \$3.64 billion and \$6.41 billion, U.S. Government agency obligations totaling \$3.50 billion and \$3.38 billion, commercial paper totaling \$3.67 billion and \$1.61 billion, money market funds totaling \$440.03 million and \$313.90 million and municipal securities totaling \$6.97 million and \$18.64 million, mortgage backed and asset backed securities totaling \$113.92 million and \$85.42 million in fiscal years 2017 and 2016 respectively, classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

U.S. Government securities, totaling \$139.09 million and \$190.47 million in Fiscal Years 2017 and 2016 respectively, under a forward supply contract classified in Level 2 of the fair value hierarchy are valued using present value and option pricing model techniques.

Investment derivative instruments, totaling (\$49.16 million) and (\$74.73 million) in Fiscal Years 2017 and 2016, respectively, are classified in Level 2 of the fair value hierarchy. Fair value is described as the exit price that assumes a transaction takes place in the City's most advantageous market in the absence of a principal market. These inputs include the mid-market valuation and then incorporates the credit risk of either the City or its counterparty and the bid/offer spread that would be charged to the City in order to transact. The mid-market values of the interest rate swaps were estimated using the income approach. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement date.

*Interest rate risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the weighted average maturity to a period of less than 2 years. The City's current weighted average maturity is less than 201 days.

*Credit risk.* Investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished through ratings, collateral, and diversification requirements that vary according to the type of investment. As of June 30, 2017 and 2016, investments in Fannie Mae or Freddie Mac and Federal Home Loan Bank (FHLB) were rated in the highest long-term or short-term ratings category (as applicable) by Standard & Poor's and/or Moody's Investor Service. These ratings were AA+ and A-1+ by Standard & Poor's and Aaa and P-1 by Moody's for long-term and short-term instruments, respectively.

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

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

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

#### *Investment Derivative Instruments*

Note: More information on derivative instruments discussed herein can be found in Note A.12, by referencing the indicated derivative instrument's identifying letter.

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

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

As discussed in Note A.12, it is the City's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty.

The aggregate fair value of investment derivative instruments requiring collateralization at June 30, 2017 was \$38.76 million. A negative aggregate fair value means the City would have owed payments to the counterparties. The City had no counterparty credit exposure to any of the investment derivative instrument counterparties as of that date.

Interest rate risk: The City is exposed to interest rate risk on its swaps. In derivative instruments A, B, C, D, E and H, pay-fixed, receive-variable interest rate swaps, as LIBOR decreases, the City's net payment on the swap increases.

Basis risk: The City is exposed to basis risk on derivative instruments A, B, C, D, E and H because the variable-rate payment received by the City is based on a rate or index other than the interest rate the City pays on its variable-rate debt. Under the terms of its derivative instruments A, B, C, D, E and H, the City pays a variable rate on the outstanding underlying bonds based on SIFMA, but receives a variable rate on the swap based on a percentage of LIBOR. In derivative instrument K, the City's variable payer rate is based on SIFMA and its variable receiver rate is based on a percentage of LIBOR. However, the stepped percentages of LIBOR received by the City mitigate the risk that the City will be harmed in low interest rate environments by the compression of the SIFMA and LIBOR indices. As the overall level of interest rate decreases, the percentage of LIBOR received by the City increases.

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

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

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

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

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

1. Fixed income investments may be made in U.S. Government guaranteed securities or securities of U.S. Government agencies, securities of entities rated BBB or better by both Standard and Poor's Corporation and Moody's Investors Service, Inc., securities below BBB up to 10% of the total asset allocation and any bond that meets the qualifications of the New York State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.
2. Equity investments may be made only in those stocks that meet the qualifications of the New York State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.
3. Short-term investments may be made in the following:
  - a. U.S. Government guaranteed securities or U.S. Government agency securities.
  - b. Commercial paper rated A1, P1, or F1 by Standard & Poor's Corporation or Moody's Investors Service, Inc., or Fitch, respectively.
  - c. Repurchase agreements collateralized in a range of 100% to 102% of matured value, purchased from primary dealers of U.S. Government securities.
  - d. Investments in bankers' acceptances, certificates of deposit, and time deposits are limited to banks with worldwide assets in excess of \$50 billion that are rated within the highest categories of the leading bank rating services, and selected regional banks also rated within the highest categories.
  - e. Other top-rate securities maturing in less than 4 years.

4. Investments up to 25% of total pension fund assets in instruments not specifically covered by the New York State Retirement and Social Security Law.
5. No investment in any one corporation can be: (i) more than 2% of the pension plan net position; or (ii) more than 5% of the total outstanding issues of the corporation.

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

#### *Securities Lending*

State statutes and Board policies permit the Pension and Certain Other Employee Benefit Trust Funds to lend its securities to broker-dealers and other entities for collateral, for the same securities in the future with a simultaneous agreement to return the collateral in the form of cash, treasury and U.S. Government securities. The Funds' agent lends the following types of securities: short term securities, common stocks, long-term corporate bonds, U.S. Government and U.S. Government agency bonds, asset-backed securities and international equities and bonds held in collective investment funds. In return, the Funds receive collateral in the form of cash, U.S. Treasury and U.S. Government agency securities at 100% to 108% of the principal plus accrued interest for reinvestment. At June 30, 2017 and 2016, management believes that the Funds had no credit risk exposure to borrowers because the amounts the Funds owed the borrowers equaled or exceeded the amounts the borrowers owed the Funds. The contracts with the Funds' custodians require the securities lending agent to indemnify the Funds. In the situation when a borrower goes into default, the Agent will liquidate the collateral to purchase replacement securities. Any shortfall before the replacement securities cost and the collateral value is covered by the Agent. All securities loans can be terminated on demand within a period specified in each agreement by either the Funds or the borrowers. Cash collateral is invested by the securities lending agent using approved lender's investment guidelines. The weighted average maturity is 55 days. The securities lending program in which the Funds participate only allows pledging or selling securities in the case of borrower default.

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

**2. Capital Assets**

The following is a summary of governmental activities capital assets for the Fiscal Years ended June 30, 2016 and 2017:

Primary Government	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016 (in thousands)	Additions	Deletions	Balance June 30, 2017
<b>Governmental Activities:</b>							
Capital assets, not being depreciated/amortized:							
Land .....	\$ 1,907,750	\$ 39,728	\$ 6,107	\$ 1,941,371	\$ 239,422	\$ 332	\$ 2,180,461
Construction work-in-progress ..	2,979,916	3,043,506	2,512,330	3,511,092	3,304,325	3,071,106	3,744,311
Total capital assets, not being depreciated/amortized .....	4,887,666	3,083,234	2,518,437	5,452,463	3,543,747	3,071,438	5,924,772
Capital assets, being depreciated/amortized:							
Buildings .....	56,042,693	2,512,330	161,618	58,393,405	3,071,106	325,690	61,138,821
Equipment (including software) ..	8,211,043	585,476	131,946	8,664,573	827,374	71,826	9,420,121
Infrastructure .....	20,273,661	1,525,297	241,546	21,557,412	1,721,572	335,778	22,943,206
Total capital assets, being depreciated/amortized .....	84,527,397	4,623,103	535,110	88,615,390	5,620,052	733,294	93,502,148
Less accumulated depreciation/amortization:							
Buildings .....	22,961,688	1,859,409	161,094	24,660,003	1,942,777	290,093	26,312,687
Equipment (including software) ..	5,609,270	540,318	127,748	6,021,840	564,960	66,604	6,520,196
Infrastructure .....	7,721,868	953,454	241,546	8,433,776	978,257	334,788	9,077,245
Total accumulated depreciation/amortization ....	36,292,826	3,353,181 <sup>(1)</sup>	530,388	39,115,619	3,485,994 <sup>(1)</sup>	691,485	41,910,128
Total capital assets, being depreciated/amortized, net ...	48,234,571	1,269,922	4,722	49,499,771	2,134,058	41,809	51,592,020
Governmental activities capital assets, net .....	\$53,122,237	\$4,353,156	\$2,523,159	\$54,952,234	\$5,677,805	\$3,113,247	\$57,516,792

<sup>(1)</sup> Depreciation expense was charged to functions/programs of the City for the Fiscal Years ended June 30, 2017 and 2016.

The following is a summary of the governmental activities depreciation expense by function/program for the Fiscal Years ended June 30, 2017 and 2016:

	2017	2016
	(in thousands)	
<b>Governmental activities:</b>		
General government .....	\$ 496,524	\$ 488,144
Public safety and judicial .....	250,416	229,582
Education .....	1,407,273	1,343,771
City University .....	4,514	4,914
Social services .....	66,679	72,708
Environmental protection .....	152,114	133,938
Transportation services .....	639,225	642,043
Parks, recreation and cultural activities .....	390,307	352,453
Housing .....	4,034	3,471
Health .....	57,810	65,321
Libraries .....	17,098	16,836
Total depreciation expense-governmental activities .....	<u>\$3,485,994</u>	<u>\$3,353,181</u>

The following are the sources of funding for the governmental activities capital assets for the Fiscal Years ended June 30, 2017 and 2016. Sources of funding for capital assets are not available prior to Fiscal Year 1987.

	2017	2016
	(in thousands)	
<b>Capital Projects Funds:</b>		
Prior to Fiscal Year 1987 .....	\$ 6,598,496	\$ 6,598,498
City and TFA bonds .....	89,613,435	84,339,652
Federal grants .....	575,351	544,003
State grants .....	88,487	80,180
Private grants .....	81,466	77,466
Capitalized leases .....	2,469,685	2,428,054
Total funding sources .....	<u>\$99,426,920</u>	<u>\$94,067,853</u>

At June 30, 2017 and 2016, 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, 2017 and 2016, are leased properties that have elements of ownership. These assets are recorded as capital assets as follows:

	Capital Leases	
	2017	2016
	(in thousands)	
<b>Governmental activities:</b>		
Capital asset:		
Capitalized leases — buildings .....	\$2,469,685	\$2,428,054
Less accumulated amortization .....	921,094	857,048
Capitalized leases — buildings, net .....	<u>\$1,548,591</u>	<u>\$1,571,006</u>

*Capital Commitments*

At June 30, 2017, the outstanding commitments relating to projects of the New York City Capital Projects Fund amounted to approximately \$18.0 billion.

To address the need for significant infrastructure and public facility capital investments, the City has prepared a ten-year capital spending program which contemplates City Capital Projects Fund expenditures of \$89.6 billion over Fiscal Years 2017 through 2026. To help meet its capital spending program, the City and TFA borrowed \$5.5 billion in the public credit market in Fiscal Year 2017. The City and TFA plan to borrow \$6.7 billion in the public credit market in Fiscal Year 2018.

The following is a summary of business-type activities capital assets for the Fiscal Years ended June 30, 2016 and 2017:

Primary Government	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016 (in thousands)	Additions	Deletions	Balance June 30, 2017
<b>Business-type Activities:</b>							
Capital assets, not being depreciated/amortized:							
Land .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Construction work-in-progress ..	162,197	61,740	57,422	166,515	51,921	74,355	144,081
Total capital assets, not being depreciated/amortized .....	162,197	61,740	57,422	166,515	51,921	74,355	144,081
Capital assets, being depreciated/amortized:							
Building .....	24,160	4,884	—	29,044	3,089	—	32,133
Equipment (including software) ..	6,873	1,284	250	7,907	969	—	8,876
Infrastructure .....	335,488	48,035	—	383,523	73,957	—	457,480
Total capital assets, being depreciated/amortized ..	366,521	54,203	250	420,474	78,015	—	498,489
Less accumulated depreciation/amortization							
Building .....	1,009	269	—	1,278	285	—	1,563
Equipment (including software) ..	2,993	628	82	3,539	836	—	4,375
Infrastructure .....	22,253	19,372	—	41,625	23,687	—	65,312
Total accumulated depreciation/amortization ....	26,255	20,269	82	46,442	24,808	—	71,250
Total capital assets, being depreciated/amortized, net ...	340,266	33,934	168	374,032	53,207	—	427,239
Business-type Activities capital assets, net .....	\$ 502,463	\$ 95,674	\$ 57,590	\$ 540,547	\$ 105,128	\$ 74,355	\$ 571,320

### 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, 2017 and 2016 were approximately \$1,081.0 million and \$988.0 million, respectively.

As of June 30, 2017, the City (excluding discretely presented component units) had future minimum payments under capital and operating leases with a remaining term in excess of one year as follows:

	<u>Capital Leases</u>	<u>Operating Leases</u>	<u>Total</u>
		(in thousands)	
<b>Governmental activities:</b>			
Fiscal year ending June 30:			
2018 .....	\$ 187,291	\$ 698,907	\$ 886,198
2019 .....	179,084	637,660	816,744
2020 .....	179,703	602,746	782,449
2021 .....	171,907	559,944	731,851
2022 .....	168,187	513,636	681,823
2023-2027 .....	613,605	2,141,619	2,755,224
2028-2032 .....	428,134	1,127,006	1,555,140
2033-2037 .....	140,459	364,533	504,992
2038-2042 .....	56,190	37,595	93,785
2043-2047 .....	2,099	11,955	14,054
2048-2052 .....	—	6,481	6,481
Future minimum payments .....	<u>2,126,659</u>	<u>\$6,702,082</u>	<u>\$8,828,741</u>
Less: Interest .....	<u>578,068</u>		
Present value of future minimum payments .....	<u>\$1,548,591</u>		

The present value of future minimum lease payments includes approximately \$996.0 million 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, 2017 and 2016 was approximately \$253 million and \$279 million, respectively. As of June 30, 2017, the following future minimum rentals are provided for by the leases:

	Capital Leases	Operating Leases (in thousands)	Total
<b>Governmental activities:</b>			
<b>Fiscal Year ending June 30:</b>			
2018 .....	\$ 1,197	\$ 221,224	\$ 222,421
2019 .....	1,197	216,983	218,180
2020 .....	1,201	215,805	217,006
2021 .....	1,201	212,947	214,148
2022 .....	1,110	191,003	192,113
2023-2027 .....	5,198	909,366	914,564
2028-2032 .....	5,334	870,201	875,535
2033-2037 .....	4,179	852,452	856,631
2038-2042 .....	2,083	840,531	842,614
2043-2047 .....	1,996	833,488	835,484
2048-2052 .....	1,800	599,286	601,086
2053-2057 .....	1,800	60,168	61,968
2058-2062 .....	1,800	60,168	61,968
2063-2067 .....	1,800	60,168	61,968
2068-2072 .....	1,800	58,881	60,681
2073-2077 .....	1,800	57,791	59,591
2078-2082 .....	900	43,447	44,347
2083-2087 .....	—	38,265	38,265
Thereafter until 2111 .....	—	2	2
Future minimum lease rentals .....	<u>36,396</u>	<u>\$6,342,176</u>	<u>\$6,378,572</u>
Less interest .....	<u>22,898</u>		
Present value of future minimum lease rentals .....	<u>\$13,498</u>		

#### 4. Service Concession Arrangements

The City is the transferor in 71 Service Concession Arrangements contracted at the Parks Department. The agreements convey to the operators the right, either through licenses or permits, to construct capital assets and operate and maintain all service concessions. The City has the right to approve the type of services the operators may provide and the fees that may be charged by the operators to the public. As per the agreements, the operators provide high-quality amenities and facilities to park users, which generate General Fund revenues for the City and also create valuable business and employment opportunities for the public. The Parks Department operators help preserve some of the City's unique park facilities and provide public amenities while creating and developing new park destinations with fewer public funds.

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

Concession Type	2017			2016		
	Number of concessions	Deferred inflows	Capital Assets Value	Number of concessions	Deferred inflows	Capital Assets Value
		(in thousands)			(in thousands)	
Restaurants .....	29	\$ 44,463	\$ 93,755	24	\$ 40,983	\$ 84,357
Sports Centers .....	13	19,323	50,625	11	18,305	47,507
Golf Courses .....	14	21,604	45,042	14	24,877	46,720
Gas Stations .....	7	386	878	7	454	905
Amusement Parks/Carousels .....	3	28,624	74,394	3	37,398	76,645
Stables .....	3	353	977	3	408	1,013
Other .....	2	127	245	1	7	100
Total .....	<u>71</u>	<u>\$ 114,880</u>	<u>\$ 265,917</u>	<u>63</u>	<u>\$ 122,432</u>	<u>\$ 257,247</u>

**5. Long-Term Liabilities***Changes in Long-term liabilities*

In Fiscal Years 2016 and 2017, the changes in long-term liabilities were as follows:

Primary Government	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016 (in thousands)	Additions	Deletions	Balance June 30, 2017	Due Within One Year
<b>Governmental activities:</b>								
Bonds and notes payable								
General Obligation Bonds <sup>(1)</sup>	\$ 40,459,947	\$ 2,510,604	\$ 4,896,980	\$ 38,073,571	\$ 3,181,065	\$ 3,363,990	\$ 37,890,646	\$2,194,465
TFA bonds	33,850,105	4,799,660	1,292,285	37,357,480	5,233,595	1,895,430	40,695,645	1,202,690
TSASC bonds	1,222,035	—	77,510	1,144,525	653,070	708,055	1,089,540	18,625
IDA bonds	86,780	—	3,115	83,665	—	3,265	80,400	3,425
STAR bonds	2,035,330	—	73,935	1,961,395	—	76,895	1,884,500	79,755
FSC bonds	197,375	—	22,205	175,170	—	43,465	131,705	45,560
HYIC bonds	3,000,000	—	—	3,000,000	2,141,760	2,391,000	2,750,760	8,495
ECF bond	264,190	—	23,785	240,405	—	4,525	235,880	4,680
Total before premiums/discounts(net)	81,115,762	7,310,264	6,389,815	82,036,211	11,209,490	8,486,625	84,759,076	3,557,695
Less premiums/(discounts)(net)	3,825,072	907,427	559,750	4,172,749	1,356,796	702,648	4,826,897	—
Total governmental activities bonds and notes payable	84,940,834	8,217,691	6,949,565	86,208,960	12,566,286	9,189,273	89,585,973	3,557,695
Capital lease obligations	1,639,243	47,998	116,235	1,571,006	94,331	116,746	1,548,591	77,640
Other tax refunds	2,101,192	10,913	254,192	1,857,913	—	815,720	1,042,193	112,493
Judgments and claims	6,786,653	1,629,179	1,361,500	7,054,332	1,110,913	1,307,597	6,857,648	1,369,437
Real estate tax certiorari	938,622	224,981	181,556	982,047	252,560	161,226	1,073,381	165,137
Vacation and sick leave	3,980,729	576,845	294,876	4,262,698	693,399	307,917	4,648,180	385,482
Pension liability	53,124,067	11,722,928	—	64,846,995	19,840,827	28,446,451	56,241,371	—
OPEB liability	85,484,552	11,915,472	2,897,668	94,502,356	7,942,099	14,021,783	88,422,672	—
Landfill closure and postclosure care costs	1,508,360	2,928	45,599	1,465,689	91,369	49,049	1,508,009	78,960
Pollution remediation obligation	250,231	101,035	142,393	208,873	127,055	133,351	202,577	137,872
Total changes in governmental activities long-term liabilities	\$240,754,483	\$34,449,970	\$12,243,584	\$262,960,869	\$42,718,839	\$54,549,113	\$251,130,595	\$5,884,716
<b>Business-type activities:</b>								
Bonds and notes payable								
NYCTL 2014-A TRUST bonds	\$ 34,231	\$ —	\$ 34,231	\$ —	\$ —	\$ —	\$ —	\$ —
NYCTL 2015-A TRUST bonds	—	71,797	39,933	31,864	—	20,946	10,918	10,918
NYCTL 2016-A TRUST bonds	—	—	—	—	64,977	38,481	26,496	26,496
Total before premiums/discounts(net)	34,231	71,797	74,164	31,864	64,977	59,427	37,414	37,414
Less premiums/(discounts)(net)	4	3	6	1	—	4	(3)	(3)
Total business-type activities bonds and notes payable	34,235	71,800	74,170	31,865	64,977	59,431	37,411	37,411
OPEB liability	192,047	22	191,984	85	—	85	—	—
Other liabilities	393,179	31,143	54,255	370,067	15,792	17,918	367,941	41,759
Total changes in business-type activities long-term liabilities	\$ 619,461	\$ 102,965	\$ 320,409	\$ 402,017	\$ 80,769	\$ 77,434	\$ 405,352	\$ 79,170

<sup>(1)</sup> 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, 2016 and 2017, summarized by type of issue are as follows:

Primary Government	2016				2017			
	City General Obligation <sup>(1)</sup>	Other bonds and notes payable <sup>(2)</sup>	Revenue <sup>(3)</sup>	Total	City General Obligation <sup>(1)</sup>	Other bonds and notes payable <sup>(2)</sup>	Revenue <sup>(3)</sup>	Total
(in thousands)								
<b>Governmental and Business-type activities:</b>								
Bonds and notes payable								
General obligation bonds	\$38,073,571	\$ —	\$ —	\$38,073,571	\$37,890,646	\$ —	\$ —	\$37,890,646
TFA bonds	—	29,313,725	—	29,313,725	—	32,814,010	—	32,814,010
TFA bonds BARBs	—	—	8,043,755	8,043,755	—	—	7,881,635	7,881,635
TSASC bonds	—	—	1,144,525	1,144,525	—	—	1,089,540	1,089,540
IDA bonds	—	83,665	—	83,665	—	80,400	—	80,400
STAR bonds	—	—	1,961,395	1,961,395	—	—	1,884,500	1,884,500
FSC bonds	—	—	175,170	175,170	—	—	131,705	131,705
HYIC bonds	—	—	3,000,000	3,000,000	—	—	2,750,760	2,750,760
ECF bonds	—	—	240,405	240,405	—	—	235,880	235,880
Tax lien collateralized bonds	—	—	31,864	31,864	—	—	37,414	37,414
Total before net of premium / discount ..	38,073,571	29,397,390	14,597,114	82,068,075	37,890,646	32,894,410	14,011,434	84,796,490
Premiums/(discounts)(net) ..	430,131	477,299	3,265,320	4,172,750	1,727,359	2,480,127	619,408	4,826,894
Total bonds payable .....	<u>\$38,503,702</u>	<u>\$29,874,689</u>	<u>\$17,862,434</u>	<u>\$86,240,825</u>	<u>\$39,618,005</u>	<u>\$35,374,537</u>	<u>\$14,630,842</u>	<u>\$89,623,384</u>

(1) The City issues its General Obligation bonds 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, 2017:

Primary Government	Governmental and Business-type Activities					
	City General Obligation Bonds		Other Bonds and Notes Payable		Revenue Bonds	
	Principal	Interest <sup>(1)</sup>	Principal	Interest	Principal	Interest
(in thousands)						
<b>Fiscal year ending June 30:</b>						
2018 .....	\$ 2,194,465	\$ 1,661,483	\$ 1,014,995	\$ 1,309,012	\$ 348,235	\$ 658,894
2019 .....	2,162,676	1,564,719	1,387,270	1,280,546	379,280	672,180
2020 .....	2,292,575	1,465,078	1,367,130	1,230,792	363,585	654,337
2021 .....	2,243,226	1,360,241	1,415,670	1,180,950	357,575	636,825
2022 .....	2,242,145	1,256,495	1,445,525	1,129,435	414,335	619,384
2023-2027 .....	10,709,329	4,739,362	6,962,345	4,872,423	2,421,185	2,765,094
2028-2032 .....	7,545,372	2,624,742	6,708,895	3,452,560	3,064,564	2,079,567
2033-2037 .....	5,311,912	1,166,411	6,114,350	2,066,920	3,049,540	1,297,928
2038-2042 .....	2,624,573	315,152	5,316,105	645,675	2,015,485	618,401
2043-2047 .....	564,328	27,167	1,162,125	28,676	1,322,650	227,630
2048-2052 .....	4	153	—	—	275,000	13,750
Thereafter until 2147 ..	41	—	—	—	—	—
Total future debt service requirements	37,890,646	16,181,003	32,894,410	17,196,989	14,011,434	10,243,990
Less interest component .....	—	16,181,003	—	17,196,989	—	10,243,990
Total principal outstanding .....	<u>\$37,890,646</u>	<u>\$ —</u>	<u>\$32,894,410</u>	<u>\$ —</u>	<u>\$14,011,434</u>	<u>\$ —</u>

(1) Includes interest for general obligation bonds estimated at a 3% rate on tax-exempt adjustable rate bonds and at a 4% rate on taxable adjustable rate bonds.

The average (weighted) interest rates for outstanding City General Obligation Bonds as of June 30, 2017 and 2016, were 4.51% and 4.52%, respectively, and both ranged from 0% to 8.6%. The last maturity of the outstanding City debt is in the year 2147.

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

In Fiscal Years 2017 and 2016, the City issued \$900.07 million and \$2.35 billion, respectively, of General Obligation Bonds to advance refund General Obligation Bonds of \$999.44 million and \$2.67 billion, respectively, aggregate principal amounts. The net proceeds from the sales of the refunding bonds, together with other funds of \$10.65 million and \$44.43 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 2017, the refunding transactions will decrease the City’s aggregate debt service payments by \$133.68 million and provide an economic gain of \$118.81 million. In Fiscal Year 2016, the refunding transactions decreased the City’s aggregate debt service payments by \$428.53 million and provided an economic gain of \$397.22 million. At June 30, 2017 and 2016, \$20.15 billion and \$21.1 billion, respectively, of the City’s outstanding General Obligation Bonds were considered defeased.

The State Constitution requires the City to pledge its full faith and credit for the payment of the principal and interest on City term and serial bonds and guaranteed debt. The GO debt-incurring power of the City is limited by the Constitution to 10% of the average of five years’ full valuations of taxable real estate. Excluded from this debt limitation is certain indebtedness incurred for water supply, certain obligations for transit, sewage, and other specific obligations which exclusions are based on a relationship of debt service to net revenue. In July 2009, the State Assembly passed legislation stipulating that certain TFA debt would be included in the calculation of debt-incurring margin within the debt limit of the City.

As of June 30, 2017 and 2016, the 10% general limitation was approximately \$90.24 billion and \$85.18 billion, respectively. Also, as of June 30, 2017, the City’s remaining GO debt-incurring power totaled \$24.02 billion, after providing for capital commitments. As of July 1, 2017, the debt incurring power was \$34.21 billion based on the change in the five-year full valuation average for fiscal year 2018.

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 2017, prepayment transfers of \$1.56 billion were made from the General Fund which included discretionary transfers of \$239 million to the General Debt Service Fund for Fiscal Year 2018 debt service. In Fiscal Year 2016, prepayment transfers of \$1.76 billion were made from the General Fund to the General Debt Service Fund for Fiscal Year 2017 debt service.

#### *Hedging derivative instrument payments and hedged debt*

The table that follows represents debt service payments on certain general obligation variable-rate bonds and net receipts/payments on associated hedging derivative instruments (see Note A.12), as of June 30, 2017. 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, 2017 will remain the same for their term.

		Governmental Activities			
		General Obligation Bonds		Hedging Derivatives Instruments, Net	Total
		Principal	Interest		
		(in thousands)			
Fiscal year ending June 30:					
2018	.....	\$ 18,040	\$ 2,590	\$ 5,715	\$ 26,345
2019	.....	—	2,363	5,518	7,881
2020	.....	—	2,363	5,518	7,881
2021	.....	—	2,363	5,518	7,881
2022	.....	—	2,363	5,518	7,881
2023-2025	.....	19,950	6,993	16,333	43,276
2026-2032	.....	230,050	7,167	16,738	253,955
Total	.....	\$ 268,040	\$ 26,202	\$ 60,858	\$ 355,100

### *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, 2017 and 2016, claims in excess of \$1.26 trillion and \$1.09 trillion, respectively, were outstanding against the City for which the City estimates its potential future liability to be \$6.86 billion and \$7.05 billion, respectively.

As explained in Note A.10, the estimate of the liability for all judgments and claims has been reported in the government-wide *Statement of Net Position* under noncurrent liabilities. The liability was estimated by using the probable exposure information provided by the New York City Law Department (Law Department), and supplemented by information provided by the Law Department with respect to certain large individual claims and proceedings. The recorded liability is the City's best estimate based on available information and application of the foregoing procedures.

Complaints on behalf of approximately 11,900 plaintiffs alleging respiratory or other injuries from alleged exposures to World Trade Center dust and debris at the World Trade Center site or the Fresh Kills landfill were commenced against the City and other entities involved in the post-September 11 rescue and recovery process. Plaintiffs include, among others, Department of Sanitation employees, firefighters, police officers, construction workers and building clean-up workers. The actions were consolidated in Federal District Court pursuant to the Air Transportation and System Stabilization Act, which grants exclusive Federal jurisdiction for all claims related to or resulting from the September 11 attack. A not-for-profit "captive" insurance company, WTC Captive was formed to cover claims against the City and its private contractors relating to debris removal work at the World Trade Center site and the Fresh Kills landfill. WTC Captive was funded by a grant from the Federal Emergency Management Agency in the amount of \$999.9 million. On June 10, 2010, the WTC Insurance Company announced that a settlement was reached with attorneys for the plaintiffs. On November 19, 2010, District Court Judge Hellerstein announced that more than the required 95% of plaintiffs agreed to the settlement, thus making it effective. Approximately \$700 million has been paid under the settlement, leaving residual funds of approximately \$290 million to insure and defend the City and its contractors against any new claims. Since the applicable statute of limitations runs from the time a person learns of his or her injury or should reasonably be aware of the injury, additional plaintiffs may bring lawsuits in the future for late emerging cancers, which could result in substantial damages. No assurance can be given that the remaining insurance will be sufficient to cover all liability that might arise from such claims.

In 1996, a class action was brought against the City Board of Education and the state under Title VII of the Civil Rights Act of 1964 alleging that the use by the Board of Education of two teacher certification examinations mandated by the state had a disparate impact on minority candidates. In 2006, the United States Court of Appeals for the Second Circuit dismissed the claims against the state. In December 2012, the District Court decided a controlling legal question against the City. On February 4, 2013, the Second Circuit affirmed the District Court's decision. The District Court has appointed a Special Master to oversee claimants' individualized hearings both as to damages and eligibility for Board of Education employment. The hearings relate to members of the class that took the Liberal Arts and Science Test (LAST) from 1996 to 2004. Currently, 3,916 such individuals have submitted claim forms and may be eligible for damages. On June 5, 2015, the Court ruled that a second version of LAST, LAST-2, that was administered from 2004 to 2014, violated Title VII because it did not measure skills necessary to do the job. In August 2015, the Court found that the state's new teacher certification test, the Academic Literacy Skills Test (ALST), administered since Spring

2014, was not discriminatory and evaluated skills necessary to do the job. The plaintiffs could seek to expand the damages class with respect to LAST-2. If approved by the Court, the extent to which this would extend the class is not known at this time. The potential cost to the City is uncertain at this time but could be significant.

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

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

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.

In July 2014, disability rights advocate 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.

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

In late 2015, a putative class action was filed against the City and the New York City Taxi and Limousine Commission alleging numerous commercial claims in connection with the November 2013 and February 2014 auctions of wheelchair accessible taxi medallions. Plaintiffs allege that the New York City Taxi and Limousine Commission negligently posted false information about average medallion transfer prices in advance of the auction, falsely inducing plaintiffs to bid higher amounts for their medallions, as well as failed to inform prospective bidders that the New York City Taxi and Limousine Commission would allow black cars to utilize electronic apps to prearrange rides, which plaintiffs argue violates their street hail exclusivity. In June 2017, the City's motion for summary judgment was granted, due to plaintiffs' failure to file notices of claim with the Office of the City Comptroller. The plaintiffs have sought to appeal that ruling. On January 31, 2017 and on March 23, 2017, in State Supreme Court, Queens County, a second and a third putative class action were filed, alleging similar claims. The City intends to challenge these newly filed cases. If a class of plaintiffs who purchased medallions at the auctions were certified and were to prevail in any of the three described cases, damages of several hundred million dollars could be sought.

In an action filed in late November 2015, plaintiffs, which consist of owners of independent taxi medallions and an owner-advocacy group, challenged the constitutionality of the New York City Taxi and Limousine Commission's rule requiring taxi medallion owners to place wheelchair accessible taxis on the street by 2020. In August 2016, the City's motion for summary

judgment was granted. Plaintiffs filed a motion for reconsideration of that decision and that motion has been pending since November 2016. The potential cost to the City is uncertain at this time, but could be significant if plaintiffs were to prevail.

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

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 \$1,073 million and \$982 million at June 30, 2017 and June 30, 2016 respectively. As reported in the government-wide financial statements.

#### *Landfill Closure and Postclosure Care Costs*

The City's only active landfill after October 9, 1993 was the Fresh Kills landfill, which has been closed since 2002. Upon the landfill becoming inactive, the City is required by Federal and State law, and under Consent Order with the State Department of Environmental Conservation to complete the Final Closure Plan, and to provide postclosure care for a minimum period of 30 years following closure. The Final Closure Plan includes the construction of final cover, stormwater management, leachate mitigation and/or corrective measures, and landfill gas control systems. Postclosure care includes environmental monitoring, and the operation, maintenance, recordkeeping and reporting for the final closure systems.

The liability for these activities as of June 30, 2017, which equates to the total estimated current cost, is \$1.51 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 10, 2017, 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, 2017, the financial assurance cost estimate for the Fresh Kills Landfill is \$1.04 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 2017, expenditures for landfill and inactive hazardous waste site closure and postclosure care costs totaled \$51.1 million.

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

	<u>Amount</u> <u>(in thousands)</u>
Landfill .....	\$1,314,989
Hazardous waste sites .....	193,020
Total landfill and hazardous waste sites liability .....	<u>\$1,508,009</u>

*Pollution Remediation Obligations*

The pollution remediation obligations (PROs) at June 30, 2017 and June 30, 2016, summarized by obligating event and pollution type, respectively, are as follows:

<u>Obligating Event</u>	<u>Fiscal Year 2017</u>		<u>Fiscal Year 2016</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
	<u>(in thousands)</u>		<u>(in thousands)</u>	
Imminent endangerment . . . . .	\$ —	—%	\$ 111	0.1%
Violation of Pollution prevention-related permit or license . . .	—	—	2,123	1.0
Named by regulator as a potentially responsible party . . . . .	70,670	34.9	50,970	24.4
Voluntary commencement . . . . .	131,907	65.1	155,669	74.5
Total . . . . .	<u>\$202,577<sup>(1)</sup></u>	<u>100.0%</u>	<u>\$208,873<sup>(1)</sup></u>	<u>100.0%</u>

<u>Pollution Type</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
	<u>(in thousands)</u>		<u>(in thousands)</u>	
Asbestos removal . . . . .	\$ 86,417	42.7%	\$ 97,802	46.8%
Lead paint removal . . . . .	9,376	4.6	12,515	6.0
Soil remediation . . . . .	47,097	23.2	39,075	18.7
Water remediation . . . . .	57,872	28.6	57,784	27.7
Other . . . . .	1,815	0.9	1,697	0.8
Total . . . . .	<u>\$202,577<sup>(1)</sup></u>	<u>100.0%</u>	<u>\$208,873<sup>(1)</sup></u>	<u>100.0%</u>

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

The PRO liability is derived from registered multi-year contracts which offsets cumulative expenditures (liquidated/unliquidated) against original encumbered contractual amounts. The potential for changes to existing PRO estimates is recognized due to such factors as: additional remediation work arising during the remediation of an existing pollution project; remediation activities may find unanticipated site conditions resulting in necessary modifications to work plans; changes in methodology during the course of a project may cause cost estimates to change, e.g., the new ambient air quality standard for lead considered a drastic change will trigger the adoption of new/revised technologies for compliance purposes; and changes in the quantity which is paid based on actual field measured quantity for unit price items measured in cubic meters, linear meters, etc. Consequently, changes to original estimates are processed as change orders. Further, regarding pollution remediation liabilities that are not yet recognized because they are not reasonably estimable, the Law Department relates that The City have approximately 14 cases involving hazardous substances, including spills from above and underground storage tanks, and other condemnation on, or caused by facilities on City-owned property, and there is also one case involving environmental review and land use. Due to the uncertainty of the legal proceedings we cannot estimate a future liability.

The City, in compliance with the State Department of Environmental Conservation Permit Number 2-6302-00007/00019 issued pursuant to 6 NYCRR Part 360, must provide financial assurance for the closure of the North Shore Marine Transfer Station. Such surety instrument must conform to the requirements of 6 NYCRR Part 260-1.12. The liability for closure as of June 30, 2017, which equates to the total current cost, is \$987 thousand. The cost estimate is based on current data and is representative of the cost that would be incurred by an independent party. The estimate is subject to adjustment for inflation and to account for changes in regulatory requirements or cost estimates. For government-wide financial statements, the liability for closure is based on total estimated current cost. For fund financial statements, expenditures are recognized using the modified accrual basis of accounting when the closure costs are incurred and the payment is due.

On Monday, October 29, 2012, Super Storm Sandy hit the Mid-Atlantic East Coast. The storm caused widespread damage to the coastal and other low lying areas of the City, and power failures in various parts of the City, including most of downtown Manhattan. On January 29, 2013, President Obama signed legislation providing for approximately \$50.5 billion in storm-related aid for the region affected by the storm. Although it is not possible for the City to quantify the full, long-term impact of the storm on the City and its economy, the current estimate of the direct costs to the City, NYCHH and NYCHA is approximately \$10.4 billion (comprised of approximately \$2.1 billion of expense funding and approximately \$8.3 billion of capital funding). Such direct costs represent funding for emergency response, debris removal, emergency protective measures, repair of damaged infrastructure and long-term hazard mitigation investments. In addition, the City is delivering Super Storm Sandy-related disaster recovery assistance services, benefiting impacted communities, businesses, homeowners and renters, which the City anticipates will be fully reimbursed by federal funds.

The Financial Plan assumes that the direct costs described above will largely be paid from non-City sources, primarily the federal government, and that the disaster assistance services costs described above will be fully reimbursed by federal funds. The City expects reimbursements to come from two separate federal sources of funding, FEMA and HUD. The maximum reimbursement rate from FEMA is 90% of total costs. Other funding sources may have larger local share percentages. The City expects to use \$736 million of Community Development Block Grant Disaster Recovery funding allocated by HUD to meet the local share requirements of the FEMA funding, as well as recovery work not funded by FEMA or other federal sources. This allocation would be available to fill gaps in such FEMA funding. As of early July 2017, the City, NYCHH and NYCHA have received \$2.1 billion in reimbursements from FEMA for the direct costs described above. In addition, HUD has made available over \$4.2 billion, of which over \$1.7 billion has been received through early July 2017 for the direct costs and disaster recovery assistance services described above. No assurance can be given that the City will be reimbursed for all of its costs or that such reimbursements will be received within the time periods assumed in the Financial Plan.

In June 2013, the City released a report, updated in April 2015, with the release of One New York: the Plan for a strong and just City, which analyzed the City's climate risks and outlined certain recommendations to address those risks (the "Report"). The Report is updated on an annual basis, with the last update released April 21, 2017. The Report, as updated, outlines a climate resiliency plan costing in excess of \$20 billion, covering over 1,000 individual projects citywide. The Report includes City and non-City assets and programs, and reflects both expense and capital funding from the City and from other sources. City capital funding for City infrastructure and coastal protection is included in the Ten Year Capital Strategy, and the City has secured significant federal relief for long-term recovery, largely from FEMA and HUD. However, there are currently approximately \$5 billion in unfunded climate resiliency proposals set forth in the Report, particularly for investments in the City's coastal protection plan and resiliency retrofits for buildings, which are not currently funded. These proposals would require increased federal or other funding and increased City capital or expense funding.

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). The EPA considers the City a potentially responsible party (PRP) under the 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, the 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. The 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 the EPA's cost estimate.

On May 28, 2014, the EPA issued a unilateral administrative order requiring the City to design major components of the remedy for the Canal, including the CSO retention tanks, remediation of the First Street basin (a currently filled-in portion of the Canal), and storm water controls. As required under the Unilateral Order, the City submitted its siting recommendations for the CSO tanks to the EPA on June 30, 2015. As set forth in a consent order which was fully executed on June 9, 2016, the EPA agrees with the City's preferred location for one of the tanks and, with respect to the other tank, the EPA has directed the City to site the tank at the City's preferred location subject to certain milestones. In addition, the City is participating in an ongoing arbitration process with approximately 20 other parties to determine each party's share of liability for the design of the in-canal (dredging and capping) portion of the remedy.

On September 27, 2010, the EPA listed Newtown Creek, the waterway on the border between Brooklyn and Queens, New York, as a Superfund site. On April 6, 2010, the EPA notified the City that the EPA considers the City a PRP under the CERCLA for hazardous substances in Newtown Creek. In its Newtown Creek PRP notice letter, the 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 the 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 the 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 CFR section 258.74(f). The City's share will be determined in a future allocation proceeding. The settlement does not cover any remedy that may ultimately be chosen by the EPA to address the contamination identified as a result of the investigation and evaluation.

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

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

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

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

At June 30, 2017 and 2016, 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	2017	2016
		(in thousands)	
General Fund	Capital Projects Fund . . . . .	\$3,531,798 <sup>(1)</sup>	\$3,167,180 <sup>(1)</sup>
	TDC—General Fund . . . . .	—	277
	TFA—Debt Service . . . . .	78,222	63,405
Capital Projects Fund	TFA—Capital Projects Fund. . . . .	1,050,020	6,321
	HYIC—Capital Projects Fund . . . . .	861	347
HYDC—Capital Projects Fund	HYIC—Capital Projects Fund . . . . .	44	45
HYIC—Debt Service Fund	HYIC—Capital Projects Fund . . . . .	214	94
Total due from/to other funds . . . . .		<u>\$4,661,159</u>	<u>\$3,237,669</u>

**Component Units:**

Due from/to City and Component Units:

Receivable Entity	Payable Entity	2017	2016
		(in thousands)	
City—General Fund	Component units—HDC. . . . .	\$1,234,722	\$1,022,190
	HHC. . . . .	617,154	504,902
	Less: allowance for uncollectable amounts	(61,690)	(371,480)
		<u>1,790,186</u>	<u>1,155,612</u>
City—Capital Projects Fund	Component units—Water Authority . . . .	525,138	498,330
	EDC. . . . .	139,146	127,243
		<u>664,284</u>	<u>625,573</u>
Total due from Component Units . . . . .		<u>\$2,454,470</u>	<u>\$1,781,185</u>
Component Unit—Water Board	City—General Fund. . . . .	\$ 34,515	\$ 194,362
Component Unit—BPL	City—General Fund . . . . .	1,711	717
Component Unit—QBPL	City—General Fund . . . . .	21,405	22,349
Total due to Component Units . . . . .		<u>\$ 57,631</u>	<u>\$ 217,428</u>

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

Note: During Fiscal Years 2017 and 2016, the Capital Projects Fund reimbursed the General Fund for expenditures made on its behalf.

The outstanding balances between funds are the result of the time lag between the dates that the interfund goods and services are provided, the date the transactions are recorded in the accounting system and the date payments between funds are made. All interfund balances are expected to be settled during the subsequent year.

**Governmental activities:**Interfund transfers<sup>(1)</sup>

	Fiscal Year 2017					
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
				(in thousands)		
Transfer from (to):						
General Fund	\$ —	\$ —	\$3,500,830	\$ 2,338,018	\$ —	\$ 5,838,848
General Debt Services Fund	(3,500,830)	—	—	—	—	(3,500,830)
Capital Projects Fund	—	—	—	(4,721,999)	—	(4,721,999)
Nonmajor Debt Service Funds	(2,635,269)	—	—	(3,861)	297,251	(2,341,879)
Nonmajor Capital Projects Funds	—	4,721,999	—	4,804	—	4,726,803
Nonmajor Special Revenue Funds	—	—	—	(943)	—	(943)
Total	<u>\$(6,136,099)</u>	<u>\$ 4,721,999</u>	<u>\$3,500,830</u>	<u>\$(2,383,981)</u>	<u>\$ 297,251</u>	<u>\$ —</u>

	Fiscal Year 2016					
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
				(in thousands)		
Transfer from (to):						
General Fund	\$ —	\$ —	\$3,619,487	\$ 2,052,943	\$ —	\$ 5,672,430
General Debt Service Fund	(3,619,487)	—	—	—	—	(3,619,487)
Capital Projects Fund	—	—	—	(4,836,353)	—	(4,836,353)
Nonmajor Debt Service Funds	(2,233,233)	—	—	(23,358)	180,290	(2,076,301)
Nonmajor Capital Projects Funds	—	4,836,353	—	3,794	—	4,840,147
Nonmajor Special Revenue Funds	—	—	—	19,564	—	19,564
Total	<u>\$(5,852,720)</u>	<u>\$ 4,836,353</u>	<u>\$3,619,487</u>	<u>\$(2,783,410)</u>	<u>\$ 180,290</u>	<u>\$ —</u>

<sup>(1)</sup> 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 2017, the City made the following transfer: A transfer from the General Fund in the amount of \$1.9 billion to TFA. The funds were used to fund debt service requirements for future tax secured debt during the fiscal year ending June 30, 2018.

In the fiscal year ended 2016, the City made the following transfers: Transfers of unrestricted grants from the General Fund in the amount of \$1.7 billion to TFA. These funds were used to fund debt service requirements for future tax secured debt (\$1.6 billion) and building aid revenue debt (\$76.8 million) during the fiscal year ending June 30, 2017.

## 7. Tax Abatements

NYC Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	Programs Administered by NYC Housing Preservation & Development (HPD)	
	J51 Program	Commercial Conversion Programs 421-a, 421-b and 421-g
<b>1) Purpose of program</b>	Encourages the renovation of residential properties to owners of residential real property who perform rehabilitation work.	Designed to encourage the new construction of multiple dwellings (421-a), new construction or conversion or reconstruction of owner-occupied one- and two-family homes (421-b), and the construction and conversion of commercial buildings to residential apartment buildings (421-g) by providing real property tax benefits for eligible parcels.
<b>2) Tax being abated.</b>	Real Property Tax	Real Property Tax
<b>3) Authority under which abatement agreements are entered into.</b>	New York State (NYS) Real Property Tax Law (RPTL): Article 4, Title 2, Section 489 and the NYC Administrative Code, Title 11, Chapter 2, Subchapter 2, Parts 1, 11-242, 11-243, 11-244 and 11-245.8	NYS RPTL: Article 4, Title 2, Sections 421-a, 421-b, and 421-g.
<b>4) Criteria to be eligible to receive abatement.</b>	The projects may be government-assisted or privately financed for moderate and gut rehabilitation of multiple dwellings. The projects may also be for major capital improvements, conversions of lofts and non-residential buildings into multiple dwellings, and for certain cooperative/condominium and conversions to residential property projects.	a) <u>421-a Program</u> : The buildings must receive governmental assistance, contain 20% affordable units, or the owner must participate in an affordable housing production program. b) <u>421-b Program</u> : The homes must be owner-occupied and may not include commercial or other non-residential space. c) <u>421-g Program</u> : The conversions must have an alteration Type 1 permit dated before June 30, 2006. All of the programs have eligible abatement zones.
<b>5) How recipients' taxes are reduced.</b>	Through both a reduction of the property's assessed value and as a credit to the amount of taxes owed.	421-a and 421-b: Through a reduction of the property's assessed value; 421-g: Through both a reduction of the property's assessed value and as a credit to the amount of taxes owed.
<b>6) How amount of abatement is determined.</b>	The amount of the direct reduction to the remaining billable amount due is based on the calculated "Certified Reasonable Cost"; a percentage is applied to that figure to determine the Lifetime Abatement Amount or Abatement Pool.	a) <u>421-a Program</u> : The benefit is based on a reduction of assessment value of the new construction for a three year construction benefit period, up to 25 years following the construction period. b) <u>421-b Program</u> : The building assessment is exempt during the construction period and for an additional two years; the benefit then declines until the ninth year. c) <u>421-g Program</u> : There is a construction period abatement from the increase in real estate taxes resulting from the work, and a 14 year abatement (ten years full and four year phase out) based on the existing real estate taxes in year one of the benefit term.
<b>7) Provisions for recapturing abated taxes.</b>	N/A	N/A
<b>8) Types of commitments made by the City other than to reduce taxes.</b>	Commitments, other than reducing taxes, may only be applicable with 34-year government-assisted construction projects. In these instances the City supports Participants in the associated construction costs.	N/A
<b>9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement.</b>	<u>2017</u>  (in thousands)	<u>2017</u>  (in thousands)
	\$286,900	\$1,381,400
	<u>2016</u>  (in thousands)	<u>2016</u>  (in thousands)
	\$266,200	\$1,286,900

Programs Administered by NYC Housing Preservation & Development (HPD)					
Division of Alternative Management Programs (DAMP)		Urban Development Action Area Programs (UDAAP)		Low Income Housing Program 420-C	
DAMP encourages community growth by returning City-owned buildings to responsible private owners. DAMP offers incentive programs that select alternative managers for residential properties foreclosed by the City for nonpayment of taxes, with the goal of returning these properties to the tax roll.		UDAAP offers incentive programs for rehabilitating housing or building new housing.		To encourage upgrades to existing housing by providing a tax incentive for buildings developed by not-for-profit entities which were financed with the Federal Low Income Tax Credit program.	
Real Property Tax		Real Property Tax		Real Property Tax	
Housing Finance Law: Article XI: Section 577.		General Municipal Law 696: Article 16.		NYS RPTL: Article 4, Title 2, Section 420c	
The benefits are limited to residential properties that were foreclosed on by the City for nonpayment of taxes.		The housing must be designated by the City Council as an area in need of urban renewal.		The property must provide housing accommodations to persons and families of low income, participates or has participated in the Federal Low-Income Housing Tax Credit (LIHTC) program, and is subject to a regulatory agreement with HPD.	
Through a reduction of the property's assessed value.		Through a reduction of the property's assessed value.		Through a reduction of the property's assessed value.	
The benefit is equal to the assessed value times an eligible percentage less the DAMP ceiling, which sets a limit on the maximum taxable assessment that can be placed on a property.		The UDAAP benefit is equal to the delta between the building Assessed Value (AV) in the base year and the building AV in the benefit year, up to 20 years.		The benefit provides a 100% reduction from real estate taxes for the term of the regulatory agreement up to a maximum of 60 years.	
N/A		N/A		Previously abated taxes are not recaptured unless there is a direct demand from HPD to do so.	
N/A		N/A		N/A	
<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
(in thousands)		(in thousands)		(in thousands)	
\$39,400	\$34,100	\$23,000	\$24,100	\$210,800	\$164,200

NYC Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	Programs Administered by NYC Department of Finance (DOF)													
	The Commercial Revitalization (CRP) and Commercial Expansion (CEP) Programs	Industrial and Commercial Incentive Program (ICIP) and Industrial and Commercial Abatement Program (ICAP)												
1) Purpose of Program	CRP provides a real property tax reduction in lower Manhattan by encouraging owners to invest in building improvements for offices, retail or elementary or secondary schools. The CEP provides a real property tax reduction for space that has been leased for commercial offices, industrial/manufacturing spaces, retail or elementary or secondary schools in the outer boroughs or Manhattan above 96th street and the Garment District.	ICAP replaced ICIP in 2008. Both programs encourage economic development for construction and rehabilitation of commercial, industrial or mixed-use structures.												
2) Tax being abated.	Real Property Tax	Real Property Tax												
3) Authority under which abatement agreements are entered into.	The CRP is governed by the NYS RPTL: Title 4; the CEP is governed by the NYS RPTL: Title 4a.	NYS RPTL: Article 4, Title 2F, Section 489; aaaaaa-kkkkkk the NYC Administrative Code: Title 11, Chapter 2, Subchapter 2, Part 5.												
4) Criteria to be eligible to receive abatement.	Both programs require commercial tenant occupancy in commercial offices and that the space leased out be located in a non-residential or mixed-use building. Both programs also have minimum requirements regarding expenditures for tenant improvement per square foot. In addition, the CEP requires a minimum aggregate floor area of 25,000 square feet.	The programs require industrial construction work where, after completion, at least 75 percent of the total net square footage is used or available for manufacturing activities. The buildings must also be located in an allowable zone within the City, which varies depending on whether the project is for a commercial new construction, a commercial renovation construction, or an industrial construction. Depending on the property’s taxable assessed value, applicants must meet a minimum required expenditure amount in order to be eligible in the tax year, with a taxable status date immediately preceding the issuance of the first building permit or, if no permit is required, the start of construction.												
5) How recipients’ taxes are reduced.	Through a reduction of the property’s assessed value.	As a credit to the amount of taxes owed.												
6) How amount of abatement is determined.	The granted abatement is realized from a calculation formula base abatement (the lower of the tax liability/building sq. ft. or \$2.50 per sq. ft.) multiplied by square footage multiplied by abatement percentage.	The base abatement amount year is the amount that the post-completion tax liability exceeds 115% of the initial tax liability for each type of abatement, except for the additional industrial abatement. The calculated base abatement is then subjected to a corresponding timetable.												
7) Provisions for recapturing abated taxes.	N/A	N/A												
8) Types of commitments made by the City other than to reduce taxes.	N/A	N/A												
9) Gross dollar amount, on accrual basis, by which the City’s tax revenues were reduced as a result of abatement agreement.	<table><tr><td><u>2017</u></td><td><u>2016</u></td></tr><tr><td colspan="2">(in thousands)</td></tr><tr><td>\$18,400</td><td>\$18,500</td></tr></table>	<u>2017</u>	<u>2016</u>	(in thousands)		\$18,400	\$18,500	<table><tr><td><u>2017</u></td><td><u>2016</u></td></tr><tr><td colspan="2">(in thousands)</td></tr><tr><td>\$740,600</td><td>\$709,400</td></tr></table>	<u>2017</u>	<u>2016</u>	(in thousands)		\$740,600	\$709,400
<u>2017</u>	<u>2016</u>													
(in thousands)														
\$18,400	\$18,500													
<u>2017</u>	<u>2016</u>													
(in thousands)														
\$740,600	\$709,400													

**Programs Administered by NYC Department of Finance (DOF)**

<b>Relocation and Assistance Programs—(REAP), Lower Manhattan Relocation and Employment Assistance Program for Eligible Benefits (LMREAP-EB) and Lower Manhattan Relocation and Employment Assistance Program for Special Eligible Benefits (LMREAP-SEB)</b>	<b>Sports Arena Used by the NHL and NBA</b>	<b>Major Capital Improvement (MCI) Program</b>
Offers business income tax credits for relocating jobs outside of the City to designated locations within the City.	Ensure the viability of a major league sports facility in the City.	To help compensate landlords of rent-regulated buildings for economic losses resulting from the lengthening of the period for amortizing major capital improvement costs.
The credits may be taken against the City's general corporation tax, banking corporation tax, unincorporated business tax, and/or utility tax.	Real Property Tax	Real Property Tax
NYC Administrative Code: Title 11, Chapter 6, Subchapter 3, Part 4, Section 11-643.9, 11-1105.211-1105.3	NYS RPTL: Section 429.	NYS RTPL Laws of 2015, Chapter 20 (Part A, §65)
For REAP, LMREAP-EB, and LMREAP-SEB, eligible businesses must have conducted substantial business operations outside of the City for at least 24 consecutive months before relocating; most retail and hotel services do not qualify. The eligibility requirements are that the premises must be nonresidential; have been improved by construction or renovation; the lease term must be at least three years; and expenditures for improvements must be more than \$25 per square foot. For LMREAP-SEB, eligible businesses must move at least 250 employees or increase its payroll by 25%.	For Madison Square Garden	The benefits are provided to building owners of rent regulated class 2 properties (residential property with more than 3 units including cooperatives and condominiums).
As a credit to the amount of taxes owed.	Through a reduction of the property's assessed value.	As a credit to the amount of taxes owed.
For REAP, LMREAP-EB and LMREAP-SEB, eligible business receives a \$3,000 annual credit, per eligible employee, up to 12 years. REAP allows an additional credit of \$1,000 per share for relocating to parts of the eligible area that are not revitalization areas.	100% reduction of the property tax.	The abatement equals 50% of the economic loss attributable to the extended amortization period. The economic loss is determined by multiplying the approved cost of the MCI by a fraction. The numerator is the increase in months in the new amortization period; the denominator is the total number of months in the new amortization period.
N/A	N/A	N/A
N/A	N/A	N/A
<div> <div>2017</div> <div>2016</div> <div>(in thousands)</div> </div> <div> <div>\$28,000</div> <div>\$22,000</div> </div>	<div> <div>2017</div> <div>2016</div> <div>(in thousands)</div> </div> <div> <div>\$42,000</div> <div>\$41,500</div> </div>	<div> <div>2017</div> <div>2016</div> <div>(in thousands)</div> </div> <div> <div>\$7,700</div> <div>\$—</div> </div>

<i>NYC Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board</i>	<b>Program Administered by NYC Department of Buildings (DOB)</b>	<b>Programs Administered by NYC Industrial Development Agency (IDA)</b>	<b>Program Administered by Build NYC Resource Corporation<sup>3</sup></b>
	<b>Solar Electric Generating System (SEGS) Abatement Program</b>	<b>Commercial Growth and Industrial Incentive Programs</b>	<b>Build NYC Tax Abatement Program</b>
<b>1) Purpose of Program</b>	The program provides tax benefits to properties that use solar power. This process allows for a reliable alternative energy source to be available during peak hours and power outages. Additionally, less energy being produced by traditional combustion of fossil fuels means less air pollution and cleaner air, and solar energy does not emit greenhouse gas emissions.	Designed to encourage economic development in the City. The Commercial Growth <sup>1</sup> and Industrial Incentive <sup>2</sup> programs retain, expand, and attract commercial and industrial businesses, and the related economic benefits and job creation and retention associated with them.	As a conduit bond issuer, the primary goal is to facilitate access to private activity tax-exempt bond financing for qualified projects.
<b>2) Tax being abated.</b>	Real Property Tax	a) Real Property Tax (via a PILOT); b) State and Local Sales Tax (ST); and c) Mortgage Recording Tax (MRT).	Mortgage Recording Tax (MRT)
<b>3) Authority under which abatement agreements are entered into.</b>	RPTL: Title 4C (499 aaaa - 499 gggg) parcel.	Industrial Development Act of 1969 as governed by Article 18: A of the General Municipal Law <sup>3</sup> .	Section 411 of the New York Not-for-profit Law.
<b>4) Criteria to be eligible to receive abatement.</b>	The abatement is applied to the property for a four-year period starting on July 1, following DOB approval. Class 1, 2, and 4 properties are eligible; however, if you receive ICAP, 421-a, 421-b, 421-g, or pay payments in-lieu-of-tax (PILOTs), your property is NOT eligible for the Solar Electric Generating System Tax Abatement.	All applicants must satisfy eligibility requirements and must demonstrate a need for assistance. Applicants are selected based on an analysis of the economic benefit of the proposed project in compliance with the uniform Tax Exemption Policy of IDA. Stores that benefit from the Fresh Project Program must be located in an eligible area.	The projects must have been undertaken by Build NYC, as mortgagee, who records a mortgage, for the creation or retention of jobs. Build NYC assists qualified projects in obtaining tax-exempt bond financing as a conduit bond issuer.
<b>5) How recipients' taxes are reduced</b>	Through both a reduction of the property's assessed value and as a credit to the amount of taxes owed.	The projects are tax exempt but businesses receiving such benefits typically make PILOTs. PILOT payments are a stepped-down percentage of full real estate tax rates.	Build NYC has authorization to exempt MRT due upon the recording of a mortgage associated with Build NYC sponsored bond transactions.
<b>6) How amount of abatement is determined.</b>	Depending on the date the system was placed in service, the benefit is the lesser of 2.5%-8.75% of the installation costs limited to the property tax for the year, or \$62,000.	a) PILOT tax abatements are typically granted for a 20 year period followed by a 5 year "phase in" period during which the tax rates paid by the PILOT recipient are increased each year by 20% of the abated amount until the full rate is reached in year 25; b) The MRT abatement is a singular benefit received at closing only for projects that are financed, and c) The ST abatements apply for eligible purchases to be used at project facilities. The Yankee and Mets stadium projects coincide with the underlying debt service related to the construction of the stadiums and the length of the abatements cover a 36-40 year period.	One hundred percent reduction of the MRT.
<b>7) Provisions for recapturing abated taxes.</b>	N/A	Program participants are required to adhere to various lease provisions as a prerequisite to receive abatement benefits. The lease provisions authorize benefit recapture in the case of non-compliance.	A change in the utilization of the facility that compromises the tax exempt status of the underlying tax exempt debt, the sale of the property, absent specific preauthorization, that includes the maintenance of the original tax exempt utilization of the property and/or the bankruptcy or cessation of operations of the facility/entity. Projects are subject to a benefit recapture period of ten years.
<b>8) Types of commitments made by the City other than to reduce taxes.</b>	N/A	N/A	N/A
<b>9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement.</b>	<div> <div>2017</div> <div>2016</div> <div>(in thousands)</div> </div>	<div> <div>2017</div> <div>2016</div> <div>(in thousands)</div> </div>	<div> <div>2017</div> <div>2016</div> <div>(in thousands)</div> </div>
	<div> <div>\$7,000</div> <div>\$4,600</div> </div>	<b>Commercial Growth Programs:</b> a) PILOT \$51,000 \$74,600 b) ST \$3,600 \$5,000 <hr/> <b>Industrial Incentive Programs:</b> a) PILOT \$29,500 \$28,600 b) ST \$1,800 \$2,000 c) MRT \$568 \$8,800	<div> <div>\$1,600</div> <div>\$11,700</div> </div>

<i>NYC Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board</i>	Programs Administered by the State of New York	
	Battery Park City Authority (The Authority)	Urban Development Corporation (currently known as Empire State Development Corporation [ESDC])
<b>1) Purpose of Program</b>	The Authority was created for the benefit of the people of the State of New York, the county of New York, and the City, and is a public purpose, regarded as performing a governmental function in the exercise of the powers conferred upon it, and shall be required to pay no taxes upon any of the properties acquired by it or under its jurisdiction or control or supervision or upon its activities.	The acquisition, construction, reconstruction, rehabilitation, or improvement of such industrial, manufacturing, and commercial facilities, and of such cultural, educational, and recreational facilities including but not limited to facilities identified as projects are public uses and public purposes for which public money be loaned and private property may be acquired and tax exemption granted, and that the powers and duties of the Urban Development Corporation as hereinafter prescribed are necessary and proper for the purpose of achieving the ends here recited.
<b>2) Tax being abated.</b>	Real Property Tax	Real Property Tax
<b>3) Authority under which abatement agreements are entered into.</b>	Public Authority Law: Section 1981.	McKinney's Unconsolidated Laws of NY: Section 6252.
<b>4) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement.</b>	<div> <div>2017</div> <div>2016</div> <div>(in thousands)</div> </div>	<div> <div>2017</div> <div>2016</div> <div>(in thousands)</div> </div>
	<div> <div>\$198,500</div> <div>\$185,100</div> </div>	<div> <div>\$317,700</div> <div>\$315,700</div> </div>

- (1) Stadia transactions are a unique subset within the Commercial Growth portfolio. There are only two such transactions and they relate to the construction of the Yankee and Mets baseball stadiums in the Bronx and Queens, respectively. These transactions are unique in that the related PILOT payments coincide with the underlying debt service related to the construction of the stadiums. As such, the length of these abatements related to the Yankee and Mets stadiums cover a 36 and 40 year period, respectively.
- (2) These businesses include Warehousing, Distribution Centers and Logistics. The FRESH projects are a subset of the Industrial Incentive Transactions and target food distribution companies.
- (3) City Charter 1301(1) (b) requires NYCEDC, NYCIDA and Build NYC to report on projects undertaken for the purposes of the creation or retention of jobs if, in connection with such projects, Financial Assistance was provided in the form of loans, grants or tax benefits. In compliance with this requirement, a detailed report is prepared annually and posted on the NYCEDC web site that lists both summary and transaction level detail for all active projects. This report can be accessed at [www.nycedc.com/about-nycedc/financial-public-documents](http://www.nycedc.com/about-nycedc/financial-public-documents).

Note: There were no amounts received or receivable from other governments; there were no government made commitments other than to reduce taxes; there were no abatements disclosed separately, and no information was omitted if required by GASB Statement No. 77.

## 8. Superstorm Sandy

### *Government Assistance*

On October 29, 2012, Superstorm Sandy made landfall in the City. The storm surge and high winds caused significant damage in the City, as well as other states and cities along the U.S. mid-Atlantic seaboard. The City incurred costs for emergency response and storm related damages to City buildings and other assets. The City is eligible for recovery funding primarily through two federal programs: Federal Emergency Management Agency - Public Assistance (FEMA-PA) and the U.S. Department of Housing and Urban Development's Community Development Block Grant Disaster Recovery program (CDBG-DR).

As of June 30, 2017, the estimated value of emergency response and storm related damages, including mitigation, for FEMA and other smaller related federal programs was approximately \$10.4 billion—this includes \$8.3 billion for capital construction and \$2.1 billion for debris removal and emergency response activities. To the extent that eligible Superstorm Sandy related costs were incurred as of June 30, 2017, the FEMA reimbursement has been received or accrued as receivable in Fiscal Year 2017.

The City has also been awarded more than \$4.2 billion of CDBG-DR funding. The major portion of these funds is being used for housing recovery programs. The block grant also funds small business assistance, costs related to repairing infrastructure and delivering city services, and resiliency investments such as coastal protection measures.

## E. OTHER INFORMATION

### 1. Audit Responsibility

In Fiscal Years 2017 and 2016, respectively, the separately administered organizations included in the financial statements of the City audited by auditors other than Grant Thornton, 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, New York City Business Assistance Corporation, Business Relocation Assistance Corporation, Brooklyn Navy Yard Development Corporation, The City of New York Deferred Compensation Plan, WTC Captive Insurance Company, Inc., New York City Educational Construction Fund, Sales Tax Asset Receivable Corporation, Fiscal Year 2005 Securitization Corporation, NYCTL Trusts, New York City Housing Authority, Hudson Yards Infrastructure Corporation, Hudson Yards Development Corporation, Brooklyn Bridge Park Corporation, The Trust for Governors Island, Build NYC, New York City Land Development Corporation, New York City Neighborhood Capital Corporation, New York City Transitional Finance Authority, New York City Technology Development Corporation, New York City Water and Sewer System, the Brooklyn Public Library, the Queens Borough Public Library and Affiliates, New York City School Support Services, New York City Employees' Retirement System, Teachers' Retirement System of The City of New York, New York City Board of Education Retirement System, New York City Police Pension Funds, New York City Fire Pension Funds, and the New York City Other Postemployment Benefits Plan.

	Government-wide						Fund-based			
	Governmental Activities		Business-Type Activities		Component Units		Nonmajor Governmental Funds		Fiduciary Funds	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Total Assets . . . . .	7%	7%	100%	100%	100%	100%	100%	100%	98%	98%
Revenues, other financing sources and net position held in trust . . .	5%	5%	100%	100%	100%	100%	100%	100%	100%	100%

## 2. Subsequent Events

The following events occurred subsequent to June 30, 2017:

<i>Water Authority:</i>	On July 11, 2017, the New York City Municipal Water Finance Authority issued \$162,405,000 of Fiscal Series 2018 AA Second General Resolution Bonds to refund a portion of its outstanding bonds at lower interest rates.
	On October 12, 2017 the New York City Municipal Water Finance Authority issued \$383,975,000 of Fiscal Series 2018 BB Bonds for capital purposes and to convert a portion of its outstanding variable rate bonds to fixed rate.
<i>TFA Debt:</i>	On July 20, 2017, the New York City Transitional Finance Authority issued \$1,007,545,000 of Fiscal 2018 Series S Building Aid Revenue Bonds to refund a portion of its outstanding bonds at lower interest rates.
	On August 17, 2017, the New York City Transitional Finance Authority issued \$1,350,000,000 of Fiscal 2018 Series A Future Tax Secured bonds for capital purposes and reoffered \$161,075,500 of Fiscal 2018 Series 1 Future Tax Secured Bonds to convert a portion of its outstanding variable rate bonds to fixed rate.
	On October 26, 2017, the New York City Transitional Finance Authority issued \$990,000,000 of Fiscal 2018 Series B Future Tax Secured Bonds for capital purposes.
<i>NYCTLT 2017-A:</i>	On July 27, 2017, NYCTLT 2017-A issued Tax Lien Collateralized Bonds, Series 2017-A of \$68,017,000 to fund the purchase of certain liens from the City.
<i>Interest Rate</i>	
<i>Exchange Agreements:</i>	On August 1, 2017, \$18.04 million of Hedging Derivative L matured as scheduled.
<i>City Debt:</i>	On August 10, 2017, the City of New York issued \$898,965,000 of Fiscal 2018 Series A General Obligation bonds to refund a portion of its outstanding bonds at lower interest rates and reoffered \$59,970,000 of Fiscal 2002 Subseries A-10 to convert a portion of its outstanding variable rate bonds to fixed rate.
	On October 3, 2017, the City of New York issued \$1,000,000,000 of Fiscal 2018 Series B General Obligation bonds for capital purposes and \$307,305,000 of Fiscal 2018 Series 1 General Obligation bonds to convert a portion of its outstanding variable rate bonds to fixed rate.

## 3. Other Employee Benefit Trust Funds

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

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

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

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

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

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

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

*Summary of Significant Accounting Policies:*

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

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

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

*Program Description.* Postemployment benefits other than pensions (OPEB) provided to eligible retirees of the City and their eligible beneficiaries and dependents (hereafter referred to collectively as "Retiree Participants") include: health insurance, Medicare Part B Premium reimbursements and welfare fund contributions. OPEB are funded by the OPEB Plan, a single employer plan.

*Funding Policy.* The Administrative Code of The City of New York (ACNY) defines OPEB stemming from the City's various collective bargaining agreements. The City is not required by law or contractual agreement to provide funding for the OPEB other than the pay-as-you-go (PAYG) amounts necessary to provide current benefits to Retiree Participants and eligible beneficiaries/dependents. For the fiscal year ended June 30, 2017, the City paid \$3.0 billion on behalf of the Program. Based on current practice (the Substantive Plan which is derived from ACNY), the City pays the full cost of basic coverage for non-Medicare-eligible and Medicare-eligible Retiree Participants. The costs of these benchmark plans are reflected in the actuarial valuations by using age and gender adjusted premium amounts. Retiree Participants who opt for other basic or enhanced coverage must contribute 100% of the incremental costs above the premiums for the benchmark plans. The City also reimburses covered retirees and eligible spouses 100% of the Medicare Part B Premium rate applicable to a given year and there is no Retiree Participant contribution to the Welfare Funds. The City pays per capita contributions to the Welfare Funds, the amounts of which are based on negotiated contract provisions.

	<u>Number of Participants</u>	
	<b>FY 2017</b>	<b>FY2016</b>
Inactive plan members or beneficiaries currently receiving benefits	229,725	225,989
Inactive plan members entitled to but not yet receiving benefits	15,372	14,860
Active plan members	287,699	281,734
Active/Inactive plan members who may become eligible to receive benefits	<u>21,232</u>	<u>21,537</u>
<b>Total</b>	<b><u>554,028</u></b>	<b><u>544,120</u></b>

*Net OPEB Liability.* The Entry Age Actuarial Cost Method used in the current OPEB actuarial valuation is unchanged from the prior OPEB actuarial valuation.

Under this method, as used in the Fiscal Year 2017 OPEB valuation, the Actuarial Present Value (APV) of Benefits (APVB) of each individual included in the 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 Total OPEB Liability.

The excess, if any, of the Total OPEB Liability over the Plan Fiduciary Net Position is the Net OPEB Liability. Under this method, actuarial gains (losses), as they occur, reduce (increase) the Net OPEB Liability and are explicitly identified and amortized in the annual expense.

Increases (decreases) in liabilities due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized in the annual expense.

*Changes in Net OPEB Liability.* Changes in the City's net OPEB liability for the Fiscal Years ended June 30, 2017 and June 30, 2016 are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>1. Balances at June 30, 2015</b>	<b>\$ 93,153,427,270</b>	<b>\$ 3,396,523,538</b>	<b>\$ 89,756,903,732</b>
<b>2. Changes for the Year:</b>			
a. Service Cost	5,113,884,783	—	5,113,884,783
b. Interest	2,669,589,440	—	2,669,589,440
c. Differences b/t Expected and Actual Experience	(120,159,155)	—	(120,159,155)
d. Contributions—Employer	—	2,897,668,434	(2,897,668,434)
e. Contributions—Employee	—	—	—
f. Net Investment Income	—	20,565,435	(20,565,435)
g. Actual Benefit Payments	(2,278,055,136)	(2,278,055,136)	—
h. Administrative Expenses	—	(40,000)	40,000
i. Other Changes	—	(331,067)	331,067
<b>j. Net Changes</b>	<b>5,385,259,932</b>	<b>639,807,666</b>	<b>4,745,452,266</b>
<b>3. Balances at June 30, 2016</b>	<b>98,538,687,202</b>	<b>4,036,331,204</b>	<b>94,502,355,998</b>
<b>4. Changes for the Year:</b>			
a. Service Cost	4,522,135,121	—	4,522,135,121
b. Interest	2,899,170,607	—	2,899,170,607
c. Differences b/t Expected and Actual Experience	520,672,737	—	520,672,737
d. Changes in Assumptions	(10,978,714,816)	—	(10,978,714,816)
e. Contributions—Employer	—	3,021,551,454	(3,021,551,454)
f. Contributions—Employee	—	—	—
g. Net Investment Income	—	21,515,588	(21,515,588)
h. Actual Benefit Payments	(2,425,375,364)	(2,425,375,364)	—
i. Administrative Expenses	—	(41,100)	41,100
j. Other Changes	—	(78,516)	78,516
<b>k. Net Changes</b>	<b>(5,462,111,715)</b>	<b>617,572,062</b>	<b>(6,079,683,777)</b>
<b>5. Balances at June 30, 2017</b>	<b>\$ 93,076,575,487</b>	<b>\$ 4,653,903,266</b>	<b>\$ 88,422,672,221</b>
<b>6. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate</b>			
a. 1% Decrease			<b>\$105,410,486,226</b>
b. 1% Increase			<b>\$ 75,152,394,719</b>
<b>7. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate</b>			
a. 1% Decrease			<b>\$ 72,229,262,042</b>
b. 1% Increase			<b>\$111,502,027,867</b>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* OPEB expense recognized by the City for the Fiscal Years ended June 30, 2017 and June 30, 2016 are \$5.8 billion and \$7.6 billion, respectively.

Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2017 and June 30, 2016 are as follows:

	<u>Fiscal Year 2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ —	\$102,531,451
Changes of Assumptions	—	—
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	102,045,202	—
Total	<u>\$102,045,202</u>	<u>\$102,531,451</u>

	<u>Fiscal Year 2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$443,006,881	\$ 85,526,653
Changes of Assumptions	—	9,365,838,566
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	197,925,563	—
Total	<u>\$640,932,444</u>	<u>\$9,451,365,219</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

<u>Fiscal Year ended June 30</u>	<u>Amount</u>
2018 .....	\$(1,497,713,766)
2019 .....	(1,497,713,766)
2020 .....	(1,497,713,768)
2021 .....	(1,523,225,069)
2022 .....	(1,550,217,886)
Thereafter .....	(1,243,848,520)

*Funded Status and Funding Progress.* As of June 30, 2017, the most recent actuarial measurement date, the funded status was 5.0%. The total OPEB liability for benefits was \$93.1 billion, and the plan fiduciary net position was \$4.7 billion, resulting in a net OPEB liability of \$88.4 billion. The covered payroll (annual payroll of active employees covered) was \$25.2 billion, and the ratio of the net OPEB liability to the covered payroll was 351.0%. 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 expense 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 changes in the net OPEB liability and related ratios shown in the RSI section immediately following the notes to financial statements, disclosures required by GASB Statement No. 74 for OPEB Plan reporting (replacing GASB 43), presents GASB Statement No. 75 (replacing GASB 45) results of OPEB valuations for Fiscal Years 2017 and 2016.

*Actuarial Methods and Assumptions.* The actuarial assumptions used in the Fiscal Years 2017 and 2016 OPEB valuations are classified as those used in the New York City Retirement Systems (NYCRS) pension 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 Fund (POLICE); and (v) New York City Fire Pension Fund (FIRE). The OPEB 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 valuation. For purposes of determining pension obligations, the demographic and salary scale assumptions requiring NYCRS Board approval (available on the website of the Office of the Actuary at [www.nyc.gov/actuary](http://www.nyc.gov/actuary)) were adopted by each respective Board of Trustees during fiscal year 2012 (the Silver Books), with revisions proposed by the Actuary and adopted by each respective Board of Trustees in fiscal year 2016. Chapter 3 of the Laws of 2013 enacted those actuarial assumptions and methods that require New York State Legislation.

The OPEB-specific actuarial assumptions used in the Fiscal Year 2017 OPEB valuation of the Plan are as follows:

Valuation Date .....	June 30, 2016
Measurement Date .....	June 30, 2017
Discount Rate. ....	3.17% per annum <sup>(1)</sup> for the June 30, 2017 measurement date (3.13% for ECF and SCA). Results as of the June 30, 2016 measurement date are presented at 2.75% (2.71% for ECF and SCA).
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 .....	EBCBS and GHI plans are insured via a Minimum Premium arrangement while the HIP and many of the other HMOs are community rated. Costs reflect age adjusted premiums for all plans. HIP HMO and GHI/EBCBS non-Medicare premiums have been adjusted for Health Savings Agreement changes.  Age adjustment based on assumed age distribution of covered population used for non-Medicare retirees and HIP and Other HMO Medicare retirees.  Age adjustment based on actual age distribution of the GHI/EBCBS Medicare covered population.  All reported premiums assumed to include administrative costs.

<sup>(1)</sup> As required under GASB 75 this is a weighted blend of the 4.00% return on assets for OPEB plan investments and the S&P Municipal Bond 20 Year High Grade Index yield as of June 30, 2017 of 3.13%.

Initial monthly premium rates used in valuation are shown below:

Plan	Monthly Rates
	FY'17
HIP HMO	
Non-Medicare Single	\$ 600.18 <sup>(1)</sup>
Non-Medicare Family	1,470.45 <sup>(1)</sup>
Medicare	160.83 <sup>(1)</sup>
GHI/EBCBS	
Non-Medicare Single	567.48 <sup>(1)</sup>
Non-Medicare Family	1,487.47 <sup>(1)</sup>
Medicare	168.35
Others <sup>(2)</sup>	
Non-Medicare Single	1,030.56
Non-Medicare Family	2,226.45
Medicare Single	276.18
Medicare Family	546.28

<sup>(1)</sup> For the Fiscal Year 2017 valuation, HIP HMO premiums are decreased by 5.10% and GHI/EBCBS Pre-Medicare premiums are decreased by 0.82% to reflect Fiscal Year 2018 Health Savings agreement changes announced during Fiscal Year 2017.

<sup>(2)</sup> Other HMO premiums represent the total premium for medical (not prescription) coverage including retiree contributions.

Welfare Funds ..... The Welfare Fund contribution reported as of the valuation date, June 30, 2016, (including any reported retroactive amounts) was used as the per capita cost for valuation purposes.

The calculations reflect an additional one time \$100 contribution for Fiscal Year 2017 in July 2016. Projected contributions reflect \$25 increases at July 1, 2016 and July 1, 2017.

Reported annual contribution amounts for the last two years are shown in the Fiscal Year 2017 GASB 74/75 report in Appendix B, Tables 2a to 2e. Welfare Fund rates are based on actual reported Union Welfare Fund code for current retirees. Weighted average annual contribution rates used for future retirees, based on Welfare Fund enrollment of recent retirees, are shown in the following table.

NYCERS	\$1,743
TRS	1,771
BERS	1,713
POLICE	1,593
FIRE	1,729

Medicare Part B Premiums . . . . .	<u>Monthly</u>
	<u>Premium</u>
	<u>Calendar Year</u>
	2013-15
	2016
	2017

\$104.90  
109.97  
113.63

Medicare Part B Premium reimbursement amounts have been updated to reflect actual premium rates announced for calendar years through 2017. Due to no cost-of-living adjustment in Social Security benefits for Calendar Year 2016, and a minimal cost-of-living increase for Calendar Year 2017, most Medicare Part B participants will not be charged the Medicare Part B premium originally projected or ultimately announced for those years. Thus, the valuation uses a blended estimate as a better representation of future Part B premium costs.

For the Fiscal Year 2017 OPEB valuation the annual premium used was \$1,341.60, which is equal to:

- 70% of the basic \$104.90 monthly hold-harmless amount, assuming that there would be no claims made for the slight increase in Part B premiums for continuing retirees, and
- 30% of the announced premiums (6 months at \$121.80 for Calendar Year 2016 and 6 months at \$134.00 for Calendar Year 2017), representing the proportion of the Medicare population that will pay the announced amount.

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

<u>Fiscal Year</u>	<u>Income-related Medicare Part B Increase</u>
2017	4.0
2018	4.5
2019	5.0
2020	5.2
2021	5.3
2022	5.4
2023	5.5
2024	5.6
2025	5.8
2026	5.9
2027 and later	6.0

Medicare Part B Premium	
Reimbursement Assumption . . . . .	90% of Medicare participants are assumed to claim reimbursement; based on historical data.

## 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.

<u>Year Ending<sup>(1)</sup></u>	<u>Pre-Medicare Plans</u>	<u>Medicare Plans</u>	<u>Medicare Part B Premium</u>
2017 <sup>(2)</sup>	7.84%	2.51%	5.0%
2018	7.5	5.0	5.0
2019	7.0	5.0	5.0
2020	6.5	5.0	5.0
2021	6.0	5.0	5.0
2022	5.5	5.0	5.0
2023 and Later	5.0	5.0	5.0

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

<sup>(2)</sup> Actual amounts based on the *2015 Health Care Savings Agreement Initiative Report of Status of Healthcare Savings* dated June 19, 2017. Welfare Fund contribution rates assumed to increase based on current pattern bargaining (additional \$25 each for Fiscal Year 2017 and 2018, plus a one-time \$100 in Fiscal Year 2017).

Age-and Gender-Related Morbidity . . . . The premiums are age and gender adjusted for HIP HMO, GHI/EBCBS and Other HMO participants. The assumed relative costs of coverage are consistent with information presented in the 2013 study *Health Care Costs—From Birth to Death*, sponsored by the Society of Actuaries.

For non-Medicare costs, a sample of factors used is:

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.170	0.225	45	0.355	0.495
25	0.146	0.301	50	0.463	0.576
30	0.181	0.428	55	0.608	0.671
35	0.227	0.466	60	0.783	0.783
40	0.286	0.467	64	0.957	0.917

Children costs were assumed to represent a relative factor of 0.229.

Medicare costs prior to age 65 assume an additional disability-related morbidity factor. A sample of factors used is:

<u>Age</u>	<u>Males</u>	<u>Females</u>	<u>Age</u>	<u>Males</u>	<u>Females</u>
20	0.323	0.422	60	1.493	1.470
25	0.278	0.565	65	0.919	0.867
30	0.346	0.804	70	0.946	0.885
35	0.432	0.876	75	1.032	0.953
40	0.545	0.878	80	1.122	1.029
45	0.676	0.929	85	1.217	1.116
50	0.883	1.082	90	1.287	1.169
55	1.159	1.260	95	1.304	1.113
			99 +	1.281	0.978

The age adjustment for the non-Medicare GHI/EBCBS premium reflects a 5% reduction in the GHI portion of the monthly premium (with the GHI portion representing \$254.27 out of \$572.19 for single coverage, and \$674.06 out of \$1,499.82 for family coverage for Fiscal Year 2017 rates) and a 3% reduction in the EBCBS portion of the premium (with the EBCBS portion representing the remainder of the premiums) for the estimated margin anticipated to be returned.

Participation . . . . . Participation assumptions have been updated since the prior valuation to reflect recent experience. Actual elections used for current retirees. Some current retirees not eligible for Medicare are assumed to change elections upon attaining age 65 based on patterns of elections of Medicare-eligible retirees.

For current retirees who appear to be eligible for health coverage but have not made an election (non-filers), the valuation reflects single GHI/EBCBS coverage and Part B premium benefits only, to approximate the obligation if these individuals were to file for coverage. For future retirees, the portion assumed not to file for future benefits, and therefore valued similarly, are as follows. This assumption was used for the first time in the Fiscal Year 2017 valuation.

NYCERS	10%
TRS	6%
BERS	12%
POLICE	1%
FIRE	2%
TIAA	0%

Participants who do not qualify for coverage because they were working less than 20 hours a week at termination are assumed to be reflected in waivers and non-filers.

Detailed assumptions for future Program retirees are presented below.

**PLAN PARTICIPATION ASSUMPTIONS**

<u>Benefits</u>	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>
<u>Pre-Medicare</u>					
–GHI/EBCBS	72%	80%	70%	85%	80%
–HIP HMO	20	8	16	9	12
–Other HMO	4	2	2	4	6
–Waiver	4	10	12	2	2
<u>Medicare</u>					
–GHI	72	90	78	85	80
–HIP HMO	20	6	16	9	12
–Other HMO	4	2	2	4	6
–Waiver	4	2	4	2	2
<u>Post-Medicare Migration</u>					
–Other HMO to GHI	—	—	—	—	—
–HIP HMO to GHI	—	25	—	—	—
–Pre-Med. Waiver					
To GHI @ 65	—	40	67	—	—
To HIP @ 65	—	40	—	—	—

Dependent Coverage . . . . . Non-contributory Basic Medical Coverage and Part B premium reimbursement for dependents is assumed to terminate when an employee or retiree dies, except for Line of Duty survivors. The valuation also includes an estimate of costs in excess of premium contributions made by other survivors of POLICE, FIRE and uniformed members of the Departments of Correction and Sanitation that are eligible for a lifetime continuation benefit. The valuation assumes that 30% of eligible spouses will elect the lifetime continuation benefit.

Dependents . . . . . Male retirees were assumed to be four years older than their wives, and female retirees were assumed to be two years younger than their husbands; for POLICE and FIRE employees, husbands are assumed to be two years older than their wives. Child dependents of current retirees are assumed to receive coverage until age 26. Children are assumed to be covered for eight years after retirement plus an additional five years for service retirements of POLICE, FIRE, and NYCERS retirees who were eligible to retire based only on service and no minimum age. Dependent allocation assumptions

are shown below. The assumptions have been updated since the prior valuation to reflect recent experience.

<u>Group</u>	<u>Dependent Coverage Assumptions</u>				
	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>
<u>Male</u>					
–Single Coverage	35%	50%	45%	15%	10%
–Spouse	35	30	45	10	20
–Child/No Spouse	5	5	2	10	5
–Spouse and Child	25	15	8	65	65
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>Female</u>					
–Single Coverage	70%	60%	60%	45%	10%
–Spouse	20	30	35	10	20
–Child/No Spouse	5	5	2.5	25	5
–Spouse and Child	5	5	2.5	20	65
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Note: For accidental death, 70% of POLICE and 80% of FIRE members are assumed to have family coverage.

Demographic Assumptions . . . . . The actuarial assumptions used in the Fiscal Year 2017 and the Fiscal Year 2016 OPEB valuations are a combination of those used in the NYCERS pension actuarial valuations and those specific to the OPEB valuations.

Additional demographic information is provided in the five “Silver Books” available on the Reports page of the OA website ([www.nyc.gov/actuary](http://www.nyc.gov/actuary)).

COBRA Benefits . . . . . There is no cost to the City for COBRA beneficiaries who enroll in community-rated HMO’s, including HIP, since these individuals pay their full community rate. However, there is a cost under the experience-rated GHI/EBCBS coverage.

The valuation assumes 15% of employees not eligible for OPEB elect COBRA coverage for 15 months based on experience of other large employers. A lump-sum COBRA cost of \$1,000 was assumed for terminations during Fiscal Year 2017. This amount is increased by the Pre-Medicare HCCTR for future years but is not adjusted for age-related morbidity.

Census data was not available for surviving spouses of POLICE, FIRE, Corrections or Sanitation members who are entitled to lifetime COBRA continuation coverage, as this benefit is administered directly by the insurance carriers. The number and obligation for the surviving spouses with lifetime coverage were estimated based on current census of POLICE and FIRE retirees and the projected number of deaths that would have occurred since the inception of this benefit on November 13, 2001 (and on August 31, 2010 for the Departments of Correction and Sanitation).

Cadillac Tax . . . . . The OPEB valuation includes an explicit calculation of the high-cost plan excise tax (Cadillac Tax) that will be imposed beginning in 2020 under HCR.

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:

- 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.
- The dollar limits are increased by CPI+1% (e.g. 3.5%) for 2019 and by CPI (e.g. 2.5%) for subsequent years. Indexing of limits starts in 2018; tax first applies in 2020.

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

- The cost for each benefit option without age adjustment (GHI, HIP, or other HMO, combined with the average cost of 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.
- Pre-Medicare retirees under age 55 are not assumed to have the higher limits that apply to employees engaged in high-risk professions because the majority of employees included in this valuation are not in such professions.

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 in proportion to the OPEB liabilities for relevant OPEB benefits.

Actives/Inactives Liabilities . . . . .	40% of the measured liability of the Active/Inactive population, which is roughly equivalent to assuming 60% of the Active/Inactive members will terminate membership prior to vesting and not receive OPEB.
Stabilization Fund . . . . .	A 0.3% load is applied on all City GASB75 obligations to reflect certain benefits paid on behalf of retirees directly from the Stabilization Fund which was decreased from 0.4% in the Fiscal Year 2016 OPEB valuation based on recent data. The load is not applicable to Component Units.
Educational Construction Fund . . . . .	The actuarial assumptions used for determining GASB 75 obligations for ECF are shown starting on page 24 of the Fiscal Year 2017 GASB 74/75 Report dated September 15, 2017. 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 ( <a href="http://www.nyc.gov/actuary">www.nyc.gov/actuary</a> ).
CUNY TIAA . . . . .	The actuarial assumptions used for determining obligations for CUNY TIAA are shown Starting on page 26 of the Fiscal Year 2017 GASB 74/75 Report dated September 15, 2017. 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 ( <a href="http://www.nyc.gov/actuary">www.nyc.gov/actuary</a> ).

## 5. Pensions

### *Plan Descriptions*

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

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

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

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

2. Teachers' Retirement System of The City of New York (TRS) administers the TRS QPP and the TRS TDA Program. The TRS QPP is a cost-sharing, multiple-employer pension plan for pedagogical employees in the public schools of the City and certain Charter Schools and certain other specified school and CUNY employees. The TRS TDA Program was established and is administered pursuant to Internal Revenue Code Section 403(b) and Chapter 4 of Title 13 of ACNY. The TRS TDA Program provides a means of deferring income tax payments on members' voluntary pre-tax contributions and earnings thereon until the periods after retirement or upon withdrawal of contributions. Members of the TRS QPP have the option to participate in the TRS TDA Program.
3. New York City Board of Education Retirement System (BERS) administers the BERS QPP and the BERS TDA Program. The BERS QPP is a cost-sharing, multiple-employer pension plan for non-pedagogical employees of the Department of Education and certain Charter Schools and certain employees of the School Construction Authority. The BERS TDA Program was established and is administered pursuant to Internal Revenue Code Section 403(b), the New York State Education Law and the BERS Rules and Regulations. The BERS TDA Program provides a means of deferring income tax payments on members' voluntary pre-tax contributions and earnings thereon until the periods after retirement or upon withdrawal of contributions. Members of the BERS QPP have the option to participate in the BERS TDA Program.
4. New York City Police Pension Fund (POLICE) administers the POLICE QPP, along with the Police Officer's Variable Supplements Fund (POVSF) and Police Superior Officers' Variable Supplements Fund (PSOVSF). The POLICE QPP is a single-employer pension plan for all full-time uniformed employees of the New York City Police Department.  
  
POVSF and PSOVSF operate pursuant to the provisions of Title 13, Chapter 2 of the ACNY. POVSF provides supplemental benefits to POLICE QPP members who retire for service on or after October 1, 1968 with 20 or more years of service as police officers. PSOVSF provides supplemental benefits to POLICE QPP members who retire for service on or after October 1, 1968 as police superior officers with 20 or more years of service.
5. New York City Fire Pension Fund (FIRE) administers the FIRE QPP, along with the Firefighter's Variable Supplements Fund (FFVSF) and the Fire Officers' Variable Supplements Fund (FOVSF). The FIRE QPP is a single-employer pension plan for all full-time uniformed employees of the New York City Fire Department.

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

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

As of June 30, 2015 and June 30, 2014, the dates of the most recent actuarial valuations, system-wide membership data for the QPPs are as follows:

	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>	<u>Total</u>
<b>QPP Membership at June 30, 2015</b>						
Retirees and Beneficiaries Receiving Benefits . . . . .	144,526	82,777	16,438	48,703	16,710	309,154
Terminated Vested Members Not Yet						
Receiving Benefits . . . . .	9,402	13,482	237	546	32	23,699
Other Inactives . . . . .	16,907	7,347	3,972	1,484	18	29,728
Active Members . . . . .	185,758	114,652	24,903	34,435	10,780	370,528
Total QPP Membership . . . . .	<u>356,593</u>	<u>218,258</u>	<u>45,550</u>	<u>85,168</u>	<u>27,540</u>	<u>733,109</u>
	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>	<u>Total</u>
<b>QPP Membership at June 30, 2014</b>						
Retirees and Beneficiaries Receiving Benefits . . . . .	142,095	80,419	15,995	48,212	16,763	303,484
Terminated Vested Members Not Yet						
Receiving Benefits . . . . .	9,674	12,349	195	572	40	22,830
Other Inactives . . . . .	16,527	8,702	4,005	1,369	16	30,619
Active Members . . . . .	184,762	111,726	25,182	34,402	10,319	366,391
Total QPP Membership . . . . .	<u>353,058</u>	<u>213,196</u>	<u>45,377</u>	<u>84,555</u>	<u>27,138</u>	<u>723,324</u>

As of June 30, 2016 and 2015, the dates of the most recent actuarial valuations, membership data for the NYCERS VSFs are as follows:

	<u>TPOVSF</u>	<u>TPSOVSF</u>	<u>HPOVSF</u>	<u>HPSOVSF</u>	<u>COVSF</u>	<u>Total</u>
<b>Membership at June 30, 2016</b>						
Retirees Receiving or Eligible to Receive Benefits . . .	325	247	160	220	7,424	8,376
Active Members . . . . .	—	—	—	—	8,815	8,815
Total Membership . . . . .	<u>325</u>	<u>247</u>	<u>160</u>	<u>220</u>	<u>16,239</u>	<u>17,191</u>
	<u>TPOVSF</u>	<u>TPSOVSF</u>	<u>HPOVSF</u>	<u>HPSOVSF</u>	<u>COVSF</u>	<u>Total</u>
<b>Membership at June 30, 2015</b>						
Retirees Receiving or Eligible to Receive Benefits . . .	333	255	170	224	6,850	7,832
Active Members . . . . .	—	—	—	—	8,466	8,466
Total Membership . . . . .	<u>333</u>	<u>255</u>	<u>170</u>	<u>224</u>	<u>15,316</u>	<u>16,298</u>

As of June 30, 2016 and 2015, the dates of the most recent actuarial valuations, membership data for the POLICE and FIRE VSFs are as follows:

	<u>PSOVSF</u>	<u>POVSF</u>	<u>Total POLICE</u>	<u>FOVSF</u>	<u>FFVSF</u>	<u>Total FIRE</u>
<b>Membership at June 30, 2016</b>						
Retirees Receiving Benefits . . . . .	18,357	12,418	30,775	1,553	3,535	5,088
Active Members . . . . .	12,276	23,685	35,961	2,552	8,399	10,951
Total Membership . . . . .	<u>30,633</u>	<u>36,103</u>	<u>66,736</u>	<u>4,105</u>	<u>11,934</u>	<u>16,039</u>

	<u>PSOVSF</u>	<u>POVSF</u>	<u>Total POLICE</u>	<u>FOVSF</u>	<u>FFVSF</u>	<u>Total FIRE</u>
<b>Membership at June 30, 2015</b>						
Retirees Receiving Benefits .....	18,029	12,367	30,396	1,593	3,621	5,214
Active Members .....	12,273	22,162	34,435	2,699	8,081	10,780
Total Membership .....	<u>30,302</u>	<u>34,529</u>	<u>64,831</u>	<u>4,292</u>	<u>11,702</u>	<u>15,994</u>

*Summary of Plan Benefits*

*QPPs*

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

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

*VSFs*

The VSFs provide supplemental benefits for their respective eligible members at a maximum annual amount of \$12,000. For COVSF prior to Calendar Year 2019, total supplemental benefits paid, although determined in the same manner as for other VSFs, are only paid if the assets of COVSF are sufficient to pay the full amount due to all eligible retirees. Scheduled benefits to COVSF participants were paid for Calendar Years 2000 to 2005 and for Calendar Years 2014 and 2015. Scheduled benefits are expected to be paid for Calendar Years 2017. Due to insufficient assets, no benefits were paid to COVSF participants from Calendar Year 2006 to Calendar Year 2013 and for Calendar Year 2016. For Calendar Years 2019 and later, COVSF provides for supplemental benefits to be paid regardless of the sufficiency of assets in the COVSF.

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

*TDA Programs*

Benefits provided under the TRS and BERS TDA Programs are derived from members' accumulated contributions. No direct contributions are provided by employers; however certain investment options, if selected by members, may indirectly create employer financial obligations or benefits, as discussed below. 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.

A member making a hardship withdrawal may not contribute to the TDA Program for a period of six months following the withdrawal.

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 seven school years after the date of resignation for TRS TDA members or for a period of up to five years after the date of resignation for BERS TDA members. 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.

Upon retirement, a member may choose to take the balance in the form of an annuity that is calculated based on a statutory rate of interest and statutory mortality assumptions, which may differ from the pension funding assumptions.

The TDA Programs have several investment options broadly categorized as fixed return funds and variable return funds. Under the fixed return funds, accounts are credited with a statutory rate of interest, currently 7% for UFT members and 8.25% for all other members (the Statutory Rates). Deposits from members' TDA Program accounts are used by the respective QPP to purchase investments; 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, as determined by the Actuary, may be required. If the earnings are higher, then lower payments by the City to the QPP may be required.

All investment securities held in the fixed return funds are owned and reported by the QPP. A receivable due from the QPP equal to the aggregate original principal amounts contributed by TDA Program members to the fixed return funds, plus accrued interest at the statutory rate, less member withdrawals, is owned by the TDA Program. The balance of TDA Program fixed return funds held by the TRS QPP as of June 30, 2017 and 2016 were \$22.0 billion and \$20.3 billion, respectively, and interest paid on TDA Program fixed return funds by the TRS QPP for the years then ended were \$1.5 billion and \$1.4 billion, respectively. The balance of TDA Program fixed return funds held by the BERS QPP as of June 30, 2017 and 2016 are \$1,436 million and \$1,283 million, respectively, and interest paid on TDA Program fixed return funds by the BERS QPP for the years then ended were \$106.6 million and \$94.8 million, respectively. Under the variable return funds, members' TDA Program accounts are adjusted for actual returns on the underlying investments of the specific fund selected. Members may switch all or a part of their TDA contributions between the fixed and variable return funds on a quarterly basis.

#### *Contributions and Funding Policy*

##### *QPPs*

The City's funding policy is to contribute statutorily-required contributions (Statutory Contributions). Statutory Contributions for the NYCERS, determined by the Actuary in accordance with State statutes and City laws, are generally funded by the employers within the appropriate Fiscal Year. The Statutory Contributions are determined under the One-Year Lag Methodology (OYLM). Under OYLM, the actuarial valuation date is used for calculating the Employer Contributions for the second following Fiscal Year. For example, the June 30, 2015 actuarial valuation was used for determining the Fiscal Year 2017 Statutory Contributions. Statutory Contributions are determined annually to be an amount that, together with member contributions and investment income, provides for QPP assets to be sufficient to pay benefits when due. The aggregate Statutory Contributions due to each QPP from all participating employers for Fiscal Years 2017 and 2016 and the amount of the City's Statutory and Actual contribution to each QPP for such fiscal years are as follows (in millions):

QPP	Fiscal Year 2017 Aggregate Statutory Contribution	Fiscal Year 2017 City Statutory/Actual Contribution	Fiscal Year 2016 Aggregate Statutory Contribution	Fiscal Year 2016 City Statutory/Actual Contribution
	(in millions)			
NYCERS .....	\$ 3,328	\$ 1,808	\$ 3,365	\$ 1,843
TRS .....	3,888	3,796	3,703	3,594
BERS .....	288	288	266	265
POLICE .....	2,294	2,294	2,394	2,394
FIRE .....	1,061	1,061	1,054	1,054

Member contributions are established by law and vary by QPP. In general, Tier I and Tier II member contribution rates are dependent upon the employee's age at membership and retirement plan election. In general, Tier III and Tier IV members make basic contributions of 3.0% of salary regardless of age at membership. Effective October 1, 2000, in accordance with Chapter 126 of the Laws of 2000, these members, except for certain Transit Authority employees, are not required to make basic contributions

after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. Effective December 2000, certain Transit Authority Tier III and Tier IV members make basic member contributions of 2.0% of salary in accordance with Chapter 10 of the Laws of 2000. Certain members of the NYCERS QPP, TRS QPP and BERS QPP also make additional member contributions. Tier VI members contribute between 3.0% and 6.0% of salary, depending on salary level.

#### *VSFs*

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

In addition to the transfer of Excess Earnings, under Chapter 3 of the Laws of 2013, should the assets of the POVSF or the PSOVSF be insufficient to pay annual benefits, the POLICE QPP is required to transfer amounts sufficient to make such benefit payments. Additionally, under Chapter 583 of the Laws of 1989, should the assets of the FFVSF or the FOVSF be insufficient to pay annual benefits, the City is required to transfer amounts sufficient to make such benefit payments. Further, under Chapter 255 of the Laws of 2000, the NYCERS QPP is required to make transfers to TPOVSF, TPSOVSF, HPOVSF and HPSOVSF sufficient to meet their annual benefit payments.

For Fiscal Year 2017, 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 2017 from the NYCERS QPP to COVSF is estimated to be \$281 million. The amounts of such transfers due for Fiscal Year 2017 from the POLICE QPP to POVSF and PSOVSF are estimated to be \$738 million and \$1,416 million, respectively. The amounts of such transfers due for Fiscal Year 2017 from the FIRE QPP to FFVSF and FOVSF are estimated to be \$14 million and \$0 million, respectively. Additionally, in Fiscal Year 2017, the NYCERS QPP made required transfers of \$3.8 million, \$3.0 million, \$1.9 million, and \$2.6 million to TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF, respectively, to fund annual benefits.

For Fiscal Year 2016, there were no Excess Earnings on equity investments, and therefore, no transfers of such assets from the QPPs to their respective VSFs were required other than to TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF.

#### *TDA Programs*

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

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

#### *Net Pension Liability and Pension Related Restatements*

The City's net pension liabilities for each of the QPPs reported at June 30, 2017 and 2016 were measured as of those fiscal year end dates. The total pension liabilities used to calculate those net pension liabilities were determined by actuarial valuations as of June 30, 2015 and June 30, 2014, respectively, based on the OLYM described above, and rolled forward to the respective fiscal year-end measurement dates. Information about the fiduciary net position of each QPP and additions to and deductions from each QPP's fiduciary net position has been determined on the same basis as they are reported by the respective QPP. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan and investments are reported at fair value.

*Actuarial Assumptions*

The total pension liabilities in the June 30, 2015 and June 30, 2014 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2015	June 30, 2014
<i>Investment Rate of Return . . . . .</i>	<i>7.0% per annum, net of investment expenses (Actual Return for Variable Funds).</i>	<i>7.0% per annum, net of investment expenses (Actual Return for Variable Funds).</i>
<i>Post-Retirement Mortality . . . . .</i>	<i>Tables adopted by the respective Boards of Trustees during Fiscal Year 2016.</i>	<i>Tables adopted by the respective Boards of Trustees during Fiscal Year 2016.</i>
<i>Active Service: Withdrawal, Death, Disability, Retirement . . . . .</i>	<i>Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.</i>	<i>Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.</i>
<i>Salary Increases<sup>1</sup> . . . . .</i>	<i>In general, Merit and Promotion increases, plus assumed General Wage Increases of 3.0% per year.</i>	<i>In general, Merit and Promotion increases, plus assumed General Wage Increases of 3.0% per year.</i>
<i>Cost-of-Living Adjustments<sup>1</sup> . . . .</i>	<i>1.5% per annum for Tiers I, II, IV, and certain Tier III and Tier VI retirees. 2.5% per annum for certain Tier III and Tier VI retirees.</i>	<i>1.5% per annum for Tiers I, II, IV and certain Tier III and Tier VI retirees. 2.5% per annum for certain Tier III and Tier VI retirees.</i>

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

Pursuant to Section 96 of the New York City Charter, audits of the actuarial assumptions used to value liabilities of the five actuarially-funded QPPs are conducted by an independent actuarial firm every two years.

In accordance with the ACNY and with appropriate practice, the Boards of Trustees of the five actuarially-funded QPPs are to periodically review and adopt certain actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions, which are also generally used to determine the total pension liability, as applicable. Based, in part, upon a review of the experience studies completed in November 2006 by the Segal Company (Segal) and in December 2011 by The Hay Group (Hay), the Actuary issued reports for the QPPs proposing changes in actuarial assumptions and methods for Fiscal Years beginning on and after July 1, 2011 (February 2012 Reports). Where required, the Boards of Trustees of the NYCERS adopted those changes to actuarial assumptions that require Board approval. The State Legislature enacted Chapter 3/13 to provide for those changes to the actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate (AIR) assumption of 7.0% per annum, net of investment expenses.

In October 2015 the independent actuarial auditor, Gabriel, Roeder, Smith & Company (GRS), issued a report on their NYC Charter-mandated actuarial experience studies for the four-year and ten-year periods ended June 30, 2013 (the GRS Report).

Based, in part, on the GRS Report, on published studies of mortality improvement, and on input from the City's outside consultants, the Actuary proposed, and the Boards of Trustees of the NYCERS adopted, new post-retirement mortality tables for use in determining employer contributions beginning in Fiscal Year 2016. The new tables of post-retirement mortality are based primarily on the experience of the NYCERS (the Base Tables) and the application of Mortality Improvement Scale MP-2015, published by the Society of Actuaries in October 2015 (the Valuation Tables). Scale MP-2015 replaced Mortality Improvement Scale AA.

In addition, beginning in Fiscal Year 2016, the Actuary revised the Actuarial Asset Valuation Method to constrain the Actuarial Asset Value to be within a 20% corridor of the Market Value of Assets.

The long-term expected rate of return for each of the pension funds is 7.0% per annum. This is based upon weighted expected real rates of return (RROR) ranging from 5.0% to 5.2% and a long-term Consumer Price Inflation assumption of 2.5% offset by investment related expenses. The target asset allocation of each of the funds and the expected RROR for each of the asset classes are summarized in the following tables:

<b>NYCERS</b>		
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected RROR</u>
U.S. Public Market Equities . . . . .	29.00%	5.70%
International Public Market Equities . . . . .	13.00	6.10%
Emerging Public Market Equities . . . . .	7.00	7.60%
Private Market Equities . . . . .	7.00	8.10%
Fixed Income . . . . .	33.00	3.00%
Alternatives (Real Assets, Hedge Funds) . . . . .	11.00	4.70%
Total . . . . .	100.00%	
<b>TRS</b>		
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected RROR</u>
U.S. Public Market Equities . . . . .	29.00%	5.70%
International Public Market Equities . . . . .	12.00	6.10%
Emerging Public Market Equities . . . . .	9.00	7.60%
Private Market Equities . . . . .	6.00	8.10%
Fixed Income . . . . .	33.00	3.00%
Alternatives (Real Assets, Hedge Funds) . . . . .	11.00	4.70%
Total . . . . .	100.00%	
<b>BERS</b>		
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected RROR</u>
U.S. Public Market Equities . . . . .	30.00%	5.70%
International Public Market Equities . . . . .	13.00	6.10%
Emerging Public Market Equities . . . . .	7.00	7.60%
Private Market Equities . . . . .	9.00	8.10%
Fixed Income . . . . .	28.00	3.00%
Alternatives (Real Assets, Hedge Funds) . . . . .	13.00	4.70%
Total . . . . .	100.00%	
<b>POLICE</b>		
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected RROR</u>
U.S. Public Market Equities . . . . .	31.00%	5.70%
International Public Market Equities . . . . .	9.00	6.10%
Emerging Public Market Equities . . . . .	6.00	7.60%
Private Market Equities . . . . .	7.00	8.10%
Fixed Income . . . . .	31.00	3.00%
Alternatives (Real Assets, Hedge Funds) . . . . .	16.00	4.70%
Total . . . . .	100.00%	

<u>Asset Class</u>	<b>FIRE</b>	
	<u>Target Asset Allocation</u>	<u>Long-Term Expected RROR</u>
U.S. Public Market Equities .....	31.00%	5.70%
International Public Market Equities .....	9.00	6.10%
Emerging Public Market Equities .....	6.00	7.60%
Private Market Equities .....	7.00	8.10%
Fixed Income .....	31.00	3.00%
Alternatives (Real Assets, Hedge Funds) .....	16.00	4.70%
Total .....	100.00%	

*Discount Rate*

The discount rate used to measure the total pension liability of each QPP as of June 30, 2017 and 2016 was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable to the current tier for each member and that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, each QPP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active QPP members. Therefore, the long-term expected rate of return on QPP investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Changes in the City's net pension liability for POLICE and FIRE for the Fiscal Years ended June 30, 2017 and 2016 are as follows:

	POLICE			FIRE		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(in millions)					
<b>Balances at June 30, 2015</b> .....	\$48,209	\$35,345	\$12,864	\$19,447	\$11,679	\$ 7,768
<b>Changes for the Fiscal Year 2016:</b>						
Service cost .....	1,340	—	1,340	431	—	431
Interest .....	3,441	—	3,441	1,396	—	1,396
Differences between expected and actual experience .....	233	—	233	324	—	324
Change of Assumptions .....	795	—	795	405	—	405
Contributions—employer .....	—	2,394	(2,394)	—	1,054	(1,054)
Contributions—employee .....	—	250	(250)	—	117	(117)
Net investment income .....	—	403	(403)	—	203	(203)
Benefit payments, including refunds of employee contributions .....	(2,878)	(2,878)	—	(1,359)	(1,359)	—
Administrative expense .....	—	(19)	19	—	—	—
Other changes .....	—	7	(7)	—	44	(44)
<b>Net changes</b> .....	<u>2,931</u>	<u>157</u>	<u>2,774</u>	<u>1,197</u>	<u>59</u>	<u>1,138</u>
<b>Balances at June 30, 2016</b> .....	<u>51,140</u>	<u>35,502</u>	<u>15,638</u>	<u>20,644</u>	<u>11,738</u>	<u>8,906</u>
<b>Changes for the Fiscal Year 2017:</b>						
Service cost .....	1,320	—	1,320	432	—	432
Interest .....	3,525	—	3,525	1,439	—	1,439
Differences between expected and actual experience .....	(645)	—	(645)	134	—	134
Change of Assumptions .....	—	—	—	—	—	—
Contributions—employer .....	—	2,294	(2,294)	—	1,061	(1,061)
Contributions—employee .....	—	276	(276)	—	108	(108)
Net investment income .....	—	4,287	(4,287)	—	1,372	(1,372)
Benefit payments, including refunds of employee contributions .....	(2,987)	(2,987)	—	(1,335)	(1,335)	—
Administrative expense .....	—	(19)	19	—	—	—
Other changes .....	—	11	(11)	—	47	(47)
<b>Net changes</b> .....	<u>1,213</u>	<u>3,862</u>	<u>(2,649)</u>	<u>670</u>	<u>1,253</u>	<u>(583)</u>
<b>Balances at June 30, 2017</b> .....	<u>\$52,353</u>	<u>\$39,364</u>	<u>\$12,989</u>	<u>\$21,314</u>	<u>\$12,991</u>	<u>\$ 8,323</u>

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

	Fiscal Year 2017			Fiscal Year 2016		
	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 .....	\$18,788	\$12,989	\$8,168	\$21,344	\$15,638	\$10,900
FIRE .....	10,675	8,323	6,351	11,203	8,906	6,981

*City Proportion of Net Pension Liability—NYCERS, TRS and BERS (Excluding TDAs)*

The following table presents the City's proportionate share of the net pension liability of the NYCERS, TRS and BERS QPPs at June 30, 2017 and 2016, and the proportion percentage of the aggregate net pension liability of each QPP allocated to the City:

	June 30, 2017			June 30, 2016		
	NYCERS	TRS	BERS	NYCERS	TRS	BERS
	(in millions, except for %)					
City's proportion of the net pension liability .....	54.33%	97.62%	99.96%	54.77%	97.07%	99.99%
City's proportionate share of the net pension liability .....	\$11,282	\$22,674	\$973	\$13,307	\$25,600	\$1,384

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

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

QPPs	Fiscal Year 2017			Fiscal Year 2016		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
	(in millions)					
NYCERS .....	\$16,306	\$11,282	\$ 6,869	\$18,246	\$13,307	\$ 9,171
TRS .....	30,165	22,674	16,411	32,714	25,600	19,651
BERS .....	1,569	973	474	1,948	1,384	911

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

Pension expense recognized by the City for the Fiscal Years ended June 30, 2017 and 2016 related to the NYCERS are as follows:

NYCERS	2017	2016
	(in millions)	
NYCERS .....	\$1,341	\$1,658
TRS (Excluding TDA) .....	3,618	3,763
BERS (Excluding TDA) .....	195	302
POLICE .....	1,761	2,213
FIRE .....	1,071	1,139
TOTAL .....	<u>\$7,986</u>	<u>\$9,075</u>

Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2017 and 2016 for each NYCRS are as follows:

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2017 will be recognized in pension expense as follows:

	NYCERS	TRS	BERS (in thousands)	POLICE	FIRE	TOTAL
<b>Year ending June 30.</b>						
2018 .....	\$ (133,851)	\$ (104,786)	\$ (196,796)	\$ (284,731)	\$ 102,806	\$ (617,358)
2019 .....	269,100	668,241	(90,440)	144,583	139,649	1,131,133
2020 .....	(91,029)	(374,022)	(107,660)	(98,472)	40,305	(630,878)
2021 .....	(379,966)	(742,328)	(121,130)	(363,273)	(93,286)	(1,699,983)
Thereafter .....	(24,288)	340,067	645	—	—	316,424
Total .....	<u><u>\$ (360,034)</u></u>	<u><u>\$ (212,828)</u></u>	<u><u>\$ (515,381)</u></u>	<u><u>\$ (601,893)</u></u>	<u><u>\$ 189,474</u></u>	<u><u>\$ (1,500,662)</u></u>

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# **The City of New York**

## **Single Audit Report**

### **Part II-B**

## **REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**

The pension and other postemployment benefit plan schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Fiscal Year Ended June 30, 2017**

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THE CITY OF NEW YORK  
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

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

	POLICE		FIRE	
	2017	2016	2017	2016
	(in thousands, except %)			
Total pension liability:				
Service cost . . . . .	\$ 1,320,416	\$ 1,340,615	\$ 432,482	\$ 431,268
Interest . . . . .	3,524,332	3,441,398	1,438,805	1,395,735
Changes of Assumptions . . . . .	—	794,680	—	405,498
Benefit payments and withdrawals . . . . .	(2,987,000)	(2,878,451)	(1,335,343)	(1,359,095)
Difference b/t Expected and Actual Experience . . . . .	(645,248)	233,462	134,478	323,609
Net change in total pension liability . . . . .	1,212,500	2,931,704	670,422	1,197,015
Total pension liability - Beginning . . . . .	51,140,746	48,209,042	20,643,808	19,446,792
Total pension liability - Ending(a) . . . . .	52,353,246	51,140,746	21,314,230	20,643,807
Plan fiduciary net position:				
Employer contributions . . . . .	2,293,840	2,393,940	1,061,170	1,054,478
Member contributions . . . . .	276,301	249,921	108,368	116,619
Net investment income . . . . .	4,286,894	403,534	1,371,721	203,104
Benefit payments and withdrawals . . . . .	(2,987,000)	(2,878,451)	(1,335,343)	(1,359,095)
Administrative expenses . . . . .	(18,917)	(18,478)	—	—
Other . . . . .	10,507	6,756	47,284	43,673
Net change in plan fiduciary net position . . . . .	3,861,625	157,222	1,253,200	58,779
Plan fiduciary net position—Beginning . . . . .	35,502,274	35,345,052	11,738,110	11,679,331
Plan fiduciary net position—Ending(b) . . . . .	39,363,899	35,502,274	12,991,310	11,738,110
Employer's net pension liability-ending(a)-(b) . . . . .	\$12,989,347	\$15,638,472	\$ 8,322,920	\$ 8,905,697
Plan fiduciary net position as a percentage of the total pension liability . . . . .	75.2%	69.4%	61.0%	56.9%
Covered-employee payroll . . . . .	\$ 3,509,985	\$ 3,540,326	\$ 1,145,919	\$ 1,129,470
Employer's net pension liability as a percentage of covered-employee payroll . . . . .	370.1%	441.7%	726.3%	788.5%

**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	
	2017	2016	2017	2016	2017	2016
	(in millions, except %)					
City's proportion of the net pension liability . . . . .	54.33%	54.77%	97.62%	97.07%	99.96%	99.99%
City's proportionate share of the net pension liability . . . . .	\$11,281.7	\$13,307.9	\$22,674.0	\$25,599.9	\$ 973.4	\$1,384.1
City's covered-employee payroll . . . .	\$ 6,556.7	\$ 6,462.2	\$ 8,612.8	\$ 8,039.3	\$1,051.6	\$1,007.5
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll . . .	172.06%	205.93%	263.26%	318.43%	92.56%	137.38%
Plan fiduciary net position as a percentage of the total pension liability . . . . .	74.80%	69.57%	68.32%	62.33%	80.81%	71.17%

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited), Continued

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

	2017	2016	2015	2014	2013 (in thousands except %)	2012* except %	2011*	2010*	2009*	2008*
<b>NYCERS</b>										
Contractually required contribution . . . . .	\$1,808,067	\$1,843,323	\$1,758,378	\$1,729,616	\$1,692,278	\$3,017,004	\$2,387,216	\$2,197,717	\$2,150,438	\$1,874,242
Contributions in relation to the contractually required contributions . . . . .	—	—	—	—	—	—	—	—	—	—
Contribution deficiency (excess) . . . . .	\$1,808,067	\$1,843,323	\$1,758,378	\$1,729,616	\$1,692,278	\$3,017,004	\$2,387,216	\$2,197,717	\$2,150,438	\$1,874,242
Covered-employee payroll . . . . .	\$6,556,720	\$6,462,231	\$6,500,475	\$6,506,353	\$6,322,125	\$11,812,858	\$11,465,975	\$10,977,607	\$10,454,244	\$9,863,942
Contributions as a percentage of covered-employee payroll . . . . .	27.576%	28.524%	27.050%	26.583%	26.768%	25.540%	20.820%	20.020%	20.570%	19.001%
<b>TRS</b>										
Contractually required contribution . . . . .	\$3,795,657	\$3,594,301	\$3,180,865	\$2,917,129	\$2,777,966	\$2,673,078	\$2,468,973	\$2,484,074	\$2,223,644	\$1,916,520
Contributions in relation to the contractually required contributions . . . . .	—	—	—	—	—	—	—	—	—	—
Contribution deficiency (excess) . . . . .	\$3,795,657	\$3,594,301	\$3,180,865	\$2,917,129	\$2,777,966	\$2,673,078	\$2,468,973	\$2,484,074	\$2,223,644	\$1,916,520
Covered-employee payroll . . . . .	\$8,612,809	\$8,039,326	\$7,869,774	\$7,772,827	\$7,683,465	\$7,920,935	\$7,935,248	\$7,859,999	\$7,221,499	\$6,998,174
Contributions as a percentage of covered-employee payroll . . . . .	44.070%	44.709%	40.419%	37.530%	36.155%	33.747%	31.114%	31.604%	30.792%	27.386%
<b>BERS</b>										
Contractually required contribution . . . . .	\$288,116	\$265,497	\$258,055	\$214,574	\$196,231	\$213,651	\$180,191	\$147,349	\$134,225	\$143,100
Contributions in relation to the contractually required contributions . . . . .	—	—	—	—	—	—	—	—	—	—
Contribution deficiency (excess) . . . . .	\$288,116	\$265,497	\$258,055	\$214,574	\$196,231	\$213,651	\$180,191	\$147,349	\$134,225	\$143,100
Covered-employee payroll . . . . .	\$1,051,567	\$1,007,499	\$1,016,277	\$988,757	\$885,491	\$879,476	\$880,656	\$826,782	\$755,516	\$729,098
Contributions as a percentage of covered-employee payroll . . . . .	27.399%	26.352%	25.392%	21.701%	22.161%	24.293%	20.461%	17.822%	17.766%	19.627%
<b>POLICE</b>										
Contractually required contribution . . . . .	\$2,293,840	\$2,393,940	\$2,309,619	\$2,320,910	\$2,424,690	\$2,385,731	\$2,083,633	\$1,980,996	\$1,932,150	\$1,797,824
Contributions in relation to the contractually required contributions . . . . .	—	—	—	—	—	—	—	—	—	—
Contribution deficiency (excess) . . . . .	\$2,293,840	\$2,393,940	\$2,309,619	\$2,320,910	\$2,424,690	\$2,385,731	\$2,083,633	\$1,980,996	\$1,932,150	\$1,797,824
Covered-employee payroll . . . . .	\$3,509,985	\$3,540,326	\$3,512,778	\$3,420,312	\$3,459,889	\$3,448,784	\$3,252,729	\$3,097,484	\$2,946,698	\$2,797,429
Contributions as a percentage of covered-employee payroll . . . . .	65.352%	67.619%	65.749%	67.857%	70.080%	69.176%	64.058%	63.955%	65.570%	64.267%
<b>FIRE</b>										
Contractually required contribution . . . . .	\$1,061,170	\$1,054,478	\$988,784	\$969,956	\$962,173	\$976,895	\$890,706	\$874,331	\$843,751	\$780,202
Contributions in relation to the contractually required contributions . . . . .	—	—	—	—	—	—	—	—	—	—
Contribution deficiency (excess) . . . . .	\$1,061,170	\$1,054,478	\$988,784	\$969,956	\$962,173	\$976,895	\$890,706	\$874,331	\$843,751	\$780,202
Covered-employee payroll . . . . .	\$1,145,919	\$1,129,470	\$1,111,744	\$1,102,396	\$1,129,921	\$1,149,423	\$1,057,243	\$1,059,911	\$1,013,661	\$ 944,463
Contributions as a percentage of covered-employee payroll . . . . .	92.604%	93.360%	88.940%	87.986%	85.154%	84.990%	84.248%	82.491%	83.238%	82.608%

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

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited), Continued

Notes to Schedule C:

The above actuarially determined and contractually required contributions were developed using a One-Year Lag Methodology, under which the actuarial valuation determines the employer contribution for the second following fiscal year (e.g. Fiscal Year 2017 contributions were determined using an actuarial valuation as of June 30, 2015). The methods and assumptions used to determine the actuarially determined and contractually required contributions are as follows:

Fiscal Year	2017	2016	2015	2014	2013	2012
Valuation Dates	June 30, 2015 (Lag) Entry Age <sup>5</sup>	June 30, 2014 (Lag) Entry Age <sup>5</sup>	June 30, 2013 (Lag) Entry Age <sup>5</sup>	June 30, 2012 (Lag) Entry Age <sup>5</sup>	June 30, 2011 (Lag) Entry Age <sup>5</sup>	June 30, 2010 (Lag) Entry Age <sup>5</sup>
Actuarial cost method	NA	NA	NA	NA	NA	NA
Amortization method for Unfunded Actuarial Accrued Liabilities (UAAL):						
Pre-2010 UAALs	Increasing Dollar Payments Level Dollar Payments	Increasing Dollar Payments Level Dollar Payments	Increasing Dollar Payments Level Dollar Payments	Increasing Dollar Payments Level Dollar Payments	Increasing Dollar Payments Level Dollar Payments	Increasing Dollar Payments Level Dollar Payments
Initial 2010 UAAL	NA	NA	NA	NA	NA	NA
Post-2010 UAALs	NA	NA	NA	NA	NA	NA
Remaining amortization period:						
Pre-2010 UAALs	17 Years (Closed) 1 Year (Closed)	18 Years (Closed) 2 Years (Closed)	19 Years (Closed) 3 Years (Closed)	20 Years (Closed) 4 Years (Closed)	21 years (Closed) 5 Years (Closed)	22 years (Closed) NA
Initial 2010 UAAL	11 Years (Closed)	12 Years (Closed)	13 Years (Closed)	14 Years (Closed)	15 Years (Closed)	NA
2010 ERI	12 Years (Closed)	13 Years (Closed)	14 Years (Closed)	15 Years (Closed)	NA	NA
2011 (G)/L	13 Years (Closed)	14 Years (Closed)	15 Years (Closed)	NA	NA	NA
2012 (G)/L	3 Years (Closed)	4 Years (Closed)	5 Years (Closed)	NA	NA	NA
2013 (G)/L	14 years (Closed)	15 years (Closed)	NA	NA	NA	NA
2014 (G)/L	19 Years (Closed)	20 Years (Closed)	NA	NA	NA	NA
2015 (G)/L	15 Years (Closed)	NA	NA	NA	NA	NA
Actuarial Asset:						
Valuation Method	6-year moving average of Market Value <sup>6</sup>	6-year moving average of Market Value <sup>6</sup>	6-year moving average of Market Value <sup>6</sup>	6-year moving average of Market Value <sup>6</sup>	6-year moving average of Market Value <sup>6</sup>	6-year moving average of Market Value <sup>6</sup>
Corridor	Constrained to be no more than 20% from Market Value	Constrained to be no more than 20% from Market Value	NA	NA	NA	NA
Actuarial assumptions:						
Assumed rate of return	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)
Post-retirement mortality	Tables adopted by Boards of Trustees during Fiscal Year 2016	Tables adopted by Boards of Trustees during Fiscal Year 2016	Tables adopted by Boards of Trustees during Fiscal Year 2012	Tables adopted by Boards of Trustees during Fiscal Year 2012	Tables adopted by Boards of Trustees during Fiscal Year 2012	Tables adopted by Boards of Trustees during Fiscal Year 2012
Active service: withdrawal, death, disability, service retirement	Tables adopted by Boards of Trustees during Fiscal Year 2012	Tables adopted by Boards of Trustees during Fiscal Year 2012	Tables adopted by Boards of Trustees during Fiscal Year 2012	Tables adopted by Boards of Trustees during Fiscal Year 2012	Tables adopted by Boards of Trustees during Fiscal Year 2012	Tables adopted by Boards of Trustees during Fiscal Year 2012

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited), Continued

Notes to Schedule C:

Fiscal Year	2017	2016	2015	2014	2013	2012
Salary Increases .....	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year <sup>4</sup> 1.5% per annum for Auto Cola 2.5% per annum for Escalation	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year <sup>4</sup> 1.5% per annum for Auto Cola 2.5% per annum for Escalation	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year <sup>4</sup> 1.5% per annum for Auto Cola 2.5% per annum for Escalation	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year <sup>4</sup> 1.5% per annum for Auto Cola 2.5% per annum for Escalation	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year <sup>4</sup> 1.5% per annum for Auto Cola 2.5% per annum for Escalation	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year <sup>4</sup> 1.5% per annum for Auto Cola 2.5% per annum for Escalation
Cost-of-Living Adjustments <sup>4</sup> .....						
<b>Fiscal Year</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>		
Valuation Dates .....	June 30, 2009 (Lag) Frozen Initial Liability <sup>1</sup>	June 30, 2008 (Lag) Frozen Initial Liability <sup>1</sup>	June 30, 2007 (Lag) Frozen Initial Liability <sup>1</sup>	June 30, 2006 (Lag) Frozen Initial Liability <sup>1</sup>		
Actuarial cost method .....						
Amortization method for Unfunded Actuarial Accrued Liabilities (UAAL):						
Pre-2010 UAALs .....	NA					
Initial 2010 UAAL .....	NA					
Post-2010 UAALs .....	NA					
Remaining amortization period:						
Pre-2010 UAALs .....	NA	1 year for FIRE <sup>2</sup>	2 year for FIRE <sup>2</sup>	3 year for FIRE <sup>2</sup> , And 1 year for 2002 ERI (Part A Only)		
Initial 2010 UAAL .....	NA					
2010 ERI .....	NA	NA	NA	NA	NA	NA
2011 (G)/L .....	NA	NA	NA	NA	NA	NA
2012 (G)/L .....	NA	NA	NA	NA	NA	NA
2013 (G)/L .....	NA	NA	NA	NA	NA	NA
2013 Transit Refunds .....	NA	NA	NA	NA	NA	NA
2014 (G)/L .....	NA	NA	NA	NA	NA	NA
2014 Assumption Change .....	NA	NA	NA	NA	NA	NA
2014 Method Change .....	NA	NA	NA	NA	NA	NA
2015 (G)/L .....	NA	NA	NA	NA	NA	NA

**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited), Continued**

**Notes to Schedule C:**

<b>Fiscal Year</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Actuarial Asset:</b>				
Valuation Method . . . . .	6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999	6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999	6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999	6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999
<b>Actuarial assumptions:</b>				
Assumed rate of return . . . . .	8.0% per annum, gross of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)	8.0% per annum, gross of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)	8.0% per annum, gross of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)	8.0% per annum, gross of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)
Post-retirement mortality . . . . .	Tables adopted by Boards of Trustees during Fiscal Year 2006	Tables adopted by Boards of Trustees during Fiscal Year 2006	Tables adopted by Boards of Trustees during Fiscal Year 2006	Tables adopted by Boards of Trustees during Fiscal Year 2006
Active service: withdrawal, death, disability, service retirement . . . . .	Tables adopted by Boards of Trustees during Fiscal Year 2006	Tables adopted by Boards of Trustees during Fiscal Year 2006	Tables adopted by Boards of Trustees during Fiscal Year 2006	Tables adopted by Boards of Trustees during Fiscal Year 2006
Salary Increases . . . . .	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year <sup>4</sup>	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year <sup>4</sup>	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year <sup>4</sup>	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year <sup>4</sup>
Cost-of-Living Adjustments <sup>4</sup> . . . . .	1.3% per annum	1.3% per annum	1.3% per annum	1.3% per annum
<sup>1</sup>	Under the Frozen Initial Liability Actuarial Cost Method, the excess of the Actuarial Present Value (APV) of projected benefits of the membership as of the valuation date, over the sum of the Actuarial Value of Assets plus the UAAL, if any, and the APV of future employee contributions is allocated on a level basis over the future earnings of members who are on the payroll of the valuation date. The Initial Liability was reestablished by the Entry Age Actuarial Cost Method as of June 20, 1999 but with the UAAL not less than \$0. Actuarial gains and losses are reflected in the employer normal contribution rate.			
<sup>2</sup>	In conjunction with Chapter 85 of the Laws of 2000 (Chapter 85/100), there is an amortization method. However, the initial pre-2010 UAAL of NYCERS, TRS, BERS, and POLICE equal \$0 and no amortization periods are required.			
<sup>3</sup>	Laws of established UAAL for Early Retirement Incentive Programs to be amortized on a level dollar basis over periods of 5 years.			
<sup>4</sup>	Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year.			
<sup>5</sup>	Beginning with the June 30, 2010 (Lag) actuarial valuation under the 2012 A&M, the Entry Age Actuarial Cost Method (EAACM) of funding is utilized by the Actuary to calculate the contributions required of the Employer. Under this method, the Actuarial Present Value (APV) of Benefits (APVB) of each individual included in the actuarial valuation is allocated on a level basis over the earnings (or service) of the individual between entry age and assumed exit ages. The employer portion of this APV allocated to a valuation year is the Normal Cost. The portion of this APV not provided for at a valuation date by the APV of Future Normal Costs or future member contributions is the Actuarial Accrued Liability (AAL). The excess, if any, of the AAL over the Actuarial Asset Value (AAV) is the Unfunded Actuarial Accrued Liability (UAAL). Under this method, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized. Increases (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.			
<sup>6</sup>	Market Value Restart as of June 30, 2011. Actuarial Asset Value (AAV) as of June 30, 2010 defined to recognize Fiscal Year 2011 investment performance. The June 30, 2010 AAV is derived as equal to the June 30, 2011 Market Value of Assets, discounted by the Actuarial Interest Rate assumption (adjusted for cash flow) to June 30, 2010.			

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

	2017	2016
<b>1. Total OPEB Liability</b>		
a. Service Cost .....	\$ 4,522,135,121	\$ 5,113,884,783
b. Interest .....	2,899,170,607	2,669,589,440
c. Changes of Benefit Terms .....	—	—
d. Differences b/t Expected and Actual Experience .....	520,672,737	(120,159,155)
e. Changes of Assumptions .....	(10,978,714,816)	—
f. Benefit Payments .....	(2,425,375,364)	(2,278,055,136)
<b>g. Net Changes in Total OPEB Liability .....</b>	<b>\$ (5,462,111,715)</b>	<b>\$ 5,385,259,932</b>
<b>2. Total OPEB Liability – Beginning .....</b>	<b>\$ 98,538,687,202</b>	<b>\$93,153,427,270</b>
<b>3. Total OPEB Liability – Ending .....</b>	<b>\$ 93,076,575,487</b>	<b>\$98,538,687,202</b>
<b>4. Plan Fiduciary Net Position</b>		
a. Contributions - Employer .....	\$ 3,021,551,454	\$ 2,897,668,434
b. Contributions - Employee .....	—	—
c. Net Investment Income .....	21,515,588	20,565,435
d. Benefit Payments .....	(2,425,375,364)	(2,278,055,136)
e. Administrative Expenses .....	(41,100)	(40,000)
f. Payment of Interest on TDA Fixed Funds .....	—	—
g. Other Changes .....	(78,516)	(331,067)
<b>h. Net Changes in Plan Fiduciary Net Position .....</b>	<b>\$ 617,572,062</b>	<b>\$ 639,807,666</b>
<b>5. Plan Fiduciary Net Position – Beginning .....</b>	<b>\$ 4,036,331,204</b>	<b>\$ 3,396,523,538</b>
<b>6. Plan Fiduciary Net Position – Ending .....</b>	<b>\$ 4,653,903,266</b>	<b>\$ 4,036,331,204</b>
<b>7. Net OPEB Liability .....</b>	<b>\$ 88,422,672,221</b>	<b>\$94,502,355,998</b>
<b>8. Plan Fiduciary Net Position as a Percentage of Total OPEB Liability .....</b>	<b>5.0%</b>	<b>4.1%</b>
<b>9. Covered Employee Payroll .....</b>	<b>\$ 25,180,497,466</b>	<b>\$24,266,021,759</b>
<b>10. Net OPEB Liability as a Percentage of Covered Employee Payroll .....</b>	<b>351.2%</b>	<b>389.4%</b>

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## **THE CITY OF NEW YORK**

### **Combining Schedules of Financial Information and Other Supplementary Information For the year ended June 30, 2017**

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The accompanying basic financial statements of The City of New York (“The City”) and the related notes thereto, including all Required Supplementary Information (“RSI”), are as presented within The City’s Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended June 30, 2017. The City’s CAFR is available on the Comptroller’s website at [www.comptroller.nyc.gov](http://www.comptroller.nyc.gov) or by request to: Office of the Comptroller, Bureau of Accountancy - 1 Centre Street, Room 200 South, New York New York 10007.

**The City of New York**

**Single Audit Report**

**SUPPLEMENTARY INFORMATION - UNIFORM  
GUIDANCE REPORTING**

**Fiscal Year Ended June 30, 2017**

THE CITY OF NEW YORK  
Consolidated Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
<b>U.S. Department of Agriculture</b>						
Food Insecurity Nutrition Incentive Grants Program	10.331	FPHNY	82066	\$ 9	\$ —	\$ —
<i>Child Nutrition Cluster:</i>						
School Breakfast Program	10.553	NYS ED	N/A	82,347	—	—
National School Lunch Program	10.555	NYS ED	N/A	291,935	—	—
Summer Food Service Program for Children	10.559	NYS ED	6R13919 01, 7R 13919 01	24,776	—	—
	10.559	NYS DOH	C-027556	92	—	—
<i>Total Child Nutrition Cluster</i>				399,150	—	—
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	NYS DOH	C-30380, C-30428, C-30450, C-30431, C-30444, C-30423, C-30445 C-30402, C-30458, C-30413, C-30430, C-30454, C022805	20,092	—	59,741
Child and Adult Care Food Program	10.558	NYS DOH	6499, CACFP 4316	2,578	2,550	—
	10.558	NYS ED	N/A	38,884	—	—
<i>SNAP Cluster - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</i>	10.561	Direct Federal		1,678	—	—
	10.561	NYS DOH	2015IS251444, C-027896	12,914	—	—
	10.561	NYS OTDA	2015IS252044	249,377	—	—
<i>Total SNAP Cluster</i>				263,969	—	—
<i>Food Distribution Cluster - Commodity Supplemental Food Program</i>	10.565	NYS DOH	C-030241	1,987	—	—
	10.565	Direct Federal		—	—	39,454
<i>Total Food Distribution Cluster</i>				1,987	—	39,454
Child Nutrition Discretionary Grants Limited Availability Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.579	NYS ED	N/A	29	—	—
Fresh Fruit and Vegetable Program	10.580	Direct Federal		1,247	—	—
Cooperative Forestry Assistance	10.582	NYS ED	6R1400C01, 7R1400C01	1,234	—	—
Emergency Watershed Protection Program	10.664	Direct Federal		1,308	—	—
	10.923	Direct Federal		4,080	—	—
Total U.S. Department of Agriculture				734,567	2,550	99,195
<b>U.S. Department of Commerce</b>						
<i>Economic Development Cluster - Economic Adjustment Assistance</i>	11.307	Direct Federal		1,378	1,378	—
Total U.S. Department of Commerce				1,378	1,378	—
<b>U.S. Department of Defense</b>						
Procurement Technical Assistance for Business Firms	12.002	Direct Federal		310	—	—
Military Medical Research and Development**	12.420	Direct Federal		9	—	—
Language Grant Program	12.900	Direct Federal		136	—	—
Total U.S. Department of Defense				455	—	—
<b>U.S. Department of Housing and Urban Development</b>						
<i>Section 8 Project-Based Cluster</i>						
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	Direct Federal		9,010	—	—
Lower Income Housing Assistane Program - Section 8 Moderate Rehabilitatic	14.856	Direct Federal		7,701	—	—
<i>Total Section 8 Project-Based Cluster</i>				16,711	—	—
<i>CDBG - Entitlement Grants Cluster</i>						
Community Development Block Grants/Entitlement Grants	14.218	Direct Federal		195,106	5,494	—
Urban Development Action Grants	14.221	Direct Federal		42	—	—
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Direct Federal		4,488	—	—
	14.228	LMDC	WATER STREET 2, TD19-9930, 4344, 7801	6,382	—	—
Emergency Shelter Grants Program	14.231	Direct Federal		16,451	98	—
Supportive Housing Program	14.235	Direct Federal		232	—	—
HOME Investment Partnerships Program	14.239	Direct Federal		45,593	—	—
Housing Opportunities for Persons with AIDS	14.241	Direct Federal		48,519	18,443	—
Continuum of Care Program	14.267	Direct Federal		32,906	—	—
<i>CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster:</i>						
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	Direct Federal		929,623	264,165	—
	14.269	NYS DOT	7C93065	37	—	—
National Disaster Resilience Competition	14.272	Direct Federal		1,205	—	—
<i>Total CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster</i>				930,865	264,165	—
<i>Housing Voucher Cluster - Section 8 Housing Choice Vouchers</i>	14.871	Direct Federal		455,851	—	—
Family Self-Sufficiency Program	14.896	Direct Federal		1,386	—	—
Lead Hazard Reduction Demonstration Grant Program	14.905	Direct Federal		2,035	—	—
Total U.S. Department of Housing and Urban Development				1,756,567	288,200	—

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded  
\*\* Denotes programs with R&D Cluster expenditures

THE CITY OF NEW YORK  
Consolidated Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
U.S. Department of the Interior						
Hurricane Sandy Disaster Relief - Coastal Resiliency Grants	15.153	Direct Federal	42019	\$ 847	\$ —	\$ —
	15.153	NFWF		440	—	—
North American Wetlands Conservation Fund	15.623	Direct Federal		6	—	—
Natural Resource Stewardship	15.944	Direct Federal		7	—	—
Cultural Resources Management	15.946	Direct Federal		80	—	—
Total U.S. Department of the Interior				1,380	—	—
U.S. Department of Justice						
Law Enforcement Assistance-Narcotics and Dangerous Drugs-Training	16.004	Direct Federal	C61227	4,579	—	—
Justic Systems Response to Families	16.021	Direct Federal		366	366	—
Community - Based Violence Prevention Program	16.123	Direct Federal		27	—	—
Law Enforcement Assistance-National Crime Information Center	16.304	Direct Federal		6	—	—
Services for Trafficking Victims	16.320	Direct Federal		194	—	—
Juvenile Accountability Block Grants	16.523	NYS DCJS	C100069C-100295, C-100487, C-100500, C-100503, C100418, C-100254, T-030109	48	—	—
Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528	Direct Federal		288	—	—
Missing Children's Assistance	16.543	Direct Federal		242	—	—
National Institute of Justice Research, Evaluation, and Development Project Grants**	16.560	Direct Federal		960	—	—
Crime Victim Assistance	16.575	NYS OVS		1,421	—	—
Crime Victim Assistance/Discretionary Grants	16.582	Direct Federal	C652106, C652099, C652054, C652075, C652098	52	—	—
Violence Against Women Formula Grants	16.588	Direct Federal		224	—	—
	16.588	NYS DCJS		410	—	—
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	Direct Federal		927	256	—
	16.590	NYS DCJS		56	—	—
Residential Substance Abuse Treatment for State Prisoners	16.593	NYS DOH	C652073 C-662004	111	—	—
State Criminal Alien Assistance Program	16.606	Direct Federal		10,551	—	—
PREA Program: Demonstration Projects to Establish "Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities	16.735	Direct Federal		581	—	—
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct Federal		30,875	2,765	—
	16.738	NYS DCJS		1,052	—	—
Forensic DNA Backlog Reduction Program	16.741	Direct Federal	BJ16632763, C637329, C637327, T637328	601	—	—
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Direct Federal		30	—	—
Harold Rogers Prescription Drug Monitoring Program	16.754	Direct Federal		171	—	—
Second Chance Act Prisoner Reentry Initiative	16.812	Direct Federal		297	297	—
NICS Act Record Improvement Program	16.813	HRI		6	—	—
Byrne Criminal Justice Innovation Program	16.817	Direct Federal	5261-01	170	—	—
Smart Prosecution Initiative	16.825	Direct Federal		153	—	—
Justice Reinvestment Initiative	16.827	Direct Federal		58	—	—
Equitable Sharing Program	16.922	Direct Federal		19,199	—	—
Total U.S. Department of Justice				73,655	3,684	—
U.S. Department of Labor						
Senior Community Service Employment Program	17.235	Direct Federal	N/A	739	—	—
	17.235	NYS OFA		3,572	—	—
Trade Adjustment Assistance	17.245	Direct Federal		185	—	—
YouthBuild	17.274	Direct Federal		1,821	—	—
WIA Cluster:						
WIA Adult Program	17.258	NYS DOL	AA307671755A36	28,624	—	—
WIA Youth Activities	17.259	NYS DOL	N/A	24,507	24,507	—
WIA Dislocated Workers Formula Grants	17.278	NYS DOL	AA307671755A36	12,215	—	—
Total WIA Cluster				65,346	24,507	—
Total U.S. Department of Labor				71,663	24,507	—

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded  
\*\* Denotes programs with R&D Cluster expenditures

THE CITY OF NEW YORK
Consolidated Schedule of Expenditures of Federal Awards
For the year ended June 30, 2017
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
U.S. Department of State						
Cultural, Technical and Educational Centers	19.015	Direct Federal		\$ 688	\$ —	\$ —
Total U.S. Department of State				688	—	—
U.S. Department of Transportation						
Highway Research and Development Program**	20.200	FHWA	DTFH611H00026	1,193	—	—
Highway Planning and Construction Cluster	20.205	Direct Federal		8,596	—	—
Highway Planning and Construction	20.205	NYS DOT	D034925, D034772, D032218, D033930, D033697, D032262, D033416, D033946, D030207, D031624, D032595, D032178, D033932, D034252, D034178, D031752, D031751, D031750, D031749, D031625, D032416, D032418, D030257, D030258, D032134, D034194, D034250, D031809, D030188, D032517, D033665, D033900, D034139, D032763, D030051, D034787, D031808, D034190, D033646, D033935, D033685, D034244, D033720, D031744, D032289, D034209, D032517, D033722, D033988, D030260, D032516, D032515, D033933, D030296, D033931, D032529, D034790, D033520, D033527, D033697, D033946, D035021, D035022, D035023, D035025, D035026, D035027, D035028, D035029, D031753, D032218, D034196, D034613, D032595, D032202, D031624, D032439, D033397, D033998, D032220, D034253, D034738, D034976, D033782, D035039, D032295, D032203, D032261, D032746, D032304, D034739, D034770, D034927, D034933, D035034, D035073, D034211, D034180, D034191, D033860, D035087, D030431, D031559, D033396, D034641, D034811, D034812, D033407, D031524, D032562, D034639, D034641, D032562, D030183, D034639, D034641, D033360, D033865, D033944, D034023, D034236, D034254, D034699, D034768, D034769, D034805, D030025, D030173, D031624, D031653, D031654, D031655, D032106, D032586, D033317, D033350, D033351, D033352, D033353, D033914, D035075, D034252, D034786, D033479, D033720, D033860, D034194, D034767, D034789, D034922, D034925, D034926, D032401, D034191, D035087, D034639, D034641, D034639, D034812, D034811, D035360	282,015	—	—
Recreational Trails Program	20.219	NYS OPRHP	C138090, D034737	1,853	—	—
Total Highway Planning and Construction Cluster				292,464	—	—
Federal Transit Cluster:						
Federal Transit - Capital Investment Grants	20.500	Direct Federal		13,642	—	—
Federal Transit - Formula Grants	20.507	Direct Federal		15,120	—	—
Total Federal Transit Cluster				28,762	—	—
Federal Transit Administration - Metropolitan Transportation Planning	20.505	Direct Federal		2,697	—	—
	20.505	NYMTC	D000641, C033467	3,183	—	—
Public Transportation Research, Technical Assistance, and Training	20.505	NYS DOT	D031626, D032271, D033787	702	—	—
	20.514	Direct Federal		118	—	—
Transit Services Programs Cluster:						
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Direct Federal		1,274	—	—
Federal Transit Administration - Job Access-Reverse Commute	20.516	Direct Federal		1,974	—	—
Federal Transit Administration - New Freedom Program	20.521	Direct Federal		1,370	—	—
Total Transit Services Programs Cluster				4,618	—	—
Public Transportation Emergency Relief Program	20.527	Direct Federal		11,167	—	—
Highway Safety Cluster						
State and Community Highway Safety	20.600	NYS GTSC	HSG, CPS	641	—	—
National Priority Safety Programs	20.616	NYS DMV	C-002308	86	—	—
Total Highway Safety Cluster				727	—	—
National Infrastructure Investments	20.933	Direct Federal		2,925	—	—
Total U.S. Department of Transportation				348,556	—	—
U.S. Treasury						
Equitable Sharing Program - Treasury	21.U01	Direct Federal		17,497	—	—
Total U.S. Treasury				17,497	—	—
U.S. Institute of Museum and Library Services						
National Leadership Grants	45.312	Direct Federal		170	—	—
Total U.S. Institute of Museum and Library Services				170	—	—
U.S. National Endowment for the Humanities						
Promotion of the Humanities - Division of Preservation and Access	45.149	Direct Federal		125	—	—
Total U.S. National Endowment for the Humanities				125	—	—
U.S. Department of Veterans Affairs						
VA Homeless Providers Grant and Per Diem Program	64.024	Direct Federal		2,105	—	—
Total U.S. Department of Veterans Affairs				2,105	—	—
U.S. Environmental Protection Agency						
National Clean Diesel Emissions Reduction Program	66.039	Direct Federal		2,000	—	—
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	NEIWPCC	N/A	13	—	—
Long Island Sound Program	66.437	Direct Federal		6	—	—
Urban Waters Small Grants	66.440	Direct Federal		5	—	—

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded
\*\* Denotes programs with R&D Cluster expenditures

(Continued)

THE CITY OF NEW YORK  
Consolidated Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
Clean Water State Revolving Fund Cluster: Capitalization Grants For Clean Water State Revolving Fund	66.458	Direct Federal		\$ 3,292	\$ —	\$ —
	66.458	NYS EFC	N/A	139,561	—	—
Total Clean Water State Revolving Fund Cluster				142,853	—	—
Regional Wetland Program Development Grants	66.461	Direct Federal		35	—	—
Drinking Water State Revolving Fund Cluster: Capitalization Grants For Drinking Water State Revolving Fund	66.468	NYS EFC	N/A	33,516	—	—
Total Drinking Water State Revolving Fund Cluster				33,516	—	—
Beach Monitoring and Notification Program Implementation Grants	66.472	NYS DOH	C-029541	34	—	—
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	Direct Federal		1,665	—	—
Total U.S. Environmental Protection Agency				180,127	—	—
U.S. Department of Education Title I Grants to Local Educational Agencies	84.010	NYS ED	6R4501G01, 6R4501H01, 6R4503G01, 6R4509G01, 6R4509H01, 6R4513G01, 6R4513H01, 6R4516H01, 6R4517H01, 6R4551J01, 7R4501G01, 7R4503G01, 7R4504G01, 7R4506G01, 7R4507C01, 7R4508G01, 7R4509C01, 7R4509G01, 7R4511C01, 7R4512G01, 7R4516G01, 7R4517G01, 7R4523C01, 7R4523D01, 7R4523G01, 7R4551F01, 7R4551G01, 7R4551J01, 7R4551K01, 6R1235A01, 6R1240A01, 6R1251A01, 6R1251B01, 6R1251C01, 6R1251D01, 6R1251H01, 6R1251K01, 6R1251L01, 6R1251N01, 6R1264A01, 7R1235A01, 7R1240A01, 7R1251A01, 7R1251B01, 7R1251C01, 7R1251D01, 7R1251H01, 7R1251J01, 7R1251K01, 7R1251L01, 7R1251N01, 7R1264A01	691,503	—	—
Reserve Officers Training Corps	84.U01	Direct Federal		3,298	—	—
Special Education Cluster: Special Education - Grants to States	84.027	NYS ED	6R1551B01, 7R1551B01	300,862	—	—
Special Education - Preschool Grants	84.173	NYS ED	6R1551A01, 7R1551A01	7,915	—	—
Total Special Education Cluster				308,777	—	—
Impact Aid	84.041	Direct Federal		5,250	—	—
TRIO Cluster - TRIO - Student Support Services	84.042	CUNY	N/A	443	—	—
Career and Technical Education - Basic Grants to States	84.048	NYS ED	6R0551A01, 7R0551A01, 7R0579A01	13,096	—	—
Magnet Schools Assistance	84.165	NYS ED	6R2713A01, 6R2728A01, 7R2714A01, 7R2722A01, 7R2727A01, 7R2730A01	12,590	—	—
Special Education - Grants for Infants and Families	84.181	NYS DOH	C-027492B, C31645GG	3,375	—	—
Education for Homeless Children and Youth	84.196	NYS ED	7R3660A01	2,200	—	—
Fund for the Improvement of Education	84.215	NYS ED	6RW440B 01	28	—	—
Twenty-First Century Community Learning Centers	84.287	NYS ED	6R3901A 01, 6R3902A 01, 6R3903A 01, 6R3904A 01, 6R3907A 01, 6R3912A 01, 6R3915A 01, 6R3919A 01, 6R3923A 01, 6R3927A 01, 6R3930A 01, 6R3932A 01, 7R3901D 01, 7R3902H 01, 6RW497A 01, 7RW424A 01, 7RW497A 01	20,085	—	—
Arts in Education	84.351	NYS ED	6R4102B 01, 6R4104B 01, 6R4107B 01, 6R4108B 01, 6R4110B 01, 6R4111B 01, 6R4115B 01, 6R4119B 01, 6R4121B 01, 6R4124B 01, 6R4125B 01, 6R4126B 01, 6R4127B 01, 6R4129B 01, 6R4130B 01, 6R4131B 01, 6R4142A 01, 6R4151A 01, 6R4164A 01, 7R4102B 01, 7R4103B 01, 7R4104B 01, 7R4105B 01, 7R4107B 01, 7R4108B 01, 7R4109B 01, 7R4110B 01, 7R4111B 01, 7R4179B 01, 7R4197B 01	877	—	—
English Language Acquisition Grants	84.365	NYS ED	7R4240A 01, 7R4240B 01	38,727	—	—
Mathematics and Science Partnerships	84.366	NYS ED	6RW646A 01, 7RW646A 01	3,087	—	—
Teacher Incentive Fund	84.374	NYS ED	6R4502A 01, 6R4504C 01, 6R4505C 01, 6R4507D 01, 6R4507E 01, 6R4507F 01, 6R4507K (	9,418	—	—
School Improvement Grants	84.377	NYS ED	6R4507L 01, 6R4508C 01, 6R4508D 01, 6R4509A 01, 6R4509B 01, 6R4509K 01, 6R4510C 01, 6R4511B 01, 6R4511D 01, 6R4512B 01, 6R4514C 01, 6R4514K 01, 6R4517A 01, 6R4518C 01, 6R4519C 01, 6R4519D 01, 6R4526C01, 6R4530K 01, 6R4532C 01, 6R4551A 01, 6R4551B 01, 7R4501A 01, 7R4501C 01, 7R4502A 01, 7R4504C 01, 7R4505C 01, 7R4505D 01, 7R4507A 01, 7R4507D 01, 7R4507E 01, 7R4507F 01, 7R4507L 01, 7R4507M 01, 7R4507N 01, 7R4507P 01, 7R4508C 01, 7R4508D 01, 7R4508H 01, 7R4508J 01, 7R4509K 01, 7R4510C 01, 7R4510K 01, 7R4532L 01, 7R4551A 01, 7R4551B 01, 7R4551D 01, 7R4551E 01	41,000	—	—
Improving Teacher Quality State Grants	84.367	NYS ED	7R2651B 01, 7R2651C 01, 7R2664A 01	104,184	—	—
ARRA - State Fiscal Stabilization Fund(SFSF) - Investing in innovation Fund, Recovery Act	84.396	Direct Federal		31	—	—
Promoting Readiness of Minors in Supplemental Security Income	84.418	NYS ED	6R1450A 01, 7R1450A 01	77	—	—
Preschool Development Grants	84.419	NYS ED	7R1751A 01	8,562	—	—
Total U.S. Department of Education				1,266,608	—	—
National Archives and Records Administration National Historical Publications and Records Grants	89.003	Direct Federal		93	—	—
Total National Archives and Records Administration				93	—	—

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THE CITY OF NEW YORK  
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Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
U.S. Department of Health and Human Services						
Occupational Safety and Health Program	93.U01	Direct Federal		\$ 5,875	\$ —	\$ —
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	NYS OFA	N/A	607	506	—
Aging Cluster:						
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	NYS OFA	N/A	9,552	4,068	—
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	NYS OFA	N/A	19,795	19,272	—
Nutrition Services Incentive Program	93.053	NYS OFA	N/A	11,285	11,285	—
Total Aging Cluster				40,632	34,625	—
National Family Caregiver Support - Title III Part E	93.052	NYS OFA	N/A	3,584	3,584	—
Environmental Public Health and Emergency Response	93.070	FPHNY	82232, 80886, 80558	142	—	—
Medicare Enrollment Assistance Program	93.071	NYS OFA	N/A	185	—	—
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073	Direct Federal		23	—	—
Hospital Preparedness Program (HPP) & Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	PHS	12-dohmh-01A-AMD3, 15-HHC-02, 12-BHC-01, 14-HHC-01, 16-HHC-01, 15-QHC-01	12,603	—	—
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	Direct Federal		362	—	—
Sodium Reduction in Communities	93.082	FPHNY	80839	26	—	—
Guardianship Assistance	93.090	NYS OTDA	N/A	5,820	—	—
Affordable Care Act Personal Responsibility Education Program	93.092	NYS DOH	C-32124	369	—	—
Hurricane Sandy Relief Cluster						
HHS Programs for Disaster Relief Appropriations Act-Non Construction	93.095	Direct Federal		8,330	8,330	—
Total Hurricane Sandy Relief Cluster	93.095	New York University	N/A	5	—	—
Food and Drug Administration Research	93.103	Direct Federal		8,335	8,330	—
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Direct Federal		422	—	—
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	Ed. Dev. Center, Inc.	11724	4,522	—	—
Emergency Medical Services for Children	93.127	Direct Federal		64	—	—
Injury Prevention and Control Research, State and Community Based Programs	93.136	HRI	4874-01, 4874-02	134	—	—
Community Programs to Improve Minority Health Grant Program	93.137	Direct Federal		206	—	—
Projects for Assistance in Transition from Homelessness (PATH)	93.150	NYS OMH	N/A	414	—	—
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	Direct Federal		2,742	2,742	—
	93.153	Montefiore	H12HA24849-05	779	—	—
	93.153	NYU School of Medicine	15-A0-00-004489	413	—	—
Family Planning-Services	93.217	NYS DOH	N/A	267	—	—
Health Center Cluster - Health Center Program	93.224	Direct Federal		873	—	—
Mental Health Research Grants**	93.242	Direct Federal		1,327	—	—
	93.242	CUNY	41865A	30	—	—
	93.242	Columbia University	903-1860A	184	—	—
	93.242	Albert Einstein College of Medicine	311088	26	—	—
	93.242	National Institute of HIV Prevention		6	—	—
		Navigation of Mental Health	41910-E	13	—	—
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	Direct Federal		619	—	—
Poison Control Stabilization and Enhancement Grants	93.253	Direct Federal		743	—	—
Occupational Safety and Health Program**	93.262	Direct Federal		7,142	—	—
	93.262	RFMH	26071	8	—	—
Immunization Grants	93.268	Direct Federal		5,387	—	161,242
Adult Viral Hepatitis Prevention and Control	93.270	Direct Federal		66	—	—
Drug Abuse and Addiction Research Programs**	93.279	Direct Federal		19	—	—
	93.279	St. Luke Roosevelt	0255-0781-4609	112	—	—
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	Direct Federal		6,140	—	—
Teenage Pregnancy Prevention Program**	93.297	FPHNY	80745	811	—	—
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Direct Federal		1,196	—	—
Trans-NIH Research Support	93.310	Direct Federal		173	—	—
Partnerships to Improve Community Health	93.331	FPHNY	80876	44	—	—
National Center for Advancing Translational Sciences	93.350	Direct Federal		274	—	—
	93.350	NYU School of Medicine	N/A	226	—	—
Sickle Cell Treatment Demonstration Program	93.365	Direct Federal		47	—	—
Cancer Cause and Prevention Research**	93.393	Direct Federal		33	—	—
Cancer Detection and Diagnosis Research**	93.394	Direct Federal		43	—	—
Cancer Treatment Research**	93.395	Direct Federal		38	—	—
Cancer Centers Support Grants	93.397	Direct Federal		20	—	—

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The Affordable Care Act: Building Epidemiology, Laboratory & Health Information Systems Capacity in the Epidemiology & Laboratory Capacity for Infectious Disease and Emerging Infections Program Cooperative Agreements	93.521	Direct Federal		\$ 2,201	\$ —	\$ —
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	Direct Federal		5,002	—	—
Promoting Safe and Stable Families	93.556	NYS OTDA	G1401NYFPSS	15,106	—	—
TANF Cluster - Temporary Assistance for Needy Families	93.558	Direct Federal		3,834	—	—
	93.558	NYS DOH	C-028080	2,154	2,087	—
	93.558	NYS OTDA	G1503NYTANF	1,600,905	16,006	—
Total TANF Cluster				1,606,893	18,093	—
Child Support Enforcement	93.563	Direct Federal		295	—	—
	93.563	NYS OTDA	N/A	81,223	—	—
Low-Income Home Energy Assistance	93.568	Direct Federal		35	—	—
	93.568	NYS OTDA	N/A	37,709	—	—
Community Services Block Grant	93.569	NYS DOS	C1000307	35,339	35,339	—
CCDF Cluster - Child Care and Development Block Grant	93.575	Direct Federal		54	—	—
	93.575	NYS OCFS	C-027222	10,093	—	—
	93.575	NYS OTDA	1601NYCCDF	510,939	—	—
Total CCDF Cluster				521,086	—	—
Refugee and Entrant Assistance - Discretionary Grants	93.576	Direct Federal		9	—	—
	93.576	NYS OTDA	N/A	1,724	—	—
Head Start	93.600	Direct Federal		133,745	133,745	—
Assistance for Torture Victims	93.604	Direct Federal		713	—	—
Family Connection Grants	93.605	NYS OTDA	N/A	521	—	—
Health Care Innovation Awards (HCIA)	93.610	Direct Federal		5,045	—	—
	93.610	FPHNY	80820	385	—	—
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	FPHNY	82440	2	—	—
ACA - Transforming Clinical Practice Initiative: Practice Transformation Networks (PTNs)	93.638	FPHNY	82309, 82311	44	—	—
Foster Care - Title IV - E	93.658	Direct Federal		5,292	—	—
	93.658	NYS OTDA	1601NYFOST	259,252	—	—
Adoption Assistance	93.659	Direct Federal		52	—	—
	93.659	NYS OTDA	1601NYADPT	99,559	—	—
Social Services Block Grant	93.667	Direct Federal		20,551	20,403	—
	93.667	NYS OTDA	G1601NYTANF	182,187	—	—
Chafee Foster Care Independence Program	93.674	NYS OTDA	1601NYCILP	5,997	—	—
Racial and Ethnic Approaches to Community Health Program	93.738	Bronx Community Health Network Inc.	N/A	13	—	—
Child Lead Poisoning Prevention Surveillance Financed in part by Prevention and Public Health (PPHF) Program	93.753	Direct Federal		393	—	—
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	FPHNY	82073, 80765	90	—	—
State Children's Health Insurance Program (SCHIP)	93.767	NYS DOH	N/A	25,005	—	—
Medicaid Cluster:						
Medical Assistance Program (Medicaid)	93.778	Direct Federal		19,713	—	—
	93.778	NYS DOH	N/A	14,165,701	—	—
	93.778	FPHNY	82459, 82149, 82179	244	—	—
	93.778	NYS DOH	N/A	40,500	—	—
	93.778	NYS OFA	N/A	3,412	1,213	—
	93.778	NYS OMH	N/A	3,500	—	—
	93.778	NYS OTDA	1705NYSADM	243,148	—	—
Total Medicaid Cluster				14,476,218	1,213	—
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	NYS OFA	N/A	600	—	—
Organized Approaches to Increase Colorectal Cancer Screening	93.800	Health Research Inc	N/A	134	—	—
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases	93.815	Direct Federal		676	—	—
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	Direct Federal		1,292	—	—
Health Careers Opportunity Program	93.822	Direct Federal		29	—	—
Cardiovascular Diseases Research	93.837	Direct Federal		94	—	—
Lung Diseases Research	93.838	Direct Federal		15	—	—
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	Direct Federal		4	—	—
Diabetes, Digestive, and Kidney Diseases Extramural Research**	93.847	Direct Federal		2	—	—
	93.847	FPHNY	82662	173	—	—
Extramural Research Programs in the Neurosciences and Neurological Disorders**	93.853	Direct Federal		317	—	—
Allergy, Immunology and Transplantation Research	93.855	Direct Federal		38	—	—
	93.855	Columbia University	3(GG008377-19)	147	—	—
Child Health and Human Development Extramural Research	93.865	Direct Federal		304	—	—
MIECHV Cluster - Maternal, Infant and Early Childhood Home Visiting Grant I	93.870	NYSDOH	C027584	1,022	1,022	—
Grants for Primary Care Training and Enhancement	93.884	Direct Federal		762	—	—
National Bioterrorism Hospital Preparedness Program	93.889	Direct Federal		460	—	—
HIV Emergency Relief Project Grants	93.914	Direct Federal		107,073	85,597	—
	93.914	PHS	N/A	8,728	—	—
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	Direct Federal		1,625	—	—
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	Direct Federal		1,081	—	—
Student Financial Assistance Cluster - Scholarships for Disadvantaged Students	93.925	Emory University	N/A	57	—	—
Healthy Start Initiative	93.926	Direct Federal		17	—	—
	93.926	FPHNY	80747, 82097	663	—	—

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Special Projects of National Significance	93.928	Direct Federal		\$ 641	\$ —	\$ —
HIV Prevention Activities - Non-Governmental Organization Based	93.939	Direct Federal		2,383	—	—
HIV Prevention Activities - Health Department Based	93.940	Direct Federal		45,221	12,969	—
	93.940	NYS DOH	4867-02	97	—	—
	93.940	PHS	N/A	3,019	—	—
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance**	93.944	Direct Federal		6,644	—	—
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs**	93.946	Direct Federal		194	—	—
Block Grants for Community Mental Health Services	93.958	Direct Federal		1,080	—	—
	93.958	Research Foundation for Mental Hygiene Inc.	N/A	1,113	—	—
	93.958	NYS OMH	N/A	15,417	15,417	—
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Direct Federal		4,533	—	—
	93.959	NYS OASAS	6R2212A 01, 6R2229A 01, 6R2251A 01, 6R2204A 01, 7R2212A 01, 7R2222A 01, 7R2215A 01, 7R2229A 01, 7R2251A 01, 7R2251B 01	30,568	12,508	—
PPHF Geriatric Education Centers	93.969	Direct Federal		73	—	—
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	Direct Federal		6,158	447	—
Preventive Health and Health Services Block Grant	93.991	NYS DOH	C-030509	335	—	—
Maternal and Child Health Services Block Grant to the States	93.994	NYS DOH	C-029753, DOH01-C30933GG-3450000	3,567	—	—
Total U.S. Department of Health and Human Services				17,882,168	386,540	161,242
<b>Corporation for National and Community Services</b> <i>Foster Grandparent/Senior Companion Cluster</i>						
Foster Grandparent Program	94.011	Direct Federal		1,579	—	—
Total Corporation for National and Community Services				1,579	—	—
<b>Social Security Administration</b> <i>Disability Insurance/SSI Cluster - Supplemental Security Income</i>	96.006	Direct Federal		519	—	—
Total Social Security Administration				519	—	—
<b>U.S. Department of Homeland Security</b>						
Emergency Food and Shelter National Board Program	97.024	NYS OTDA	N/A	100	—	—
National Urban Search and Rescue (US&R) Response System	97.025	Direct Federal		3,479	—	—
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Direct Federal		103,921	—	—
	97.036	NYS DHSES	PW4249	79,725	—	—
Hazard Mitigation Grant	97.039	NYS DHSES	N/A	2,708	—	—
Emergency Management Performance Grants	97.042	NYS DHSES	14 EMPG-WM14159445, 15 EMPG-WM15159445, 16 EMPG-WM16159465	2,248	—	—
Assistance to Firefighters Grant	97.044	Direct Federal		22	—	—
Port Security Grant Program	97.056	Direct Federal		8,470	—	—
Homeland Security Grant Program	97.067	Direct Federal		1,737	—	—
	97.067	NYS DHSES	C833241, C971842, C971840, C833251, C971852, C833959, C971843, C971853, C971863, C971850, C971860, C977859	163,395	—	—
Rail and Transit Security Grant Program	97.075	MTA	EMW-2014-RA-00017, EMW-2015-RA-00018, EMW-2016-RA-00016	4,047	—	—
Homeland Security Biowatch Program	97.091	Direct Federal		1,849	—	—
Securing the Cities	97.106	Direct Federal		8,317	—	—
<b>Port Security Grant Program (ARRA)</b>	97.116	Direct Federal		17	—	—
Presidential Residence Protection Security Grant	97.134	Direct Federal		22,804	—	—
Total U.S. Department of Homeland Security				402,839	—	—
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				\$ 22,742,739	\$ 706,859	\$ 260,437
<b>TOTAL R&amp;D CLUSTER EXPENDITURES</b>				\$ 17,957	\$ -	\$ -

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded  
\*\* Denotes programs with R&D Cluster expenditures

The accompanying notes to the Consolidated Schedule of Expenditures of Federal Awards should be read in conjunction with this Schedule.

# THE CITY OF NEW YORK

## SINGLE AUDIT REPORT

### Notes to Consolidated Schedule of Expenditures of Federal Awards For the year ended June 30, 2017

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#### 1. BASIS OF PRESENTATION

- (a) **Reporting Entity** - For purposes of complying with the Federal Single Audit Act of 1984, as amended by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”), The City of New York (“The City”) consists of the primary government, including the Department of Education (“DOE”) as defined in Note A.1 to the basic financial statements, except as follows: 1) the accounts and transactions of the community colleges of The City University of New York are excluded and 2) all other separately administered component unit organizations identified in Note A.1 to the basic financial statements are also excluded, except for The New York City Health and Hospitals Corporation (“HHC”), New York City Economic Development Corporation (“EDC”), and New York City Municipal Water Finance Authority (“Water Authority”), which are included. Therefore, the expenditures of Federal awards, if any, of the community colleges of The City University of New York and the excluded separately administered components unit organizations are not included in the accompanying Consolidated Schedule of Expenditures of Federal Awards (“Consolidated SEFA”).
- (b) **Pass-Through Programs** - When The City receives Federal funds from a government entity other than the Federal government (“pass-through grantor”) such funds are aggregated based upon the Catalog of Federal Domestic Assistance (“CFDA”) number provided by the pass-through grantor.
- (c) **Other Federal Assistance** - The “Other Federal Assistance” presented in the accompanying Consolidated SEFA, which includes Federal financial assistance programs that have not been assigned a CFDA number, has been identified by Federal agency and reported as unknown with the Federal agency's code (i.e., 21.U01).
- (d) **Noncash Federal Programs** - The City is the recipient of Federal financial assistance programs that do not result in cash receipts or disbursements, termed “Noncash Assistance.” Noncash Assistance received by The City is included in the Consolidated SEFA.
- (e) **New York City Municipal Water Finance Authority (“Water Authority”)** - The New York State Environmental Facilities Corporation (“EFC”) provides financial assistance under the Clean Water State Revolving Fund (“CWSRF”) and Drinking Water State Revolving Fund (“DWSRF”) through: 1) long-term leveraged financings, 2) short-term and long-term direct financings, 3) grants and principal forgiveness, and 4) loan guarantees.

In providing awards to the Water Authority, EFC utilizes Federal grants along with a 20 percent State match, as well as proceeds from bonds that EFC periodically issues in the bond market on behalf of its recipients. EFC utilizes such bond proceeds and or program equity to fund subsidized loans directly made to its borrowers. Borrowers then issue their bonds to EFC to secure their financial obligations to EFC. EFC utilizes program assets to provide subsidized financing to borrowers which lowers their interest costs. As of June 30, 2017, the Water Authority's bonds outstanding under the CWSRF and DWSRF programs were \$4.7 billion and \$872 million, respectively.

During the year ended June 30, 2017, the Water Authority issued \$219 million of bonds to EFC under the DWSRF program and \$980 million under the CWSRF program. The Water Authority retired \$52 million and \$231 million and refunded \$40 million and \$631 million under the DWSRF and CWSRF programs, respectively.

# THE CITY OF NEW YORK

## SINGLE AUDIT REPORT

### Notes to Consolidated Schedule of Expenditures of Federal Awards For the year ended June 30, 2017

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Under its short-term financing program, EFC provides for the cash flow needs of borrowers through notes which are usually paid off with proceeds of long-term financing. As of June 30, 2017, the Water Authority's notes outstanding under the CWSFR and DWSRF programs were \$359 million and \$0, respectively.

During the year ended June 30, 2017, the Water Authority drew down from the CWSRF short-term financing program \$649 million and retired \$608 million.

During the year ended June 30, 2017, EFC did not provide funding to the Water Authority under its grant and principal forgiveness program and guarantees on the Water Authority's outstanding obligations.

The Water Authority expended \$140 million and \$34 million on project expenditures under the CWSFR and DWSRF programs, respectively, which are included in the consolidated SEFA for the year ended June 30, 2017.

## 2. BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported in The City's basic financial statements.

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

The accompanying Consolidated SEFA was also prepared on the accrual basis of accounting and presents the federal awards expenditures of the reporting entity as defined in Note 1a, above.

### **Reconciliation of Federal Expenditures related to Disaster Grants - Public Assistance (Presidentially Declared Disasters) ("Disaster Grant") CFDA # 97.036; reported in the Consolidated SEFA to The City's Basic Financial Statements**

On October 29, 2012, Superstorm Sandy ("Sandy") made landfall in The City. The storm surge and high winds caused significant damage in The City as well as other states and cities along the U.S. eastern seaboard. The City incurred costs for emergency response and storm related damages to, and destruction of, City buildings and other assets. As of June 30, 2017, the estimated value of damages and recovery costs was approximately \$10.4 billion comprised of \$8.3 billion for capital construction and \$2.1 billion for cleanup, relief, and repairs.

In response to the damages caused by Sandy, President Obama signed a major disaster declaration on October 30, 2012, authorizing the Federal Emergency Management Agency ("FEMA") to provide Public Assistance grants ("PA") to government entities for response and recovery efforts. The emergency declaration supports the reimbursement of eligible emergency work (categorized as Emergency Protective

# THE CITY OF NEW YORK

## SINGLE AUDIT REPORT

### Notes to Consolidated Schedule of Expenditures of Federal Awards For the year ended June 30, 2017

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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). In May 2013, the President authorized reimbursement of eligible costs at a 90% rate.

Approximately \$384 million in emergency and recovery spending (including current, prior and future years' expenditures) was obligated for reimbursement by FEMA during The City's Fiscal Year 2017, and approximately \$8.583 billion had been obligated in Fiscal Years 2013 - 2016, bringing the total amount obligated as of June 30, 2017 to approximately \$8.967 billion; the remainder of recovery spending will be obligated in future fiscal years.

In the Consolidated SEFA, The City is required to report all expenditures made by The City that correspond to all obligations that had been made through June 30, 2017, regardless of which fiscal year(s) the expenditures were incurred and except for amounts for which expenditures and obligations had both occurred in prior years (which, therefore, had been previously reported as expenditures in a prior year's Consolidated SEFA).

For the Fiscal Year 2017, The City had approximately \$184 million of expenditures correlating to obligations through June 30, 2017. The potential for changes to this amount is predicated on adjustments to existing 2017 federal obligations and enhanced visibility of grant expenditure association.

Approximately \$76 million of the amount obligated in Fiscal Year 2017 corresponds to eligible expenditures incurred by The City in prior Fiscal Years and were recognized in The City's Basic Financial Statements in Fiscal Years 2013 - 2016 but are included in the Fiscal Year 2017 Consolidated SEFA. Similarly, FEMA has not yet obligated recovery spending for approximately \$11 million of the expenditures made by The City during Fiscal Year 2017; this amount is excluded from the Fiscal 2017 Consolidated SEFA and will be included in the Consolidated SEFA in a future year in which the related obligation is made.

A reconciliation of The City's Basic Financial Statements to the Federal Expenditures reported in The City's Fiscal Year 2017 Consolidated SEFA is provided below:

	<i>(in thousands)</i>
Total Fiscal Year 2017 Disaster Grant related expenditures as reported in The City's Basic Financial Statements	\$ 119,211
Add: Disaster Grant expenditures incurred prior to Fiscal Year 2017 for which obligations were made during Fiscal Year 2017	75,734
Less: Fiscal Year 2017 disaster grant expenditures for which no obligations had been made as of June 30, 2017 but for which obligations are expected to be made in future years	(11,299)
Fiscal Year 2017 Disaster Grant amounts included in the SEFA	<u>\$ 183,646</u>

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

# THE CITY OF NEW YORK

## SINGLE AUDIT REPORT

### Notes to Consolidated Schedule of Expenditures of Federal Awards For the year ended June 30, 2017

#### 3. MATCHING COSTS

Matching costs (i.e., the non-Federal share of certain program costs) provided by The City or New York State, are not included in the accompanying SEFA. For awards that allows Federal funding for matching costs (i.e. Department of Homeland Security awards), expenditures are reported in the accompanying Consolidated SEFA to the extent that such expenditures are eligible for the respective Federal programs.

#### 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

The regulations and guidelines governing the preparation of Federal and State financial reports vary by State and Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal and State financial reports may not necessarily agree with the amounts reported in the accompanying Consolidated SEFA, which is prepared as described in Notes 1 and 2, above.

#### 5. INDIRECT COSTS

The City has not made the election to use the 10% de minimus indirect cost rate as provided by Uniform Guidance Section 200.414, Indirect (F&A) Costs.

#### 6. REVOLVING LOAN FUNDS

The accompanying Consolidated SEFA includes \$1,378,000 related to the Revolving Loan Funds ("RLF") created through the Economic Adjustment Assistance program of the U.S. Department of Commerce, the composition of which follows.

	<b>Tru Fund</b>	<b>BOC</b>	<b>Total CFDA 11.307</b>
		<b>(in thousands)</b>	
Balance of RLF loans outstanding at June 30, 2017	\$ 820	\$ 785	\$ 1,605
Cash and investment balance in the RLF at June 30, 2017	727	1,156	1,883
Administrative expenses paid out of RLF income during the fiscal year	11	6	17
The unpaid principal of all loans written off during the recipient's fiscal year	47	-	47
Federal share of the RLF	<u>45.42 %</u>	<u>33.33 %</u>	<u>38.79 %</u>
Total fiscal 2017 RLF expended	<u>\$ 729</u>	<u>\$ 649</u>	<u>\$ 1,378</u>

# THE CITY OF NEW YORK

## SINGLE AUDIT REPORT

Notes to Consolidated Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017

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### 7. GLOSSARY OF PASS-THROUGH GRANTORS

The following is a glossary of pass-through grantor acronyms and names, which may have been used in the Consolidated SEFA and/or related Exhibits:

Columbia University	Columbia University in the City of New York
CUNY	City University of New York
FHWA	Federal Highway Administration
FPHNY	Fund for Public Health - New York Inc.
HRI	Health Research, Inc.
LMDC	Lower Manhattan Development Corporation
MTA	Metropolitan Transportation Authority
NFWF	National Fish and Wildlife Foundation
NYU	New York University
NYMTC	New York Metropolitan Transportation Council
NYS	New York State
NYS DCJS	New York State Division of Criminal Justice Services
NYS DHSES	New York State Division of Homeland Security and Emergency Services
NYS DMV	New York State Department of Motor Vehicle
NYS DOH	New York State Department of Health
NYS DOL	New York State Department of Labor
NYS DOT	New York State Department of Transportation
NYS DOS	New York State Department of State
NYS ED	New York State Education Department
NYS GTSC	New York State Governor's Traffic Safety Committee
NYS OASAS	New York State Office of Alcohol and Substance Abuse Services
NYS OCFS	New York State Office of Children and Family Services
NYS OFA	New York State Office for the Aging
NYS OMH	New York State Office of Mental Health
NYS OTDA	New York State Office of Temporary and Disability Services
NYS OVS	New York State Office of Victim Services
PANY&NJ	Port Authority of New York and New Jersey
PHS	Public Health Solutions
RFMH	Research Foundation for Mental Hygiene

## **THE CITY OF NEW YORK**

### **Introduction to Exhibits - Consolidated Schedule of Expenditures of Federal Awards For the year ended June 30, 2017**

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The accompanying Exhibits to the Consolidated Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis with respect to The City of New York, The City of New York Health and Hospitals Corporation, The City of New York Department of Education, the New York City Economic Development Corporation and the New York City Municipal Water Finance Authority which are covered by the City's Single Audit Report. These separate Exhibits are not a required part of the financial reporting package stipulated by Title 2 *U.S. Code of Federal Regulations* ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Accordingly, such Exhibits should be used in conjunction with the Consolidated Schedule of Expenditures of Federal Awards from which they were derived.

The information presented in the accompanying Exhibits is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Consolidated Schedule of Expenditures of Federal Awards for the year ended June 30, 2017.

THE CITY OF NEW YORK  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
<b>U.S. Department of Agriculture</b>						
Food Insecurity Nutrition Incentive Grants Program	10.331	FPHNY	82066	\$ 9	\$ —	\$ —
<i>Child Nutrition Cluster:</i>						
School Breakfast Program	10.553	NYS ED	N/A	266	—	—
National School Lunch Program	10.555	NYS ED	N/A	373	—	—
Summer Food Service Program for Children	10.559	NYS DOH	C-027556	92	—	—
<i>Total Child Nutrition Cluster</i>				<u>731</u>	<u>—</u>	<u>—</u>
Child and Adult Care Food Program	10.558	NYS DOH	6499, CACFP 4316	2,578	2,550	—
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Direct Federal		1,678	—	—
	10.561	NYS DOH	2015IS251444, C-027896	12,914	—	—
	10.561	NYS OTDA	2015IS252044	249,377	—	—
Supplemental Nutrition Assistance Program Process and Technology Improvement Grants	10.580	Direct Federal		1,247	—	—
Cooperative Forestry Assistance	10.664	Direct Federal		1,308	—	—
Emergency Watershed Protection Program	10.923	Direct Federal		4,080	—	—
<i>Total U.S. Department of Agriculture</i>				<u>273,922</u>	<u>2,550</u>	<u>—</u>
Procurement Technical Assistance for Business Firms	12.002	Direct Federal		310	—	—
<i>Total U.S. Department of Defense</i>				<u>310</u>	<u>—</u>	<u>—</u>
<b>U.S. Department of Housing and Urban Development</b>						
Community Development Block Grants/Entitlement Grants	14.218	Direct Federal		195,106	5,494	—
Urban Development Action Grants	14.221	Direct Federal		42	—	—
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Direct Federal		655	—	—
	14.228	LMDC	WATER STREET 2, TD19-9930, 4344, 7801	6,382	—	—
Emergency Shelter Grants Program	14.231	Direct Federal		16,451	98	—
Supportive Housing Program	14.235	Direct Federal		232	—	—
HOME Investment Partnerships Program	14.239	Direct Federal		45,593	—	—
Housing Opportunities for Persons with AIDS	14.241	Direct Federal		48,519	18,443	—
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	Direct Federal		9,010	—	—
Continuum of Care Program	14.267	Direct Federal		32,906	—	—
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	Direct Federal		878,139	264,165	—
	14.269	NYS DOT	7C93065	37	—	—
National Disaster Resilience Competition	14.272	Direct Federal		1,205	—	—
Lower Income Housing Assistance Program- Section 8 Moderate Rehabilitation	14.856	Direct Federal		7,701	—	—
Section 8 Housing Choice Vouchers	14.871	Direct Federal		455,851	—	—
Family Self-Sufficiency Program	14.896	Direct Federal		1,386	—	—
Lead Hazard Reduction Demonstration Grant Program	14.905	Direct Federal		2,035	—	—
<i>Total U.S. Department of Housing and Urban Development</i>				<u>1,701,250</u>	<u>288,200</u>	<u>—</u>

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded

\*\* Denotes programs with R&D Cluster expenditures

(Continued)

THE CITY OF NEW YORK  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
<b>U.S. Department of the Interior</b>						
Hurricane Sandy Disaster Relief - Costal Resiliency Grants	15.153	Direct Federal		\$ 847	\$ —	\$ —
	15.153	NFWF	42019	440	—	—
North American Wetlands Conservation Fund	15.623	Direct Federal		6	—	—
Natural Resource Stewardship	15.944	Direct Federal		7	—	—
Cultural Resources Management	15.946	Direct Federal		80	—	—
				<b>1,380</b>	<b>—</b>	<b>—</b>
Total U.S. Department of the Interior						
<b>U.S. Department of Justice</b>						
Law Enforcement Assistance-Narcotics and Dangerous-Drugs Training	16.004	Direct Federal		4,579	—	—
Justic Systems Response to Families	16.021	Direct Federal		366	366	—
Community - Based Violence Prevention Program	16.123	Direct Federal		27	—	—
Law Enforcement Assistance-National Crime Information Center	16.304	Direct Federal		6	—	—
Services for Trafficking Victims	16.320	Direct Federal		194	—	—
Juvenile Accountability Block Grants	16.523	NYS DCJS	C61227	48	—	—
Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528	Direct Federal		288	—	—
Missing Children's Assistance	16.543	Direct Federal		242	—	—
National Institute of Justice Research, Evaluation, and Development Project Grants**	16.560	Direct Federal		960	—	—
Crime Victim Assistance	16.575	NYS OVS	C100069	564	—	—
Crime Victim Assistance/Discretionary Grants	16.582	Direct Federal		52	—	—
Violence Against Women Formula Grants	16.588	Direct Federal		224	—	—
	16.588	NYS DCJS	C652106, C652099, C652054, C652075, C652098	410	—	—
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	Direct Federal		927	256	—
	16.590	NYS DCJS	C652073	56	—	—
State Criminal Alien Assistance Program	16.606	Direct Federal		10,551	—	—
PREA Program: Demonstration Projects to Establish "Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities	16.735	Direct Federal		581	—	—
<i>Edward Byrne Memorial Justice Assistance Grant Program Cluster:</i> Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct Federal		30,875	2,765	—
	16.738	NYS DCJS	BJ16632763, C637329, C637327, T637328	1,052	—	—
<i>Total Edward Byrne Memorial Justice Assistance Grant Program Cluster</i>				<b>31,927</b>	<b>2,765</b>	<b>—</b>
Forensic DNA Backlog Reduction Program	16.741	Direct Federal		601	—	—
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Direct Federal		30	—	—
Harold Rogers Prescription Drug Monitoring Program	16.754	Direct Federal		171	—	—
Second Chance Act Prisoner Reentry Initiative	16.812	Direct Federal		297	297	—
Byrne Criminal Justice Innovation Program	16.817	Direct Federal		170	—	—
Smart Prosecution Initiative	16.825	Direct Federal		153	—	—
Justice Reinvestment Initiative	16.827	Direct Federal		58	—	—
Equitable Sharing Program	16.922	Direct Federal		19,199	—	—
				<b>72,681</b>	<b>3,684</b>	<b>—</b>
Total U.S. Department of Justice						

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded

\*\* Denotes programs with R&D Cluster expenditures

(Continued)

THE CITY OF NEW YORK  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
<b>U.S. Department of Labor</b>						
Senior Community Service Employment Program	17.235	Direct Federal	N/A	\$ 739	\$ —	\$ —
	17.235	NYS OFA		3,572	—	—
Trade Adjustment Assistance	17.245	Direct Federal		185	—	—
<i>WIA Cluster:</i>						
WIA Adult Program	17.258	NYS DOL	AA307671755A36	28,624	—	—
WIA Youth Activities	17.259	NYS DOL	N/A	24,507	24,507	—
WIA Dislocated Worker Formula Grants	17.278	NYS DOL	AA307671755A36	12,215	—	—
<i>Total WIA Cluster</i>				<u>65,346</u>	<u>24,507</u>	<u>—</u>
Total U.S. Department of Labor				<u>69,842</u>	<u>24,507</u>	<u>—</u>
<b>U.S. Department of State</b>						
Cultural, Technical and Educational Centers	19.015	Direct Federal		688	—	—
Total U.S. Department of State				<u>688</u>	<u>—</u>	<u>—</u>
<b>U.S. Department of Transportation</b>						
Highway Research and Development Program**	20.200	FHWA	DTFH611H00026	1,193	—	—
Highway Planning and Construction	20.205	Direct Federal		6,921	—	—
	20.205	NYS DOT	D034925, D034772, D032218, D033930, D033697, D032262, D033416, D033946, D030207, D031624, D032595, D032178, D033932, D034252, D034178, D031752, D031751, D031750, D031749, D031625, D032416, D032418, D030257, D030258, D032134, D034194, D034250, D031809, D030188, D032517, D033665, D033900, D034139, D032763, D030051, D034787, D031808, D034190, D033646, D033935, D033685, D034244, D033720, D031744, D032289, D034209, D032517, D033722, D033988, D030260, D032516, D032515, D033933, D030296, D033931, D032529, D034790, D033520, D033527, D033697, D033946, D035021, D035022, D035023, D035025, D035026, D035027, D035028, D035029, D031753, D032218, D034196, D034613, D032595, D032202, D031624, D032439, D033397, D033998, D032220, D034253, D034738, D034976, D033782, D035039, D032295, D032203, D032261, D032746, D032304, D034739, D034770, D034927, D034933, D035034, D035073, D034211, D034180, D034191, D033860, D035087, D030431, D031559, D033396, D034641, D034811, D034812, D033407, D031524, D032562, D034639, D034641, D032562, D030183, D034639, D034641, D033360, D033865, D033944, D034023, D034236, D034254, D034699, D034768, D034769, D034805, D030025, D030173, D031624, D031653, D031654, D031655, D032106, D032586, D033317, D033350, D033351, D033352, D033353, D033914, D035075, D034252, D034786, D033479, D033720, D033860, D034194, D034767, D034789, D034922, D034925, D034926, D032401, D033664, D033783, D034179, D034616, D034784, D034929, D013870, D017927, D030183, D031524, D032662, D034636, D034641, D030183, D033395, D033528, D034645, D034612, D030284, D032761, D017871, D032284, D030244, D024674, D030033, D032625, D030169, D032270, D033683, D022412, D022287, D030195, D032443, D0030443, D0030443, D022413, D034788, D034834, D031753, D032218, D034196, D034613, D033497, NY950013, D032202, D035072, D033352, D034786, D035075, D033350, D033486, D031577, D035365, D035346, D035361, D033722, D033479, D033699, D034610, D033526, D030296, D034645, D030259, D033720, D034194, D033860, D034926, D033988, D022349, D030260, D030296, D033845, NY950049, D034023, D034699, D034805, D034865, D035086, D035328, D034236, D035348, D033944, D033397, D034755, D032438, D032220, D034253, D034738, D034976, D035325, D035039, D017840, D024673, D032261, D032746, D034974, D032304, D035366, D035372, D033869, D034739, D034211, D034180 D034191, D035087, D034639, D034641, D034639, D034812, D034811, D035360 C138090, D034737	282,015	—	—
Recreational Trails Program	20.219	NYS OPRHP		1,853	—	—
<i>Federal Transit Cluster:</i>						
Federal Transit - Capital Investment Grants	20.500	Direct Federal		13,642	—	—
Federal Transit - Formula Grants	20.507	Direct Federal		15,120	—	—
<i>Total Federal Transit Cluster</i>				<u>28,762</u>	<u>—</u>	<u>—</u>

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded  
\*\* Denotes programs with R&D Cluster expenditures

(Continued)

THE CITY OF NEW YORK  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
Federal Transit Administration - Metropolitan Transportation Planning	20.505	NYMTC	D000641, C033467	\$ 3,183	\$ —	\$ —
	20.505	NYS DOT	D031626, D032271, D033787	702	—	—
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Direct Federal		1,274	—	—
Public Transportation Research, Technical Assistance, and Training	20.514	Direct Federal		118	—	—
Transit Services Programs Cluster:						
Federal Transit Administration - Job Access- Reverse Commute	20.516	Direct Federal		1,974	—	—
Federal Transit Administration - New Freedom Program	20.521	Direct Federal		1,370	—	—
Total Transit Services Programs Cluster				3,344	—	—
Public Transportation Emergency Relief Program	20.527	Direct Federal		11,107	—	—
State and Community Highway Safety	20.600	NYS GTSC	HSG, CPS	625	—	—
National Infrastructure Investments	20.933	Direct Federal		2,332	—	—
Total U.S. Department of Transportation				343,429	—	—
U.S. Treasury						
Equitable Sharing Program - Treasury	21.U01	Direct Federal		17,497	—	—
Total U.S. Treasury				17,497	—	—
U.S. National Endowment for the Humanities						
Promotion of the Humanities - Division of Preservation and Access	45.149	Direct Federal		125	—	—
Total U.S. National Endowment for the Humanities				125	—	—
U.S. Department of Veterans Affairs						
VA Homeless Providers Grant and Per Diem Program	64.024	Direct Federal		2,105	—	—
Total U.S. Department of Veterans Affairs				2,105	—	—
U.S. Environmental Protection Agency						
National Clean Diesel Emissions Reduction Program	66.039	Direct Federal		1,000	—	—
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	NEIWPCC		13	—	—
Long Island Sound Program	66.437	Direct Federal		6	—	—
Urban Waters Small Grants	66.440	Direct Federal		5	—	—
Capitalization Grants For Clean Water State Revolving Fund	66.458	Direct Federal		3,292	—	—
Regional Wetland Program Development Grants	66.461	Direct Federal		35	—	—
Beach Monitoring and Notification Program Implementation Grants	66.472	NYS DOH	C-029541	34	—	—
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	Direct Federal		1,512	—	—
Total U.S. Environmental Protection Agency				5,897	—	—

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THE CITY OF NEW YORK  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
U.S. Department of Education						
TRIO - Student Support Services	84.042	CUNY	N/A	\$ 443	\$ —	\$ —
Special Education - Grants for Infants and Families	84.181	NYS DOH	C-027492B, C31645GG	3,375	—	—
Total U.S. Department of Education				3,818	—	—
National Archives and Records Administration						
National Historical Publications and Records Grants	89.003	Direct Federal		93	—	—
Total National Archives and Records Administration				93	—	—
U.S. Department of Health and Human Services						
Occupational Safety and Health Program	93.U01	Direct Federal		5,875	—	—
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	NYS OFA	N/A	607	506	—
Aging Cluster:						
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	NYS OFA	N/A	9,552	4,068	—
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	NYS OFA	N/A	19,795	19,272	—
Nutrition Services Incentive Program	93.053	NYS OFA	N/A	11,285	11,285	—
Total Aging Cluster				40,632	34,625	—
Special Programs for the Aging-Title IV-and Title II						
National Family Caregiver Support - Title III, Part E	93.052	NYS OFA	N/A	3,584	3,584	—
Environmental Public Health and Emergency Response	93.070	FPHNY	82232, 80886, 80558	142	—	—
Medicare Enrollment Assistance Program	93.071	NYS OFA	N/A	185	—	—
Hospital Preparedness Program (HPP) & Public Health Emergency						
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073	Direct Federal		23	—	—
Health Preparedness Program (HPP) & Public Health Emergency						
Preparedness (PHEP) Aligned Cooperative Agreements	93.074	PHS	12-dohmh-01A-AMD3	11,929	—	—
Sodium Reduction in Communities	93.082	FPHNY	80839	26	—	—
Guardianship Assistance	93.090	NYS OTDA	N/A	5,820	—	—
HHS Programs for Disaster Relief Appropriations Act-Non Construction	93.095	Direct Federal		8,330	8,330	—
	93.095	New York University	N/A	5	—	—
Food and Drug Administration Research	93.103	Direct Federal		422	—	—
Project Grants and Cooperative Agreements						
for Tuberculosis Control Programs	93.116	Direct Federal		4,522	—	—
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	Ed. Develop. Center, Inc.	11724	64	—	—
Emergency Medical Services for Children	93.127	Direct Federal		134	—	—
Injury Prevention and Control Research, State and Community						
Based Programs	93.136	HRI	4874-01, 4874-02	206	—	—
Projects for Assistance in Transition from Homelessness (PATH)	93.150	NYS OMH	N/A	2,742	2,742	—
Mental Health Research Grants**	93.242	CUNY	41865A	184	—	—
	93.242	Columbia University	903-1860A	26	—	—
	93.242	Albert Einstein College of Medicine	311088	6	—	—
	93.242	National Institute of HIV Prevention				
		Navigation of Mental Health	41910-E	13	—	—
Substance Abuse and Mental Health Services - Projects of						
Regional and National Significance	93.243	Direct Federal		166	—	—
Occupational Safety and Health Program**	93.262	Direct Federal		6,919	—	—
	93.262	RFMH	26071	8	—	—
Immunization Grants	93.268	Direct Federal		5,269	—	140,701
Adult Viral Hepatitis Prevention and Control	93.270	Direct Federal		66	—	—
Drug Abuse and Addiction Research Programs**	93.279	St. Luke Roosevelt	0255-0781-4609	112	—	—
Centers for Disease Control and Prevention -						
Investigations and Technical Assistance	93.283	Direct Federal		6,140	—	—
Teenage Pregnancy Prevention Program**	93.297	FPHNY	80745	807	—	—
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Direct Federal		226	—	—
Partnerships to Improve Community Health	93.331	FPHNY	80876	44	—	—

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\*\* Denotes programs with R&D Cluster expenditures

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THE CITY OF NEW YORK  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
The Affordable Care Act: Building Epidemiology, Laboratory & Health Information Systems Capacity in the Epidemiology & Laboratory Capacity for Infectious Disease and Emerging Infections Program	93.521	Direct Federal		\$ 2,094	\$ —	\$ —
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	Direct Federal		4,892	—	—
Promoting Safe and Stable Families	93.556	NYS OTDA	G1401NYFPSS	15,106	—	—
Temporary Assistance for Needy Families	93.558	Direct Federal		3,834	—	—
	93.558	NYS DOH	C-028080	2,154	2,087	—
	93.558	NYS OTDA	G1503NYTANF	1,600,905	16,006	—
Child Support Enforcement	93.563	Direct Federal		295	—	—
	93.563	NYS OTDA	N/A	81,223	—	—
Low-Income Home Energy Assistance	93.568	Direct Federal		35	—	—
	93.568	NYS OTDA	N/A	37,709	—	—
Community Services Block Grant	93.569	NYS DOS	C1000307	35,339	35,339	—
Child Care and Development Block Grant	93.575	Direct Federal		54	—	—
	93.575	NYS OCFS	C-027222	10,093	—	—
	93.575	NYS OTDA	1601NYCCDF	510,939	—	—
Refugee and Entrant Assistance -- Discretionary Grants	93.576	Direct Federal		9	—	—
	93.576	NYS OTDA	N/A	1,724	—	—
Head Start	93.600	Direct Federal		133,745	133,745	—
Family Connection Grants	93.605	NYS OTDA	N/A	521	—	—
Health Care Innovation Awards (HCIA)	93.610	FPHNY	80820	385	—	—
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	FPHNY	82440	2	—	—
ACA - Transforming Clinical Practice Initiative: Practice Transformation Networks (PTNs)	93.638	FPHNY	82309, 82311	44	—	—
Foster Care - Title IV - E	93.658	Direct Federal		5,292	—	—
	93.658	NYS OTDA	1601NYFOST	259,252	—	—
Adoption Assistance	93.659	Direct Federal		52	—	—
	93.659	NYS OTDA	1601NYADPT	99,559	—	—
Social Services Block Grant	93.667	Direct Federal		20,551	20,403	—
	93.667	NYS OTDA	G1601NYTANF	182,187	—	—
	93.674	NYS OTDA	1601NYCILP	5,997	—	—
Chafee Foster Care Independence Program						
Child Lead Poisoning Prevention Surveillance Financed in part by Prevention and Public Health (PPHF) Program	93.753	Direct Federal		393	—	—
Capacity Building Assistance to Strengthen Public Health Immunization						
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	FPHNY	82073, 80765	90	—	—
Medicaid Cluster:						
Medical Assistance Program (Medicaid)	93.778	Direct Federal		19,713	—	—
	93.778	NYS DOH	N/A	14,165,594	—	—
	93.778	FPHNY	82459, 82149, 82179	244	—	—
Medical Assistance Program (New Medicaid)	93.778	NYS OFA	N/A	3,412	1,213	—
	93.778	NYS OMH	N/A	3,500	—	—
	93.778	NYS OTDA	1705NY5ADM	243,148	—	—
Total Medicaid Cluster						
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	NYS OFA	N/A	600	—	—
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases	93.815	Direct Federal		676	—	—
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	Direct Federal		205	—	—
Diabetes, Digestive, and Kidney Diseases Extramural Research**	93.847	FPHNY	82662	173	—	—
Allergy, Immunology and Transplantation Research	93.855	Columbia University	3(GG008377-19)	147	—	—
MIECHV - Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	NYSDOH	C027584	1,022	1,022	—
HIV Emergency Relief Project Grants	93.914	Direct Federal		104,248	85,597	—
Healthy Start Initiative	93.926	FPHNY	80747, 82097	663	—	—
Special Projects of National Significance	93.928	Direct Federal		238	—	—
National Institutes of Health Acquired Immunodeficiency Syndrome						
HIV Prevention Activities - Non-Governmental Organization Based	93.939	Direct Federal		1,933	—	—
HIV Prevention Activities - Health Department Based	93.940	Direct Federal		43,990	12,969	—
	93.940	NYS DOH	4867-02	97	—	—

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded  
\*\* Denotes programs with R&D Cluster expenditures

(Continued)

THE CITY OF NEW YORK  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance**	93.944	Direct Federal		\$ 6,630	\$ —	\$ —
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs**	93.946	Direct Federal		194	—	—
Block Grants for Community Mental Health Services	93.958	NYS OMH	N/A	15,417	15,417	—
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NYS OASAS	N/A	12,508	12,508	—
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	Direct Federal		6,025	447	—
Preventative Health and Health Services Block Grant	93.991	NYS DOH	C-030509	286	—	—
Maternal and Child Health Services Block Grant to the States	93.994	NYS DOH	C-029753, DOH01-C30933GG-3450000	2,815	—	—
Total U.S. Department of Health and Human Services				17,753,187	386,540	140,701
<b>Corporation for National and Community Services</b>						
Foster Grandparent Program	94.011	Direct Federal		1,579	—	—
Total Corporation for National and Community Service				1,579	—	—
<b>Social Security Administration</b>						
Supplemental Security Income	96.006	Direct Federal		519	—	—
Total Social Security Administration				519	—	—
<b>U.S. Department of Homeland Security</b>						
Emergency Food and Shelter National Board Program	97.024	NYS OTDA	N/A	100	—	—
National Urban Search and Rescue (US&R) Response System	97.025	Direct Federal		3,479	—	—
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Direct Federal		4,013	—	—
	97.036	NYS DHSES	PW4249	79,725	—	—
Emergency Management Performance Grants	97.042	NYS DHSES	14 EMPG-WM14159445, 15 EMPG-WM15159445, 16 EMPG-WM16159465	2,248	—	—
Assistance to Firefighters Grant	97.044	Direct Federal		22	—	—
Port Security Grant Program	97.056	Direct Federal		8,470	—	—
Homeland Security Grant Program	97.067	Direct Federal		792	—	—
	97.067	NYS DHSES	C833241, C971842, C971840, C833251, C971852, C833959, C971843, C971853, C971863, C971850, C971860, C977859,	163,395	—	—
Presidential Residence Protection Security Grant	97.134	Direct Federal		22,804	—	—
Rail and Transit Security Grant Program	97.075	MTA	EMW-2014-RA-00017, EMW-2015-RA-00018, EMW-2016-RA-00016	4,047	—	—
Homeland Security Research, Development, Testing, Evaluation, and Homeland Security Biowatch Program	97.091	Direct Federal		1,849	—	—
Securing the Cities	97.106	Direct Federal		8,317	—	—
<b>Port Security Grant Program (ARRA)</b>	97.116	Direct Federal		17	—	—
Total U.S. Department of Homeland Security				299,278	—	—
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				\$ 20,547,600	\$ 705,481	\$ 140,701
<b>TOTAL R&amp;D CLUSTER EXPENDITURES</b>				\$ 17,225	\$ —	\$ —

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The accompanying Introduction to Exhibits - Consolidated Schedule of Expenditures of Federal Awards should be read in conjunction with this Schedule.

THE CITY OF NEW YORK  
HEALTH AND HOSPITALS CORPORATION  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
<b>U.S. Department of Agriculture</b> Special Supplemental Nutrition Program for Women, Infants, and Children			C-30380, C-30428, C-30450, C-30431, C-30444, C-30423, C-30445, C-30402, C-30458, C-30413,C-30430, C-30454, C-022805	\$ 20,092	\$ —	\$ 59,741
State Administrative Matching Grants for the Commodity Supplemental Food Program	10.557	NYS DOH		1,987	—	—
Total U.S. Department of Agriculture	10.565	NYS DOH	C-030241	22,079	—	59,741
<b>U.S. Department of Defense</b> Military Medical Research and Development**	12.420	Direct Federal		9	—	—
Total U.S. Department of Defense				9	—	—
<b>U.S. Department of Housing and Urban Development</b> Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	Direct Federal		18,956	—	—
Total U.S. Department of Housing and Urban Development				18,956	—	—
<b>U.S. Department of Justice</b> Crime Victim Assistance	16.575	NYS OVS	C-100295, C-100487, C-100500, C-100503, C100418, C-100254,			
Residential Substance Abuse Treatment for State Prisoners	16.593	NYS DOH	T-030109	857	—	—
NICS Act Record Improvement Program	16.813	Health Research Inc	C-662004	111	—	—
Total U.S. Department of Justice			5261-01	6	—	—
				974	—	—
<b>U.S. Department of Transportation</b> State and Community Highway Safety	20.600	NYS GTSC		16	—	—
National Priority Safety Programs	20.616	NYS DMV	C-002308	86	—	—
Total U.S. Department of Transportation				102	—	—
<b>U.S. Department of Health and Human Services</b> Hospital Preparedness Program(HPP) & Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	PHS	15-HHC-02, 12-BHC-01, 14-HHC-01, 16-HHC-01, 15-QHC-01	674	—	—
Affordable Care Act Personal Responsibility Education Program	93.092	NYS DOH	C-32124	369	—	—
Community Programs to Improve Minority Health Grant Program	93.137	Direct Federal		414	—	—
Coordinated Services and Access to Research for Women, Infants, Children and Youth	93.153	Direct Federal		779	—	—
	93.153	Montefiore	H12HA24849-05	413	—	—
	93.153	NYU School of Medicine	15-A0-00-004489	267	—	—
Family Planning-Services	93.217	NYS DOH	N/A	873	—	—
Health Center Program	93.224	Direct Federal		1,327	—	—
Mental Health Research Grants**	93.242	Direct Federal		30	—	—
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	Direct Federal		453	—	—
Poison Control Stabilization and Enhancement Grants	93.253	Direct Federal		743	—	—
Occupational Safety and Health Program**	93.262	Direct Federal		223	—	—
Immunization Grants	93.268	Direct Federal		118	—	—
	93.268	NYC DoHMH	N/A	—	—	20,541
Drug Abuse and Addiction Research Programs**	93.279	Direct Federal		19	—	—

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(Continued)

THE CITY OF NEW YORK  
HEALTH AND HOSPITALS CORPORATION  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
Teenage Pregnancy Prevention Program**	93.297	FPHNY	N/A	\$ 4	\$ —	\$ —
Trans-NIH Research Support	93.310	Direct Federal		173	—	—
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Direct Federal		970	—	—
National Center for Advancing Translational Sciences	93.350	Direct Federal		274	—	—
	93.350	NYU School of Medicine	N/A	226	—	—
Sickle Cell Treatment Demonstration Program	93.365	Direct Federal		47	—	—
Cancer Cause and Prevention Research**	93.393	Direct Federal		33	—	—
Cancer Detection and Diagnosis Research**	93.394	Direct Federal		43	—	—
Cancer Treatment Research**	93.395	Direct Federal		38	—	—
Cancer Centers Support Grants	93.397	Direct Federal		20	—	—
The Affordable Care Act: Building Epidemiology, Laboratory & Health Information Systems Capacity in the Epidemiology & Laboratory Capacity for Infectious Disease and Emerging Infections Program Cooperative Agreements	93.521	Direct Federal		107	—	—
PPHF Capacity Building Assistance to Strengthen Public Health	93.539	Direct Federal		110	—	—
Assistance for Torture Victims	93.604	Direct Federal		713	—	—
Health Care Innovation Awards (HCIA)	93.610	Direct Federal		5,045	—	—
Racial and Ethnic Approaches to Community Health Program	93.738	Bronx Community Health Network Inc.	N/A	13	—	—
State Children's Health Insurance Program	93.767	NYS DOH	N/A	25,005	—	—
Medical Assistance Program (New Medicaid)	93.778	NYS DOH	N/A	107	—	—
Organized Approaches to Increase Colorectal Cancer Screening	93.800	Health Research Inc	N/A	134	—	—
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	Direct Federal		1,087	—	—
Health Careers Opportunity Program	93.822	Direct Federal		29	—	—
Cardiovascular Diseases Research	93.837	Direct Federal		94	—	—
Lung Diseases Research	93.838	Direct Federal		15	—	—
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	Direct Federal		4	—	—
Diabetes, Digestive, and Kidney Diseases Extramural Research**	93.847	Direct Federal		2	—	—
Extramural Research Programs in the Neurosciences and Neurological Disorders**	93.853	Direct Federal		317	—	—
Allergy, Immunology and Transplantation Research	93.855	Direct Federal		38	—	—
Child Health and Human Development Extramural Research	93.865	Direct Federal		304	—	—
Grants for Primary Care Training and Enhancement	93.884	Direct Federal		762	—	—
National Bioterrorism Hospital Preparedness Program	93.889	Direct Federal		460	—	—
HIV Emergency Relief Project Grants	93.914	Direct Federal		2,825	—	—
	93.914	PHS	N/A	8,728	—	—
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	Direct Federal		1,625	—	—
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	Direct Federal		1,081	—	—
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	Emory University	N/A	57	—	—
Healthy Start Initiative	93.926	Direct Federal		17	—	—
Special Projects of National Significance	93.928	Direct Federal		403	—	—
HIV Prevention Activities - Non-Governmental Organization Based	93.939	Direct Federal		450	—	—
HIV Prevention Activities - Health Department Based	93.940	Direct Federal		1,231	—	—
	93.940	PHS	N/A	3,019	—	—

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded

\*\* Denotes programs with R&D Cluster expenditures

(Continued)

THE CITY OF NEW YORK  
HEALTH AND HOSPITALS CORPORATION  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance**	93.944	Direct Federal		\$ 14	\$ —	\$ —
Block Grants for Community Mental Health Services	93.958	Direct Federal		1,080	—	—
	93.958	Research Foundation for Mental Hygiene Inc.	N/A	1,113	—	—
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Direct Federal		4,533	—	—
PPHF Geriatric Education Centers	93.969	Direct Federal		73	—	—
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	Direct Federal		133	—	—
Preventive Health and Health Services Block Grant	93.991	NYS DOH		49	—	—
Maternal and Child Health Services Block Grant to the States	93.994	NYS DOH		752	—	—
Total U.S. Department of Health and Human Services				70,059	—	20,541
<b>U.S. Department of Homeland Security</b>						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	NYS DHSES		18,345	—	—
Homeland Security Grant Program	97.067	Direct Federal		945	—	—
<b>Total U.S. Department of Homeland Security</b>				19,290	—	—
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				\$ <b>131,469</b>	\$ —	\$ <b>80,282</b>
<b>TOTAL R&amp;D CLUSTER EXPENDITURES</b>				\$ <b>732</b>	\$ —	\$ —

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded

\*\* Denotes programs with R&D Cluster expenditures

The accompanying Introduction to Exhibits - Consolidated Schedule of Expenditures of Federal Awards should be read in conjunction with this Schedule.

THE CITY OF NEW YORK  
DEPARTMENT OF EDUCATION  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
<b>U.S. Department of Agriculture</b>						
<i>Child Nutrition Cluster:</i>						
School Breakfast Program	10.553	NYS ED	N/A	\$ 82,081	\$ —	\$ —
National School Lunch Program	10.555	NYS ED	N/A	291,562	—	—
Summer Food Service Program for Children	10.559	NYS ED	6R13919 01, 7R 13919 01	24,776	—	—
<i>Total Child Nutrition Cluster</i>				<u>398,419</u>	<u>—</u>	<u>—</u>
Child and Adult Care Food Program	10.558	NYS ED	N/A	38,884	—	—
Commodity Supplemental Food Program	10.565	Direct Federal		—	—	39,454
Child Nutrition Discretionary Grants Limited Availability	10.579	NYS ED	6R1458B 01	29	—	—
Fresh Fruit and Vegetable Program	10.582	NYS ED	6R1400C01, 7R1400C01	1,234	—	—
<i>Total U.S. Department of Agriculture</i>				<u>438,566</u>	<u>—</u>	<u>39,454</u>
<b>U.S. Department of Defense</b>						
Language Grant Program	12.900	Direct Federal		136	—	—
<i>Total U.S. Department of Defense</i>				<u>136</u>	<u>—</u>	<u>—</u>
<b>U.S. Department of Labor</b>						
YouthBuild	17.274	Direct Federal		1,821	—	—
<i>Total U.S. Department of Labor</i>				<u>1,821</u>	<u>—</u>	<u>—</u>
<b>U.S. Institute of Museum and Library Services</b>						
National Leadership Grants	45.312	Direct Federal		170	—	—
<i>Total U.S. Institute of Museum and Library Services</i>				<u>170</u>	<u>—</u>	<u>—</u>
<b>U.S. Department of Education</b>						
Title I Grants to Local Educational Agencies	84.010	NYS ED	6R4501G01, 6R4501H01, 6R4503G01, 6R4509G01, 6R4509H01, 6R4513G01, 6R4513H01, 6R4516H01, 6R4517H01, 6R4551J01, 7R4501G01, 7R4503G01, 7R4504G01, 7R4506G01,7R4507C01, 7R4508G01, 7R4509C01, 7R4509G01, 7R4511C01, 7R4512G01, 7R4516G01, 7R4517G01, 7R4523C01, 7R4523D01, 7R4523G01, 7R4551F01, 7R4551G01, 7R4551J01, 7R4551K01, 6R1235A01, 6R1240A01, 6R1251A01, 6R1251B01, 6R1251C01, 6R1251D01, 6R1251H01, 6R1251K01, 6R1251L01, 6R1251N01, 6R1264A01, 7R1235A01, 7R1240A01, 7R1251A01, 7R1251B01, 7R1251C01, 7R1251D01, 7R1251H01, 7R1251J01, 7R1251K01, 7R1251L01, 7R1251N01, 7R1264A01	691,503	—	—
Reserve Officers Training Corps.	84.U01	Direct Federal		3,298	—	—
<i>Special Education Cluster:</i>						
Special Education - Grants to States	84.027	NYS ED	6R1551B01, 7R1551B01	300,862	—	—
Special Education - Preschool Grants	84.173	NYS ED	6R1551A01, 7R1551A01	7,915	—	—
<i>Total Special Education Cluster</i>				<u>308,777</u>	<u>—</u>	<u>—</u>
Impact Aid	84.041	Direct Federal		5,250	—	—
Career and Technical Education - Basic Grants to States	84.048	NYS ED	6R0551A01, 7R0551A01, 7R0579A01	13,096	—	—
Magnet Schools Assistance	84.165	Direct Federal		12,590	—	—
Safe and Drug-Free Schools & Communities - State Grants	84.186	NYS ED	N/A			
Education for Homeless Children and Youth	84.196	NYS ED	7R3660A01	2,200	—	—

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded

\*\* Denotes programs with R&D Cluster expenditures

(Continued)

THE CITY OF NEW YORK  
DEPARTMENT OF EDUCATION  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
Fund for the Improvement of Education	84.215	NYS ED	6RW440B 01	\$ 28	\$ —	\$ —
Twenty-First Century Community Learning Centers	84.287	NYS ED	6R3901A 01, 6R3902A 01, 6R3903A 01, 6R3904A 01, 6R3907A 01, 6R3912A 01, 6R3915A 01, 6R3919A 01, 6R3923A 01, 6R3927A 01, 6R3930A 01, 6R3932A 01, 7R3901D 01, 7R3902H 01, 7R3903D 01, 7R3904B 01, 7R3906D 01, 7R3907J 01, 7R3908B 01, 7R3911D 01, 7R3912H 01, 7R3915G 01, 7R3917D 01, 7R3918B 01, 7R3919B 01, 7R3921D 01, 7R3923B 01, 7R3927B 01, 7R3930D 01, 7R3932A 01	20,085	—	—
Arts in Education	84.351	NYS ED	6RW497A 01, 7RW424A 01, 7RW497A 01	877	—	—
English Language Acquisition Grants	84.365	NYS ED	6R4102B 01, 6R4104B 01, 6R4107B 01, 6R4108B 01, 6R4110B 01, 6R4111B 01, 6R4115B 01, 6R4119B 01, 6R4121B 01, 6R4124B 01, 6R4125B 01, 6R4126B 01, 6R4127B 01, 6R4129B 01, 6R4130B 01, 6R4131B 01, 6R4142A 01, 6R4151A 01, 6R4164A 01, 7R4102B 01, 7R4103B 01, 7R4104B 01, 7R4105B 01, 7R4107B 01, 7R4108B 01, 7R4109B 01, 7R4110B 01, 7R4111B 01, 7R4112B 01, 7R4113B 01, 7R4114B 01, 7R4115B 01, 7R4119B 01, 7R4120B 01, 7R4121B 01, 7R4122B 01, 7R4123B 01, 7R4124B 01, 7R4125B 01, 7R4127B 01, 7R4128B 01, 7R4129B 01, 7R4130B 01, 7R4131B 01, 7R4132B 01, 7R4142A 01, 7R4151A 01, 7R4164A 01, 7R4179B 01, 7R4197B 01	38,727	—	—
Mathematics and Science Partnerships	84.366	NYS ED	7R4240A 01, 7R4240B 01	3,087	—	—
Improving Teacher Quality - State Grants	84.367	NYS ED	6R2651A 01, 6R2664A 01, 7R2651A 01, 7R2651B 01, 7R2651C 01, 7R2664A 01	104,184	—	—
Teacher Incentive Fund	84.374	Direct Federal		9,418	—	—
School Improvement Grants	84.377	NYS ED	6R4502A 01, 6R4504C 01, 6R4505C 01, 6R4507D 01, 6R4507E 01, 6R4507F 01, 6R4507K 01, 6R4507L 01, 6R4508C 01, 6R4508D 01, 6R4509A 01, 6R4509B 01, 6R4509K 01, 6R4510C 01, 6R4511B 01, 6R4511D 01, 6R4512B 01, 6R4514C 01, 6R4514K 01, 6R4517A 01, 6R4518C 01, 6R4519C 01, 6R4519D 01, 6R4526C01, 6R4530K 01, 6R4532C 01, 6R4551A 01, 6R4551B 01, 7R4501A 01, 7R4501C 01, 7R4502A 01, 7R4504C 01, 7R4505C 01, 7R4505D 01, 7R4507A 01, 7R4507D 01, 7R4507E 01, 7R4507F 01, 7R4507L 01, 7R4507M 01, 7R4507N 01, 7R4507P 01, 7R4508C 01, 7R4508D 01, 7R4508H 01, 7R4508J 01, 7R4509K 01, 7R4510C 01, 7R4510K 01, 7R4510L 01, 7R4510M 01, 7R4512A 01, 7R4512B 01, 7R4512H 01, 7R4513J 01, 7R4513K 01, 7R4514C 01, 7R4516K 01, 7R4517A 01, 7R4517J 01, 7R4518C 01, 7R4519A 01, 7R4519B 01, 7R4519C 01, 7R4519D 01, 7R4519E 01, 7R4519F 01, 7R4523A 01, 7R4523H 01, 7R4525K 01, 7R4526C 01, 7R4527A 01, 7R4527B 01, 7R4527L 01, 7R4528L 01, 7R4530K 01, 7R4532C 01, 7R4532L 01, 7R4551A 01, 7R4551B 01, 7R4551D 01, 7R4551E 01	41,000	—	—
ARRA - State Fiscal Stabilization Fund (SFSF) - Investing in Innovation Fund, Recovery Act	84.396	Direct Federal		31	—	—
Promoting Readiness of Minors in Supplementtal Security Income	84.418	NYS ED	6R1450A 01, 7R1450A 01	77	—	—
Preschool Development Grants	84.419	NYS ED	7R1751A 01	8,562	—	—
Total U.S. Department of Education				1,262,790	—	—

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded  
\*\* Denotes programs with R&D Cluster expenditures

THE CITY OF NEW YORK  
DEPARTMENT OF EDUCATION  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
U.S. Department of Health & Human Services						
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	Direct Federal		\$ 362	\$ —	\$ —
Medical Assistance Program (New Medicaid)	93.778	NYS DOH	N/A	40,500	—	—
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NYS OASAS	6R2212A 01, 6R2229A 01, 6R2251A 01, 6R2204A 01, 7R2212A 01, 7R2219A 01, 7R2222A 01, 7R2215A 01, 7R2229A 01, 7R2251A 01, 7R2251B 01	18,060	—	—
Total U.S. Department of Health & Human Services				58,922	—	—
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 1,762,405	\$ —	\$ 39,454
TOTAL R&D CLUSTER EXPENDITURES				\$ —	\$ —	\$ —

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded

The accompanying Introduction to Exhibits - Consolidated Schedule of Expenditures of Federal Awards should be read in conjunction with this Schedule.

THE CITY OF NEW YORK  
ECONOMIC DEVELOPMENT CORPORATION  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
<b>U.S. Department of Commerce</b>						
Economic Adjustment Assistance	11.307	Direct Federal		\$ 1,378	\$ 1,378	\$ —
Total U.S. Department of Commerce				1,378	1,378	—
<b>U.S. Department of Housing and Urban Development</b>						
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Direct Federal		3,833	—	—
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	Direct Federal		32,528	—	—
Total U.S. Department of Housing and Urban Development				36,361	—	—
<b>U.S. Department of Transportation</b>						
Highway Planning and Construction	20.205	Direct Federal		1,675	—	—
Federal Transit -Capital Investment Grants	20.500	Direct Federal		—	—	—
Federal Transit Administration - Metropolitan Transportation Planning	20.505	Direct Federal		2,697	—	—
Federal Transit Public Transportation Emergency Relief Program	20.527	Direct Federal		60	—	—
National Infrastructure Investments	20.933	Direct Federal		593	—	—
Total U.S. Department of Transportation				5,025	—	—
<b>U.S. Environmental Protection Agency</b>						
National Clean Diesel Emissions Reduction Program	66.039	Direct Federal		1,000	—	—
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	Direct Federal		153	—	—
Total U.S. Environmental Protection Agency				1,153	—	—
<b>U.S. Department of Homeland Security</b>						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	NYS DHSES	N/A	81,563	—	—
Hazard Mitigation Grant	97.039	NYS DHSES	N/A	2,708	—	—
Total U.S. Department of Homeland Security				84,271	—	—
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 128,188</b>	<b>\$ 1,378</b>	<b>\$ —</b>
<b>TOTAL R&amp;D CLUSTER EXPENDITURES</b>				<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded

The accompanying Introduction to Exhibits - Consolidated Schedule of Expenditures of Federal Awards should be read in conjunction with this Schedule.

THE CITY OF NEW YORK  
NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY  
Sub-Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2017  
(In Thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1b)	Identifying Number Assigned by Pass-Through Grantor	Expenditures	Subrecipient's Share of Total Expenditures	Noncash Assistance
U.S. Environmental Protection Agency						
Capitalization Grants For Clean Water State Revolving Fund	66.458	NYS EFC	CS - 36000116	\$ 139,561	\$ —	\$ —
Capitalization Grants For Drinking Water State Revolving Fund	66.468	NYS EFC	FS - 99290516	33,516	—	—
Total U.S Environmental Protection Agency				173,077	—	—
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 173,077	\$ —	\$ —
TOTAL R&D CLUSTER EXPENDITURES				\$ —	\$ —	\$ —

\*Denotes Catalog of Federal Domestic Assistance; bold Federal programs are ARRA - funded

The accompanying Introduction to Exhibits - Consolidated Schedule of Expenditures of Federal Awards should be read in conjunction with this Schedule.

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

**The People of The City of New York:**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The City of New York (“The City”) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise The City’s basic financial statements, and have issued our report thereon dated October 30, 2017.

Our report includes a reference to other auditors who audited the financial statements of those entities disclosed in Note E.1 to the financial statements, as described in our report on The City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of The City of New York Deferred Compensation Plan, New York City Board of Education Retirement System, New York City Fire Pension Funds, New York City Police Pension Funds, New York City Employee’s Retirement System, Teacher’s Retirement System of The City of New York, New York City Other Postemployment Benefits Plan, Brooklyn Bridge Park Corporation, Brooklyn Public Library, New York City Housing Authority, New York City Municipal Water Finance Authority, The Queens Borough Public Library, Sales Tax Asset Receivable Corporation, Hudson Yards Development Corporation, Hudson Yards Infrastructure Corporation, New York City Technology Development Corporation, New York City Transitional Finance Authority, TSASC, Inc., New York City Housing Development Corporation, Fiscal Year 2005 Securitization Corporation, New York City School Construction Authority, and New York City School Support Services, Inc. were not audited in accordance with *Government Auditing Standards*.

**Internal control over financial reporting**

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

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

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

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

#### Compliance and other matters

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

#### Intended purpose

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

A handwritten signature in black ink that reads "GRANT THORNTON LLP". The signature is written in a cursive, flowing style.

New York, New York  
October 30, 2017

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON  
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**The People of The City of New York:**

**Report on compliance for each major federal program**

We have audited the compliance of The City of New York (“The City”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Our audit of, and opinion on, The City’s compliance for each major federal program includes the major programs of The City of New York Health and Hospitals Corporation, The City of New York Department of Education, the New York City Economic Development Corporation, and New York City Municipal Water Finance Authority, and does not include the major programs associated with federal award expenditures, if any, of those entities listed in Note E.1 to The City’s financial statements, other than as listed above. Those other entities that may have expended federal awards for the year ended June 30, 2017, are not included in the accompanying schedule of findings and questioned costs because those entities engaged other auditors to audit their compliance with the types of compliance requirements described in the *OMB Compliance Supplement*.

**Management’s responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to The City’s federal programs.

**Auditor’s responsibility**

Our responsibility is to express an opinion on compliance for each of The City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (“CFR”) *Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could

have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### Opinion on each major federal program

In our opinion, The City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

#### Other matters

The results of our audit procedures disclosed instances of noncompliance, described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-002, 2017-003, 2017-004 and 2017-005 that are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit, which is described in the accompanying schedule of findings and questioned costs, was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on The City's response.

#### **Report on internal control over compliance**

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

As described in our Report on Compliance for Each Major Federal Program above, this Report on Internal Control Over Compliance does not include the results of the other auditors' testing of internal control over compliance that is reported on separately by those auditors.

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

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

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

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "GRANT THORNTON LLP". The signature is written in a cursive, flowing style.

New York, New York  
March 23, 2018

**CITY OF NEW YORK**  
**SINGLE AUDIT REPORT**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2017**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported
- Noncompliance material to consolidated financial statements noted? ☐ yes ☒ no

**Federal Awards**

Internal control over the major program:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with Subpart F, section 200.516 of the Uniform Guidance? ☒ yes ☐ no

**CITY OF NEW YORK**  
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**IDENTIFICATION OF MAJOR FEDERAL PROGRAMS:**

<b>Federal Grantor/Program Title</b>	<b>Federal CFDA Number</b>
<b>Department of Agriculture:</b>	
<i>Child Nutrition Cluster :</i>	
School Breakfast Program (SBP)	10.553
National School Lunch Program (NSLP)	10.555
Summer Food Service Program for Children (SFSPC)	10.559
<b>Department of Education:</b>	
Title I Grants to Local Educational Agencies	84.010
Teacher Incentive Fund	84.374
Preschool Development Grants	84.419
<b>Department of Health and Human Services</b>	
Child Support Enforcement	93.563
Foster Care-Title IV-E	93.658
Adoption Assistance	93.659
State Children's Health Insurance Program Capacity Building Assistance	93.767
<i>Medicaid Cluster:</i>	
Medical Assistance Program	93.778
HIV Emergency Relief Project Grants	93.914
Block Grants for Community Mental Health Services	93.958
<b>Department of Homeland Security:</b>	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036
Securing the Cities Program	97.106

**CITY OF NEW YORK**  
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<b>Federal Grantor/Program Title</b>	<b>Federal CFDA Number</b>
<b>Department of Housing and Urban Development:</b>	
<i>CDBG - Entitlement Grants Cluster:</i>	
Community Development Block Grants/Entitlement Grants	14.218
Continuum of Care Program	14.267
<i>CDBG - Disaster Recovery Grants - Pub.L. No. 113-2 Cluster:</i>	
Hurricane Sandy Community Development Block Grant Disaster Recovery Grant	14.269
National Disaster Resilience Competition	14.272
<i>Housing Voucher Cluster:</i>	
Section 8 Housing Choice Vouchers	14.871
<i>Section 8 Project-Based Cluster:</i>	
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856
<b>Department of Justice:</b>	
State Criminal Alien Assistance Program	16.606
<b>Department of Transportation:</b>	
<i>Federal Transit Cluster:</i>	
Federal Transit - Capital Investment Grants	20.500
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507
<b>Environmental Protection Agency:</b>	
<i>Clean Water State Revolving Fund Cluster:</i>	
Capitalization Grants for Clean Water State Revolving Funds	66.458
<i>Drinking Water State Revolving Fund Cluster:</i>	
Capitalization Grants for Drinking Water State Revolving Funds	66.468
Dollar threshold used to distinguish between type A and type B programs:	<u>\$34,505,000</u>
Auditee qualified as low-risk auditee?	<u>  </u> yes <u>X</u> no

**CITY OF NEW YORK**  
**SINGLE AUDIT REPORT**  
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**For the year ended June 30, 2017**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

None identified.

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**New York City Department of Education**

**Finding #: 2017-001**

**Funding Year(s): 9/1/2016-8/30/2017**

**Child Nutrition Cluster (CFDA #10.553, 10.555, 10.559)**

**Contract Number: N/A, N/A, 7R13919 01**

**Pass-Through Agency: New York State Department of Education**

**Federal Agency: U.S. Department of Agriculture**

**Type of Finding: Reporting - Special Reporting Compliance and Internal Control (Control Deficiency)**

**Criteria:**

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

**Condition/Context:**

The Department of Education of The City of New York (“DOE”) has procedures in place to provide an accurate count of meals served pursuant to Federal requirements. Each year, the DOE’s Task Force Technical Advisors (“TFTA”) visits various schools to conduct a review of the respective school’s compliance with established meal count requirements. In accordance with CFR 210.8, if the initial reviews result in deficiencies relating to either the meal counting or claiming procedures or general areas, TFTA is required to perform a follow up visit to ensure that the school or site has implemented a corrective action within 45 days of the initial review.

We obtained a listing of the schools reviewed by the TFTA during the School Year 2016 - 2017 and selected a sample of forty (40) schools or sites for testing to ensure that the reviews were properly performed and documented, and, if the review resulted in a deficiency, that a follow up visit was performed within 45 days of the initial review to ensure the school or site implemented a corrective action to resolve such deficiency. The initial review by TFTA for eight (8) of the forty (40) schools and sites selected for testing resulted in a deficiency and, as a result, required a follow up visit to be completed.

We noted that for five (5) of the eight (8) schools and sites selected for testing that required a follow up visit, TFTA did not complete the required follow-up visits within the stipulated forty-five (45) day timeframe, and accordingly, such sites were not in compliance with the Federal special reporting requirements.

**Cause/Effect:**

While DOE’s TFTA has policies and procedures in place to ensure the appropriate inspections are performed in accordance with program regulations and that required follow-up inspections are performed, there are no procedures in place to ensure that the necessary required follow-up inspections are performed within the prescribed time period. Thus, these follow-up inspections were not performed in compliance with the Federal special reporting requirements, which could effect federal funding.

**CITY OF NEW YORK**  
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**For the year ended June 30, 2017**

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**Questioned Costs:**

None identified.

**Identification as a Repeat Finding:**

This finding is similar to finding #2016-002, included on pages 349 through 351 of the Fiscal 2016 Single Audit report.

**Recommendation:**

We recommend that the DOE establish procedures to ensure that TFTA performs the necessary follow-up visit to ensure that the school or site has implemented a corrective action within 45 days of the initial review.

**Views of Responsible Official:**

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

Moreover, to further enhance oversight with respect to completion of follow-up visits, the Department's Office of SchoolFood is currently developing a new system which will track on-site reviews and alert the necessary staff when deadlines are approaching for any prior review which discloses problems with a school's meal counting or claiming procedures or general review areas. These specific review areas will be designated the highest priority and a follow-up review will be scheduled within the 45 day requirement.

**Target Completion Date:**

March 2018 to September 2018 and ongoing

**CITY OF NEW YORK**  
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**New York City Department of Education**

**Finding #: 2017-002**

**Funding Year(s): 9/1/2016-8/30/2017**

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

**Contract Number: 6R4551J 01**

**Preschool Development Grants (CFDA #84.419)**

**Contract Number: 6R1751A 01**

**Pass-Through Agency: New York State Department of Education**

**Federal Agency: U.S. Department of Education**

**Type of Finding: Reporting Compliance**

**Criteria:**

As stipulated by the New York State Education Department (“NYSED”) Fiscal Guidelines for Federal and State Grants, program recipients are required to submit to the Federal sponsor a signed copy of the Final Expenditure Report for a Federal Project (“FS-10F”) along with other reports, as appropriate. The FS-10F report is due 90 days after the end of the grant award period.

**Condition/Context:**

We reviewed the FS-10F reports submitted by the New York City Department of Education (“DOE”) during fiscal year 2017. From a total population of five (5) reports selected for testing, we found two (2) instances wherein the FS-10F reports were submitted after the required due date, as follows:

- Title I Grants to Local Educational Agencies (CFDA #84.010): One (1) of the four (4) FS-10F reports selected for testing was submitted 37 days late.
- Preschool Development Grants (CFDA #84.419): One (1) FS-10F report was selected for testing and was submitted 119 days late.

**Cause/Effect:**

Due to open encumbrances that had not been fully liquidated by the FS-10F due date, the DOE was unable to prepare and submit the financial reports on a timely basis, thus resulting in noncompliance.

**Questioned Costs:**

None identified.

**Identification as a Repeat Finding:**

This finding is the same as finding # 2016-004, included on pages 354 through 356 of the Fiscal 2016 Single Audit report.

**Recommendation:**

We recommend the DOE consider establishing procedures whereby disposition of open encumbrances is accelerated such that all FS-10F expenditure reports are prepared and submitted within the required timeframe.

**CITY OF NEW YORK**  
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**Views of Responsible Official:**

The Department of Education continues to recognize the importance of fiscal reporting requirements and has developed and maintains processes and procedures to monitor grant award programs with respect to the timely submission of Final Expenditure Reports. To assist in facilitating these liquidations, a report listing open encumbrances by FS-10 project within district was developed by the Office of Revenue Operations (“ORO”), and is shared with senior grant officers, program personnel, Office of Accounts Payable staff and other applicable parties to utilize as a tool in identifying and promoting the processing of outstanding vendor invoices or reducing potential payable amounts. Moreover, a field was added to this report at the end of Fiscal 2017 to reflect the identification of the individual who initiated the contract or purchase order document. Periodic reports will be sent to that person requesting them to provide the latest status of remaining open documents.

Additionally, the Department also reviews programs/schools throughout the award period and re-enforces established reporting guidelines to facilitate timely submission of expenditure reports. Further, the Department continues to closely track grant expenditures throughout the grant period, monitoring programs/schools to facilitate accurate and complete records as well as work with appropriate State Education officials to facilitate the completion and submission of financial expenditure reports.

With respect to the audit finding, the Department will continue to emphasize the importance of closing applicable transactions to facilitate timely submission of FS-10F reports.

**Target Completion Date:**

Ongoing

**CITY OF NEW YORK**  
**SINGLE AUDIT REPORT**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2017**

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**New York City Department of Housing Preservation and Development**

**Finding #: 2017-003**

**Funding Year: 07/17/2016-09/01/2023**

**HOME Investment Partnership Program (CFDA #14.239)**

**Contract Number: M-15-MC-36-0204**

**Federal Agency: U.S. Department of Housing and Urban Development**

**Type of Finding: Special Tests and Provisions Compliance**

**Criteria:**

During the period for which the non-Federal entity must maintain subsidized housing (i.e., the period of affordability) for HOME assisted rental housing, the participating jurisdiction must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than (a) every 3 years for projects containing 1 to 4 units, (b) every 2 years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units. The participating jurisdiction must perform on-site inspections of rental housing occupied by tenants receiving HOME-assisted tenant based rental assistance to determine compliance with Housing Quality Standards (24 CFR sections 92.209(i), 92.251(f), and 92.504(d)). Furthermore, for any failed inspections, the appropriate repairs to bring the building into compliance must be performed timely.

**Condition/Context:**

The New York City Department of Housing Preservation and Development (“HPD”) has policies and procedures in place to identify units which require Housing Quality Standards inspections. HPD performs inspections of these units to ensure that any needed repairs are completed within the stipulated timeframe. HPD requires that repairs must be completed within 90 days after the initial inspection and supported by a Certificate of Repairs form. In accordance with the individual agreements between HPD and the Sponsors of the projects, the Sponsors are responsible for maintaining compliance with the Housing Quality Standards, and the HPD inspections are conducted to help ensure the respective Sponsors are maintaining compliance. Additionally, there are clauses within the individual agreements between HPD and the Sponsor which allows HPD to exercise remedies such as restricting funding to Sponsors who do not comply with the Housing Quality Standards.

Our procedures identified six (6) instances from a sample of forty (40), where the necessary repairs were not made by Sponsors within the stipulated time period. For each of these instances, HPD forwarded a Notification of Failure describing the findings and a reminder that the Sponsor had 90 days to submit a Certification of Repairs. Despite these efforts:

- There were two (2) instances whereby Sponsors failed to submit a Certification of Repairs. As a result, HPD forwarded a Non-compliance letter and subjected the same unit for re-inspection. However, we were informed that at the time of re-inspection, the building was inaccessible; and,
- There were four (4) instances whereby Sponsors submitted a Certification of Repairs after the 90-day timeframe.

**Cause/Effect:**

While HPD conducts monitoring processes to help ensure that housing quality repairs are performed in a timely fashion by the respective Sponsors, the repairs were not consistently performed within the prescribed 90 day timeframe. Incomplete or late repairs could result in sponsored projects not maintaining the appropriate quality of living conditions for tenants, and therefore, may not comply with the respective Housing Quality Standards.

**CITY OF NEW YORK**  
**SINGLE AUDIT REPORT**  
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**For the year ended June 30, 2017**

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**Questioned Costs:**

None identified.

**Identification as a Repeat Finding:**

This finding is similar to finding # 2016-005, included on pages 357 through 358 of the Fiscal 2016 Single Audit report.

**Recommendation:**

While contract provisions between HPD and the respective Sponsors permit HPD to exercise remedies, which includes the withdrawal of future funding, HPD did not elect to exercise any such remedies. Accordingly, we recommend that HPD strengthen its monitoring of Sponsors in connection with housing quality inspections and consider, on a case-by-case basis, its determination to either exercise appropriate remedies or document its rationale for not doing so.

**Views of Responsible Official:**

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

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

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

Four of the failures were noted on HUD’s report as having been corrected after the 90 day period. Of the remaining two (for which HUD’s report indicated that there had been no certification of repairs), HPD continued to work with the owner to gain access and has since confirmed that the non-compliance has been corrected.

HPD will consider, on a case-by-case basis, documenting its rationale for not considering extreme remedies.

**Target Completion Date:**

June 2017 and ongoing

**CITY OF NEW YORK**  
**SINGLE AUDIT REPORT**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2017**

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**New York City Department of Health and Mental Hygiene**

**Finding #: 2017-004**

**Funding Year: 07/01/2016-06/30/2017**

**Block Grants for Community Mental Health Services (CFDA #93.958)**

**Contract Number: N/A**

**Pass-Through Agency: New York State Office of Mental Health**

**Federal Agency: U.S. Department of Health and Human Services**

**Type of Finding: Subrecipient Monitoring Compliance and Internal Control (Control Deficiency)**

**Criteria:**

Subrecipient monitoring requirements of 2 CFR 200.331(a)(1) stipulate that pass-through entities include specific Federal award information within subaward contracts. Such information must include the subrecipient name, subrecipient's unique entity identifier, Federal Award Identification Number, name of Federal awarding agency, Federal award date of award to the recipient by the Federal agency, subaward period of performance start and end date, CFDA number and name, indirect cost rate for the Federal award, among other information.

**Condition/Context:**

We noted that the three (3) New York City Department of Health and Mental Hygiene ("DOHMH") subrecipient contracts selected for testing did not include all of the required information stipulated by 2 CFR 200.331(a)(1). Specifically, each subrecipient contract selected did not include the following information:

- Subrecipient's unique identifying identifier;
- Federal Award Identification Number;
- Federal Award Date of award to DOHMH by the Federal agency;
- Name of Federal awarding agency;
- CFDA number and name; and
- Indirect cost rate for the Federal award.

**Cause/Effect:**

While DOHMH has subrecipient monitoring procedures in place over certain aspects of the subrecipient monitoring compliance requirements, such procedures did not adequately extend to ensuring that all of the required elements and/or data points were included in its subrecipient agreements. By not properly communicating all required information to subrecipients, there is the potential that the subrecipients may not have sufficient information to ensure compliance with all Federal and program specific requirements.

**Questioned Costs:**

None identified.

**Identification as a Repeat Finding:**

This finding is similar to finding # 2016-008, included on pages 363 through 364 of the Fiscal 2016 Single Audit report.

**CITY OF NEW YORK**  
**SINGLE AUDIT REPORT**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2017**

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**Recommendation:**

We recommend that DOHMH strengthen procedures surrounding its review and approval process of all existing and prospective subrecipient contracts, including amendments administered by DOHMH, to ensure all subrecipient agreements contain the required information stipulated by 2 CFR 200.331(a)(1).

**Views of Responsible Official:**

The Department of Health and Mental Hygiene understands the importance of complying with federal Uniform Guidance requirements, including the monitoring of subrecipients and communication of applicable expectations.

With respect to the audit finding, the Department's Division of Mental Hygiene will update its Provider Funding Information letters sent to sub-recipients to include the required federal award information as per 2 CFR 200.331(a)(1). Going forward, the Provider Funding Information letters will be updated and sent to all sub-recipients at the commencement of each contract/budget year, and kept updated throughout the year to capture any funding changes.

**Target Completion Date:**

March 2018 and ongoing

**CITY OF NEW YORK**  
**SINGLE AUDIT REPORT**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2017**

---

**New York City Department of Health and Mental Hygiene**

**Finding #: 2017-005**

**Funding Year: 07/01/2016-06/30/2017**

**Block Grants for Community Mental Health Services (CFDA #93.958)**

**Contract Number: N/A**

**Pass-Through Agency: New York State Office of Mental Health**

**Federal Agency: U.S. Department of Health and Human Services**

**Type of Finding: Cash Management Compliance and Internal Control (Control Deficiency)**

**Criteria:**

2 CFR 200.305(8) stipulates that non-Federal entities must maintain advance payments of Federal awards in interest-bearing accounts, unless the following apply:

- (i) The non-Federal entity receives less than \$120,000 in Federal awards per year.
- (ii) The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
- (iii) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
- (iv) A foreign government or banking system prohibits or precludes interest bearing accounts.

Furthermore, in accordance with 2 CFR 200.305(9), interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services (“DHHS”) Payment Management System through an electronic medium using either Automated Clearing House (“ACH”) network or a Fed-wire Funds Service payment.

**Condition/Context:**

On average, The New York City Department of Health and Mental Hygiene (“DOHMH”) receives monthly advance payments of approximately \$1.5 million from the New York State Office of Mental Health against its Block Grant for Community Mental Health Services Federal pass-through award. We noted, however, that such advances were not maintained in interest-bearing accounts. Additionally, DOHMH did not obtain a waiver or other support which would relieve it of the criteria referred to above.

**Cause/Effect:**

Because DOHMH did not maintain program advances in interest-bearing accounts, it did not comply with the cash management requirements referred to above.

**Questioned Costs:**

Unable to determine.

**Identification as a Repeat Finding:**

No such finding was previously identified.

**CITY OF NEW YORK**  
**SINGLE AUDIT REPORT**  
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**Recommendation:**

We recommend that DOHMH maintain program advances relating to Federal awards in interest-bearing accounts to readily calculate the imputed interest earnings on Federal program advances and remit, as needed, such amounts to DHHS in accordance with 2 CFR 200.305(9).

**View of Responsible Official:**

The Department of Health and Mental Hygiene understands the importance of complying with Federal Uniform Guidance requirements, including those with respect to cash management.

With respect to the audit finding, the DOHMH's Division of Finance will work with the appropriate New York City's fiscal and treasury officials to establish the necessary procedures to both earn and track interest in connection with the award.

**Target Completion Date:**

July 1, 2018

**The City of New York**

**Single Audit Report**

**SUPPLEMENTARY INFORMATION - STATE OF  
NEW YORK DEPARTMENT OF TRANSPORTATION  
ASSISTANCE AWARD PROGRAMS**

**Fiscal Year Ended June 30, 2017**

**THE CITY OF NEW YORK**  
**SINGLE AUDIT REPORT**  
**Schedule of Expenditures of State of New York Department of Transportation**  
**Assistance Awards**  
**For the year ended June 30, 2017**

<b>State Grantor Program Title</b>	<b>CFDA Number</b>	<b>State ContractNumber</b>	<b>Expenditures</b>
<b>New York City Department of Transportation</b>			
Marchiselli/Bond Match for Federal Aid Highway Projects	20.205	D024610, D033416, D033646, D033935, D034250, D034645, D034787, D034788, D035260 HUTCHINSON RIVER PARKWAY STUDY	\$ 20,720,955
<i>Consolidated Local Street and Highway Improvement Program (CHIPS) - Capital Reimbursement Component Cluster :</i>			
Consolidated Local Street and Highway Improvement Program (CHIPS) - Capital Reimbursement Component	-	CHIPS	96,941,289
State-aid Multi-Modal Program	-	D025847, D027505, D027578, D027581, D033056, HWCRESF99	<u>3,636,278</u>
<i>Total Consolidated Local Street and Highway Improvement Program (CHIPS) - Capital Reimbursement Component Cluster</i>			<u>100,577,567</u>
State Transit Operating Assistance (STOA)	-	SIF, STOA	99,767,080
Arterial Highway Maintenance	-	D007634	12,026,937
Federal Transit Administration	-	NY030375, NY030392, NY030468, NY030469, NY040088, NY040097, NY040098, NY150001, NY260013, NY700001, NY900771, NY950049, NY950050, NY950061	<u>977,106</u>
<b>TOTAL STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE AWARD EXPENDITURES</b>			<b><u>\$ 234,069,645</u></b>

*The accompanying Notes to the Schedule of Expenditures of State of New York Department of Transportation Assistance Awards should be read in conjunction with this Schedule.*

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

## Notes to Schedule of Expenditures of State of New York Department of Transportation Assistance Awards For the year ended June 30, 2017

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### 1. BASIS OF PRESENTATION

**Reporting Entity - General** - The City of New York (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 the accompanying basic financial statements.

The financial reporting entity consists of The City and its component units, as detailed in Note A.1 of The City’s basic financial statements, which are legally separate organizations for which The City is financially accountable.

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

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

The accompanying Schedule of Expenditures of State of New York Department of Transportation Assistance Awards (“SESA”) presents the activity of all financial assistance programs provided by the New York State Department of Transportation to the New York City Department of Transportation.

**Indirect Costs** - Indirect costs included in the reported expenditures are calculated based on The City’s Cost Allocation Plan, approved by the U.S. Department of Health and Human Services. Such Cost Allocation Plan lists the amount allocated to the New York City Department of Transportation.

### 2. BASIS OF ACCOUNTING

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

The accompanying SESA was prepared on the accrual basis of accounting.

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

**Notes to Schedule of Expenditures of State of New York Department of Transportation  
Assistance Awards  
For the year ended June 30, 2017**

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## **3. MATCHING COSTS**

Matching costs (i.e., the non-state share of certain program costs) provided by The City is not included in the accompanying SESA.

## **4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

The regulations and guidelines governing the preparation of state financial reports vary by state agency and among programs administered by the same agency. Accordingly, the amounts reported in the state financial reports do not necessarily agree with the amounts reported in the accompanying SESA which is prepared on the basis described in Notes 1 and 2, above.

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON  
COMPLIANCE FOR EACH MAJOR STATE OF NEW YORK DEPARTMENT  
OF TRANSPORTATION ASSISTANCE AWARD PROGRAMS; AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY PART 43 OF  
THE NEW YORK STATE CODIFICATION OF RULES AND REGULATIONS**

**The People of The City of New York:**

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

We have audited The City of New York's ("The City") compliance with the types of compliance requirements described in the *Part 43 of the New York State Codification of Rules and Regulations* ("NYSCRR") that could have a direct and material effect on each of The City's major State of New York Department of Transportation Assistance Award Programs for the year ended June 30, 2017. The City's major State of New York Department of Transportation Assistance Award Programs are identified in the summary of auditor's results section of the accompanying State of New York Department of Transportation Programs schedule of findings and questioned costs.

**Management's responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to The City's State of New York Department of Transportation Assistance Award Programs.

**Auditor's responsibility**

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

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

**Opinion on each major state program**

In our opinion, The City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State of New York Department of Transportation Assistance Award Programs for the year ended June 30, 2017.

**Report on internal control over compliance**

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

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

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

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

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

New York, New York  
March 23, 2018

# THE CITY OF NEW YORK SINGLE AUDIT REPORT

State of New York Department of Transportation Assistance Schedule of Findings and  
Questioned Costs  
For the year ended June 30, 2017

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## **SECTION I - SUMMARY OF AUDITOR'S RESULTS: NEW YORK STATE TRANSPORTATION ASSISTANCE AWARDS**

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

- Material weakness(es) identified? \_\_\_ yes    X no
- Significant deficiencies identified that are not considered to be material  
weakness(es)? \_\_\_ yes    X none reported

Type of auditor's report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with *Part 43 of the New York State*  
*Codification of Rules and Regulations*? \_\_\_ yes    X no

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

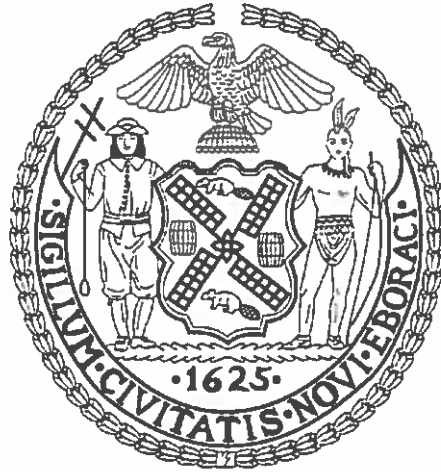
<b><u>State Grantor Program Title</u></b>	<b><u>CFDA or Identifying Number(s)</u></b>
Marchiselli/Bond Match for Federal Aid Highway Projects	20.205
Consolidated Local Street and Highway Improvement Program (CHIPS)–Capital Reimbursement Cluster	CHIPS
State Transit Operating Assistance Awards (STOA)	SIF, STOA
Arterial Highway Maintenance	D007634

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

Auditee qualified as low-risk auditee? \_\_\_ yes    X no

## **SECTION 2 - FINDINGS AND QUESTIONED COSTS RELATING TO STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE AWARDS PROGRAM**

None identified.



**THE CITY OF NEW YORK**

**SINGLE AUDIT REPORT  
AGENCY CORRECTIVE ACTION PLANS  
AND  
SUMMARY SCHEDULE OF PRIOR AUDIT  
FINDINGS**

**For the Fiscal Year Ended June 30, 2017**





March 23, 2018

**To the Concerned Federal and New York State Agencies:**

I respectfully submit New York City's Corrective Action Plans and the Summary Schedule of Prior Audit Findings for the Single Audit for the fiscal year ended June 30, 2017. This report accompanies Grant Thornton's report on New York City's Single Audit and is submitted pursuant to the Single Audit Act Amendments of 1996 and Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). The report demonstrates the City's continuing commitment to correct all findings to ensure the appropriate use and management of federal financial assistance.

Sincerely,

Emily W. Newman  
Acting Director  
Mayor's Office of Operations



IN SENATE,  
January 11, 1901.

REPORT  
OF THE  
COMMISSIONER OF THE LAND OFFICE,  
IN RESPONSE TO A RESOLUTION  
PASSED BY THE SENATE,  
JANUARY 11, 1901.

ALBANY:  
JANUARY 11, 1901.  
J. B. LEECH, PRINTER.

## **SINGLE AUDIT CORRECTIVE ACTION PLAN**

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

**Fiscal Year 2017**

<b>Index #</b>	2017-001-10.553, 10.555 and 10.559
<b>Step 1</b>	The Department of Education (DOE) Office of SchoolFood continues to maintain processes and procedures as well as the computerized Meal Counting and Claiming Systems to carefully track meals served to students participating in the National School Lunch, School Breakfast, and Summer Food Service programs. DOE continues to emphasize to school staff the importance of adherence to policies and procedures regarding proper documentation for meal benefits. Further, the Department's Office of SchoolFood staff continues to work to help ensure that applicant eligibility determinations are processed and administered in accordance with established guidelines. Staff training is conducted annually with respect to offering breakfast, lunch, snacks, supper, or any complete reimbursable meal to facilitate Child Nutrition Program meal benefits in accordance with applicable statutes.
<b>Action Date</b>	Ongoing
<b>Step 2</b>	Moreover, to further enhance oversight with respect to completion of follow-up visits, the Department's Office of SchoolFood is currently developing a new system which will track on-site reviews and alert the necessary staff when deadlines are approaching for any prior review which discloses problems with a school's meal counting or claiming procedures or general review areas. These specific review areas will be designated the highest priority and a follow-up review will be scheduled within the 45 day requirement.
<b>Action Date</b>	March 2018 to September 2018 and ongoing
<b>Final Implementation Date</b>	March 2018 to September 2018 and ongoing

**Name and Phone #  
of Person  
Responsible for  
Implementation**

Dennis Barrett  
Executive Director, NYC SchoolFood  
(718) 707-4357

## **SINGLE AUDIT CORRECTIVE ACTION PLAN**

### **New York City Department of Education**

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

#### **Preschool Development Grant (CFDA # 84.419)**

**Fiscal Year 2017**

<b>Index #</b>	2017-002-84.010 and 84.419
<b>Step 1</b>	<p>The Department of Education (DOE) continues to recognize the importance of fiscal reporting requirements and has developed and maintains processes and procedures to monitor grant award programs with respect to the timely submission of Final Expenditure Reports (FS-10F). To assist in facilitating these liquidations, a report listing open encumbrances by FS-10 project within district was developed by the Office of Revenue Operations (ORO), and is shared with senior grant officers, program personnel, Office of Accounts Payable staff and other applicable parties to utilize as a tool in identifying and promoting the processing of outstanding vendor invoices or reducing potential payable amounts. Moreover, a field was added to this report at the end of Fiscal 2017 to reflect the identification of the individual who initiated the contract or purchase order document. Periodic reports will be sent to that person requesting them to provide the latest status of remaining open documents.</p> <p>Additionally, the Department also reviews programs/schools throughout the award period and re-enforces established reporting guidelines to facilitate timely submission of expenditure reports. Further, the Department continues to closely track grant expenditures throughout the grant period, monitoring programs/schools to facilitate accurate and complete records as well as work with appropriate State Education officials to facilitate the completion and submission of financial expenditure reports.</p> <p>With respect to the audit finding, the Department will continue to emphasize the importance of closing applicable transactions to facilitate timely submission of FS-10F reports.</p>
<b>Action Date</b>	Ongoing
<b>Final Implementation Date</b>	Ongoing

**Name and Phone #  
of Person  
Responsible for  
Implementation**

Marc Alterman  
Assistant Director, Office of Revenue Operations  
(718) 935-4958

## **SINGLE AUDIT CORRECTIVE ACTION PLAN**

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

**Fiscal Year 2017**

<b>Index #</b>	2017-003-14.239
<b>Step 1</b>	<p>The Department of Housing Preservation and Development (HPD) continues to maintain processes and procedures supporting compliance with Housing Quality (HQ) inspection standards. HPD routinely conducts HQ inspections of HOME Investment Partnerships Program assisted rental units and continues to maintain systems to facilitate and promote compliance with HOME inspection requirements; HOME units are inspected periodically and failed inspections are followed-up routinely.</p> <p>In addition, the Department continues to review program requirements and operations to enhance program oversight activity and timely repairs. As part of the Department's ongoing effort to accomplish complete and timely repairs of all HOME units, building owners are notified of failed inspections and provided regularly with detailed reports identifying non-compliant conditions.</p> <p>With respect to the six unit files that failed to demonstrate the required repairs within 90 days after the notification of failure, the Department continued to notify owners to resolve conditions until all required repairs for the six units were certified as complete.</p> <p>Four of the failures were noted on HUD's report as having been corrected after the 90 day period. Of the remaining two (for which HUD's report indicated that there had been no certification of repairs), HPD continued to work with the owner to gain access and has since confirmed that the non-compliance has been corrected.</p> <p>HPD will consider, on a case-by-case basis, documenting its rationale for not considering extreme remedies.</p>
<b>Action Date</b>	June 2017 and ongoing

<b>Final Implementation Date</b>	June 2017 and ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	Peter Donohue Director, Tax Credit and HOME Compliance (212) 863-7615

## SINGLE AUDIT CORRECTIVE ACTION PLAN

**New York City Department of Mental Health and Hygiene**  
**Block Grants for Community Mental Health Services**  
**(CFDA # 93.958)**

**Fiscal Year 2017**

<b>Index #</b>	2017-004-93.958
<b>Step 1</b>	<p>The Department of Health and Mental Hygiene (DOHMH) understands the importance of complying with federal Uniform Guidance requirements, including the monitoring of subrecipients and communication of applicable expectations.</p> <p>With respect to the audit finding, the Department's Division of Mental Hygiene will update its Provider Funding Information letters sent to sub-recipients to include the required federal award information as per 2 CFR 200.331(a)(1). Going forward, the Provider Funding Information letters will be updated and sent to all sub-recipients at the commencement of each contract/budget year, and kept updated throughout the year to capture any funding changes.</p>
<b>Action Date</b>	March 2018 and ongoing
<b>Final Implementation Date</b>	March 2018 and ongoing
<b>Name and Phone # of Person Responsible for Implementation</b>	Randolph Rajpersaud Assistant Commissioner for Administration Division of Mental Hygiene (347) 396-7099



## **SINGLE AUDIT CORRECTIVE ACTION PLAN**

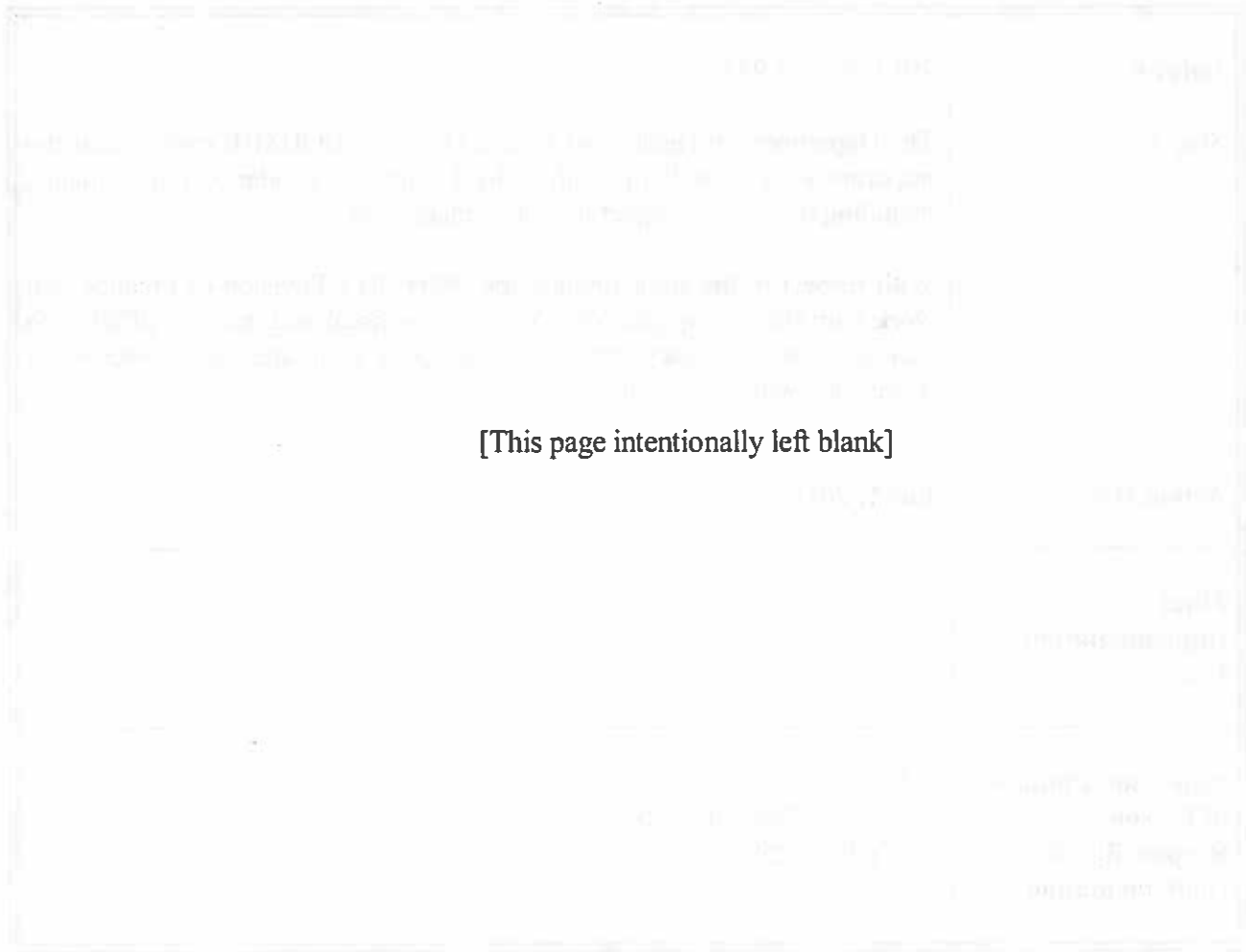
**New York City Department of Mental Health and Hygiene**  
**Block Grants for Community Mental Health Services**  
**(CFDA # 93.958)**

**Fiscal Year 2017**

<b>Index #</b>	2017-005-93.958
<b>Step 1</b>	<p>The Department of Health and Mental Hygiene (DOHMH) understands the importance of complying with federal Uniform Guidance requirements, including those with respect to cash management.</p> <p>With respect to the audit finding, the DOHMH's Division of Finance will work with the appropriate New York City's fiscal and treasury officials to establish the necessary procedures to both earn and track interest in connection with the award.</p>
<b>Action Date</b>	July 1, 2018
<b>Final Implementation Date</b>	July 1, 2018
<b>Name and Phone # of Person Responsible for Implementation</b>	Anthony Faciane Executive Director of Revenue (347) 396-6259

THE JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION  
PUBLISHED WEEKLY  
CHICAGO, ILL., MAY 1, 1919

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**THE CITY OF NEW YORK**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Fiscal Year Ended June 30, 2017

<u>City Agency</u>	<u>Index #</u>	<u>Page #</u>	<u>Program Name</u>	<u>Summary of Finding</u>	<u>Status</u>
Department of Education	96-02-10.553, 10.555	24	Child Nutrition Cluster --	Meal count requirement monitoring	Repeat: CAP in current year report; refer to index 2017-001-10.553, 10.555 and 10.559.
	97-03-10.553, 10.555	27	School Breakfast Program (10.553), National		
	98-02-10.553, 10.555	30	School Lunch Program (10.555), Summer		
	99-02-10.553, 10.555	29	Food Service Program for Children (10.559)		
	00-02-10.553, 10.555	29			
	01-01-10.553, 10.555	30			
	02-03-10.553, 10.555	147			
	03-02-10.553, 10.555	142			
	04-04-10.553, 10.555	158			
	05-01-10.553, 10.555	166			
	06-02-10.553, 10.555	177			
	07-01-10.553, 10.555	179			
	08-01-10.553, 10.555	181			
	09-04-10.553, 10.555	193			
	10-03-10.553, 10.555	203			
	11-01-10.553, 10.555	209			
	12-01-10.553, 10.555	218			
	13-001-10.553,10.555	227			
	2014-001-10.553,10.555, 10.559	257			
	2015-001-10.553,10.555, 10.559	254			
	2016-002-10.553,10.555, 10.559	349			
Department of Education	02-25-84.027, 84.173	178	Title I - Grants to Local Educational	Timely completion of expenditure reports	Repeat: CAP in current year report; refer to index 2017-002-84.010, and 84.419.
	03-18-84.027, 84.173	164	Agencies (84.010), Special Education - Grants		
	04-18-84.027, 84.173	176	to States (84.027), Career and Technical		
	05-18-84.027, 84.173	190	Education - Basic Grants to States (84.048),		
	06-11-84.010, 84.027,	199	Special Education Pre-school Grants (84.173),		
	84.173, 84.287,		Twenty-First Century Community Learning		
	84.318/84.365,		Centers (84.287), Education Technology State		
	84.367		Grants (84.318), Reading First State		
	07-12-84.027, 84.173	209	Grants (84.357), English Language Acquisition		
	07-13-84.048	211	Grants (84.365), Improving Teacher Quality		
	08-08-84.010, 84.027,	197	State Grants (84.367), Recovery Act - Education		
	84.173, 84.048,		Technology State Grants (84.386), School		
	84.287, 84.318,		Improvement Grant, Recovery Act (84.388),		
	84.357, 84.365		State Fiscal Stabilization Fund (SFSF) - Race-to-the-		
	09-11-84.010, 84.027,	211	Top Incentive Grants, Recovery Act (84.395)		
	84.173, 84.048,		Title I - Grants to Local Educational		
	84.287, 84.318,		Agencies (84.010), Special Education - Grants		
	84.357		to States (84.027), Career and Technical		
	10-15-84.027, 84.173,	229	Education - Basic Grants to States (84.048),		
	84.287, 84.318		Special Education Pre-school Grants (84.173),		
	84.357, 84.048		Twenty-First Century Community Learning		
	11-08-84.010, 84.027,	227	Centers (84.287), Education Technology State		
	84.173, 84.048,		Grants (84.318), Reading First State		
	84.287, 84.365		Grants (84.357), English Language Acquisition		
	12-09-84.027, 84.173,	236	Grants (84.365), Improving Teacher Quality		
	84.048, 84.287		State Grants (84.367), Recovery Act - Education		
	84.386		Technology State Grants (84.386), School		
	13-005-84.027, 84.173,	237	Improvement Grant, Recovery Act (84.388),		
	84.048, 84.287		State Fiscal Stabilization Fund (SFSF) - Race-to-the-		
	84.365, 84.367		Top Incentive Grants, Recovery Act (84.395)		
	84.386, 84.395		School Improvement Grants (84.377)		
	2014-005-84.010, 84.027,	269	Preschool Development Grants (84.419)		
	84.173, 84.048				
	84.365, 84.388				

(Continued)

**THE CITY OF NEW YORK**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Fiscal Year Ended June 30, 2017

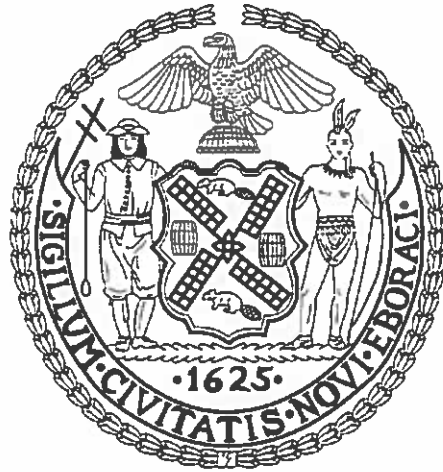
<u>City Agency</u>	<u>Index #</u>	<u>Page #</u>	<u>Program Name</u>	<u>Summary of Finding</u>	<u>Status</u>
	2015-006-84.010, 84.027, 84.173, 84.048, 84.287 84.365, 84.367, 84.395	268			
	2016-004-84.010, 84.027, 84.173, 84.365, 84.367 84.377	354			
Housing Preservation and Development	08-03-14.239 09-08-14.239 10-04-14.239 11-03-14.239 12-03-14.239 13-002-14.239 2014-003-14.239 2015-003-14.239 2016-005-14.239	187 203 207 215 224 231 265 262 357	HOME Investment Partnerships Program (14.239)	Missing certification of repair	Repeat: CAP in current year report; refer to index 2017-003-14.239.
Health and Mental Hygiene	2015-016-93.940 2016-008-93.940	290 363	HIV Prevention Activities (93.940) Block Grants for Community Mental Health Services (93.958)	Subrecipient monitoring	Repeat: CAP in current year report; refer to index 2017-004-93.958.
Office of the City Comptroller	2016-001	347	Special Accidental Death Benefit - Liability and Net Pension Liability Reporting	Pension restatement	Corrected
Department of Education	2016-003-10.553, 10.555, 10.559	352	Child Nutrition Cluster -- School Breakfast Program (10.553), National School Lunch Program (10.555), Summer Food Service Program for Children (10.559)	Income eligibility errors	Corrected
Administration for Children's Services	2016-006-93.659	359	Adoption Assistance (93.659)	Evidence of review and approval missing	Corrected
Administration for Children's Services	05-33-93.600 06-22-93.600 07-23-93.600 08-22-93.600 09-15-93.600 10-21-93.600 11-12-93.600 12-13-93.600 13-013-93.600 2014-008-93.600 2015-010-93.600 2016-007-93.600	214 221 231 227 219 241 235 244 255 275 276 361	Head Start (93.600)	Subrecipient monitoring	Corrected
Department of Homeless Services	2016-009-14.231	365	Emergency Solutions Grants Program (14.231)	Financial reporting	Corrected

(Concluded)





**THE CITY OF NEW YORK**



**THE CITY OF NEW YORK**

**SINGLE AUDIT REPORT  
NEW YORK STATE DEPARTMENT OF  
TRANSPORTATION ASSISTANCE**

**AGENCY CORRECTIVE ACTION PLANS  
AND  
SUMMARY SCHEDULE OF PRIOR AUDIT  
FINDINGS**

**For the Fiscal Year Ended June 30, 2017**





March 23, 2018

**To the New York State Department of Transportation:**

With respect to the New York City Single Audit for the fiscal year ended June 30, 2017, I am pleased to report there are no Prior Audit Findings related to City of New York, New York State Department of Transportation Assistance, nor current year findings or Corrective Action Plans with this submission. This report accompanies Grant Thornton's report on New York City's Single Audit and is submitted pursuant to Part 43 of the New York Codes, Rules and Regulations ("NYCRR") and with respect to the Single Audit Act Amendments of 1996 and Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). The report demonstrates the City's continuing commitment to correct all findings to ensure the appropriate use and management of federal and New York State Department of Transportation financial assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Emily W. Newman", followed by a horizontal line.

Emily W. Newman  
Acting Director  
Mayor's Office of Operations







**THE CITY OF NEW YORK**