The New York City Other Postemployment Benefits Plan

(A Fiduciary Component Unit of The City of New York)

Financial Statements as of and for the Years Ended June 30, 2013 and 2012, Required Supplementary Information, and Independent Auditors' Report

THE NEW YORK CITY OTHER POSTEMPLOYMENT BENEFITS PLAN
(A Fiduciary Component Unit of The City of New York)

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INDEPENDENT AUDITORS' REPORT

To the Management of
The New York City Other Postemployment Benefits Plan
c/o Wells Fargo Bank, N.A.:

Report on the Financial Statements

We have audited the accompanying statements of plan net position of The New York City Other Postemployment Benefits Plan (the "Plan"), a fiduciary component unit of The City of New York, as of June 30, 2013 and 2012, and the related statements of changes in plan net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan'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 Plan'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Plan net position as of June 30, 2013 and 2012, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 3, in 2013, the Plan adopted Governmental Accounting Standards Board ("GASB") Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

As discussed in Note 6, in 2013, the Plan changed the actuarial cost method used to determine the annual required contribution and the unfunded actuarial accrued liability from Frozen Entry Age Actuarial Cost Method to Entry Age Actuarial Cost Method.

Our opinion was not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress, and the Schedule of Employer Contributions on pages 3 through 7, 22, and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

Deloitte & Touche LLP

October 25, 2013

Introduction

This section of the New York City Other Postemployment Benefits Plan's (the "Plan") annual financial report presents management's discussion and analysis of the Plan's financial performance during the years ended June 30, 2013 and 2012. It should be read in conjunction with the Plan's financial statements and accompanying notes.

Background and Highlights

Governmental Accounting Standards Board ("GASB") Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 43") prescribes uniform financial reporting standards for other postemployment benefits ("OPEB") plans of all state and local governments. OPEB refers to postemployment benefits other than pension benefits and includes postemployment healthcare benefits which are covered under The City of New York's ("The City") OPEB plan.

Overview of the Financial Statements

The Plan is a fiduciary component unit of The City. It is comprised of: (1) The New York City Retiree Health Benefits Trust ("NYC RHBT" or the "Trust") which is used to hold and disburse assets accumulated to pay for some 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 the Trust ("Non-Trust OPEB"). The accompanying financial statements of the Plan are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB.

The measurement focus of the Plan is on the flow of economic resources. This focus emphasizes the determination of changes in Plan net position. With this measurement focus, all assets and liabilities associated with the operation of this fiduciary component unit are included on the statement of plan net position. The Plan uses the accrual basis of accounting whereby contributions from The City are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The City is not required by law or contractual agreement to provide funding for the Plan, other than the "pay-as-you-go" cost of providing current benefits to current eligible retirees, spouses and dependents ("Pay-Go").

The following is a comparative statement of changes in net position held in trust for the fiscal years ended June 30, 2013, 2012 and 2011 ($ in thousands):

	2013	2012	2011	Changes 2013 v 2012	Changes 2012 v 2011
ADDITIONS					
Employer Contributions	$ 1,195,224	$ 1,439,422	$ 1,572,513	$ (244,198)	$ (133,091)
Investment Income	7,574	11,749	16,574	(4,175)	(4,825)
Total Additions	1,202,798	1,451,171	1,589,087	(248,373)	(137,916)
DEDUCTIONS					
Benefit Payments	1,955,166	1,966,613	1,979,840	(11,447)	(13,227)
Administrative Expenses	406	296	287	110	9
Total Deductions	1,955,572	1,966,909	1,980,127	(11,337)	(13,218)
CHANGE IN NET POSITION	**(752,774)**	**(515,738)**	**(391,040)**	**(237,036)**	**(124,698)**
NET POSITION HELD IN TRUST					
Beginning of Year	**2,115,846**	**2,631,584**	**3,022,624**	**(515,738)**	**(391,040)**
End of Year	**$ 1,363,072**	**$ 2,115,846**	**$ 2,631,584**	**$ (752,774)**	**$ (515,738)**

Additions

The following is detail information about the components which comprise the employer contributions to the Plan during the fiscal years ended June 30, 2013, 2012 and 2011 ($ in millions):

($ millions)	2013	2012	2011	Changes 2013 v 2012	Changes 2012 v 2011
Trust Pay-Go	$ 2,022	$ 1,878	$ 1,727	$ 144	$ 151
Asset Drawdown	(1,000)	(672)	(395)	(328)	(277)
Contributions to Trust	1,022	1,206	1,332	(184)	(126)
Non-Trust OPEB	174	233	241	(60)	(8)
Total Employer Contributions	$ 1,196	$ 1,439	$ 1,573	$ (244)	$ (134)

In fiscal 2013, The City's contributions to the Trust decreased by $184 million from the fiscal 2012 level, as a result of an increase in planned asset drawdowns of available Trust assets to cover a portion of the current year Trust Pay-Go ("Drawdown") for the year of $1 billion versus $672 million in fiscal year 2012. Instead of putting these funds into the NYC RHBT, The City earmarked such funds for other purposes. The Non-Trust OPEB declined in fiscal year 2013 primarily due to the revision of assumptions regarding relative utilization by non-Medicare eligible retirees and active employees and their dependents.

Similarly, in fiscal 2012, The City's contributions to the Trust decreased by $126 million from the fiscal 2011 level, as a result of an increase in planned asset drawdowns of available Trust assets to cover a portion of the current year Trust Pay-Go ("Drawdown") for the year of $672 million versus $395 million in fiscal year 2011. Instead of putting these funds into the NYC RHBT, The City earmarked such funds for other purposes.

Investment Income

The declines in investment income between fiscal years 2012 and 2013 and between fiscal years 2011 and 2012 reflect the reductions of the Trust's cash and investment holdings and the declines in market interest rates between the periods.

Deductions

Benefit payments declined by $11.4 million in fiscal 2013 compared to fiscal 2012. Benefit payments also decreased by $13.2 million in fiscal 2012 compared to fiscal 2011, primarily as a result of the demographics of the retiree population and the premium associated with the healthcare provider selected by the retiree.

Net position held in trust

In fiscal 2013, total net position held in trust declined by $753 million, and in fiscal 2012, total net position held in trust declined by $516 million, as a result of the changes in additions and deductions discussed above.

Overview of Actuarial Information

The following is a summary of information from the June 30, 2012 OPEB actuarial valuation for the Plan ($ in millions):

				Changes	
	2012	**2011**	**2010**	**2012 v 2011**	**2011 v 2010**
Actuarial value of assets	$ 2,116	$ 2,631	$ 3,022	$ (515)	$ (391)
Actuarial accrued liability	(71,400)	(85,947)	(82,040)	14,546	(3,907)
Unfunded actuarial accrued liability	$ (69,285)	$ (83,316)	$ (79,018)	$ 14,031	$ (4,298)

Actuarial Value of Assets

The actuarial value of assets (which is equal to the Plan's net position) as of June 30, 2012, the date of the most recent OPEB actuarial valuation, was $2.1 billion, a decrease of $515 million from the prior valuation as of June 30, 2011 of $2.6 billion. This reflects the Plan activity for fiscal 2012 discussed above.

The actuarial value of assets as of June 30, 2011 decreased $391 million from the prior valuation as of June 30, 2010 of $3.0 billion. This reflects the Plan activity for fiscal 2011.

Actuarial Accrued Liability

The following is a summary of the changes in the actuarial accrued liability ("AAL") as of June 30, 2012 and 2011 ($ millions):

	2012	2011
Beginning AAL	$ (85,947)	$ (82,040)
Normal Cost	(2,827)	(3,150)
Interest on unfunded AAL and normal cost	(3,445)	(3,287)
Benefits paid	1,967	1,979
Interest income	(12)	(17)
New Bases	(457)	568
Change in Actuarial Cost Method	19,321	-
Ending AAL	$ (71,400)	$ (85,947)

June 2012 Valuation

The AAL as of June 30, 2012 of $71.4 billion was determined under the Entry Age ("EA") Actuarial Cost Method ("ACM"). The AAL as of June 30, 2011 of $85.9 billion was determined under the Frozen Entry Age ("FEA") ACM. This change in the ACM reduced the AAL by $19.3 billion. Such amount is being amortized over a period of 10 years by The City of New York.

The AAL prior to the change in the ACM was $90.7 billion, an increase of $4.8 billion from the June 30, 2011 AAL of $85.9 billion. The growth reflects: (1) the OPEB FEA Normal Cost of $2.8 billion, (2) interest on unfunded OPEB liabilities of $3.4 billion, (3) retiree benefits paid by the Plan of ($2.0 billion), (4) interest income of the Plan of $12 million, and (5) changes in actuarial assumptions ("New Bases") including those that increase ("Charges") and decrease ("Credits") the AAL, had a net impact of $457 million.

The $457 million New Bases increase in the AAL in the June 30, 2012 OPEB actuarial valuation resulted from refinements in certain demographic and OPEB-specific actuarial assumptions.

June 2011 Valuation

The AAL as of June 30, 2011 was $85.9 billion, an increase of $3.9 billion from the June 30, 2010 valuation AAL of $82.0 billion. This growth in AAL reflects: (1) the OPEB normal costs of $3.1 billion, (2) interest on unfunded OPEB liabilities of $3.3 billion, (3) retiree benefits paid by the Plan in fiscal 2010 of ($2.0 billion), (4) interest income of the Plan in fiscal 2010 of $17 million and (5) refinements and changes in assumptions of ("New Bases"), including those that increase ("Charges") and decrease ("Credits") the AAL, had a net impact of $568 million.

This $568 million New Bases decrease in the AAL in the June 30, 2011 OPEB actuarial valuation resulted primarily from changes in demographic and salary scale assumptions for purposes of determining pension obligations, proposed by the Actuary for the New York City Retirement Systems ("NYCRS") and adopted by each NYCRS Board of Trustees during fiscal year 2012. Changes in post-retirement mortality assumptions were reflected in the June 20, 2010 OPEB actuarial valuation.

Unfunded AAL

The increase in AAL was not fully offset by The City's contributions to the Plan and other changes in Plan net position, resulting in an increase in the Unfunded AAL of $4.8 billion in the June 30, 2012 actuarial valuation prior to the change in ACM and an increase of $4.3 billion in the June 30, 2011 OPEB actuarial valuation. The City determines the amount of its annual employer contributions on the annual Pay-Go, adjusted by Prepayments and Trust Asset Usages, discussed above, which are determined through its normal budgetary process.

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NEW YORK CITY OTHER POSTEMPLOYMENT BENEFITS PLAN
(A Fiduciary Component Unit of The City of New York)

STATEMENTS OF PLAN NET POSITION
AS OF JUNE 30, 2013 AND 2012
(In thousands)

	2013	2012
ASSETS:		
Cash and cash equivalents	$ 851,186	$ 716,907
Receivables	240	279
Investments — at fair value	1,018,578	1,836,486
Accrued interest receivable	1,424	2,229
Prepaid expenses	203	201
Total assets	1,871,631	2,556,102
LIABILITIES:		
Benefits payable and accrued expenses	470,983	440,256
Payables for investment securities purchased	37,576	-
Total liabilities	508,559	440,256
NET POSITION HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS	$1,363,072	$2,115,846

See notes to financial statements.

NEW YORK CITY OTHER POSTEMPLOYMENT BENEFITS PLAN
(A Fiduciary Component Unit of The City of New York)

STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012
(In thousands)

	2013	2012
ADDITIONS:		
Employer contributions	$1,195,224	$1,439,422
Investment income	7,574	11,749
Total additions	1,202,798	1,451,171
DEDUCTIONS:		
Benefit payments	1,955,166	1,966,613
Administrative expenses	406	296
Total deductions	1,955,572	1,966,909
CHANGE IN NET POSITION	(752,774)	(515,738)
NET POSITION HELD BY PLAN FOR OTHER POSTEMPLOYMENT BENEFITS:		
Beginning of year	2,115,846	2,631,584
End of year	$1,363,072	$2,115,846

See notes to financial statements.

1. BACKGROUND AND ORGANIZATION

The New York City Other Postemployment Benefits Plan (the Plan) is a fiduciary component unit of The City of New York (The City). The Plan is composed of: (1) The New York City Retiree Health Benefits Trust (the "Trust") which is used to receive, hold and disburse assets accumulated to pay for some of the postretirement benefits other than pensions (OPEB) provided by The City to its retired employees and (2) OPEB paid for directly by The City out of its general resources rather than through the Trust. The Trust 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. The Trust is tax exempt in accordance with Section 115 of the Internal Revenue Code. The Plan is classified as a single employer plan for Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 43) purposes.

The City is not required by law or contractual agreement to provide funding for the Plan, other than the "pay-as-you-go" amount necessary to provide the current benefits to current eligible retirees, spouses and dependents (Pay-Go).

2. PLAN DESCRIPTION, ELIGIBILITY AND MEMBERSHIP INFORMATION

The Plan provides for the following postemployment benefits:

- A health insurance program,
- Medicare Part B premium reimbursements, and
- Welfare fund contributions.

Health Insurance Program (Program) —

- The City provides an option for basic individual or family medical and hospitalization insurance coverage at no cost to the participants[1]

- Basic or enhanced coverage under other health insurance options may require participant contributions, if and to the extent that premiums are above those of the no-cost option.

- The City will not provide both subscriber and spouse or dependent coverage for the same individual, thus retirees who are spouses or dependents of other New York City active or retired workers must waive coverage.

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[1] The City pays for basic coverage at the HIP HMO rate for non-Medicare eligible retirees and at the GHI/EBCBS Senior Care Plan rate for Medicare eligible retirees.

2. PLAN DESCRIPTION, ELIGIBILITY AND MEMBERSHIP INFORMATION (CONTINUED)

Medicare Part B Premium Reimbursements — The City provides reimbursement to eligible retirees and their dependents for the Medicare Part B premium, if any, actually paid.

Welfare Fund Contributions — The City pays an annual per capita contribution for retirees into various welfare funds that are generally administered by the labor unions. The per capita contribution amounts change periodically based on negotiated contract provisions. Welfare fund benefits provided are at the discretion of each individual welfare fund's management, vary significantly from welfare fund to welfare fund, and may include health-related benefits such as prescription drug coverage (sometimes with dollar limits), vision and dental coverage, and/or other benefits. The Plan's obligation is to make the required per capita contribution to each welfare fund.

Plan Eligibility — Generally, to qualify for OPEB benefits under the Plan, a retired employee of The City must:

- Have at least 10 years of credited service as a member of one of the five major New York City Retirement Systems (NYCRS)[2] or at least 5 years of credited service if he or she became an employee on or before December 27, 2001 (if retirement is due to accidental disability, the service requirement for retirement does not apply)[3]; and,

- Have retired and be receiving a pension from one of the NYCRS.

Surviving Spouse and Other Dependents

- Dependent coverage is terminated when a retiree dies, except in the following situations:

  (i) Lifetime coverage is provided to the surviving spouses or domestic partners and coverage to age 26 for children of uniformed members of the Police or Fire Department whose death was sustained while in performance of duty.

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[2] The five NYCRS are:
New York City Employees' Retirement System (NYCERS)
New York City Teachers' Retirement System (TRS)
New York City Board of Education Retirement System (BERS)
New York City Police Pension Fund (POLICE)
New York Fire Department Pension Fund (FIRE)
[3] Certain employees of the City University of New York who receive pension payments from TIAA-CREF are also eligible based on credited service requirements which differ slightly from those applicable to the NYCRS members.

2. PLAN DESCRIPTION, ELIGIBILITY AND MEMBERSHIP INFORMATION (CONTINUED)

(ii) Effective November 13, 2001, surviving spouses of retired uniformed members of the Police and Fire Departments may elect to continue coverage by paying 102% of the stated premium.

(iii) Effective November 13, 2010, surviving spouses of retired uniformed members of the Departments of Correction and Sanitation may elect to continue coverage for life by paying 102% of the stated premium.

Plan Membership — As permitted under GASB 43, the Plan has elected to use June 30, 2012, as the date of the OPEB actuarial valuation. The Plan's combined membership consisted of the following at June 30, 2012 and 2011, the dates of the last two OPEB actuarial valuations:

	June 30, 2012	June 30, 2011
Actives	284,133	273,301
Inactives	22,625	25,388
Deferreds	13,642	13,446
Retirees	213,574	208,532
Total number of participating employees	533,974	520,667

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The Plan is a fiduciary component unit of The City. Fiduciary component units are used to account for assets and activities when an entity is functioning as a trustee for another party. The accompanying financial statements of the Plan are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB.

Basis of Accounting — The measurement focus of the Plan is on the flow of economic resources. This focus emphasizes the determination of changes in the Plan's net position. With this measurement focus, all assets and liabilities associated with the operation of this fiduciary component unit are included on the statement of plan net position. This component unit 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 Plan.

Recent Accounting Pronouncements — The Plan has completed the process of evaluating the impact of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The Statement objective is to provide a new statement of net position format to all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The adoption of Statement No. 63 resulted in a change in the presentation of the *Statement of Net Assets* to what is now referred to as the *Statement of Net Position* and the term "net assets" is changed to "net position" throughout the financial statements.

Investments — The Plan's investments are those which are held in the Trust. Investments are reported on the statement of plan net position at fair value based on quoted market prices. Investment income, including changes in the fair value of investments, is reported in changes in plan net position during the reporting period.

4. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents balances as of June 30, 2013 and 2012, represent securities in the Plan's portfolio, held in the Trust, that mature within three months. The Plan held no cash deposits as of June 30, 2013 and 2012.

5. INVESTMENTS

The Plan's investments are those which are held in the Trust. The Trust's investment policy permits the Trust to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation (S&P) or P-1 by Moody's Investors Service (Moody's), bankers' acceptances, certificates of deposit, open time deposits (OTDs) in the form of investment agreements, demand accounts, and repurchase agreements.

Concentration — During any calendar quarter, no more than the greater of $100 million or 35% of the amounts on deposit in the Trust (determined at the time of investment) shall be invested in either Commercial Paper of a single issuer or Investment Agreements with a single provider. Notwithstanding the foregoing, in no event shall more than $250 million be invested at any time in either Commercial Paper of a single issuer or Investment Agreements with a single provider.

Diversification — Investments of funds of the Trust shall be subject to the following diversification requirements:

Municipal securities	0%–60%
Federally guaranteed securities	0–100
Federal agency securities	0–100
Banker's acceptances/Certificates of Deposit	0–60
Commercial paper	0–70
Repurchase agreements	0–100
Collateralized investment agreements	0–100
AAA-rated investment agreements	0–50
Money market funds	0–50
Prerefunded municipal obligations	0–100

5. INVESTMENTS (CONTINUED)

Other Restrictions — Investments in Banker's acceptances/Certificates of Deposit shall mature within two years of the date of investment and shall be limited to banks having the highest short-term rating from at least two firms identified by the Securities and Exchange Commission (SEC) as "nationally recognized statistical rating organizations."

Investments at June 30, 2013 and 2012, consist of the following (Dollars in thousands):

	2013	2012
Commercial paper	$1,033,626	$1,107,489
FHLB	114,216	94,475
T-Bills	24,961	184,640
FAM	24,947	69,881
FNMA	185,002	307,623
FHLMC	69,325	143,184
FFCB	133,094	193,656
Corporate Bonds & Notes	279,722	330,576
Other	4,871	121,869
Total investments held	1,869,764	2,553,393
Less cash equivalent securities with maturities of 90 days or less	(851,186)	(716,907)
Total investments	$1,018,578	$1,836,486

Interest Rate Risk — As a means of limiting its exposure to fair value losses arising from increasing interest rates, the Trust's investment policy limits investment maturities to within two years of the date of purchase.

Credit Risk — It is the Trust's policy to limit its investments in debt securities to those rated in the highest rating category by at least two nationally recognized bond rating agencies. As of June 30, 2013, the Trust's investments in Federal National Mortgage Association (FNMA or Fannie Mae), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB), and Federal Home Loan Bank (FHLB) were rated AAA by Moody's Investors Service and AA+ by Standard & Poor's. Investments in Commercial Paper were rated in the highest short-term category by at least two major rating agencies. Money market accounts and mutual funds are not rated.

Custodial Credit Risk — For investments, custodial credit risk is the risk that in the event of the failure of the Trustee Bank, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Trust.

5. INVESTMENTS (CONTINUED)

The Trust manages custodial credit risk by limiting its investments to highly rated institutions and requiring high quality collateral be held by the Trustee Bank in the name of the Trust.

Concentration of Credit Risk — The Trust places no limit on the amount the Trust may invest in any one issuer except for limits on Commercial Paper and Investment Agreements of a single issue. At June 30, 2013, 5% or more of the Trust's total investments held of $1,869,764 were the following:

Issuer	Percentage of Total Investments
FNMA	10%
ANGLESEA FUNDING PLC	7
CREDIT AGRICOLE	7
FFCB	7
GENERAL ELEC CAP CORP	7
FHLB	6
ABBEY NATIONAL	5
ALPINE SECURIZATION	5
SOCIETE GEN NO AMER CPDN	5

6. FUNDED STATUS AND FUNDING PROGRESS — OPEB PLAN

The funded status of the Plan as of the most recent OPEB actuarial valuation date is as follows (dollar amounts in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) — Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2012	$ 2,115,846	$ 71,399,273	$ 69,283,427	3.0 %	$ 20,202,359	342.9 %

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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

6. FUNDING STATUS AND FUNDING PROGRESS— OPEB PLAN (CONTINUED)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the Plan by employers in comparison to the annual required contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover costs under the actuarial assumptions and methods utilized for each year. The Plan elected not to amortize but, rather, to recognize the entire unfunded actuarial liability during its first year.

Projections of benefits for financial reporting purposes are based on the substantive OPEB plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The City may not be obligated to provide the same types or levels of benefits to retirees in the future.

Beginning with the June 30, 2012 OPEB actuarial valuation, the Plan uses the Entry Age ("EA") actuarial cost method (one of the acceptable actuarial cost methods set forth in GASB 43, paragraph 34.d) to determine the Annual Required Contribution and the Unfunded Actuarial Accrued Liability (UAAL). All prior OPEB actuarial valuations used the Frozen Entry Age actuarial cost method.

The Actuarial Accrued Liability ("AAL") as of June 30, 2012 of $71.4 billion was determined under the EA Actuarial Cost Method ("ACM"). The AAL as of June 30, 2011 of $85.9 billion was determined under the Frozen Entry Age ("FEA") ACM. This change in the ACM reduced the AAL by $19.3 billion. Such amount is being amortized over a period of 10 years by The City of New York, which is the minimum period allowed in accordance with GASB 43. The AAL prior to the change in the ACM was $90.7 billion.

The following is a brief description of the significant methods and assumptions used in the OPEB actuarial valuation. A complete description can be found in Section V and Appendix D of the Report on the Eighth Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program (the Eighth OPEB Report) which is available on the website of the New York City Office of the Actuary (NYCOA).

6. FUNDING STATUS AND FUNDING PROGRESS— OPEB PLAN (CONTINUED)

Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry Age Actuarial Cost Method
Discount rate	4.00 percent per annum
Per-capita claims costs	Age adjusted from assumed average age of covered population

Health Insurance Program	**FYE 2013**	**FYE 2012**
HIP HMO:		
Non-Medicare Single	$ 550.50	$ 507.60
Non-Medicare Family	1,348.75	1,243.59
Medicare	140.37	135.87
GHI/EBCBS:		
Non-Medicare Single	459.68	442.70
Non-Medicare Family	1,194.29	1,149.28
Medicare	159.69	166.00
Others:		
Non-Medicare Single	550.50	507.60
Non-Medicare Family	1,348.75	1,243.59
Medicare	159.69	166.00

Welfare Funds: Reported annual contribution amounts used for current retirees; Contribution assumed to increase by Medicare Plans trend rates.

Welfare Funds	**FYE 2013**	**FYE 2012**
NYCERS	$ 1,703	$ 1,775
TRS	1,762	1,876
BERS	1,690	1,767
POLICE	1,638	1,691
FIRE	1,720	1,783

6. FUNDING STATUS AND FUNDING PROGRESS— OPEB PLAN (CONTINUED)

Medicare Part B Premiums	**Monthly Premium**	
Calendar Year		
2008	$ 96.40	
2009	96.40	
2010 (announced)	110.50	
2010 (used)	100.21	
2011 (announced)	115.40	
2011 (used)	101.53	
2012	99.90	
2013	104.90	*

* Reflected only in the June 30, 2012 OPEB actuarial valuation

2013 Medicare Part B premium assumed to increase by Medicare Part B trend rates and income-related Medicare Part B increases.

Fiscal Year	**June 30, 2012 Valuation**	**June 30, 2011 Valuation**
2012	N/A	3.5 %
2013	3.6 %	3.6
2014	3.7	3.7
2015	3.8	3.8
2016 and later	**	**

** Increasing by 0.1% per year to a maximum of 5.0%

6. FUNDING STATUS AND FUNDING PROGRESS— OPEB PLAN (CONTINUED)

Health Care Cost Trend Rate (HCCTR): Covered medical expenses are assumed to increase by the following percentages:

Year Ending *	Pre-Medicare Plans	Medicare Plans	Medicare Part B Premiums
2013 **	9.5	5.0	7.0
2014	9.5	5.0	6.5
2015	9.0	5.0	6.0
2016	8.5	5.0	5.5
2017	8.0	5.0	5.0
2018	7.5	5.0	5.0
2019	7.0	5.0	5.0
2020	6.5	5.0	5.0
2021	6.0	5.0	5.0
2022	5.5	5.0	5.0
2023 and later	5.0	5.0	5.0

* Fiscal year for Pre-Medicare Plans and Medicare Plans, calendar year for Medicare Part B premiums.

** For the June 30, 2012 OPEB actuarial valuation, rates shown for 2013 were not reflected since actual values for the fiscal year 2013 per capita costs, fiscal year 2013 Welfare Fund contributions and calendar year 2013 Medicare Part B premium amounts were used.

6. FUNDING STATUS AND FUNDING PROGRESS— OPEB PLAN (CONTINUED)

Age Related Morbidity	The premiums are age adjusted for HIP HMO, and GHI/ EBCBS Plans. Effective for the June 30, 2012 OPEB actuarial valuation, the premiums are also adjusted for gender.
Participation	Active participation assumptions are based on current retiree elections. Actual elections for current retirees.
Dependents	Dependent assumptions are based on the distribution of coverage of recent retirees. Actual spouse data is used for current retirees. Child dependents of current retirees assumed to receive coverage until age 26. Child dependents of future service retirees assumed to receive coverage for five years after retirement.
Demographic Assumptions	The same assumptions that were used in valuing the pension benefits of the NYCRS for determining employer contributions for fiscal years beginning 2012 adopted by the Boards of Trustees. *

* Additional demographic information can be found in the Silver and Gold Books on the website of the NYCOA.

7. RELATED PARTY MATTERS

The Plan and the Trust are administered by The City, including the day-to-day administration of the health insurance program. Wells Fargo Bank, N.A. the trustee and custodian of the Trust makes payments to health insurers and to welfare funds for retiree benefits, and reimbursements of retiree Medicare Part B premiums to retirees, as directed by The City. The City also directs the investment of Trust resources in accordance with Trust investment guidelines.

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REQUIRED SUPPLEMENTARY INFORMATION

NEW YORK CITY OTHER POSTEMPLOYMENT BENEFITS PLAN
(A Fiduciary Component Unit of The City of New York)

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
AS OF JUNE 30, 2012 AND 2011
(In thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) — (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2012 *	$2,115,846	$ 71,399,273	$69,283,427	3.0 %	$20,202,359	342.9 %
June 30, 2011**	2,631,584	85,945,756	83,314,172	3.1	19,854,039	419.6
June 30, 2010 **	3,022,624	82,040,360	79,017,736	3.7	19,672,460	401.7

* Based on Entry Age Actuarial Cost Method
** Based on Frozen Entry Age Actuarial Cost Method

NEW YORK CITY OTHER POSTEMPLOYMENT BENEFITS PLAN
(A Fiduciary Component Unit of The City of New York)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012
(In thousands)

Fiscal Years Ended	Annual Required Contribution	Percentage Contributed
June 30, 2013	$ 93,688,624	1.3 %
June 30, 2012	89,586,423	1.6
June 30, 2011	85,454,602	1.8