New York Fire Department Pension Funds

(A Fiduciary Fund of The City of New York)

Combining Financial Statements and Supplemental Schedules (Together with Independent Auditors' Report)

For the Years Ended June 30, 2016 and 2015

MARKS PANETH

ACCOUNTANTS & ADVISORS

NEW YORK FIRE DEPARTMENT PENSION FUNDS

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MARKS PANETH

ACCOUNTANTS & ADVISORS

Marks Paneth LLP
685 Third Avenue
New York, NY 10017
P 212.503.8800
F 212.370.3759
markspaneth.com

New York
New Jersey
Pennsylvania
Washington, DC

MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
New York Fire Department Pension Funds:

Report on the Combining Financial Statements

We have audited the accompanying combining statements of fiduciary net position of the New York Fire Department Pension Fund, New York City Fire Department Firefighters' Variable Supplements Fund, and New York City Fire Department Fire Officers' Variable Supplements Fund, which collectively comprise the New York Fire Department Pension Funds (the "Funds"), a fiduciary component unit of the City of New York, as of June 30, 2016, and the related combining statements of changes in fiduciary net position for the year then ended, and the related notes to the combining financial statements, which collectively comprise the Funds' basic combining financial statements as listed in the table of contents.

Management's Responsibility for the Combining Financial Statements

Management is responsible for the preparation and fair presentation of these combining 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 combining financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these combining financial statements based on our audit. We conducted our audit 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 combining financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the combining fiduciary net position of the Funds as of June 30, 2016, and the changes in combining fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The combining financial statements of the New York Fire Department Pension Funds as of June 30, 2015 and for the year then ended, were audited by other auditors whose report, dated October 29, 2015, expressed unmodified opinions on those financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule 1, Schedule 2, and Schedule 3, as listed in the table of contents, be presented to supplement the basic combining financial statements. Such information, although not a part of the basic combining financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic combining 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 combining financial statements, and other knowledge we obtained during our audit of the basic combining 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.

Marks Paneth LLP

October 31, 2016

This narrative discussion and analysis of the New York Fire Department Pension Funds' ("FIRE" or the "Funds") financial performance provides an overview of the Funds' combining financial activities for the Fiscal Years ended June 30, 2016 and 2015. It is meant to assist the reader in understanding the Funds' combining financial statements by providing an overall review of the combining financial activities during the years and the effects of significant changes, as well as a comparison with the prior years' activity and results. This discussion and analysis is intended to be read in conjunction with the Funds' combining financial statements.

FIRE administers the New York Fire Department, Subchapter Two Pension Fund, which is generally referred to as the New York Fire Department Pension Fund - Qualified Pension Plan ("QPP") - as set forth in the Administrative Code of The City of New York ("ACNY") Section 13-313.1. FIRE also administers the New York City Fire Department Firefighters' Variable Supplements Fund ("FFVSF") and the New York City Fire Department Fire Officers' Variable Supplements Fund ("FOVSF").

OVERVIEW OF BASIC COMBINING FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the Funds' basic combining financial statements. The basic combining financial statements, which are prepared in accordance with Governmental Accounting Standards Board ("GASB") pronouncements and include the financial statements of each of the Funds, are:

- **The Combining Statements of Fiduciary Net Position** — presents the financial position of the Funds at each fiscal year end. It provides information about the nature and amounts of resources with present service capacity that the Funds presently control (assets), consumption of net assets by the Funds that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Funds have little or no discretion to avoid (liabilities), and acquisition of net assets by the Funds that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at fair value. All other assets and liabilities are determined on an accrual basis.

- **The Combining Statements of Changes in Fiduciary Net Position** — presents the results of activities during the fiscal year. All changes affecting the assets/deferred outflow and liabilities/deferred inflow of the Funds are reflected on an accrual basis when the activity occurred, regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.

- **The Notes to Combining Financial Statements** — provide additional information that is essential to a full understanding of the data provided in the combining financial statements. The notes present information about the Funds' accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

- **Required Supplementary Information —** as required by the GASB includes the management discussion and analysis and information presented after the Notes to the Combining Financial Statements.

FINANCIAL HIGHLIGHTS

For Fiscal Year ended June 30, 2016, the Funds' net position restricted for benefits was $11.7 billion. This amount represents an increase of $59.4 million (.5%) over the Funds' net position restricted for benefits in Fiscal Year 2015. The growth for Fiscal Year 2016 can be attributed to the fact that total contributions, net investment income and other receipts slightly exceeded pension benefits paid. Additionally, a net depreciation in the fair value of the Funds' investment portfolio contributed to the overall lower net investment income reported for the period.

For Fiscal Year ended June 30, 2015, the Funds' net position restricted for benefits was $11.6 billion. This amount reflects an increase of $221.2 million (1.9%) over the Funds' net position restricted for benefits in Fiscal Year 2014. The growth for Fiscal Year 2015 can be attributed to the fact that total contributions and net investment income exceeded total pension benefits paid. In addition, modest performance returns on the Funds' investment portfolio contributed to the overall positive net investment income reported for the period.

Changes in Fiduciary Net Position
Years Ended June 30, 2016, 2015 and 2014
(In thousands)

	2016	2015	2014
Additions:			
Member contributions	$ 116,619	$ 108,582	$ 108,859
Employer contributions	1,054,478	988,784	969,956
Net investment income	203,104	302,567	1,689,485
Other	43,673	41,201	39,980
Total	1,417,874	1,441,134	2,808,280
Deductions:			
Benefit payments and withdrawals	1,358,431	1,219,890	1,171,329
Net increase in net position	59,443	221,244	1,636,951
Net position restricted for benefits			
Beginning of year	11,648,179	11,426,935	9,789,984
End of year	$ 11,707,622	$ 11,648,179	$ 11,426,935

For Fiscal Year ended June 30, 2016, member contributions were approximately $116.6 million or an increase of $8.0 million (7.4%) compared to member contributions for Fiscal Year 2015. The change was due largely to increases received by members under contract settlement by the firefighters union, during the period.

For Fiscal Year ended June 30, 2015, member contributions were approximately $108.6 million or a slight decrease of $0.3 million (0.3%) compared to member contributions for Fiscal Year 2014. Increases or decreases in member contributions are primarily due to changes in the number of active Plan members making voluntary contributions in addition to their required contributions and also changes in the average annual pay of Plan members.

Employer contributions are made on a statutory basis determined by the actuarial valuations performed as of June 30, 2014 and 2013 under One-Year Lag Methodology ("OYLM"). Employer contributions for Fiscal Year 2016 totaled approximately $1,054.5 million, an increase of $65.7 million (6.6%) compared to employer contributions for Fiscal Year 2015, primarily due to a change in the post-retirement mortality rates, an increase in the amortization payment of the 2010 initial unfunded liability and a net actuarial loss. Employer contributions for Fiscal Year 2015 totaled approximately $988.8 million, an increase of $18.8 million (1.9%) compared to employer contributions for Fiscal Year 2014, primarily due to the net result of an actuarial loss.

For Fiscal Year ended June 30, 2016, the Funds had a net investment gain of $203.1 million; this amount although positive was a decrease of 32.9% compared to the net investment gain of $302.6 million recorded for Fiscal Year 2015. The reduction in net investment gain for Fiscal year 2016 can be attributed to the decline in dividend income and a net depreciation in fair value of the combined investment portfolio of the Funds.

For Fiscal Year ended June 30, 2015, the Funds had a net investment gain of $302.6 million; this amount although positive was a decrease of 82.1% compared to the net investment gain of $1,689.5 million recorded for Fiscal Year 2014. The net investment gain for Fiscal year 2015 was achieved despite of a net depreciation in fair value of the QPP's investment portfolio and can be attributed to the overall positive performance return on the combined portfolio of the Funds.

Benefit payments and withdrawals recorded were $1,358.4 million for the Fiscal Year ended June 30, 2016; this was an increase of 11.4% over benefit payments and withdrawals recorded for Fiscal Year 2015. Benefit payments and withdrawals recorded were $1,219.9 million for the Fiscal Year ended June 30, 2015; this was an increase of 4.1% over benefit payments and withdrawals recorded for Fiscal Year 2014. Increases in benefit payments and withdrawals are primarily due to changes in the number of new retirees and the amount of payments made to beneficiaries. Members are also able to withdraw their excess or voluntary contributions made to the fund. In addition, legislatively enacted cost of living increases for certain retirees and beneficiaries also serves to increase benefit payments each year.

For Fiscal Year 2016 there were no transfers due from Fire QPP, to the VSF's in accordance with regulations of ACNY, related to excess earnings on equity investments, limited to the unfunded Accumulated Benefit Obligation ("ABO") of the Fund. However, during fiscal year 2016, the excess earnings estimate for fiscal year 2014 were finalized and revised upwards to $128.7 million for FFVSF and $28.1 million for FOVSF. The additional amounts totaling $36.9 million were recognized by Fire QPP and the VSF's, during the period.

For Fiscal Years 2015 and 2014, the FIRE QPP, in accordance with regulations of the ACNY transferred amounts to the VSF's equal to certain excess earnings on equity investments limited to the unfunded Accumulated Benefit Obligation ("ABO") of the Fund. The amounts paid were $30 million and $110 million to the FFVSF Fund for Fiscal Years 2015 and 2014, respectively, and $10 million in each year to the FOVSF Fund. Such amounts have been eliminated in the system-wide presentation above.

FIDUCIARY NET POSITION

For Fiscal Year 2016, the Funds' net position restricted for benefits increased by 0.5% to $11.7 billion, compared to the net position restricted for benefits of $11.6 billion in Fiscal Year 2015. The overall growth for Fiscal Year 2016 can be attributed to the fact that total contributions, net investment income and other receipts slightly exceeded pension benefits paid. Additionally, a net depreciation in the fair value of the Funds' investment portfolio contributed to the overall lower net investment income reported for the period.

For Fiscal Year 2015, the Funds' net position restricted for benefits increased by 1.9% to $11.6 billion, compared to the net position restricted for benefits of $11.4 billion in Fiscal Year 2014. The growth for Fiscal Year 2015 can be attributed to the fact that total contributions and net investment income exceeded total pension benefits paid. In addition, modest performance returns on the Funds' investment portfolio contributed to the overall positive net investment income reported for the period.

Outstanding member loans for Fiscal Year 2016 totaled $26.9 million; this amount was a decrease from member loans reported in Fiscal Year 2015. Outstanding member loans for Fiscal Year 2015 totaled $29.1 million; this amount was an increase from member loans reported in Fiscal Year 2014. Changes in member loans can be attributed to changes in the number and amounts of new loans disbursed and the amount of repayments received. Members are permitted to borrow up to 75% (for certain members up to 90%) of their required contributions, including accumulated interest.

Fiduciary Net Position
June 30, 2016, 2015 and 2014
(In thousands)

	2016	2015	2014
Cash	$ 48,755	$ 20,768	$ 21,918
Receivables	226,755	237,528	285,111
Investments — at fair value	11,802,778	12,101,222	11,710,528
Collateral from securities lending	922,481	836,325	1,049,736
Other assets	6,176	5,596	5,246
Total assets	13,006,945	13,201,439	13,072,539
Accounts payable	92,147	74,829	45,805
Payables for investments purchased	235,314	592,027	502,688
Accrued benefits payable	49,381	50,079	46,669
Payables for securities lending transactions	922,481	836,325	1,050,442
Total liabilities	1,299,323	1,553,260	1,645,604
Net position restricted for benefits	$ 11,707,622	$ 11,648,179	$ 11,426,935

The Funds' receivables and payables are primarily generated through the timing difference between the trade and settlement dates for investment securities purchased or sold.

INVESTMENT SUMMARY

Investment Summary
June 30, 2016
(In thousands)

Investments - At fair value:	QPP	FFVSF	FOVSF	Combined
Short term investments:				
U.S. treasury bills and agency	$ 25,998	$ -	$ -	$ 25,998
Commercial paper	52,525	6,953	3,603	63,081
Short-term investment fund	118,935	4,397	1,726	125,058
Discount notes	-	1,369	585	1,954
Debt securities:				
U.S. government and agency	999,671	93,304	33,721	1,126,696
Corporate and other	1,212,254	-	22,916	1,235,170
Equity securities	1,802,947	-	-	1,802,947
Alternative investments	2,117,856	-	-	2,117,856
Collective trust funds:				
International equity	1,966,228	85,780	52,725	2,104,733
Domestic equity	1,736,914	221,610	144,583	2,103,107
Mortgage debt security	86,107	-	-	86,107
Treasury inflation protected securities	547,146	10,394	6,593	564,133
Fixed income	401,512	26,885	17,541	445,938
Collateral from securities lending	854,211	37,719	30,551	922,481
	$ 11,922,304	$ 488,411	$ 314,544	$ 12,725,259

Investment Summary
June 30, 2015
(In thousands)

Investments - At fair value:	QPP	FFVSF	FOVSF	Combined
Short term investments:				
U.S. treasury bills and agency	$ 182,521	$ -	$ -	$ 182,521
Commercial paper	300,618	3,602	3,151	307,371
Short-term investment fund	211,956	6,259	1,572	219,787
Discount notes	-	10,989	3,184	14,173
Debt securities:				
U.S. government and agencies	-	88,272	53,983	142,255
Corporate and other	2,463,809			2,463,809
Equity securities	1,943,618	-	-	1,943,618
Alternative investments	1,887,226	-	-	1,887,226
Collective trust funds:				
International equity	2,022,335	77,890	61,322	2,161,547
Domestic equity	1,516,030	273,828	161,871	1,951,729
Mortgage debt security	72,185	-	-	72,185
Treasury inflation protected securities	300,374	9,946	6,309	316,629
Fixed income	394,772	26,385	17,215	438,372
Collateral from securities lending	795,944	22,251	18,130	836,325
	$ 12,091,388	$ 519,422	$ 326,737	$ 12,937,547

The tables above summarize the Funds' investment portfolio including collateralized securities lending. Due to the long-term nature of the Funds' benefit obligations, the Funds' assets are invested with a long-term investment horizon. Assets are invested in a diversified portfolio of capital market securities. Investments in these assets are expected to produce higher returns, but are also subject to greater volatility and may produce negative returns. For example, the Russell 3000 index, a broad measure of the United States stock market posted gains of 2.1% in Fiscal Year 2016, compared to gains posted of 7.3% in Fiscal Year 2015. The investment results for Fiscal Year 2016 were generally consistent with related benchmarks, within asset classes. Overall, the most significant gains were posted within the fixed asset classes during the fiscal year. FIRE QPP's investment portfolio posted gains of 1.4% for Fiscal Year 2016 compared to the gain of 3.5% for Fiscal Year 2015. For the three-year period ended June 30, 2016, the overall rate of return on the QPP's investment portfolio was 7.3%.

The FFVSF's investment portfolio posted gains of 1.0% for Fiscal Year 2016 compared to the gain of 4.1% for Fiscal Year 2015. For the three-year period ended June 30, 2016, the overall rate of return on the Plan's investment portfolio was 7.4%.

Similarly, the FOVSF's investment portfolio posted gains of 0.7% for Fiscal Year 2016 compared to the gain of 4.1% for Fiscal Year 2015. For the three-year period ended June 30, 2015, the overall rate of return on the Plan's investment portfolio was 7.9%.

CONTACT INFORMATION

This financial report is designed to provide a general overview of the New York Fire Department Pension Funds' finances. Questions concerning any data provided in this report or requests for additional information should be directed to Chief Accountant, New York Fire Department Pension Funds, 9 Metrotech Center, 6W-03-K, Brooklyn, NY 11201-3751.

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NEW YORK FIRE DEPARTMENT PENSION FUNDS
COMBINING STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2016
(In thousands)

	QPP	FFVSF	FOVSF	Eliminations	Combined Funds
ASSETS:					
Cash	$ 37,457	$ 10,740	$ 558	$ -	$ 48,755
Receivables:					
Investment securities sold	153,595	12,433	11,636	-	177,664
Member loans (Note 6)	26,917	-	-	-	26,917
Accrued interest and dividends	20,518	985	671	-	22,174
Transferrable earnings due from QPP to Variable Supplements Funds	-	59,739	29,134	(88,873)	-
Total receivables	201,030	73,157	41,441	(88,873)	226,755
INVESTMENTS — At fair value (Notes 2 and 3):					
Short-term investments:					
Commercial paper	52,525	6,953	3,603	-	63,081
Short-term investment fund	118,935	4,397	1,726	-	125,058
U.S. treasury bills and agencies	25,998	-	-	-	25,998
Discount notes	-	1,369	585	-	1,954
Debt securities:					
U.S. government and agencies	999,671	93,304	33,721	-	1,126,696
Corporate and other	1,212,254	-	22,916	-	1,235,170
Equity securities	1,802,947	-	-	-	1,802,947
Alternative investments	2,117,856	-	-	-	2,117,856
Collective trust funds:					
International equity	1,966,228	85,780	52,725	-	2,104,733
Fixed income	401,512	26,885	17,541	-	445,938
Domestic equity	1,736,914	221,610	144,583	-	2,103,107
Mortgage debt security	86,107	-	-	-	86,107
Treasury inflation protected securities	547,146	10,394	6,593	-	564,133
Collateral from securities lending (Note 2)	854,211	37,719	30,551	-	922,481
Total investments	11,922,304	488,411	314,544	-	12,725,259
OTHER ASSETS	6,176	-	-	-	6,176
Total assets	12,166,967	572,308	356,543	(88,873)	13,006,945
LIABILITIES:					
Accounts payable	89,435	-	2,712	-	92,147
Payable for investment securities purchased	215,792	10,514	9,008	-	235,314
Accrued benefits payable (Note 1)	18,893	21,225	9,263	-	49,381
Transferrable earnings due from QPP to Variable Supplements Funds	88,873	-	-	(88,873)	-
Securities lending (Note 2)	854,211	37,719	30,551	-	922,481
Total liabilities	1,267,204	69,458	51,534	(88,873)	1,299,323
NET POSITION RESTRICTED FOR BENEFITS:					
Benefits to be provided by QPP	10,899,763	-	-	-	10,899,763
Benefits to be provided by VSF	-	502,850	305,009	-	807,859
Total net position restricted for benefits	$ 10,899,763	$ 502,850	$ 305,009	$ -	$ 11,707,622

The accompanying notes are an integral part of these combining financial statements.

NEW YORK FIRE DEPARTMENT PENSION FUNDS
COMBINING STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2015
(In thousands)

	QPP	FFVSF	FOVSF	Eliminations	Combined Funds
ASSETS:					
Cash	$ 8,375	$ 11,750	$ 643	$ -	$ 20,768
Receivables:					
Investment securities sold	178,385	6,383	3,867	-	188,635
Member loans (Note 6)	29,124	-	-	-	29,124
Accrued interest and dividends	18,568	743	458	-	19,769
Transferrable earnings due from QPP to					
Variable Supplements Funds	-	41,000	11,000	(52,000)	-
Due from QPP	-	-	15	(15)	-
Due from Variable Supplements Fund	-	-	32	(32)	-
Total receivables	226,077	48,126	15,372	(52,047)	237,528
INVESTMENTS — At fair value (Notes 2 and 3):					
Short-term investments:					
Commercial paper	300,618	3,602	3,151	-	307,371
Short-term investment fund	211,956	6,259	1,572	-	219,787
U.S. treasury bills and agencies	182,521	-	-	-	182,521
Discount notes	-	10,989	3,184	-	14,173
Debt securities:					
U.S. government and agencies		88,272	53,983	-	142,255
Corporate and other	2,463,809				2,463,809
Equity securities	1,943,618	-	-	-	1,943,618
Alternative investments	1,887,226	-	-	-	1,887,226
Collective trust funds:					
International equity	2,022,335	77,890	61,322	-	2,161,547
Fixed income	394,772	26,385	17,215	-	438,372
Domestic equity	1,516,030	273,828	161,871	-	1,951,729
Mortgage debt security	72,185	-	-	-	72,185
Treasury inflation protected securities	300,374	9,946	6,309	-	316,629
Collateral from securities lending (Note 2)	795,944	22,251	18,130	-	836,325
Total investments	12,091,388	519,422	326,737	-	12,937,547
OTHER ASSETS	5,596	-	-	-	5,596
Total assets	12,331,436	579,298	342,752	(52,047)	13,201,439
LIABILITIES:					
Accounts payable	74,773	-	56	-	74,829
Payable for investment securities purchased	574,447	9,941	7,639	-	592,027
Accrued benefits payable (Note 1)	18,927	21,630	9,522	-	50,079
Payments Due to Variable Supplements' Funds	15	32		(47)	-
Transferrable earnings due from QPP to					
Variable Supplements Funds	52,000	-	-	(52,000)	-
Securities lending (Note 2)	795,944	22,251	18,130	-	836,325
Total liabilities	1,516,106	53,854	35,347	(52,047)	1,553,260
NET POSITION RESTRICTED FOR BENEFITS:					
Benefits to be provided by QPP	10,815,330	-	-	-	10,815,330
Benefits to be provided by VSF	-	525,444	307,405	-	832,849
Total net position restricted for benefits	$ 10,815,330	$ 525,444	$ 307,405	$ -	$ 11,648,179

The accompanying notes are an integral part of these combining financial statements.

NEW YORK FIRE DEPARTMENT PENSION FUNDS
COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2016
(In thousands)

	QPP	FFVSF	FOVSF	ELIMINATIONS	Combined Funds
ADDITIONS:					
Contributions:					
Member contributions	$ 116,619	$ -	$ -	$ -	$ 116,619
Employer contributions	1,054,478	-	-	-	1,054,478
Total contributions	1,171,097	-	-	-	1,171,097
Investment income (Note 3):					
Interest income	137,160	4,796	3,250	-	145,206
Dividend income	145,276	7,957	4,442	-	157,675
Net appreciation/depreciation in fair value of investments	(44,510)	(8,428)	(6,934)	-	(59,872)
Total investment income	237,926	4,325	758	-	243,009
Less investment expenses	46,321	-	-	-	46,321
Net income	191,605	4,325	758	-	196,688
Securities lending transactions:					
Securities lending income	6,196	368	298	-	6,862
Securities lending fees	(403)	(24)	(19)	-	(446)
Net securities lending income	5,793	344	-	-	6,416
Net investment income	197,398	4,669	1,037		203,104
Net receipts from other retirement systems	42,786	-	-	-	42,786
Transferrable earnings from QPP to Variable Supplemental Funds	-	18,739	18,134	(36,873)	-
Litigation income	887	-	-	-	887
Total deductions	1,412,168	23,408	19,171	(36,873)	1,417,874
DEDUCTIONS:					
Benefit payments and withdrawals (Note 1)	1,290,862	46,002	21,567	-	1,358,431
Transferrable earnings from QPP to Variable Supplemental Funds	36,873	-	-	(36,873)	-
Total deductions	1,327,735	46,002	21,567	36,873	1,358,431
NET INCREASE (DECREASE) IN NET POSITION	84,443	(22,594)	(2,396)	-	59,443
NET POSITION RESTRICTED FOR BENEFITS					
Beginning of year	10,815,330	525,444	307,405	-	11,648,179
End of year	$ 10,899,763	$ 502,850	$ 305,009	$ -	$ 11,707,622

The accompanying notes are an integral part of these combining financial statements.

NEW YORK FIRE DEPARTMENT PENSION FUNDS
COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2015
(In thousands)

	QPP	FFVSF	FOVSF	ELIMINATIONS	Combined Funds
ADDITIONS:					
Contributions:					
Member contributions	$ 108,582	$ -	$ -	$ -	$ 108,582
Employer contributions	988,784	-	-	-	988,784
Total contributions	1,097,366	-	-	-	1,097,366
Investment income (Note 3):					
Interest income	115,571	4,297	2,906	-	122,724
Dividend income	227,390	7,138	4,500	-	239,028
Net appreciation/depreciation in fair value of investments	(8,490)	7,226	4,650	-	3,386
Total investment income	334,471	18,861	12,056	-	365,188
Less investment expenses	68,027	-	-	-	68,027
Net income	266,444	18,661	12,056	-	297,161
Securities lending transactions:					
Securities lending income	5,332	243	206	-	5,781
Securities lending fees	(346)	(16)	(13)	-	(375)
	4,986	227	193	-	5,406
Net securities lending income	-	-	-	-	-
Net investment income	271,430	18,888	12,249	-	302,567
Net receipts from other retirement systems	40,737	-	-	-	40,737
Transferrable earnings from QPP to Variable Supplemental Funds	-	30,000	10,000	(40,000)	-
Litigation income	887	-	-	-	887
Total deductions	1,409,997	48,888	22,249	(40,000)	1,441,134
DEDUCTIONS:					
Benefit payments and withdrawals (Note 1)	1,105,505	47,415	21,970	-	1,219,890
Transferrable earnings from QPP to Variable Supplemental Funds	40,000	-	-	(40,000)	-
Total deductions	1,190,505	47,415	21,970	40,000	1,219,890
NET INCREASE (DECREASE) IN NET POSITION	219,492	1,473	279	-	221,244
NET POSITION RESTRICTED FOR BENEFITS					
Beginning of year	10,585,838	523,971	307,126	-	11,426,935
End of year	$ 10,815,330	$ 525,444	$ 307,405	$ -	$ 11,648,179

1. PLAN DESCRIPTION

The City of New York ("The City") maintains a number of pension systems providing benefits for employees of its various agencies (as defined within New York State ("State") statutes and City laws). The City's five major actuarially-funded pension systems are the New York Fire Department Pension Funds ("FIRE"), the New York City Employees' Retirement System ("NYCERS"), the Teachers' Retirement System of the City of New York ("TRS"), the New York City Board of Education Retirement System ("BERS"), and the New York City Police Pension Funds ("POLICE"). Each pension system is a separate Public Employee Retirement System ("PERS") with a separate oversight body and is financially independent of the others.

FIRE administers the New York Fire Department, Subchapter Two Pension Fund, which is generally referred to as the New York Fire Department Pension Fund ("QPP") as set forth in the Administrative Code of The City of New York ("ACNY") Section 13-313.1. FIRE also administers the New York City Fire Department Firefighters' Variable Supplements Fund ("FFVSF") and the New York City Fire Department Fire Officers' Variable Supplements Fund ("FOVSF").

The QPP is a single-employer pension plan. The QPP provides pension benefits for full-time uniformed employees of the New York City Fire Department (the "Employer"). All full-time uniformed employees of the New York City Fire Department become members of the QPP upon appointment. The QPP functions in accordance with existing State statutes and City laws, which are the basis by which benefit terms and Employer and member contribution requirements are established and amended. The QPP combines features of a defined benefit pension plan with those of a defined contribution pension plan, but is considered a defined benefit pension plan for financial reporting purposes.

The FFVSF and the FOVSF (collectively, the "VSFs") operate pursuant to the provisions of Title 13, Chapter 3 of the ACNY and provide supplemental benefits to retired Firefighters and Wipers, and Fire Officers, respectively. To be eligible to receive benefits from the VSFs, Firefighters and Wipers, and Fire Officers must retire, on or after October 1, 1968, with 20 or more years of uniformed services and be receiving a service retirement benefit from the QPP. Under current law, the VSFs are not to be construed as constituting a pension or retirement system. Instead, they provide defined supplemental payments, other than pension or retirement system allowances, in accordance with applicable statutory provisions. While The City guarantees these payments, the New York State Legislature has reserved to itself and the State the right and power to amend, modify, or repeal the VSFs and the payments they provide. For financial reporting purposes, however, the VSFs are considered single-employer defined benefit pension plans.

FIRE is a fiduciary fund of The City and is included in the Pension and Other Employee Benefit Trust Funds section of The City's Comprehensive Annual Financial Report ("CAFR").

Boards of Trustees

The QPP's Board of Trustees consists of twelve members. The Trustees and their voting rights are as follows: the City Fire Commissioner, Mayor, Comptroller, and Commissioner of Finance (three votes each); the President, the Vice President, Treasurer, and Chairperson of the Board of Trustees of the Uniformed Firefighters Association of Greater New York ("UFA") (two votes each); the President of the Uniformed Fire Officers' Association of Greater New York ("UFOA") and three elected members of the Executive Board of the UFOA, one of whom shall be an officer with rank above that of captain (one vote), one of whom shall be a captain (one vote) and one of whom shall be a lieutenant (one and one-half votes); and a representative of the Uniformed Pilots' and Marine Engineers' Association of Greater New York (one-half vote).

The FFVSF's Board of Trustees consists of five members. The Trustees are as follows: the City Mayor, Comptroller, Commissioner of Finance, and two representatives of the UFA who are members of the QPP Board of Trustees with one vote each.

The FOVSF's Board of Trustees consists of five members. The Trustees are as follows: the City Mayor,

Comptroller, Commissioner of Finance, and two of the representatives of the UFOA who are members of the QPP Board of Trustees with one vote each.

Membership Data

At June 30, 2014 and June 30, 2013, the dates of the QPP's most recent completed actuarial valuations, the QPP's membership consisted of:

	2014	2013
Retirees and beneficiaries receiving benefits	16,763	16,807
Terminated vested members not yet receiving benefits	40	33
Other inactives *	16	17
Active members receiving salary	10,319	10,182
Total	27,138	27,039

* Represents members who are no longer on payroll but otherwise classified.

At June 30, 2015 and 2014, the dates of the VSF's most recent actuarial valuations, the FFVSF and FOVSF membership consist of:

	FFVSF		FOVSF	
	2015	2014	2015	2014
Retirees currently receiving payments	3,621	3,691	1,593	1,629
Active members	8,081	7,623	2,699	2,696
Total	11,702	11,314	4,292	4,325

** Represents the number of actively employed firefighters and fire officers, respectively, as of the June 30 valuation dates.

Summary of Benefits

<u>*QPP*</u>

The New York State Constitution provides that the pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, amendments were made to the New York State Retirement and Social Security Law ("RSSL") to modify certain benefits for employees joining the QPP on or after the effective date of such amendments. These amendments, which affect employees who joined the QPP on and after July 1, 1973, established certain benefit limitations relating to eligibility for retirement, the salary base for benefits and maximum benefits. Recent laws, including but not limited to Chapter 372 of the Laws of 2000 which provides a revised definition of salary base to be used in the computation of certain benefits for Tier 2 members of the QPP and Chapter 589 of the Laws of 2001 which eliminated the Tier 2 maximum 30 years of service limitation, have lessened these limitations.

The QPP currently administers the following pension tiers: Tier 1, Tier 2, Tier 3, and Tier 6 (Tier 3 Modified).

The QPP provides four main types of retirement benefits for all tiers: Vested Retirement benefits, Service Retirements, Ordinary Disability Retirements (non job-related disabilities), and Accident Disability Retirements (job-related disabilities). Additionally, the QPP provides death benefits for all tiers.

Tier 1 is applicable to members appointed to the FDNY prior to July 1, 1973. Tier 2 is applicable to members appointed between July 1, 1973 and June 30, 2009. Benefits are generally the same for Tier 1 and Tier 2.

For Tier 1 and Tier 2 members, the QPP generally provides the following:

- A Vested retirement benefit is payable to Tier 1 and 2 members with at least five years of uniformed service. Tier 1 and 2 members who commenced their membership with the QPP prior to February 4, 2000 must have 15 years of uniformed service to be eligible for a vested retirement benefit. This benefit is generally comprised of a pension equal to 1/40 of their final average salary for every year of uniformed service and is reduced or increased based on the actuarial value of an account shortage or excess. The benefit can also be increased for any purchased non-uniformed service.

- A Service retirement benefit, in both tiers, provides an allowance of one-half of "final salary" after 20 years or 25 years of uniformed service (as elected), with additional benefits equal to a specified percentage per year of service (currently approximately 1.67%) of "average salary" times the number of years of credited service in excess of the 20-year or 25-year minimum. Under the new program, these additional benefits are increased, where applicable, by an annuity attributable to employee contributions accumulated with interest with respect to service over the 20-year or 25-year minimum and an annuity attributable to the Increased-Take-Home-Pay ("ITHP") contributions accumulated after required member qualifying service. ITHP represents amounts contributed by The City in lieu of members' own contributions. These amounts reduce the contributions that the members would have to make to the QPP during their service and thereby increase their take-home pay. Members have the choice of waiving their ITHP reduction, which would reduce their take-home pay and increase pension contributions made to the plan.

- An Ordinary Disability Retirement ("ODR") benefit generally provides a pension equal to 1/40 of "final salary" times the number of years of service but not less than one-half of "final salary" if 10 or more years of service were completed, or one-third of "final salary" if less than 10 years of service were completed. Members of the Improved Benefits Plan with years of service in excess of 20 years receive the actuarial equivalent of their Annuity Savings Fund balance.

- An Accident Disability Retirement ("ADR") benefit provides a pension of three-fourths of "final salary" plus an increment, as described above based on years of credited service in excess of the 20- years or 25-years minimum plus: (i) under the Original Plan, accumulated employee contributions without interest as a lump sum or an actuarially equivalent annuity, (ii) under the Improved Benefits Plan, an annuity based on the member's contributions and ITHP contributions both of which are accumulated with interest.

- Tier 1 and Tier 2 members have the right to make voluntary member contributions ("Voluntary Contributions") in excess of their required member contributions ("Required Contributions"). Both the Voluntary Contributions and the Required Contributions are credited with interest at a statutory rate (currently 8.25% APR). At the time of retirement or refund of contributions, a member's aggregate balance of actual Required Contributions and Voluntary Contributions, including statutory interest ("Actual Balance"), less the outstanding balance of any member loans ("Net Actual Contributions"), may exceed ("Excess of Contributions") or fall short of ("Deficiency of Contributions") the member's Required Amount. The Required Amount is the sum of the Required Contributions which a member should have made during his or her first 20 years of credited service, plus statutory interest earnings thereon. The amount of the member's retirement annuity or the refund of contributions that he or she is entitled to is increased by the actuarial value of any Excess of Contributions or reduced by any Deficiency of Contributions. The collective value of Required Amount, Actual Balance, and outstanding member loans, as of June 30, 2016, is as follows:

	Tier 1	Tier 2	Total
Required amount	$ 192,458	$ 476,612,679	$ 476,805,137
Actual balance	726,370	1,570,084,538	1,570,810,908
Outstanding loans	-	26,916,546	26,916,546

Annuities attributable to member contributions are reduced on an actuarial basis for any loans with unpaid balances outstanding at the date of retirement.

Cost of living adjustments ("COLA") are automatically payable to members who are either: (1) at least age 62 and have been retired for at least 5 years or (2) at least age 55 and have been retired for at least 10 years. Additionally, COLA are payable to members who retired for disability after being retired for 5 or more years and to beneficiaries receiving accidental death benefits who have been receiving them for at least 5 years. Beginning September 2001, COLA benefits equal 50% of the increase in the CPI-U based on the year ending March 31, rounded to the next higher .1% not less than 1% nor greater than 3% of the first $18,000 of the sum of maximum pension allowance and prior COLA.

In June of 2009, the Governor vetoed legislation that would have extended Tier 2 to members hired after June 30, 2009. As a result of the Governor's veto, QPP members hired on and after July 1, 2009 are covered under Tier 3, as governed by Article 14 of the New York State Retirement and Social Security Law ("RSSL"). As a result of Chapter 18 of the Laws of 2012, there are certain limitations on Tier 3 benefits available to participants hired on and after April 1, 2012. In most New York State PERS, including the QPP, these changes are sometimes referred to as Tier 6 or Tier 3 Modified.

For Tier 3/Tier 3 Modified members, the QPP generally provides the following:

- A Normal Service Retirement benefit is payable after completion of 22 years of uniformed service.

- An Early Service Retirement benefit is payable upon completion of 20 years of uniformed service and is payable as a pension equal to 2.1% of final average salary plus 1/3% of final average salary for each month in excess of 20 years of uniformed service, such benefit not to exceed 50% of final average salary.

- A Vested benefit is payable to members with at least five years of uniformed service. The benefit is equal to 2.1% of final average salary for every year of uniformed service payable upon attainment of eligibility for early age, or 55.

- An ODR allowance is payable to a member who has at least 5 years of service and is in receipt of Social Security Disability Benefits. An ODR benefit is 1/3 of final average salary or 2% of final average salary for each year of credited service, whichever is greater and does not exceed 50% of final average salary.

- An ADR allowance is payable to a member who was disabled as the result of a line-of-duty accident not attributable to his own willful negligence. An ADR pension is 50% of a member's final average salary.

All of the above retirement allowances are reduced by one-half of the member's Social Security Benefit attributable to New York State public earnings, at age 62, regardless of eligibility for Social Security, except for ODR retirees, in which case the Social Security Offset occurs immediately.

Tier 3/Tier 3 Modified members are also eligible for annual escalation on the retirement allowance: (1) in full, if they have retired for Service after completing 25 or more years of uniformed service (or elected to defer commencement of their benefit to that 25-year date) or on a reduced basis, by 1/36 for each month that their retirement precedes 25 years or (2) in full, if they have retired for disability or (3) in full, to their beneficiary for accidental death benefits. Escalation is determined from the change in the CPI-U based on the prior year ending December 31, not less than 3%. Tier 3/Tier 3 Modified members, when eligible, receive the greater of the applicable increase from COLA or escalation.

VSFs

The FFVSF provides a guaranteed schedule of supplemental benefits for Firefighters who retire (or have retired) as Firefighters on Service retirement with at least 20 years of credited service as follows:

- For those Firefighters who retired from service as Firefighters before July 1, 1988, the annual supplemental benefit was $2,500 in Calendar Year 1988. For those who retired during Calendar Year 1988, the annual $2,500 benefit payment was prorated. The annual benefit increases $500 each year thereafter to a maximum of $12,000 in Calendar Year 2007. The 1988 benefits included any payments made under the prior program.

  For those Firefighters hired before July 1, 1988 and who retire after Calendar Year 1988, the annual benefit payment is the scheduled amount as described above, prorated in the year of retirement and the full amount thereafter.
- For those who become members of QPP on or after July 1, 1988, the annual supplemental benefit is $2,500 for the first 12 months of retirement, which increases by $500 each year until a maximum of $12,000 is payable in the twentieth and later years of retirement. This was later modified by Chapter 500 of the Laws of 1995 ("Chapter 500/95") such that these members will receive the maximum $12,000 benefit beginning Calendar Year 2008 and thereafter.

The FOVSF provides a guaranteed schedule of supplemental benefits for Fire Officers who retire (or have retired) as Fire Officers on Service retirement with at least 20 years of credited uniformed service as follows:

- A Fire Officer hired before July 1, 1988, who retired from service as a Fire Officer on or after October 1, 1988, and prior to Calendar Year 1993 receives a defined schedule of benefits starting at $5,000 payable in January 1994 for the Calendar Year 1993 payment. For those who retired during Calendar Year 1993, the annual $5,000 benefit payment was prorated. The annual benefit increases $500 each year thereafter to a maximum of $12,000 for Calendar Year 2007 (payable by January 31, 2008) and thereafter.

  For those who were members of QPP prior to July 1, 1988, and who retire after Calendar Year 1993, the annual benefit payment is the scheduled amount as described above, prorated in the year of retirement and the full amount thereafter.

- For those who become members of the QPP on or after July 1, 1988, the annual supplemental benefit is $2,500 for the first twelve months of retirement, which increases by $500 each year until a maximum of $12,000 is payable in the twentieth and later years of retirement. This was later modified by Chapter 500 of the Laws of 1998 ("Chapter 500/98") such that these members will receive the maximum $12,000 benefit beginning Calendar Year 2008 and thereafter.

Chapter 500/95 permitted certain active employees with prior service credit before entering the QPP to utilize their original dates of hire for determining eligibility for benefits from the FFVSF and the FOVSF. In addition, this law permitted certain active employees with prior service credit before entering the QPP to utilize their original dates of hire for determining eligibility for benefits from the FFVSF and the FOVSF.

Additionally, Chapter 216 of the Laws of 2002 ("Chapter 216/02") provides that participants of the VSFs who retire from the QPP on and after January 1, 2002 with more than 20 years of credited service are entitled to an additional one-time special lump sum payment, the Deferred Retirement Option Plan ("DROP"). The DROP also known as "Banked Variable" represents the amount the member would have received had he/she retired for Service upon reaching eligibility. The DROP payment is an eligible distribution that may be rolled over pursuant to IRS regulations. Members who retired for a disability or die in active service are not eligible for the VSF DROP. Accumulated VSF DROP balances for Fiscal Year 2016 were $58.3 million for FFVSF and $103.4 million for FOVSF. Similarly, for Fiscal Year 2015 the balances were $61.8 million for FFVSF and $106.5 million for FOVSF.

Any increase in the amount of ad hoc cost-of-living increases ("Supplementation") or automatic Cost-of-Living Adjustments ("COLA") payable from the QPP to a retiree of the FFVSF under legislation enacted on or after July 1, 1988 or to a retiree of the FOVSF under legislation enacted on or after January 1, 1993, will reduce benefits payable from the FFVSF or FOVSF to such retiree by an amount equal to such increase until the following date:

- For a retiree with a date of membership before July 1, 1988, the later of: (a) the first day of the month following the month such retiree attains age 62 and (b) January 1, 2007.

- For a retiree with a date of membership on or after July 1, 1988, the later of: (a) the first day of the month following the month such retiree attains age 62 and (b) the earlier of: (1) the first day of the month following the 19th anniversary of such retiree's date of retirement and (2) January 1, 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The Funds use the accrual basis of accounting where the measurement focus is on the flow of economic resources. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Contributions from members are recognized by the QPP when the Employer makes payroll deductions from QPP members. Employer contributions are recognized when due and the Employer has a legal obligation to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Funds.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents – Cash equivalents consist of financial instruments with original maturity dates of three months or less.

Investment Valuation — Investments are reported 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. Fair value is defined as the quoted market value on the last trading day of the period, except for the Short-Term Investment Fund (“STIF”) (a money market fund), International Investment funds (“IIF”) and Alternative Investment funds (“ALTINVF”). The IIF are private funds of publicly traded securities which are managed by various investment managers on behalf of the Funds. Fair value is determined by FIRE management based on information provided by the various investment managers. The investment managers determine fair value using the last available quoted price for each security owned adjusted by any contributions to or withdrawals from the fund during the period. The ALTINVF are investments for which exchange quotations are not readily available and are valued at estimated fair value as determined in good faith by the General Partner (“GP”). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results and other factors deemed relevant by the GP. Fair value is determined by FIRE management based on information provided by the various GP’s after review by an independent consultant and the custodian bank for the fund.

Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex- dividend date. Interest income is recorded as earned on an accrual basis.

Income Taxes — Income earned by the Funds is not subject to Federal income tax.

Accounts Payable — Accounts payable is principally comprised of amounts owed to the Funds’ banks for overdrawn bank balances. The Funds’ practice is to fully invest cash balances in most bank accounts on a daily basis. Overdrawn balances result primarily from outstanding benefit checks that are presented to the banks for payment on a daily basis, and these balances are routinely settled each day.

Accrued Benefits Payable — Accrued benefits payable represent either: (1) benefits due and unpaid by the Funds as of year end or (2) related to the VSFs, benefits deemed incurred and unpaid (an accrual for a portion of the current calendar year benefit) for the fiscal year end of June 30.

Securities Lending Transactions — State statutes and Board policies permit the Funds to lend its investments 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 105% of the principal plus accrued interest for reinvestment. At June 30, 2016 and 2015, 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 Fund's Custodian 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 51.75 days. The securities lending program in which the Funds participate only allows pledging or selling securities in the case of borrower default.

During Fiscal Year 2003, the value of certain underlying securities became impaired because of the credit failure of the issuer. Accordingly, the carrying amount of the collateral reported in the QPP's statements of fiduciary net position for Fiscal Year 2003 was reduced by $10 million to reflect this impairment and reflect the net realizable value of the securities purchased with collateral from securities lending transactions. In Fiscal Years 2004 through 2007, the QPP received $2.6 million from distribution in bankruptcy proceedings from the defaulted issuers. During the same period, the QPP also received $3.9 million from litigation settlements. For Fiscal Years 2008 and 2009, the QPP received securities totaling $102.4 thousand from distributions in bankruptcy proceedings. There were no recoveries for the defaulted security in Fiscal Years 2013 and 2012. In Fiscal Year 2014 the QPP received $2.7 million from litigation settlements. For Fiscal year 2015, the QPP received a distribution in bankruptcy proceedings of $1.6 thousand dollars, the remaining loss of $703.9 thousand dollars was written off during the period

GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, requires that securities loaned as assets and related liabilities be reported in the statements of fiduciary net position. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are also reported as assets if the government entity has the ability to pledge or sell them without a borrower default. Accordingly, the Funds recorded the investments purchased with the cash collateral as collateral from securities lending with a corresponding liability for securities lending.

Securities on loan are carried at fair value and the value as of June 30, 2016 and 2015 was $831.9 million and $776.3 million, respectively for the QPP, $36.7 million and $21.8 million, respectively for the FFVSF, and $29.7 million and $17.7 million, respectively for the FOVSF. Cash collateral received related to securities lending as of June 30, 2016 and 2015 was $854.2 million and $795.9 million, respectively for the QPP, $37.7 million and $22.2 million, respectively for the FFVSF, and $30.5 million and $18.1 million, respectively for the FOVSF. As of the date of the statements of fiduciary net position, the maturities of the investments made with cash collateral on average exceed the maturities of the securities loans by approximately 30 days.

New Accounting Standards Adopted — In Fiscal Year 2015, FIRE adopted Government Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*. GASB 72 requires the Funds to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements. There was no material impact on the Funds' financial statements as a result of the implementation of GASB 72.

3. INVESTMENTS AND DEPOSITS

The City Comptroller (the "Comptroller") acts as an investment advisor to the Funds. In addition, the Funds employ an independent investment consultant as an investment advisor. The Funds utilize several investment managers to manage the long-term debt and equity portfolios. The managers are regularly reviewed, with regard to both their investment performance and their adherence to investment guidelines.

The Boards of Trustees of the respective Funds set investment objectives to assure adequate accumulation of reserves and to protect the long term value of the assets. The Boards' investment policy is implemented using a strategic allocation of assets that meet the objectives of the Funds, while working within the confines of the legislative guidelines. The guidelines dictate that fixed income, equity and other investments may be made permitted by the New York State Retirement and Social Security Laws ("RSSL") and State Banking Law, the ACNY, and the Legal Investments for New York Savings Banks list as published by The New York State Banking Department. The Funds' asset allocation policy is constructed to meet both short-term funding requirements and long-term pension obligations. Investments up to 25% of assets of the Funds may be made in instruments not expressly permitted by the State RSSL.

The Funds do not possess an investment risk policy statement nor does it actively manage assets to specific risk targets. Rather, investment risk management is an inherent function of our asset allocation process. Assets are diversified over a broad range of asset classes and encompass multiple investment strategies aimed at limiting concentration risk. The asset allocation targeted for the Funds in fiscal year 2016 and 2015. Includes securities in the following categories:

	2016	2015
U.S. Equity	29.9 %	30.3 %
Core U.S. Fixed	21.5	21.9
EAFE Markets	10.0	10.0
Private Equities	7.0	6.0
Emerging Markets	6.5	6.5
Enhanced Yield Bonds	3.4	3.7
Private Real Estate	4.5	4.1
Hedge Funds	3.3	3.6
REITS	2.8	3.0
TIPS	5.0	5.0
Opportunistic Fixed	2.7	2.5
Cash	0.0	0.0
Bank Loans	1.7	1.7
ETI	0.7	0.7
Convertible Bonds	1.0	1.0
Total	100.0 %	100.0 %

State Street Bank is the primary custodian for substantially all of the securities of the Funds.

Concentrations — None of the Funds have any investments in any one entity that represent 5% or more of their fiduciary net position.

Credit Risk — Portfolios other than U.S. Government and related portfolios have credit rating limitations. Investment Grade portfolios are limited to mostly ratings of BBB and above except that they are also permitted a 10% maximum exposure to BB & B rated securities. While non-investment grade managers are primarily invested in BB & B rated securities, they can also invest up to 7% of their portfolio in securities rated CCC. Non-rated securities are considered to be non-investment grade. The quality ratings of Funds' investments, by percentage of the rated portfolio, as described by nationally recognized statistical rating organizations, at June 30, 2016 and 2015 are as follows:

Investment Type*

Moody's Quality Ratings

June 30, 2016	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short term**	**Not Rated**	**Total**
U.S. Government	-%	- %	- %	- %	-%	- %	-%	- %	- %	- %
Corporate bonds	2.36	3.41	15.76	39.35	12.01	6.52	2.61	-	5.53	87.55
Short-term:										
Commercial Paper	-	-	-	-	-	-	-	4.35	-	4.35
Pooled fund	-	-	-	-	-	-	-	6.18	-	6.18
U.S. Treasuries & Agencies	-	-	-	-	-	-	-	1.92	-	1.92
Discount Notes	-	-	-	-	-	-	-	-	-	-
Percent of rated portfolio	2.36%	3.41%	15.76%	39.35%	12.01%	6.52%	2.61%	12.45%	5.53%	100.00%

Investment Type*

Moody's Quality Ratings

June 30, 2015	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short term**	**Not Rated**	**Total**
U.S. Government	-%	- %	- %	- %	-%	- %	-%	- %	- %	- %
Corporate bonds	1.29	2.17	12.44	27.38	7.70	6.46	1.83	-	4.58	63.85
Short-term:										
Commercial Paper	-	-	-	-	-	-	-	16.52	-	16.52
Pooled fund	-	-	-	-	-	-	-	9.06	-	9.06
U.S. Treasuries & Agencies	-	-	-	-	-	-	-	10.57	-	10.57
Discount Notes	-	-	-	-	-	-	-	-	-	-
Percent of rated portfolio	1.29%	2.17%	12.44%	27.38%	7.70%	6.46%	1.83%	36.15%	4.58%	100.00%

* U.S. Treasury Bonds, Notes and Treasury-inflation protected securities are obligations of the U.S. government or explicitly guaranteed by the U.S. government and therefore not considered to have credit risk and are not included above.

Custodial Credit Risk — Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Funds will not be able to recover the value of their investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Funds and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the Funds.

Consistent with the Funds' investment policy, the investments are held by the Funds' custodian and registered in the name of the Funds.

All of the Funds' deposits are insured by the Federal Deposit Insurance Corporation and collateralized by securities held by a financial institution separate from the Funds' depository financial institution.

Interest Rate Risk — Interest rate risk is the risk that the fair value of investments could be adversely affected by the change in interest rates. Duration limits are used to control the portfolios exposure to interest rate changes. In the investment grade core Fixed Income portfolios duration is limited to a range of one year shorter than the benchmark duration to 0.75 years longer than the duration of the benchmark indices. Duration range is a measure of the overall portfolio, while statements of the stated maturity reflect the specific maturities of the individual securities held. The Funds have no formal risk policy. The lengths of investment maturities (in years) of the Funds' investments, as shown by the percent of the rated portfolio, at June 30, 2016 and 2015 are as follows:

	Investment Maturities				
Years to Maturity June 30, 2016	**Fair Value**	**Less Than One Year**	**One to Five Years**	**Six to Ten Rated**	**More Than Ten Years**
U.S. Government	42.93%	1.87%	4.73%	6.83%	29.50%
Corporate bonds	49.96	1.44	16.67	16.53	15.32
Yankee bonds	-	-	-	-	-
Short-term:					
Commercial Paper	2.48	2.48	-	-	-
Pooled fund	3.53	3.53	-	-	-
U.S. Treasuries & Agencies	-	-	-	-	-
Discount Notes	1.10	1.10	-	-	-
Percent of rated portfolio	100.00%	10.42%	21.40%	23.36%	44.82%

	Investment Maturities				
Years to Maturity June 30, 2015	**Fair Value**	**Less Than One Year**	**One to Five Years**	**Six to Ten Rated**	**More Than Ten Years**
U.S. Government	43.25%	0.15%	6.74%	5.22%	31.14%
Corporate bonds	36.24	1.34	10.08	13.71	11.11
Yankee bonds	-	-	-	-	-
Short-term:					
Commercial Paper	9.37	9.37	-	-	-
Pooled fund	5.14	5.14	-	-	-
U.S. Treasuries & Agencies	-	-	-	-	-
Discount Notes	6.00	6.00	-	-	-
Percent of rated portfolio	100.00%	22.00%	16.82%	18.93%	42.25%

Foreign Currency Risk — Foreign currency risk is the risk that changes in the exchange rates will adversely impact the fair value of an investment. Currency risk is present in underlying portfolios that invest in foreign stocks and/or bonds. The currency markets have proven to be good diversifiers in a total portfolio context; therefore, the Funds have numerous managers that invest globally. In general, currency exposure is viewed as a benefit for its diversification reasons and not as an inherent risk within the portfolio. The Funds have no formal risk policy. In addition, the Funds have investments in foreign stocks and/or bonds and the Funds invest in foreign currencies. The Funds' combined foreign currency holdings as of June 30, 2016 and 2015 are as follows:

Trade Currency (in thousands)	June 30, 2016 Fair Value	June 30, 2015 Fair Value
Australian Dollar	$ 40,508	$ 31,782
Botswana Pula	438	425
Brazilian Real	43,458	43,599
British Pound Sterling	214,870	232,258
Canadian Dollar	20,062	22,024
Chilean Peso	6,961	6,253
Colombian Peso	3,305	3,017
Croatian Kuna	881	928
Czech Koruna	1,755	2,000
Danish Krone	22,694	18,371
Egyptian Pound	2,234	4,963
Euro Currency	373,164	386,398
Ghana Cedi	190	192
Hong Kong Dollar	223,574	227,865
Hungarian Forint	2,185	2,943
Indian Rupee	81,819	72,592
Indonesian Rupiah	18,093	14,335
Israeli Shekel	1,783	1,542
Japanese Yen	239,710	220,024
Jordanian Dinar	718	992
Kenyan Shilling	722	931
Kuwait Dinar	1,812	2,058
Malaysian Ringgit	21,161	19,736
Mauritius Rupee	761	922
Mexican Peso	24,118	24,369
Moroccan Dirham	881	907
New Zealand Dollar	1,965	1,474
Nigerian Naira	494	856
Norwegian Krone	9,272	9,760
Omani Rial	803	940
Pakistan Rupee	1,590	904
Peruvian Nuevo Sol	544	512
Philippines Peso	11,148	8,312
Polish Zloty	11,344	12,650
Qatar Riyal	4,928	5,483
Renminbi Yuan	247	(1)
Romanian Leu	866	930
Russian Ruble	567	292
Singapore Dollar	15,400	19,366
South African Rand	48,671	50,371
South Korean Won	127,187	117,230
Swedish Krona	29,978	31,452
Swiss Franc	111,388	118,799
Taiwan New Dollar	88,869	97,237
Thai Baht	20,145	18,141
Tunisian Dinar	307	329
Turkish Lira	12,812	9,420
UAE Dirham	4,268	3,181
Total	$ 1,850,650	$ 1,849,064

Securities Lending Transactions

Credit Risk — The quality ratings of investments held as collateral for securities lending by the Funds' at June 30, 2016 and 2015 are as follows:

Investment Type and Fair Value
of Securities Lending Transactions
(In Thousands)

June 30, 2016	S&P Quality Ratings									
	AAA	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short term**	**Not Rated**	**Total**
U.S. Government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Corporate bonds	-	-	-	-	-	-	-	-	-	-
Yankee bonds	-	-	-	-	-	-	-	-	-	-
Short-term:										
Reverse repurchase agreement	-	-	-	-	-	-	-	-	757,098	757,098
Money market	69,860	-	-	-	-	-	-	-	-	69,860
Bank notes	-	-	-	-	-	-	-	-	2,841	2,841
Cash	-	-	-	-	-	-		-	91,248	91,248
Uninvested	-	-	-	-	-	-	-	-	1,434	1,434
Total	$ 69,860	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 852,621	$ 922,481
Percent of securities lending port	7.57%	%	%	%	%	%	%	%	92.43%	100.00%

Investment Type and Fair Value
of Securities Lending Transactions
(In Thousands)

June 30, 2015	S&P Quality Ratings									
	AAA	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short term**	**Not Rated**	**Total**
U.S. Government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Corporate bonds	-	-	-	-	-	-	-	-	-	-
Yankee bonds	-	-	-	-	-	-	-	-	-	-
Short-term:										
Reverse repurchase agreement	-	-	-	-	-	-	-	-	636,155	636,155
Money market	58,537	-	-	-	-	-	-	-	-	58,537
Bank notes	-	-	-	-	-	-	-	-	58,563	58,563
Cash	-	-	82,365	-	-	-		-	-	82,365
Uninvested	-	-	-	-	-	-	-	-	705	705
Total	$ 58,537	$ -	$82,365	$ -	$ -	$ -	$ -	$ -	$ 695,423	$ 836,325
Percent of securities lending port	7.00%	%	9.85%	%	%	%	%	%	83.15%	100.00%

Interest Rate Risk — The lengths of investment maturities (in years) of the collateral for securities lending held by the Funds' are as follows:

Years to Maturity
Investment Type
(In Thousands)

	Investment Maturities (In years)				
June 30, 2016	**Fair Value**	**Less Than One Year**	**One to Five Years**	**Six to Ten Rated**	**More Than Ten Years**
U.S. Government	$ -	$ -	$ -	$ -	$ -
Corporate bonds	-	-	-	-	-
Short-term:					
Reverse repurchase agreements	757,098	757,098	-	-	-
Money market	69,860	69,860	-	-	-
Bank notes	2,841	2,841	-	-	-
Cash	91,248	91,248	-	-	-
Uninvested	1,434	1,434	-	-	-
Total	$ 922,481	$ 922,481	$ -	$ -	$ -
Percent of securities lending portfolio	100.00%	100.00%	- %	- %	- %

Years to Maturity
Investment Type
(In Thousands)

	Investment Maturities (In years)				
June 30, 2015	**Fair Value**	**Less Than One Year**	**One to Five Years**	**Six to Ten Rated**	**More Than Ten Years**
U.S. Government	$ -	$ -	$ -	$ -	$ -
Corporate bonds	-	-	-	-	-
Short-term:					
Reverse repurchase agreements	636,155	636,155	-	-	-
Money market	58,537	58,537	-	-	-
Bank notes	58,563	58,563	-	-	-
Cash	82,365	82,365	-	-	
Uninvested	705	705	-	-	-
Total	$ 836,325	$ 836,325	$ -	$ -	$ -
Percent of securities lending portfolio	100.00%	100.00%	- %	- %	- %

Rate of return — For the years ended June 30, 2016 and 2015, the annual money weighted rate of return on investments, net of investment expense, for the Funds was as follows:

	2016	**2015**
QPP	1.37%	3.28%
FFVSF	0.88%	4.13%
FOVSF	0.24%	4.02%

The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

In Fiscal Year 2015, the Funds adopted GASB Statement No. 72 ("GASB 72"), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

The Funds categorize 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 the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Funds have the following recurring fair value measurements as of June 30, 2016 and June 30, 2015:

	2016			
	Level One	Level Two	Level Three	Total
GASB 72 Disclosure				
(in thousands)				
INVESTMENTS – At fair value				
Short-term investments:				
Commercial Paper	$ -	$ 63,081	$ -	$ 63,081
Short-term investment fund	-	125,058	-	125,058
U.S. treasury bills and agencies	-	25,998	-	25,998
Discount notes	-	1,954	-	1,954
Debt securities:				
U.S. government and agency	-	1,126,696	-	1,126,696
Corporate and other	-	1,235,170	-	1,235,170
Equity securities	1,802,947	-	-	1,802,947
Alternative investments	-	-	1,650,354	1,650,354
Collective trusts funds:				
International equity	2,048,729	56,004	-	2,104,733
Fixed income	2,822	265,327	177,789	445,938
Domestic equity	2,102,738	369	-	2,103,107
Mortgage debt security	-	17,748	68,359	86,107
Treasury inflation protected securities	-	564,133	-	564,133
Collateral from securities lending	-	922,481	-	922,481
Total investments	$ 5,957,236	$ 4,404,019	$ 1,896,502	$ 12,257,757
Alternative Investments valued at net asset value				467,502
Total				$ 12,725,259

	2015			
	Level One	Level Two	Level Three	Total
GASB 72 Disclosure				
(in thousands)				
INVESTMENTS – At fair value				
Short-term investments:				
Commercial Paper	$ -	$ 307,371	$ -	$ 307,371
Short-term investment fund	-	219,787	-	219,787
U.S. treasury bills and agencies	-	182,521	-	182,521
Discount notes	-	14,173	-	14,173
Debt securities:				
U.S. government and agency	-	141,083	1,172	142,255
Corporate and other	-	2,463,809	-	2,463,809
Equity securities	$ 1,942,802	816	-	1,943,618
Alternative investments	-	-	1,887,226	1,887,226
Collective trusts funds:				
International equity	2,158,075	358	3,114	2,161,547
Fixed income	-	243,154	195,218	438,372
Domestic equity	1,951,729	-	-	1,951,729
Mortgage debt security	-	72,185	-	72,185
Treasury inflation protected securities	-	316,629	-	316,629
Collateral from securities lending	-	836,325	-	836,325
Total investments	$ 6,052,606	$ 4,798,211	$ 2,086,730	$ 12,937,547

Equity and Fixed Income Securities

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for these securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Debt and equity securities classified in Level 3 are securities whose stated market price is unobservable by the market place, many of these securities are priced by the issuers or industry groups for these securities. 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. Debt and equity securities held in Collective Trust Funds are held in those funds on behalf of the pension system and there is no restriction on the use and or liquidation of those assets for the exclusive benefit of the funds participants.

Alternative Investments

Alternative investments include private equity, real estate, and opportunistic fixed income and infrastructure investments. These are investments for which exchange quotations are not readily available and are valued at estimated fair value, as determined in good faith by the General Partner ("GP"). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results and other factors deemed relevant by the GP. The assets in our alternative investment program are classified as Level 3 assets. A more detailed explanation of the Level 3 valuation methodologies follows:

Investments in non-public equity securities are valued by the GP using one or more valuation methodologies outlined in ASC 820, depending upon the availability of data required by each methodology. In some cases, the GP may use multiple approaches to estimate a valuation range. For the immediate time period following a transaction, the determination of fair value for equity securities, in which no liquid trading market exists, can generally be approximated based on the transaction price (absent any significant developments). Thereafter, or in the interim, if significant developments relating to such portfolio company or industry occur which may suggest a material change in value, the GP should value each investment by applying generally accepted valuation methods including: (1) the market approach (such as market transaction and comparable public company multiples, which are based on a measurement of the company's historical and projected financial performance with typical metrics including enterprise value/latest 12 months EBITDA or projected fiscal year EBITDA) or (2) the income or discounted cash flow approach.

In the market approach, valuation multiples that are relevant to the industry and company in the investments held should be considered and relied upon. Valuation multiples should be assessed and may be adjusted on a go-forward basis based on the business risk associated with the subject company in which the investment is held. In addition, the implied entry multiples should be considered as benchmarks in valuing unlisted equity. In circumstances where no financial performance metrics are available, the GP should rely on other non-financial related metrics applicable to relevant progress from the original investment date to the valuation date. In the income or discounted cash flow approach, forecasted cash flows that may be generated by the subject company are discounted to present value at an appropriate discount rate. These methodologies can be utilized to determine an enterprise value ("Enterprise Valuation Methodologies") from which net debt is subtracted to estimate equity value.

The determination of fair value using these methodologies should take into consideration a range of factors, including but not limited to, the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. Because of the subjective nature of estimated fair value of the private investments, such value may differ significantly from the values that would have been used had a ready market existed for these investments. These financial instruments have been classified as Level 3 in the fair value hierarchy.

4. TRANSFER TO VARIABLE SUPPLEMENTS FUNDS

The ACNY provides that the QPP transfer to the VSFs an amount equal to certain excess earnings on equity investments limited to the unfunded Accumulated Benefit Obligation ("ABO") of the VSF. Excess earnings are defined as the amount by which earnings on equity investments of the QPP exceed what the earnings would have been had such funds been invested at a yield comparable to that available from fixed- income securities ("Hypothetical Fixed Income Security Earnings"), less any cumulative deficiencies. The VSFs also receives credit for investment earnings on their respective assets.

The calculation of the Hypothetical Fixed Income Security Earnings requires the determination of the Hypothetical Interest Rate ("HIR"), which is computed by the Comptroller.

For Fiscal Year 2016, the excess earnings of the QPP, inclusive of prior year's cumulative deficiencies, are estimated to be equal to $0 and therefore, no transfer of assets is required from the QPP to the VSF's.

For Fiscal Year 2015, the excess earnings of the QPP, inclusive of prior year's cumulative deficiencies, are estimated to be equal to $40 million and, therefore, a liability and transfer of $30 million to FFVSF and a liability and transfer of $10 million to FOVSF has been reported by the QPP as of and for the year ended June 30, 2015, respectively. However, during fiscal year 2016, the excess earnings estimate for fiscal year 2014 were finalized and revised upwards to $128.7 million for FFVSF and $28.1 million for FOVSF. Additional liability and transfer totaling $36.9 million were recognized by Fire QPP that resulted in transferring $18.7 million to FFVSF and $18.1 million to FOVSF.

In addition, Chapter 583 of the Laws of 1989 states that if the assets of the FFVSF or FOVSF are less than the amount required to pay the retirees' guaranteed scheduled annual supplemental benefit payments, then The City is required by law to fund the difference.

The amount shown below as the ABO is the measure of the present value of scheduled supplemental benefits estimated to be payable in the future as a result of employee service-to-date. The ABO is calculated as the actuarial present value of credited projected benefits, prorated on service and is intended to help users assess the funded status of the VSFs on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among Variable Supplements Funds.

Actuarial valuations of the VSFs are performed annually as of June 30.

A comparison of the ABO as calculated by the Funds' Chief Actuary of the Office of the Actuary (the "Actuary") with the net position restricted for benefits for the FFVSF and the FOVSF as of June 30, 2015 and June 30, 2014, follows:

	FFVSF		FOVSF	
	2015	2014	2015	2014
	(in millions)		(in millions)	
Accumulated benefit obligation[1] for:				
Retirees currently receiving benefits	$ 361.5	$ 372.5	$ 153.6	$ 158.3
Active employees	173.9	170.2	175.6	167.0
Total accumulated benefit obligation[2,3]	535.4	542.7	329.2	325.3
Plan net position held in trust for benefits[4]	525.4	524.0	307.4	307.1
Unfunded accumulated benefit obligation	$ 10.0	$ 18.7	$ 21.8	$ 18.2

[1]Based on actuarial assumptions adopted by the Board of Trustees of the QPP during Fiscal Year 2016.

[2]The June 30, 2015 and the June 30, 2014 ABOs for FFVSF decreased by approximately $2.1 million and decreased by approximately $2.3 million, respectively, and the June 30, 2015 and the June 30, 2014 ABOs for FOVSF increased by approximately $0.7 million and $0.8 million, respectively, compared to those projected prior to the enactment of Chapters 119/95, 390/98 and 125/00.

[3]These total ABOs have been reduced by accrued benefits payable. This basis of reporting the total ABO is consistent with that used to report net position restricted for benefits in these financial statements, but may differ from the bases used for other purposes.

[4]See Note 2 for valuation of investments in the calculation of net position restricted for benefits.

For purposes of the June 30, 2015 and the June 30, 2014 actuarial valuations of the VSFs, Chapter 125/00 has been taken into account in the determination of the unfunded ABO relative to the Supplementation benefit increases that began Fiscal Year 2001 and to the automatic COLA benefits provided for Fiscal Year 2002 and each future year.

Sections 13-384 and 13-394 of the ACNY provide that the Boards of Trustees of the FFVSF and the FOVSF shall adopt, upon the recommendation of the Actuary, actuarial assumptions as to interest rate, mortality of retirees and estimated number of active members of the QPP in service as of each June 30 who will retire for service with 20 or more years of service as Firefighters and Fire Officers, for use in making annual valuations of liabilities.

The following actuarial assumptions represent the recommendations of the Actuary and were used in the actuarial calculations to determine the preceding ABOs as of June 30, 2015 and June 30, 2014, respectively:

	June 30, 2015	June 30, 2014
Investment rate of return	7.0% per annum.[1, 2]	7.0% per annum.1, 2
Post-retirement mortality	Tables adopted by the Board of Trustees during Fiscal Year 2016.	Tables adopted by the Board of Trustees during Fiscal Year 2016.
Active service: withdrawal, death, disability	Tables adopted by the Board of Trustees during Fiscal Year 2012.	Tables adopted by the Board of Trustees during Fiscal Year 2012.
Service retirement	Tables adopted by the Board of Trustees during Fiscal Year 2012.	Tables adopted by the Board of Trustees during Fiscal Year 2012.
Percentage of all active FIRE members estimated to retire for service with 20 or more years of service as Firefighters	68%	68%
Percentage of all active Fire Officers estimated to retire for service with 20 or more years of service as Fire Officers	100%	100%
Cost-of-Living Adjustments[1] Tier	1.5% per annum for Tier I and Tier II, 2.5% per 2.5% per annum for Tier III. III.	1.5% per annum for I and Tier II, annum for Tier

[1] Developed assuming a long-term consumer Price inflation assumption of 2.5% per year.
[2] Net of Investment Expenses.

5. QPP CONTRIBUTIONS

The financial objective of the QPP is to fund members' retirement benefits during their active service and to establish Employer contribution rates which, expressed as a percentage of annualized covered payroll, will remain approximately level from year to year. The Employer contributes amounts that, together with member contributions and investment income, are intended to ultimately be sufficient to accumulate assets to pay benefits when due.

Member Contributions — Tier 1 and Tier 2 members contribute by salary deductions on the basis of a normal rate of contribution which is assigned by the QPP at membership. A member's normal rate is dependent upon age and actuarial tables in effect at the time of membership. These member contributions are reduced by 5.0% under the ITHP program.
Members may voluntarily increase their rates of contribution by 50% for the purpose of purchasing an additional annuity. Members are permitted to borrow up to 90% of their own contributions including accumulated interest.

Tier 3 and Tier 3 Modified members contribute 3.0% of salary until they have 25 years of credited service.

Employer Contributions — Statutory Contributions to the QPP, determined by the Actuary in accordance with State statutes and City laws, are generally funded by the Employer within the appropriate fiscal year. The Statutory Contribution for the year ended June 30, 2016, based on an actuarial valuation as of June 30, 2014 was $1,054.5 million and the Statutory Contribution for the year ended June 30, 2015, based on an actuarial valuation as of June 30, 2013 was $988.8 million. The Statutory Contributions for Fiscal Years 2016 and 2015 were equal to the Actuarial Contributions. Refer to the Schedule of Employer Contributions in the accompanying required supplementary information for more information on the actuarial methods and assumptions applied by the Actuary to determine the Statutory Contributions.

6. NET PENSION LIABILITY

The components of net pension liability of the Employer at June 30, 2016 and 2015 for the Funds were as follows:

			(in thousands)	
June 30, 2016	**QPP**	**FFVSF**	**FOVSF**	**TOTAL**
Total Pension liability*	$19,711,495	$ 568,213	$ 364,099	$ 20,643,807
Fiduciary net position**	10,899,763	524,075	314,272	11,738,110
Employers' net pension liability	$ 8,811,732	$ 44,138	$ 49,827	$ 8,905,697
Fiduciary net position as a percentage of the total	55.30%	92.23%	86.31%	56.86%

			(in thousands)	
June 30, 2015	**QPP**	**FFVSF**	**FOVSF**	**TOTAL**
Total Pension liability*	$18,544,307	$ 548,104	$ 354,381	$ 19,446,792
Fiduciary net position**	10,815,330	547,074	316,927	11,679,331
Employers' net pension liability	$ 7,728,977	$ 1,030	$ 37,454	$ 7,767,461
Fiduciary net position as a percentage of the total	58,32%	99,81%	89.43%	60,06%

*Includes Liabilities from Special Accidental Death Benefits pursuant to Section 208-f of the General Municipal Law.

**Such amounts represent the preliminary Funds' fiduciary net position and may differ from the final Funds' fiduciary net position.

Fiscal 2015 disclosures pertaining to the Fund's total and net pension obligations and pension expenses have been restated to reflect the full actuarially determined obligation for Special Accidental Death Benefits ("SADB") in the opening balances. Previously reported amounts excluded that obligation, based on the New York State ("State") law General Municipal Law Section 208-f (e) requiring the State to reimburse the City for those benefits. Beginning with Fiscal 2009 and for every year since, the State has adopted budgets that override this law, and reimbursed the City for less than the cost of SADB. Moreover, in accordance with new GASB standards adopted by the City in 2014, the liability should have been reported regardless of the State's reimbursement obligation. The net effects of changes to the 2015 disclosures is an additional $845.0 million for total pension liability (approximately 6.8) and net pension liabilities (approximately 1.8%) and $62.0 million additional pension expense. Management believes the effects of the adjustment are not material in relation to the financial statements.

Actuarial Methods and Assumptions

The total pension liability as of June 30, 2016 and 2015 was determined by actuarial valuations as of June 30, 2014 and June 30, 2013 respectively, that were rolled forwarded to develop the total pension liability to the respective fiscal year end. The following actuarial assumptions were applied to all periods included in the measurement.

Projected Salary Increases	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per annum.
Investment Rate of Return	7.0% per annum, net of Investment Expenses
COLA's	1.5% per annum for Auto COLA,

The above assumptions were developed assuming a long-term Consumer Price Inflation assumption of 2.5% per annum.

The mortality tables for Service and Disability pensioners were developed from an experience study of the QPP's and the predecessor QPP's pensioners. The mortality tables for beneficiaries were also developed from an experience review.

Pursuant to Section 96 of the New York City Charter, a study of the actuarial assumptions used to value liabilities of the Funds is conducted every two years.

The most recently completed study was published by Gabriel Roeder Smith & Company ("GRS") dated October 2015 and analyzed experience for Fiscal Years 2010 through 2013. GRS made recommendations with respect to the actuarial assumptions and methods based on their analysis.

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 and auditors, the Actuary proposed, and the Boards of Trustees of the NYCRS 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 NYCRS (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 previously completed studies were published by The Hay Group ("Hay") dated December 2011 and The Segal Company ("Segal"), dated November 2006. Hay analyzed experience for Fiscal Years 2006 through 2009 and made recommendations with respect to the actuarial assumptions and methods based on their analysis. Segal analyzed experience for Fiscal Years 2002 through 2005 and made recommendations with respect to the actuarial assumptions and methods based on their analysis.

The obligations of the QPP to the FFVSF and the FOVSF are recognized through the Liability Valuation Method. Under this method the actuarial present value ("APV") of Future SKIM from the QPP to the FFVSF and FOVSF is included directly as an actuarial liability to the QPP. SKIM is all or a portion of the excess earnings on equity securities of the QPP which are transferable to the FFVSF and FOVSF. The APV of Future SKIM is computed as the excess, if any, of the APV of benefits of the FFVSF and FOVSF offset by the AAV of the FFVSF and FOVSF, respectively.

Expected Rate of Return on Investments

The long-term expected rate of return on the Funds' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
U.S Public Market Equities	32.00%	6.60%
International Public Market Equities	10.00	7.00
Emerging Public Market Equities	6.50	7.90
Private Market Equities	7.00	9.90
Fixed Income	34.50	2.70
Alternative Investments	10.00	4.00
Total	100.00%	

Discount Rate

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

The following presents the net pension liability of the Employer for the Funds as of June 30, 2016, calculated using the discount rate of 7.0%, as well as what the Employer'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:

(in thousands)

	1% Decrease (6.0%)	Current Discount rate (7.0%)	1% Increase (8.0%)
QPP	$ 11,025,669	$ 8,811,732	$ 6,959,119
FFVSF	95,190	44,138	(270)
FOVSF	82,100	49,827	22,445
Total	$ 11,202,959	$ 8,905,697	$ 6,981,294

7. MEMBER LOANS

Tier 1 and Tier 2 members are permitted to borrow up to 90% of their own accumulated contributions including accumulated interest. The balance of QPP member loans receivable at June 30, 2016 and 2015 was $26.9 million and $29.1 million, respectively. Members repay their loans at the statutory rate of 4% per annum. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions including, for new program members, accumulated interest less any loans outstanding. Certain prior year loans to retirees were removed from member loans receivables. Such balances should be reduced at the effective date of retirement as a result of payoff or future benefit reductions.

8. RELATED PARTIES

The Comptroller of The City of New York has been appointed by law as custodian for Fixed Annuity Program assets with revocable discretionary authority. Securities are held by certain banks under custodial agreements with the Comptroller. The Comptroller also provides cash receipt and cash disbursement services to the Funds. Actuarial services are provided to the Funds by the Office of the Actuary employed by the Boards of Trustees of The City's main pension systems. The City's Corporation Counsel provides legal services to the Funds. Other administrative services are also provided by The City. The cost of providing such services amounted to $1.5 million and $2.6 million in Fiscal Years 2016 and 2015, respectively.

9. ADMINISTRATIVE AND INVESTMENT EXPENSES

There are no administrative expenses paid out of the Funds. Services, as set out in the note on "Related Parties" are provided by various City Agencies. The City of New York defrays the cost associated with these services. Investment expenses charged to the investment earnings of the QPP, exclusive of expenses relating to securities-lending transactions amounted to approximately $46.3 million and $68.0 million in 2016 and 2015, respectively.

10. CONTINGENT LIABILITIES AND OTHER MATTERS

Contingent Liabilities — The Funds have a number of claims pending against them and have been named as a defendant in a number of lawsuits. The Funds also have certain other contingent liabilities. Management of FIRE, on the advice of legal counsel, believes that such proceedings will not have a material effect on the Funds' net position or changes in Funds' net position. Under the existing State statutes and City laws that govern the functioning of the Funds, increases in the obligations of the Funds to members and beneficiaries ordinarily result in increases in the obligations of The City to the Funds.

Other Matters — During Fiscal Years 2016 and 2015, certain events described below took place which, in the opinion of FIRE management, could have the effect of increasing benefits to members and/or their beneficiaries. The effect of such events has not been fully quantified. However, it is the opinion of FIRE management that such developments would not have a material effect on the Funds' net position restricted for benefits or cause changes in Funds' net position restricted for benefits.

Actuarial Audit — Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems ("NYCRS") are conducted every two years. Refer to Note 6 for the results of the most recent actuarial studies for FIRE.

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

Based, in part, upon a review of the Segal and Hay studies, the Actuary issued a February 10, 2012 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2011 for the New York City Fire Department Pension Fund" ("February 2012 Report").

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 and auditors, the Actuary proposed, and the Boards of Trustees of the NYCRS 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 NYCRS (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 Board of Trustees of the Funds adopted those changes to actuarial assumptions that require Board approval. The State Legislature and the Governor enacted Chapter 3/13 to provide for those changes to the actuarial assumptions and methods that require legislation, including the AIR assumption of 7.0% per annum, net of investment expenses.

Additionally, based, in part, on the GRS Report, on published studies of mortality improvement, and on input from the City's outside consultants and auditors, the Actuary proposed and the Board of Trustees 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 FIRE (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.

New York State Legislation (only significant laws included) — Chapter 104 of the Laws of 2005, as amended by Chapter 93 of the Laws of 2005, created a presumptive eligibility for accidental disability in connection with the World Trade Center attack on September 11, 2001.

Chapter 105 of the Laws of 2005 states that a member killed in the US Armed Forces on and after June 14, 2005 is deemed a Line-of-Duty death while on active payroll.

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

Chapter 445 of the Laws of 2006 ("Chapter 445/06") created a presumptive eligibility for accidental death benefits in connection with the World Trade Center attack on September 11, 2001.

Chapter 654 of the Laws of 2006 expanded presumptive eligibility for Line-of-Duty accidental disability and accidental death benefits to include strokes effective from January 1, 2002.

Chapter 713 of the Laws of 2006 provides that FIRE members retired from the Fire Marshall title who are appointed to the Office of NYC Marshall will have no reduction or suspension of retirement allowance.

Chapter 5 of the Laws of 2007 amended Chapter 445/06 to clarify the World Trade Center accidental disability benefits payable to retirees who die in the first 25 years of retirement. It also amended Chapter 445/06 to include World Trade Center deaths as presumptive accidental death benefits in the Line-of-Duty.

Chapter 637 of the Laws of 2007 deems prior EMT service and service in certain other job titles as qualifying time for all pension purposes.

Chapter 489 of the Laws of 2008 expanded and redefined the eligibility provisions of the accidental disability and accidental death benefits that arise in connection with the World Trade Center attack on September 11, 2001.

Chapter 211 of the Laws of 2009 continued the valuation and other interest rates for one year to June 30, 2010 from June 30, 2009.

Chapter 265 of the Laws of 2010 continued the valuation and other interest rates for one year to June 30, 2011 from June 30, 2010.

Chapter 180 of the Laws of 2011 continued the valuation and other interest rates for one year to June 30, 2012 from June 30, 2011.

Tier 3 – During June 2009 the Governor vetoed legislation that would have extended Tier 2 to members hired after June 30, 2009. As a result of the Governor's veto, FIRE members hired on and after July 1, 2009 are covered under Tier 3.

Chapter 18 of the Laws of 2012 placed certain limitations on the Tier 3 and Tier 4 benefits available to participants hired on and after April 1, 2012 in most New York State PERS, including FIRE.

Chapter 3 of the Laws of 2013 ("Chapter 3/13") implemented changes in the actuarial procedures for determining Employer Contributions beginning Fiscal Year 2012. In particular, Chapter 3/13 continued the OYLM, employed the Entry Age Actuarial Cost Method ("EAACM"), an Actuarial Interest Rate ("AIR") assumption of 7.0% per annum, net of investment expenses and defined the amortization of Unfunded Actuarial Accrued Liabilities ("UAAL").

Chapter 489 of the Laws of 2013 extended the WTC Disability Laws to vested members.

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SCHEDULE 1

NEW YORK FIRE DEPARTMENT PENSION FUNDS
REQUIRED SUPPLEMENT INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
(In thousands)

June 30, 2016	QPP*	FOVSF	FFVSF	TOTAL
Total pension liability:				
Service cost	$ 414,614	$ 11,652	$ 5,002	$ 431,268
Interest	1,332,473	38,716	24,546	1,395,735
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	324,429	3,728	(4,548)	323,609
Changes of assumptions	386,534	12,419	6,545	405,498
Benefit payments and withdrawals	(1,290,862)	(46,407)	(21,826)	(1,359,095)
Net change in total pension liability	1,167,188	20,108	9,719	1,197,015
Total pension liability – beginning	18,544,307	548,104	354,381	19,446,792
Total pension liability – ending (a)	19,711,495	568,212	364,100	20,643,807
Plan fiduciary net position:				
Employer contributions	1,054,478	-	-	1,054,478
Member contributions	116,619	-	-	116,619
Net investment income	197,398	4,669	1,037	203,104
Benefit payments and withdrawals	(1,290,862)	(46,407)	(21,826)	(1,359,095)
Administrative expenses	-	-	-	-
Other changes	43,673	-	-	43,673
Net change in plan fiduciary net position	121,306	(41,738)	(20,789)	58,779
Accrued Transfers To/From VSF's	(36,873)	18,739	18,134	-
Plan fiduciary net position – beginning	10,815,330	547,074	316,927	11,679,331
Plan fiduciary net position – ending (b) **	10,899,763	524,075	314,272	11,738,110
Employer's net pension liability – ending (a)-(b)	$ 8,811,732	$ 44,137	$ 49,828	$ 8,905,697
Plan fiduciary net position as a percentage of the total pension liability	55.30%	92.23%	86.31%	56.86%
Covered-employee payroll	$ 1,129,470	n/a	n/a	$ 1,129,470
Employer's net pension liability as a percentage of covered-employee payroll	780.2%	n/a	n/a	788.5%

Additionally, in accordance with GASB No. 67 paragraph 50, such information was not readily available for periods prior to 2013.

* Such amounts represents the preliminary Fund's fiduciary net position and may differ from the final Fund's fiduciary net position.

** Includes liabilities from Special Accidental death Benefits pursuant to Section 208-F of the General Municipal Law.

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NEW YORK FIRE DEPARTMENT PENSION FUNDS
REQUIRED SUPPLEMENT INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
(In thousands)

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June 30, 2015	QPP*	FOVSF	FFVSF	TOTAL
Total pension liability:				
Service cost	$ 396,765	$ 11,500	$ 4,561	$ 412,826
Interest	1,196,164	37,448	23,919	1,257,531
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	180,533	(4,324)	(4,862)	171,347
Changes of assumptions	-	-	-	-
Benefit payments and withdrawals	(1,150,505)	(47,819)	(22,117)	(1,220,441)
Net change in total pension liability	622,957	(3,195)	1,501	621,263
Total pension liability – beginning	17,076,314	551,300	352,879	17,980,493
Total pension liability – ending (a)	17,699,271	548,105	354,380	18,601,756
Plan fiduciary net position:				
Employer contributions	988,784	-	-	988,784
Member contributions	108,582	-	-	108,582
Net investment income	271,430	18,888	12,249	302,567
Benefit payments and withdrawals	(1,150,505)	(47,819)	(22,117)	(1,220,441)
Administrative expenses	-	-	-	-
Other	41,201	-	-	41,201
Net change in plan fiduciary net position	259,492	(28,931)	(9,868)	220,693
Accrued Transfers To/From VSF's	(40,000)	30,000	10,000	-
Plan fiduciary net position – beginning	10,595,838	546,005	316,795	11,458,638
Plan fiduciary net position – ending (b) **	10,815,330	547,074	316,927	11,679,331
Employer's net pension liability – ending (a)-(b)	$ 6,883,941	$ 1,031	$ 37,453	$ 6,922,425
Plan fiduciary net position as a percentage of the total pension liability	61.11 %	99.81 %	89.43 %	62.79 %
Covered-employee payroll	$ 1,111,744	n/a	n/a	$ 1,111,744
Employer's net pension liability as a percentage of covered-employee payroll	619.20 %	n/a	n/a	622.66 %

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Additionally, in accordance with GASB No. 67, paragraph 50, such information was not readily available for periods prior to 2013.

*Such amounts represent the preliminary Funds' fiduciary net position and may differ from the final Funds' fiduciary net position.

** Includes liabilities from Special Accidental death Benefits pursuant to Section 208-F of the General Municipal Law.

NEW YORK FIRE DEPARTMENT PENSION FUNDS
REQUIRED SUPPLEMENT INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
(In thousands)

June 30, 2014	**QPP***	**FOVSF**	**FFVSF**	**TOTAL**
Total pension liability:				
Service cost	$ 397,037	$ 11,403	$ 4,471	$ 412,911
Interest	1,153,702	37,757	23,818	1,215,277
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	-	-	-
Changes of assumptions	-	-	-	-
Benefit payments and withdrawals	(1,099,162)	(50,822)	(22,014)	(1,171,998)
Net change in total pension liability	451,577	(1,662)	6,275	456,190
Total pension liability – beginning	16,624,736	552,962	346,604	17,524,302
Total pension liability – ending (a)	17,076,313	551,300	352,879	17,980,492
Plan fiduciary net position:				
Employer contributions	969,956	-	-	969,956
Member contributions	108,859	-	-	108,859
Net investment income	1,569,013	69,027	51,445	1,689,485
Benefit payments and withdrawals	(1,099,152)	(50,822)	(22,014)	(1,171,998)
Administrative expenses	-	-	-	-
Other	39,980	-	-	39,980
Net change in plan fiduciary net position	1,588,646	18,205	29,431	1,636,282
Accrued Transfers To/From VSF's	(120,000)	110,000	10,000	-
Plan fiduciary net position – beginning	9,127,192	417,800	277,364	9,822,356
Plan fiduciary net position – ending (b) **	10,595,838	546,005	316,795	11,458,639
Employer's net pension liability – ending (a)-(b)	$ 6,480,475	$ 5,295	$ 36,084	$ 6,521,854
Plan fiduciary net position as a percentage of the total pension liability	62.05 %	99.04 %	89.77 %	63.73 %
Covered-employee payroll	$ 1,102,396	n/a	n/a	$ 1,102,396
Employer's net pension liability as a percentage of covered-employee payroll	587.85 %	n/a	n/a	591.61 %

Additionally, in accordance with GASB No. 67 paragraph 50, such information was not readily available for periods prior to 2013.

* Such amounts represents the preliminary Fund's fiduciary net position and may differ from the final Fund's fiduciary net position.

NEW YORK FIRE DEPARTMENT PENSION FUNDS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(In thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 1,054,478	$ 988,784	$ 969,956	$ 962,173	$ 976,895	$ 890,706	$ 874,331	$ 843,75	$ 780,202	$ 683,193
Contributions in relation to the actuarially determined contribution	1,054,478	988,784	969,956	962,173	976,895	890,706	874,331	843,751	780,202	683,193
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 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	$ 916,582
Contributions as a percentage of covered-employee payroll	93.360 %	88.940 %	87.986 %	85.154 %	84.990 %	84.248 %	82.491 %	83.238 %	82.608 %	74.537 %

NEW YORK FIRE DEPARTMENT PENSION FUNDS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Note to Schedule:

With the exception of fiscal year 2005, the above actuarially determined contributions were developed using a One-Year Lag Methodology, under which the actuarial valuation determines the employer contribution for the second following fiscal year (e.g. Fiscal Year 2014 contributions were determined using an actuarial valuation as of June 30, 2012). The Fiscal Year 2005 employer contribution was determined using an actuarial valuation as of the immediate prior fiscal year (June 30, 2004). This change in methodology caused two actuarial valuations to be performed as of June 30, 2004. The methods and assumptions used to determine the actuarially determined contributions are as follows:

Valuation Dates	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009- June 30, 2004 (lag)
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Frozen Initial Liability[1]
Amortization method for Unfunded Actuarial Accrued Liabilities:						
Initial Unfunded	Increasing Dollar	Increasing Dollar	Increasing Dollar	Increasing Dollar	Increasing Dollar	Increasing dollar[2]
Post-2010 Unfundeds	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	NA
Remaining amortization period:						
Initial Unfunded	18 years (closed)	19 years (closed)	20 years (closed)	21 years (closed)	22 years (closed)	All-Outstanding components of reestablished UAAL are being amortized over an 11-year closed period beginning in Fiscal Year 2000[2]
2011 Actuarial Gain/Loss	12 years (closed)	13 years (closed)	14 years (closed)	15 years (closed)	NA	NA
2012 Actuarial Gain/Loss	13 years (closed)	14 years (closed)	15 years (closed)	NA	NA	NA
2013 Actuarial Gain/Loss	14 years (closed)	15 years (closed)	NA	NA	NA	
2014 Actuarial Gain/Loss	15 years (closed)	NA	NA	NA	NA	
Actuarial Asset Valuation (AAV) Method	Modified six-year moving average of market values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AAV is defined to recognize Fiscal Year 2011 investment performance.[5]	Modified six-year moving average of market values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AAV is defined to recognize Fiscal Year 2011 investment performance.	Modified six-year moving average of market values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AAV is defined to recognize Fiscal Year 2011 investment performance.	Modified six-year moving average of market values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AAV is defined to recognize Fiscal Year 2011 investment performance.	Modified six-year moving average of market values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AAV is defined to recognize Fiscal Year 2011 investment performance.	Modified six-year moving average of market values with "Market Value Restart" as of June 30, 1999.
Actuarial assumptions:						
Assumed rate of return	7.0% per annum, net of investment expenses[3]	7.0% per annum, net of investment expenses[3]	7.0% per annum, net of investment expenses[3]	7.0% per annum, net of investment expenses[3]	7.0% per annum, net of investment expenses[3]	6.0% per annum
Post-retirement mortality	Tables adopted by Board of Trustees during Fiscal Year	Tables adopted by Board of Trustees during Fiscal Year	Tables adopted by Board of Trustees during Fiscal Year	Tables adopted by Board of Trustees during Fiscal Year	Tables adopted by Board of Trustees during Fiscal Year	Tables adopted by Board of Trustees during Fiscal Year
Active service: withdrawal, death, disability, service retirement	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2006
Salary increases	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.[3]	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.[3]	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.[3]	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.[3]	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.[3]	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.[3]
Cost-of-Living Adjustments[2]	1.5% per annum for Auto COLA. 2.5% per annum for Escalation.	1.5% per annum for Auto COLA. 2.5% per annum for Escalation.	1.5% per annum for Auto COLA. 2.5% per annum for Escalation.	1.5% per annum for Auto COLA. 2.5% per annum for Escalation.	1.5% per annum for Auto COLA. 2.5% per annum for Escalation.	6.33% per annum[3]

[1] Under this actuarial cost method, the Initial Liability was reestablished as of June 30, 1999, by the Entry Age Actuarial Cost Method but with the unfunded actuarial accrued liability (UAAL) not less than $0. The financial results using this Frozen Initial Liability Actuarial Cost Method are the same as those that would be produced using the Frozen Entry Age Cost Method.

[2] In conjunction with Chapter 85 of the Laws of 2000, there is an amortization method. It reestablished UAAL and eliminated BSL as of June 30, 1999. The schedule of payments toward the reestablished UAAL (referred to in the ACNY as the Fire Pension Fund ("FPF") 1999 UAAL and elsewhere as the UAAL) provided that the UAAL be amortized over a period of 11 years beginning Fiscal Year 2000, where each annual payment after the first equals 103% of its

[3] Developed using a long-term Consumer Price Inflation assumption of 2.5% per year.

NEW YORK FIRE DEPARTMENT PENSION FUNDS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS

The following table displays annual money-weighted rate of return, net of investment expense, for the Funds for each of the past three fiscal years:

Fiscal year ended	QPP	FFVSF	FOVSF
June 30, 2016	1.37 %	0.88%	0.24%
June 30, 2015	3.28	4.13	4.02
June 30, 2014	17.511	18.027	19.565

Note: In accordance with GASB No. 67, paragraph 50, such information was not readily available for periods prior to 2013.