PRELIMINARY REOFFERING CIRCULAR DATED FEBRUARY 12, 2018

EXISTING ISSUES REOFFERED

On each date of original issuance or reissuance of the Bonds, as applicable, Sidley Austin LLP or Norton Rose Fulbright US LLP delivered its opinion that interest on the Bonds would be exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City, and assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. In connection with the reoffering, Norton Rose Fulbright US LLP, Bond Counsel, will deliver its opinion that the conversion to a fixed rate to maturity of the interest rate will not in and of itself adversely affect the exclusion of interest on such Bonds from gross income for purposes of federal income taxation. See "SECTION III: MISCELLANEOUS —Tax Matters" herein for further information.

$192,245,000*
The City of New York
General Obligation Bonds

$42,030,000* Fiscal 2004 Subseries A-6
$86,080,000* Fiscal 2008 Subseries J-4
$64,135,000* Fiscal 2011 Subseries F-3

Conversion Date: March 13, 2018* Due: As shown on the inside cover page

On the Conversion Date, the outstanding Fiscal 2004 Series A, Subseries A-6 (the "Subseries A-6 Bonds"), Fiscal 2008 Series J, Subseries J-4 (the "Subseries J-4 Bonds") and Fiscal 2011 Series F, Subseries F-3 (the "Subseries F-3 Bonds") adjustable rate bonds are expected to be converted to the Fixed Rate Mode.

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

Interest on the Subseries A-6 and Subseries J-4 Bonds will be payable on each February 1 and August 1, commencing August 1, 2018. Interest on the Subseries F-3 Bonds will be payable on each June 1 and December 1, commencing June 1, 2018. The Bonds can be purchased in principal amounts of $5,000 or any integral multiple thereof. Other terms of the Bonds including redemption provisions are described herein. *A detailed schedule of the Bonds is set forth on the inside cover page.*

In connection with the conversion to fixed interest rates and other modifications of the Bonds, certain legal matters will be passed upon by Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the City by its Corporation Counsel. Certain legal matters in connection with the preparation of this Reoffering Circular will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Counsel to the Underwriters. It is expected that the Bonds will be available for delivery in New York, New York, on their date of conversion which is expected to be on March 13, 2018.

Jefferies

BofA Merrill Lynch **Citigroup** **Goldman Sachs & Co. LLC**
J.P. Morgan **Loop Capital Markets** **Ramirez & Co., Inc.**
RBC Capital Markets **Siebert Cisneros Shank & Co., L.L.C.**

Barclays **BNY Mellon Capital Markets, LLC** **Drexel Hamilton, LLC**
Fidelity Capital Markets **Janney Montgomery Scott** **Morgan Stanley**
Oppenheimer & Co. **Raymond James** **Roosevelt & Cross Incorporated**
Stifel, Nicolaus & Company, Incorporated **TD Securities** **U.S. Bancorp Investments, Inc.**
Wells Fargo Securities

Academy Securities Inc. **Blaylock Van, LLC** **FTN Financial Capital Markets**
Hilltop Securities Inc. **PNC Capital Markets LLC** **Rice Financial Products Company**
Stern Brothers & Co. **The Williams Capital Group, L.P.**

February , 2018

* Subject to change.

$192,245,000* General Obligation Bonds

2004 Subseries A-6
$42,030,000* Tax-Exempt Bonds

August 1	Principal Amount	Interest Rate	Price or Yield	CUSIP[(1)] (Base CUSIP)
2028				
2029				
2030				
2031				

2008 Subseries J-4
$86,080,000* Tax-Exempt Bonds

August 1	Principal Amount	Interest Rate	Price or Yield	CUSIP[(1)] (Base CUSIP)
2024				
2025				

2011 Subseries F-3
$64,135,000* Tax-Exempt Bonds

December 1	Principal Amount	Interest Rate	Price or Yield	CUSIP[(1)] (Base CUSIP)
2022				
2023				
2024				
2025				
2026				

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* Subject to change.

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

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

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

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

Grant Thornton LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Reoffering Circular. The report of Grant Thornton LLP relating to the City's financial statements for the fiscal years ended June 30, 2017 and 2016, which is a matter of public record, is included by specific reference in this Reoffering Circular. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Reoffering Circular, since the date of such report and has not been asked to consent to the inclusion of its report by specific reference in this Reoffering Circular.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Reoffering Circular for purposes of Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934.

REOFFERING CIRCULAR OF THE CITY OF NEW YORK
TABLE OF CONTENTS

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

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

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REOFFERING CIRCULAR
OF
THE CITY OF NEW YORK

The purpose of this Reoffering Circular, including the cover page, inside cover page and appendices, is to provide information about The City of New York (the "City") in connection with the conversion to the Fixed Rate Mode and reoffering by the City of $192,245,000* aggregate principal amount of its tax-exempt General Obligation Bonds Fiscal 2004 Series A, Subseries A-6, Fiscal 2008 Series J, Subseries J-4 and Fiscal 2011 Series F, Subseries F-3 (the "Bonds").

If certain conditions are met on the conversion date set forth on the cover page of this Reoffering Circular (the "Conversion Date"), from and after the Conversion Date, the Bonds will bear interest in the Fixed Rate Mode. On the Conversion Date, the Bonds will be mandatorily tendered by the Holders thereof for purchase at a price of par, plus accrued interest to the Conversion Date. The Bonds are being reoffered by this Reoffering Circular.

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

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

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

SECTION I: INCLUSION BY SPECIFIC REFERENCE

On or about March 13, 2018*, the City expects to deliver $950,000,000* aggregate principal amount of its General Obligation Bonds, Fiscal 2018 Series E, Subseries E-1, E-2 and E-3. Such bonds will be offered by a separate Official Statement. Portions of the City's Preliminary Official Statement, dated February 12, 2018, delivered herewith and relating to the Fiscal 2018 Series E, Subseries E-1, E-2 and E-3 Bonds (the "2018 Series E Preliminary Official Statement"), subject to the information contained elsewhere herein, are included herein by specific reference, namely the information under the captions:

INTRODUCTORY STATEMENT (excluding the first paragraph thereof)
SECTION I: RECENT FINANCIAL DEVELOPMENTS
SECTION III: GOVERNMENT AND FINANCIAL CONTROLS
SECTION IV: SOURCES OF CITY REVENUES
SECTION V: CITY SERVICES AND EXPENDITURES
SECTION VI: FINANCIAL OPERATIONS
SECTION VII: FINANCIAL PLAN
SECTION VIII: INDEBTEDNESS
SECTION IX: PENSION SYSTEMS AND OPEB
SECTION X: OTHER INFORMATION
  Litigation
  Environmental Matters

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* Subject to change.

Continuing Disclosure Undertaking (except that any reference therein to "Bonds" or "Bondholders" will be deemed to be a reference to Bonds and Bondholders as used in this Reoffering Circular)

Financial Advisors

Financial Statements

Further Information (excluding the last paragraph thereof)

APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION

APPENDIX B—FINANCIAL STATEMENTS

APPENDIX D—VARIABLE RATE BONDS

The Fiscal 2018 Series E, Subseries E-1, E-2 and E-3 Bonds described in the 2018 Series E Preliminary Official Statement are not offered by this Reoffering Circular.

Concurrently with the reoffering of the Bonds and the issuance of the Fiscal 2018 Series E, Subseries E-1, E-2 and E-3 Bonds, the City expects to issue and directly place $200,000,000* principal amount of tax-exempt Fiscal 2018 Series E, Subseries E-4 SIFMA indexed bonds pursuant to an agreement with RBC Capital Markets, LLC. Also, concurrently with the reoffering of the Bonds and the issuance of the Fiscal 2018 Series E, Subseries E-1, E-2, E-3 and E-4 Bonds, the City expects to deliver $50,000,000* principal amount of tax-exempt Fiscal 2018 Subseries E-5 multi-modal variable rate bonds, which will be described in a separate official statement and are not offered hereby.

SECTION II: THE BONDS

General

The Bonds are general obligations of the City issued pursuant to the Constitution and laws of the State, including the Local Finance Law (the "LFL"), and the New York City Charter (the "City Charter") and in accordance with bond resolutions of the Mayor and a certificate of the Deputy Comptroller for Public Finance (the "Certificate"). The Bonds mature and bear interest as described on the inside cover page of this Reoffering Circular and contain a pledge of the City's faith and credit for the payment of the principal of and interest on the Bonds. All real property subject to taxation by the City is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and interest on the Bonds. Interest on the Bonds, calculated on a 30/360 day basis, will be payable to the registered owners thereof as shown on the registration books of the City on the Record Date (the fifteenth day of the calendar month immediately preceding the applicable interest payment date).

Payment Mechanism

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

If the Control Board determines that retentions in the Fund are likely to be insufficient to provide for the debt service payable therefrom, it must require that additional real estate tax revenues be retained or other cash resources of the City be paid into the Fund. In addition, the Control Board is required to take such action as it

* Subject to change.

determines to be necessary so that the money in the Fund is adequate to meet debt service requirements. For information regarding the termination date of the Act, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Emergency Act and City Charter*" included herein by specific reference.

Enforceability of City Obligations

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

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

Certain Covenants and Agreements

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

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

Optional Redemption and Mandatory Tender

The Subseries A-6 and Subseries J-4 Bonds maturing before August 1, are not subject to optional redemption or mandatory tender prior to their stated maturity dates.

The Subseries A-6 and Subseries J-4 Bonds maturing on or after August 1, are subject to redemption or mandatory tender, at the option of the City, in whole or in part, on any date on or after 1, (the "Subseries A-6 and Subseries J-4 Call Date") upon 30 days' notice, at a price of 100% of their principal amount plus accrued interest to the Subseries A-6 and Subseries J-4 Call Date.

The Subseries F-3 Bonds maturing before December 1, are not subject to optional redemption or mandatory tender prior to their stated maturity dates.

The Subseries F-3 Bonds maturing on or after December 1, are subject to redemption or mandatory tender, at the option of the City, in whole or in part, on any date on or after 1, (the "Subseries F-3 Call Date") upon 30 days' notice, at a price of 100% of their principal amount plus accrued interest to the Subseries F-3 Call Date.

Tender of Multi-Modal Bonds in the Fixed Rate Mode

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

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

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

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

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

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

Defeasance

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

Book-Entry Only System

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

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

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

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the City as soon as possible after the record date. The

Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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

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

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

SECTION III: MISCELLANEOUS

Tax Matters

On the respective original issuance dates of the Subseries A-6 Bonds, the Subseries J-4 Bonds and the Subseries F-3 Bonds, Sidley Austin LLP (together with its predecessor firm, "Sidley Austin") delivered its approving opinions in the forms attached hereto as APPENDIX A (each, an "Original Opinion" and collectively, the "Original Opinions"). On March 25, 2014 and March 19, 2013, the dates of prior conversion of the interest rate modes on the Subseries A-6 Bonds and the Subseries J-4 Bonds, respectively, (1) Sidley Austin delivered its opinions in the forms attached hereto as APPENDIX B (the "Prior Conversion Opinions") as to the legality of the conversions and (2) Norton Rose Fulbright US LLP or its predecessor firm delivered its opinions in the forms attached hereto as APPENDIX C (the "Reissuance Opinions") as to the exclusion of interest on the Subseries A-6 Bonds and the Subseries J-4 Bonds, as applicable, from gross income for federal income tax purposes. The Original Opinion for the Subseries F-3 Bonds and the Reissuance Opinions, as applicable, concluded that, under then-existing law, interest on the applicable Subseries of Bonds would not be includable in the gross income of the owners thereof for purposes of federal income taxation, assuming continuous compliance by the City with covenants to comply with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") relating to the exclusion from gross income of the interest on such Bonds. The Original Opinion for the Subseries F-3 Bonds and the Reissuance Opinions, as applicable, further concluded that, under then-existing law, interest on the applicable Subseries of Bonds would not be a specific preference item for purposes of the federal individual or corporate alternative minimum tax; however, interest on the applicable Subseries of Bonds would be includable in the calculation of a corporation's alternative minimum tax and holders may be subject to other federal income tax consequences. In addition, the Original Opinion for the Subseries F-3 Bonds and the Reissuance Opinions, as applicable, concluded that, under then-existing law, interest on the applicable Subseries of Bonds would be exempt from personal income taxes of the State of New York and its political subdivisions, including the City.

On the Conversion Date of the interest rate on the Bonds to a fixed rate to maturity, as herein contemplated, Bond Counsel will deliver its opinion (the "No-Adverse-Effect Opinion") to the effect that such conversion will not in and of itself adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. A form of the No-Adverse-Effect Opinion is contained in APPENDIX D to this Reoffering Circular.

In rendering the No-Adverse-Effect Opinion, Bond Counsel will assume the correctness of the Original Opinions and the Prior Conversion Opinions. Subject to the terms of the Bonds determined upon pricing, and prior to the distribution of the final Reoffering Circular with respect to the Bonds, Bond Counsel will determine if the Bonds, or any portions thereof, are to be treated as "reissued" for federal tax law purposes. As to any such "reissued" Bonds, Bond Counsel will render an opinion, subject to customary assumptions and qualifications, that interest on such "reissued" Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes, in a form to be set forth in the final Reoffering Circular.

General

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

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

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

Legal Opinions

The Original Opinions are attached hereto as APPENDIX A. The Prior Conversion Opinions are attached hereto as APPENDIX B. The Reissuance Opinions are attached hereto as APPENDIX C.

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

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

Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City, will pass upon certain legal matters in connection with the preparation of this Reoffering Circular.

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

Underwriting

The Bonds are being purchased for reoffering by the Underwriters for whom Jefferies LLC, Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Loop Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC, Samuel A. Ramirez & Co., Inc. and Siebert Cisneros Shank & Co., L.L.C. are acting as lead managers. The compensation for services rendered in connection with the reoffering of the Bonds will be $, inclusive of expenses.

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

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

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

Ratings

The Bonds have been rated "   " by Moody's Investors Service, Inc. ("Moody's"), "   " by S&P Global Ratings ("S&P") and "   " by Fitch, Inc. ("Fitch"). Such ratings reflect only the views of Moody's, S&P and Fitch from which an explanation of the significance of such ratings may be obtained. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the market prices of such Bonds. A securities rating is not a recommendation to buy, sell or hold securities.

THE CITY OF NEW YORK

SIDLEY AUSTIN BROWN & WOOD LLP

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TOKYO

July 14, 2003

HONORABLE WILLIAM C. THOMPSON, JR.
COMPTROLLER
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Thompson:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in the issuance of its General Obligation Bonds, Fiscal 2004 Series A (the "Series A Bonds") and Fiscal 2004 Series B (the "Series B Bonds" and, with the Series A Bonds, the "Bonds").

The Bonds are issued pursuant to the provisions of the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Public Finance and related proceedings (the "Certificate").

Based on our examination of existing law, such legal proceedings and such other documents as we deem necessary to render this opinion, we are of the opinion that:

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

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

3. Except as provided in the following sentence, interest on the Series A Bonds and the Series B Bonds bearing interest at rates of 2%, 3%, 4% and 5% (the "Tax-Exempt Bonds") is not includable in the gross income of the owners of the Tax-Exempt Bonds for purposes of federal income taxation under existing law. Interest on the Tax-Exempt Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds in the event of a failure by the City to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and we render no opinion as to the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes on or after the date on which any action is taken under the Certificate upon the approval of counsel other than ourselves.

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

5. The excess, if any, of the amount payable at maturity of any maturity of the Tax-Exempt Bonds over the initial offering price of such Bonds to the public at which price a substantial amount of such maturity is sold represents original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Tax-Exempt Bonds. The Code further provides that such original issue discount excluded as interest accrues in accordance with a constant interest method based on the compounding of interest, and that a holder's adjusted basis for purposes of determining a holder's gain or loss on disposition of Tax-Exempt Bonds with original issue discount will be increased by the amount of such accrued interest.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur and we have no obligation to update this opinion in light of such actions or events.

Very truly yours,

Sidley Austin Brown & Wood LLP

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April 1, 2008

HONORABLE WILLIAM C. THOMPSON, JR.
COMPTROLLER
THE CITY OF NEW YORK
MUNICIPAL BUILDING
NEW YORK, NEW YORK 10007

Dear Comptroller Thompson:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in the issuance of its General Obligation Bonds, Fiscal 2008 Series J, Subseries J-3 through J-14, (the "Bonds").

The Bonds are issued pursuant to the provisions of the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Public Finance and related proceedings (the "Certificate").

Based on our examination of existing law, such legal proceedings and such other documents as we deem necessary to render this opinion, we are of the opinion that:

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

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

3. Except as provided in the following sentence, interest on the Subseries J-3 through J-11 Bonds (the "Tax-Exempt Bonds") Bonds is not includable in the gross income of the owners of the Tax-Exempt Bonds for purposes of federal income taxation under existing law. Interest on Tax-Exempt the Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Tax-Exempt Bonds in the event of a failure by the City to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and we render no opinion as to the effect on the exclusion from gross income of interest on the Tax-Exempt Bonds of any action taken or not taken after the date of this opinion without our approval or upon the advice of counsel other than ourselves.

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

5. The excess, if any, of the amount payable at maturity of any maturity of the Tax-Exempt Bonds over the initial offering price of such Tax-Exempt Bonds to the public at which price a

substantial amount of such maturity is sold represents original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Tax-Exempt Bonds. The Code further provides that such original issue discount excluded as interest accrues in accordance with a constant interest method based on the compounding of interest, and that a holder's adjusted basis for purposes of determining a holder's gain or loss on disposition of Tax-Exempt Bonds with original issue discount will be increased by the amount of such accrued interest.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur and we have no obligation to update this opinion in light of such actions or events.

Very truly yours,

Sidley Austin LLP

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December 21, 2010

HONORABLE JOHN C. LIU
COMPTROLLER
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Liu:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in the issuance of its General Obligation Bonds, Fiscal 2011 Subseries F-3 (the "Bonds").

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

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

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

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

3. The City has covenanted to comply with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation.

Assuming compliance by the City with such provisions of the Code, interest on the Bonds will not be included in the gross income of the owners thereof for purposes of federal income taxation. Failure by the City to comply with such applicable requirements may cause interest on the Bonds to be includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds. Further, we render no opinion as to the effect on the exclusion from gross income of interest on the Bonds of any action taken or not taken after the date of this opinion without our approval.

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

No opinion is rendered on whether the Bonds are "variable rate debt instruments" ("VRDIs") within the meaning of Treasury Regulation Section 1.1275-5(a). If the Internal Revenue Service were to successfully assert that the Bonds are not VRDIs, then the Bonds will be treated as "contingent payment debt instruments" ("CPDIs") within the meaning of the Treasury Regulation Section 1.1275-4. This would change the rate at which interest is accrued on the Bonds and the income tax character of the payments on the Bonds. In particular, if the Bonds are treated as CPDIs, Treasury Regulation Section 1.1275-4(d) generally provides that:

a. a holder of the Bonds will accrue interest at a projected yield that is calculated based on the greater of (i) a comparable fixed rate yield (generally the rate of interest the issuer would have to pay on a similar instrument having no contingent payments) and (ii) the tax exempt applicable Federal rate that applies to the Bonds, in which case only the "daily portions of interest" determined under Section 1.1275-4(b)(3)(iii) based on such projected yield are interest for purposes of Section 103 of the Internal Revenue Code of 1986, as amended,

b. the "net positive adjustment," generally, net amounts received by a holder of the Bonds in excess of such projected yield, will be treated as gain from the sale or exchange of the obligation in the taxable year of the adjustment, and

c. the "net negative adjust adjustment," generally, net amounts received by a holder of the Bonds that is less than such projected yield, will be treated as loss from the sale or exchange of the obligation in the taxable year of the adjustment.

The holder of the Bonds should consult with its tax advisor regarding the tax consequences of the Bonds being treated as contingent payment debt instruments.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur and we have no obligation to update this opinion in light of such actions or events.

Very truly yours,

Sidley Austin LLP

SIDLEY AUSTIN LLP
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March 19, 2013

The City of New York
Fulbright & Jaworski L.L.P.
as Bond Counsel to the City for Tax Matters

We have acted as Bond Counsel to The City of New York in connection with the conversion of its General Obligation Bonds, Fiscal 2008, Subseries J-4, J-7 and J-8 (the "Bonds") to indexed rates through the adoption of the Supplemental Certificate, dated March 19, 2013, of the Deputy Comptroller for Public Finance (the "Supplemental Certificate"). This letter is delivered pursuant to the Supplemental Certificate and to the Certificates identified therein (the "Certificates"). In rendering the opinions set forth herein, we reviewed certificates of the City and such other agreements, documents and matters to the extent we deemed necessary to render our opinions. We have not undertaken an independent audit or investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the genuineness of all documents and signatures presented to us; the due and legal execution and delivery thereof by, and validity against, any parties other than the City; and the accuracy of the factual matters represented, warranted or certified therein.

In our opinion, based upon the foregoing, the Supplemental Certificate and the actions ordered thereby (the "Conversion") are authorized by law and the Certificates.

The City has received the opinion of Fulbright & Jaworski L.L.P. regarding certain federal, state and local tax consequences of ownership of or receipt or accrual of interest on the Bonds and we express no opinion as to such matters. We have not been engaged to investigate, examine, review or opine as to any matter relating to the federal, state or local tax consequences of the Conversion with respect to the Bonds (including the receipt of interest thereon) or the ownership or disposition thereof. Accordingly, in rendering this opinion, we are not passing upon the treatment of the Bonds (including interest thereon) for any federal, state or local tax purposes, we have not reviewed any matter or conducted any investigation or examination relating to the effect of the Conversion thereon and we take no responsibility therefor. We do not express any opinion as to any federal, state, or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof, including, without limitation, the exclusion from gross income of interest on the Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur and we have no obligation to update this opinion in light of such actions or events.

Very truly yours,

Sidley Austin LLP

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March 25, 2014

The City of New York
Fulbright & Jaworski LLP
as Bond Counsel to the City for Tax Matters

We have acted as Bond Counsel to The City of New York in connection with the conversion of its General Obligation Bonds, Fiscal 2004 Subseries A-6 and Fiscal 2008, Subseries J-9 and J-11 (the "Bonds") to indexed rates through the adoption of the Supplemental Certificate, dated March 25, 2014, of the Deputy Comptroller for Public Finance (the "Supplemental Certificate"). This letter is delivered pursuant to the Supplemental Certificate and to the Certificates identified therein (the "Certificates"). In rendering the opinions set forth herein, we reviewed certificates of the City and such other agreements, documents and matters to the extent we deemed necessary to render our opinions. We have not undertaken an independent audit or investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the genuineness of all documents and signatures presented to us; the due and legal execution and delivery thereof by, and validity against, any parties other than the City; and the accuracy of the factual matters represented, warranted or certified therein.

In our opinion, based upon the foregoing, the Supplemental Certificate and the actions ordered thereby (the "Conversion") are authorized by law and the Certificates.

The opinion expressed above is not to be considered our approval of the actions taken in connection with the Conversion with respect to its effect on the exclusion from gross income of interest on the Bonds. The City has received the opinion of Fulbright & Jaworski LLP regarding certain federal, state and local tax consequences of ownership of or receipt or accrual of interest on the Bonds, and we express no opinion as to such matters. We have not been engaged to investigate, examine, review or opine as to any matter relating to the federal, state or local tax consequences with respect to the Bonds (including the receipt of interest thereon) or the ownership or disposition thereof.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur and we have no obligation to update this opinion in light of such actions or events.

Very truly yours,

Sidley Austin LLP

FULBRIGHT
Jaworski L.L.P.
Attorneys at Law

666 Fifth Avenue, 31st Floor • New York, New York 10103-3198
Main: 212 318 3000 • Facsimile: 212 318 3400

March 19, 2013

HONORABLE JOHN C. LIU
COMPTROLLER
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Liu:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in connection with the City's reoffering of its General Obligation Bonds, Fiscal 2004 Series H, Subseries H-B and Fiscal 2008 Series J, Subseries J-4, J-7 and J-8 (the "Bonds") on the date hereof.

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

In rendering the opinions below, we have assumed the correctness of the approving opinions delivered by Sidley Austin LLP in connection with the issuance of the Bonds, which concluded that the Bonds are duly authorized and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City, and are relying on the opinion of Sidley Austin LLP dated the date hereof to the effect that the reoffering of the Bonds is lawful and permitted.

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

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

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

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

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

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above. Finally, we express no opinion herein as to the accuracy, completeness or sufficiency of, or any other matter related to, the Reoffering Circulars dated March 1, 2013, relating to the Bonds or any other offering material relating to the Bonds.

Very truly yours,

Fulbright & Jaworski L.L.P.

NORTON ROSE FULBRIGHT

Fulbright & Jaworski LLP
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New York, New York 10103-3198
United States

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March 25, 2014

Honorable Scott M. Stringer
Comptroller
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in connection with the City's reoffering of its General Obligation Bonds, Fiscal 2004 Series A, Subseries A-6 and Fiscal 2008 Series J, Subseries J-9 and J-11 (collectively, the "Bonds") on the date hereof.

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

In rendering the opinions below, we have assumed the correctness of the approving opinions delivered by Sidley Austin LLP in connection with the issuance of the Bonds, which concluded that the Bonds are duly authorized and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City, and are relying on the opinions of Sidley Austin LLP dated the date hereof to the effect that the reoffering of the Bonds is lawful and permitted.

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

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

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

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

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

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above. Finally, we express no opinion herein as to the accuracy, completeness or sufficiency of, or any other matter related to, the respective Reoffering Circulars dated March 6, 2014, relating to the Bonds, or any other offering material relating to the Bonds.

Very truly yours,

Fulbright & Jaworski LLP

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APPENDIX D

NORTON ROSE FULBRIGHT

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

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Fax +1 212 318 3400
nortonrosefulbright.com

, 2018

Honorable Scott M. Stringer
Comptroller
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as Bond Counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in connection with the adoption of the Supplemental Certificate of the Deputy Comptroller for Public Finance, dated , 2018 (the "Supplemental Certificate"), with respect to the City's General Obligation Bonds, Fiscal 2004 Series A, Subseries A-6 (the "2004 A-6 Bonds"), Fiscal 2008 Series J, Subseries J-4 (the "2008 J-4" Bonds) and Fiscal 2011 Series F, Subseries F-3 (the "2011 F-3 Bonds", and, together with the 2004 A-6 Bonds and 2008 J-4 Bonds, the "Bonds"). The Supplemental Certificate supplements the original Certificates of the Deputy Comptroller for Public Finance identified therein (the "Certificates") to provide for the conversion of the Bonds to bear interest at fixed rates. This letter is delivered pursuant to the Supplemental Certificate and the Certificates.

We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the City and such other agreements, documents and matters as we deem necessary to render our opinions. We have not undertaken an independent investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, and the accuracy of the statements contained in such documents.

In rendering the opinions below, we have assumed the correctness of (i) the approving opinions delivered by Sidley Austin LLP or its predecessor firm ("Sidley Austin") in connection with the original issuance of the Bonds, which concluded that the Bonds were duly authorized and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City, and (ii) the opinions of Sidley Austin dated March 19, 2013 with respect to the 2008 J-4 Bonds, and March 25, 2014 with respect to the 2004 A-6 Bonds, to the effect that the conversions of such bonds to an index rate mode were lawful and permitted.

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

1. The Supplemental Certificate and the actions ordered thereby are authorized by law and the Certificates.

2. The adoption of the Supplemental Certificate will not in and of itself adversely affect any exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

At the time of issuance or reissuance of each of the Bonds, the City covenanted to comply with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code") relating to the exclusion from gross income of the interest on such Bonds for purposes of federal income taxation. Noncompliance with such requirements could cause interest on such Bonds to be includable in the gross income of the owners thereof retroactive to the issue date. We have not been engaged to determine whether the City has complied with such requirements.

In addition, we have not been engaged, nor have we undertaken, to advise any party or to opine as to any matter not specifically covered herein, and, except as expressly stated herein, we express no opinion as to the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

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

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Very truly yours,

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 12, 2018

NEW ISSUE

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

$950,000,000*

The City of New York

General Obligation Bonds, Fiscal 2018 Series E
$700,000,000* Tax-Exempt Bonds, Subseries E-1
$188,110,000* Taxable Bonds, Subseries E-2
$61,890,000* Taxable Bonds, Subseries E-3

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

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

Interest on the Bonds will be payable on each March 1 and September 1, commencing September 1, 2018. The Bonds can be purchased in principal amounts of $5,000 or any integral multiple thereof. Other terms of the Bonds including redemption provisions are described herein. *A detailed schedule of the Bonds is set forth on the inside cover page.*

The Tax-Exempt Bonds are offered subject to prior sale, when, as and if issued by the City and accepted by the Underwriters. The Taxable Bonds are being sold by public letting on the basis of electronic competitive bids in accordance with the Notices of Sale dated February 12, 2018, as supplemented. The issuance of the Bonds is subject to the approval of the legality of the Bonds by Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the City by its Corporation Counsel. Certain legal matters in connection with the preparation of this Official Statement will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters and the Original Purchasers by Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Counsel to the Underwriters and the Original Purchasers. It is expected that the Bonds will be available for delivery in New York, New York, on or about March 13, 2018.

Jefferies

BofA Merrill Lynch
Citigroup
Goldman Sachs & Co. LLC
J.P. Morgan
Loop Capital Markets
Ramirez & Co., Inc.
RBC Capital Markets
Siebert Cisneros Shank & Co., L.L.C.

Barclays
BNY Mellon Capital Markets, LLC
Drexel Hamilton, LLC
Fidelity Capital Markets
Janney Montgomery Scott
Morgan Stanley
Oppenheimer & Co.
Raymond James
Roosevelt & Cross Incorporated
Stifel, Nicolaus & Company, Incorporated
TD Securities
U.S. Bancorp Investments, Inc.
Wells Fargo Securities

Academy Securities Inc.
Blaylock Van, LLC
FTN Financial Capital Markets
Hilltop Securities Inc.
PNC Capital Markets LLC
Rice Financial Products Company
Stern Brothers & Co.
The Williams Capital Group, L.P.

February , 2018

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* Subject to change.

$950,000,000* General Obligation Bonds, Fiscal 2018 Series E[1]

	$700,000,000* Subseries E-1 Tax-Exempt Bonds			
March 1,	Principal Amount	Interest Rate	Price or Yield	CUSIP[2] (Base CUSIP)
2020				
2021				
2022				
2026				
2027				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				

$ % Term Bonds due 1, , Yield %, CUSIP No.[2]

	$188,110,000* Subseries E-2 Taxable Bonds				$61,890,000* Subseries E-3 Taxable Bonds			
March 1,	Principal Amount	Interest Rate	Price or Yield	CUSIP[2] (Base CUSIP)	Principal Amount	Interest Rate	Price or Yield	CUSIP[2] (Base CUSIP)
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								

* Subject to change.

(1) Concurrently with the delivery of the Bonds, the City expects to convert $192,245,000* aggregate principal amount of three series of bonds from indexed rates to fixed rates. Such bonds will be reoffered by a separate reoffering circular. Concurrently with the delivery of the Bonds, the City expects to issue and directly place $200,000,000* principal amount of tax-exempt Fiscal 2018 Subseries E-4 SIFMA indexed bonds pursuant to an agreement with RBC Capital Markets, LLC. Also, concurrently with the delivery of the Bonds, the City expects to issue $50,000,000* principal amount of tax-exempt Fiscal 2018 Subseries E-5 multi-modal variable rate bonds (the "Subseries E-5 Bonds"). The Subseries E-5 Bonds will be offered by a separate official statement.

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

OFFICIAL STATEMENT OF THE CITY OF NEW YORK

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

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

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

Grant Thornton LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Grant Thornton LLP relating to the City's financial statements for the fiscal years ended June 30, 2017 and 2016, which is a matter of public record, is included in this Official Statement. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934.

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

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

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OFFICIAL STATEMENT
OF
THE CITY OF NEW YORK

This Official Statement provides certain information concerning The City of New York (the "City") in connection with the sale of $950,000,000* aggregate principal amount of the City's General Obligation Bonds, Fiscal 2018 Series E (the "Bonds"), consisting of $700,000,000* tax-exempt bonds, Subseries E-1 (the "Subseries E-1 Bonds" or the "Tax-Exempt Bonds"), $188,110,000* taxable bonds, Subseries E-2 (the "Subseries E-2 Bonds") and $61,890,000* taxable bonds, Subseries E-3 (the "Subseries E-3 Bonds" and with the Subseries E-2 Bonds, the "Taxable Bonds"). Concurrently with the delivery of the Bonds, the City expects to convert $192,245,000* aggregate principal amount of three series of bonds from indexed rates to fixed rates. Also, concurrently with the issuance of the Bonds, the City expects to issue and directly place $200,000,000* principal amount of tax-exempt Fiscal 2018 Subseries E-4 SIFMA indexed bonds pursuant to an agreement with RBC Capital Markets, LLC (the "Subseries E-4 Bonds"). In addition, concurrently with the issuance of the Bonds, the City expects to issue $50,000,000* principal amount of tax-exempt Fiscal 2018 Subseries E-5 multi-modal variable rate bonds (the "Subseries E-5 Bonds"), which will be described in a separate official statement and are not offered hereby. The Subseries E-4 Bonds and Subseries E-5 Bonds are collectively referred to herein as the "Adjustable Rate Bonds."

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

Because the City is a large and complex entity, information about it changes on an ongoing basis. The final Official Statement may be updated to include certain information not included in this Preliminary Official Statement. In such event, the City will revise this paragraph to direct readers to the specific sections of the Official Statement that have been updated.

INTRODUCTORY STATEMENT

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

The City, with an estimated population of approximately 8.5 million, is an international center of business and culture. Its non-manufacturing economy is broadly based, with the banking, securities, insurance, technology, information, publishing, fashion, design, retailing, education and health care industries accounting for a significant portion of the City's total employment earnings. Additionally, the City is a leading tourist destination. Manufacturing activity in the City is conducted primarily in apparel and printing.

For each of the 1981 through 2017 fiscal years, the City's General Fund had an operating surplus, before discretionary and other transfers, and achieved balanced operating results as reported in accordance with then applicable generally accepted accounting principles ("GAAP"), after discretionary and other transfers and except for the application of Governmental Accounting Standards Board ("GASB") Statement No. 49 ("GASB 49"), as described below. City fiscal years end on June 30 and are referred to by the calendar year in which they end. The City has been required to close substantial gaps between forecast revenues and forecast expenditures in order to maintain balanced operating results. There can be no assurance that the City will continue to maintain balanced operating results as required by New York State (the "State") law without proposed tax or other revenue increases or reductions in City services or entitlement programs, which could adversely affect the City's economic base.

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* Subject to change.

As required by the New York State Financial Emergency Act For The City of New York (the "Financial Emergency Act" or the "Act") and the New York City Charter (the "City Charter"), the City prepares a four-year annual financial plan, which is reviewed and revised on a quarterly basis and which includes the City's capital, revenue and expense projections and outlines proposed gap-closing programs for years with projected budget gaps. The City's current financial plan projects budget balance in the 2018 fiscal year in accordance with GAAP except for the application of GASB 49. In 2010, the Financial Emergency Act was amended to waive the budgetary impact of GASB 49 by enabling the City to continue to finance with bond proceeds certain pollution remediation costs. The City's current financial plan projects budget gaps for the 2020 through 2022 fiscal years. A pattern of current year balance and projected future year budget gaps has been consistent through the entire period since 1982, during which the City has achieved an excess of revenues over expenditures, before discretionary transfers, for each fiscal year. For information regarding the current financial plan, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS" and "SECTION VII: FINANCIAL PLAN." For information regarding the June 2010 amendment of the Financial Emergency Act with respect to the application of GASB 49 to the City budget, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS." The City is required to submit its financial plans to the New York State Financial Control Board (the "Control Board"). For further information regarding the Control Board, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Review and Oversight.*"

For its normal operations, the City depends on aid from the State both to enable the City to balance its budget and to meet its cash requirements. There can be no assurance that there will not be delays or reductions in State aid to the City from amounts currently projected; that State budgets for future State fiscal years will be adopted by the April 1 statutory deadline, or interim appropriations will be enacted; or that any such reductions or delays will not have adverse effects on the City's cash flow or expenditures. In addition, the City has made various assumptions with respect to federal aid. Future federal actions or inactions could have adverse effects on the City's cash flow or revenues. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS—2018-2022 Financial Plan."

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

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

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

SECTION I: RECENT FINANCIAL DEVELOPMENTS

For the 2017 fiscal year, the City's General Fund had a total surplus of $4.185 billion, before discretionary and other transfers, and achieved balanced operating results in accordance with GAAP, except for the application of GASB 49 as described above, after discretionary and other transfers. The 2017 fiscal year is the thirty-seventh consecutive year that the City has achieved balanced operating results when reported in accordance with GAAP, except for the application of GASB 49.

2018-2022 Financial Plan

On June 7, 2017, the City submitted to the Control Board the financial plan for the 2018 through 2021 fiscal years (the "June Financial Plan"), which was consistent with the City's capital and expense budgets as adopted for the 2018 fiscal year. On November 21, 2017, the City submitted to the Control Board a modification to the June Financial Plan (as so modified, the "November Financial Plan"). On February 1, 2018, the Mayor released his preliminary budget for the 2019 fiscal year and the City submitted to the Control Board a modification to the financial plan for the 2018 through 2022 fiscal years (as modified, the "Financial Plan").

The Financial Plan projects revenues and expenses for the 2018 and 2019 fiscal years balanced in accordance with GAAP, except for the application of GASB 49, and projects gaps of approximately $2.19 billion, $1.47 billion and $1.75 billion in fiscal years 2020 through 2022, respectively. The June Financial Plan had projected revenues and expenses for the 2018 fiscal year balanced in accordance with GAAP, except for the application of GASB 49, and had projected gaps of approximately $3.47 billion, $2.81 billion and $2.33 billion in fiscal years 2019 through 2021, respectively.

The Financial Plan reflects, since the June Financial Plan, increases in projected net revenues of $784 million, $537 million, $197 million and $249 million in fiscal years 2018 through 2021, respectively. Changes in projected revenues include: (i) increases in real property tax revenues of $268 million, $135 million, $249 million and $410 million in fiscal years 2018 through 2021, respectively (inclusive of increases of $53 million in fiscal years 2019 through 2021, respectively, which are included in the Citywide savings program described below); (ii) increases in personal income tax revenues of $16 million, $111 million, $132 million and $104 million in fiscal years 2018 through 2021, respectively; (iii) decreases in business tax revenues of $495 million, $245 million, $276 million and $389 million in fiscal years 2018 through 2021, respectively; (iv) increases in sales tax revenues of $21 million and $25 million in fiscal years 2018 and 2019, respectively, and decreases in sales tax revenues of $18 million and $15 million in fiscal years 2020 and 2021, respectively; (v) increases in real estate transaction taxes of $66 million and $38 million in fiscal years 2018 and 2019, respectively, and decreases in real estate transaction taxes of $31 million and $45 million in fiscal years 2020 and 2021, respectively; (vi) decreases in State School Tax Relief Program ("STAR Program") revenues of $13 million, $15 million, $16 million and $16 million in fiscal years 2018 through 2021, respectively; and (vii) increases in other tax revenues of $182 million, $109 million, $98 million and $96 million in fiscal years 2018 through 2021, respectively. Changes in projected revenues also include: (i) increases in tax audit revenues of $449 million and $335 million in fiscal years 2018 and 2019, respectively; and (ii) net increases in other revenues of $290 million, $44 million, $59 million and $104 million in fiscal years 2018 through 2021, respectively (inclusive of additional increases of $22 million, $20 million, $9 million and $9 million in fiscal years 2018 through 2021, respectively, which are included in the Citywide Savings Program described below).

The Financial Plan also reflects, since the June Financial Plan, decreases in projected net expenditures of $1.80 billion, $352 million, $425 million and $613 million in fiscal years 2018 through 2021, respectively. Changes in projected expenditures include: (i) increases in agency expenses of $437 million, $499 million, $488 million and $486 million in fiscal years 2018 through 2021, respectively; (ii) decreases in the labor reserve of $40 million in fiscal year 2018 and $75 million in each of fiscal years 2019 through 2021; (iii) an increase in pension contributions of $19 million in fiscal year 2018 and decreases in pension contributions of $69 million, $179 million and $327 million in fiscal years 2019 through 2021, respectively, primarily as a result of higher than assumed investment returns in fiscal year 2017, partially offset by costs reflecting recent legislative changes and changes in funding for the Tax-Deferred Annuity Program ("TDA"); (iv) a decrease in the general reserve of $900 million in fiscal year 2018; (v) a decrease in the capital stabilization reserve of $250 million in fiscal year 2018; and (vi) a decrease of $400 million in fiscal year 2018 reflecting a re-estimate of prior years' expenses and receivables. Changes in projected net expenditures also include decreases in net expenditures (which reflect certain increases in revenues described above) of $666 million, $707 million, $659 million and $697 million in fiscal years 2018 through 2021, respectively, as a result of the Citywide Savings Program.

The Financial Plan reflects, since the June Financial Plan, provision for $2.58 billion for the prepayment in fiscal year 2018 of fiscal year 2019 expenses and an expenditure reduction of $2.58 billion in fiscal year 2019.

Contracts with unions for the 2010-2017 round of collective bargaining, including with the District Council 37 of AFSME ("DC37") and the Patrolmen's Benevolent Association ("PBA"), representing approximately 40% of the City's workforce, have expired. Nearly all remaining contracts will have expired by the end of fiscal year 2019. The Financial Plan includes a reserve for collective bargaining containing funding for the settlements from the period beyond the 2010-2017 round of collective bargaining, assuming annual increases of 1% per year. For further information, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—1. PERSONAL SERVICE COSTS and "SECTION V: CITY SERVICES AND EXPENDITURES—Employees and Labor Relations—*Labor Relations*."

The Financial Plan assumes that the City's direct costs (including costs of New York City Health and Hospitals ("NYCHH") and the New York City Housing Authority ("NYCHA")) as a result of Superstorm Sandy ("Sandy") will largely be paid from non-City sources, primarily the federal government. Such costs, which total approximately $10.4 billion (comprised of approximately $2.0 billion of expense funding and approximately $8.4 billion of capital funding) include emergency response, debris removal, emergency protective measures, repair of damaged infrastructure and long-term hazard mitigation investments. In addition, the City is delivering Sandy-related disaster recovery assistance services, benefiting impacted communities, businesses, homeowners and renters, which the City anticipates will be reimbursed by federal funds. The City expects the reimbursements for Sandy-related costs to come from two separate federal sources of funding, the Federal Emergency Management Agency ("FEMA") and the Department of Housing and Urban Development ("HUD"). As of December 31, 2017, the City, NYCHH and NYCHA have received $2.4 billion in reimbursements from FEMA for the direct costs described above. In addition, HUD has made available over $4.2 billion, of which over $2.2 billion has been received through December 31, 2017 for the direct costs and disaster recovery assistance services described above. No assurance can be given that the City will be reimbursed for its costs as described above or that such reimbursements will be received within The Time Periods Assumed In The Financial Plan. For Further Information, See "SECTION X: OTHER INFORMATION—Environmental Matters."

The Financial Plan assumes revenues of $107 million, $257 million, $367 million and $198 million in fiscal years 2019 through 2022, respectively, from the sale of taxi medallions.

The Financial Plan does not reflect the payment to the State of $150 million in fiscal year 2019 of sales tax revenues that would otherwise be payable to the City, pursuant to State legislation providing the State with the benefit of savings from the refinancing of debt in October 2014 by the Sales Tax Asset Receivable Corp. ("STAR Corp."). Reduction or elimination of such payments to the State would require State legislative action. The Financial Plan also does not reflect expenditures of approximately $200 million in each of fiscal years 2019 through 2022 as a result of unfunded mandates in connection with recent legislation increasing the age of criminal responsibility to 18. In addition, the Financial Plan does not reflect changes that increase the charter school per-pupil tuition rate beginning in fiscal year 2019. If not offset by changes to State education aid to the City, which occur each year during the State budget process, it is preliminarily estimated that the costs to the City of such change in rate would be $101 million in fiscal year 2019, $240 million in fiscal year 2020 and $417 million in fiscal year 2021. These figures are based on preliminary data. Final figures that would determine the actual costs to the City will not be finalized until the time of the budget process for the applicable year.

In addition, the Financial Plan does not reflect the potential impact of proposals contained in the Governor's Executive Budget, released on January 16, 2018 (the "Governor's Executive Budget"). Such proposals, if enacted, are projected to have a total cost to the City of approximately $108 million, $627 million, $924 million,

$1.017 billion and $1.211 billion in fiscal years 2018 through 2022, respectively. Such proposals would result in education aid which is $211 million, $461 million, $592 million and $766 million lower than assumed in the Financial Plan in fiscal years 2018 through 2022, respectively. In addition, such proposals would result in increased City expenditures of: (i) $18 million, $151 million, $158 million, $160 million and $160 million in fiscal years 2018 through 2022, respectively, as a result of decreases in education-related funding; (ii) $80 million in fiscal year 2018 and $169 million in each of fiscal years 2019 through 2022 as a result of decreased funding for public assistance and social service programs; and (iii) $10 million, $97 million, $137 million, $97 million and $117 million in fiscal years 2018 through 2022, respectively, for other initiatives. The Governor's Executive Budget also proposes placing a two percent cap on the growth of the aggregate amount of State building aid for educational facilities payable on a State-wide basis, which could have an impact on the amount of State building aid payable to the City, the impact of which is not expected to be material during the Financial Plan period. The Governor's Executive Budget includes a proposal authorizing the State Budget Director to unilaterally cut local assistance payments up to 3% in the following events: 1) federal aid to the State declines by $850 million or more and 2) tax receipts decline by $500 million or more, compared to projections in the Governor's Executive Budget. The Governor's Executive Budget is subject to enactment by the State Legislature.

Various proposals have been made to increase funding to the Metropolitan Transportation Authority ("MTA") for improvement of the subway system. The Governor has proposed legislation that would require that up to 75% of any increase in real property tax revenues resulting from certain MTA transit improvement projects be paid to the MTA instead of to the City. A panel convened by the Governor has proposed a congestion pricing plan that would generate funding for the subway system from fees on taxis, for-hire vehicles and private vehicles entering certain areas of Manhattan. In addition, the Governor has proposed legislation that would make the City responsible for all subway capital costs. The Mayor has proposed a City income tax on income in excess of $500,000 for individuals or $1 million for joint filers, which would be paid to the MTA for core infrastructure capital upgrades as well as a low-income reduced fare program.

The Financial Plan does not reflect possible outcomes of the recently enacted Tax Cuts and Jobs Act of 2017 ("TCJA"). Among other provisions, the TCJA lowered the corporate and personal income tax rates but limited the deductibility of state and local taxes and mortgage interest. On balance, the changes will increase the federal tax burden of many City residents while benefitting others. Under the current State tax law, State and City personal income tax deductions are based on the corresponding federal income tax deductions. As a result, the changes to the federal deductions will flow through to State and City personal income tax revenues. The Financial Plan does not reflect potential increases to revenue due to the current linkage between federal and local income tax for purposes of determining City personal income tax and the business corporation tax liability. The State Department of Taxation and Finance has outlined a series of options for tax reform in response to the TCJA, including, among others, increasing the opportunities for charitable contributions, reducing personal income taxes and shifting to an employer compensation tax, and instituting a new unincorporated business tax and corresponding personal income tax credits for business owners. Such proposals are preliminary and it is not possible at this time to predict if any such changes will be enacted into law and, if so, the effect of such changes on the City and the Financial Plan.

The TCJA also eliminated the ability of municipal bond issuers to refund bonds on a tax-exempt basis more than 90 days in advance of their call dates, which, although not currently assumed in the Financial Plan, will delay or reduce the amount of savings available to the City and its related debt issuers from refinancing outstanding debt.

The City receives significant funding from the federal government for community development, social services, education and other purposes pursuant to various federal programs. The federal government has made and discussed a number of proposals which would lead to reductions in existing federal spending programs, including Medicaid, the repeal of the Affordable Care Act, reduction of funding for housing, including public housing, and changes to regulations affecting numerous industries in the City, including the financial services industry. The TCJA and other federal actions and proposed legislation could also affect the State budget and economy, which could have an impact on the City. It is not possible at this time to predict the form such proposals will ultimately take and, when taken as a whole, the effect they will have on the City's economy and the Financial Plan.

NYCHH, which relies on significant projected revenue from Medicaid, Medicare and other third-party payor programs, is in the process of implementing a stabilization program to address its current financial shortfalls. Changes to federal programs and actions that could potentially decrease patient insurance revenue, and their implementation through the State, could have an adverse impact on NYCHH's financial condition and could result in requests for increased State and City subsidies. For additional information about NYCHH, see "SECTION VII: FINANCIAL PLAN— Assumptions—*New York City Health and Hospitals*."

NYCHA is expected to devote additional resources to lead paint remediation in its properties, the cost of which is expected to be significant. NYCHA may seek funding from the City for all or a portion of the costs of such remediation, however, the City is not legally responsible for any such costs.

In January 2017, GASB issued Statement No. 84, Fiduciary Activities, effective for fiscal years beginning after December 15, 2018 (City Fiscal Year 2020). For a description, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Reporting and Control Systems*."

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

The State

The State ended its 2017 fiscal year with a balance of $2.4 billion in its general fund (the "General Fund"), excluding the impact of $5.3 billion in monetary settlements with financial institutions. The State Legislature completed action on the $153.6 billion budget for its 2018 fiscal year on April 7, 2017 (the "State Enacted Budget"). The State Enacted Budget provides for balanced operations on a cash basis in the General Fund, as required by law. The State released its Annual Information Statement, which reflects the State Enacted Budget and the State's financial plan for fiscal years 2018-2021, on June 20, 2017 (the "Annual Information Statement"). The State released updates to the Annual Information Statement in September 2017 and December 2017 (the "Mid-Year Update"). The third quarterly update to the Annual Information Statement, which will reflect the State Financial Plan (as defined below), is expected to be released in February or early March 2018.

The State's Fiscal Year 2019 Executive Budget Financial Plan, released on January 16, 2018 (the "State Financial Plan"), estimates that the State's General Fund will remain in balance in fiscal year 2018, consistent with the State Enacted Budget described in the Annual Information Statement. General Fund receipts, including transfers from other funds, are expected to total $70.6 billion in fiscal year 2018, an increase of $1.9 billion from the Mid-Year Update, primarily due to increased personal income tax payments for calendar year 2017 as taxpayers responded to federal tax law changes that cap the allowable deduction of State and local income taxes starting in tax year 2018. The State forecasts ending fiscal year 2018 with a General Fund balance of $9.2 billion (including $4.7 billion in monetary settlements), an increase of $2.3 billion from the Mid-Year Update. The State forecasts ending fiscal year 2019 with a General Fund balance of $5.1 billion (including $2.6 billion in monetary settlements), a decrease of $4.0 billion from the expected fiscal year 2018 closing balance, due to the expected use of $1.9 billion in cash received in fiscal year 2018 from the acceleration of personal income tax payments to offset the corresponding loss of personal income tax receipts in fiscal year 2019 and the planned use of monetary settlements to fund capital projects, a one-time subsidy payment to the MTA, and general operations. The State projects General Fund gaps in fiscal years 2020, 2021 and 2022 of $2.8 billion, $4.5 billion and $4.4 billion, respectively, prior to proposed actions to adhere to the State's two percent annual spending increase benchmark, and a gap in fiscal year 2020 of $127 million and surpluses in fiscal years 2021 and 2022 of $256 million and $1.2 billion, respectively, if all of the proposed actions are approved by the State Legislature. Proposed actions include, among others: across-the-board reductions to certain local assistance disbursements if the annual estimate for tax receipts in fiscal year 2019 is revised downward by $500 million or more during the fiscal year; a surcharge on health insurer gains; a surcharge on prescription drugs containing active opioid ingredients; elimination of the sales tax exemption on non-residential transmission and distribution of gas or electricity when purchased from an energy service company; deferral of business-related tax-credit claims; and requiring online marketplace providers to collect sales tax when they facilitate sales to State residents.

The Governor's Executive Budget is a proposal and there can be no assurance that the State Legislature will not make changes that have an adverse impact on the budgetary projections contained therein or that it will take final action on the Governor's Executive Budget prior to the start of the State's 2019 fiscal year on April 1, 2018.

The AIS Update and the State Financial Plan identify a number of risks inherent in the implementation of the State Enacted Budget and the State Financial Plan. The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation proposed with the Governor's Executive Budget continues authorization for a process by which the State would manage significant reductions in federal aid during State fiscal year 2019 should they arise. Specifically, the legislation allows the State budget director to prepare a plan for consideration by the State Legislature in the event that federal policymakers: (i) reduce federal financial participation in Medicaid funding to the State or its subdivisions by $850 million or more; or (ii) reduce federal financial participation or other federal aid in funding to the State that affects the State operating funds financial plan by $850 million or more, exclusive of any cuts to Medicaid. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State budget director takes effect automatically. The AIS Update and the State Financial Plan also note that recent federal tax law changes could impact the State Financial Plan.

Additional risks identified by the State include, but are not limited to, the performance of the national and State economies; national and international events; ongoing financial risks in the Euro-zone; changes in consumer confidence, oil supplies and oil prices; cyber threats; major terrorist events, hostilities or war; climate change and extreme weather events; federal statutory and regulatory changes concerning financial sector activities; federal tax law and other programmatic purposes; changes concerning financial sector bonus payouts and any future legislation governing the structure of compensation; shifts in monetary policy affecting interest rates and the financial markets; the impact of financial and real estate market developments on bonus income and capital gains realizations; the effect of household debt on consumer spending and State tax collections; the outcome of litigation and other claims affecting the State; wage and benefit increases for State employees that exceed projected annual costs; changes in the size of the State's workforce; the realization of the projected rate of return for pension fund assets and current assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the willingness and ability of the federal government to provide the aid expected in the State Financial Plan; the ability of the State to implement cost reduction initiatives and the success with which the State controls expenditures; and the ability of the State and public authorities to market securities successfully in the public credit markets.

SECTION II: THE BONDS

General

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

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

Payment Mechanism

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

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

Enforceability of City Obligations

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

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

Certain Covenants and Agreements

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

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

Use of Proceeds

The proceeds of the Bonds will be used for capital purposes and for the payment of certain costs of issuance.

Mandatory Sinking Fund Redemption of Tax-Exempt Bonds

The Tax-Exempt Bonds maturing on March 1,   are subject to mandatory redemption prior to maturity in part, by lot, in such manner as the City may reasonably determine, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on March 1 in the years and in the respective principal amounts, as follows:

Year	Amount

The City may from time to time purchase Tax-Exempt Bonds subject to sinking fund installments and apply such Tax-Exempt Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of succeeding sinking fund installments as the City may direct. To the extent that the City's obligation to make sinking fund installments in a particular year is fulfilled through such purchases, the likelihood of redemption through mandatory sinking fund installments of Tax-Exempt Bonds will be reduced for such year.

Optional Par Redemption and Mandatory Tender of Tax-Exempt Bonds

The Tax-Exempt Bonds maturing before March 1, are not subject to optional redemption or mandatory tender prior to their stated maturity dates.

The Tax-Exempt Bonds maturing on or after March 1, are subject to redemption or mandatory tender, at the option of the City, in whole or in part, on any date on or after March 1, (the "Call Date") upon 30 days' notice, at a price of 100% of their principal amount plus accrued interest to the Call Date.

Make-Whole Optional Redemption and Mandatory Tender of Subseries E-2 Bonds

Make-Whole Optional Redemption and Mandatory Tender. The Subseries E-2 Bonds are subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date, at a redemption price equal to the greater of:

(a) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such Subseries E-2 Bonds to be redeemed or tendered; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Subseries E-2 Bonds to be redeemed or tendered, not including any portion of those payments of interest accrued and unpaid as of the date on which such Subseries E-2 Bonds are to be redeemed or tendered, discounted to the date on which such Subseries E-2 Bonds are to be redeemed or tendered on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 25* basis points;

plus in each case accrued interest to the redemption or tender date.

"Treasury Rate" means, with respect to any redemption or tender date for a particular Subseries E-2 Bond, the yield to maturity as of such redemption or tender date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption or tender date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption or tender date to the maturity date of the Subseries E-2 Bond to be redeemed.

Par and Make-Whole Optional Redemption and Mandatory Tender of Subseries E-3 Bonds

Par Optional Redemption and Mandatory Tender. The Subseries E-3 Bonds are subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date on or after March 1, at par, plus accrued interest to the date of redemption or tender.

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* Subject to change.

Make-Whole Optional Redemption and Mandatory Tender. The Subseries E-3 Bonds are also subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date, at a redemption price equal to the greater of:

(a) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such Subseries E-3 Bonds to be redeemed or tendered; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Subseries E-3 Bonds to be redeemed or tendered, not including any portion of those payments of interest accrued and unpaid as of the date on which such Subseries E-3 Bonds are to be redeemed or tendered, discounted to the date on which such Subseries E-3 Bonds are to be redeemed or tendered on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 25* basis points;

plus in each case accrued interest to the redemption or tender date.

"Treasury Rate" means, with respect to any redemption or tender date for a particular Subseries E-3 Bond, the yield to maturity as of such redemption or tender date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption or tender date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption or tender date to the maturity date of the Subseries E-3 Bond to be redeemed or tendered.

Tender of Multi-Modal Bonds in the Fixed Rate Mode

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

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

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

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

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

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

Defeasance

As a condition to legal defeasance of any of the Bonds, the City must obtain an opinion of counsel to the effect that the owners thereof will not recognize income, gain or loss for federal income tax purposes as a result

* Subject to change.

of such legal defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred. Any Bonds that are subject to optional redemption and are escrowed to maturity will remain subject to optional redemption or mandatory tender by the City.

Book-Entry Only System

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

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

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

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

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

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

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

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

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

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

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

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

SECTION III: GOVERNMENT AND FINANCIAL CONTROLS

Structure of City Government

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

— *The Mayor.* Bill de Blasio, the Mayor of the City, took office on January 1, 2014 and was elected to a second term commencing on January 1, 2018. The Mayor is elected in a general election for a four-year term and is the chief executive officer of the City. The Mayor has the power to appoint the commissioners of the City's various departments. The Mayor is responsible for preparing and administering the City's annual Expense and Capital Budgets (as defined below) and financial plan. The Mayor has the power to veto local laws enacted by the City Council, but such a veto may be overridden by a two-thirds vote of the City Council. The Mayor has powers and responsibilities relating to land use and City contracts and all residual powers of the City government not otherwise delegated by law to some other public official or body. The Mayor is also a member of the Control Board.

— *The City Comptroller.* Scott M. Stringer, the Comptroller of the City, took office on January 1, 2014 and was elected to a second term commencing on January 1, 2018. The City Comptroller is elected in a general election for a four-year term and is the chief fiscal officer of the City. The City Comptroller has extensive investigative and audit powers and responsibilities which include keeping the financial books and records of the City. The City Comptroller's audit responsibilities include a program of performance audits of City agencies in connection with the City's management, planning and control of operations. In addition, the City Comptroller is required to evaluate the Mayor's budget, including the assumptions and methodology used in the budget. The Office of the City Comptroller is responsible under the City Charter and pursuant to State law and City investment guidelines for managing and investing City funds for operating and capital purposes. The City Comptroller is also a member of the Control Board and is a trustee, the custodian and the delegated investment advisor of the City's five pension systems.

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

— *The Public Advocate.* Letitia James, the Public Advocate, took office on January 1, 2014 and was elected to a second term commencing on January 1, 2018. The Public Advocate is elected in a general election for a four-year term. The Public Advocate is first in the line of succession to the Mayor in the event of the disability of the Mayor or a vacancy in the office, pending an election to fill the vacancy. The Public Advocate appoints a member of the City Planning Commission and has various responsibilities relating to, among other things, monitoring the activities of City agencies, the investigation and resolution of certain complaints made by members of the public concerning City agencies and ensuring appropriate public access to government information and meetings.

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

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

City Financial Management, Budgeting and Controls

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

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

Office of Management and Budget

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

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

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

Office of the Comptroller

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

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

The Comprehensive Annual Financial Report of the Comptroller (the "CAFR") for the 2017 fiscal year, which includes, among other things, the City's financial statements for the 2017 and 2016 fiscal years, was issued on October 30, 2017. The CAFR for the 2016 fiscal year received the Government Finance Officers Association award of the Certificate of Achievement for Excellence in Financial Reporting, the thirty-seventh consecutive year the CAFR has won such award.

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

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

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

Financial Reporting and Control Systems

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

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

In January 2017, GASB issued Statement No. 84, Fiduciary Activities ("GASB 84"), effective for fiscal years beginning after December 15, 2018 (City Fiscal Year 2020), with early implementation encouraged. Implementation of GASB 84 could affect the City's financial statements by requiring that certain activities currently accounted for as fiduciary activities be reported as governmental activities going forward. This might result in certain resources being reported as operating revenue in periods prior to the related expenditures being incurred, negatively affecting the City's ability to meet its obligation to balance each year's operating budget in accordance with GAAP unless there is a change in applicable law. The City has not completed the process of evaluating the impact of GASB 84 on its financial statements.

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

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

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

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

More than 97% of the aggregate assets of the City's five defined benefit pension systems are managed by outside managers, supervised by the Office of the City Comptroller, and the remainder is held in cash or managed by the City Comptroller. Allocations of investment assets are determined by each fund's board of trustees. As of December 31, 2017, aggregate pension assets were allocated approximately as follows: 32% U.S. equity; 23% fixed income; 21% international equity; 9% alternative credit; 6% private equity; 4% private real estate; 1% cash; 1% hedge funds; 1% real estate investment trusts; and less than 1% infrastructure investments (percentages may not add to 100% due to rounding).

Financial Emergency Act and City Charter

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

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

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

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

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

Financial Review and Oversight

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

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

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

SECTION IV: SOURCES OF CITY REVENUES

The City derives its revenues from a variety of local taxes, user charges and miscellaneous revenues, as well as from federal and State unrestricted and categorical grants. State aid as a percentage of the City's revenues has remained relatively constant over the period from 1980 to 2017, while federal aid has been sharply reduced. The City projects that local revenues will provide approximately 73.2% of total revenues in the 2018 fiscal year, while federal aid, including categorical grants, will provide 9.9%, and State aid, including unrestricted aid and categorical grants, will provide 16.9%. Adjusting the data for comparability, local revenues provided approximately 60% of total revenues in 1980, while federal and State aid each provided approximately 20%. A discussion of the City's principal revenue sources follows. For additional information regarding assumptions on which the City's revenue projections are based, see "SECTION VII: FINANCIAL PLAN—Assumptions." For information regarding the City's tax base, see "APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION."

Real Estate Tax

The real estate tax, the single largest source of the City's revenues, is the primary source of funds for the City's General Debt Service Fund. The City expects to derive approximately 45.5% of its total tax revenues and 29.8% of its total revenues for the 2018 fiscal year from the real estate tax. For information concerning tax revenues and total revenues of the City for prior fiscal years, see "SECTION VI: FINANCIAL OPERATIONS—2013-2017 Summary of Operations."

The State Constitution authorizes the City to levy a real estate tax without limit as to rate or amount (the "debt service levy") to cover scheduled payments of the principal of and interest on indebtedness of the City. However, the State Constitution limits the amount of revenue which the City can raise from the real estate tax for operating purposes (the "operating limit") to 2.5% of the average full value of taxable real estate in the City for the current and the last four fiscal years, which amount may be further limited by the State Constitution or laws. On June 24, 2011 the Governor signed into law the State's tax levy limitation law which restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a municipality in a particular year. Such law does not apply to the City. Although legislation applying such law to the City has been proposed in each year since it was enacted, it has never passed. Were it to be enacted into law, it would have a material adverse impact on projected City revenues. The table below sets forth the percentage the debt service levy represents of the total levy. The City Council has adopted a distinct tax rate for each of the four categories of real property established by State legislation.

On April 24, 2017, a lawsuit was filed challenging the City's real property tax system and valuation methodology. See "SECTION X: OTHER INFORMATION—Litigation—*Taxes*."

Comparison of Real Estate Tax Levies, Tax Limits and Tax Rates

Fiscal Year	Total Levy(1)	Levy Within Operating Limit	Debt Service Levy(2)	Debt Service Levy as a Percentage of Total Levy	Operating Limit	Levy Within Operating Limit as a Percentage of Operating Limit	Rate Per $100 of Full Valuation(3)	Average Tax Rate Per $100 of Assessed Valuation
				(Dollars in Millions, except for Tax Rates)				
2013	$20,133.2	$16,239.9	$2,896.2	14.4%	$19,101.9	85.0%	$2.35	$12.28
2014	21,285.5	18,779.8	1,435.8	6.7	19,601.7	95.8	2.36	12.28
2015	22,591.5	17,923.1	3,623.5	16.0	20,164.1	88.9	2.43	12.28
2016	24,145.0	20,761.2	2,310.6	9.6	21,130.6	98.3	2.45	12.28
2017	25,794.1	22,303.5	2,353.6	9.1	22,377.8	99.7	2.45	12.28
2018	27,726.2	24,005.2	2,599.9	9.4	24,448.7	98.2	2.38	12.28

(1) As approved by the City Council.

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

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

Assessment

The City has traditionally assessed real property at less than market value. The State Office of Real Property Tax Services (the "State Office") is required by law to determine annually the relationship between taxable assessed value and market value which is expressed as the "special equalization ratio." The special equalization ratio is used to compute full value for the purpose of measuring the City's compliance with the operating limit and general debt limit. For a discussion of the City's debt limit, see "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness.*" The ratios are calculated by using the most recent market value surveys available and a projection of market value based on recent survey trends, in accordance with methodologies established by the State Office from time to time. Ratios, and therefore full values, may be revised when new surveys are completed. The ratios and full values shown in the table below, which were used to compute the 2018 fiscal year operating limit and general debt limit, have been established by the State Office and include the results of the fiscal year 2016 market value survey.

Billable Assessed and Full Value of Taxable Real Estate(1)

Fiscal Year	Billable Assessed Valuation of Taxable Real Estate(2)	÷	Special Equalization Ratio	=	Full Valuation(2)
2014	$173,429,032,559		0.2075		$ 835,802,566,549
2015	184,059,201,523		0.2065		891,327,852,412
2016	196,710,908,548		0.2006		980,612,704,626
2017	210,130,499,481		0.2025		1,037,681,478,919
2018	225,863,036,909		0.1936		1,166,647,917,918
				Average:	$ 982,414,504,085

(1) Also assessed by the City, but excluded from the computation of taxable real estate, are various categories of property exempt from taxation under State law. For the 2017 fiscal year, the billable assessed value of all real estate (taxable and exempt) was $360.7 billion, comprised of $128.9 billion of fully exempt real estate, $71.0 billion of partially taxable real estate and $160.8 billion of fully taxable real estate.

(2) Figures are based on estimates of the special equalization ratio which are revised annually. These figures are derived from official City Council Tax Resolutions adopted with respect to the 2018 fiscal year. These figures differ from the assessed and full valuation of taxable real estate reported in the CAFR, which excludes veterans' property subject to tax for school purposes and is based on estimates of the special equalization ratio which are not revised annually.

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

Assessment procedures differ for each class of property. For fiscal year 2018, class one was assessed at approximately 6% of market value and classes two, three and four were each assessed at 45.0% of market value. In addition, individual assessments on class one parcels cannot increase by more than 6% per year or 20% over a five-year period. Market value increases and decreases for most of class two and all of class four are phased in over a period of five years. Increases in class one market value in excess of applicable limitations are not phased in over subsequent years. There is also no phase in for class three property.

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

The share of the total levy that can be borne by each class is regulated by the provisions of the State Real Property Tax Law. Each class share of the total tax levy is updated annually to reflect new construction, demolition, alterations or changes in taxable status and is subject to limited adjustment to reflect market value changes among the four classes. Class share adjustments are limited to a 5% maximum increase per year. Maximum class increases below 5% must be, and typically are, approved by the State legislature. Fiscal year 2018 tax rates were set on June 6, 2017 and reflect a 5% limitation on the market value adjustment for 2017. The average tax rate for fiscal year 2017 was maintained at $12.28 per $100 of assessed value. For fiscal year 2018, at the request of the City, the State approved an adjustment of the maximum rate of increase to 0%. The tax rates were amended and a revised property tax bill with the new tax rates for fiscal year 2018 was sent to taxpayers in November 2017.

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

Trend in Taxable Assessed Value

State law provides for increases in assessed values of most properties to be phased into property tax bills over five-year periods. The billable assessed valuation, as determined by the City Department of Finance and as reported in the CAFR, rose to $171.7 billion, $182.5 billion, $195.2 billion, $208.6 billion and $224.5 billion for fiscal years 2014 through 2018, respectively. The Department of Finance released the tentative assessment for fiscal year 2019 on January 16, 2018. The billable assessed value rose by $18.8 billion over the 2018 assessment roll to $243.2 billion, reflecting growth of 8.4%. However, the final roll for fiscal year 2019, which is expected to be released in late May 2018, is expected to show a growth of 6.4% over fiscal year 2018. With moderate growth forecast in the class two and class four market values combined with a deflated level of existing pipeline of deferred assessment increases yet to be phased in, the billable assessed valuations are forecast to grow by 5.3%, 4.4% and 3.7% in fiscal years 2020 through 2022, respectively.

Collection of the Real Estate Tax

Real estate tax payments are due each July 1 and January 1. Owners of all properties assessed at $250,000 or less are eligible to make tax payments in quarterly installments on July 1, October 1, January 1 and April 1. An annual interest rate of 9% compounded daily is imposed upon late payments on properties with an assessed value of $250,000 or less except in the case of (i) any parcel with respect to which the real estate taxes are held in escrow and paid by a mortgage escrow agent and (ii) parcels consisting of vacant or unimproved land. An interest rate of 18% compounded daily is imposed upon late payments on all other properties. These interest rates are set annually.

The City primarily uses two methods to enforce the collection of real estate taxes. The City has been authorized to sell real estate tax liens on class one properties which are delinquent for at least three years and class two, three and four properties which are delinquent for at least one year. The authorization to sell real estate tax liens was extended through December 31, 2020. In addition, the City is entitled to foreclose delinquent tax liens by *in rem* proceedings after one year of delinquency with respect to properties other than one- and two-family dwellings and condominium apartments for which the annual tax bills do not exceed $2,750, as to which a three-year delinquency rule is in effect.

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

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

From time to time, the City sells tax liens to separate statutory trusts. In fiscal years 2013 through 2017, the City's tax lien program resulted in net proceeds of approximately $86.7 million, $81.2 million, $96.0 million, $80 million and $95.5 million, respectively. The Financial Plan reflects receipt of $80 million in fiscal year 2018 from the tax lien program.

REAL ESTATE TAX COLLECTIONS AND DELINQUENCIES

Fiscal Year	Tax Levy(1)	Tax Collections on Current Year Levy	Tax Collections as a Percentage of Tax Levy	Prior Year (Delinquent Tax) Collections	Refunds	Cancellations, Net Credits, Abatements, Exempt Property Restored and Shelter Rent	Delinquent as of End of Fiscal Year	Delinquency as a Percentage of Tax Levy	Lien Sale Program
	(Dollars In Millions)								
2013	$20,133.2	$18,710.4	92.9%	$305.9	$(352.5)	$(1,119.0)	$(303.7)	1.51%	$86.7
2014	21,285.5	19,909.2	93.5	280.5	(293.5)	(1,070.6)	(305.5)	1.44	81.2
2015	22,591.5	21,107.2	93.4	318.5	(204.5)	(1,129.7)	(354.6)	1.57	96.0
2016	24,145.0	22,835.8	94.6	281.0	(222.9)	(975.4)	(333.8)	1.38	80.0
2017	25,794.1	24,283.6	94.1	317.1	(220.7)	(1,185.9)	(324.6)	1.26	95.5
2018(2)	27,726.2	26,015.1	93.8	305.0	(320.0)	(1,320.5)	(390.6)	1.41	80.0

(1) As approved by the City Council.

(2) Forecast.

Other Taxes

The City expects to derive 54.4% of its total tax revenues for the 2018 fiscal year from a variety of taxes other than the real estate tax, such as: (i) the 4.5% sales and compensating use tax, which commenced August 1, 2009, in addition to the 4% sales and use tax imposed by the State upon receipts from retail sales of tangible personal property and certain services in the City; (ii) the personal income tax on City residents; (iii) a general corporation tax levied on the income of corporations doing business in the City; and (iv) a banking corporation tax imposed on the income of banking corporations doing business in the City.

For local taxes other than the real estate tax, the City may adopt and amend local laws for the levy of local taxes to the extent authorized by the State. This authority can be withdrawn, amended or expanded by State legislation.

Revenues from taxes other than the real estate tax in the 2017 fiscal year decreased by $457 million from the 2016 fiscal year. The following table sets forth, by category, revenues from taxes, other than the real estate tax, for each of the City's 2013 through 2017 fiscal years.

	2013	2014	2015	2016	2017
			(In Millions)		
Personal Income(1)	$ 9,778	$10,152	$11,264	$11,340	$11,230
General Corporation	2,692	2,766	2,873	3,354	3,527
Banking Corporation	1,357	1,227	1,214	268	(82)
Unincorporated Business Income	1,808	1,882	1,962	2,040	2,005
Sales(2)	6,132	6,494	6,742	6,911	7,017
Commercial Rent	664	710	735	779	816
Real Property Transfer	1,086	1,527	1,765	1,775	1,415
Mortgage Recording	742	961	1,155	1,234	1,118
Utility	385	405	384	354	371
Cigarette	61	54	50	45	37
Hotel	505	536	556	565	579
All Other(3)	533	548	591	614	654
Audits	1,009	911	1,132	1,161	1,296
Total	$26,752	$28,173	$30,423	$30,440	$29,983

Note: Totals may not add due to rounding.

(1) Personal Income includes the personal income tax revenues of $1.006 billion, $1.641 billion, $556 million, $180 million and $297 million in fiscal years 2013 through 2017, respectively, retained by the TFA for funding requirements associated with TFA Future Tax Secured Bonds. Personal income taxes flow directly from the State to the TFA, and from the TFA to the City only to the extent not required by the TFA for debt service, operating expenses and contractual and other obligations incurred pursuant to the TFA indenture. In fiscal years 2013 through 2017, Personal Income includes $610 million, $613 million, $635 million, $607 million and $166 million, respectively, which was provided to the City by the State as a reimbursement for the reduced personal income tax revenues resulting from the STAR Program.

(2) A portion of sales tax revenues payable to the City would be paid to the TFA if personal income tax revenues did not satisfy specified debt service ratios.

(3) All Other includes, among others, surtax revenues from New York City Off-Track Betting Corporation ("OTB"), beer and liquor taxes, and the automobile use tax, but excludes the STAR Program aid of $829 million, $838 million, $835 million, $814 million and $340 million in fiscal years 2013 through 2017, respectively.

Miscellaneous Revenues

Miscellaneous revenues include revenue sources such as charges collected by the City for the issuance of licenses, permits and franchises, interest earned by the City on the investment of City cash balances, tuition and fees at the Community Colleges, reimbursement to the City from the proceeds of water and sewer rates charged by the New York City Water Board (the "Water Board") for costs of delivery of water and sewer services and paid to the City by the Water Board for its lease interest in the water and sewer system, rents collected from tenants in City-owned property and from The Port Authority of New York and New Jersey (the "Port Authority") with respect to airports and the collection of fines. The following table sets forth amounts of miscellaneous revenues for each of the City's 2013 through 2017 fiscal years.

	2013	2014	2015	2016	2017
			(In Millions)		
Licenses, Permits and Franchises	$ 593	$ 648	$ 703	$ 728	$ 770
Interest Income	16	16	30	79	73
Charges for Services	872	951	974	1,001	1,033
Water and Sewer Payments	1,361	1,491	1,439	1,297	1,385
Rental Income	297	311	284	279	253
Fines and Forfeitures	815	892	959	995	985
Other	703	1,313	1,828	725	565
Total	$4,657	$5,622	$6,217	$5,104	$5,064

Note: Totals may not add due to rounding.

Rental income in fiscal years 2013 through 2017 includes approximately $128.5 million, $128.5 million, $128.5 million, $128.5 million and $144.5 million, respectively, in Port Authority lease payments for the City airports.

Fees and charges collected from the users of the water and sewer system of the City are revenues of the Water Board, a body corporate and politic, constituting a public benefit corporation, all of the members of which are appointed by the Mayor. The Water Board currently holds a long-term leasehold interest in the water and sewer system pursuant to a lease between the Water Board and the City.

Other miscellaneous revenues for fiscal years 2013 through 2017 include $117.1 million, $132.5 million, $113.4 million, $229 million and $100.3 million, respectively, of tobacco settlement revenues ("TSRs") from the settlement of litigation with certain cigarette manufacturers that were not retained by TSASC. Other miscellaneous revenues for fiscal years 2013 through 2017 do not include TSRs retained by TSASC for debt service and operating expenses totaling $70 million, $79 million, $68 million, $137 million and $60 million, respectively. Pursuant to the TSASC indenture, less than 40% of the TSRs are pledged to the TSASC bondholders and the remainder flow to the City. For further information see "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—4. MISCELLANEOUS REVENUES" and "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities."

Other miscellaneous revenues for fiscal year 2014 include $338 million from the sale of taxi medallions, a payment of $50 million from Verizon to settle cost overruns caused by delays on the Emergency Communications Transformation Program, $214 million from the sale of two City office buildings and $103 million from the reconciliation of prior years health insurance premiums. Other miscellaneous revenues for fiscal year 2015 include $174 million from the sale of a former City Department of Sanitation site and $82 million from a deferred prosecution agreement under the Manhattan District Attorney's Office and the US Department of Justice related to sanctions violations against Commerzbank. Other miscellaneous revenues for fiscal year 2016 include $74 million from a deferred prosecution agreement under the Manhattan District Attorney's Office and the US Department of Justice related to sanctions violations against Credit Agricole and Investment Bank. Other miscellaneous revenues for fiscal year 2017 include $78 million from the Department of Education and $30 million from the sale of the Brooklyn Heights library development rights.

Unrestricted Intergovernmental Aid

Unrestricted federal and State aid are not subject to any substantial restriction as to their use and are used by the City as general support for its Expense Budget. For a further discussion of federal and State aid, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. FEDERAL AND STATE CATEGORICAL GRANTS."

The following table sets forth amounts of unrestricted federal and State aid received by the City in each of its 2013 through 2017 fiscal years.

	2013	2014	2015	2016	2017
			(In Millions)		
Unrestricted Intergovernmental Aid	—	$1	$1	$6	$59

Federal and State Categorical Grants

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

On January 25, 2017, President Trump signed an executive order, among other things, directing the United States Attorney General and the Secretary of Homeland Security to ensure that state and local jurisdictions that willfully refuse to comply with federal law concerning the provision of information on individuals' immigration status will not be eligible to receive federal grants except as deemed necessary for law enforcement purposes. On April 25, 2017, the United States District Court for the Northern District of California issued a nationwide preliminary injunction enjoining enforcement of this provision of the executive order, finding it unconstitutional. On November 20, 2017, that court issued a nationwide permanent injunction on the same grounds. The court's injunction is consistent with the City's position that controlling legal authority limits the executive branch's authority to condition federal funding. The federal government is appealing the ruling to the Court of Appeals for the Ninth Circuit. The City expects that the Court of Appeals will affirm the injunction, however, if it does not the City would challenge any attempt to reduce the City's funding.

The United States Attorney General has also sought to condition grants under the Department of Justice's Edward Byrne Justice Assistance Grant program on compliance with the same federal law concerning the provision of information on individuals' immigration status. The City demonstrated its compliance with that federal law and that it cooperates with immigration officials to the extent required under federal law in a letter to the Justice Department on June 28, 2017. The Justice Department has indicated that it does not agree that the City complies with the federal law, but has not issued a final determination and on January 24, 2018 requested additional documentation from the City. The City will vigorously defend its policies, its compliance with federal law, and its right to the approximately $4 million it annually receives through the Edward Byrne Justice Assistance Grant program.

The following table sets forth amounts of federal and State categorical grants received by the City for each of the City's 2013 through 2017 fiscal years.

	2013	2014	2015	2016	2017
			(In Millions)		
Federal(1)					
Community Development(2)	$ 566	$ 337	$ 537	$ 780	$ 1,108
Social Services	3,315	3,206	3,076	3,225	3,454
Education	1,873	1,672	1,677	1,698	1,709
Other(3)	2,866	1,747	1,692	1,691	1,656
Total	$ 8,620	$ 6,962	$ 6,982	$ 7,394	$ 7,927
State					
Social Services	$ 1,509	$ 1,415	$ 1,410	$ 1,490	$ 1,709
Education	7,933	7,907	9,131	9,612	10,250
Higher Education	200	221	227	239	248
Health and Mental Health	495	454	364	535	573
Other	890	919	965	1,126	1,210
Total	$11,027	$10,916	$12,097	$13,002	$13,990

(1) Federal funding includes amounts received under the American Recovery and Reinvestment Act of $377.6 million, $296 million, $230 million, $203 million and $874.8 million in fiscal years 2013 through 2017, respectively.

(2) Amounts represent actual funds received and may be lower or higher than the appropriation of funds actually provided by the federal government for the particular fiscal year due either to underspending or the spending of funds carried forward from prior fiscal years. Community Development includes $367.2 million, $145.5 million, $338.7 million and $669.4 million in fiscal years 2013 through 2016, respectively, in disaster recovery funding for storm damage remediation as a result of Superstorm Sandy.

(3) Other includes $1.228 billion, $154.4 million, $48.0 million, $74.5 million and $51.7 million in fiscal years 2013 through 2017, respectively, of FEMA funding for expenditures for storm damage remediation as a result of Superstorm Sandy.

SECTION V: CITY SERVICES AND EXPENDITURES

Expenditures for City Services

Three types of governmental agencies provide public services within the City's borders and receive financial support from the City. One category is the mayoral agencies established by the City Charter which include, among others, the Police, Fire and Sanitation Departments. Another is the independent agencies which are funded in whole or in part through the City Budget by the City but which have greater independence in the use of appropriated funds than the mayoral agencies. Included in this category are certain Covered Organizations such as NYCHH and the Transit Authority. A third category consists of certain public benefit corporations ("PBCs") which were created to finance the construction of housing, hospitals, dormitories and other facilities and to provide other governmental services in the City. The legislation establishing this type of agency contemplates that annual payments from the City, appropriated through its Expense Budget, may or will constitute a substantial part of the revenues of the agency. Included in this category is, among others, the City University Construction Fund ("CUCF"). For information regarding expenditures for City services, see "SECTION VI: FINANCIAL OPERATIONS—2013-2017 Summary of Operations."

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

The City also provides funding for many other social services, such as day care, foster care, family planning, services for the elderly and special employment services for welfare recipients, some of which are mandated, and may be wholly or partially subsidized, by either the federal or State government. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. FEDERAL AND STATE CATEGORICAL GRANTS."

In July 2002, the Board of Education was replaced by the City's Department of Education (the "DOE") which is overseen by a Chancellor, appointed by the Mayor, and the 13-member Panel for Educational Policy where the Mayor appoints eight members including the Chancellor, and the Borough Presidents each appoint one member. The number of pupils in the school system is estimated to be approximately 1.1 million in each of the 2018 through 2022 fiscal years. Actual enrollment in fiscal years 2013 through 2017 has been 1,051,653, 1,062,275, 1,073,445, 1,081,324 and 1,087,363, respectively. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS—*Department of Education.*" The City's system of higher education, consisting of its Senior Colleges and Community Colleges, is operated under the supervision of the City University of New York ("CUNY"). The City is projected to provide approximately 41% of the costs of the Community Colleges in the 2018 fiscal year. The State has full responsibility for the costs of operating the Senior Colleges, although the City is required initially to fund these costs which are then reimbursed by the State.

The City administers health services programs for the care of the physically and mentally ill and the aged. NYCHH maintains and operates the City's 11 municipal acute care hospitals, five long-term care facilities, six free standing diagnostic and treatment centers, a certified home health-care program, many hospital-based and neighborhood clinics and a health maintenance organization. NYCHH is funded primarily by third party reimbursement collections from Medicare and Medicaid and by payments from bad debt/charity care pools, with significant contributions from the City. See "SECTION VII: FINANCIAL PLAN—Assumptions—*New York City Health and Hospitals*."

Medicaid provides basic medical assistance to needy persons. The City is required by State law to furnish medical assistance through Medicaid to all City residents meeting eligibility requirements established by the State. Prior to State legislation in fiscal year 2006 capping City Medicaid payments, the State had assumed 81.2% of the non-federal share of long-term care costs, all of the costs of providing medical assistance to the mentally disabled, and 50% of the non-federal share of Medicaid costs for all other clients. As a result of State legislation in fiscal years 2006 and 2012 capping City Medicaid payments, the State percentage of the non-federal share may vary. The federal government pays 50% of Medicaid costs for federally eligible recipients and a higher share for federally eligible childless adults.

The City's Expense Budget increased during the five-year period ended June 30, 2017, due to, among other factors, the increasing costs of pensions and Medicaid, the costs of labor settlements and the impact of inflation on various other than personal services costs.

Employees and Labor Relations

Employees

The following table presents the number of full-time and full-time equivalent employees of the City, including the mayoral agencies, the DOE and CUNY, at the end of each of the City's 2013 through 2017 fiscal years.

	2013	2014	2015	2016	2017
Education	132,469	134,426	137,078	141,311	144,740
Police	50,549	50,565	50,851	51,929	52,976
Social Services, Homeless and Children's Services	21,738	21,341	21,639	21,805	22,047
City University Community Colleges and Hunter Campus Schools	8,399	8,633	8,749	8,979	9,184
Environmental Protection and Sanitation	14,824	14,890	15,258	15,710	16,000
Fire	15,512	15,565	16,301	16,845	17,463
All Other	52,403	51,929	53,527	56,513	59,997
Total	295,894	297,349	303,403	313,092	322,407

The following table presents the number of full-time employees of certain Covered Organizations, as reported by such Organizations, at the end of each of the City's 2013 through 2017 fiscal years.

	2013	2014	2015	2016	2017
Transit Authority	45,300	46,271	46,862	47,354	48,495
Housing Authority	11,398	11,311	11,251	10,796	10,737
NYCHH	35,455	35,554	36,691	37,650	36,213
Total(1)	92,153	93,136	94,804	95,800	95,445

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

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

Labor Relations

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

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

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

Pensions

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

Capital Expenditures

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

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

On April 26, 2017, the City published the Ten-Year Capital Strategy for fiscal years 2018 through 2027. The Ten-Year Capital Strategy totals $95.8 billion, of which approximately 93% would be financed with City funds. See "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness.*"

The Ten-Year Capital Strategy includes, among other items: (i) $20.9 billion to construct new schools and improve existing educational facilities; (ii) $18.1 billion for improvements to the water and sewer system; (iii) $10.9 billion for expanding and upgrading the City's housing stock; (iv) $5.9 billion for reconstruction or resurfacing of City streets; (v) $655.0 million for continued City-funded investment in mass transit; (vi) $8.2 billion for the continued reconstruction and rehabilitation of all four East River bridges and 108 other bridge structures; (vii) $2.0 billion to expand current jail capacity; and (viii) $1.8 billion for construction and improvement of court facilities.

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

The City's capital expenditures, including expenditures funded by State and federal grants, totaled $41.0 billion during the 2013 through 2017 fiscal years. City-funded expenditures, which totaled $34.4 billion during the 2013 through 2017 fiscal years, have been financed through the issuance of bonds by the City, the TFA and the Water Authority. The following table summarizes the major categories of capital expenditures in the City's 2013 through 2017 fiscal years.

	2013	2014	2015	2016	2017	Total
			(In Millions)			
Education	$1,803	$2,107	$2,631	$2,475	$2,706	$11,723
Environmental Protection	1,844	1,578	1,373	1,378	1,454	7,627
Transportation	1,031	902	758	1,032	1,139	4,862
Transit Authority(1)	123	36	115	231	91	596
Housing	414	428	561	753	950	3,106
Hospitals	286	197	136	104	130	853
Sanitation	353	264	246	324	324	1,510
All Other(2)	2,531	2,391	2,016	1,784	2,032	10,753
Total Expenditures(3)	$8,385	$7,903	$7,836	$8,080	$8,826	$41,030
City-funded Expenditures(4)	$6,888	$7,468	$5,949	$6,676	$7,444	$34,425

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

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

(3) Total Expenditures for the 2013 through 2017 fiscal years include City, State and federal funding and represent amounts which include an accrual for work-in-progress. These figures are derived from the CAFR.

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

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

SECTION VI: FINANCIAL OPERATIONS

The City's Basic Financial Statements and the independent auditors' opinion thereon are presented in "APPENDIX B—FINANCIAL STATEMENTS." Further details are set forth in the CAFR for the fiscal year ended June 30, 2017, which is available for inspection at the Office of the Comptroller and at www.comptroller.nyc.gov. For a summary of the City's significant accounting policies, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note A." For a summary of the City's operating results for the previous five fiscal years, see "2013-2017 Summary of Operations" below.

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

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

2013-2017 Summary of Operations

The following table sets forth the City's results of operations for its 2013 through 2017 fiscal years in accordance with GAAP.

The information regarding the 2013 through 2017 fiscal years has been derived from the City's audited financial statements and should be read in conjunction with the notes accompanying this table and the City's 2016 and 2017 financial statements included in "APPENDIX B—FINANCIAL STATEMENTS." The 2013 through 2015 financial statements are not separately presented herein. For further information regarding the City's revenues and expenditures, see "SECTION IV: SOURCES OF CITY REVENUES" and "SECTION V: CITY SERVICES AND EXPENDITURES."

	Fiscal Year(1)				
	Actual				
	2013	2014	2015	2016	2017
			(In Millions)		
Revenues and Transfers					
Real Estate Tax(2)	$18,970	$20,202	$21,518	$23,181	$24,679
Other Taxes(3)(4)	26,752	28,173	30,423	30,440	29,983
Miscellaneous Revenues(3)	4,657	5,622	6,216	5,104	5,064
Other Categorical Grants	1,062	1,023	908	861	1,208
Unrestricted Federal and State Aid	—	1	1	6	59
Federal Categorical Grants	8,620	6,962	6,982	7,394	7,927
State Categorical Grants	11,027	10,916	12,097	13,002	13,990
Disallowances Against Categorical Grants	(59)	(18)	(110)	(1)	558
Total Revenues and Transfers(5)	$71,029	$72,881	$78,035	$79,987	$83,468
Expenditures and Transfers					
Social Services	$13,433	$13,473	$13,844	$13,801	$14,485
Board of Education	19,129	18,672	20,458	21,974	23,318
City University	802	853	904	956	1,067
Public Safety and Judicial	8,385	8,472	8,827	9,326	9,694
Health Services	1,856	1,622	1,708	2,667	2,233
Pensions(6)	8,054	8,141	8,490	9,171	9,281
Debt Service(3)(7)	6,333	4,798	7,421	5,874	5,890
All Other(8)	13,032	16,845	16,378	16,213	17,495
Total Expenditures and Transfers(5)	$71,024	$72,876	$78,030	79,982	$83,463
Surplus(9)	$ 5	$ 5	$ 5	$ 5	$ 5

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

(2) In fiscal years 2013 through 2017, Real Estate Tax includes $219.1 million, $224.6 million, $201 million, $207 million and $204 million, respectively, which was provided to the City by the State as a reimbursement for the reduced property tax revenues resulting from the State's STAR Program.

(3) Other Taxes includes as revenues to the City the personal income tax revenues retained by the TFA of $1.006 billion, $1.641 billion, $556 million, $180 million and $297 million in fiscal years 2013 through 2017, respectively. Debt Service includes as a debt service expense the funding requirements associated with TFA Future Tax Secured Bonds of $1.006 billion, $1.641 billion, $556 million, $180 million and $297 million in fiscal years 2013 through 2017, respectively. Debt Service does not include debt service on TSASC bonds. Miscellaneous Revenues includes TSRs that are not retained by TSASC for debt service and operating expenses.

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

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

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

(7) Debt Service includes discretionary transfers of $2.727 billion, $621 million, $1.976 billion, $1.760 billion, and $1.560 billion into the General Debt Service Fund in fiscal years 2013 through 2017, respectively, and grants from the City to the TFA of $1.362 billion, $1.578 billion, $1.734 billion and $1.909 billion in fiscal years 2014, 2015, 2016 and 2017, respectively, which were used by the TFA to pay debt service in the following fiscal year thereby decreasing the TFA funding requirements.

(8) All Other includes payments into the Retiree Health Benefits Trust Fund of $955 million, $500 million and $100 million in fiscal years 2015, 2016 and 2017, respectively.

(9) Surplus is the surplus after discretionary and other transfers and expenditures. The City had general fund operating revenues exceeding expenditures of $2.812 billion, $2.011 billion, $3.606 billion, $4.043 billion and $4.185 billion before discretionary and other transfers and expenditures for the 2013 through 2017 fiscal years, respectively. Discretionary and other transfers are included in Debt Service and All Other.

Forecast of 2018 Results

The following table compares the forecast for the 2018 fiscal year contained in the financial plan, submitted to the Control Board in June 2017 (the "June 2017 Forecast"), with the forecast contained in the Financial Plan, which was submitted to the Control Board on February 1, 2018 (the "February 2018 Forecast"). Each forecast was prepared on a basis consistent with GAAP except for the application of GASB 49. For information regarding recent developments, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

	June 2017 Forecast	February 2018 Forecast	Increase/(Decrease) from June 2017 Forecast
		(In Millions)	
REVENUES			
Taxes			
General Property Tax	$25,812	$26,080	$ 268[(1)]
Other Taxes	30,138	29,915	(223)[(2)]
Tax Audit Revenue	850	1,299	449[(3)]
Subtotal — Taxes	$56,800	$57,294	$ 494
Miscellaneous Revenues	6,488	6,995	507[(4)]
Less: Intra-City Revenues	(1,815)	(2,132)	(317)
Disallowances Against Categorical Grants	(15)	85	100
Subtotal – City Funds	$61,458	$62,242	$ 784
Other Categorical Grants	880	1,098	218[(5)]
Inter-Fund Revenues	671	674	3
Federal Categorical Grants	7,811	8,650	839[(6)]
State Categorical Grants	14,419	14,776	357[(7)]
Total Revenues	$85,239	$87,440	$2,201
EXPENDITURES			
Personal Services			
Salaries and Wages	$27,250	$27,273	$ 23
Pensions	9,572	9,590	18
Fringe Benefits	10,111	9,972	(139)[(8)]
Total – Personal Services	$46,933	$46,835	$ (98)
Other Than Personal Services			
Medical Assistance	5,915	5,915	—
Public Assistance	1,594	1,594	—
All Other	28,803	30,112	1,309[(9)]
Total – Other Than Personal Services	$36,312	$37,621	$1,309
General Obligation, Lease and TFA Debt Service	6,528	6,412	(116)[(10)]
FY 2017 Budget Stabilization	(4,169)	(4,180)	(11)
FY 2018 Budget Stabilization	—	2,584	2,584[(11)]
Capital Stabilization Reserve	250	—	(250)
General Reserve	1,200	300	(900)
Total Expenditures	$87,054	$89,572	$2,518
Less: Intra-City Expenses	(1,815)	(2,132)	(317)
Net Total Expenditures	$85,239	$87,440	$2,201

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(1) The increase in General Property Tax is from a reduction in the reserve for uncollectible taxes of $188 million and a reduction in refunds of $80 million.

(2) The decrease in Other Taxes is due to decreases of $480 million in general corporation tax, $15 million in unincorporated business tax, $13 million in STAR Program aid, $6 million in tax cigarette tax and $1 million in utility tax, offset by increases of $170 million in all other taxes, $34 million in real property transfer tax, $32 million in mortgage recording tax, $21 million in sales tax, $19 million in hotel tax, and $16 million in personal income taxes.

(3) The increase in Tax Audit Revenue is primarily from increases in banking corporation tax audit revenues of $400 million and general corporation tax audit revenues of $49 million.

(4) The increase in Miscellaneous Revenues is due to increases of $53 million in fines and forfeitures, $36 million in miscellaneous other revenues, $30 million in permit revenues, $22 million in water and sewer charges, $17 million in charges for services, $16 million in licenses, $9 million in franchises, $7 million in rental charges, and $317 million in intra-city revenues.

(5) The increase in Other Categorical Grants is due to increases of $69 million in health and mental hygiene funding, $58 million in miscellaneous agency funding, $28 million in housing preservation and development funding, $17 million in parks department funding, $10 million in information technology and telecommunications department funding, and $36 million in other agencies funding.

(6) The increase in Federal Categorical Grants is due to increases of $330 million in community development funding, primarily disaster recovery funding, $125 million in police funding, $45 million in homeless services funding, $37 million in fire department funding, $36 million in education funding, $33 million in youth and community development funding, $31 million in transportation funding, $30 million in health and mental hygiene funding, $29 million in social services funding, $25 million in mayoral agency funding $21 million in children services funding, $20 million in housing preservation and development funding, $19 million in small business services funding, $11 million in department of investigations funding, and $47 million in other agencies funding.

(7) The increase in State Categorical Grants is due to increases of $107 million in miscellaneous agency funding, $66 million in police funding, $65 million in education funding, $48 million in children services funding, $16 million in district attorney funding, $12 million in health and mental hygiene funding, $10 million in social services funding, $10 million in homeless services funding and $23 million in other agencies funding.

(8) The reduction in Fringe Benefits is mainly due to baseline reductions in active and retiree health insurance expenses to reflect a lower estimate of the number of eligible actives and retirees.

(9) The increase in Other Than Personal Services – All Other is primarily due to an increase of $1.312 billion in budget modifications reflecting increases in federal and categorical expenditures which are offset by federal and categorical grants, and by a decrease of $3 million in net agency spending.

(10) The decrease in General Obligation, Lease and TFA Debt Service is primarily due to lower actual interest rates on floating rate obligations.

(11) FY 2018 Budget Stabilization reflects the discretionary transfer of $584 million into the General Debt Service Fund and a grant of $2 billion to the TFA in fiscal year 2018 for debt service due in fiscal year 2019.

SECTION VII: FINANCIAL PLAN

The following table sets forth the City's projected operations on a basis consistent with GAAP, except for the application of GASB 49, for the 2018 through 2022 fiscal years as contained in the Financial Plan. This table should be read in conjunction with the accompanying notes, "Actions to Close the Remaining Gaps" and "Assumptions" below. For information regarding recent developments, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

	Fiscal Years(1)(2)				
	2018	2019	2020	2021	2022
		(In Millions)			
REVENUES					
Taxes					
General Property Tax(3)	$26,080	$27,674	$29,154	$30,438	$30,721
Other Taxes(4)	29,915	31,269	32,348	33,423	34,181
Tax Audit Revenue	1,299	1,056	721	721	721
Subtotal – Taxes	$57,294	$59,999	$62,223	$64,582	$65,623
Miscellaneous Revenues(5)	6,995	6,712	6,932	6,964	6,793
Less: Intra-City Revenues	(2,132)	(1,757)	(1,749)	(1,754)	(1,754)
Disallowances Against Categorical Grants	85	(15)	(15)	(15)	(15)
Subtotal – City Funds	$62,242	$64,939	$67,391	$69,777	$70,647
Other Categorical Grants	1,098	870	860	855	855
Inter-Fund Revenues(6)	674	670	606	605	605
Federal Categorical Grants	8,650	7,219	6,973	6,955	6,939
State Categorical Grants	14,776	14,968	15,463	15,838	16,251
Total Revenues	$87,440	$88,666	$91,293	$94,030	$95,297
EXPENDITURES					
Personal Services					
Salaries and Wages	$27,273	$28,571	$29,394	$30,037	$29,677
Pension	9,590	9,802	9,764	9,678	9,882
Fringe Benefits	9,972	10,678	11,556	12,318	12,999
Subtotal – Personal Services	$46,835	$49,051	$50,714	$52,033	$52,558
Other Than Personal Services					
Medical Assistance	5,915	5,915	5,915	5,915	5,915
Public Assistance	1,594	1,605	1,617	1,617	1,617
All Other(7)	30,112	28,097	28,067	28,310	28,641
Subtotal – Other Than Personal Services	$37,621	$35,617	$35,599	$35,842	$36,173
General Obligation, Lease and TFA Debt Service(8)	6,412	7,089	7,664	8,127	8,815
FY 2017 Budget Stabilization(9)	(4,180)	—	—	—	—
FY 2018 Budget Stabilization(10)	2,584	(2,584)	—	—	—
Capital Stabilization Reserve(11)	—	250	250	250	250
General Reserve	300	1,000	1,000	1,000	1,000
Subtotal	$89,572	$90,423	$95,227	$97,252	$98,796
Less: Intra-City Expenses	(2,132)	(1,757)	(1,749)	(1,754)	(1,754)
Total Expenditures	$87,440	$88,666	$93,478	$95,498	$97,042
Gap to be Closed	$ —	$ —	$ (2,185)	$ (1,468)	$ (1,745)

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(1) The four year financial plan for the 2018 through 2021 fiscal years, as submitted to the Control Board on June 7, 2017, contained the following projections for the 2018-2021 fiscal years: (i) for 2018, total revenues of $85.239 billion and total expenditures of $85.239 billion; (ii) for 2019, total revenues of $87.820 billion and total expenditures of $91.293 billion, with a gap to be closed of $3.473 billion; (iii) for 2020, total revenues of $90.941 billion and total expenditures of $93.748 billion, with a gap to be closed of $2.807 billion; and (iv) for 2021, total revenues of $93.614 billion and total expenditures of $95.944 billion, with a gap to be closed of $2.330 billion.

The four year financial plan for the 2017 through 2020 fiscal years, as submitted to the Control Board on June 14, 2016, contained the following projections for the 2017-2020 fiscal years: (i) for 2017, total revenues of $82.116 billion and total expenditures of $82.116 billion; (ii) for 2018, total revenues of $84.456 billion and total expenditures of $87.272 billion, with a gap to be closed of $2.816 billion; (iii) for 2019, total revenues of $87.479 billion and total expenditures of $90.454 billion, with a gap to be closed of $2.945 billion; and (iv) for 2020, total revenues of $90.363 billion and total expenditures of $92.689 billion, with a gap to be closed of $2.326 billion.

The four year financial plan for the 2016 through 2019 fiscal years, as submitted to the Control Board on June 26, 2015, contained the following projections for the 2016-2019 fiscal years: (i) for 2016, total revenues of $78.528 billion and total expenditures of $78.528 billion; (ii) for 2017, total revenues of $80.729 billion and total expenditures of $82.194 billion, with a gap to be closed of $1.465 billion; (iii) for 2018, total revenues of $82.699 billion and total expenditures of $84.606 billion, with a gap to be closed of $1.907 billion; and (iv) for 2019, total revenues of $85.015 billion and total expenditures of $87.868 billion, with a gap to be closed of $2.853 billion.

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

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

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

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

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

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

(7) For a discussion of the categories of expenditures in Other Than Personal Services—All Other, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS."

(8) For a discussion of the debt service in General Obligation, Lease and TFA Debt Service, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—3. GENERAL OBLIGATION, LEASE AND TFA DEBT SERVICE."

(9) FY 2017 Budget Stabilization reflects the discretionary transfer of $1.560 billion into the General Debt Service Fund, $400 million into the Retiree Health Benefits Trust, payments of $300 million of subsidies to NYCHH in fiscal year 2017 otherwise due in fiscal year 2018, a grant of $1.909 billion to the TFA in fiscal year 2017 for debt service due in fiscal year 2018 and a net equity contribution in bond refundings of $11 million.

(10) FY 2018 Budget Stabilization reflects the discretionary transfer of $584 million into the General Debt Service Fund and a grant of $2 billion to the TFA in fiscal year 2018 for debt service due in fiscal year 2019.

(11) The Capital Stabilization Reserve reflects a capital reserve which will be available to make capital projects more efficient and to make capital investments more efficient or for debt retirement in an economic downturn.

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

Actions to Close the Remaining Gaps

Although the City has maintained balanced budgets in each of its last 37 fiscal years, except for the application of GASB 49 with respect to fiscal years 2010 through 2017, and is projected to achieve balanced operating results for the 2018 fiscal year, except for the application of GASB 49, there can be no assurance that the Financial Plan or future actions to close projected outyear gaps can be successfully implemented or that the City will maintain a balanced budget in future years without additional State aid, revenue increases or expenditure reductions. Additional tax increases and reductions in essential City services could adversely affect the City's economic base.

Assumptions

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

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

Revenue Assumptions

1. GENERAL ECONOMIC CONDITIONS

The Financial Plan assumes faster growth in economic activity in calendar year 2018 compared to calendar year 2017. The following table presents a forecast of the key economic indicators for the calendar years 2017 through 2022. This forecast is based upon information available in January 2018.

FORECAST OF KEY ECONOMIC INDICATORS

	Calendar Years					
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
U.S. ECONOMY						
Economic Activity and Income						
Real GDP (billions of 2009 dollars)	17,093	17,547	17,995	18,363	18,698	19,066
Percent Change	2.3	2.7	2.6	2.0	1.8	2.0
Non-Agricultural Employment (millions)	146.6	148.8	151.0	152.1	152.4	153.1
Percent Change	1.6	1.6	1.5	0.7	0.3	0.4
CPI-All Urban (1982-84=100)	245	249	254	261	268	274
Percent Change	2.1	1.7	1.9	2.8	2.6	2.4
Wage Rate ($ per year)	56,937	58,546	60,816	63,338	65,936	68,538
Percent Change	1.6	2.8	3.9	4.1	4.1	3.9
Personal Income ($ billions)	16,416	17,133	18,031	18,934	19,796	20,663
Percent Change	3.1	4.4	5.2	5.0	4.6	4.4
Pre-Tax Corp Profits ($ billions)	2,309	2,403	2,495	2,500	2,553	2,648
Percent Change	7.0	4.1	3.8	0.2	2.1	3.7
Unemployment Rate (Percent)	4.4	3.9	3.7	3.8	4.1	4.3
10-Year Treasury Bond Rate	2.3	3.0	3.5	3.7	3.7	3.7
Federal Funds Rate	1.0	1.8	2.5	3.1	3.4	3.4
NEW YORK CITY ECONOMY						
Real Gross City Product (billions of 2009 dollars)	788	814	832	847	861	873
Percent Change	5.0	3.3	2.2	1.8	1.6	1.5
Non-Agricultural Employment (thousands)	4,414	4,458	4,508	4,552	4,586	4,618
Percent Change	1.7	1.3	1.1	1.0	0.8	0.7
CPI-All Urban NY-NJ Area (1982-84=100)	269	273	279	286	294	301
Percent Change	2.0	1.7	2.0	2.8	2.6	2.4
Wage Rate ($ per year)	89,620	93,294	97,058	100,607	104,057	107,423
Percent Change	4.2	4.1	4.0	3.7	3.4	3.2
Personal Income ($ billions)	568	593	618	643	669	694
Percent Change	3.8	4.4	4.2	4.2	4.0	3.8
NEW YORK REAL ESTATE MARKET						
Manhattan Primary Office Market						
Asking Rental Rate ($ per square foot)	79.05	79.94	83.52	83.88	85.65	87.14
Percent Change	0.8	1.1	4.5	0.4	2.1	1.7
Vacancy Rate – Percent	9.1	10.3	11.1	11.2	10.7	11.2

Source: OMB.

2. REAL ESTATE TAX

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

Projections of real estate tax revenues include net revenues from the sale of real property tax liens of $80 million in each of fiscal years 2018 through 2022. Projections of real estate tax revenues include the effects of the STAR Program which will reduce the real estate tax revenues by an estimated $189 million in fiscal year 2018. Projections of real estate tax revenues reflect the estimated cost of extending the current tax reduction for owners of cooperative and condominium apartments amounting to $518 million, $546 million, $572 million, $592 million and $592 million in fiscal years 2018 through 2022, respectively.

The delinquency rate was 1.5% in fiscal year 2013, 1.4% in fiscal year 2014, 1.6% in fiscal year 2015, 1.4% in fiscal year 2016 and 1.3% in fiscal year 2017. The Financial Plan projects delinquency rates of 1.4% in fiscal year 2018, 1.7% in fiscal years 2019 through 2021, respectively, and 1.9% in fiscal year 2022. For information concerning the delinquency rates for prior years, see "SECTION IV: SOURCES OF CITY REVENUES—Real Estate Tax—*Collection of the Real Estate Tax.*" For a description of proceedings seeking real estate tax refunds from the City, see "SECTION X: OTHER INFORMATION—Litigation—*Taxes.*"

On April 24, 2017, a lawsuit was filed challenging the City's real property tax system and valuation methodology. See "SECTION X: OTHER INFORMATION—Litigation—*Taxes*."

3. OTHER TAXES

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

	2018	2019	2020	2021	2022
			(In Millions)		
Personal Income(1)	$11,857	$12,184	$12,756	$13,270	$13,706
General Corporation	3,410	3,714	3,719	3,736	3,767
Unincorporated Business Income	2,122	2,265	2,380	2,490	2,523
Sales(2)	7,340	7,906	8,227	8,577	8,712
Commercial Rent	848	852	875	905	942
Real Property Transfer	1,398	1,469	1,488	1,511	1,547
Mortgage Recording	966	928	943	954	974
Utility	381	390	399	412	424
Cigarette	36	35	34	33	32
Hotel(3)	589	591	595	605	620
All Other(4)	968	935	932	930	934
Total	$29,915	$31,269	$32,348	$33,423	$34,181

Note: Totals may not add due to rounding.

(1) Personal Income includes $316 million, $864 million, $3.128 billion, $3.408 billion and $3.754 billion of personal income tax revenues projected to be retained by the TFA for debt service and other expenses in the 2018 through 2022 fiscal years, respectively. The State has amended the STAR Program such that starting in fiscal year 2018, the program will be a credit against State personal income taxes and will no longer be a tax rate reduction of City personal income taxes. As a result, there will be no STAR reimbursement payment from the State to the City starting in fiscal year 2018.

(2) Sales tax includes the payment to the State pursuant to the State Enacted Budget of $150 million in fiscal year 2018 that would otherwise be payable to the City, in order to provide the State with the benefit of savings from the refinancing of debt by STAR Corp. Sales tax does not include the payment to the State of an additional $200 million in fiscal year 2019 pursuant to the State Enacted Budget. Reduction or elimination of such payments to the State would require State legislative action.

(3) Hotel includes the impact of an additional temporary hotel occupancy tax of 0.875 percent resulting in additional revenues of $85 million, $89 million, $92 million, $92 million and $92 million in fiscal years 2018 through 2022, respectively.

(4) All Other includes, among others, beer and liquor taxes and the automobile use tax. All Other also includes $189 million, $185 million, $182 million, $180 million and $178 million in fiscal years 2018 through 2022, respectively, to be provided to the City by the State as reimbursement for the reduced property tax and personal income tax revenues resulting from the STAR Program.

A May 18, 2015 U.S. Supreme Court decision found unconstitutional Maryland's collection of personal income taxes in relation to its treatment of resident and non-resident income. The City does not believe that this decision impacts the City's personal income tax structure or projected revenues at this time.

The Financial Plan reflects the following assumptions regarding projected baseline revenues from Other Taxes: (i) with respect to the personal income tax, high growth in fiscal year 2018 reflecting a policy change which increased personal income tax rates as well as continued employment and wage gains but declines in non-wage income, and growth in fiscal years 2019 through 2022 reflecting steady economic growth; (ii) with respect to the business corporation tax, a decline in growth in fiscal year 2018 resulting from lower than expected collections through December, rebounding growth in fiscal year 2019 supported by increasing corporate profits and high levels of Wall Street profitability, weak growth for fiscal years 2020 through 2022 reflecting a slowdown in corporate profits (major changes in State law merged the general corporation tax with the banking corporation tax effective beginning in tax year 2015, resulting in nearly all banking corporation tax payments beginning with fiscal year 2016 being reported as business corporation tax payments); (iii) with respect to the unincorporated business tax, moderate growth in fiscal year 2018 reflecting the continued high levels of hedge fund assets under management and a positive business environment, robust growth in fiscal year 2019 reflecting continued positive growth in both the finance and non-finance sectors, trend growth for fiscal year 2020 through fiscal year 2022 reflecting steady economic growth; (iv) with respect to the sales tax, moderate growth in fiscal year 2018 reflecting employment and wage growth reduced by the payment to the State of $200 million in sales tax otherwise payable to the City, in order to provide the State with the benefit of savings from the refinancing of debt by STAR Corp., strong growth in fiscal year 2019 reflecting employment gains, wage growth and the lack of a $200 million payment to the State (as seen in fiscal year 2018), moderate growth in fiscal years 2020 through 2022 reflecting employment gains and wage growth as well as continued healthy levels of tourist consumption; (v) with respect to real property transfer tax, slight decline in 2018, as the volume of large commercial transactions drops from the high levels seen in the prior years and returning growth in fiscal year 2019 through 2022 reflecting steady economic growth; (vi) with respect to mortgage recording tax, decline in 2018 and 2019 as the volume of large commercial transactions drops from the high levels seen in the prior years and the commercial loan refinancing activity wanes; growth returns in fiscal years from 2020 through 2022 reflecting steady economic growth; and (vii) with respect to the commercial rent tax, growth in 2018 reflecting employment gains and a slower growth in 2019 reflecting the recently enacted tax program that increased the base rent subject to tax providing relief for tax payers; growth rebounds from 2020 through 2022, as the local office market improves with employment gains.

4. Miscellaneous Revenues

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

	2018	2019	2020 (In Millions)	2021	2022
Licenses, Permits and Franchises	$ 729	$ 679	$ 695	$ 689	$ 692
Interest Income	110	179	232	274	284
Charges for Services	1,006	985	984	984	984
Water and Sewer Payments (1)	1,424	1,393	1,400	1,392	1,389
Rental Income	258	254	250	250	250
Fines and Forfeitures	967	930	921	911	901
Other	369	535	701	710	539
Intra-City Revenues	2,132	1,757	1,749	1,754	1,754
	$6,995	$6,712	$6,932	$6,964	$6,793

(1) Received from the Water Board. The City is no longer requesting the rental payment due to the City from the Water Board in the years of the Financial Plan. For further information regarding the Water Board, see "Section VII: Financial Plan—Financing Program."

Rental Income reflects approximately $153.6 million in each of fiscal years 2018 through 2022 for lease payments for the City's airports.

Other reflects $113.4 million, $112.0 million, $128.3 million, $127.8 million and $127.5 million of projected resources in fiscal years 2018 through 2022, respectively, from the receipt by the City of TSRs. For more information, see "SECTION IV: SOURCES OF CITY REVENUES—Miscellaneous Revenues." Economic and legal uncertainties relating to the tobacco industry and the settlement may significantly affect the receipt of TSRs by TSASC and the City. Other also reflects $107 million, $257 million $367 million and $198 million in fiscal years 2019 through 2022, respectively, from the sale of taxi medallions.

5. FEDERAL AND STATE CATEGORICAL GRANTS

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

	2018	2019	2020	2021	2022
			(In Millions)		
Federal					
Community Development	$ 1,340	$ 439	$ 262	$ 241	$ 235
Social Services	3,649	3,342	3,359	3,366	3,366
Education	1,825	2,038	2,042	2,044	2,044
Other	1,836	1,400	1,310	1,304	1,294
Total	$ 8,650	$ 7,219	$ 6,973	$ 6,955	$ 6,939
State					
Social Services	$ 1,800	$ 1,784	$ 1,797	$ 1,800	$ 1,792
Education	10,748	11,119	11,589	11,939	12,325
Higher Education	297	297	297	297	297
Health and Mental Hygiene	560	540	540	524	524
Other	1,371	1,228	1,240	1,278	1,313
Total	$14,776	$14,968	$15,463	$15,838	$16,251

The Financial Plan assumes that all existing federal and State categorical grant programs will continue, unless specific legislation provides for their termination or adjustment, and assumes increases in aid where increased costs are projected for existing grant programs. For information concerning federal and State aid and the possible impacts on the Financial Plan, see "INTRODUCTORY STATEMENT" and "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

As of December 31, 2017, approximately 15.2% of the City's full-time and full-time equivalent employees (consisting of employees of the mayoral agencies and the DOE) were paid by Community Development funds, water and sewer funds and from other sources not funded by unrestricted revenues of the City.

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

The City's receipt of categorical aid is contingent upon the satisfaction of certain statutory conditions and is subject to subsequent audits, possible disallowances and possible prior claims by the State or federal governments. The general practice of the State and federal governments has been to deduct the amount of any disallowances against the current year's payment, although in some cases the City remits payment for disallowed amounts to the grantor. Substantial disallowances of aid claims may be asserted during the course of the Financial Plan. The City estimates probable amounts of disallowances of recognized grant revenues and makes the appropriate adjustments to recognized grant revenue for each fiscal year. The amounts of such downward adjustments to revenue for disallowances attributable to prior years increased from $124 million in the 1977 fiscal year to $542 million in the 2006 fiscal year. The amounts of such disallowances were $103 million and $114 million in fiscal years 2007 and 2008, respectively. There were no adjustments for estimated disallowances in fiscal years 2009 and 2010. In fiscal year 2011 the downward adjustment for disallowances was $113 million and in fiscal year 2012 an upward adjustment of $166 million was made, reflecting a reduced estimate of disallowances attributable to prior years as of June 30, 2012. In fiscal years 2013, 2014, 2015, 2016 and 2017 downward adjustments of $59 million, $18 million, $110 million, $1 million and $558 million, respectively, were made. As of June 30, 2017, the City had an accumulated reserve of $553 billion for all disallowances of categorical aid.

Expenditure Assumptions

1. PERSONAL SERVICES COSTS

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

	2018	2019	2020	2021	2022
			(In Millions)		
Wages and Salaries	$26,687	$27,115	$27,597	$27,767	$27,967
Pensions	9,590	9,802	9,764	9,678	9,882
Other Fringe Benefits	9,972	10,678	11,556	12,318	12,999
Reserve for Collective Bargaining	586	1,456	1,797	2,270	1,710
Total	$46,835	$49,051	$50,714	$52,033	$52,558

The Financial Plan projects that the authorized number of City-funded full-time and full-time equivalent employees will increase from an estimated level of 278,551 as of June 30, 2018 to an estimated level of 279,377 by June 30, 2022.

Other Fringe Benefits includes $1.983 billion, $2.503 billion, $2.661 billion, $2.832 billion and $2.975 billion in fiscal years 2018 through 2022, respectively, for post-employment benefits other than pensions ("OPEB") expenditures for current retirees, which costs are currently paid by the City on a pay-as-you-go basis. For information on deposits to the Retiree Health Benefits Trust to fund a portion of the future cost of OPEB for current and future retirees, see "SECTION VI: FINANCIAL OPERATIONS—2013-2017 Summary of Operations."

The City has now reached settlements with all of its uniformed unions and over 99% of its workforce through the 2010-2017 round of collective bargaining. The Financial Plan reflects funding to cover the cost of settling the remaining unsettled unions through the 2010-2017 round of collective bargaining based on the pattern set by the settled contracts. Certain contracts with unions for the 2010-2017 round of collective bargaining, including with DC37 and the PBA, representing approximately 40% of the City's workforce, have expired. Nearly all remaining contracts will have expired by the end of fiscal year 2019. For the period beyond the 2010-2017 round of collective bargaining, the PBA requested, and was granted, a declaration of impasse in its negotiations with the City from PERB. PERB appointed a mediator on November 21, 2017 and mediation sessions are currently ongoing. Under State law, the appointment of a mediator follows the determination that an impasse exists in the negotiations. For further information on impasse procedures, see "SECTION V: CITY SERVICES AND EXPENDITURES—Employees and Labor Relations—*Labor Relations*." The Financial Plan includes a reserve for collective bargaining containing funding for the period beyond the 2010-2017 round of collective bargaining, assumed to be 1% per year.

The amounts in the Financial Plan reflect the offsets from health insurance savings of $1.3 billion in fiscal year 2018 and thereafter. The City achieved $1 billion of health insurance savings in fiscal year 2017. These savings are pursuant to a collective bargaining agreement between the City and the Municipal Labor Committee ("MLC"). The City has the right to enforce the agreement through a binding arbitration process. If total health insurance savings through fiscal year 2018 are greater than $3.4 billion, the first $365 million of such additional savings is payable to union members as a one-time bonus or may be used for other purposes subject to negotiation. Any additional savings beyond such $365 million is to be divided equally between the City and the unions.

For a discussion of the City's pension systems, see "Section IX: Pension Systems and OPEB" and "Appendix B—Financial Statements—Notes to Financial Statements—Note E.5."

2. Other Than Personal Services Costs

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

	2018	2019	2020	2021	2022
			(In Millions)		
Administrative OTPS and Energy	$24,907	$22,987	$22,816	$23,099	$23,374
Public Assistance	1,594	1,605	1,617	1,617	1,617
Medical Assistance	5,915	5,915	5,915	5,915	5,915
NYCHH Support	909	905	1,009	909	909
Other	4,296	4,205	4,242	4,302	4,358
Total	$37,621	$35,617	$35,599	$35,842	$36,173

Administrative OTPS and Energy

The Financial Plan contains estimates of the City's administrative OTPS expenditures for general supplies and materials, equipment and selected contractual services, and the impact of agency gap-closing actions relating to such expenditures in the 2018 fiscal year. Thereafter, to account for inflation, administrative OTPS expenditures are projected to rise by 2.5% annually in fiscal years 2019 through 2022. Energy costs for each of the 2018 through 2022 fiscal years are assumed to vary annually, with total energy expenditures projected at $875 million in fiscal year 2018 and increasing to $1.0 billion by fiscal year 2022.

Public Assistance

Of total cash assistance expenditures in the City, the City-funded portion is projected to be $708 million, $713 million in fiscal years 2018 and 2019, respectively, and $719 million in each of fiscal years 2020 through 2022.

Medical Assistance

Medical assistance payments projected in the Financial Plan consist of payments to voluntary hospitals, skilled nursing facilities, intermediate care facilities, home care providers, pharmacies, managed care organizations, physicians and other medical practitioners. The City-funded portion of medical assistance payments is estimated at $5.8 billion for the 2018 fiscal year.

The City-funded portion of medical assistance payments is expected to be $5.8 billion in each of fiscal years 2019 through 2022. Such payments include the City's capped share of local Medicaid expenditures as well as Supplemental Medicaid payments to NYCHH.

New York City Health and Hospitals

NYCHH operates under its own section of the Financial Plan as a Covered Organization. NYCHH's most recent accrual based financial plan was released in October 2016 and projected City-funded expenditures of $344 million, $814 million, $835 million and $838 million in fiscal years 2017 through 2020, respectively. The accrual based financial plan projected, before implementation of a gap closing program, total receipts of $5.7 billion, $6.2 billion, $6.2 billion and $6.0 billion and total disbursements of $7.3 billion, $7.4 billion, $7.6 billion and $7.7 billion, in fiscal years 2017 through 2020, respectively, resulting in projected operating gaps of $1.6 billion, $1.2 billion, $1.4 billion and $1.7 billion in those respective fiscal years. The financial plan also projects gap-closing initiatives that both generate revenue and reduce expenses. Revenue-generating initiatives total $541 million, $903 million, $1.1 billion, and $1.1 billion, and expense-reducing initiatives total $118 million, $403 million, $569 million, and $698 million in fiscal years 2017 through 2020, respectively.

NYCHH, which provides essential services to over 1.2 million New Yorkers annually, faces substantial near- and long-term financial challenges resulting from, among other things, changes in hospital reimbursement under the Affordable Care Act and the statewide transition to managed care. On April 26, 2016, the City released "One New York: Health Care for Our Neighborhoods," a report outlining the City's plan to address NYCHH's financial shortfall.

In May 2017, NYCHH released a cash-based financial plan, which projected City-funded expenditures of $423 million, $829 million, $849 million, $852 million and $853 million in fiscal years 2017 through 2021, respectively, in addition to the forgiveness of debt service and the City's contribution to supplemental Medicaid payments. The financial plan projected, before implementation of a gap closing program, total receipts of $7.0 billion, $6.5 billion, $6.3 billion, $6.4 billion and $6.4 billion and total disbursements of $8.2 billion, $7.6 billion, $8.0 billion, $8.3 billion, and $8.3 billion in fiscal years 2017 through 2021, respectively, resulting in projected operating gaps of $1.2 billion, $1.1 billion, $1.8 billion, $1.9 billion and $1.9 billion in those respective fiscal years. The financial plan also projects gap-closing initiatives that both generate revenue and reduce expenses. Revenue-generating initiatives total $752 million, $820 million, $1.1 billion, $1.1 billion, and $1.1 billion and expense-reducing initiatives total $118 million, $387 million, $619 million, $748 million and $748 million in fiscal years 2017 through 2021, respectively.

NYCHH relies on significant projected revenue from Medicaid, Medicare and other third-party payor programs. Future changes to such programs could have adverse impacts on NYCHH's financial condition.

For more information regarding NYCHH and City financial support thereof, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

Other

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

New York City Transit

NYCT operates under its own section of the Financial Plan as a Covered Organization. The financial plan for NYCT covering its 2017 through 2021 fiscal years was prepared in November 2017. The NYCT fiscal year coincides with the calendar year. The NYCT financial plan projects City assistance to the NYCT operating budget of $354.4 million in 2017, increasing to $402.8 million in 2021, in addition to real estate transfer tax revenue dedicated for NYCT use of $600.1 million in 2017, increasing to $623.5 million in 2021.

The NYCT financial plan includes additional revenues from a fare increase in 2019, the impact of labor settlements, updated inflation assumptions and initiatives to improve maintenance/operations and customer experience, including the Subway Action Plan, the MTA's emergency plan to address subway delays. After reflecting such revenues and changes, the NYCT financial plan projects $10.2 billion in revenues and $13.4 billion in expenses for 2017, leaving a budget gap of $3.2 billion. After accounting for accrual adjustments and cash carried over from 2016, NYCT projects operating budget gaps of $155.9 million in 2017, $975.5 million in 2018, $1.2 billion in 2019, $2.0 billion in 2020 and $3.2 billion in 2021.

In 2009, a Payroll Mobility Tax ("PMT") was enacted into State law to provide $0.34 for every $100 of payroll in the MTA's twelve-county service area. The PMT is currently expected to raise revenues for the MTA in the amount of $927.4 million in 2017, declining to $887.7 million in 2021.

In September 2014, the MTA proposed the 2015-2019 Capital Program. The proposed plan included $32.0 billion for all MTA agencies, including $17.1 billion to be invested in the NYCT core system, and $1.5 billion for NYCT network expansion. On October 2, 2014, the Capital Program Review Board ("CPRB") vetoed the proposed program without prejudice to permit additional time to resolve issues related to fully funding the program. On October 28, 2015, the MTA Board voted on and approved a revised 2015-2019 Capital Program. The revised plan included $29.0 billion for all MTA agencies, including $15.8 billion to be invested in the NYCT core system and $535 million for NYCT network expansion. On April 20, 2016, the MTA Board voted on and approved another revised 2015-2019 Capital Program, which included $29.5 billion for all MTA agencies, including $15.8 billion to be invested in the NYCT core system and $1.0 billion for NYCT network expansion. The State agreed to increase its contribution from $1 billion to $8.3 billion, which has not yet been reflected in the State's capital plan. The City agreed to increase its capital commitment from $657 million to $2.5 billion, which has not yet been reflected in the City's capital plan. The additional City capital funding will be provided concurrently with the additional State capital funding. On May 24, 2017, the MTA Board voted on and approved a revised 2015-2019 Capital Program. The revised plan includes $32.5 billion for all MTA agencies, including $16.3 billion to be invested in the NYCT core system and $1.7 billion for NYCT network expansion. This amendment was approved by the CPRB in July 2017. On December 13, 2017 the MTA Board voted on and approved a further revised 2015-2019 Capital Program. The revised plan includes $32.8 billion for all MTA agencies, including $16.7 billion to be invested in the NYCT core system and $1.7 billion for NYCT network expansion. This amendment was not subject to CPRB approval. The 2015-2019 Capital Program expects $8.5 billion from the State.

On June 29, 2017 Governor Cuomo announced the State would be increasing its contribution to the 2015-2019 Capital Program by $1 billion and signed an Executive Order declaring a State-wide disaster emergency related to the MTA. The Order temporarily suspends provisions of Public Authority, State Finance, and Environmental Conservation Laws if compliance "would prevent, hinder or delay action necessary to cope with the disaster." The additional funding has not yet been identified. The Governor's Executive Budget added $174 million in capital for the Subway Action Plan but did not include any other funds from the $1 billion capital funding previously pledged by the State.

Various proposals have been made to increase funding to the MTA for improvement of the subway system. The Governor has proposed legislation that would require that up to 75% of any increase in real property tax revenues resulting from certain MTA transit improvement projects be paid to the MTA instead of to the City. A panel convened by the Governor has proposed a congestion pricing plan that would generate funding for the subway system from fees on taxis, for-hire vehicles and private vehicles entering certain areas of Manhattan. In addition, the Governor has proposed legislation that would make the City responsible for all subway capital costs. On August 7, 2017, the Mayor proposed a plan to generate additional revenues for the MTA. The proposal, which would require State legislation, would increase City personal income taxes for individuals earning more than $500,000 per year and joint filers earning more than $1 million per year. Revenues generated by the proposal would be paid to the MTA for core infrastructure capital upgrades as well as a low-income reduced fare program. The additional funds generated by the plan would be in addition to funds already committed by the City. Such proposals are subject to enactment by the State Legislature and the form they would ultimately take is not known at this time.

Department of Education

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

Judgments and Claims

In the fiscal year ended on June 30, 2017, the City expended $750.3 million for judgments and claims. The Financial Plan includes provisions for judgments and claims of $691.6 million, $706.8 million, $725 million, $740.2 million and $755.4 million for the 2018 through 2022 fiscal years, respectively. These projections incorporate a substantial amount of claims costs attributed to NYCHH, estimated to be $140 million in each year of the Financial

Plan, for which NYCHH reimburses the City unless otherwise forgiven by the City, which was the case in fiscal years 2013 and 2016. The City is a party to numerous lawsuits and is the subject of numerous claims and investigations. The City has estimated that its potential future liability on account of outstanding claims against it as of June 30, 2017 amounted to approximately $6.9 billion. This estimate was made by categorizing the various claims and applying a statistical model, based primarily on actual settlements by type of claim during the preceding ten fiscal years, and by supplementing the estimated liability with information supplied by the City's Corporation Counsel. For further information regarding certain of these claims, see "SECTION X: OTHER INFORMATION—Litigation."

In addition to the above claims, numerous real estate tax *certiorari* proceedings involving allegations of inequality of assessment, illegality and overvaluation are currently pending against the City. The City's Financial Statements for the fiscal year ended June 30, 2017 include an estimate that the City's liability in the *certiorari* proceedings, as of June 30, 2017, could amount to approximately $1,073 million. Provision has been made in the Financial Plan for estimated refunds of $320 million in fiscal year 2018 and $400 million in fiscal years 2019 through 2022, respectively. For further information concerning these claims, certain remedial legislation related thereto and the City's estimates of potential liability, see "SECTION X: OTHER INFORMATION—Litigation—*Taxes*" and "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note D.5."

3. GENERAL OBLIGATION, LEASE AND TFA DEBT SERVICE

Debt service estimates for fiscal years 2018 through 2022 include debt service on outstanding general obligation bonds and conduit debt, and the funding requirements associated with outstanding TFA Future Tax Secured Bonds, and estimates of debt service costs of, or funding requirements associated with, future general obligation, conduit and TFA Future Tax Secured debt issuances based on projected future market conditions. Such debt service estimates also include estimated payments pursuant to interest rate exchange agreements but do not reflect receipts pursuant to such agreements.

In July 2009, the State amended the New York City Transitional Finance Authority Act to expand the borrowing capacity of the TFA by providing that it may have outstanding $13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and may issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, does not exceed the debt limit of the City. The City currently expects to continue to finance approximately half of its capital program through the TFA, exclusive of Department of Environmental Protection capital budget items financed by the Water Authority.

The Financial Plan reflects general obligation debt service of $3.95 billion, $3.99 billion, $4.30 billion, $4.48 billion and $4.82 billion in fiscal years 2018 through 2022, respectively, conduit debt service of $241 million, $235 million, $237 million, $237 million and $236 million in fiscal years 2018 through 2022, respectively, and TFA debt service of $2.23 billion, $2.86 billion, $3.13 billion, $3.41 billion and $3.75 billion in fiscal years 2018 through 2022, respectively, in each case prior to giving effect to prepayments, defeasances and redemptions. Such debt service requirements are projected to be below 15% of projected City tax revenues for each year of the Financial Plan.

Certain Reports

On December 15, 2017, the City Comptroller released a report entitled "The State of the City's Economy and Finances," commenting on the November Financial Plan. In the report, the City Comptroller projects net risks of $15 million, $386 million, $1.29 billion and $1.05 billion in fiscal years 2018 through 2021, respectively, which, when added to the results projected in the November Financial Plan, would result in gaps of approximately $15 million, $3.56 billion, $3.57 billion and $2.66 billion in fiscal years 2018 through 2021, respectively.

The differences from the November Financial Plan projections result in part from the City Comptroller's net expenditure projections, which are higher than the November Financial Plan projections by $475 million, $589 million, $738 million and $915 million in fiscal years 2018 through 2021, respectively, as a result of: (i) additional overtime expenditures of $150 million in each of fiscal years 2018, 2020 and 2021 and $140 million in fiscal year 2019; (ii) increased expenditures associated with increases in charter school tuition rates of $101 million, $240 million and $417 million in fiscal years 2019 through 2021, respectively; (iii) uncertainty of federal Medicaid reimbursement for special education services of $70 million in each of fiscal years 2018 through 2021;

(iv) increased expenditures associated with payments to parents who legally seek reimbursement for placing special needs children in non-public schools of $100 million in each of fiscal years 2018 through 2021; (v) increased homeless shelter operation expenditures of $126 million in each of fiscal years 2018 through 2021; (vi) increased expenditures to support NYCHH of $165 million in each of fiscal years 2018 through 2021; (vii) lower public assistance grant expenditures of $15 million in each of fiscal years 2018 through 2021; (viii) anticipated debt service savings from low interest rates on variable rate bonds of $100 million in fiscal year 2018 and $50 million in each of fiscal years 2019 through 2021; and (ix) anticipated debt service savings from refundings of $21 million in fiscal year 2018 and $48 million in each of fiscal years 2019 through 2021.

The differences from the November Financial Plan projections also result from the City Comptroller's net revenue projections, which are higher than the November Financial Plan projections by $460 million and $203 million in fiscal years 2018 and 2019, respectively, and lower than the November Financial Plan projections by $554 million and $131 million in fiscal years 2020 and 2021, respectively. The report projects: (i) property tax revenues will be higher by $13 million, $332 million, $463 million and $853 million in fiscal years 2018 through 2021, respectively; (ii) personal income tax revenues will be higher by $260 million and $196 million in fiscal years 2018 and 2019, respectively; (iii) sales tax revenues will be higher by $99 million and $160 million in fiscal years 2018 and 2019, respectively; (iv) real-estate-related tax revenues will be higher by $56 million in fiscal year 2018; (v) revenues from audit collections will be higher by $100 million in fiscal year 2018 and $150 million in each of fiscal years 2019 through 2021; (vi) Environmental Control Board fine revenues will be higher by $60 million in each of fiscal years 2018 through 2021; (vii) Department of Buildings penalty revenues will be higher by $5 million in each of fiscal years 2018 through 2021; and (viii) motor vehicle fine revenues will be higher by $6 million in each of fiscal years 2018 and 2019 and $3 million in each of fiscal years 2020 and 2021. The report also identifies certain risks to projected revenues that result in differences from the November Financial Plan: (i) personal income tax revenues will be lower by $7 million and $145 million in fiscal years 2020 and 2021, respectively; (ii) business tax revenues will be lower by $139 million, $190 million, $103 million and $143 million in fiscal years 2018 through 2021, respectively; (iii) sales tax revenues will be lower by $139 million and $309 million in fiscal years 2020 and 2021, respectively; (iv) the State budget provision for interception of sales tax revenues of $150 million in fiscal year 2019 to recoup savings from refinancing the STAR Corp. bonds, which is not reflected in the November Financial Plan; (v) real-estate-related tax revenues will be lower by $222 million, $691 million and $198 million in fiscal years 2019 through 2021, respectively; (vi) commercial rent tax revenues will be lower by $37 million, $38 million and $40 million in fiscal years 2019 through 2021, respectively; and (vii) projected taxi medallion sales revenues will be lower by $107 million, $257 million and $367 million in fiscal years 2019 through 2021, respectively, given the uncertainty surrounding future taxi medallion auctions.

The City Comptroller expects to issue a report on the Financial Plan in the first week of March, 2018.

On December 20, 2017, the OSDC released a report on the November Financial Plan. The report states that the City is not projecting a surplus in fiscal year 2018 but is projecting smaller outyear budget gaps, which reflect the impact of a savings program and lower pension costs. The gaps are relatively small as a share of City fund revenues and are manageable under current conditions, and the November Financial Plan includes substantial reserves which, if not needed for other purposes, could be used to narrow the gaps. The City's economy remains strong and the City continues to post solid job gains. The report states that closing the outyear gaps could become more challenging if the City has to address cuts in federal or State aid. In the past, the Governor has proposed gap-closing actions that would have impacted the City's budget, and the November Financial Plan does not anticipate the potential impact of any such actions. The report states that changes in federal fiscal policies constitute the greatest risk to the City since the Great Recession. The federal government has taken or contemplates actions that could have adverse impacts on the City's budget and its residents. The federal deficit will likely grow as a result of the TCJA, which will pressure Congress to reduce future spending, and a reduction in federal funding could have a direct impact on the City's budget.

The OSDC report quantifies certain risks and offsets to the November Financial Plan. The report identifies net risks of $89 million, $821 million, $921 million and $931 million in fiscal years 2018 through 2021, respectively. When combined with the results projected in the November Financial Plan, the report estimates budget gaps of $89 million, $4 billion, $3.19 billion and $2.55 billion in fiscal years 2018 through 2021, respectively. The risks to the November Financial Plan identified in the report include: (i) decreased federal Medicaid reimbursement for special education services of $64 million in each of fiscal years 2018 through 2021; (ii) increased uniformed services overtime costs of $75 million in fiscal year 2018 and $125 million in each of fiscal years 2019 through 2021; (iii) increased costs of providing shelter for the homeless of $125 million in each of fiscal years 2018 through 2021; (iv) decreased tax revenues of $300 million in each of fiscal years 2019 through 2021; (v) decreased sales tax revenues of $150 million in fiscal year 2019 resulting from the State budget provision for recapture of savings from the refinancing of STAR Corp. bonds, which is not reflected in the November Financial Plan; (vi) decreased revenue from the sale of taxi medallions of $107 million, $257 million and $367 million in fiscal years 2019 through 2021, respectively; and (vii) decreased revenue from development opportunities at properties leased to NYCHH of $100 million in fiscal year 2020. The report also identifies: (i) additional debt service savings of $125 million in fiscal year 2018; and (ii) additional miscellaneous revenues (including recurring resources such as fines and fees and nonrecurring resources such as proceeds from the sale of taxi medallions or City property) of $50 million in each of fiscal years 2018 through 2021.

The staff of the OSDC expects to release a report on the Financial Plan in mid March 2018.

On December 21, 2017, the staff of the Control Board issued a report reviewing the November Financial Plan. The report states that the City's implementation of a budgetary savings program, along with realization of higher investment earnings on pension assets, helped reduce the outyear budget deficits. Unlike in past years, the November Financial Plan does not project a surplus to help balance the next year's budget, but it does maintain a general reserve of $1.2 billion in fiscal year 2018 and $1 billion in each of fiscal years 2019 through 2021 and a $250 million capital stabilization reserve in each of fiscal years 2018 through 2021. The report states that there are many unknowns and concerns that could have a significant impact on the November Financial Plan, including the impact of federal tax reform and the federal budget on City and State budgets and the State's projected budget gap. In addition, given weakness in business taxes and that the City could be moving to a period of slower economic growth, the City cannot expect a large upside in tax revenues to help create a surplus, as has been the case in prior years. The report states that the City should try to minimize normal growth in new expenditure needs and that the City will need to embark on a larger agency savings program in fiscal year 2018.

The report identifies net risks to the November Financial Plan of $314 million, $410 million, $283 million and $287 million in fiscal years 2018 through 2021, respectively, resulting in estimated gaps of $314 million, $3.59 billion, $2.56 billion and $1.9 billion in fiscal years 2018 through 2021, respectively. Such net risks and offsets result from: (i) increased miscellaneous revenues of $75 million in each of fiscal years 2018 through 2021; (ii) decreased non-property tax revenues of $100 million in fiscal year 2018; (iii) increased uniformed services overtime expenses of $124 million, $170 million, $193 million and $197 million in fiscal years 2018 through 2021, respectively; (iv) increased expenditures to support NYCHH of $165 million in each of fiscal years 2018 through 2021; and (v) increased STAR Corp. bond repayment expenses of $150 million in fiscal year 2019.

The Control Board expects to release a report on the Financial Plan on or about March 20, 2018.

Long-Term Capital Program

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

The City utilizes a three-tiered capital planning process consisting of the Ten-Year Capital Strategy, the four-year capital plan and the current-year Capital Budget. The Ten-Year Capital Strategy is a long-term planning tool designed to reflect fundamental allocation choices and basic policy objectives. The four-year capital plan, which is updated three times a year as required by the City Charter, translates mid-range policy goals into specific projects. The Capital Budget defines specific projects and the timing of their initiation, design, construction and completion. On February 1, 2018, the City released the five-year capital commitment plan for fiscal years 2018 through 2022 which covers the current fiscal year and the four-year capital plan for fiscal years 2019 through 2022 (the "2018-2022 Capital Commitment Plan").

City-funded commitments, which were $344 million in fiscal year 1979, are projected to reach $13.8 billion in fiscal year 2018. City-funded expenditures are forecast at $8.3 billion in fiscal year 2018; total expenditures are forecast at $9.6 billion in fiscal year 2018. For additional information concerning the City's capital expenditures and the Ten-Year Capital Strategy covering fiscal years 2018 through 2027, see "SECTION V: CITY SERVICES AND EXPENDITURES—Capital Expenditures."

The following table sets forth the major areas of capital commitment projected in the 2018-2022 Capital Commitment Plan.

2018-2022 CAPITAL COMMITMENT PLAN

	2018		2019		2020		2021		2022		TOTALS	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Mass Transit(1)	$ 334	$ 352	$ 125	$ 125	$ 125	$ 125	$ 40	$ 40	$ 40	$ 40	$ 664	$ 682
Roadway, Bridges	2,025	2,232	2,232	2,816	2,193	2,497	2,509	2,768	1,896	1,986	$10,855	$12,299
Environmental Protection(2)	2,585	2,589	3,180	3,419	2,818	2,843	2,402	2,410	2,499	2,499	$13,483	$13,760
Education	3,499	4,220	2,971	3,559	1,971	1,971	1,296	2,041	2,166	2,166	$11,902	$13,956
Housing	1,293	1,332	1,271	1,303	1,245	1,277	1,208	1,240	1,077	1,109	$ 6,094	$ 6,261
Sanitation	412	423	407	414	854	854	174	174	327	327	$ 2,174	$ 2,192
City Operations/Facilities	8,713	9,540	6,615	7,498	4,344	5,249	1,915	2,309	1,434	1,785	$23,022	$26,382
Economic Development	923	1,045	1,426	1,534	783	877	504	514	117	117	$ 3,753	$ 4,087
Subtotal Commitments	19,784	21,732	18,227	20,668	14,333	15,694	10,048	11,495	9,556	10,029	$71,947	$79,618
Reserve for Unattained Commitments	(6,020)	(6,020)	(1,353)	(1,353)	(224)	(224)	1,421	1,421	670	670	(5,506)	(5,506)
Total Commitments(3)	$13,764	$15,711	$16,874	$19,314	$14,109	$15,471	$11,469	$12,917	$10,226	$10,699	$66,442	$74,112
Total Expenditures(4)	$ 8,298	$ 8,957	$10,581	$11,800	$11,997	$13,489	$12,133	$13,791	$11,604	$12,875	$54,613	$60,912

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

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

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

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

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

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

On November 15, 2017, the Mayor issued Housing New York 2.0, which updates and revises the Mayor's previously announced affordable housing initiatives. The updated plan, inclusive of prior commitments, proposes to build and preserve 300,000 affordable units by 2026, reflecting an increase of 100,000 units above what was previously announced. The expected costs associated with these revisions are reflected in the 2018-2022 Capital Commitment Plan, with additional resources as necessary to be reflected in future commitment plans.

On February 4, 2016, the Mayor announced a plan to build the Brooklyn-Queens Connector, a streetcar line which would run along the East River waterfront between Astoria, Queens and Sunset Park, Brooklyn. Construction is not expected to begin prior to 2019. The direct costs of the project, which are estimated to be $2.5 billion, are not reflected in the Financial Plan or the Ten-Year Capital Strategy. The City is currently performing an in-depth study of this project and will be revising cost estimates as well as funding alternatives for the project.

In December 2017, the City issued an Asset Information Management System Report (the "AIMS Report"), which is its annual assessment of the asset condition and a proposed maintenance schedule for its assets and asset systems which have a replacement cost of $10 million or more and a useful life of at least ten years, as required by the City Charter. This report does not reflect any policy considerations which could affect the appropriate amount of investment, such as whether there is a continuing need for a particular facility or whether there have been changes in the use of a facility. The AIMS Report estimated that $8.9 billion in capital investment would be needed for fiscal years 2018 through 2022 to bring the assets to a state of good repair. The report also estimated that $475 million, $222 million, $261 million and $262 million should be spent on maintenance in fiscal years 2019 through 2022, respectively.

The recommended capital investment for each inventoried asset is not readily comparable to the capital spending allocated by the City in the 2018-2021 Capital Commitment Plan and the Ten-Year Capital Strategy. Only a portion of the funding set forth in the 2018-2021 Capital Commitment Plan is allocated to specifically identified assets, and funding in the subsequent years of the Ten-Year Capital Strategy is even less identifiable with individual assets. Therefore, there is a substantial difference between the amount of investment recommended in the report for all inventoried City assets and amounts allocated to the specifically identified inventoried assets in the 2018-2021 Capital Commitment Plan. The City also issues an annual report (the "Reconciliation Report") that compares the recommended capital investment with the capital spending allocated by the City in the four-year capital plan to the specifically identified inventoried assets.

The most recent Reconciliation Report, issued in July 2017, concluded that the capital investment in the four-year capital plan, for fiscal years 2018 through 2021, for the specifically identified inventoried assets funded 74% of the total investment recommended in the preceding AIMS Report issued in December 2016. Capital investment allocated in the Ten-Year Capital Strategy published in April 2017 funded an additional portion of the recommended investment. In the same Reconciliation Report, OMB estimated that 64% of the expense maintenance levels recommended were included in the financial plan.

Financing Program

The following table sets forth the par amount of bonds issued and expected to be issued during the 2018 through 2022 fiscal years (as set forth in the Financial Plan) to implement the 2018-2022 Capital Commitment Plan and fiscal year 2022 of the Ten-Year Capital Strategy. See "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities." From time to time, the City and its related issuers also issue bonds to refinance existing debt for economic savings. Such refunding bonds are not included in the following table.

2018-2022 FINANCING PROGRAM

	2018	2019	2020	2021	2022	Total
			(In Millions)			
City General Obligation Bonds	$2,200	$4,000	$ 4,770	$ 4,800	$ 4,440	$20,210
TFA Future Tax Secured Bonds	$3,540	$4,000	$ 4,770	$ 4,800	$ 4,440	$21,550
Water Authority Bonds(1)	1,746	1,842	1,909	1,940	2,033	9,470
Total	$7,486	$9,842	$11,449	$11,540	$10,913	$51,230

Note: Totals may not add due to rounding.

(1) Water Authority Bonds includes commercial paper but does not include bonds that defease commercial paper.

The City's financing program includes the issuance of water and sewer revenue bonds by the Water Authority which is authorized to issue bonds to finance capital investment in the City's water and sewer system. Pursuant to State law, debt service on Water Authority indebtedness is secured by water and sewer fees paid by users of the water and sewer system. Such fees are revenues of the Water Board, which holds a lease interest in the City's water and sewer system. After providing for debt service on obligations of the Water Authority and certain incidental costs, the revenues of the Water Board are paid to the City to cover the City's costs of operating the water and sewer system and as rental for the system. Beginning in fiscal year 2017, the City has not requested the rental payment due to the City from the Water Board. The City's Ten-Year Capital Strategy applicable to the City's water and sewer system covering fiscal years 2018 through 2027, projects City-funded water and sewer investment (which is expected to be financed with proceeds of Water Authority debt) at approximately $18.6 billion. The 2018-2022 Capital Commitment Plan reflects total anticipated City-funded water and sewer commitments of $13.5 billion which are expected to be financed with the proceeds of Water Authority debt.

The TFA is authorized to have outstanding $13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and may issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, do not exceed the debt limit of the City. Future Tax Secured Bonds are issued for general City capital purposes and are secured by the City's personal income tax revenues and, to the extent such revenues do not satisfy specified debt ratios, sales tax revenues. In addition, the TFA is authorized to have outstanding $9.4 billion of Building Aid Revenue Bonds to pay for a portion of the City's five-year educational facilities capital plan. Building Aid Revenue Bonds are secured by State building aid, which the Mayor has assigned to the TFA. The TFA expects to issue $500 million, $500 million, $77 million, $295 million and $261 million of Building Aid Revenue Bonds in fiscal years 2018 through 2022, respectively.

Implementation of the financing program is dependent upon the ability of the City and other financing entities to market their securities successfully in the public credit markets which will be subject to prevailing market conditions at the times of sale. No assurance can be given that the credit markets will absorb the projected amounts of public bond sales. A significant portion of bond financing is used to reimburse the City's General Fund for capital expenditures already incurred. If the City and such other entities are unable to sell such amounts of bonds, it would have an adverse effect on the City's cash position. In addition, the need of the City to fund future debt service costs from current operations may also limit the City's capital program. The Ten-Year Capital Strategy for fiscal years 2018 through 2027 totals $95.8 billion, of which approximately 93% is to be financed with funds borrowed by the City and such other entities. See "INTRODUCTORY STATEMENT" and "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness*." Congressional developments affecting federal taxation generally could reduce the market value of tax-favored investments and increase the debt-service costs of carrying out the major portion of the City's capital plan which is currently eligible for tax-exempt financing.

Interest Rate Exchange Agreements

In an effort to reduce its borrowing costs over the life of its bonds, the City began entering into interest rate exchange agreements commencing in fiscal year 2003. For a description of such agreements, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note A.12." As of December 31, 2017, the aggregate notional amount of the City's interest rate exchange agreements was $1,183,030,000 and the total marked-to-market value of such agreements was ($75,140,233).

In addition, in connection with its Courts Facilities Lease Revenue Bonds (The City of New York Issue) Series 2005A and B, the Dormitory Authority of the State of New York ("DASNY") entered into interest rate exchange agreements with Goldman Sachs Mitsui Marine Derivative Products, L.P. and JPMorgan Chase Bank, National Association. The City is obligated, subject to appropriation, to make lease payments to DASNY reflecting DASNY's obligations under these interest rate exchange agreements. Under such agreements, with a notional amount of $125,500,000, an effective date of June 15, 2005 and a termination date of May 15, 2039, DASNY pays a fixed rate of 3.017% and receives payments based on a LIBOR-indexed variable rate. As of December 31, 2017, the total marked-to-market value of the DASNY agreements was ($27,241,964).

Seasonal Financing Requirements

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

SECTION VIII: INDEBTEDNESS

Indebtedness of the City and Certain Other Entities

Outstanding City and PBC Indebtedness

The following table sets forth outstanding City and PBC indebtedness as of December 31, 2017. "City indebtedness" refers to general obligation debt of the City, net of reserves. "PBC indebtedness" refers to obligations of the City, net of reserves, to the following PBCs: the New York City Educational Construction Fund ("ECF"), and DASNY (for health facilities, court facilities and CUCF as described below). PBC indebtedness is not debt of the City. However, the City has entered into agreements to make payments, subject to appropriation, to PBCs to be used for debt service on certain obligations constituting PBC indebtedness. Neither City indebtedness nor PBC indebtedness includes outstanding debt of the TFA, TSASC, Fiscal Year 2005 Securitization Corp. or STAR Corp., which are not obligations of, and are not paid by, the City; nor does such indebtedness include obligations of the Hudson Yards Infrastructure Corporation ("HYIC"), for which the City has agreed to pay, as needed and subject to appropriation, interest on but not principal of such obligations.

	(In Thousands)	
Gross City Long-Term Indebtedness(1)	$36,673,559	
Less: Assets Held for Debt Service(2)	(48,620)	
Net City Long-Term Indebtedness		$36,624,939
PBC Indebtedness		
Bonds Payable	286,311	
Capital Lease Obligations	996,400	
Gross PBC Indebtedness	1,282,711	
Less: Assets Held for Debt Service	(100,042)	
Net PBC Indebtedness		1,182,669
Combined Net City and PBC Indebtedness		$37,807,608

(1) Reflects capital appreciation bonds at accreted values as of June 30, 2017.

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

Trend in Outstanding Net City and PBC Indebtedness

The following table shows the trend in the outstanding net City and PBC indebtedness as of June 30 of each of the fiscal years 2008 through 2017 and at December 31, 2017.

	City Indebtedness		PBC	
	Long-Term	Short-Term	Indebtedness(1)	Total
	(In Millions)			
2008	$33,129	—	$1,558	$34,687
2009	38,648	—	1,484	40,131
2010	41,490	—	1,395	42,885
2011	41,737	—	1,550	43,287
2012	40,913	—	1,486	42,399
2013	38,844	—	1,413	40,257
2014	41,033	—	1,347	42,380
2015	38,497	—	1,261	39,758
2016	36,147	—	1,236	37,383
2017	36,324	—	1,182	37,506
December 31, 2017	36,625	—	1,183	37,808

(1) Includes obligations of New York State Urban Development Corporation ("UDC") through June 30, 2016.

Rapidity of Principal Retirement

The following table details, as of December 31, 2017, the cumulative percentage of total City indebtedness that is scheduled to be retired in accordance with its terms in each prospective five-year period.

Period	Cumulative Percentage of Debt Scheduled for Retirement
5 years	24.65%
10 years	54.13
15 years	75.06
20 years	90.04
25 years	97.82
30 years	100.00

City and PBC Debt Service Requirements

The following table summarizes future debt service requirements, as of December 31, 2017, on City and PBC indebtedness.

	City Long-Term Debt		PBC		
Fiscal Years	Principal	Interest	Indebtedness	Interest	Total
	(In Thousands)				
2018	$ 306,950	$ 885,709	$ 72,033	$ 30,973	$ 1,295,666
2019	2,072,402	1,594,795	73,647	58,578	3,799,422
2020	2,221,667	1,496,155	77,919	55,104	3,850,845
2021 through 2147	32,072,540	12,057,387	1,059,111	451,955	45,640,994
Total	$36,673,559	$16,034,046	$1,282,711	$596,611	$54,586,926

Certain Debt Ratios

The following table sets forth the approximate ratio of City net general obligation bonded debt to assessed taxable property value as of June 30 of each of the fiscal years 2008 through 2017.

Fiscal Year	City General Obligation Bonded Debt(1)	Debt Service Restricted Cash(2)	City General Obligation Bonded Debt Net of Debt Service Restricted Cash	City Net General Obligation Bonded Debt as a Percentage of Assessed Taxable Value of Property(3)	Per Capita
	(in millions)	(in millions)	(in millions)		
2008	$36,100	$5,117	$30,983	21.28%	$3,840
2009	39,991	3,376	36,615	24.09	4,503
2010	41,555	2,926	38,629	24.46	4,715
2011	41,785	2,818	38,967	24.40	4,704
2012	42,286	1,374	40,912	23.88	4,893
2013	41,592	2,766	38,826	21.68	4,610
2014	41,665	639	41,026	21.57	4,843
2015	40,460	1,970	38,490	18.97	4,519
2016	38,073	1,775	36,298	16.68	4,252
2017	37,891	1,583	36,308	15.48	4,253

Source: CAFR for the fiscal year ended June 30, 2017; New York City Comptroller's Office.

(1) General Obligation Bonded Debt is presented at par value and does not reflect GASB 44 reporting methodology netting premium and discount. See "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note D.5—*Changes in Long-term liabilities*."

(2) Primarily comprised of restricted cash and investments held in the General Debt Service Fund.

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

Indebtedness of the City and Related Issuers

The following table sets forth obligations of the City and other issuers as of June 30 of each of the fiscal years 2008 through 2017. General obligation bonds are debt of the City. Although IDA Stock Exchange bonds and PBC indebtedness are not debt of the City, the City has entered into agreements to make payments, subject to appropriation, to the respective issuers to be used for debt service on the indebtedness included in the following table. ECF bonds are also not debt of the City. ECF bonds are expected to be paid from revenues of ECF, provided, however, that if such revenues are insufficient, the City has agreed to make payments, subject to appropriation, to ECF for debt service on its bonds. Indebtedness of the TFA, TSASC and STAR Corp. does not constitute debt of, and is not paid by, the City.

Fiscal Year	General Obligation Bonds	ECF	TFA	TSASC	STAR	HYIC	PBC Indebtedness and Other(1)	IDA Stock Exchange
				(In Millions)				
2008	$36,100	$109	$14,828	$1,297	$2,339	$2,067	$2,025	$101
2009	39,991	102	16,913	1,274	2,253	2,033	1,937	99
2010	41,555	150	20,094	1,265	2,178	2,000	1,859	99
2011	41,785	281	23,820	1,260	2,117	2,000	1,895	98
2012	42,286	274	26,268	1,253	2,054	3,000	1,818	95
2013	41,592	268	29,202	1,245	1,985	3,000	1,739	93
2014	41,665	266	31,038	1,228	1,975	3,000	1,701	90
2015	40,460	264	33,850	1,222	2,035	3,000	1,639	87
2016	38,073	240	37,358	1,145	1,961	3,000	1,571	84
2017	37,891	236	40,696	1,089	1,884	2,751	1,549	80

Source: CAFR for the fiscal year ended June 30, 2017; New York City Comptroller's Office.

(1) PBC Indebtedness and Other includes capital lease obligations of the City and excludes Fiscal Year 2005 Securitization Corporation, ECF and Tax Lien Collateralized Bonds.

As of December 31, 2017, approximately $36 billion of City general obligation bonds were outstanding. For information regarding the City's variable rate bonds, see APPENDIX D hereto.

As of December 31, 2017, $2.72 billion aggregate principal amount of HYIC bonds were outstanding. Such bonds were issued to finance the extension of the Number 7 subway line and other public improvements. They are secured by and payable from payments in lieu of taxes and other revenues generated by development in the Hudson Yards area. To the extent such payments in lieu of taxes and other revenues are insufficient to pay interest on the HYIC bonds, the City has agreed to pay the amount of any shortfall in interest on such bonds, subject to appropriation. The Financial Plan provides $0 in fiscal years 2018 through 2022 for such interest support payments. The City has no obligation to pay the principal of such bonds.

Certain Provisions for the Payment of City Indebtedness

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

The City's debt service appropriation would provide for the interest on, but not the principal of, short-term indebtedness, if any. If such principal were not provided for from the anticipated sources, it would be, like debt service on City bonds, a general obligation of the City.

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

Limitations on the City's Authority to Contract Indebtedness

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

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

Water Authority and TSASC indebtedness and the City's commitments with other PBCs or related issuers are not chargeable against the City's constitutional debt limit. The TFA and TSASC were created to provide financing for the City's capital program. Without the TFA and TSASC, or other legislative relief, new contractual commitments for the City's general obligation financed capital program would have been virtually brought to a halt during the financial plan period beginning early in the 1998 fiscal year. TSASC has approximately $1.1 billion of bonds outstanding that are payable from TSRs. The TFA is permitted to have outstanding $13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and may issue additional Future Tax Secured Bonds, provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, do not exceed the debt limit of the City. Future Tax Secured Bonds are secured by the City's personal income tax revenues and sales tax revenues, if personal income tax revenues do not satisfy specified debt ratios. The TFA, as of December 31, 2017, has outstanding approximately $33.7 billion of Future Tax Secured Bonds (excluding Recovery Bonds). The TFA is authorized to have outstanding $9.4 billion of Building Aid Revenue Bonds, which are secured by State building aid and are not chargeable against the City's constitutional debt limit.

The following table sets forth the calculation of debt-incurring power as of December 31, 2017.

	(In Thousands)	
Total City Debt-Incurring Power under General Debt Limit		$98,241,450
Gross Debt-Funded	$36,443,135	
Less: Excluded Debt	(47,522)	
	36,395,613	
Less: Appropriations for Payment of Principal	(305,426)	
	36,090,187	
Contracts and Other Liabilities, Net of Prior Financings Thereof	10,013,812	
Total City Indebtedness		46,103,999
TFA Debt Outstanding above $13.5 billion		20,151,755
Debt-Incurring Power		$31,985,696

Note: Numbers may not add due to rounding.

Federal Bankruptcy Code

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

Public Benefit Corporation Indebtedness

City Financial Commitments to PBCs

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

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

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

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

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

Certain PBCs are further described below.

New York City Educational Construction Fund

As of December 31, 2017, $235.9 million principal amount of ECF bonds to finance costs related to the school portions of combined occupancy structures was outstanding. Under ECF's leases with the City, debt service on the ECF bonds is payable by the City to the extent third party revenues are not sufficient to pay such debt service.

Dormitory Authority of the State of New York

As of December 31, 2017, $425.4 million principal amount and $571 million principal amount of DASNY bonds issued to finance the design, construction and renovation of court facilities and health facilities, respectively, in the City were outstanding. The court facilities and health facilities are leased to the City by DASNY, with lease payments made by the City in amounts sufficient to pay debt service on DASNY bonds and certain fees and expenses of DASNY.

City University Construction Fund

As of December 31, 2017, approximately $100.9 million principal amount of DASNY bonds, relating to Community College facilities, subject to capital lease arrangements was outstanding. The City and the State are each responsible for approximately one-half of the CUCF's annual rental payments to DASNY for Community College facilities which are applied to the payment of debt service on the DASNY's bonds issued to finance the leased projects plus related overhead and administrative expenses of DASNY.

For further information regarding the particular PBCs included in the City's financial statements, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note A."

SECTION IX: PENSION SYSTEMS AND OPEB

Pension Systems

The City maintains five actuarial pension systems, providing benefits for its employees and employees of various independent agencies (including certain Covered Organizations). Such systems consist of 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"), the New York City Police Pension Fund ("PPF") and the New York City Fire Pension Fund ("FPF") (together, the New York City Retirement Systems, "NYCRS"). Members of these actuarial pension systems are categorized into tiers depending on date of membership. The systems combine features of defined benefit pension plans with those of defined contribution pension plans. Three of the five actuarial pension systems (NYCERS, TERS and BERS) are cost-sharing multiple employer systems that include public employees who are not City employees. Each public employer in these multiple employer systems has primary responsibility for funding and reporting in the employer's financial statements on its share of the systems' liabilities. Total membership in the City's five actuarial pension systems on June 30, 2015 consisted of 370,528 active employees, 332,853 retirees and beneficiaries receiving benefits and other vested members terminated but not receiving benefits, and 29,728 other inactives. Of the total membership of 733,109, City membership was 559,210. The City also contributes to three other pension systems, maintains a closed non-actuarial retirement program for certain retired individuals not covered by the five actuarial pension systems, provides other supplemental benefits to retirees and makes contributions to certain union annuity funds.

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

City Pension Contributions

The City has consistently made its full statutorily required pension contributions based on then-current actuarial valuations. For fiscal years 2016 and 2017, the City's pension contributions for the five actuarial pension systems, plus other pension expenditures, were approximately $9.3 billion and $9.4 billion, respectively, and were in addition to employee contributions. For fiscal years 2016 and 2017, 57% of the City pension contributions for such years were attributable to the amortizations of Unfunded Actuarial Accrued Liability ("UAAL") described herein, see "—*Actuarial Assumptions and Methods*" below.

For the 2017 fiscal year, the City's total annual pension contribution expenditures, including pension costs not associated with the five actuarial pension systems, plus Social Security tax payments by the City for the year, were approximately 44% of total wage and salary costs. In addition, contributions are made by certain component units of the City and other government units directly to the three cost-sharing multiple employer actuarial pension systems on behalf of their participating employees and retirees.

Annual pension contributions for each system are determined by the Actuary using actuarial methods and assumptions that provide for orderly budgeting and planning, and that differ from the assumptions and methodologies used in financial reporting. The annual statutorily required pension contribution has four major cost components: (i) the service or normal cost, which is the cost of the future liability associated with pension benefits earned that year; (ii) scheduled amortization of the initial UAAL established as of June 30, 2011; (iii) amortization of positive or negative adjustments to UAAL from factors such as net investment returns above or below the assumed rate of return, changes in or deviations from actuarial assumptions and methods, and changes in benefits; and (iv) administrative expenses. Investment earnings reflect the impact of transfers within each pension system between the QPP and other employee benefit funds, including TDA Programs and VSFs, and within each QPP with regard to certain supplemental, voluntary member contribution accounts, as discussed below.

For further information on phasing in of changes in UAAL, see "—*Actuarial Assumptions and Methods*" below. For further information on potential transfers within the pension systems, see "—*Fiduciary Fund Reporting*" below.

Each year, the Actuary provides each NYCRS with preliminary and final appropriation amounts equal to the statutorily required pension contribution for its respective QPP. For the NYCRS that are multi-employer plans, the Actuary also provides a schedule of allocations among the participating employers. The Boards of Trustees of each QPP vote to adopt the appropriation amount and the participating employers are billed. Interest is charged on late payments, if any.

The following tables summarize the components of City pension contributions by system for fiscal years 2016, 2017 and 2018 (preliminary).

New York City Retirement Systems
Components of Employer Contribution—City Share

Fiscal Year 2016
(In Millions)

	NYCERS(1)	TRS(2)	BERS(3)	POLICE	FIRE
Entry Age Normal Cost	$ 860.8	$1,056.7	$123.0	$1,266.0	$ 421.2
Initial UAAL Contribution	$ 936.9	$1,692.5	$110.9	$1,117.2	$ 600.0
Subsequent UAAL Contribution	$ 16.6	$ 803.1	$ 20.4	$ (9.3)	$ 33.3
Administrative Expenses	$ 29.0	$ 42.0	$ 11.2	$ 20.0	N/A
Interest on Late Employer Contributions	$ —	$ —	$ —	$ —	$ —
Total	$1,843.3	$3,594.3	$265.5	$2,393.9	$1,054.5

Fiscal Year 2017
(In Millions)

	NYCERS(1)	TRS(2)	BERS(3)	POLICE	FIRE
Entry Age Normal Cost	$ 837.5	$1,097.2	$125.9	$1,236.1	$ 409.4
Initial UAAL Contribution	$ 965.0	$1,743.4	$114.3	$1,150.7	$ 618.1
Subsequent UAAL Contribution	$ (25.7)	$ 903.5	$ 35.4	$ (113.5)	$ 33.7
Administrative Expenses	$ 31.3	$ 51.6	$ 12.5	$ 20.5	N/A
Interest on Late Employer Contributions	$ —	$ —	$ —	$ —	$ —
Total	$1,808.1	$3,795.7	$288.1	$2,293.8	$1,061.2

Fiscal Year 2018—Preliminary
(In Millions)

	NYCERS[1]	TRS[2]	BERS[3]	POLICE	FIRE
Entry age Normal Cost	$ 836.1	$1,102.7	$127.6	$1,251.2	$ 414.1
Initial UAAL Contribution	$ 994.0	$1,795.6	$117.7	$1,185.2	$ 636.6
Subsequent UAAL Contribution	$ (37.1)	$ 793.1	$ 48.3	$ (64.2)	$ 149.7
Administrative Expenses	$ 33.4	$ 52.8	$ 14.7	$ 21.2	N/A
Interest on Late Employer Contributions	$ —	$ —	$ —	$ —	$ —
Total	$1,826.4	$3,744.3	$308.2	$2,393.4	$1,200.4

(1) Includes the New York City School Construction Authority, Transit Police and CUNY Community Colleges.

(2) Includes CUNY Community Colleges.

(3) Includes the New York City School Construction Authority and CUNY Community Colleges.

The Financial Plan reflects projected City pension contributions of $9.590 billion, $9.802 billion, $9.764 billion, $9.678 billion and $9.882 billion for fiscal years 2018 through 2022, respectively. These projections are based on the valuation from the Actuary as of June 30, 2016. The pension contributions projected in the Financial Plan reflect changes to funding assumptions and methods first implemented in 2012 as recommended by the Actuary and adopted by the boards of trustees of each of the City's five actuarial pension systems. The Financial Plan also reflects amortization of subsequent positive or negative adjustments to UAAL as described above, including the phase-in of QPP investment earnings in fiscal years 2011 – 2016, as calculated by the Actuary. Investment earnings varied by system and are calculated differently from the investment performance reported by the Comptroller's office, as described below. The adjustments to UAAL reflected in the Financial Plan also include increased pension contributions resulting, in part, from recommendations of an independent actuarial auditor engaged, pursuant to the City Charter, to review actuarial methods and assumptions every two years, as described below. Such changes to actuarial methods and assumptions resulted in an annual increase of approximately $600 million to the City's annual pension contribution starting in fiscal year 2016.

The Comptroller's office reports investment returns using the time-weighted calculation methodology, which facilitates measurement of relative performance across systems. Using this methodology, aggregate returns on investment assets advised by the Comptroller's office for fiscal years 2011 to 2017 were 23.23%, 1.37%, 12.12%, 17.48%, 3.15%, 1.46%, and 12.95%, respectively. Returns in fiscal years 2011 through 2014 were gross of public market fees and net of private market fees. Returns for fiscal years 2015 to 2017 were net of all investment fees. These returns varied by pension system. These reported returns refer only to those investment assets of the pension systems for which the City Comptroller's office is the investment advisor. These investment assets exclude certain QPP funds advised outside the Comptroller's office, and include pension system assets outside the QPPs. The returns do not reflect the impact of transfers within each pension system between the QPP and other employee benefit funds, such as TDAs and VSFs, or within each QPP with regard to certain supplemental, voluntary member contribution accounts. Such transfers can be material, and, as such, the earnings used by the Actuary in determining required City contributions may differ materially from the earnings implied by the investment-only rates of return above.

Actuarial Assumptions and Methods

This section describes the actuarial assumptions and methods used for determining the City's pension contributions. As mentioned previously, these actuarial assumptions and methods may differ from those used for financial reporting, or for other pension system administrative purposes.

An actuarial valuation requires an initial set of information and assumptions about future events. Pursuant to the City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarial pension systems are conducted by an independent actuarial firm every two years. Such studies assess the reasonableness of the Actuary's calculations of the employer contributions and make recommendations about actuarial methods and assumptions. The Actuary may recommend changes to methods and assumptions based on these studies. In addition, every four to seven years, the Actuary conducts a full review of the actuarial assumptions and methods used to fund the NYCRS. These reviews lead to recommendations that are set forth in formal reports. Based on the results of these reviews, from time to time the Actuary makes changes to the actuarial assumptions and methods that are set forth in formal reports. The most recent of these reports are referred to as the "Silver Books" and were published during February 2012. The Silver Books presented the recommendations of the Actuary for determining employer contributions to the NYCRS, and where applicable, Net Pension Liabilities of the NYCRS, beginning in fiscal year 2012.

The implementation of the Actuary's Silver Books recommendations involved adoption of the tabular (i.e., demographic) assumptions by the Boards of Trustees of the NYCRS; enactment of legislation by the New York State Legislature and Governor for the Actuarial Interest Rate, Actuarial Cost Method, and Amortization Period and Method for any UAAL; and establishment of an Actuarial Asset Value ("AAV") by the Actuary.

The actuarial methods and assumptions adopted in 2012 included an Actuarial Interest (discount) Rate assumption of 7% per annum which is based on investment earnings net of investment expenses, updated mortality tables (which were updated again in December 2015, as discussed below) to account for longer life expectancy, and the use of the Entry Age Actuarial Cost Method. The initial UAAL recognized as a result of such changes in assumptions and methods, excluding the December 2015 mortality change, is being amortized, with interest of 7% through City contributions over a 22-year period that commenced in fiscal year 2012 with dollar payments increasing at a rate of 3% per year.

Under the 2012 methods and assumptions, emerging unfunded liabilities are recognized and amortized over closed, fixed periods using level dollar payments. Future UAAL attributable to actuarial gains and losses is amortized over 15 years; future UAAL attributable to changes in actuarial assumptions and methods is amortized over 20 years; future changes in UAAL attributed to benefit improvements is amortized over periods reasonably consistent with the remaining working lifetimes of those impacted; and investment earnings above or below expectation are reflected in City pension contributions in two stages: first, the annual earnings above or below expectation are phased in to the actuarial value of assets over a six-year period, with 15% of the total recognized per year in years 1-4 and 20% per year in years 5 and 6. Second, the portion recognized in each year is then amortized over a 15-year period for the purpose of calculating the City's annual pension contributions. The Actuary uses investment earnings in this calculation and does not calculate an investment rate of return. The Actuarial Asset Value is calculated as a modified six-year moving average of the market value of assets, starting with the market value reset as of June 30, 2011.

The 2012 methods and assumptions included continued use of the One Year Lag methodology, where census data and asset information as of the June 30 second preceding a fiscal year is used to determine the employer contribution for that fiscal year. For example, for the fiscal year 2017 pension contribution calculation, employee data and the AAV as of June 30, 2015 were used. On October 23, 2015, an independent actuarial auditor released a report analyzing experience for the four-year and ten-year periods ended June 30, 2013. Such report confirmed that the Actuary's calculations of employer contributions for fiscal year 2014 and the investment return assumptions were reasonable and appropriate, but recommended the consideration of changes to the mortality, overtime, and investment return assumptions.

In December 2015, the Actuary proposed updated post-retirement mortality assumptions for use in determining employer QPP contributions beginning in fiscal year 2016. The Boards of Trustees of each of the five actuarial pension systems adopted the proposed assumptions. In addition, beginning in fiscal year 2016, the Actuary revised the Actuarial Asset Valuation Method to constrain the Actuarial Asset Value to be no more than 120% and no less than 80% of the market value of assets, known as a 20% corridor.

The Actuary continues to review the report's other findings and recommendations and continues to monitor the appropriateness of all actuarial assumptions.

The Silver Books are available on the web site of the New York City Office of the Actuary (www.nyc.gov/actuary). Such website, and the information and links contained therein, are not incorporated into, and are not part of, this section.

Financial Reporting

City Pension Fund Financial Reporting

The City accounts for its pensions consistent with the requirements of GASB. In fiscal year 2014, the City implemented GASB 68. The GASB 68 standards apply to actuarial calculations for financial reporting but not to the actuarial calculation of annual City employer pension contributions, which continue to be determined as described above. The City implemented GASB 68 concurrently with the implementation by the five major actuarial pension systems of GASB 67.

GASB 68 changed many but not all aspects of calculating the City's reported pension fund assets and liabilities. In broad terms, GASB 68 separates pension accounting in the City's government-wide financial statements from the phased or smoothed asset and liability figures that the Actuary uses in determining the City's annual pension contributions, as described above. For financial reporting purposes, most changes in assets and liabilities are reflected in the year in which they occur. The City expects that pension fund accounting under GASB 68 could increase year-to-year volatility in reported net pension liability. Under GASB 68, net pension liabilities are reported on employers' Government-Wide Statements of Net Assets when the fair value of pension assets falls short of actuarially calculated liabilities, when both are measured as of the same date (fiscal year end). For the cost-sharing multiple employer pension systems, only the City share of net pension liabilities is reported in the Government-Wide Statement of Net Assets. As reported in the Government-Wide financial statements for fiscal years 2014 through 2017, the City membership (active, inactive and retired) and the City's share of total pension liability, Plan fiduciary net position, net pension liability, and plan fiduciary net position as a percent of total pension liability, aggregated across the five pension systems, were as follows:

Summary of City Pension Information, Fiscal Years 2014-2017 (1)
(Dollars in billions)

	2014	2015	2016	2017
City Membership (active, inactive, retired)(2)	546,519	545,646	551,080	559,210
Total Pension Liability (TPL)	$169.7	$177.3	$188.2	$195.2
Less Plan Fiduciary Net Position (PFNP)	123.1	124.2	123.4	138.9
Net Pension Liability (NPL)	$ 46.6	$ 53.1	$ 64.8	$ 56.3
PFNP as percent of TPL	72.5%	70.1%	65.6%	71.2%

Source: NYC CAFRs

(1) Data is aggregated across the five pension systems. Funding amounts and percentages vary between systems. Data for NYCERS, PPF and FPF includes the QPP and VSFs, and data for TRS and BRS is QPP only.

(2) Membership data for fiscal year 2014 is as of June 30, 2012; for fiscal year 2015, as of June 30, 2013; for fiscal year 2016, as of June 30, 2014; and for fiscal year 2017, as of June 30, 2015.

The reported net pension liabilities do not include future payments on fixed return TDA funds, described below, where the statutory rate of interest for members is higher than the assumed 7% return on QPP assets.

For further information see "APPENDIX B—FINANCIAL STATEMENTS."

Fiduciary Fund Reporting

The fiscal year 2017 CAFR contains Fiduciary Funds financial statements for each of the five actuarial pension systems. These financial statements report on the entirety of the five systems, not just the City share. Each of the five actuarial pension systems administers programs in addition to its respective QPP, and these programs are also reported as part of each system's financial statements in the Fiduciary Fund financial statements. The City CAFRs for fiscal years 2014 through 2017 report a net position (assets plus deferred outflows, less liabilities and deferred inflows), for the five actuarial pension systems, in aggregate, restricted for QPPs, restricted for TDAs, and restricted for VSFs as shown in the following chart. For further information, see "APPENDIX B—FINANCIAL STATEMENTS—Pension and Other Employee Benefit Trust Funds Combining Statement of Fiduciary Net Position."

New York City Retirement Systems
Aggregate Net Position,

Fiscal Years 2013-2017
(In Millions)

	2013	2014	2015	2016	2017
Net Position:					
Restricted for QPPs	$124,818.9	$144,537.9	$145,769.3	$146,917.9	$163,025.5
Restricted for VSFs	989.4	3,540.8	3,775.1	2,642.2	4,911.9
Restricted for TDAs	24,467.7	27,311.0	28,844.9	30,074.4	32,851.8
Total Net Position	$150,276.0	$175,389.7	$178,389.3	$179,634.5	$200,789.2

Source: City CAFRs

In addition to the QPPs, TRS and BERS administer TDA Programs. Benefits provided under the TDA programs are derived from members' accumulated contributions. No direct contributions are provided by employers. However certain investment and benefit options, if selected by TDA members, may indirectly affect employer financial obligations, as described below. As of June 30, 2016 and 2017, the total fiduciary net position restricted for TDA benefits was $30.1 billion and $32.9 billion, respectively. Each of the TDA Programs has at least two investment options, broadly categorized as a fixed return fund and one or more variable return funds.

Deposits from members' TDA Program accounts into the fixed return funds are used by the respective QPP to purchase investments, and such TDA Program accounts are credited with a statutory rate of interest, currently 7% for United Federation of Teachers members and 8.25% for all other members. If earnings on the respective QPP are less than the amount credited to the TDA Program members' accounts, the higher cost to the QPP could require additional payments by the City to the pension funds. If the earnings are higher, then lower payments by the City to the pension funds could be required. The City's pension fund contribution methodology described above incorporates these effects.

All investment securities purchased and invested by the QPPs with TDA Programs' fixed return funds' balances are owned and reported by the QPP. A receivable due from the respective QPP equal in amount to the aggregate original principal amounts contributed by TDA Programs' members to the respective fixed return funds, plus accrued interest at the statutory rate, is owned by each of the TDA Programs. The balances of TDA Program fixed return funds held by the TRS QPP as of June 30, 2016 and 2017 were $20.3 billion and $22.0 billion, respectively, and interest paid on TDA Program fixed return funds by the TRS QPP for the years then ended were $1.4 billion and $1.5 billion, respectively. The balances of TDA Program fixed return funds held by the BERS QPP as of June 30, 2016 and 2017 were $1.3 billion and $1.4 billion, respectively, and interest paid on TDA Program fixed return funds by the BERS QPP for the years then ended were $94.8 million and $106.6 million, respectively. Deposits from members' TDA Program accounts into the variable return funds are credited with actual returns on the underlying investments of the specific fund selected. Members may reallocate all or a part of their TDA Program contributions between the fixed and variable return funds on a quarterly basis.

Retired TDA members may make withdrawals from their TDA accounts or elect to take the balance in the form of an annuity that is calculated based on a statutory rate of interest and mortality assumptions, which are separate and different from the mortality assumptions used in pension liability calculations. Once an annuity has been selected by a member, the payment of those benefits is guaranteed by the QPP.

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

Pursuant to State law, certain retirees of NYCERS, PPF and FPF are eligible to receive scheduled supplemental benefits from VSFs. Under some circumstances where assets in the VSFs are insufficient, NYCERS, PPF and FPF are required to transfer assets to their respective VSFs to fund those payments that are statutorily guaranteed. The effects of these transfers are included by the Office of the Actuary in calculating required employer contributions to the pension funds. However under current State law, the VSFs are not pension funds or retirement systems and are subject to change by the State legislature.

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

Other Post-Employment Benefits

Post-Employment benefits other than pensions provided to eligible retirees of the City and their eligible beneficiaries and dependents include health insurance, Medicare Part B premium reimbursements and welfare fund contributions.

In June 2015, GASB issued Statement No. 74 ("GASB 74") and Statement No. 75 ("GASB 75"), which update financial reporting standards for state and local government OPEB Plans. GASB 74 applies to financial reporting by post-employment benefit plans and GASB 75 covers reporting on post-employment benefit plans by employers. GASB 74 and GASB 75 are effective for financial statements for fiscal years beginning after June 15, 2016 and June 15, 2017, respectively. The City's net OPEB liabilities under GASB 74 and 75 were reported as $94.5 billion and $88.4 billion as of June 30, 2016 and 2017, respectively. See "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note E.4." There is no requirement to fund the OPEB obligation.

SECTION X: OTHER INFORMATION

Litigation

The following paragraphs describe certain material legal proceedings and claims involving the City and Covered Organizations other than routine litigation incidental to the performance of their governmental and other functions and certain other litigation arising out of alleged constitutional violations, torts, breaches of contract and other violations of law and condemnation proceedings. While the ultimate outcome and fiscal impact, if any, on the City of the proceedings and claims described below are not currently predictable, adverse determinations in certain of them might have a material adverse effect upon the City's ability to carry out the Financial Plan. The City has estimated that its potential future liability on account of outstanding claims against it as of June 30, 2017 amounted to approximately $6.9 billion. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS—*Judgments and Claims.*"

Taxes

1. Numerous real estate tax *certiorari* proceedings alleging overvaluation, inequality and illegality are pending against the City. Based on historical settlement activity, and including an estimated premium for inequality of assessment, the City estimates its potential future liability for outstanding *certiorari* proceedings to be $750 million at June 30, 2017. For a discussion of the City's accounting treatment of its inequality and overvaluation exposure, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note D.5."

2. Con Edison has challenged the City's method of valuation for determining assessments of certain of its properties in two separate actions. Con Edison has challenged the City's tax assessments on its Manhattan power plants and equipment for tax years 1994/1995 through 2016/2017 and the special franchise assessments on its electric, gas and steam equipment located in the public right of way for tax years 2009/2010 through 2016/2017. With respect to the East 74th Street power plant, a monetary settlement has been finalized and paid in the approximate amount of $31,000,000 from the City's monies appropriated for such expenditures. With respect to the West 59th Street steam plant, settlement papers were submitted to the court and signed by the assigned judge on December 5, 2017. Payment in the approximate amount of $20,000,000 is expected to be made in 2018. Disbursements will be made from City monies appropriated for such expenditures. The remaining challenges could result in substantial real property tax refunds in fiscal years 2018 and beyond.

3. Tax Equity Now New York LLC (composed of certain advocacy groups and owners and tenants of properties in the City) commenced an action on April 24, 2017 against the City and the State. The action alleges that the City's real property tax system violates the State and federal constitutions as well as the Fair Housing Act. The action further alleges the valuation methodology as mandated by certain provisions of the State Real Property Tax Law results in a disparity and inequality in the amount of taxes paid by black and hispanic Class 1 property owners and renters. The City and State defendants have moved to dismiss the case and the matter is fully briefed as of September 18, 2017. Several groups made motions in November 2017 to appear in the case as amici curiae for plaintiff. In February 2018, the court concluded its review of the amici motions and issued orders both granting and denying this status to the various movants.

Miscellaneous

1. Complaints on behalf of approximately 11,900 plaintiffs alleging respiratory or other injuries from alleged exposures to World Trade Center dust and debris at the World Trade Center site or the Fresh Kills landfill were commenced against the City and other entities involved in the post-September 11 rescue and recovery process. Plaintiffs include, among others, Department of Sanitation employees, firefighters, police officers, construction workers and building clean-up workers. The actions were consolidated in federal District Court pursuant to the Air Transportation and System Stabilization Act, which grants exclusive federal jurisdiction for all claims related to or resulting from the September 11 attack. A not-for-profit "captive" insurance company, WTC Captive Insurance Company, Inc. (the "WTC Insurance Company") was formed to cover claims against the City and its private contractors relating to debris removal work at the World Trade Center site and the Fresh Kills landfill. The WTC Insurance Company was funded by a grant from the Federal Emergency Management Agency in the amount of $999,900,000. On June 10, 2010, the WTC Insurance Company announced that a settlement was reached with attorneys for the plaintiffs. On November 19, 2010, District Court Judge Hellerstein announced that more than the required 95% of plaintiffs agreed to the settlement, thus making it effective. Approximately $700 million has been paid under the settlement, leaving residual funds of approximately $290 million to insure and defend the City and its contractors against any new claims. Since the applicable statute of limitations runs from the time a person learns of his or her injury or should reasonably be aware of the injury, additional plaintiffs may bring lawsuits in the future for late emerging cancers, which could result in substantial damages. No assurance can be given that the remaining insurance will be sufficient to cover all liability that might arise from such claims.

2. In 1996, a class action was brought against the City Board of Education and the State under Title VII of the Civil Rights Act of 1964 alleging that the use by the Board of Education of two teacher certification

examinations mandated by the State had a disparate impact on minority candidates. In 2006, the United States Court of Appeals for the Second Circuit dismissed the claims against the State. In December 2012, the District Court decided a controlling legal question against the City. On February 4, 2013, the Second Circuit affirmed the District Court's decision. The District Court has appointed a Special Master to oversee claimants' individualized hearings both as to damages and eligibility for Board of Education employment. The hearings relate to members of the class that took the Liberal Arts and Science Test ("LAST") from 1996 to 2004. Currently, 3,916 such individuals have submitted claim forms and may be eligible for damages. On June 5, 2015, the Court ruled that a second version of LAST, LAST-2, that was administered from 2004 to 2014, violated Title VII because it did not measure skills necessary to do the job. Currently, up to 700 potential LAST-2 class members have submitted claim forms and may be eligible for damages. In August 2015, the Court found that the State's new teacher certification test, the Academic Literacy Skills Test (ALST), administered since Spring 2014, was not discriminatory and evaluated skills necessary to do the job. The potential cost to the City is uncertain at this time but could be significant.

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

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

4. On October 27, 2014 a lawsuit under the False Claims Act against the City and Computer Sciences Corporation, a contractor that participated in the submission of claims for Medicaid reimbursement, was unsealed in the United States District Court for the Southern District of New York. Plaintiffs, consisting of the federal government and a relator, allege fraud in connection with the use of diagnosis and other codes in seeking Medicaid reimbursement in connection with the Early Intervention Program. Plaintiffs seek treble damages and penalties. A large portion of the claims has been dismissed and is no longer considered material.

5. In July 2014 disability rights advocates organizations and disabled individuals commenced a putative class action against the City in the United States District Court for the Southern District of New York. Plaintiffs allege, among other matters, that the City has not complied with certain requirements of the Americans with Disabilities Act with respect to the installation, configuration and maintenance of curb ramps on sidewalks and requirements for sidewalk walkways in general in Manhattan south of 14th Street. If plaintiffs were to prevail, the City could be subject to a substantial acceleration of compliance costs but not damages.

6. On December 21, 2015, the United States Attorney for the Southern District of New York ("USAO-SDNY") sent a findings letter to the DOE indicating various areas in which he alleged that the City elementary schools were not accessible to students with disabilities in violation of the Americans with Disabilities Act of 1990. The City and

USAO-SDNY are currently in discussion as to the matters raised in the letter. While the City has an ongoing program to smaller schools accessible, an acceleration of alterations to City elementary schools to address concerns raised in the findings letter could result in a substantial acceleration of compliance costs to the City.

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

8. In an action filed in late November 2015, plaintiffs, which consist of owners of independent taxi medallions and an owner-advocacy group, challenged the constitutionality of the TLC's rule requiring taxi medallion owners to place wheelchair accessible taxis on the street by 2020. In August 2016, the City's motion for summary judgment was granted. Plaintiffs' motion for reconsideration of that decision was denied, and plaintiffs did not timely file an appeal of this second decision.

9. In an action filed in December 2015, plaintiffs that include owners of taxi medallions, taxi drivers, groups that finance taxi medallions, and taxi medallion interest groups, raised numerous constitutional claims challenging regulations on taxi medallions that allegedly are not applied to other for hire vehicle transportation that utilize apps for their service. In March 2017, the City was granted its motion to dismiss. The plaintiffs have appealed that ruling, and briefing to the U.S. Court of Appeals for the Second Circuit is underway. Oral argument on plaintiff's appeal was heard in October 2017. The plaintiffs ask for compensatory and punitive damages for alleged constitutional violations and alleged fraud as well as just compensation for the alleged "taking" of their taxi medallions. If the plaintiffs were to ultimately prevail, the City could be subject to substantial liability.

Environmental Matters

Sandy

On Monday, October 29, 2012, Sandy hit the Mid-Atlantic East Coast. The storm caused widespread damage to the coastal and other low lying areas of the City and power failures in various parts of the City, including most of downtown Manhattan. On January 29, 2013, President Obama signed legislation providing for approximately $50.5 billion in storm-related aid for the region affected by the storm. Although it is not possible for the City to quantify the full, long-term impact of the storm on the City and its economy, the current estimate of the direct costs to the City, NYCHH and NYCHA is approximately $10.4 billion (comprised of approximately $2.0 billion of expense costs and approximately $8.4 billion of capital project costs). Such direct costs represent funding for emergency response, debris removal, emergency protective measures, repair of damaged infrastructure and long-term hazard mitigation investments. In addition, the City is delivering Sandy-related disaster recovery assistance services, benefiting impacted communities, businesses, homeowners and renters, which the City anticipates will be fully reimbursed by federal funds.

The Financial Plan assumes that the direct costs described above will largely be paid from non-City sources, primarily the federal government, and that the disaster assistance services costs described above will be fully reimbursed by federal funds. The City expects reimbursements to come from two separate federal sources of funding, FEMA and HUD. The City has secured over $9.9 billion in FEMA assistance and other federal emergency response grants. The maximum reimbursement rate from FEMA is 90% of total costs. Other federal emergency response grants may have larger local share percentages. The City expects to use $736 million of Community Development Block Grant Disaster Recovery funding allocated by HUD to meet the local share requirements of the FEMA funding, as well as recovery work not funded by FEMA or other federal sources. This allocation would be available to fill gaps in such FEMA funding. As of December 31, 2017, the City, NYCHH and NYCHA have received $2.4 billion in reimbursements from FEMA for the direct costs described above. In addition, HUD has made available over $4.2 billion, of which over $2.2 billion has been received through December 31, 2017 for the direct costs and disaster recovery assistance services described above. No assurance can be given that the City will be reimbursed for all of its costs or that such reimbursements will be received within the time periods assumed in the Financial Plan.

Climate Change

In June 2013, the City released a report, updated in April 2015 with the release of *One New York: the Plan for a Strong and Just City*, which analyzed the City's climate risks and outlined recommendations to address those risks (the "Report"). As stated in the section entitled "Vision 4" in the Report, the City's climate resiliency planning is based on the climate change impact projections from the New York City Panel on Climate Change ("NPCC"), a body of more than a dozen leading independent climate and social scientists. The NPCC has identified that the City is already experiencing the impacts of climate change and projects dramatic impacts from climate change on the City in the future. The NPCC has published three reports, most recently in 2015, and an updated report is expected in summer 2018. Progress reports on *One New York: the Plan for a Strong and Just City* are issued on an annual basis, with the last progress report released on April 21, 2017.

Building on the recommendations contained in the Report, the City is in the process of implementing, over the next ten years, climate resiliency projects costing in excess of $20 billion, most of which are dedicated to areas previously affected by Sandy and some of which are directed toward mitigating the risks identified in the NPCC report. Such plans include both stand-alone resiliency projects and the integration of resiliency protection into the City's ongoing investments. These projects are in various stages of feasibility review, design and construction and/or implementation. Funding for these projects is expected to come from City, State and federal sources. Some projects are expected to require additional funding to the extent that they are in the planning stages or current funding does not provide for the costs of construction. In addition to such projects, the City expects that additional resiliency projects will be identified and implemented in the coming years, including additional projects inside and outside of the areas affected by Sandy and addressing risks identified in the NPCC report including coastal storms, sea level rise, extreme heat and intense rainfall.

In 2015, FEMA issued preliminary updated flood insurance rate maps (FIRMs), which would have expanded the 100-year floodplain beyond the areas designated in the flood maps issued in 2007. The City appealed the 2015 preliminary flood maps challenging the modelling FEMA used to develop them. The 2015 preliminary flood maps were adopted into the building code, but the prior 2007 flood maps remain in effect for flood insurance purposes. In 2016, FEMA agreed with the City's appeal, and the City is currently working with FEMA to update the maps. The new maps are expected to generally expand the 100-year floodplain from the 2007 flood maps and may cover different areas than the 2015 preliminary flood maps. Such expansion could negatively impact property values in those newly designated areas. In addition, an increase in areas of the City susceptible to flooding could result in greater recovery costs to the City if flooding were to occur within such larger areas.

Superfund Designations

On March 2, 2010, the United States Environmental Protection Agency ("EPA") listed the Gowanus Canal (the "Canal"), a waterway located in the City, as a federal Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). EPA considers the City a potentially responsible party

(“PRP”) under CERCLA, based on contaminants from currently and formerly City-owned and operated properties, as well as from the City’s combined sewer overflows (“CSOs”). On September 30, 2013 EPA issued the Record of Decision (“ROD”) for the Canal, setting forth requirements for dredging contaminated sediment in the Canal and covering it with a cap as well as source control requirements. The ROD requires that two CSO retention tanks be constructed as part of the source control component of the remedy. EPA estimates that the costs of the tanks will be approximately $85 million. The City estimates that the tanks will actually cost in excess of $735 million, which is included in the City’s capital plan. EPA also estimates the overall cleanup costs (to be allocated among potentially responsible parties) will be $506 million. The City anticipates that the actual cleanup costs could substantially exceed EPA’s cost estimate. On May 28, 2014, EPA issued a unilateral administrative order requiring the City to design major components of the remedy for the Canal, including the CSO retention tanks and other storm water control measures, and remediate the First Street basin (a currently filled-in portion of the Canal). As required under the Unilateral Order, the City submitted its siting recommendations for the CSO tanks to EPA on June 30, 2015. As set forth in a consent order which was fully executed on June 9, 2016, EPA agrees with the City’s preferred location for one of the tanks and, with respect to the other tank, EPA has directed the City to site the tank at the City’s preferred location subject to certain milestones. In addition, the City is participating in an ongoing arbitration process with approximately 20 other parties to determine each party’s share of liability for the design of the in-canal (dredging and capping) portion of the remedy.

On September 27, 2010, EPA listed Newtown Creek, the waterway on the border between Brooklyn and Queens, New York, as a Superfund site. On April 6, 2010, EPA notified the City that EPA considers the City a PRP under CERCLA for hazardous substances in Newtown Creek. In its Newtown Creek PRP notice letter, EPA identified historical City activities that filled former wetlands and low lying areas in and around Newtown Creek and releases from formerly City-owned and operated facilities, including municipal incinerators, as well as discharges from sewers and CSO outfalls, as potential sources of hazardous substances in Newtown Creek. In July, 2011, the City entered into an Administrative Settlement Agreement and Order on Consent with EPA and five other PRPs to conduct an investigation of conditions in Newtown Creek and evaluate feasible remedies. The investigation and feasibility study is expected to take approximately eleven years. The City’s share will be determined in a future allocation proceeding. The settlement does not cover any remedy that may ultimately be chosen by EPA to address the contamination identified as a result of the investigation and evaluation.

On May 12, 2014, EPA listed the former Wolff-Alport Chemical Company site (“Wolff-Alport Site”) in Ridgewood, Queens, as a Superfund site. The designation is based on radioactive contamination resulting from the operations of the Wolff-Alport Chemical Company during the 1920s to 1950s, which, among other things, disposed of radioactive material on-site, on the adjacent right-of-way, and via the sewer system. In 2013, EPA, in cooperation with City and State agencies, completed a response action to implement certain interim remedial measures at the Wolff-Alport Site to address the site’s short-term public health risks. In 2015 to 2017, EPA undertook a remedial investigation and feasibility study that assessed, among other things, impacts to the sewer system and City right-of-way from operations at the Wolff-Alport Site, and evaluated a range of remedial alternatives. In September 2017, EPA issued its ROD identifying its selected remedy. The ROD requires jet washing and replacement of sewers, and excavation of contaminated portions of the right-of-way. EPA estimated work for the entire Wolff-Alport Site to cost $39 million. The City anticipates that the costs for work in the sewers and the right-of-way could significantly exceed that estimate. In December 2017, EPA notified the City of its status as a PRP for the work on City property, and the City and EPA will negotiate an agreement to address that work.

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

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

Tax Matters

The Bonds—New York Personal Income Tax Exemption

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

Tax-Exempt Bonds

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

In the opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Bond Counsel, as a result of ownership of the Tax-Exempt Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income. For taxable years that began on or before December 31, 2017, interest on the Tax-Exempt Bonds owned by certain corporations will be included in such corporations' adjusted current earnings for purposes of computing the alternative minimum tax on such corporations. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

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

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

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

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation for taxable years that began on or before December 31, 2017, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

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

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

Taxable Bonds

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

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

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

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013.

The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over $200,000 for unmarried individuals ($250,000 for married couples filing a joint return and a surviving spouse). Beneficial Owners of the Taxable Bonds should consult with their own tax advisors concerning this additional tax, as it may apply to interest earned on the Taxable Bonds as well as gain on the sale of a Taxable Bond.

Backup Withholding. Under Section 3406 of the Code, a Beneficial Owner of the Taxable Bonds who is a United States person may, under certain circumstances, be subject to "backup withholding" (currently at a rate of 28 percent) on current or accrued interest on the Taxable Bonds or with respect to proceeds received from a disposition of the Taxable Bonds. This withholding applies if such Beneficial Owner of Taxable Bonds: (i) fails to furnish to the payor such Beneficial Owner's social security number or other TIN; (ii) furnishes the payor an incorrect TIN; (iii) fails to report interest properly; or (iv) under certain circumstances, fails to provide the payor or such Beneficial Owner's broker with a certified statement, signed under penalty of perjury, that the TIN provided to the payor or broker is correct and that such Beneficial Owner is not subject to backup withholding. To establish status as an exempt person, a Beneficial Owner will generally be required to provide certification on IRS Form W-9 (or substitute form).

Backup withholding will not apply, however, if the Beneficial Owner is a corporation or falls within certain tax-exempt categories and, when required, demonstrates such fact. BENEFICIAL OWNERS OF THE TAXABLE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THEIR QUALIFICATION FOR EXEMPTION FROM BACKUP WITHHOLDING AND THE PROCEDURE FOR OBTAINING SUCH EXEMPTION, IF APPLICABLE. The backup withholding tax is not an additional tax and taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund as long as they timely provide certain information to the Service.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding of U.S. federal income tax by the payor at the rate of 30 percent on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such a Beneficial Owner of the Taxable Bonds is not treated as effectively connected income within the meaning of Section 864 of the Code, such interest will be subject to 30 percent withholding, or any lower rate specified in an income tax treaty, unless such income is treated as "portfolio interest." Interest will be treated as portfolio interest if (i) the Beneficial Owner provides a statement to the payor certifying, under penalties of perjury, that such Beneficial Owner is not a United States person and providing the name and address of such Beneficial Owner, (ii) such interest is treated as not effectively connected with the Beneficial Owner's United States trade or business, (iii) interest payments are not made to a person within a foreign country which the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion, (iv) interest payable with respect to the Taxable Bonds is not deemed contingent interest within the meaning of the portfolio debt provision, (v) such Beneficial Owner is not a controlled foreign corporation within the meaning of Section 957 of the Code, and (vi) such Beneficial Owner is not a bank receiving interest on the Taxable Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Taxable Bonds are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no withholding under Section 1441 and 1442 of the Code, and no backup withholding under Section 3406 of the Code is required with respect to Beneficial Owners or intermediaries who have furnished Form W-8 BEN, Form W-8 BEN-E, Form W-8 EXP, or Form W-8 IMY, as applicable, provided the payor has no actual knowledge or reason to know that such person is a United States person.

Foreign Account Tax Compliance Act. Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Taxable Bonds and sales proceeds of Taxable Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including original issue discount) and will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2018 and (ii) certain "pass-thru" payments no earlier than January 1, 2019. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Taxable Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between employee benefit plans under ERISA or tax qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and persons who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In addition, each fiduciary of a Plan ("Plan Fiduciary") must give appropriate consideration to the facts and circumstances that are relevant to an investment in the Bonds, including the role that such an investment in the Bonds would play in the Plan's overall investment portfolio. Each Plan Fiduciary, before deciding to invest in the Bonds, must be satisfied that such investment in the Bonds is a prudent investment for the Plan, that the investments of the Plan, including the investment in the Bonds, are diversified so as to minimize the risk of large losses and that an investment in the Bonds complies with the documents of the Plan and related trust, to the extent such documents are consistent with ERISA. All Plan Fiduciaries, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Bond.

Ratings

The Bonds have been rated "   " by Moody's Investors Service, Inc. ("Moody's"), "   " by S&P Global Ratings ("S&P") and "   " by Fitch, Inc. ("Fitch"). Such ratings reflect only the views of Moody's, S&P and Fitch from which an explanation of the significance of such ratings may be obtained. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the market prices of such bonds. A securities rating is not a recommendation to buy, sell or hold securities.

Legal Opinions

The legality of the authorization and issuance of the Bonds will be affirmed by the approving legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Reference should be made to the form of such opinion as set forth in Appendix C hereto for the matters covered by such opinion and the scope of Bond Counsel's engagement in relation to the issuance of the Bonds.

Certain legal matters are being passed upon for the City by its Corporation Counsel.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City, will pass upon certain legal matters in connection with the preparation of this Official Statement.

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

Underwriting

The Tax-Exempt Bonds are being purchased for reoffering by the Underwriters for whom Jefferies LLC, Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Loop Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC, Samuel A. Ramirez & Co., Inc. and Siebert Cisneros Shank & Co., L.L.C. are acting as lead managers. The compensation for services rendered in connection with the underwriting of the Tax-Exempt Bonds will be $, inclusive of expenses.

The Subseries E-2 Bonds will be purchased for reoffering by   , the Original Purchaser of such Bonds. The compensation for services rendered in connection with such Bonds will be $, inclusive of expenses.

The Subseries E-3 Bonds will be purchased for reoffering by   , the Original Purchaser of such Bonds. The compensation for services rendered in connection with such Bonds will be $, inclusive of expenses.

The issuance of the Tax-Exempt Bonds and the Taxable Bonds are contingent on the other being issued, but not the issuance of the Adjustable Rate Bonds.

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

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

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

Continuing Disclosure Undertaking

As authorized by the Act, and to the extent that (i) Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act") requires the underwriters (as defined in the Rule) of securities offered hereby (under this caption, if subject to the

Rule, the "securities") to determine, as a condition to purchasing the securities, that the City will covenant to the effect of the Undertaking, and (ii) the Rule as so applied is authorized by a federal law that as so construed is within the powers of Congress, the City agrees with the record and beneficial owners from time to time of the outstanding securities (under this caption, if subject to the Rule, "Bondholders") to provide:

(a) within 185 days after the end of each fiscal year, to the Electronic Municipal Market Access system ("EMMA") (www.emma.msrb.org) established by the Municipal Securities Rulemaking Board (the "MSRB"), core financial information and operating data for the prior fiscal year, including, (i) the City's audited general purpose financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative data on the City's revenues, expenditures, financial operations and indebtedness generally of the type found herein in Sections IV, V, VIII and IX, and under the caption "2013-2017 Summary of Operations" in Section VI, provided that if the inclusion or format of such information is changed or new information is added in such sections in any future official statement, thereafter the information provided to EMMA will contain or include by reference information of the type included in that official statement as so changed or added; and

(b) in a timely manner, not in excess of 10 Business Days after the occurrence of any event described below, notice to EMMA, of any of the following events with respect to the securities:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the City; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;

(13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional Fiscal Agent or the change of name of a Fiscal Agent, if material; and

(15) failure of the City to comply with clause (a) above.

Event (3) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (3) may not be applicable, since the terms of the securities do not provide for "debt service reserves."

Events (4) and (5). The City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities, unless the City applies for or participates in obtaining the enhancement.

Event (6) is relevant only to the extent interest on the securities is tax-exempt.

Event (8). The City does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue is which securities will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to optional redemptions or security purchases.

No Bondholder may institute any suit, action or proceeding at law or in equity ("Proceeding") for the enforcement of the Undertaking or for any remedy for breach thereof, unless such Bondholder shall have filed with the Corporation Counsel of the City evidence of ownership and a written notice of and request to cure such breach, and the City shall have refused to comply within a reasonable time. All Proceedings shall be instituted only as specified herein, in the federal or State courts located in the Borough of Manhattan, State and City of New York, and for the equal benefit of all holders of the outstanding securities benefitted by the same or a substantially similar covenant, and no remedy shall be sought or granted other than specific performance of the covenant at issue.

Any amendment to the Undertaking may only take effect if:

(a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; the Undertaking, as amended, would have complied with the requirements of the Rule at the time of award of the securities after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the City (such as, but without limitation, the City's financial advisor or bond counsel); and the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the "impact" (as that word is used in the letter from the staff of the SEC to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided; or

(b) all or any part of the Rule, as interpreted by the staff of the SEC at the date of the Undertaking, ceases to be in effect for any reason, and the City elects that the Undertaking shall be deemed terminated or amended (as the case may be) accordingly.

For purposes of the Undertaking, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares investment power which includes the power to dispose, or to direct the disposition of, such security, subject to certain exceptions, as set forth in the Undertaking. An assertion of beneficial ownership must be filed, with full documentary support, as part of the written request to the Corporation Counsel described above.

Financial Advisors

The City has retained Public Resources Advisory Group and Public Financial Management, Inc. to act as financial advisors with respect to the City's general obligation bond financing program and the issuance of the Bonds.

Financial Statements

The City's financial statements for the fiscal years ended June 30, 2017 and 2016 are included herein as APPENDIX B. Grant Thornton LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Grant Thornton LLP relating to the City's financial statements for the fiscal years ended June 30, 2017 and 2016, which is a matter of public record, is included in this Official Statement. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

Further Information

The references herein to, and summaries of, provisions of federal, State and local laws, including but not limited to the State Constitution, the Financial Emergency Act and the City Charter, and documents, agreements and court decisions, including but not limited to the Financial Plan, are summaries of certain provisions thereof. Such summaries do not purport to be complete and are qualified in their entirety by reference to such acts, laws, documents, agreements or decisions, copies of which are available for inspection during business hours at the office of the Corporation Counsel.

Copies of the most recent financial plan submitted to the Control Board are at www.nyc.gov/omb. Copies of the published Comprehensive Annual Financial Reports of the Comptroller are available at www.comptroller.nyc.gov or upon written request to the Office of the Comptroller, Deputy Comptroller for Public Finance, Municipal Building, One Centre Street, New York, New York 10007. Financial plans are prepared quarterly, and the Comprehensive Annual Financial Report of the Comptroller is typically published at the end of October of each year.

Neither this Official Statement nor any statement which may have been made orally or in writing shall be construed as a contract or as a part of a contract with any purchaser or any holders of the Bonds.

THE CITY OF NEW YORK

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APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION

This section presents certain economic and demographic information about the City. All information is presented on a calendar year basis unless otherwise indicated. The data set forth are the latest available. Sources of information are indicated in the text or immediately following the tables. Although the City considers the sources to be reliable, the City has made no independent verification of the information provided by non-City sources and does not warrant its accuracy.

New York City Economy

The City has a diversified economic base, with a substantial volume of business activity in the financial, professional service, education, health care, hospitality, wholesale and retail trade, technology, information services, and manufacturing industries, and is the location of many securities, banking, law, accounting, new media, and advertising firms.

The City is a major seaport and focal point for international business. Many of the major corporations headquartered in the City are multinational in scope and have extensive foreign operations. Numerous foreign-owned companies in the United States are also headquartered in the City. These firms, which have increased substantially in number over the past decade, are found in all sectors of the City's economy, but are concentrated in trade, professional and business services, tourism, and finance. The City is the location of the headquarters of the United Nations and several affiliated organizations maintain their principal offices in the City. A large diplomatic community exists in the City to staff the missions to the United Nations and the foreign consulates. No single assessed property in the City accounts for more than .5% of the City's real property tax revenue.

Economic activity in the City has experienced periods of growth and recession and can be expected to experience periods of growth and recession in the future. The City experienced a recession in the early 1970s through the middle of that decade, followed by a period of expansion in the late 1970s through the late 1980s. The City fell into recession again in the early 1990s which was followed by an expansion that lasted until 2001. The economic slowdown that began in 2001 as a result of the September 11 attack, a national economic recession, and a downturn in the securities industry came to an end in 2003. Subsequently, Wall Street activity, tourism, and the real estate market drove a broad-based economic recovery until the second half of 2007. A decrease in economic activity began in the second half of 2007 and continued through the first half of 2010. The Financial Plan assumes that the gradual increase in economic activity that began in the second half of 2010 will continue through the Financial Plan period.

The United States Department of Commerce Bureau of Economic Analysis produces measures of Gross Domestic Product ("GDP") by metropolitan area. The New York metropolitan area – defined geographically as New York City; Long Island; the Lower Hudson Valley, New York; parts of Northern and Central New Jersey; and Pike County Pennsylvania – is the largest metropolitan economy in the United States.

	Top Ten GDP by Metropolitan Area (millions of current dollars)					GDP Per Capita (2009 Dollars)
	2012	2013	2014	2015	2016*	2016*
United States (metropolitan areas)	$14,481,568	$14,963,370	$15,621,759	$16,280,446	$16,802,781	$53,645
New York-Newark-Jersey City, NY-NJ-PA	1,439,234	1,477,046	1,542,759	1,608,345	1,657,457	70,758
Los Angeles-Long Beach-Anaheim, CA.	821,769	852,509	903,100	963,448	1,001,677	66,477
Chicago-Naperville-Elgin, IL-IN-WI.	578,016	585,948	608,723	635,054	651,222	59,810
Dallas-Fort Worth-Arlington, TX.	417,065	448,179	477,177	493,048	511,606	65,154
Washington-Arlington-Alexandria, DC-VA-MD-WV	454,229	459,273	471,272	493,651	509,224	73,270
Houston-The Woodlands-Sugar Land, TX	462,300	488,430	505,758	496,708	478,618	65,332
San Francisco-Oakland-Hayward, CA.	366,459	385,843	412,423	440,246	470,529	86,830
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	370,052	389,787	400,520	417,698	431,038	62,817
Boston-Cambridge-Newton, MA-NH.	355,585	365,048	381,049	406,002	422,660	77,502
Atlanta-Sandy Springs-Roswell, GA	291,483	307,873	326,556	344,590	363,768	55,300

Source: U.S. Bureau of Economic Analysis
* Advance statistics.

Personal Income

Total personal income for City residents, unadjusted for the effects of inflation and the differential in living costs, increased from 2006 to 2016 (the most recent year for which City personal income data are available). For the period from 2006 through 2008, personal income averaged 4.5% and 4.8% annual growth in the City and the nation, respectively. Total personal income in the City decreased by 3.4% in 2009 and increased by an average of 4.8% from 2010 through 2016. Total personal income in the nation decreased by 3.3% in 2009 and increased by an average of 4.2% from 2010 through 2016.

The following table sets forth information regarding personal income in the City from 2006 to 2016.

PERSONAL INCOME(1)

Year	Total NYC Personal Income ($ billions)	Per Capita Personal Income NYC	Per Capita Personal Income U.S.	NYC as a Percent of U.S.
2006	$378.0	$47,289	$38,144	124%
2007	409.5	51,099	39,821	128
2008	412.9	51,176	41,082	125
2009	398.8	49,042	39,376	125
2010	412.6	50,370	40,277	125
2011	446.8	53,939	42,461	127
2012	476.2	56,952	44,282	129
2013	492.6	58,481	44,493	131
2014	513.7	60,631	46,494	130
2015	536.9	63,039	48,451	130
2016	547.7	64,146	49,246	130

Sources: U.S. Department of Commerce, Bureau of Economic Analysis and the Bureau of the Census.

(1) In current dollars. Personal Income is based on the place of residence and is measured from income which includes wages and salaries, supplements to wages and salaries, proprietors' income, personal dividend income, personal interest income, rental income of persons, and transfer payments.

Employment

The City is a leading center for the banking and securities industry, life insurance, communications, fashion design, health care, education, technology, information services, hospitality and retail fields. Over the past two decades the City has experienced a number of business cycles. From 1992 to 2000, the City added 456,700 private sector jobs (growth of 17%). From 2000 to 2003, the City lost 173,100 private sector jobs (decline of 5%). From 2003 to 2008, the City added 257,400 private sector jobs (growth of 9%). From 2008 to 2009, the City lost 103,000 private sector jobs (decline of 3%). From 2009 to 2016, the City added 644,100 private sector jobs (growth of 20%). All such changes are based on average annual employment levels through and including the years referenced.

As of December 2017, total employment in the City was 4,495,200 compared to 4,429,300 in December 2016, an increase of 1.5% based on data provided by the New York State Department of Labor, which is not seasonally adjusted.

The table below shows the distribution of employment from 2008 to 2017.

EMPLOYMENT DISTRIBUTION

	Average Annual Employment (in thousands)									
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Goods Producing Sectors										
Construction	132.7	120.8	112.5	112.3	116.1	122.2	129.2	139.3	146.3	151.9
Manufacturing	95.6	81.6	76.3	75.7	76.3	76.4	76.6	77.8	76.3	74.5
Service Producing Sectors										
Trade, Transportation & Utilities	574.6	552.7	559.7	575.6	590.5	605.0	620.6	630.2	629.4	623.5
Information	169.5	165.2	165.9	170.8	175.7	179.2	185.0	189.0	192.6	191.2
Financial Activities	464.6	433.9	428.3	439.1	438.8	437.5	449.2	459.3	465.8	472.5
Professional & Business Services	603.4	569.2	575.3	597.5	619.3	642.9	669.0	700.0	723.4	743.6
Education & Health Services	736.3	752.6	771.6	789.2	805.6	831.1	866.4	896.9	930.2	964.0
Leisure & Hospitality	310.2	308.5	322.2	342.2	365.7	385.4	408.5	427.8	437.6	447.9
Other Services	160.8	160.3	160.6	165.2	170.4	174.9	180.2	185.0	187.3	191.2
Total Private	3,247.7	3,144.7	3,172.5	3,267.5	3,358.5	3,454.5	3,584.7	3,705.2	3,788.8	3,860.2
Total Government	564.1	567.0	558.0	550.6	546.1	544.4	545.4	549.9	552.4	553.7
Total	3,811.8	3,711.7	3,730.5	3,818.1	3,904.6	3,998.9	4,130.1	4,255.1	4,341.2	4,413.9

Note: Totals may not add due to rounding.
Source: New York State Department of Labor. Data are presented using the North American Industry Classification System ("NAICS").

Sectoral Distribution of Employment and Earnings

In 2016, the City's service producing sectors provided approximately 3.6 million jobs and accounted for approximately 82% of total employment. Figures on the sectoral distribution of employment in the City from 1980 to 2000 reflect a significant shift to the service producing sectors and a shrinking manufacturing base relative to the nation.

The structural shift to the service producing sectors affects the total earnings as well as the average wage per employee because employee compensation in certain of those sectors, such as financial activities and professional and business services, tends to be considerably higher than in most other sectors. Moreover, average wage rates in these sectors are significantly higher in the City than in the nation. In the City in 2016, the employment share for the financial activities and professional and business services sectors was approximately 27% while the earnings share for those same sectors was approximately 45%. In the nation, those same service producing sectors accounted for only approximately 20% of employment and 26% of earnings in 2016. Due to the earnings distribution in the City, sudden or large shocks in the financial markets may have a disproportionately adverse effect on the City relative to the nation.

The City's and the nation's employment and earnings by sector for 2016 are set forth in the following table.

SECTORAL DISTRIBUTION OF EMPLOYMENT AND EARNINGS IN 2016(1)

	Employment		Earnings(2)	
	NYC	U.S.	NYC	U.S.
Goods Producing Sectors				
Mining	0.0%	0.5%	0.0%	1.5%
Construction	3.4	4.7	3.6	6.1
Manufacturing	1.8	8.6	1.1	9.4
Total Goods Producing	5.1	13.7	4.7	16.9
Service Producing Sectors				
Trade, Transportation and Utilities	14.5	18.9	9.4	15.4
Information	4.4	1.9	7.7	3.4
Financial Activities	10.7	5.7	24.1	9.1
Professional and Business Services	16.7	14.0	21.2	17.0
Education and Health Services	21.4	15.7	12.0	13.0
Leisure & Hospitality	10.1	10.8	5.1	4.6
Other Services	4.3	3.9	3.2	3.7
Total Service Producing	82.2	70.9	82.6	66.3
Total Private Sector	87.3	84.6	88.3	83.2
Government(3)	12.7	15.4	11.7	16.8

Note: Data may not add due to rounding or disclosure limitations. Data are presented using NAICS.

Sources: The primary sources are the New York State Department of Labor, U.S. Department of Labor, Bureau of Labor Statistics, and the U.S. Department of Commerce, Bureau of Economic Analysis.

(1) The sectoral distributions are obtained by dividing each industry's employment or earnings by total non-agricultural employment or earnings.

(2) Includes the sum of wage and salary disbursements, other labor income and proprietor's income. The latest information available is 2016 data.

(3) Excludes military establishments.

The comparison of employment and earnings in 1980 and 2000 set forth below is presented using the industry classification system which was in use until the adoption of NAICS in the late 1990's. Though NAICS has been implemented for most government industry statistical reporting, most historical earnings data have not been converted. Furthermore, it is not possible to compare data from the two classification systems except in the general categorization of government, private and total employment. The table below reflects the overall increase in the service producing sectors and the declining manufacturing base in the City from 1980 to 2000.

The City's and the nation's employment and earnings by industry are set forth in the following table.

SECTORAL DISTRIBUTION OF EMPLOYMENT AND EARNINGS(1)

	Employment				Earnings(2)			
	1980		2000		1980		2000	
	NYC	U.S.	NYC	U.S.	NYC	U.S.	NYC	U.S.
Private Sector:								
Non-Manufacturing:								
Services	27.0%	19.8%	39.1%	30.7%	26.0%	18.4%	30.2%	28.7%
Wholesale and Retail Trade	18.6	22.5	16.8	23.0	15.1	16.6	9.3	14.9
Finance, Insurance and Real Estate	13.6	5.7	13.2	5.7	17.6	5.9	35.5	10.0
Transportation and Public Utilities	7.8	5.7	5.7	5.3	10.1	7.6	5.2	6.8
Contract Construction	2.3	4.8	3.3	5.1	2.6	6.3	2.9	5.9
Mining	0.0	1.1	0.0	0.4	0.4	2.1	0.1	1.0
Total Non-Manufacturing	69.3	59.6	78.1	70.3	71.8	56.9	83.2	67.3
Manufacturing:								
Durable	4.4	13.4	1.6	8.4	3.7	15.9	1.3	10.5
Non-Durable	10.6	9.0	4.9	5.6	9.5	8.9	4.8	6.1
Total Manufacturing	15.0	22.4	6.5	14.0	13.2	24.8	6.1	16.6
Total Private Sector	84.3	82.0	84.7	84.3	85.2	82.1	89.8	84.6
Government(3)	15.7	18.0	15.3	15.7	14.8	17.9	10.3	15.4

Note: Totals may not add due to rounding. Data are presented using the Standard Industrial Classification System ("SICS").

Sources: The two primary sources of employment and earnings information are U.S. Department of Labor, Bureau of Labor Statistics and U.S. Department of Commerce, Bureau of Economic Analysis.

(1) The sectoral distributions are obtained by dividing each industry's employment or earnings by total non-agricultural employment or earnings.

(2) Includes the sum of wage and salary disbursements, other labor income, and proprietors' income. The latest information available for the City is 2000 data.

(3) Excludes military establishments.

Unemployment

As of December 2017, the total unemployment rate in the City was 3.9%, compared to 4.4% in December 2016, based on data provided by the New York State Department of Labor, which is not seasonally adjusted. The annual unemployment rate of the City's resident labor force is shown in the following table.

ANNUAL UNEMPLOYMENT RATE(1)
(Average Annual)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
New York City	5.6%	9.3%	9.5%	9.1%	9.3%	8.8%	7.3%	5.7%	5.2%	4.5%
United States	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%

Source: New York State Department of Labor and U.S. Department of Labor, Bureau of Labor Statistics.

(1) Percentage of civilian labor force unemployed: excludes those persons unable to work and discouraged workers (i.e., persons not actively seeking work because they believe no suitable work is available).

Public Assistance

As of December 2017, the number of persons receiving cash assistance in the City was 367,997 compared to 374,316 in December 2016. The following table sets forth the number of persons receiving public assistance in the City.

PUBLIC ASSISTANCE

(Annual Averages in Thousands)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
416.9	393.1	360.8	341.8	346.9	350.5	351.7	353.9	356.0	342.3	361.9	370.5	366.3

Taxable Sales

The City is a major retail trade market with the greatest volume of retail sales of any city in the nation. The sales tax is levied on a variety of economic activities including retail sales, utility and communication sales, services and manufacturing. Taxable sales and purchases reflects data from the State Department of Taxation and Finance publication "Taxable Sales and Purchases, County and Industry Data." The yearly data presented in this paragraph and the table below covers the period from March 1 of the year prior to the listed year through the last day of February of the listed year. Between 2003 and 2008, total taxable sales volume growth rate averaged 6.0%. From 2009 to 2010, total taxable sales volume decreased by 6.3%, reflecting a decline in consumption, as a result of local employment losses and the local and national recessions. Between 2010 to 2017, total taxable sales volume growth rate averaged 5.4% primarily as a result of an increase in consumption as a result of local employment gains and the local and national recoveries, as well as two sales tax base expansions enacted by the City, effective August 1, 2009.

The following table illustrates the volume of sales and purchases subject to the sales tax from 2007 to 2017.

TAXABLE SALES AND PURCHASES SUBJECT TO SALES TAX
(In Billions)

Year(1)	Retail(2)	Utility & Communication Sales(3)	Services(4)	Manufacturing	Other(5)	All Total
2007	33.4	19.1	28.1	2.4	23.7	106.7
2008	33.3	20.6	31.5	2.8	26.7	115.0
2009	31.3	22.0	31.8	2.7	25.9	113.6
2010	31.0	20.6	30.1	2.2	22.5	106.4
2011	36.6	21.4	33.7	4.6	20.1	116.4
2012	41.3	20.9	37.2	4.9	22.0	126.3
2013	41.2	20.6	39.2	5.2	23.3	129.5
2014	46.1	22.8	43.9	5.6	20.7	139.1
2015	47.3	23.1	47.3	5.8	22.2	145.7
2016	47.6	21.8	50.9	5.9	23.4	149.6
2017	48.4	22.6	53.0	6.0	23.4	153.4

Source: State Department of Taxation and Finance publication "Taxable Sales and Purchases, County and Industry Data." Data are presented using NAICS.

(1) The yearly data is for the period from March 1 of the year prior to the listed year through the last day of February of the listed year.

(2) Retail sales include building materials, general merchandise, food, auto dealers/gas stations, apparel, furniture, eating and drinking and miscellaneous retail.

(3) Utility and Communication sales include both residential and non-residential electric, and residential and non-residential gas and communication.

(4) Services include business services, hotel occupancy services (stays for the first 90 days), and other services (auto repair, parking and others).

(5) Other sales include construction, wholesale trade, arts, entertainment and recreation, and others. Also included in other are local tax base components of City taxable sales and purchases which include Manhattan parking services, hotel occupancy services (stays 91 to 180 days), and miscellaneous services (credit rating and reporting services, miscellaneous personal services, and other services). Other includes items previously identified as "City Other" except for residential utility, which is reflected in "Utility and Communication Sales."

Population

The City has been the most populous city in the United States since 1790. The City's population is larger than the combined population of Los Angeles and Chicago, the next most populous cities in the nation.

POPULATION

Year	Total Population
1970	7,895,563
1980	7,071,639
1990	7,322,564
2000	8,008,278
2010	8,175,133

Note: Figures do not include an undetermined number of undocumented aliens.
Source: U.S. Department of Commerce, Bureau of the Census.

The United States Census Bureau estimates that the City's population increased to 8,537,673 in July 2016.

The following table sets forth the distribution of the City's population by age between 2000 and 2010.

DISTRIBUTION OF POPULATION BY AGE

	2000		2010	
Age		% of Total		% of Total
Under 5	540,878	6.8	517,724	6.3
5 to 14	1,091,931	13.6	941,313	11.5
15 to 19	520,641	6.5	535,833	6.6
20 to 24	589,831	7.4	642,585	7.9
25 to 34	1,368,021	17.1	1,392,445	17.0
35 to 44	1,263,280	15.8	1,154,687	14.1
45 to 54	1,012,385	12.6	1,107,376	13.5
55 to 64	683,454	8.5	890,012	10.9
65 and Over	937,857	11.7	993,158	12.1

Source: U.S. Department of Commerce, Bureau of the Census.

Housing

In 2014, the housing stock in the City consisted of approximately 3,400,093 housing units, excluding certain special types of units primarily in institutions such as hospitals and universities ("Housing Units") according to the 2014 Housing and Vacancy Survey released February 9, 2015. The 2014 housing inventory represented an increase of approximately 48,000 units, or 1.4%, since 2011. The 2014 Housing and Vacancy Survey indicates that rental housing units continue to predominate in the City. Of all occupied housing units in 2014, approximately 32.1% were conventional home-ownership units, cooperatives or condominiums and approximately 67.9% were rental units. Due to changes in the inventory basis beginning in 2002, it is not possible to accurately compare Housing and Vacancy Survey results beginning in 2002 to the results of earlier Surveys until such time as the data is reweighted. The following table presents trends in the housing inventory in the City.

HOUSING INVENTORY
(In Thousands)

Ownership/Occupancy Status	1991	1993	1996	1999	2002	2005	2008	2011	2014
Total Housing Units	2,981	2,977	2,995	3,039	3,209	3,261	3,328	3,352	3,400
Owner Units	858	825	858	932	997	1,032	1,046	1,015	1,033
Owner-Occupied	829	805	834	915	982	1,010	1,019	984	1,015
Vacant for Sale	29	20	24	17	15	21	26	31	18
Rental Units	2,028	2,040	2,027	2,018	2,085	2,092	2,144	2,173	2,184
Renter-Occupied	1,952	1,970	1,946	1,953	2,024	2,027	2,082	2,105	2,109
Vacant for Rent	77	70	81	64	61	65	62	68	75
Vacant Not Available for Sale or Rent(1)	94	111	110	89	127	137	138	164	183

Note: Details may not add up to totals due to rounding.

Sources: U.S. Bureau of the Census, 1991, 1993, 1996, 1999, 2002, 2005, 2008, 2011 and 2014 New York City Housing and Vacancy Surveys.

(1) Vacant units that are dilapidated, intended for seasonal use, held for occasional use, held for maintenance purposes or other reasons.

APPENDIX B

FINANCIAL STATEMENTS

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Basic Financial Statements of the City of New York
June 30, 2017 and 2016

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)—PART II-B

SUPPLEMENTARY INFORMATION COMBINING FINANCIAL INFORMATION—FIDUCIARY FUNDS—PART II-D

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The People of
The City of New York:

Report on the financial statements

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

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of those entities disclosed in Note E.1 which represent 7 percent, (2) percent, and 5 percent, respectively, of the assets, net position (deficit) and revenues of the governmental activities, 100 percent of the assets, net position and revenues of the business-type activities, 100 percent of the assets, net position and revenues of the aggregate discretely presented component units, and 100 percent of the assets, fund balance/net position and revenues of the aggregate remaining funds of The City. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities disclosed in Note E.1, are based solely on the reports of the other auditors. We conducted our 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 financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of matter

As further described in Note A.2 to the financial statements, The City adopted new standards in fiscal 2017 related to the accounting for Other Postemployment Benefits and Blended Component Units. Our opinion is not modified with respect to this matter.

Other matters

Required supplementary information

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

GRANT THORNTON LLP

New York, New York

October 30, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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Overview of the Financial Statements

The following is a narrative overview and analysis of the financial activities of The City of New York (City or primary government) for the Fiscal Years ended June 30, 2017 and 2016. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements.

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Proprietary Funds

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

Fiduciary Funds

The fiduciary funds are used to account for assets and activities when a governmental unit is functioning either as a trustee or an agent for another party. The City's fiduciary funds are divided into two separate fund types: Pension and Other Employee Benefit Trust Funds and Agency Funds.

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

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

Each of the pension trusts report all jointly administered plans including primary pension (QPPs), and variable supplements funds (VSFs) and/or tax deferred annuity plans (TDAs), as appropriate. While the VSFs are included with QPPs for financial reporting purposes, in accordance with the Administrative Code of The City of New York (ACNY), VSFs are not pension funds or retirement systems. Instead, they provide scheduled supplemental payments, in accordance with applicable statutory provisions. Although a portion of these payments are guaranteed by the City, the State has the right and power to amend, modify, or repeal VSFs and the payments they provide. However, any assets transferred to the VSFs are held in trust solely for the benefit of its members. More information is available in Note E.5.

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

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

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

The New York City Other Postemployment Benefits Plan (the OPEB Plan) is composed of The New York City Retiree Health Benefits Trust (the Trust) and postemployment benefits other than pensions (OPEB) paid for directly by the City out of its general resources rather than through the Trust. The Trust is used to accumulate assets to pay for some of the OPEB provided by the City to its retired employees. The OPEB Plan is reported in the City's financial statements as an Other Employee Benefit Trust Fund. The OPEB Plan was established for the exclusive benefit of the City's retired employees and their dependents in providing the following current postemployment benefits: a health insurance program, Medicare Part B premium reimbursements, and welfare fund contributions. The City is not required to provide funding for the OPEB Plan other than the "pay-as-you-go" amounts necessary to provide current benefits to eligible retirees and their dependents. During Fiscal Year 2017, the City contributed approximately $3.0 billion to the OPEB Plan.

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

Notes to Financial Statements

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

Financial Reporting Entity

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

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

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

Blended Component Units

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

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

Discretely Presented Component Units

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

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

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

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

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

Business-Type Activities

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

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

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

Financial Analysis of the Government-Wide Financial Statements

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

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

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

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

Key elements of these changes are as follows:

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

(a) The restatement of the beginning net deficit in Fiscal Year 2016 is the result of the City implementing GASB Statement No. 75 and 80 in Fiscal Year 2017.
The implementation is discussed further in footnote A.2

N/A: Not Available.

Changes in Net Position
(in thousands)

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

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

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

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

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

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

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

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

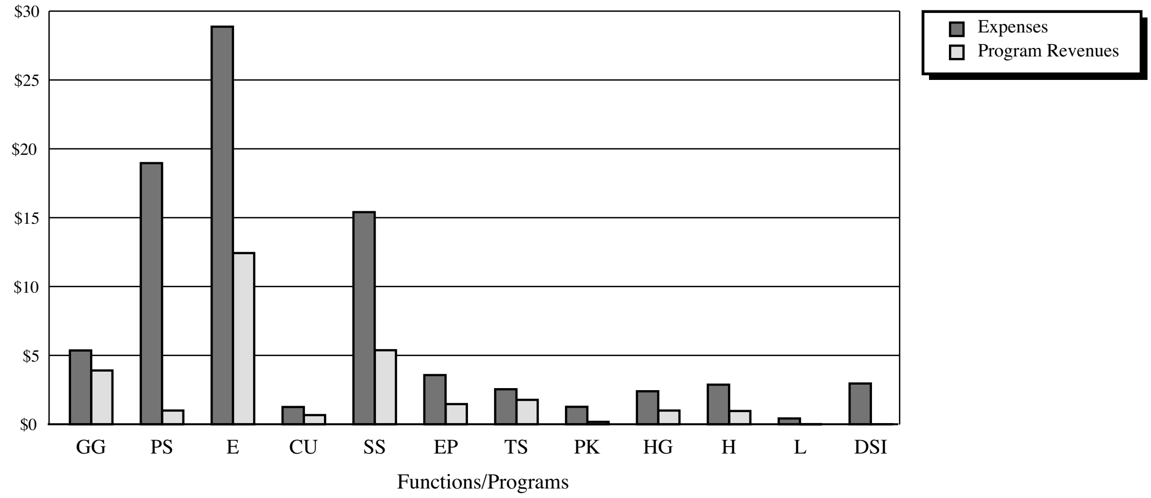
- Grants increased due to more reimbursements for costs associated with Superstorm Sandy which impacted New York City in October 2012.
- Tax revenues, net of refunds, increased overall, as a result of the following:
  - The increase in real estate taxes results from growth in billable assessed value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

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

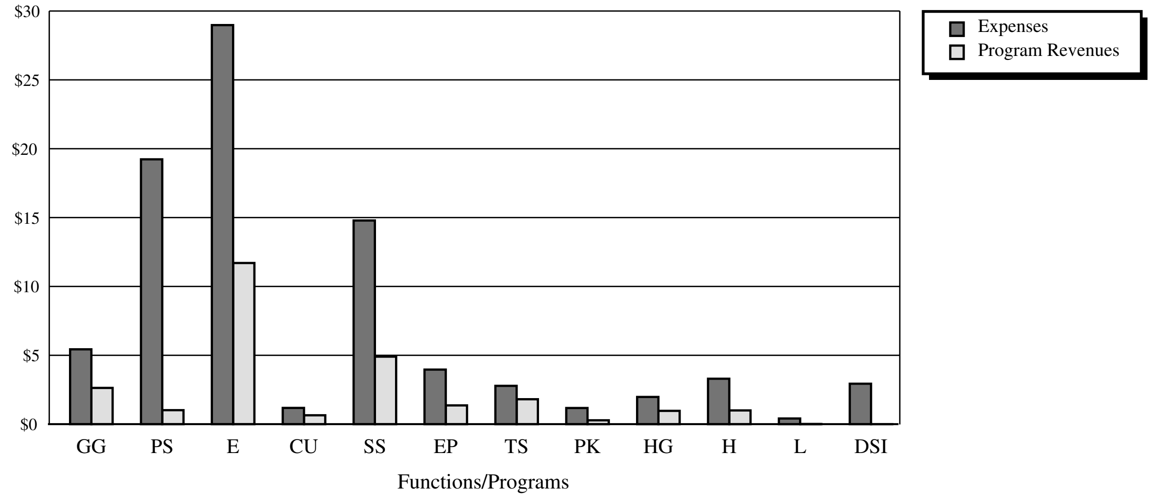
- General government expense increases are attributable to increases in Community Development Block Grant Disaster Recovery funded work, collective bargaining increases, and various Mayoral initiatives.
- Education expenses increased due to the expansion of Universal Pre-Kindergarten and after-school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

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

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



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

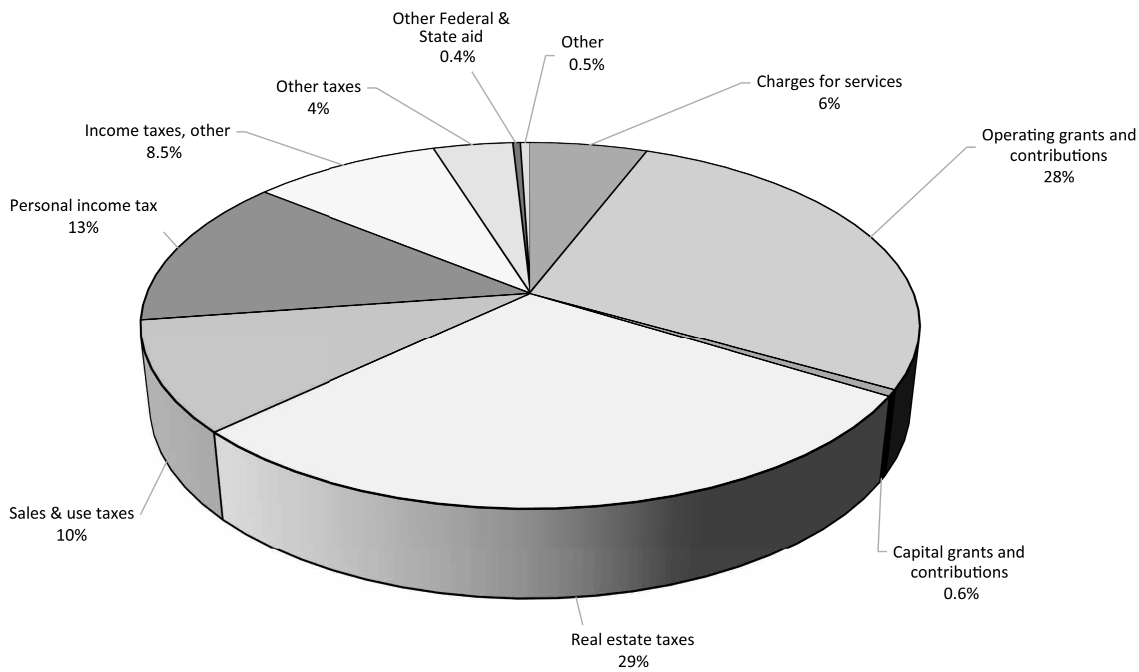


Functions/Programs

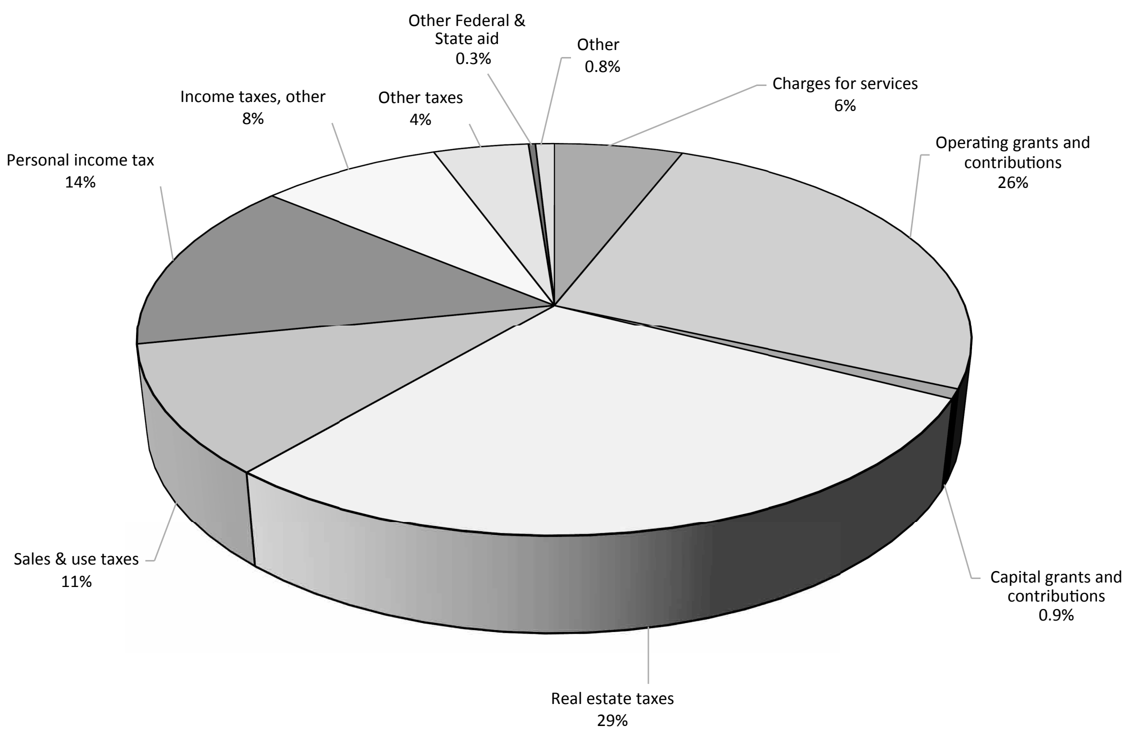
GG	General government
PS	Public safety and judicial
E	Education (Primary and Secondary)
CU	City University
SS	Social services
EP	Environmental protection
TS	Transportation services
PK	Parks, recreation, and cultural activities
HG	Housing
H	Health, including payments to HHC
L	Libraries
DSI	Debt service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

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

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



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



As noted earlier, increases and decreases of net position may over time serve as a useful indicator of changes in a government's financial position. In the case of the City, governmental activities for Fiscal Year 2017 liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $194.4 billion, an increase in the net deficit of $911.3 million from June 30, 2016 as restated, which in turn compares with an increase to the net deficit of $10.4 billion over the prior Fiscal Year 2015.

See table below for further details.

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

N/A: Not Available.

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

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

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

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

Summary of City Pension Information Fiscal Year 2017

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

* Includes QPP and VSFs
** QPP only
*** Calculated based on whole dollar unrounded amounts.

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

Summary of City Pension Information Fiscal Year 2016

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

* Includes QPP and VSFs
** QPP only
*** Calculated based on whole dollar unrounded amounts.

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

Financial Analysis of the Governmental Funds

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

Governmental Funds

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

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

If the City anticipates that the General Fund will have an operating surplus, the City will make discretionary transfers to the General Debt Service Fund and other payments that reduce the amount of the General Fund surplus for financial reporting purposes and reduce the need for expenditures in the succeeding fiscal year or years. As detailed later, the General Fund had an operating surplus of $4.2 billion and $4.0 billion before these expenditures and transfers (discretionary and other) for Fiscal Years 2017 and 2016, respectively. After these certain expenditures and transfers, the General Fund reported an operating surplus of $5 million in both Fiscal Years 2017 and 2016, which resulted in an increase in fund balance by this amount.

The General Debt Service Fund receives transfers (discretionary and other) from the General Fund from which it pays the City's debt service requirements. Its fund balance at June 30, 2017 can be attributed principally to transfers (discretionary transfer and other) from the General Fund totaling $1.6 billion in Fiscal Year 2017 for Fiscal Year 2018 debt service. Similar transfers in Fiscal Year 2016 of $1.8 billion for Fiscal Year 2017 debt service also primarily account for the General Debt Service Fund balance at June 30, 2016.

The Capital Projects Fund accounts for the financing of the City's capital program. The primary source of funding is the issuance of City and TFA debt. Capital-related expenditures are first paid from the General Fund, which is reimbursed for these expenditures by the Capital Projects Fund. To the extent that capital expenditures exceed proceeds from bond issuances, and other revenues and financing sources, the Capital Projects Fund will have a deficit. The deficit fund balances at June 30, 2017 and 2016 represent the amounts expected to be financed from future bond issues or intergovernmental reimbursements. To the extent the deficits will not be financed or reimbursed, transfers from the General Fund will be required.

General Fund Budgetary Highlights

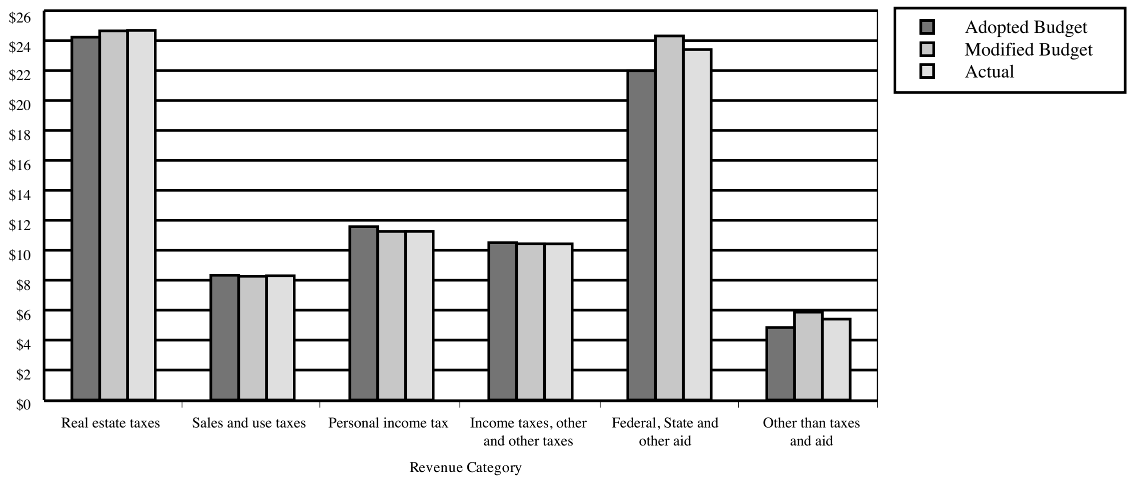
GAAP require recognition of pollution remediation obligations and generally preclude costs incurred for pollution remediation from being reported as capital expenditures. Thus, the City's Fiscal Year 2017 General Fund expenditures include approximately $142.7 million of pollution remediation expenditures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

	General Fund Pollution Remediation Expenditures	
	2017	**2016**
	(in thousands)	
General government	$ 24,290	$ 23,456
Public safety and judicial	2,602	3,172
Education	81,828	107,083
Social services	635	154
Environmental protection	16,077	10.929
Transportation services	8,459	5,879
Parks, recreation, and cultural activities	5,848	3,227
Housing	616	1,892
Health, including HHC	1,962	7,665
Libraries	381	437
Total expenditures	$ 142,698	$ 163,894

General Fund Revenues

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

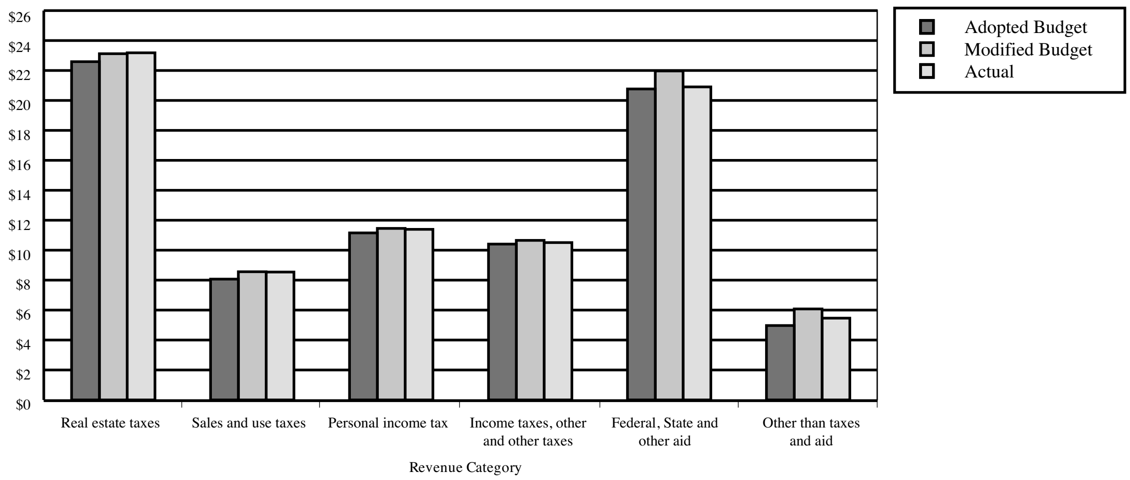
General Fund Revenues
Fiscal Year 2017
(in billions)



General Fund Revenues
Fiscal Year 2017

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

General Fund Revenues
Fiscal Year 2016
(in billions)



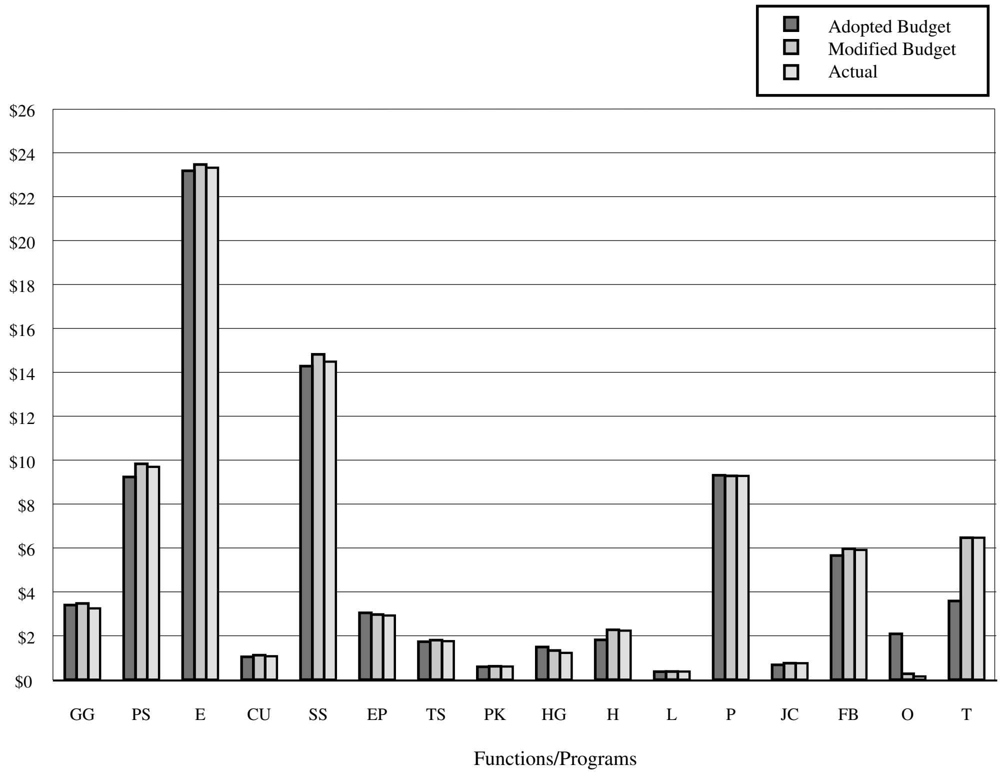
General Fund Revenues
Fiscal Year 2016

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

General Fund Expenditures

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

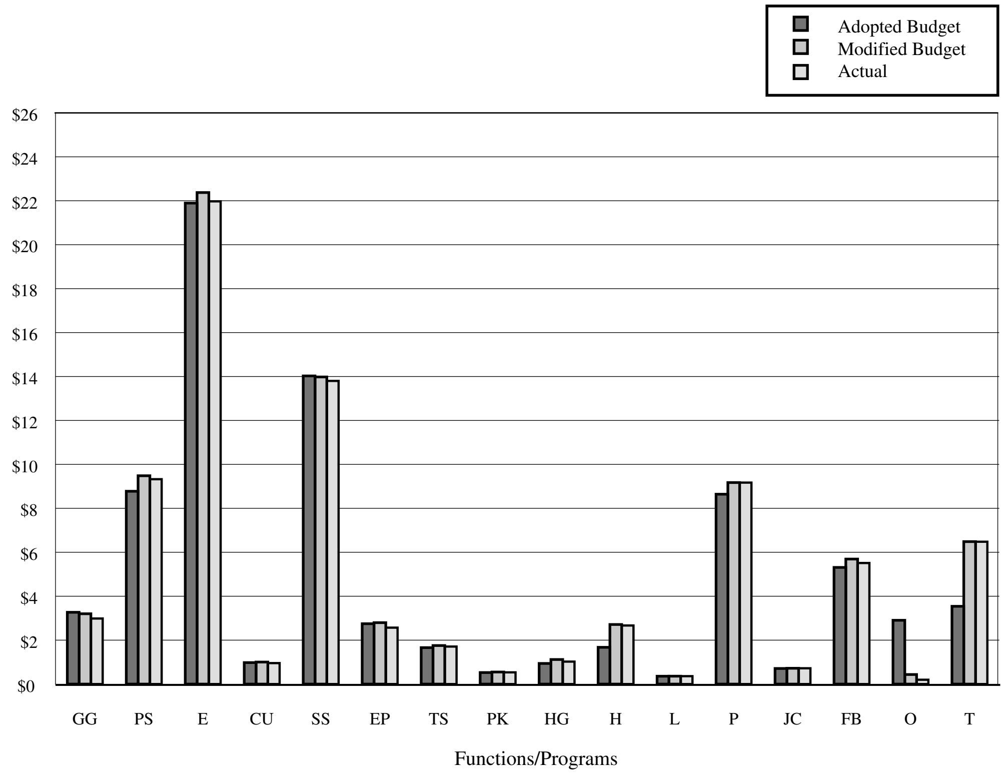
General Fund Expenditures
Fiscal Year 2017
(in billions)



General Fund Expenditures
Fiscal Year 2017

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

General Fund Expenditures
Fiscal Year 2016
(in billions)



General Fund Expenditures
Fiscal Year 2016

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

General Fund Surplus

The City had General Fund surpluses of $4.2 billion, $4.0 billion and $3.6 billion before certain expenditures and transfers (discretionary and other) for Fiscal Years 2017, 2016 and 2015, respectively. For the Fiscal Years 2017, 2016 and 2015, the General Fund surplus was $5 million after expenditures and transfers (discretionary and other).

The expenditures and transfers (discretionary and other) made by the City after the adoption of its Fiscal Years 2017, 2016 and 2015 budgets follow:

	General Fund		
	2017	2016	2015
		(in millions)	
Transfer, as required by law, to the General Debt Service Fund of real estate taxes collected in excess of the amount needed to finance debt service	$ 239	$ 382	$ 428
Discretionary transfers to the General Debt Service Fund	1,321	1,378	1,548
Equity contribution set aside to bond refunding escrow accounts for current fiscal year interest costs	11	44	47
Debt service prepayments for lease purchase debt service due in the fiscal year	—	100	—
Grant to TFA	1,909	1,734	1,578
Advance cash subsidies to the HHC	300	400	—
Payment to the Retiree Health Benefits Trust	400	—	—
Total expenditures and transfers (discretionary and other)	4,180	4,038	3,601
Reported surplus	5	5	5
Total surplus	$4,185	$4,043	$3,606

Fiscal Year 2017

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

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

Fiscal Year 2016

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

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

Capital Assets

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

Governmental Activities

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

* Not depreciable/amortizable

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

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

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

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

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

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

Business-type Activities

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

* Not depreciable/amortizable

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

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

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

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

Debt Administration

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

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

(1) Does not include capital contractual liabilities.

General Obligation

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

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

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

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

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

	Tax Exempt	Taxable
Dailies[1]	0.63%	—
2-Day Mode[1]	0.66%	—
Weeklies[1]	0.69%	0.79%
Auction Rate Securities—7 day	1.10%	—
Index Floaters	2.05%	1.48%

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

During Fiscal Year 2017, Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch) maintained the GO rating at AA. Moody's Investors Service (Moody's) continued to rate GO bonds at Aa2.

Short-Term Financing

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

Transitional Finance Authority

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

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

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

	Tax Exempt
Dailies[1]	0.66%
2-Day Mode[1]	0.66%
Weeklies[1]	0.74%
Auction Rate Securities—7 day	0.84%
Index Floaters	1.34%

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

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

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

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

TSASC, Inc.

TSASC issued $1.10 billion of refunding bonds in Fiscal Year 2017. As of June 30, 2017, TSASC had approximately $1.09 billion of bonds outstanding.

TSASC bond ratings vary by maturity. As of June 30, 2017, Standard and Poor's (S&P) rated TSASC senior bonds maturing June 1, 2026 at A; June 1, 2036 at A-; and June 1, 2041 at BBB+. S&P rated TSASC subordinate bonds maturing June 1, 2018 at A-; June 1, 2019 at BBB+; June 1, 2025 at BBB; and June 1, 2045 at BBB-. S&P placed all of these ratings on negative credit watch on May 16, 2017, where they remained as of June 30, 2017.

Sales Tax Asset Receivable Corporation

As of June 30, 2017, STAR had $1.88 billion of bonds outstanding. In Fiscal Year 2017, STAR had no financing activity.

STAR maintained its Aa1 rating from Moody's Investor Services and AA+ from Fitch Ratings throughout Fiscal 2017. Standard & Poor's maintained its AAA rating.

Fiscal Year 2005 Securitization Corporation

As of June 30, 2017, FSC had $131.71 million of bonds outstanding. It had no financing activity in Fiscal Year 2017.

As of June 30, 2017, the bonds were rated AA+ by S&P, Aaa by Moody's, and AAA by Fitch.

Hudson Yards Infrastructure Corporation

As of June 30, 2017, HYIC had $2.75 billion of bonds outstanding. In Fiscal Year 2017 HYIC issued $2.14 billion of Second Indenture Revenue bonds to refund a portion of its outstanding bonds at lower interest rates and establish amortization for both First and Second Indenture bonds.

The First Indenture bonds are rated AA- by S&P, Aa3 by Moody's, and AA- by Fitch. The Second Indenture bonds are rated A+ by S&P, Aa3 by Moody's, and A+ by Fitch.

New York City Educational Construction Fund

The ECF had no financing activity in Fiscal Year 2017.

As of June 30, 2017, ECF had $235.88 million of bonds outstanding. The bonds are rated AA-by S&P and Aa3 by Moody's.

New York City Tax Lien Trusts

As of June 30, 2017, the New York City Tax Lien Trusts had in aggregate $37.41 million in bonds outstanding. In Fiscal Year 2017, the New York City Tax Lien Trust, NYCTLT 2016-A, sold $64.98 million of bonds. The bonds are rated AAA by Kroll Bond Rating Agency Inc. and Aaa by Moody's Investors Service.

Interest Rate Exchange Agreements

No new swaps were initiated in Fiscal Year 2017 and one outstanding swap was terminated. As of June 30, 2017, the outstanding notional amount on the City's various swap agreements in connection with General Obligation debt and City-related debt of the Dormitory Authority of the State of New York was $1.41 billion.

The Water Authority has also entered into interest rate exchange agreements from time to time in order to lower its borrowing costs over the life of its bonds and to diversify its existing portfolio. In Fiscal Year 2017, the Authority did not initiate or terminate any swaps. As of June 30, 2017, the outstanding notional amount on the Water Authority's various swap agreements was $401 million.

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

Subsequent Events

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

Water Authority: On July 11, 2017, the New York City Municipal Water Finance Authority issued $162,405,000 of Fiscal Series 2018 AA Second General Resolution Bonds to refund a portion of its outstanding bonds at lower interest rates.

On October 12, 2017 the New York City Municipal Water Finance Authority issued $383,975,000 of Fiscal Series 2018 BB Bonds for capital purposes and to convert a portion of its outstanding variable rate bonds to fixed rate.

TFA Debt: On July 20, 2017, the New York City Transitional Finance Authority issued $1,007,545,000 of Fiscal 2018 Series S Building Aid Revenue Bonds to refund a portion of its outstanding bonds at lower interest rates.

On August 17, 2017, the New York City Transitional Finance Authority issued $1,350,000,000 of Fiscal 2018 Series A Future Tax Secured bonds for capital purposes and reoffered $161,075,500 of Fiscal 2018 Series 1 Future Tax Secured Bonds to convert a portion of its outstanding variable rate bonds to fixed rate.

On October 26, 2017, the New York City Transitional Finance Authority issued $990,000,000 of Fiscal 2018 Series B Future Tax Secured Bonds for capital purposes.

NYCTLT 2017-A: On July 27, 2017, NYCTLT 2017-A issued Tax Lien Collateralized Bonds, Series 2017-A of $68,017,000 to fund the purchase of certain liens from the City.

Interest Rate Exchange Agreements: On August 1, 2017, $18.04 million of Hedging Derivative L matured as scheduled.

City Debt: On August 10, 2017, The City of New York issued $898,965,000 of Fiscal 2018 Series A General Obligation bonds to refund a portion of its outstanding bonds at lower interest rates and reoffered $59,970,000 of Fiscal 2002 Subseries A-10 to convert a portion of its outstanding variable rate bonds to fixed rate.

On October 3, 2017, The City of New York issued $1,000,000,000 of Fiscal 2018 Series B General Obligation bonds for capital purposes and $307,305,000 of Fiscal 2018 Series 1 General Obligation bonds to convert a portion of its outstanding variable rate bonds to fixed rate.

Commitments

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

To address the need for significant infrastructure and public facility capital investments, the City has prepared a ten-year capital spending program which contemplates New York City Capital Projects Fund expenditures of $89.6 billion over Fiscal Years 2017 through 2025. To help meet the financing needs for its capital spending program, the City and TFA borrowed $5.5 billion in the public credit market in Fiscal Year 2017. The City and TFA plan to borrow $6.7 billion in the public credit market in Fiscal Year 2018.

Request for Information

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

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The City of New York

Comprehensive
Annual Financial Report
of the
Comptroller

Part II-A

BASIC
FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2017

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David N. Dinkins Municipal Building

THE CITY OF NEW YORK
STATEMENT OF NET POSITION

JUNE 30, 2017
(in thousands)

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

STATEMENT OF NET POSITION

JUNE 30, 2016

(in thousands)

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

See accompanying notes to financial statements.

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government (PG)			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total – (PG)	Component Units (CU)
Primary Government (PG)								
Governmental Activities:								
General government	$ 5,360,092	$ 905,738	$ 3,142,123	$ (142,958)	$ (1,455,189)	$ —	$ (1,455,189)	$ —
Public safety and judicial	18,961,329	332,938	661,440	1,938	(17,965,013)	—	(17,965,013)	—
Education	28,839,477	148,009	12,134,532	148,512	(16,408,424)	—	(16,408,424)	—
City University	1,252,444	404,758	260,528	—	(587,158)	—	(587,158)	—
Social services	15,402,193	66,693	5,286,726	21,802	(10,026,972)	—	(10,026,972)	—
Environmental protection	3,570,278	1,445,740	14,191	3,890	(2,106,457)	—	(2,106,457)	—
Transportation services	2,542,300	1,039,443	393,553	337,998	(771,306)	—	(771,306)	—
Parks, recreation and cultural activities	1,265,383	95,604	8,437	67,554	(1,093,788)	—	(1,093,788)	—
Housing	2,394,963	424,844	538,354	32,056	(1,399,709)	—	(1,399,709)	—
Health (including payments to HHC)	2,874,032	55,842	904,571	1,750	(1,911,869)	—	(1,911,869)	—
Libraries	420,994	—	—	6,668	(414,326)	—	(414,326)	—
Debt service interest	2,958,883	—	—	—	(2,958,883)	—	(2,958,883)	—
Total governmental activities	85,842,368	4,919,609	23,344,455	479,210	(57,099,094)	—	(57,099,094)	—
Business-Type Activities:								
Brooklyn Bridge Park	18,640	1,862	—	20,625	—	3,847	3,847	—
The Trust for Governor's Island	35,177	2,380	17,399	24,673	—	9,275	9,275	—
WTC Captive Insurance	1,968	—	—	—	—	(1,968)	(1,968)	—
New York City Tax Lien Trusts	266,418	—	132,277	—	—	(134,141)	(134,141)	—
Total business-type activities	322,203	4,242	149,676	45,298	—	(122,987)	(122,987)	—
Total Primary Government (PG)	$86,164,571	$ 4,923,851	$23,494,131	$ 524,508	(57,099,094)	(122,987)	(57,222,081)	—
Component Units	$18,690,644	$13,406,968	$ 3,305,202	$ 1,265,020	—	—	—	$(713,454)
General Revenues:								
Taxes (net of refunds):								
Real estate taxes					24,586,758	—	24,586,758	—
Sales and use taxes					8,307,525	—	8,307,525	—
Personal income tax					11,256,809	—	11,256,809	—
Income taxes, other					7,875,921	—	7,875,921	—
Other taxes:								
Commercial rent					921,374	—	921,374	—
Conveyance of real property					1,418,683	—	1,418,683	—
Hotel room occupancy					582,481	—	582,481	—
Payments in lieu of taxes					351,438	35,566	387,004	—
Other					36,808	—	36,808	—
Investment income					110,145	116,372	226,517	66,335
Unrestricted Federal and State aid					311,125	—	311,125	9,572
Other					428,702	4,529	433,231	1,197,656
Total general revenues					56,187,769	156,467	56,344,236	1,273,563
Change in net position					(911,325)	33,480	(877,845)	560,109
Net position (deficit)—beginning					(193,524,916)	834,817	(192,690,099)	1,297,499
Net position (deficit)—ending					$(194,436,241)	$868,297	$(193,567,944)	$1,857,608

See accompanying notes to financial statements.

THE CITY OF NEW YORK

STATEMENT OF ACTIVITIES

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2017
(in thousands)

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2016
(in thousands)

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2017
(in thousands)

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2016

(in thousands)

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

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

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2016

(in thousands)

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

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

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

Net change in fund balances — governmental funds		$ 525,684
Amounts reported for *governmental activities* in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Purchases of capital assets	$ 6,075,034	
Depreciation expense	(3,485,994)	2,589,040
The net effect of various miscellaneous transactions involving capital assets and other (*i.e.,* sales, trade-ins, and donations) is to decrease net position		43,073
The issuance of long-term debt (*i.e.*, bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds from sales of bonds	(11,209,490)	
Principal payments of bonds	7,332,755	
Other	484,432	(3,392,303)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds		(196,727)
Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		(15,171,696)
Change in net pension liability		8,605,624
Change in OPEB liability		6,079,684
Change in pollution remediation obligations		6,296
Change in net position — governmental activities		$ (911,325)

See accompanying notes to financial statements.

THE CITY OF NEW YORK

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

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

Net change in fund balances — governmental funds		$ (1,492,613)
Amounts reported for *governmental activities* in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Purchases of capital assets	$ 5,193,139	
Depreciation expense	(3,353,181)	1,839,958
The net effect of various miscellaneous transactions involving capital assets and other (*i.e.,* sales, trade-ins, and donations) is to decrease net position		83,098
The issuance of long-term debt (*i.e.*, bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds from sales of bonds	(7,310,264)	
Principal payments of bonds	5,602,082	
Other	421,587	(1,286,595)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds		(585,453)
Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		11,831,060
Change in net pension liability		(11,722,928)
Change in OPEB liability		(4,745,452)
Change in pollution remediation obligations		41,358
Restatement of beginning net position		(4,405,436)
Change in net position — governmental activities		$(10,443,003)

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK
PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2017
(in thousands)

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

THE CITY OF NEW YORK
PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2016
(in thousands)

	Brooklyn Bridge Park Corporation	The Trust for Governors Island Corporation	WTC Captive Insurance Company, Inc.	NYCTL 1998-2 TRUST	NYCTL 2014-A TRUST	NYCTL 2015-A TRUST	NYCTL 2016-A TRUST	Total Proprietary Funds
ASSETS:								
Current Assets:								
Cash and cash equivalents	$ 16,453	$ 1,513	$ 6,087	$ 1,222	$ —	$ 89	$ 303	$ 25,667
Investments	12,561	—	163,818	—	—	—	—	176,379
Receivables:								
Federal, State and other aid	—	3,013	—	—	—	—	—	3,013
Accounts receivable	556	299	8,839	52,611	—	18,476	17,602	98,383
Restricted cash, cash equivalents	29,338	10,354	114	—	—	—	—	39,806
Restricted investments	—	—	—	30,704	—	9,079	1,209	40,992
Prepaid expenses	38	2	67	—	—	—	—	107
Total current assets	58,946	15,181	178,925	84,537	—	27,644	19,114	384,347
Noncurrent assets:								
Investments	17,148	—	125,018	—	—	—	—	142,166
Restricted cash, cash equivalents	—	350	—	—	—	—	—	350
Accounts receivable	—	—	—	178,360	—	30,879	27,675	236,914
Capital assets:								
Land and construction work in progress	75,307	91,208	—	—	—	—	—	166,515
Other capital assets (net of depreciation/amortization):								
Property, plant and equipment (including software).	28,251	3,884	—	—	—	—	—	32,135
Infrastructure.	94,538	247,359	—	—	—	—	—	341,897
Other assets	—	—	36	—	—	—	—	36
Total noncurrent assets	215,244	342,801	125,054	178,360	—	30,879	27,675	920,013
Total assets	274,190	357,982	303,979	262,897	—	58,523	46,789	1,304,360
LIABILITIES:								
Current liabilities:								
Accounts payable and accrued liabilities	5,205	13,370	10,151	7,756	—	1,927	1	38,410
Accrued interest payable	—	—	—	—	—	71	—	71
Unearned revenue	19,289	10,282	—	—	—	—	—	29,571
Security deposits	508	—	7,147	—	—	—	—	7,655
Overage due to taxpayers.	—	—	—	(697)	—	160	11	(526)
Bonds payable	—	—	—	—	—	20,946	—	20,946
Discount on bonds payable	—	—	—	—	—	(1)	—	(1)
Residual liability	—	—	—	12,355	—	8,578	11,039	31,972
Total current liabilities	25,002	23,652	17,298	19,414	—	31,681	11,051	128,098
Noncurrent liabilities:								
Security deposits	2,050	350	168,211	—	—	—	—	170,611
Residual liability	—	—	118,470	41,361	—	—	—	159,831
Bonds payable.	—	—	—	—	—	10,918	—	10,918
OPEB	85	—	—	—	—	—	—	85
Total noncurrent liabilities	2,135	350	286,681	41,361	—	10,918	—	341,445
Total liabilities	27,137	24,002	303,979	60,775	—	42,599	11,051	469,543
NET POSITION:								
Net investment in capital assets	198,097	342,451	—	—	—	—	—	540,548
Restricted for:								
Capital	7,596	—	—	30,704	—	—	—	38,300
Operations	41,360	—	—	171,418	—	15,924	35,738	264,440
Unrestricted	—	(8,471)	—	—	—	—	—	(8,471)
Total net position	$ 247,053	$ 333,980	$ —	$ 202,122	$ —	$ 15,924	$ 35,738	$ 834,817

THE CITY OF NEW YORK
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

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

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

THE CITY OF NEW YORK
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

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

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

THE CITY OF NEW YORK
PROPRIETARY FUNDS
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2017
(in thousands)

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

THE CITY OF NEW YORK
PROPRIETARY FUNDS
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2017
(in thousands)

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

THE CITY OF NEW YORK
PROPRIETARY FUNDS
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

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

THE CITY OF NEW YORK
PROPRIETARY FUNDS
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

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

THE CITY OF NEW YORK

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

(in thousands)

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

(in thousands)

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016

(in thousands)

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK
COMPONENT UNITS
STATEMENT OF NET POSITION

JUNE 30, 2017
(in thousands)

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK
COMPONENT UNITS
STATEMENT OF NET POSITION
JUNE 30, 2016
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2015	Housing Development Corporation October 31, 2015	Health and Hospitals Corporation (Restated)	Economic Development Corporation	Nonmajor Component Units	Total
ASSETS:							
Cash and cash equivalents.	$ 356	$ 410,765	$ 782,027	$ 1,112,003	$ 82,265	$ 57,467	$ 2,444,883
Investments	6,096	797,948	375,587	405,906	175,693	101,751	1,862,981
Lease receivables	—	—	—	—	—	1,694,490	1,694,490
Other receivables	784,369	269,181	1,144,785	1,797,753	252,934	24,461	4,273,483
Mortgage loans and interest receivable, net	—	27,083	9,646,533	—	16,955	—	9,690,571
Inventories	—	13,394	—	—	—	—	13,394
Due from Primary Government	194,362	—	—	—	—	23,066	217,428
Restricted cash, cash equivalents and investments	2,199,646	409,376	2,524,077	320,960	280,826	261,155	5,996,040
Other.	73,556	105,249	9,133	—	76,910	12,487	277,335
Capital assets:							
Land and construction work-in-progress	5,227,182	2,028,773	—	371,259	112,912	762	7,740,888
Buildings and equipment	36,815,525	12,363,185	7,225	8,020,508	37,513	699,360	57,943,316
Accumulated depreciation	(12,976,917)	(8,458,707)	(5,429)	(4,983,098)	(8,862)	(193,136)	(26,626,149)
Total assets	32,324,175	7,966,247	14,483,938	7,045,291	1,027,146	2,681,863	65,528,660
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred outflows from pensions	275	83,162	2,063	491,646	—	—	577,146
Other deferred outflows of resources	142,802	6,284	10,287	12,785	—	18,517	190,675
Total deferred outflows of resources	143,077	89,446	12,350	504,431	—	18,517	767,821
LIABILITIES:							
Accounts payable and accrued liabilities	18,066	385,836	830,524	2,075,598	178,154	40,105	3,528,283
Accrued interest payable	49,745	15,361	89,441	12,136	—	—	166,683
Unearned revenue	141,741	95,120	83,198	—	34,205	8,522	362,786
Due to Primary Government	498,330	—	1,022,190	504,902	127,243	—	2,152,665
Other	—	48,617	—	—	32,667	150,354	231,638
Derivative instruments-interest rate swaps	142,802	—	—	—	—	18,517	161,319
Noncurrent Liabilities:							
Due within one year	578,028	217,698	429,706	679,185	—	26,408	1,931,025
Bonds & notes payable (net of amount due within one year)	30,251,327	689,405	9,671,638	868,626	—	1,694,699	43,175,695
Net pension liability	1,215	1,026,612	10,908	3,095,542	—	11,023	4,145,300
OPEB liability	1,601	2,689,623	8,919	5,089,841	20,719	—	7,810,703
Other (net of amount due within one year)	33,840	642,625	106,109	—	207,919	192,967	1,183,460
Total liabilities	31,716,695	5,810,897	12,252,633	12,325,830	600,907	2,142,595	64,849,557
DEFERRED INFLOWS OF RESOURCES:							
Deferred inflows from pensions	154	93,706	2,075	—	—	—	95,935
Deferred inflows from OPEB	8	—	—	36,835	—	—	36,843
Other deferred inflows of resources	16,647	—	—	—	—	—	16,647
Total deferred inflows of resources	16,809	93,706	2,075	36,835	—	—	149,425
NET POSITION:							
Net investment in capital assets	(430,201)	5,407,064	1,796	2,520,920	28,651	370,503	7,898,733
Restricted for:							
Capital projects	—	—	—	—	40,279	23,602	63,881
Debt service	1,457,332	—	1,207,367	141,235	—	—	2,805,934
Loans/security deposits	—	—	—	—	54,865	—	54,865
Donor/statutory restrictions	—	—	—	148,130	—	24,483	172,613
Operations	250,447	—	64,274	—	—	2,772	317,493
Unrestricted (deficit)	(543,830)	(3,255,974)	968,143	(7,623,228)	302,444	136,425	(10,016,020)
Total net position (deficit)	$ 733,748	$ 2,151,090	$ 2,241,580	$ (4,812,943)	$ 426,239	$ 557,785	$ 1,297,499

See accompanying notes to financial statements.

THE CITY OF NEW YORK
COMPONENT UNITS
STATEMENT OF ACTIVITIES

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK
COMPONENT UNITS
STATEMENT OF ACTIVITIES

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

	Restated						
	Water and Sewer System	Housing Authority December 31, 2015	Housing Development Corporation October 31, 2015	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
EXPENSES	$3,509,935	$3,274,759	$ 271,479	$ 9,778,661	$813,588	$ 430,754	$18,079,176
PROGRAM REVENUES:							
Charges for services	3,892,465	990,524	357,318	7,773,121	342,219	44,847	13,400,494
Operating grants and contributions	—	2,213,763	—	362,409	72,162	240,144	2,888,478
Capital grants, contributions and other	4,060	433,505	—	151,403	453,384	99,952	1,142,304
Total program revenues	3,896,525	3,637,792	357,318	8,286,933	867,765	384,943	17,431,276
Net (expenses) program revenues	386,590	363,033	85,839	(1,491,728)	54,177	(45,811)	(647,900)
GENERAL REVENUES:							
Investment income	53,322	10,249	32,324	12,389	1,929	1,742	111,955
Unrestricted Federal and State aid	—	—	—	—	3,374	5,592	8,966
Other	164,502	99,655	39,841	1,509,417	41,009	103,601	1,958,025
Total general revenue.	217,824	109,904	72,165	1,521,806	46,312	110,935	2,078,946
Change in net position.	604,414	472,937	158,004	30,078	100,489	65,124	1,431,046
Net position (deficit)—beginning	129,793	1,678,153	2,083,576	(4,622,133)	325,750	1,037,763	632,902
Restatement of beginning net position	(459)	—	—	(220,888)	—	(545,102)	(766,449)
Net position (deficit)—ending	$ 733,748	$2,151,090	$2,241,580	$(4,812,943)	$426,239	$ 557,785	$ 1,297,499

See accompanying notes to financial statements.

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A. Summary of Significant Accounting Policies

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

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

1. Reporting Entity

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

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

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

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

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

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

Blended Component Units

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

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

TFA's authorizing legislation, which was amended several times, authorizes TFA to have outstanding $13.5 billion of Future Tax Secured (FTS) Bonds. TFA FTS Bonds are secured by the City's collections of personal income tax and, if necessary, sales tax. In addition, TFA is authorized to issue additional FTS Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, does not exceed the debt limit of the City. TFA is also authorized to have outstanding Recovery Bonds up to $2.5 billion to fund the City's costs related to, and arising from, events on September 11, 2001 at the World Trade Center, notwithstanding the limits discussed above. Further, legislation enacted in April 2006 enables TFA to have outstanding up to $9.4 billion of Building Aid Revenue Bonds (BARBs), notes, or other obligations for purposes of funding costs of the five-year educational facilities capital plan for the City school system and TFA's administrative expenditures.

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

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

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

TSASC is a non-stock, membership corporation governed by a Board of Directors, a majority of whom are officials of the City. TSASC does not have any employees; its affairs are administered by employees of the City and of another component unit of the City, for which TSASC pays a management fee, rent, and overhead based on its allocated share of personnel and overhead costs.

New York City Educational Construction Fund (ECF). ECF is a public benefit corporation established to construct mixed-use real estate projects which feature new school facilities, thereby increasing the number of seats for the New York City Department of Education. The ECF builds combined-occupancy structures on City-owned land conveyed to the ECF by the City. The City is required to make rental payments on the school portions of the ECF projects sufficient to make debt service payments as they come due on ECF Bonds, less the revenue received by the ECF from the non-school portions of the ECF projects.

The ECF has a board of trustees consisting of the Chancellor of the City's Department of Education and two trustees appointed by the Mayor.

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

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

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

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

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

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

Sales Tax Asset Receivable Corporation (STAR). STAR is a special-purpose, bankruptcy-remote, local development corporation organized under the Not-for-Profit Corporation Law of the State.

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

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

Hudson Yards Development Corporation (HYDC). HYDC, a local development corporation organized by the City under the Not-for-Profit Corporation Law of the State of New York, was created to manage and implement the development and redevelopment activities (Project) of the Hudson Yards area on the West Side of Manhattan (Project Area). HYDC is governed by a Board of thirteen Directors, a majority of whom serve as officials or employees of The City at the pleasure of the Mayor. HYDC works with various City and State agencies and authorities, and with private developers, on the design, construction, and implementation of the various elements of the Project, and to further private development and redevelopment of the Project Area.

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

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

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

TDC was incorporated for the purpose of enhancing the City's ability to effectively manage and deploy information technology (IT) projects. TDC is governed by a Board of Directors appointed by the Mayor. The Board may have up to seven members and is required to have a minimum of three members.

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

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

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

Business-type Activities

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

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

Governors Island Corporation, doing business as **The Trust for Governors Island (TGI)**, is a not-for-profit corporation incorporated under the Not-for-Profit Corporation Law of the State of New York in 2010. TGI was formed for the purpose of lessening the burdens of government by providing the planning, preservation, redevelopment, and ongoing operations and maintenance of approximately 150 acres of Governors Island plus surrounding lands underwater. TGI receives funding from the City, and previously from the State of New York. TGI is governed by a 13-member Board of Directors appointed by the Mayor and nominated by the Mayor, the Governor of the State of New York, and local officials.

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

The NYCTLTs are:

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

Discretely Presented Component Units

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

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

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

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

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

New York City Housing Development Corporation (HDC). HDC, a corporate governmental agency constituting a public benefit corporation of the State of New York, was established in 1971 to encourage the investment of private capital through low-interest mortgage loans in order to increase the supply of safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise. To accomplish its objectives, HDC is empowered to finance housing through new construction or rehabilitation and to provide permanent financing for multi-family residential housing. HDC finances significant amounts of its activities through the issuance of bonds, notes and debt obligations. The bonds, notes and debt obligations of HDC are not debts of either the State or the City. The combined financial statements include: (i) the accounts of HDC, and (ii) two active, blended component units: the New York City Housing Assistance Corporation and the New York City Residential Mortgage Insurance Corporation. HDC also includes the Housing New York Corporation, which became an inactive subsidiary of HDC on November 3, 2003 and is not expected to be dissolved, and the NYC HDC Real Estate Owned Corporation, a blended component of HDC that has not been active in recent years.

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

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

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

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

New York City Industrial Development Agency (IDA). IDA is a public benefit corporation established in 1974 to actively promote, retain, attract, encourage, and develop an economically-sound commerce and industry base to prevent unemployment and economic deterioration in the City. Under its programs, IDA may provide one or more of the following tax benefits: exemption from mortgage recording tax; payments in lieu of real property taxes (PILOTs) that are less than full taxes; and exemption from City and State sales and use taxes as applied to construction materials and machinery and equipment. IDA is governed by a Board of Directors, which establishes official policies and reviews and approves requests for financial assistance. Its membership is prescribed by statute and includes a public official and Mayoral appointees.

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

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

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

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

Brooklyn Navy Yard Development Corporation (BNYDC). BNYDC was organized in 1966 as a not-for-profit corporation according to the Not-for-Profit Corporation Law of the State of New York. In 1971, BNYDC leased the Brooklyn Navy Yard from the City for the purpose of rehabilitating it and attracting new businesses and industry to the area. That lease was amended, restated and the term extended by a lease commencing July 1, 2012, for a period of 49 years with five ten-year extension periods. The members of the Board of Directors serve at the pleasure of the Mayor.

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

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

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

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

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

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

2. Basis of Presentation

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

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

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

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

The City's funds are classified into three categories: governmental, proprietary and fiduciary; each category, in turn, is divided into separate "fund types."

Governmental Funds

The City reports the following governmental funds:

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

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

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

Nonmajor Governmental Funds. The City reports the following blended component units within the Nonmajor Governmental Funds: **TFA, TSASC, ECF, SCA, FSC, STAR, HYDC, HYIC, TDC and NYCSSS.** If a component unit is blended, the governmental fund types of the component unit are blended with those of the City by including them in the appropriate combining statements of the City. Although the City's General Fund is usually the main operating fund of the reporting entity, the General Fund of a blended component is reported as a Special Revenue Fund. The City does not have other Special Revenue Funds.

Proprietary Funds

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

Fiduciary Funds

The fiduciary funds are used to account for assets and activities when a governmental unit is functioning either as a trustee or an agent for another party. The City's fiduciary funds are divided into two separate fund types: Pension and Other Employee Benefit Trust Funds and Agency Funds.

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

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

Each of the pension trusts report all jointly administered plans including primary pension (QPPs), and variable supplements funds (VSFs) and/or tax deferred annuity plans (TDAs), as appropriate. While the VSFs are included with QPPs for financial reporting purposes, in accordance with the Administrative Code of The City of New York (ACNY), VSFs are not pension funds or retirement systems. Instead, they provide scheduled supplemental payments, in accordance with applicable statutory provisions. Although a portion of these payments are guaranteed by the City, the State has the right and power to amend, modify, or repeal VSFs and the payments they provide. However, any assets transferred to the VSFs are held in trust solely for the benefit of its members. More information is available in note E.5.

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

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

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

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

Discretely Presented Component Units

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

New Accounting Standards Adopted

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

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

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

The adoption of Statement No. 74 had no impact on the City's governmental fund financial statements. The adoption also resulted in no changes to the presentation of the financial statements of the City's Pension and Other Employee Benefit Trust Funds. In the separate annual financial statements of these funds, certain changes in Note disclosures and Required Supplementary Information (RSI) were incorporated to comply with Statement No. 74.

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

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

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

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

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

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

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

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

Pronouncements Issued But Not Yet Effective

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

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

3. Basis of Accounting

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

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

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

The measurement focus of the Pension and Other Employee Benefit Trust Funds and Other Trust Funds is on the flow of economic resources. This focus emphasizes the determination of and changes in net position. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Fiduciary Net Position. These funds use the accrual basis of accounting whereby revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred.

The Agency Funds use the accrual basis of accounting and do not measure the results of operations.

4. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the fiscal year to control expenditures. The cost of those goods received and services rendered on or before June 30 are recognized as expenditures. Encumbrances that do not result in expenditures by year-end lapse.

5. Cash and Investments

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

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

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

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

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

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

6. Inventories

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

7. Restricted Cash and Investments

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

8. Capital Assets

Capital assets include all land, buildings, equipment (including software), and other elements of the City's infrastructure having an initial minimum useful life of five years, having a cost of more than $35 thousand, and having been appropriated in the Capital Budget (see Note C.1). Capital assets, which are used for general governmental purposes and are not available for expenditure, are accounted for and reported in the government-wide financial statements. Infrastructure elements include the roads, bridges, curbs and gutters, streets and sidewalks, park land and improvements, piers, bulkheads and tunnels. The capital assets of the water distribution and sewage collection system are recorded in the System component unit financial statements under a lease agreement between the City and the Water Board.

Capital assets are generally stated at historical cost, or at estimated historical cost, based on appraisals or on other acceptable methods, when historical cost is not available. Donated capital assets are reported at their acquisition value. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the present value of net minimum lease payments at the inception of the lease (see Note D.3).

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

9. Vacation and Sick Leave

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

10. Judgments and Claims

The City is generally uninsured with respect to risks including, but not limited to, property damage, personal injury, and workers' compensation. However, as required by the Stafford Act, the City insures certain assets, which have been restored with grant funds from the Federal Emergency Management Agency, through the National Flood Insurance Program. In the fund financial statements, expenditures for judgments and claims (other than workers' compensation and condemnation proceedings) are recorded on the basis of settlements reached or judgments entered within the current fiscal year. Expenditures for workers' compensation are recorded when paid. Settlements relating to condemnation proceedings are reported when the liability is estimable. In the government-wide financial statements, the estimated liability for all judgments and claims incurred but not yet expended is recorded as a noncurrent liability.

11. Long-Term Liabilities

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

12. Derivative Instruments

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

Governmental Activities

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

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

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

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

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

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

Hedging Derivative Instruments

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

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

LIBOR: London Interbank Offered Rate Index
CPI: Consumer Price Index

Risks

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

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

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

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

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

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

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

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

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

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

Contingencies

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

Swap Collateral Requirements upon a Rating Downgrade of the City(1)

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

(1) All of the City's swap counterparties have agreements that collateral is to be posted by the City if the City were to owe a termination payment and its ratings fall below a certain level. Based on the credit rating level, the amount of collateral required can range from zero to the amount of the counterparty's exposure based on the market value of the swap.

(2) A negative value means the City would owe a termination payment.

(3) A downgrade of the City to either Baa2 (Moody's) or BBB (S&P) is the highest rating level at which the City would be required to post collateral.

(4) The swap counterparties, other than Merrill Lynch Capital Services Inc., round the collateral amount up or down to the nearest $100,000. Merrill Lynch does not round the amount.

(5) Represents the total amount of required collateral for ratings below Baa3/BBB-. The amount of collateral required to be posted would be the amount shown below less any collateral previously posted.

13. Real Estate Tax

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

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

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

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

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

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

In Fiscal Years 2017 and 2016, $221 million and $223 million respectively, were provided as allowances for uncollectible real estate taxes against the balance of the receivable. Delinquent real estate taxes receivable that are estimated to be collectible but which are not collected in the first two months of the next fiscal year are recorded as deferred inflows of resources in the governmental funds balance sheet but included in general revenues on the government-wide *Statement of Activities.*

The City is permitted to levy real estate taxes for general operating purposes in an amount up to 2.5% of the average full value of taxable real estate in the City for the last five years and in unlimited amounts for the payment of principal and interest on long-term City debt. Amounts collected for payment of principal and interest on long-term debt in excess of that required for that purpose in the year of the levy must be applied toward future years' debt service. For the Fiscal Years ended June 30, 2017 and 2016, excess amounts of $239 million and $382 million, respectively, were transferred to the General Debt Service Fund.

14. Other Taxes and Other Revenues

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

15. Federal, State, and Other Aid

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

16. Bond Discounts, Premiums and Issuance Costs

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

17. Intra-Entity Activity

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

18. Subsidies

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

19. Deferred Outflows and Inflows of Resources

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

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

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

20. Fund Balance

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

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

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

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

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

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

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

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

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

Fiscal Year 2016

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

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

21. Pensions

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

22. Other Postemployment Benefits

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

23. Estimates and Assumptions

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

B. Reconciliation of Government-Wide and Fund Financial Statements

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

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

C. Stewardship, Compliance, and Accountability

1. Budgets and Financial Plans

Budgets

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

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

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

Financial Plans

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

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

2. Deficit Fund Balance

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

D. Detailed Notes on All Funds

1. Deposits and Investments

Deposits

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

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

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

Cash & Cash Equivalents

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

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

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

At June 30, 2017 and 2016, the City's unrestricted Governmental Activities bank balances were $2.01 billion and $2.33 billion, respectively. Of those amounts, $472 thousand was exposed to custodial credit risk at June 30, 2017 (this is the risk that in the event of a bank failure, the City's deposits may not be returned to it or the City will not be able to recover collateral securities that are in the possession of an outside party); there was no exposure to custodial credit risk at June 30, 2016. At June 30, 2017 and 2016, the City's restricted Governmental Activities cash balances were $1.58 billion and $18.44 million, respectively. Of those amounts $13 thousand and $5 thousand were exposed to custodial credit risk. Bank balances are exposed to custodial credit risk when they are uninsured and uncollateralized.

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

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

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

Investments

The City's investment of cash in its primary government is currently limited to U.S. Government guaranteed securities and U.S. Government agency securities purchased directly and through repurchase agreements from primary dealers, as well as commercial paper rated A1 and P1 by Standard & Poor's Corporation and Moody's Investors Service, Inc., respectively. The repurchase agreements must be collateralized by U.S. Government guaranteed securities, U.S. Government agency securities, or eligible commercial paper in a range of 100% to 102% of the matured value of the repurchase agreements.

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

Governmental Activities:

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

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

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

Business-Type Activities:

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

Fair Value Hierarchy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investment Derivative Instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Securities Lending

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

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

2. Capital Assets

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

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

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

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

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

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

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

At June 30, 2017 and 2016, the governmental activities capital assets include approximately $1.2 billion of City-owned assets leased for $1 per year to the New York City Transit Authority which operates and maintains the assets. In addition, assets leased to HHC and to the Water and Sewer System are excluded from governmental activities capital assets and are recorded in the respective component unit financial statements.

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

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

Capital Commitments

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

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

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

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

3. Leases

The City leases a significant amount of property and equipment from others. Leased property having elements of ownership is recorded in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. Other leased property not having elements of ownership are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when payable. Total expenditures on such leases for the Fiscal Years ended June 30, 2017 and 2016 were approximately $1,081.0 million and $988.0 million, respectively.

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

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

The present value of future minimum lease payments includes approximately $996.0 million for leases with Public Benefit Corporations (PBC) where State law generally provides that in the event the City fails to make any required lease payment, the amount of such payment will be deducted from State aid otherwise payable to the City and paid to PBCs.

The City also leases City-owned property to others, primarily for markets, ports, and terminals. Total rental revenue on these capital and operating leases for the Fiscal Years ended June 30, 2017 and 2016 was approximately $253 million and $279 million, respectively. As of June 30, 2017, the following future minimum rentals are provided for by the leases:

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

4. Service Concession Arrangements

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

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

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

5. Long-Term Liabilities

Changes in Long-term liabilities

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

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

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

The bonds and notes payable at June 30, 2016 and 2017, summarized by type of issue are as follows:

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

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

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

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

The following table summarizes future debt service requirements as of June 30, 2017:

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

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

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

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

In Fiscal Years 2017 and 2016, the City issued $900.07 million and $2.35 billion, respectively, of General Obligation Bonds to advance refund General Obligation Bonds of $999.44 million and $2.67 billion, respectively, aggregate principal amounts. The net proceeds from the sales of the refunding bonds, together with other funds of $10.65 million and $44.43 million, respectively, were irrevocably placed in escrow accounts and invested in United States Government securities. As a result of providing for the payment of the principal and interest to maturity, and any redemption premium, the advance refunded bonds are considered to be defeased and, accordingly, the liability is not reported in the government-wide financial statements. In Fiscal Year 2017, the refunding transactions will decrease the City's aggregate debt service payments by $133.68 million and provide an economic gain of $118.81 million. In Fiscal Year 2016, the refunding transactions decreased the City's aggregate debt service payments by $428.53 million and provided an economic gain of $397.22 million. At June 30, 2017 and 2016, $20.15 billion and $21.1 billion, respectively, of the City's outstanding General Obligation Bonds were considered defeased.

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

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

Pursuant to State law, the City's General Debt Service Fund is administered and maintained by the State Comptroller. Payments of real estate taxes and other revenues are deposited in advance of debt service payment dates into the Fund. Debt service on all City notes and bonds is paid from this Fund. In Fiscal Year 2017, prepayment transfers of $1.56 billion were made from the General Fund which included discretionary transfers of $239 million to the General Debt Service Fund for Fiscal Year 2018 debt service. In Fiscal Year 2016, prepayment transfers of $1.76 billion were made from the General Fund to the General Debt Service Fund for Fiscal Year 2017 debt service.

Hedging derivative instrument payments and hedged debt

The table that follows represents debt service payments on certain general obligation variable-rate bonds and net receipts/payments on associated hedging derivative instruments (see Note A.12), as of June 30, 2017. Although interest rates on variable rate debt and the current reference rates of hedging derivative instruments change over time, the calculations included in the table below are based on the assumption that the variable rate and the current reference rates of hedging derivative instruments on June 30, 2017 will remain the same for their term.

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

Judgments and Claims

The City is a defendant in lawsuits pertaining to material matters, including claims asserted which are incidental to performing routine governmental and other functions. This litigation includes, but is not limited to: actions commenced and claims asserted against the City arising out of alleged constitutional violations; torts; breaches of contract; other violations of law; and condemnation proceedings.

As of June 30, 2017 and 2016, claims in excess of $1.26 trillion and $1.09 trillion, respectively, were outstanding against the City for which the City estimates its potential future liability to be $6.86 billion and $7.05 billion, respectively.

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

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

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

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

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

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

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

In July 2014, disability rights advocate organizations and disabled individuals commenced a putative class action against the City in the United States District Court for the Southern District of New York. Plaintiffs allege, among other matters, that the City has not complied with certain requirements of the Americans with Disabilities Act with respect to the installation, configuration and maintenance of curb ramps on sidewalks and requirements for sidewalk walkways in general in Manhattan south of 14th Street. If plaintiffs were to prevail, the City could be subject to substantial compliance costs.

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

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

In an action filed in late November 2015, plaintiffs, which consist of owners of independent taxi medallions and an owner-advocacy group, challenged the constitutionality of the New York City Taxi and Limousine Commission's rule requiring taxi medallion owners to place wheelchair accessible taxis on the street by 2020. In August 2016, the City's motion for summary judgment was granted. Plaintiffs filed a motion for reconsideration of that decision and that motion has been pending since November 2016. The potential cost to the City is uncertain at this time, but could be significant if plaintiffs were to prevail.

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

In addition to the above claims and proceedings, numerous real estate tax certiorari proceedings alleging overvaluation, inequality, and illegality are pending against the City. Based on historical settlement activity, and including an estimated premium for inequality of assessment, the City estimates its potential future liability for outstanding certiorari proceedings to be $1,073 million and $982 million at June 30, 2017 and June 30, 2016 respectively. As reported in the government-wide financial statements.

Landfill Closure and Postclosure Care Costs

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

The liability for these activities as of June 30, 2017, which equates to the total estimated current cost, is $1.51 billion. There are no costs remaining to be recognized. Cost estimates are based on current data including contracts awarded by the City, contract bids, and engineering studies. These estimates are subject to adjustment for inflation and to account for any changes in landfill conditions, regulatory requirements, technologies, or cost estimates. For government-wide financial statements, the liability for closure and postclosure care is based on total estimated current cost. For fund financial statements, expenditures are recognized using the modified accrual basis of accounting when the related liability is incurred and the payment is due.

Resource Conservation and Recovery Act Subtitle D Part 258, which became effective April, 1997, requires financial assurance regarding closure and postclosure care. This assurance was most recently provided, on March 10, 2017, by the City's Chief Financial Officer placing in the Fresh Kills landfill operating record representations in satisfaction of the Local Government Financial Test. As of June 30, 2017, the financial assurance cost estimate for the Fresh Kills Landfill is $1.04 billion.

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

During Fiscal Year 2017, expenditures for landfill and inactive hazardous waste site closure and postclosure care costs totaled $51.1 million.

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

	Amount (in thousands)
Landfill	$1,314,989
Hazardous waste sites	193,020
Total landfill and hazardous waste sites liability	$1,508,009

Pollution Remediation Obligations

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

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

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

(1) There are no expected recoveries to reduce the liability.

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

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

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

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

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

On March 2, 2010, the United States Environmental Protection Agency (EPA) listed the Gowanus Canal (the Canal), a waterway located in the City, as a Federal Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). The EPA considers the City a potentially responsible party (PRP) under the CERCLA, based on contaminants from currently and formerly City-owned and operated properties, as well as from the City's combined sewer overflows (CSOs). On September 30, 2013, the EPA issued the Record of Decision (ROD) for the Canal, setting forth requirements for dredging contaminated sediment in the Canal and covering it with a cap as well as source control requirements. The ROD requires that two CSO retention tanks be constructed as part of the source control component of the remedy. The EPA estimates that the costs of the tanks will be approximately $85 million and the overall cleanup costs (to be allocated among potentially responsible parties) will be $506 million. The City anticipates that the actual cleanup costs could substantially exceed the EPA's cost estimate.

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

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

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

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

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

6. Interfund Receivables, Payables, and Transfers

At June 30, 2017 and 2016, City and discretely presented component units receivable and payable balances and interfund transfers were as follows:

Governmental activities:

Due from/to other funds:

Receivable Fund	Payable Fund	2017	2016
		(in thousands)	
General Fund	Capital Projects Fund	$3,531,798[1]	$3,167,180[1]
	TDC—General Fund	—	277
	TFA—Debt Service	78,222	63,405
Capital Projects Fund	TFA—Capital Projects Fund	1,050,020	6,321
	HYIC—Capital Projects Fund	861	347
HYDC—Capital Projects Fund	HYIC—Capital Projects Fund	44	45
HYIC—Debt Service Fund	HYIC—Capital Projects Fund	214	94
Total due from/to other funds		$4,661,159	$3,237,669

Component Units:

Due from/to City and Component Units:

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

(1) Net of eliminations within the same fund type.

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

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

Governmental activities:
Interfund transfers[1]

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

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

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

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

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

7. Tax Abatements

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

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

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

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

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

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

(1) Stadia transactions are a unique subset within the Commercial Growth portfolio. There are only two such transactions and they relate to the construction of the Yankee and Mets baseball stadiums in the Bronx and Queens, respectively. These transactions are unique in that the related PILOT payments coincide with the underlying debt service related to the construction of the stadiums. As such, the length of these abatements related to the Yankee and Mets stadiums cover a 36 and 40 year period, respectively.

(2) These businesses include Warehousing, Distribution Centers and Logistics. The FRESH projects are a subset of the Industrial Incentive Transactions and target food distribution companies.

(3) City Charter 1301(1) (b) requires NYCEDC, NYCIDA and Build NYC to report on projects undertaken for the purposes of the creation or retention of jobs if, in connection with such projects, Financial Assistance was provided in the form of loans, grants or tax benefits. In compliance with this requirement, a detailed report is prepared annually and posted on the NYCEDC web site that lists both summary and transaction level detail for all active projects. This report can be accessed at www.nycedc.com/about-nycedc/financial-public-documents.

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

8. Superstorm Sandy

Government Assistance

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

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

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

E. Other Information

1. Audit Responsibility

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

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

2. Subsequent Events

The following events occurred subsequent to June 30, 2017:

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

3. Other Employee Benefit Trust Funds

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

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

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

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

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

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

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

Summary of Significant Accounting Policies:

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

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

4. Other Postemployment Benefits

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

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

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

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

Under this method, as used in the Fiscal Year 2017 OPEB valuation, the Actuarial Present Value (APV) of Benefits (APVB) of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The employer portion of this APVB allocated to a valuation year is the Employer Normal Cost. The portion of this APVB not provided for at a valuation date by the APV of Future Employer Normal Costs is the Total OPEB Liability.

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

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

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

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

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

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

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

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

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

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

Funded Status and Funding Progress. As of June 30, 2017, the most recent actuarial measurement date, the funded status was 5.0%. The total OPEB liability for benefits was $93.1 billion, and the plan fiduciary net position was $4.7 billion, resulting in a net OPEB liability of $88.4 billion. The covered payroll (annual payroll of active employees covered) was $25.2 billion, and the ratio of the net OPEB liability to the covered payroll was 351.0%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The determined actuarial valuations of OPEB incorporated the use of demographic and salary increase assumptions among others as reflected below. Amounts determined regarding the funded status and the annual expense of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of changes in the net OPEB liability and related ratios shown in the RSI section immediately following the notes to financial statements, disclosures required by GASB Statement No. 74 for OPEB Plan reporting (replacing GASB 43), presents GASB Statement No. 75 (replacing GASB 45) results of OPEB valuations for Fiscal Years 2017 and 2016.

Actuarial Methods and Assumptions. The actuarial assumptions used in the Fiscal Years 2017 and 2016 OPEB valuations are classified as those used in the New York City Retirement Systems (NYCRS) pension valuations and those specific to the OPEB valuations. NYCRS consist of: (i) New York City Employees' Retirement System (NYCERS); (ii) Teachers' Retirement System of The City of New York (TRS); (iii) New York City Board of Education Retirement System (BERS); (iv) New York City Police Pension Fund (POLICE); and (v) New York City Fire Pension Fund (FIRE). The OPEB valuations incorporate only the use of certain NYCRS demographic and salary increase assumptions. The NYCRS demographic and salary scale assumptions are unchanged from the prior OPEB valuation. For purposes of determining pension obligations, the demographic and salary scale assumptions requiring NYCRS Board approval (available on the website of the Office of the Actuary at www.nyc.gov/actuary) were adopted by each respective Board of Trustees during fiscal year 2012 (the Silver Books), with revisions proposed by the Actuary and adopted by each respective Board of Trustees in fiscal year 2016. Chapter 3 of the Laws of 2013 enacted those actuarial assumptions and methods that require New York State Legislation.

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

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Discount Rate.	3.17% per annum[1] for the June 30, 2017 measurement date (3.13% for ECF and SCA). Results as of the June 30, 2016 measurement date are presented at 2.75% (2.71% for ECF and SCA).
Actuarial Cost Method	Entry Age calculated on an individual basis with the Actuarial Value of Projected Benefits allocated on a level basis over earnings from hire through age of exit.
Per-Capita Claims Costs	EBCBS and GHI plans are insured via a Minimum Premium arrangement while the HIP and many of the other HMOs are community rated. Costs reflect age adjusted premiums for all plans. HIP HMO and GHI/EBCBS non-Medicare premiums have been adjusted for Health Savings Agreement changes.

Age adjustment based on assumed age distribution of covered population used for non-Medicare retirees and HIP and Other HMO Medicare retirees.

Age adjustment based on actual age distribution of the GHI/EBCBS Medicare covered population.

All reported premiums assumed to include administrative costs.

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

Initial monthly premium rates used in valuation are shown below:

Plan	Monthly Rates FY'17
HIP HMO	
Non-Medicare Single	$ 600.18[1]
Non-Medicare Family	1,470.45[1]
Medicare	160.83[1]
GHI/EBCBS	
Non-Medicare Single	567.48[1]
Non-Medicare Family	1,487.47[1]
Medicare	168.35
Others[2]	
Non-Medicare Single	1,030.56
Non-Medicare Family	2,226.45
Medicare Single	276.18
Medicare Family	546.28

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

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

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

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

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

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

Medicare Part B Premiums . . . .

Calendar Year	Monthly Premium
2013-15	$104.90
2016	109.97
2017	113.63

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

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

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

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

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

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

Health Care Cost Trend Rate (HCCTR) . . . . Covered medical expenses are assumed to increase by the following percentages (unchanged from the last valuation). For purposes of measuring entry age calculations, actual historic plan increases are reflected to the extent known.

Year Ending[1]	Pre-Medicare Plans	Medicare Plans	Medicare Part B Premium
2017[2]	7.84%	2.51%	5.0%
2018	7.5	5.0	5.0
2019	7.0	5.0	5.0
2020	6.5	5.0	5.0
2021	6.0	5.0	5.0
2022	5.5	5.0	5.0
2023 and Later	5.0	5.0	5.0

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

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

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

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

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

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

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

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

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

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

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

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

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

Detailed assumptions for future Program retirees are presented below.

PLAN PARTICIPATION ASSUMPTIONS

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

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

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

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

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

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

Additional demographic information is provided in the five "Silver Books" available on the Reports page of the OA website (www.nyc.gov/actuary).

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

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

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

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

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

- For Pre-Medicare retirees above the age of 55, the limit will be further increased by $1,650 for single coverage; $3,450 for family coverage.
- The dollar limits are increased by CPI+1% (e.g. 3.5%) for 2019 and by CPI (e.g. 2.5%) for subsequent years. Indexing of limits starts in 2018; tax first applies in 2020.

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

- The cost for each benefit option without age adjustment (GHI, HIP, or other HMO, combined with the average cost of Medicare Part B Premium reimbursement, if applicable) was separately compared to the applicable limit.
- The additional Cadillac Tax due to the riders or optional benefit arrangements is assumed to be reflected in the contribution required for the rider or optional benefit.
- The additional Cadillac Tax due to amounts provided by Welfare Fund benefits is assumed to be absorbed by the Welfare Fund or by lower net Welfare Fund contribution amounts.
- Pre-Medicare retirees under age 55 are not assumed to have the higher limits that apply to employees engaged in high-risk professions because the majority of employees included in this valuation are not in such professions.

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

Actives/Inactives Liabilities	40% of the measured liability of the Active/Inactive population, which is roughly equivalent to assuming 60% of the Active/Inactive members will terminate membership prior to vesting and not receive OPEB.
Stabilization Fund	A 0.3% load is applied on all City GASB75 obligations to reflect certain benefits paid on behalf of retirees directly from the Stabilization Fund which was decreased from 0.4% in the Fiscal Year 2016 OPEB valuation based on recent data. The load is not applicable to Component Units.
Educational Construction Fund	The actuarial assumptions used for determining GASB 75 obligations for ECF are shown starting on page 24 of the Fiscal Year 2017 GASB 74/75 Report dated September 15, 2017. The Report is available at the Office of the Comptroller, Bureau of Accountancy-Room 200 South, 1 Centre Street, New York, New York 10007 and on the website of the New York City Office of the Actuary (www.nyc.gov/actuary).
CUNY TIAA	The actuarial assumptions used for determining obligations for CUNY TIAA are shown Starting on page 26 of the Fiscal Year 2017 GASB 74/75 Report dated September 15, 2017. The Report is available at the Office of the Comptroller, Bureau of Accountancy-Room 200 South, 1 Centre Street, New York, New York 10007 and on the website of the New York City Office of the Actuary (www.nyc.gov/actuary).

5. Pensions

Plan Descriptions

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

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

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

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

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

2. Teachers' Retirement System of The City of New York (TRS) administers the TRS QPP and the TRS TDA Program. The TRS QPP is a cost-sharing, multiple-employer pension plan for pedagogical employees in the public schools of the City and certain Charter Schools and certain other specified school and CUNY employees. The TRS TDA Program was established and is administered pursuant to Internal Revenue Code Section 403(b) and Chapter 4 of Title 13 of ACNY. The TRS TDA Program provides a means of deferring income tax payments on members' voluntary pre-tax contributions and earnings thereon until the periods after retirement or upon withdrawal of contributions. Members of the TRS QPP have the option to participate in the TRS TDA Program.

3. New York City Board of Education Retirement System (BERS) administers the BERS QPP and the BERS TDA Program. The BERS QPP is a cost-sharing, multiple-employer pension plan for non-pedagogical employees of the Department of Education and certain Charter Schools and certain employees of the School Construction Authority. The BERS TDA Program was established and is administered pursuant to Internal Revenue Code Section 403(b), the New York State Education Law and the BERS Rules and Regulations. The BERS TDA Program provides a means of deferring income tax payments on members' voluntary pre-tax contributions and earnings thereon until the periods after retirement or upon withdrawal of contributions. Members of the BERS QPP have the option to participate in the BERS TDA Program.

4. New York City Police Pension Fund (POLICE) administers the POLICE QPP, along with the Police Officer's Variable Supplements Fund (POVSF) and Police Superior Officers' Variable Supplements Fund (PSOVSF). The POLICE QPP is a single-employer pension plan for all full-time uniformed employees of the New York City Police Department.

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

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

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

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

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

	NYCERS	TRS	BERS	POLICE	FIRE	Total
QPP Membership at June 30, 2015						
Retirees and Beneficiaries Receiving Benefits	144,526	82,777	16,438	48,703	16,710	309,154
Terminated Vested Members Not Yet Receiving Benefits	9,402	13,482	237	546	32	23,699
Other Inactives	16,907	7,347	3,972	1,484	18	29,728
Active Members	185,758	114,652	24,903	34,435	10,780	370,528
Total QPP Membership	356,593	218,258	45,550	85,168	27,540	733,109

	NYCERS	TRS	BERS	POLICE	FIRE	Total
QPP Membership at June 30, 2014						
Retirees and Beneficiaries Receiving Benefits	142,095	80,419	15,995	48,212	16,763	303,484
Terminated Vested Members Not Yet Receiving Benefits	9,674	12,349	195	572	40	22,830
Other Inactives	16,527	8,702	4,005	1,369	16	30,619
Active Members	184,762	111,726	25,182	34,402	10,319	366,391
Total QPP Membership	353,058	213,196	45,377	84,555	27,138	723,324

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

	TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Total
Membership at June 30, 2016						
Retirees Receiving or Eligible to Receive Benefits	325	247	160	220	7,424	8,376
Active Members	—	—	—	—	8,815	8,815
Total Membership	325	247	160	220	16,239	17,191

	TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Total
Membership at June 30, 2015						
Retirees Receiving or Eligible to Receive Benefits	333	255	170	224	6,850	7,832
Active Members	—	—	—	—	8,466	8,466
Total Membership	333	255	170	224	15,316	16,298

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

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

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

Summary of Plan Benefits

QPPs

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

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

VSFs

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

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

TDA Programs

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

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

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

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

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

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

Contributions and Funding Policy

QPPs

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

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

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

VSFs

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

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

For Fiscal Year 2017, Excess Earnings on equity investments, inclusive of prior year's cumulative deficiencies, exceeded zero, and therefore, transfers of assets from the QPPs to their respective VSFs were required. As of the date of this report, the amount of such transfer due for Fiscal Year 2017 from the NYCERS QPP to COVSF is estimated to be $281 million. The amounts of such transfers due for Fiscal Year 2017 from the POLICE QPP to POVSF and PSOVSF are estimated to be $738 million and $1,416 million, respectively. The amounts of such transfers due for Fiscal Year 2017 from the FIRE QPP to FFVSF and FOVSF are estimated to be $14 million and $0 million, respectively. Additionally, in Fiscal Year 2017, the NYCERS QPP made required transfers of $3.8 million, $3.0 million, $1.9 million, and $2.6 million to TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF, respectively, to fund annual benefits.

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

TDA Programs

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

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

Net Pension Liability and Pension Related Restatements

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

Actuarial Assumptions

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

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

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

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

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

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

Based, in part, on the GRS Report, on published studies of mortality improvement, and on input from the City's outside consultants, the Actuary proposed, and the Boards of Trustees of the 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 long-term expected rate of return for each of the pension funds is 7.0% per annum. This is based upon weighted expected real rates of return (RROR) ranging from 5.0% to 5.2% and a long-term Consumer Price Inflation assumption of 2.5% offset by investment related expenses. The target asset allocation of each of the funds and the expected RROR for each of the asset classes are summarized in the following tables:

	NYCERS	
Asset Class	**Target Asset Allocation**	**Long-Term Expected RROR**
U.S. Public Market Equities	29.00%	5.70%
International Public Market Equities	13.00	6.10%
Emerging Public Market Equities	7.00	7.60%
Private Market Equities	7.00	8.10%
Fixed Income	33.00	3.00%
Alternatives (Real Assets, Hedge Funds)	11.00	4.70%
Total	100.00%	

	TRS	
Asset Class	**Target Asset Allocation**	**Long-Term Expected RROR**
U.S. Public Market Equities	29.00%	5.70%
International Public Market Equities	12.00	6.10%
Emerging Public Market Equities	9.00	7.60%
Private Market Equities	6.00	8.10%
Fixed Income	33.00	3.00%
Alternatives (Real Assets, Hedge Funds)	11.00	4.70%
Total	100.00%	

	BERS	
Asset Class	**Target Asset Allocation**	**Long-Term Expected RROR**
U.S. Public Market Equities	30.00%	5.70%
International Public Market Equities	13.00	6.10%
Emerging Public Market Equities	7.00	7.60%
Private Market Equities	9.00	8.10%
Fixed Income	28.00	3.00%
Alternatives (Real Assets, Hedge Funds)	13.00	4.70%
Total	100.00%	

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

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

Discount Rate

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

Changes in Net Pension Liability-POLICE and FIRE QPPs

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

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

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

	Fiscal Year 2017			Fiscal Year 2016		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
	(in millions)					
POLICE	$18,788	$12,989	$8,168	$21,344	$15,638	$10,900
FIRE	10,675	8,323	6,351	11,203	8,906	6,981

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

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

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

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

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

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

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

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

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

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

Fiscal Year 2017

	NYCERS		TRS		BERS		POLICE		FIRE		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 301,021	$ 1,756,466	$ —	$ 20,632	$ 28,304	$ —	$ 436,494	$ 177,993	$ —	$ 1,955,091	$ 765,819
Changes of assumptions	556,144	—	1,137,962	—	68,491	—	145,962	—	91,159	—	1,999,718	—
Net difference between projected and actual earning on pension plan investments	—	460,975	—	3,195,433	—	575,859	—	311,361	—	79,678	—	4,623,306
Changes in proportion and differences between City contributions and proportionate share of contributions (cost-sharing plans)	(181,549)	(27,367)	112,978	24,801	(391)	(50)	—	—	—	—	(68,962)	(2,616)
Total	$ 374,595	$ 734,629	$3,007,406	$3,220,234	$ 88,732	$604,113	$ 145,962	$ 747,855	$ 269,152	$ 79,678	$ 3,885,847	$5,386,509

Fiscal Year 2016

	NYCERS		TRS		BERS		POLICE		FIRE		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 377,739	$1,592,013	$ —	$ 19,753	$ 52,105	$ 138,171	$ 39,566	$ 235,136	$ —	$ 1,985,073	$ 469,410
Changes of assumptions	982,278	—	1,746,686	—	126,081	—	470,321	—	248,328	—	3,573,694	—
Net difference between projected and actual earnings on pension plan investments	2,027,717	1,307,820	2,271,911	3,096,249	86,300	377,671	2,433,621	1,488,560	785,619	486,857	7,605,168	6,757,157
Changes in proportion and differences between City contributions and proportionate share of contributions (cost-sharing plans)	(137,886)	(12,753)	(211,670)	(3,279)	(22)	2	—	—	—	—	(349,578)	(16,030)
Total	$2,872,109	$1,672,806	$5,398,940	$3,092,970	$ 232,112	$429,778	$3,042,113	$1,528,126	$1,269,083	$486,857	$12,814,357	$7,210,537

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

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

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The City of New York

Comprehensive
Annual Financial Report
of the
Comptroller

Part II-B

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

Fiscal Year Ended June 30, 2017

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

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

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

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

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

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

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

Notes to Schedule C:

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

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

Notes to Schedule C:

Fiscal Year	2017	2016	2015	2014	2013	2012
Salary Increases	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year[4]
Cost-of-Living Adjustments[4]	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	1.5% per annum for Auto Cola 2.5% per annum for Escalation

Fiscal Year	2011	2010	2009	2008
Valuation Dates	June 30, 2009 (Lag)	June 30, 2008 (Lag)	June 30, 2007 (Lag)	June 30, 2006 (Lag)
Actuarial cost method	Frozen Initial Liability[1]	Frozen Initial Liability[1]	Frozen Initial Liability[1]	Frozen Initial Liability[1]
Amortization method for Unfunded Actuarial Accrued Liabilities (UAAL):				
Pre-2010 UAALs	NA	Increasing dollar for FIRE[2] All outstanding components of UAAL are being amortized over closed periods	Increasing dollar for FIRE[2] All outstanding components of UAAL are being amortized over closed periods	Increasing dollar for FIRE[2] All outstanding components Level dollar for UAAL attributable to NYCERS, TRS and BERS 2002 ERI (Part A only)[3] All outstanding components of UAAL are being amortized over closed periods
Initial 2010 UAAL	NA	NA	NA	NA
Post-2010 UAALs	NA	NA	NA	NA
Remaining amortization period:				
Pre-2010 UAALs	NA	1 year for FIRE[2]	2 year for FIRE[2]	3 year for FIRE[2], And 1 year for 2002 ERI (Part A Only)
Initial 2010 UAAL	NA	NA	NA	NA
2010 ERI	NA	NA	NA	NA
2011 (G)/L	NA	NA	NA	NA
2012 (G)/L	NA	NA	NA	NA
2013 (G)/L	NA	NA	NA	NA
2013 Transit Refunds	NA	NA	NA	NA
2014 (G)/L	NA	NA	NA	NA
2014 Assumption Change	NA	NA	NA	NA
2014 Method Change	NA	NA	NA	NA
2015 (G)/L	NA	NA	NA	NA

Notes to Schedule C:

Fiscal Year	2011	2010	2009	2008
Actuarial Asset:				
Valuation Method	6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999	6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999	6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999	6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999
Actuarial assumptions:				
Assumed rate of return	8.0% per annum, gross of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)	8.0% per annum, gross of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)	8.0% per annum, gross of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)	8.0% per annum, gross of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS)
Post-retirement mortality	Tables adopted by Boards of Trustees during Fiscal Year 2006	Tables adopted by Boards of Trustees during Fiscal Year 2006	Tables adopted by Boards of Trustees during Fiscal Year 2006	Tables adopted by Boards of Trustees during Fiscal Year 2006
Active service: withdrawal, death, disability, service retirement	Tables adopted by Boards of Trustees during Fiscal Year 2006	Tables adopted by Boards of Trustees during Fiscal Year 2006	Tables adopted by Boards of Trustees during Fiscal Year 2006	Tables adopted by Boards of Trustees during Fiscal Year 2006
Salary Increases	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year[4]
Cost-of-Living Adjustments[4]	1.3% per annum	1.3% per annum	1.3% per annum	1.3% per annum

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

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

[3] Laws of established UAAL for Early Retirement Incentive Programs to be amortized on a level dollar basis over periods of 5 years.

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

[5] Beginning with the June 30, 2010 (Lag) actuarial valuation under the 2012 A&M, the Entry Age Actuarial Cost Method (EAACM) of funding is utilized by the Actuary to calculate the contributions required of the Employer. Under this method, the Actuarial Present Value (APV) of Benefits (APVB) of each individual included in the actuarial valuation is allocated on a level basis over the earnings (or service) of the individual between entry age and assumed exit ages. The employer portion of this APV allocated to a valuation year is the Normal Cost. The portion of this APV not provided for at a valuation date by the APV of Future Normal Costs or future member contributions is the Actuarial Accrued Liability (AAL). The excess, if any, of the AAL over the Actuarial Asset Value (AAV) is the Unfunded Actuarial Accrued Liability (UAAL). Under this method, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized. Increases (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.

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

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

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

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The City of New York

Comprehensive
Annual Financial Report
of the
Comptroller

Part II-D

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL INFORMATION — FIDUCIARY FUNDS

Fiscal Year Ended June 30, 2017

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Statue of Liberty

THE CITY OF NEW YORK

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017
(in thousands)

		Other Employee Benefit Trust Funds		
	Pension Funds*	Deferred Compensation Plans December 31, 2016	The New York City Other Postemployment Benefits Plan	Total
ASSETS:				
Cash and cash equivalents	$ 430,715	$ 14,898	$ 1,050,735	$ 1,496,348
Receivables:				
Member loans	2,127,361	235,905	—	2,363,266
Investment securities sold	2,809,613	—	—	2,809,613
Accrued interest and dividends	515,885	—	5,976	521,861
Other receivables	283	—	2,023	2,306
Total receivables	5,453,142	235,905	7,999	5,697,046
INVESTMENTS:				
Short-term investments	3,153,337	—	—	3,153,337
Debt securities	40,882,792	—	3,928,421	44,811,213
Equity securities	63,428,113	—	—	63,428,113
Alternative investments	26,996,866	—	—	26,996,866
Mutual funds	—	11,484,251	—	11,484,251
Collective trust funds	65,840,204	—	—	65,840,204
Collateral from securities lending transactions	14,160,766	—	—	14,160,766
Guaranteed investment contracts	—	5,789,053	—	5,789,053
Total investments	214,462,078	17,273,304	3,928,421	235,663,803
Other assets	174,187	3,855	42	178,084
Total assets	220,520,122	17,527,962	4,987,197	243,035,281
LIABILITIES:				
Accounts payable and accrued liabilities	1,439,414	6,439	333,294	1,779,147
Payable for investment securities purchased	3,326,760	—	—	3,326,760
Accrued benefits payable	802,943	—	—	802,943
Securities lending transactions	14,160,766	—	—	14,160,766
Other liabilities	1,088	—	—	1,088
Total liabilities	19,730,971	6,439	333,294	20,070,704
NET POSITION:				
Restricted for benefits to be provided by QPPs	163,025,497	—	—	163,025,497
Restricted for benefits to be provided by VSFs	4,911,873	—	—	4,911,873
Restricted for benefits to be provided by TDA Program	32,851,781	—	—	32,851,781
Restricted for other employee benefits	—	17,521,523	4,653,903	22,175,426
Total net position	$200,789,151	$ 17,521,523	$ 4,653,903	$222,964,577

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

THE CITY OF NEW YORK

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

		Other Employee Benefit Trust Funds		
	Pension Funds*	Deferred Compensation Plans December 31, 2015	The New York City Other Postemployment Benefits Plan	Total
ASSETS:				
Cash and cash equivalents	$ 344,051	$ 15,372	$ 1,503,320	$ 1,862,743
Receivables:				
Member loans	2,089,798	229,362	—	2,319,160
Investment securities sold	4,181,594	—	—	4,181,594
Accrued interest and dividends	537,647	—	3,188	540,835
Other receivables	14	—	365	379
Total receivables	6,809,053	229,362	3,553	7,041,968
INVESTMENTS:				
Short-term investments	5,117,216	—	—	5,117,216
Debt securities	37,207,963	—	2,911,796	40,119,759
Equity securities	59,731,778	—	—	59,731,778
Alternative investments	25,752,930	—	—	25,752,930
Mutual funds	—	10,352,595	—	10,352,595
Collective trust funds	51,716,410	—	—	51,716,410
Collateral from securities lending transactions	11,902,353	—	—	11,902,353
Guaranteed investment contracts	—	5,303,762	—	5,303,762
Total investments	191,428,650	15,656,357	2,911,796	209,996,803
Other assets	273,223	2,545	41	275,809
Total assets	198,854,977	15,903,636	4,418,710	219,177,323
LIABILITIES:				
Accounts payable and accrued liabilities	1,056,030	6,128	327,321	1,389,479
Payable for investment securities purchased	5,377,323	—	55,058	5,432,381
Accrued benefits payable	787,009	—	—	787,009
Securities lending transactions	11,902,353	—	—	11,902,353
Other liabilities	97,746	—	—	97,746
Total liabilities	19,220,461	6,128	382,379	19,608,968
NET POSITION:				
Restricted for benefits to be provided by QPPs	146,917,855	—	—	146,917,855
Restricted for benefits to be provided by VSFs	2,642,245	—	—	2,642,245
Restricted for benefits to be provided by TDA Program	30,074,416	—	—	30,074,416
Restricted for other employee benefits	—	15,897,508	4,036,331	19,933,839
Total net position	$179,634,516	$ 15,897,508	$ 4,036,331	$199,568,355

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

THE CITY OF NEW YORK

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

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

		Other Employee Benefit Trust Funds		
	Pension Funds*	Deferred Compensation Plans December 31, 2016	The New York City Other Postemployment Benefits Plan	Total
ADDITIONS:				
Contributions:				
Member contributions	$ 1,947,508	$ 920,078	$ —	$ 2,867,586
Employer contributions	10,859,835	—	3,020,943	13,880,778
Other employer contributions	57,369	—	—	57,369
Total contributions	12,864,712	920,078	3,020,943	16,805,733
Investment income:				
Interest income	2,332,835	131,270	21,516	2,485,621
Dividend income	2,823,560	—	—	2,823,560
Net appreciation in fair value of investments	18,763,970	1,229,869	—	19,993,839
Investment expenses	(893,822)	(31,573)	—	(925,395)
Investment income, net	23,026,543	1,329,566	21,516	24,377,625
Securities lending transactions:				
Securities lending income	90,516	—	—	90,516
Securities lending fees	(6,263)	—	—	(6,263)
Securities lending income, net	84,253	—	—	84,253
Other	(110,010)	—	—	(110,010)
Total additions	35,865,498	2,249,644	3,042,459	41,157,601
DEDUCTIONS:				
Benefit payments and withdrawals	14,512,464	611,032	2,424,766	17,548,262
Administrative expenses	188,021	14,597	121	202,739
Other	10,378	—	—	10,378
Total deductions	14,710,863	625,629	2,424,887	17,761,379
Net increase in net position	21,154,635	1,624,015	617,572	23,396,222
NET POSITION:				
Restricted for benefits:				
Beginning of year	179,634,516	15,897,508	4,036,331	199,568,355
End of year	$200,789,151	$17,521,523	$ 4,653,903	$222,964,577

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

THE CITY OF NEW YORK

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

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

		Other Employee Benefit Trust Funds		
	Pension Funds*	Deferred Compensation Plans December 31, 2015	The New York City Other Postemployment Benefits Plan	Total
ADDITIONS:				
Contributions:				
Member contributions	$ 1,859,350	$ 879,864	$ —	$ 2,739,214
Employer contributions	10,781,973	—	2,897,129	13,679,102
Other employer contributions	58,145	—	—	58,145
Total contributions	12,699,468	879,864	2,897,129	16,476,461
Investment income:				
Interest income	2,212,985	122,953	20,565	2,356,503
Dividend income	2,561,066	—	—	2,561,066
Net depreciation in fair value of investments	(1,323,067)	(76,782)	—	(1,399,849)
Investment expenses	(640,509)	(33,008)	—	(673,517)
Investment income, net	2,810,475	13,163	20,565	2,844,203
Securities lending transactions:				
Securities lending income	88,389	—	—	88,389
Securities lending fees	(6,057)	—	—	(6,057)
Securities lending income, net	82,332	—	—	82,332
Other	(106,450)	—	—	(106,450)
Total additions	15,485,825	893,027	2,917,694	19,296,546
DEDUCTIONS:				
Benefit payments and withdrawals	14,052,394	587,624	2,277,516	16,917,534
Administrative expenses	180,828	14,132	371	195,331
Other	7,440	—	—	7,440
Total deductions	14,240,662	601,756	2,277,887	17,120,305
Net increase in net position	1,245,163	291,271	639,807	2,176,241
NET POSITION:				
Restricted for benefits:				
Beginning of year	178,389,353	15,606,237	3,396,524	197,392,114
End of year	$179,634,516	$15,897,508	$ 4,036,331	$199,568,355

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

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2017
(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System **	Board of Education Retirement System**	New York City Police Pension Funds	New York City Fire Pension Funds	Total
ASSETS:						
Cash and cash equivalents	$ 172,223	$ 105,451	$ 3,337	$ 110,372	$ 39,332	$ 430,715
Receivables:						
Member loans	1,102,986	674,162	88,692	234,570	26,951	2,127,361
Investment securities sold	687,047	1,013,681	99,581	812,596	196,708	2,809,613
Accrued interest and dividends	301,717	176,940	9,698	3,463	24,067	515,885
Other receivables	12	—	60	—	211	283
Total receivables	2,091,762	1,864,783	198,031	1,050,629	247,937	5,453,142
Investments:						
Short-term investments	1,129,977	1,249,819	57,514	478,510	237,517	3,153,337
Debt securities	13,520,986	16,326,740	1,111,952	7,702,213	2,220,901	40,882,792
Equity securities	18,956,302	35,438,844	636,126	6,518,200	1,878,641	63,428,113
Alternative investments	9,258,955	7,523,885	612,677	7,209,973	2,391,376	26,996,866
Collective trust funds:						
Debt securities	4,558,167	4,969,005	381,830	3,163,637	1,488,894	14,561,533
Domestic equity	—	—	1,738,135	7,310,206	2,408,391	11,456,732
International equity	13,360,204	15,734,149	1,251,628	7,030,703	2,445,255	39,821,939
Collateral from securities lending transactions	7,034,093	1,718,735	380,860	3,916,225	1,110,853	14,160,766
Total investments	67,818,684	82,961,177	6,170,722	43,329,667	14,181,828	214,462,078
Other assets	93,948	28,063	32,001	17,667	2,508	174,187
Total assets	70,176,617	84,959,474	6,404,091	44,508,335	14,471,605	220,520,122
LIABILITIES:						
Accounts payable and accrued liabilities	209,227	598,802	13,884	469,334	148,167	1,439,414
Payable for investment securities purchased	955,572	1,397,219	93,608	674,766	205,595	3,326,760
Accrued benefits payable	371,690	96,902	16,480	272,239	45,632	802,943
Securities lending transactions	7,034,093	1,718,735	380,860	3,916,225	1,110,853	14,160,766
Other liabilities	1,088	—	—	—	—	1,088
Total liabilities	8,571,670	3,811,658	504,832	5,332,564	1,510,247	19,730,971
NET POSITION:						
Restricted for benefits to be provided by QPPs	61,316,782	50,095,723	4,099,571	35,423,525	12,089,896	163,025,497
Restricted for benefits to be provided by VSFs	288,165	—	—	3,752,246	871,462	4,911,873
Restricted for benefits to be provided by TDA Program	—	31,052,093	1,799,688	—	—	32,851,781
Total net position	$61,604,947	$81,147,816	$5,899,259	$39,175,771	$12,961,358	$200,789,151

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

** Investment categories include fixed return funds and variable funds of the QPPs.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System**	Board of Education Retirement System**	New York City Police Pension Funds	New York City Fire Pension Funds	Total
ASSETS:						
Cash and cash equivalents	$ 166,041	$ 9,856	$ 532	$ 118,867	$ 48,755	$ 344,051
Receivables:						
Member loans	1,081,783	643,568	85,669	251,861	26,917	2,089,798
Investment securities sold	1,413,529	1,802,207	119,970	668,224	177,664	4,181,594
Accrued interest and dividends	280,765	164,612	873	69,223	22,174	537,647
Other receivables	11	—	3	—	—	14
Total receivables	2,776,088	2,610,387	206,515	989,308	226,755	6,809,053
Investments:						
Short-term investments	1,614,900	2,314,459	113,900	857,866	216,091	5,117,216
Debt securities	11,446,576	15,196,888	890,152	7,312,481	2,361,866	37,207,963
Equity securities	18,523,033	31,885,457	726,951	6,793,390	1,802,947	59,731,778
Alternative investments	9,873,044	6,872,850	506,922	6,382,258	2,117,856	25,752,930
Collective trust funds:						
Debt securities	4,078,137	4,576,038	354,248	2,462,140	1,096,178	12,566,741
Domestic equity	—	—	1,401,665	6,013,129	2,103,107	9,517,901
International equity	9,220,895	11,507,149	942,911	5,856,080	2,104,733	29,631,768
Collateral from securities lending transactions	5,267,092	2,141,284	493,265	3,078,231	922,481	11,902,353
Total investments	60,023,677	74,494,125	5,430,014	38,755,575	12,725,259	191,428,650
Other assets	84,632	42,280	124,031	16,104	6,176	273,223
Total assets	63,050,438	77,156,648	5,761,092	39,879,854	13,006,945	198,854,977
LIABILITIES:						
Accounts payable and accrued liabilities	177,909	499,669	6,907	279,398	92,147	1,056,030
Payable for investment securities purchased	1,794,940	2,338,120	104,115	904,834	235,314	5,377,323
Accrued benefits payable	314,386	103,690	14,140	305,412	49,381	787,009
Securities lending transactions	5,267,092	2,141,284	493,265	3,078,231	922,481	11,902,353
Other liabilities	1,590	—	96,156	—	—	97,746
Total liabilities	7,555,917	5,082,763	714,583	4,567,875	1,299,323	19,220,461
NET POSITION:						
Restricted for benefits to be provided by QPPs	55,489,504	43,629,545	3,416,433	33,482,610	10,899,763	146,917,855
Restricted for benefits to be provided by VSFs	5,017	—	—	1,829,369	807,859	2,642,245
Restricted for benefits to be provided by TDA Program	—	28,444,340	1,630,076	—	—	30,074,416
Total net position	$55,494,521	$72,073,885	$5,046,509	$35,311,979	$11,707,622	$179,634,516

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.
** Investment categories include fixed return funds and variable funds of the QPPs.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017
(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Funds	New York City Fire Pension Funds	Total
ADDITIONS:						
Contributions:						
Member contributions	$ 513,514	$ 923,739	$ 125,586	$ 276,301	$ 108,368	$ 1,947,508
Employer contributions	3,328,193	3,888,399	288,233	2,293,840	1,061,170	10,859,835
Other employer contributions	—	57,369	—	—	—	57,369
Total contributions	3,841,707	4,869,507	413,819	2,570,141	1,169,538	12,864,712
Investment income:						
Interest income	754,089	966,537	58,528	410,332	143,349	2,332,835
Dividend income	931,480	1,119,324	85,420	515,725	171,611	2,823,560
Net appreciation in fair value of investments	5,489,005	7,734,954	818,982	3,585,394	1,135,635	18,763,970
Investment expenses	(223,756)	(308,283)	(30,665)	(245,994)	(85,124)	(893,822)
Investment income, net	6,950,818	9,512,532	932,265	4,265,457	1,365,471	23,026,543
Securities lending transactions:						
Securities lending income	33,703	20,820	6,235	23,042	6,716	90,516
Securities lending fees	(2,369)	(1,572)	(251)	(1,605)	(466)	(6,263)
Securities lending income, net	31,334	19,248	5,984	21,437	6,250	84,253
Other	3,266	—	(171,067)	10,507	47,284	(110,010)
Total additions	10,827,125	14,401,287	1,181,001	6,867,542	2,588,543	35,865,498
DEDUCTIONS:						
Benefit payments and withdrawals	4,648,941	5,231,243	312,640	2,984,833	1,334,807	14,512,464
Administrative expenses	59,671	93,822	15,611	18,917	—	188,021
Other	8,087	2,291	—	—	—	10,378
Total deductions	4,716,699	5,327,356	328,251	3,003,750	1,334,807	14,710,863
Net increase in net position	6,110,426	9,073,931	852,750	3,863,792	1,253,736	21,154,635
NET POSITION:						
Restricted for benefits:						
Beginning of year	55,494,521	72,073,885	5,046,509	35,311,979	11,707,622	179,634,516
End of year	$61,604,947	$81,147,816	$5,899,259	$39,175,771	$12,961,358	$200,789,151

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Funds	New York City Fire Pension Funds	Total
ADDITIONS:						
Contributions:						
Member contributions	$ 485,508	$ 891,262	$ 116,040	$ 249,921	$ 116,619	$ 1,859,350
Employer contributions	3,365,454	3,702,569	265,532	2,393,940	1,054,478	10,781,973
Other employer contributions	—	58,145	—	—	—	58,145
Total contributions	3,850,962	4,651,976	381,572	2,643,861	1,171,097	12,699,468
Investment income:						
Interest income	692,957	893,691	48,122	433,009	145,206	2,212,985
Dividend income	836,490	1,024,591	57,316	484,994	157,675	2,561,066
Net (depreciation) appreciation in fair value of investments	(174,204)	(780,798)	71,243	(379,436)	(59,872)	(1,323,067)
Investment expenses	(212,996)	(209,423)	(14,998)	(156,771)	(46,321)	(640,509)
Investment income, net	1,142,247	928,061	161,683	381,796	196,688	2,810,475
Securities lending transactions:						
Securities lending income.	31,719	22,796	3,763	23,249	6,862	88,389
Securities lending fees	(2,062)	(1,785)	(253)	(1,511)	(446)	(6,057)
Securities lending income, net	29,657	21,011	3,510	21,738	6,416	82,332
Other	2,928	1,233	(161,040)	6,756	43,673	(106,450)
Total additions	5,025,794	5,602,281	385,725	3,054,151	1,417,874	15,485,825
DEDUCTIONS:						
Benefit payments and withdrawals	4,496,180	5,024,644	290,916	2,882,223	1,358,431	14,052,394
Administrative expenses	56,683	91,999	13,668	18,478	—	180,828
Other	7,440	—	—	—	—	7,440
Total deductions	4,560,303	5,116,643	304,584	2,900,701	1,358,431	14,240,662
Net increase in net position	465,491	485,638	81,141	153,450	59,443	1,245,163
NET POSITION:						
Restricted for benefits:						
Beginning of year	55,029,030	71,588,247	4,965,368	35,158,529	11,648,179	178,389,353
End of year	$55,494,521	$72,073,885	$5,046,509	$35,311,979	$11,707,622	$179,634,516

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2017
(in thousands)

	NYCERS Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)					Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF		
Assets:								
Cash and cash equivalents	$ 163,875	$ 45	$ 70	$ 69	$ 58	$ 8,106	$ —	$ 172,223
Receivables:								
Member loans	1,102,986	—	—	—	—	—	—	1,102,986
Investment securities sold	687,047	—	—	—	—	—	—	687,047
Accrued interest and dividends	301,680	—	—	—	—	37	—	301,717
Other receivables	—	—	—	—	—	12	—	12
Transferable earnings due from QPP to VSFs	—	—	—	—	—	281,000	(281,000)	—
Total receivables	2,091,713	—	—	—	—	281,049	(281,000)	2,091,762
Investments:								
Short-term investments	1,086,448	—	—	—	—	43,529	—	1,129,977
Debt securities	13,520,986	—	—	—	—	—	—	13,520,986
Equity securities	18,956,302	—	—	—	—	—	—	18,956,302
Alternative investments	9,258,955	—	—	—	—	—	—	9,258,955
Collective trust funds:								
Debt securities	4,558,167	—	—	—	—	—	—	4,558,167
International equity	13,360,204	—	—	—	—	—	—	13,360,204
Collateral from securities lending transactions	7,034,093	—	—	—	—	—	—	7,034,093
Total investments	67,775,155	—	—	—	—	43,529	—	67,818,684
Due from QPP	—	1,886	1,432	901	1,274	—	(5,493)	—
Other assets	93,948	—	—	—	—	—	—	93,948
Total assets	70,124,691	1,931	1,502	970	1,332	332,684	(286,493)	70,176,617
Liabilities:								
Accounts payable and accrued liabilities	209,206	21	—	—	—	—	—	209,227
Payable for investment securities purchased	955,572	—	—	—	—	—	—	955,572
Accrued benefits payable	321,457	1,910	1,502	970	1,332	44,519	—	371,690
Transferable earnings due from QPP to VSFs	281,000	—	—	—	—	—	(281,000)	—
Due to VSFs	5,493	—	—	—	—	—	(5,493)	—
Securities lending transactions	7,034,093	—	—	—	—	—	—	7,034,093
Other liabilities	1,088	—	—	—	—	—	—	1,088
Total liabilities	8,807,909	1,931	1,502	970	1,332	44,519	(286,493)	8,571,670
Net Position:								
Restricted for benefits to be provided by QPP	61,316,782	—	—	—	—	—	—	61,316,782
Restricted for benefits to be provided by VSFs	—	—	—	—	—	288,165	—	288,165
Total net position	$61,316,782	$ —	$ —	$ —	$ —	$288,165	$ —	$61,604,947

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK
PENSION TRUST FUNDS*
NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

	NYCERS Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs) TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Eliminations	Total New York City Employees' Retirement System
ASSETS:								
Cash and cash equivalents	$ 165,685	$ 29	$ 40	$ 30	$ 44	$ 213	$ —	$ 166,041
Receivables:								
Member loans	1,081,783	—	—	—	—	—	—	1,081,783
Investment securities sold	1,413,529	—	—	—	—	—	—	1,413,529
Accrued interest and dividends	280,740	—	—	—	—	25	—	280,765
Other receivables.	—	—	—	—	—	11	—	11
Transferrable earnings due from QPP to VSFs	—	—	—	—	—	3,000	(3,000)	—
Total receivables	2,776,052	—	—	—	—	3,036	(3,000)	2,776,088
Investments:								
Short-term investments	1,571,207	—	—	—	—	43,693	—	1,614,900
Debt securities	11,446,576	—	—	—	—	—	—	11,446,576
Equity securities	18,523,033	—	—	—	—	—	—	18,523,033
Alternative investments	9,873,044	—	—	—	—	—	—	9,873,044
Collective trust funds:								
Debt securities	4,078,137	—	—	—	—	—	—	4,078,137
International equity	9,220,895	—	—	—	—	—	—	9,220,895
Collateral from securities lending transactions	5,267,092	—	—	—	—	—	—	5,267,092
Total investments	59,979,984	—	—	—	—	43,693	—	60,023,677
Due from QPP	—	1,967	1,448	991	1,318	—	(5,724)	—
Other assets	84,632	—	—	—	—	—	—	84,632
Total assets	63,006,353	1,996	1,488	1,021	1,362	46,942	(8,724)	63,050,438
LIABILITIES:								
Accounts payable and accrued liabilities	177,887	22	—	—	—	—	—	177,909
Payable for investment securities purchased	1,794,940	—	—	—	—	—	—	1,794,940
Accrued benefits payable	266,616	1,974	1,488	1,021	1,362	41,925	—	314,386
Transferrable earnings due from QPP to VSFs	3,000	—	—	—	—	—	(3,000)	—
Due to VSFs	5,724	—	—	—	—	—	(5,724)	—
Securities lending transactions	5,267,092	—	—	—	—	—	—	5,267,092
Other liabilities	1,590	—	—	—	—	—	—	1,590
Total liabilities	7,516,849	1,996	1,488	1,021	1,362	41,925	(8,724)	7,555,917
NET POSITION:								
Restricted for benefits to be provided by QPP	55,489,504	—	—	—	—	—	—	55,489,504
Restricted for benefits to be provided by VSFs	—	—	—	—	—	5,017	—	5,017
Total net position	$55,489,504	$ —	$ —	$ —	$ —	$ 5,017	$ —	$55,494,521

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK
PENSION TRUST FUNDS*
NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017
(in thousands)

	NYCERS Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs) TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Eliminations	Total New York City Employees' Retirement System
ADDITIONS:								
Contributions:								
Member contributions	$ 513,514	$ —	$ —	$ —	$ —	$ —	$ —	$ 513,514
Employer contributions	3,328,193	—	—	—	—	—	—	3,328,193
Total contributions	3,841,707	—	—	—	—	—	—	3,841,707
Investment income:								
Interest income	753,789	—	—	—	—	300	—	754,089
Dividend income	931,480	—	—	—	—	—	—	931,480
Net appreciation (depreciation) in fair value of investments	5,489,457	—	—	—	—	(452)	—	5,489,005
Investment expenses	(223,756)	—	—	—	—	—	—	(223,756)
Investment income (loss), net	6,950,970	—	—	—	—	(152)	—	6,950,818
Securities lending transactions:								
Securities lending income	33,703	—	—	—	—	—	—	33,703
Securities lending fees	(2,369)	—	—	—	—	—	—	(2,369)
Securities lending income, net	31,334	—	—	—	—	—	—	31,334
Payments from QPP	—	3,830	2,983	1,889	2,595	—	(11,297)	—
Transferrable earnings due from QPP to VSFs	—	—	—	—	—	285,924	(285,924)	—
Other	3,266	—	—	—	—	—	—	3,266
Total additions	10,827,277	3,830	2,983	1,889	2,595	285,772	(297,221)	10,827,125
DEDUCTIONS:								
Benefit payments and withdrawals	4,635,020	3,830	2,983	1,889	2,595	2,624	—	4,648,941
Payments to VSFs	11,297	—	—	—	—	—	(11,297)	—
Transferrable earnings due from QPP to VSFs	285,924	—	—	—	—	—	(285,924)	—
Administrative expenses	59,671	—	—	—	—	—	—	59,671
Other	8,087	—	—	—	—	—	—	8,087
Total deductions	4,999,999	3,830	2,983	1,889	2,595	2,624	(297,221)	4,716,699
Net increase in net position	5,827,278	—	—	—	—	283,148	—	6,110,426
NET POSITION:								
Restricted for benefits:								
Beginning of year	55,489,504	—	—	—	—	5,017	—	55,494,521
End of year	$ 61,316,782	$ —	$ —	$ —	$ —	$ 288,165	$ —	$ 61,604,947

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK
PENSION TRUST FUNDS*
NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	NYCERS Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)					Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF		
ADDITIONS:								
Contributions:								
Member contributions	$ 485,508	$ —	$ —	$ —	$ —	$ —	$ —	$ 485,508
Employer contributions	3,365,454	—	—	—	—	—	—	3,365,454
Total contributions	3,850,962	—	—	—	—	—	—	3,850,962
Investment income:								
Interest income	692,773	—	—	—	—	184	—	692,957
Dividend income	836,490	—	—	—	—	—	—	836,490
Net depreciation in fair value of investments	(174,204)	—	—	—	—	—	—	(174,204)
Investment expenses	(212,996)	—	—	—	—	—	—	(212,996)
Investment income, net	1,142,063	—	—	—	—	184	—	1,142,247
Securities lending transactions:								
Securities lending income	31,719	—	—	—	—	—	—	31,719
Securities lending fees	(2,062)	—	—	—	—	—	—	(2,062)
Securities lending income, net	29,657	—	—	—	—	—	—	29,657
Payments from QPP	—	3,945	2,964	1,968	2,648	—	(11,525)	—
Transferrable earnings due from QPP to VSFs	—	—	—	—	—	(52,724)	52,724	—
Other	2,928	—	—	—	—	—	—	2,928
Total additions	5,025,610	3,945	2,964	1,968	2,648	(52,540)	41,199	5,025,794
DEDUCTIONS:								
Benefit payments and withdrawals	4,402,506	3,945	2,964	1,968	2,648	82,149	—	4,496,180
Payments to VSFs	11,525	—	—	—	—	—	(11,525)	—
Transferrable earnings due from QPP to VSFs	(52,724)	—	—	—	—	—	52,724	—
Administrative expenses	56,683	—	—	—	—	—	—	56,683
Other	7,440	—	—	—	—	—	—	7,440
Total deductions	4,425,430	3,945	2,964	1,968	2,648	82,149	41,199	4,560,303
Net increase (decrease) in net position	600,180	—	—	—	—	(134,689)	—	465,491
NET POSITION:								
Restricted for benefits:								
Beginning of year	54,889,324	—	—	—	—	139,706	—	55,029,030
End of year	$55,489,504	$ —	$ —	$ —	$ —	$ 5,017	$ —	$ 55,494,521

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
TEACHERS' RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2017
(in thousands)

	TRS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Eliminations	Total Teachers' Retirement System
ASSETS:				
Cash and cash equivalents	$ 101,499	$ 3,952	$ —	$ 105,451
Receivables:				
Member loans	298,146	376,016	—	674,162
Investment securities sold	989,725	23,956	—	1,013,681
Accrued interest and dividends	164,163	12,777	—	176,940
Total receivables	1,452,034	412,749	—	1,864,783
Investments:				
Fixed return funds:				
Short-term investments	1,070,286	—	—	1,070,286
Debt securities	15,700,893	—	—	15,700,893
Equity securities	21,086,002	—	—	21,086,002
Alternative investments	7,523,885	—	—	7,523,885
Collective trust funds:				
International equity	15,734,149	—	—	15,734,149
Debt securities	4,969,005	—	—	4,969,005
Collateral from securities lending transactions	1,530,310	—	—	1,530,310
Variable funds:				
Short-term investments	70,139	109,394	—	179,533
Debt securities	189,640	436,207	—	625,847
Equity securities	6,060,291	8,292,551	—	14,352,842
Collateral from securities lending transactions	80,011	108,414	—	188,425
Total investments	74,014,611	8,946,566	—	82,961,177
Investment in fixed return funds	—	22,004,183	(22,004,183)	—
Other assets	38,932	16,296	(27,165)	28,063
Total assets	75,607,076	31,383,746	(22,031,348)	84,959,474
LIABILITIES:				
Accounts payable and accrued liabilities	529,059	96,908	(27,165)	598,802
Payable for investment securities purchased	1,353,803	43,416	—	1,397,219
Accrued benefits payable	13,987	82,915	—	96,902
Due to TDA fixed return funds	22,004,183	—	(22,004,183)	—
Securities lending transactions	1,610,321	108,414	—	1,718,735
Total liabilities	25,511,353	331,653	(22,031,348)	3,811,658
NET POSITION:				
Restricted for benefits to be provided by QPP	50,095,723	—	—	50,095,723
Restricted for benefits to be provided by TDA Program	—	31,052,093	—	31,052,093
Total net position	$50,095,723	$31,052,093	$ —	$81,147,816

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
TEACHERS' RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

	TRS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Eliminations	Total Teachers' Retirement System
ASSETS:				
Cash and cash equivalents	$ 5,157	$ 4,699	$ —	$ 9,856
Receivables:				
Member loans	275,704	367,864	—	643,568
Investment securities sold	1,772,521	29,686	—	1,802,207
Accrued interest and dividends	151,330	13,282	—	164,612
Total receivables	2,199,555	410,832	—	2,610,387
Investments:				
Fixed return funds:				
Short-term investments	2,179,314	—	—	2,179,314
Debt securities	14,655,009	—	—	14,655,009
Equity securities	22,284,584	—	—	22,284,584
Alternative investments	6,872,850	—	—	6,872,850
Collective trust funds:				
International equity	11,507,149	—	—	11,507,149
Debt securities	4,576,038	—	—	4,576,038
Collateral from securities lending transactions	1,774,456	—	—	1,774,456
Variable funds:				
Short-term investments	30,113	105,032	—	135,145
Debt securities	74,934	466,945	—	541,879
Equity securities	2,226,196	7,374,677	—	9,600,873
Collateral from securities lending transactions	84,226	282,602	—	366,828
Total investments	66,264,869	8,229,256	—	74,494,125
Investment in fixed return funds	—	20,292,733	(20,292,733)	—
Other assets	49,873	13,429	(21,022)	42,280
Total assets	68,519,454	28,950,949	(20,313,755)	77,156,648
LIABILITIES:				
Accounts payable and accrued liabilities	417,408	103,283	(21,022)	499,669
Payable for investment securities purchased	2,308,523	29,597	—	2,338,120
Accrued benefits payable	12,563	91,127	—	103,690
Due to TDA fixed return funds	20,292,733	—	(20,292,733)	—
Securities lending transactions	1,858,682	282,602	—	2,141,284
Total liabilities	24,889,909	506,609	(20,313,755)	5,082,763
NET POSITION:				
Restricted for benefits to be provided by QPP	43,629,545	—	—	43,629,545
Restricted for benefits to be provided by TDA Program	—	28,444,340	—	28,444,340
Total net position	$43,629,545	$28,444,340	$ —	$72,073,885

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
TEACHERS' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017
(in thousands)

	TRS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Total Teachers' Retirement System
ADDITIONS:			
Contributions:			
Member contributions	$ 180,076	$ 743,663	$ 923,739
Employer contributions	3,888,399	—	3,888,399
Other employer contributions	57,369	—	57,369
Total contributions	4,125,844	743,663	4,869,507
Investment income:			
Interest income	932,169	34,368	966,537
Dividend income	981,087	138,237	1,119,324
Net appreciation in fair value of investments	6,516,379	1,218,575	7,734,954
Investment expenses	(313,801)	5,518	(308,283)
Investment income, net	8,115,834	1,396,698	9,512,532
Securities lending transactions:			
Securities lending income	18,806	2,014	20,820
Securities lending fees	(1,360)	(212)	(1,572)
Securities lending income, net	17,446	1,802	19,248
Total additions	12,259,124	2,142,163	14,401,287
DEDUCTIONS:			
Benefit payments and withdrawals	4,219,312	1,011,931	5,231,243
Administrative expenses	60,790	33,032	93,822
Interest on TDA Program fixed return funds	1,466,615	(1,466,615)	—
Actuarial rebalance	43,938	(43,938)	—
Other	2,291	—	2,291
Total deductions	5,792,946	(465,590)	5,327,356
Net increase in net position	6,466,178	2,607,753	9,073,931
NET POSITION:			
Restricted for benefits:			
Beginning of year	43,629,545	28,444,340	72,073,885
End of year	$50,095,723	$31,052,093	$81,147,816

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
TEACHERS' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	TRS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Total Teachers' Retirement System
ADDITIONS:			
Contributions:			
Member contributions	$ 173,696	$ 717,566	$ 891,262
Employer contributions	3,702,569	—	3,702,569
Other employer contributions	58,145	—	58,145
Total contributions	3,934,410	717,566	4,651,976
Investment income:			
Interest income	860,222	33,469	893,691
Dividend income	896,208	128,383	1,024,591
Net depreciation in fair value of investments	(598,443)	(182,355)	(780,798)
Investment expenses	(215,068)	5,645	(209,423)
Investment income (loss), net	942,919	(14,858)	928,061
Securities lending transactions:			
Securities lending income	18,742	4,054	22,796
Securities lending fees	(1,395)	(390)	(1,785)
Securities lending income, net	17,347	3,664	21,011
Other	1,233	—	1,233
Total additions	4,895,909	706,372	5,602,281
DEDUCTIONS:			
Benefit payments and withdrawals	4,107,455	917,189	5,024,644
Administrative expenses	59,367	32,632	91,999
Interest on TDA Program fixed return funds	1,354,207	(1,354,207)	—
Total deductions	5,521,029	(404,386)	5,116,643
Net (decrease) increase in net position	(625,120)	1,110,758	485,638
NET POSITION:			
Restricted for benefits:			
Beginning of year	44,254,665	27,333,582	71,588,247
End of year	$43,629,545	$28,444,340	$72,073,885

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
BOARD OF EDUCATION RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2017
(in thousands)

	BERS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Eliminations	Total Board of Education Retirement System
ASSETS:				
Cash and cash equivalents	$ 3,232	$ 105	$ —	$ 3,337
Receivables:				
Member loans	47,935	40,757	—	88,692
Investment securities sold	98,675	906	—	99,581
Accrued interest and dividends	9,080	618	—	9,698
Other receivables	60	—	—	60
Total receivables	155,750	42,281	—	198,031
Investments:				
Fixed return funds:				
Short-term investments	52,083	—	—	52,083
Debt securities	1,103,180	—	—	1,103,180
Equity securities	145,431	—	—	145,431
Alternative investments	612,677	—	—	612,677
Collective trust funds:				
Debt securities	381,830	—	—	381,830
Domestic equity	1,738,135	—	—	1,738,135
International equity	1,251,628	—	—	1,251,628
Collateral from securities lending transactions	374,326	—	—	374,326
Variable funds:				
Short-term investments	513	4,918	—	5,431
Debt securities	828	7,944	—	8,772
Equity securities	46,309	444,386	—	490,695
Collateral from securities lending transactions	617	5,917	—	6,534
Total investments	5,707,557	463,165	—	6,170,722
Investment in fixed return funds	—	1,436,478	(1,436,478)	—
Other assets	160,453	—	(128,452)	32,001
Total assets	6,026,992	1,942,029	(1,564,930)	6,404,091
LIABILITIES:				
Accounts payable and accrued liabilities	13,884	—	—	13,884
Payable for investment securities purchased	92,173	1,435	—	93,608
Accrued benefits payable	9,943	6,537	—	16,480
Due to TDA Program fixed return funds	1,436,478	—	(1,436,478)	—
Securities lending transactions	374,943	5,917	—	380,860
Other liabilities	—	128,452	(128,452)	—
Total liabilities	1,927,421	142,341	(1,564,930)	504,832
NET POSITION:				
Restricted for benefits to be provided by QPP	4,099,571	—	—	4,099,571
Restricted for benefits to be provided by TDA Program	—	1,799,688	—	1,799,688
Total net position	$4,099,571	$1,799,688	$ —	$5,899,259

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
BOARD OF EDUCATION RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

	BERS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Eliminations	Total Board of Education Retirement System
Assets:				
Cash and cash equivalents	$ 327	$ 205	$ —	$ 532
Receivables:				
Member loans	46,748	38,921	—	85,669
Investment securities sold	119,062	908	—	119,970
Accrued interest and dividends	247	626	—	873
Other receivables	3	—	—	3
Total receivables	166,060	40,455	—	206,515
Investments:				
Fixed return funds:				
Short-term investments	107,821	—	—	107,821
Debt securities	879,762	—	—	879,762
Equity securities	291,144	—	—	291,144
Alternative investments	506,922	—	—	506,922
Collective trust funds:				
Debt securities	354,248	—	—	354,248
Domestic equity	1,401,665	—	—	1,401,665
International equity	942,911	—	—	942,911
Collateral from securities lending transactions	476,001	—	—	476,001
Variable funds:				
Short-term investments	571	5,508	—	6,079
Debt securities	976	9,414	—	10,390
Equity securities	40,953	394,854	—	435,807
Collateral from securities lending transactions	1,622	15,642	—	17,264
Total investments	5,004,596	425,418	—	5,430,014
Investment in fixed return funds	—	1,283,481	(1,283,481)	—
Other assets	124,031	—	—	124,031
Total assets	5,295,014	1,749,559	(1,283,481)	5,761,092
Liabilities:				
Accounts payable and accrued liabilities	6,907	—	—	6,907
Payable for investment securities purchased	103,213	902	—	104,115
Accrued benefits payable	7,357	6,783	—	14,140
Due to TDA Program fixed return funds	1,283,481	—	(1,283,481)	—
Securities lending transactions	477,623	15,642	—	493,265
Other liabilities	—	96,156		96,156
Total liabilities	1,878,581	119,483	(1,283,481)	714,583
Net Position:				
Restricted for benefits to be provided by QPP	3,416,433	—	—	3,416,433
Restricted for benefits to be provided by TDA Program	—	1,630,076	—	1,630,076
Total net position	$3,416,433	$1,630,076	$ —	$5,046,509

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
BOARD OF EDUCATION RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017
(in thousands)

	BERS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Total Board of Education Retirement System
ADDITIONS:			
Contributions:			
Member contributions	$ 39,821	$ 85,765	$ 125,586
Employer contributions	288,233	—	288,233
Total contributions	328,054	85,765	413,819
Investment income:			
Interest income	54,964	3,564	58,528
Dividend income	70,610	14,810	85,420
Net appreciation in fair value of investments	760,262	58,720	818,982
Investment expenses	(29,204)	(1,461)	(30,665)
Investment income, net	856,632	75,633	932,265
Securities lending transactions:			
Securities lending income	6,118	117	6,235
Securities lending fees	(240)	(11)	(251)
Securities lending income, net	5,878	106	5,984
Interest on TDA Program fixed return funds	(106,554)	106,554	—
Other receipts from other retirement systems	(122,954)	(48,113)	(171,067)
Total additions	961,056	219,945	1,181,001
DEDUCTIONS:			
Benefit payments and withdrawals	262,432	50,208	312,640
Administrative expenses	15,486	125	15,611
Total deductions	277,918	50,333	328,251
Net increase in net position	683,138	169,612	852,750
NET POSITION:			
Restricted for benefits:			
Beginning of year	3,416,433	1,630,076	5,046,509
End of year	$4,099,571	$1,799,688	$5,899,259

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
BOARD OF EDUCATION RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	BERS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Total Board of Education Retirement System
ADDITIONS:			
Contributions:			
Member contributions	$ 38,581	$ 77,459	$ 116,040
Employer contributions	265,532	—	265,532
Total contributions	304,113	77,459	381,572
Investment income:			
Interest income	44,782	3,340	48,122
Dividend income	51,328	5,988	57,316
Net appreciation (depreciation) in fair value of investments	79,014	(7,771)	71,243
Investment expenses	(14,296)	(702)	(14,998)
Investment income, net	160,828	855	161,683
Securities lending transactions:			
Securities lending income	3,547	216	3,763
Securities lending fees	(231)	(22)	(253)
Securities lending income, net	3,316	194	3,510
Interest on TDA Program fixed return funds	(94,789)	94,789	—
Other receipts from other retirement systems	(157,499)	(3,541)	(161,040)
Total additions	215,969	169,756	385,725
DEDUCTIONS:			
Benefit payments and withdrawals	240,727	50,189	290,916
Administrative expenses	12,818	850	13,668
Total deductions	253,545	51,039	304,584
Net (decrease) increase in net position	(37,576)	118,717	81,141
NET POSITION:			
Restricted for benefits:			
Beginning of year	3,454,009	1,511,359	4,965,368
End of year	$3,416,433	$1,630,076	$5,046,509

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK
PENSION TRUST FUNDS*
NEW YORK CITY POLICE PENSION FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2017
(in thousands)

	POLICE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)		Eliminations	Total New York City Police Pension Funds
		POVSF	PSOVSF		
ASSETS:					
Cash and cash equivalents	$ 107,908	$ 1,880	$ 584	$ —	$ 110,372
Receivables:					
Member loans	234,570	—	—	—	234,570
Investment securities sold	694,085	100,709	17,802	—	812,596
Transferrable earnings due to/from QPP to VSFs	326,195	1,038,637	1,679,802	(3,044,634)	—
Accrued interest and dividends	3,238	199	26	—	3,463
Total receivables	1,258,088	1,139,545	1,697,630	(3,044,634)	1,050,629
Investments:					
Short-term investments	465,204	8,551	4,755	—	478,510
Debt securities	7,702,198	15	—	—	7,702,213
Equity securities	6,518,200	—	—	—	6,518,200
Alternative investments	7,209,973	—	—	—	7,209,973
Collective trust funds:					
Debt securities	2,633,513	452,707	77,417	—	3,163,637
Domestic equity	6,785,844	444,732	79,630	—	7,310,206
International equity	6,552,823	404,825	73,055	—	7,030,703
Collateral from securities lending transactions	3,853,421	53,248	9,556	—	3,916,225
Total investments	41,721,176	1,364,078	244,413	—	43,329,667
Other assets	17,667	—	—	—	17,667
Total assets	43,104,839	2,505,503	1,942,627	(3,044,634)	44,508,335
LIABILITIES:					
Accounts payable and accrued liabilities	468,980	290	64	—	469,334
Payable for investment securities purchased	556,363	100,608	17,795	—	674,766
Accrued benefits payable	84,111	75,739	112,389	—	272,239
Transferrable earnings due from/to QPP to VSFs	2,718,439	250,751	75,444	(3,044,634)	—
Securities lending transactions	3,853,421	53,248	9,556	—	3,916,225
Total liabilities	7,681,314	480,636	215,248	(3,044,634)	5,332,564
NET POSITION:					
Restricted for benefits to be provided by QPP	35,423,525	—	—	—	35,423,525
Restricted for benefits to be provided by VSFs	—	2,024,867	1,727,379	—	3,752,246
Total net position	$35,423,525	$2,024,867	$1,727,379	$ —	$39,175,771

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY POLICE PENSION FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

	POLICE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)		Eliminations	Total New York City Police Pension Funds
		POVSF	PSOVSF		
ASSETS:					
Cash and cash equivalents	$ 116,153	$ 1,851	$ 863	$ —	$ 118,867
Receivables:					
Member loans	251,861	—	—	—	251,861
Investment securities sold	575,823	65,948	26,453	—	668,224
Transferrable earnings due to/from QPP to VSFs	326,195	330,000	260,000	(916,195)	—
Accrued interest and dividends	66,102	2,317	804	—	69,223
Total receivables	1,219,981	398,265	287,257	(916,195)	989,308
Investments:					
Short-term investments	832,596	21,064	4,206	—	857,866
Debt securities	6,870,189	322,512	119,780	—	7,312,481
Equity securities	6,180,793	612,597	—	—	6,793,390
Alternative investments	6,382,258	—	—	—	6,382,258
Collective trust funds:					
Debt securities	2,462,140	—	—	—	2,462,140
Domestic equity	5,803,115	—	210,014	—	6,013,129
International equity	5,402,281	338,978	114,821	—	5,856,080
Collateral from securities lending transactions	2,945,709	97,014	35,508	—	3,078,231
Total investments	36,879,081	1,392,165	484,329	—	38,755,575
Other assets	16,104	—	—	—	16,104
Total assets	38,231,319	1,792,281	772,449	(916,195)	39,879,854
LIABILITIES:					
Accounts payable and accrued liabilities	260,836	12,289	6,273	—	279,398
Payable for investment securities purchased	837,047	48,023	19,764	—	904,834
Accrued benefits payable	115,117	76,586	113,709	—	305,412
Transferrable earnings due from/to QPP to VSFs	590,000	250,751	75,444	(916,195)	—
Securities lending transactions	2,945,709	97,014	35,508	—	3,078,231
Total liabilities	4,748,709	484,663	250,698	(916,195)	4,567,875
NET POSITION:					
Restricted for benefits to be provided by QPP	33,482,610	—	—	—	33,482,610
Restricted for benefits to be provided by VSFs	—	1,307,618	521,751	—	1,829,369
Total net position	$33,482,610	$1,307,618	$ 521,751	$ —	$35,311,979

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY POLICE PENSION FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017
(in thousands)

	POLICE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)		Eliminations	Total New York City Police Pension Funds
		POVSF	PSOVSF		
ADDITIONS:					
Contributions:					
Member contributions	$ 276,301	$ —	$ —	$ —	$ 276,301
Employer contributions	2,293,840	—	—	—	2,293,840
Total contributions	2,570,141	—	—	—	2,570,141
Investment income:					
Interest income	400,562	7,892	1,878	—	410,332
Dividend income	485,237	24,359	6,129	—	515,725
Net appreciation in fair value of investments	3,418,739	134,327	32,328	—	3,585,394
Investment expenses	(245,288)	(561)	(145)	—	(245,994)
Investment income, net	4,059,250	166,017	40,190	—	4,265,457
Securities lending transactions:					
Securities lending income	22,034	792	216	—	23,042
Securities lending fees	(1,537)	(54)	(14)	—	(1,605)
Securities lending income, net	20,497	738	202	—	21,437
Transferrable earnings due from QPP to VSFs	25,562	738,000	1,419,802	(2,183,364)	—
Other	10,381	74	52	—	10,507
Total additions	6,685,831	904,829	1,460,246	(2,183,364)	6,867,542
DEDUCTIONS:					
Benefit payments and withdrawals	2,571,999	158,216	254,618	—	2,984,833
Transferrable earnings due from QPP to VSFs	2,154,000	29,364	—	(2,183,364)	—
Administrative expenses	18,917	—	—	—	18,917
Total deductions	4,744,916	187,580	254,618	(2,183,364)	3,003,750
Net increase in net position	1,940,915	717,249	1,205,628	—	3,863,792
NET POSITION:					
Restricted for benefits:					
Beginning of year	33,482,610	1,307,618	521,751	—	35,311,979
End of year	$35,423,525	$2,024,867	$1,727,379	$ —	$39,175,771

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY POLICE PENSION FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	POLICE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)		Eliminations	Total New York City Police Pension Funds
		POVSF	PSOVSF		
ADDITIONS:					
Contributions:					
Member contributions	$ 249,921	$ —	$ —	$ —	$ 249,921
Employer contributions	2,393,940	—	—	—	2,393,940
Total contributions	2,643,861	—	—	—	2,643,861
Investment income:					
Interest income	416,038	11,930	5,041	—	433,009
Dividend income	449,480	25,507	10,007	—	484,994
Net depreciation in fair value of investments	(85,518)	(170,921)	(122,997)	—	(379,436)
Investment expenses	(156,155)	(437)	(179)	—	(156,771)
Investment income (loss), net	623,845	(133,921)	(108,128)	—	381,796
Securities lending transactions:					
Securities lending income	21,896	967	386	—	23,249
Securities lending fees	(1,423)	(63)	(25)	—	(1,511)
Securities lending income, net	20,473	904	361	—	21,738
Transferrable earnings due from QPP to VSFs	326,195	—	—	(326,195)	—
Other	6,479	147	130	—	6,756
Total additions	3,620,853	(132,870)	(107,637)	(326,195)	3,054,151
DEDUCTIONS:					
Benefit payments and withdrawals	2,475,738	156,695	249,790	—	2,882,223
Transferrable earnings due from QPP to VSFs	—	250,751	75,444	(326,195)	—
Administrative expenses	18,478	—	—	—	18,478
Total deductions	2,494,216	407,446	325,234	(326,195)	2,900,701
Net increase (decrease) in net position	1,126,637	(540,316)	(432,871)	—	153,450
NET POSITION:					
Restricted for benefits:					
Beginning of year	32,355,973	1,847,934	954,622	—	35,158,529
End of year	$33,482,610	$1,307,618	$ 521,751	$ —	$35,311,979

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY FIRE PENSION FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2017
(in thousands)

	FIRE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs) FFVSF	FOVSF	Eliminations	Total New York City Fire Pension Funds
Assets:					
Cash and cash equivalents	$ 37,035	$ 1,391	$ 906	$ —	$ 39,332
Receivables:					
Member loans	26,951	—	—	—	26,951
Investment securities sold	138,400	33,517	24,791	—	196,708
Accrued interest and dividends	23,004	631	432	—	24,067
Transferrable earnings due from QPP to VSFs	—	83,653	50,963	(134,616)	—
Other receivables	178	—	33	—	211
Total receivables	188,533	117,801	76,219	(134,616)	247,937
Investments:					
Short-term investments	227,909	6,971	2,637	—	237,517
Debt securities	2,219,638	—	1,263	—	2,220,901
Equity securities	1,878,641	—	—	—	1,878,641
Alternative investments	2,391,376	—	—	—	2,391,376
Collective trust funds:					
Debt securities	1,230,616	155,777	102,501	—	1,488,894
Domestic equity	2,149,785	156,098	102,508	—	2,408,391
International equity	2,209,426	142,644	93,185	—	2,445,255
Collateral from securities lending transactions	1,080,020	18,539	12,294	—	1,110,853
Total investments	13,387,411	480,029	314,388	—	14,181,828
Other assets	2,508	—	—	—	2,508
Total assets	13,615,487	599,221	391,513	(134,616)	14,471,605
Liabilities:					
Accounts payable and accrued liabilities	147,979	96	92	—	148,167
Payable for investment securities purchased	147,296	33,509	24,790	—	205,595
Accrued benefits payable	15,680	20,831	9,121	—	45,632
Transferrable earnings due from QPP to VSFs	134,616	—	—	(134,616)	—
Securities lending transactions	1,080,020	18,539	12,294	—	1,110,853
Total liabilities	1,525,591	72,975	46,297	(134,616)	1,510,247
Net Position:					
Restricted for benefits to be provided by QPP	12,089,896	—	—	—	12,089,896
Restricted for benefits to be provided by VSFs	—	526,246	345,216	—	871,462
Total net position	$12,089,896	$ 526,246	$ 345,216	$ —	$12,961,358

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY FIRE PENSION FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

	FIRE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)		Eliminations	Total New York City Fire Pension Funds
		FFVSF	FOVSF		
ASSETS:					
Cash and cash equivalents	$ 37,457	$ 10,740	$ 558	$ —	$ 48,755
Receivables:					
Member loans	26,917	—	—	—	26,917
Investment securities sold	153,595	12,433	11,636	—	177,664
Accrued interest and dividends	20,518	985	671	—	22,174
Transferrable earnings due from QPP to VSFs	—	59,739	29,134	(88,873)	—
Total receivables	201,030	73,157	41,441	(88,873)	226,755
Investments:					
Short-term investments	197,458	12,719	5,914	—	216,091
Debt securities	2,211,925	93,304	56,637	—	2,361,866
Equity securities	1,802,947	—	—	—	1,802,947
Alternative investments	2,117,856	—	—	—	2,117,856
Collective trust funds:					
Debt securities	1,034,765	37,279	24,134	—	1,096,178
Domestic equity	1,736,914	221,610	144,583	—	2,103,107
International equity	1,966,228	85,780	52,725	—	2,104,733
Collateral from securities lending transactions	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 and accrued liabilities	89,435	—	2,712	—	92,147
Payable for investment securities purchased	215,792	10,514	9,008	—	235,314
Accrued benefits payable	18,893	21,225	9,263	—	49,381
Transferrable earnings due from QPP to VSFs	88,873	—	—	(88,873)	—
Securities lending transactions	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 to be provided by QPP	10,899,763	—	—	—	10,899,763
Restricted for benefits to be provided by VSFs	—	502,850	305,009	—	807,859
Total net position	$10,899,763	$ 502,850	$ 305,009	$ —	$11,707,622

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY FIRE PENSION FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017
(in thousands)

	FIRE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)		Eliminations	Total New York City Fire Pension Funds
		FFVSF	FOVSF		
ADDITIONS:					
Contributions:					
Member contributions	$ 108,368	$ —	$ —	$ —	$ 108,368
Employer contributions	1,061,170	—	—	—	1,061,170
Total contributions	1,169,538	—	—	—	1,169,538
Investment income:					
Interest income	135,642	4,600	3,107	—	143,349
Dividend income	159,972	7,504	4,135	—	171,611
Net appreciation in fair value of investments	1,067,973	34,802	32,860	—	1,135,635
Investment expenses	(84,438)	(439)	(247)	—	(85,124)
Investment income, net	1,279,149	46,467	39,855	—	1,365,471
Securities lending transactions:					
Securities lending income	6,150	309	257	—	6,716
Securities lending fees	(428)	(21)	(17)	—	(466)
Securities lending income, net	5,722	288	240	—	6,250
Transferrable earnings due from QPP to VSFs	—	23,914	21,829	(45,743)	—
Other	47,284	—	—	—	47,284
Total additions	2,501,693	70,669	61,924	(45,743)	2,588,543
DEDUCTIONS:					
Benefit payments and withdrawals	1,265,817	47,273	21,717	—	1,334,807
Transferrable earnings due from QPP to VSFs	45,743	—	—	(45,743)	—
Total deductions	1,311,560	47,273	21,717	(45,743)	1,334,807
Net increase in net position	1,190,133	23,396	40,207	—	1,253,736
NET POSITION:					
Restricted for benefits:					
Beginning of year	10,899,763	502,850	305,009	—	11,707,622
End of year	$12,089,896	$ 526,246	$ 345,216	$ —	$12,961,358

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY FIRE PENSION FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	FIRE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs) FFVSF	FOVSF	Eliminations	Total New York City Fire Pension 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:					
Interest income	137,160	4,796	3,250	—	145,206
Dividend income	145,276	7,957	4,442	—	157,675
Net depreciation in fair value of investments	(44,510)	(8,428)	(6,934)	—	(59,872)
Investment expenses	(46,321)	—	—	—	(46,321)
Investment income, net	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)
Securities lending income, net	5,793	344	279	—	6,416
Transferrable earnings due from QPP to VSFs	—	18,739	18,134	(36,873)	—
Other	43,673	—	—	—	43,673
Total additions	1,412,168	23,408	19,171	(36,873)	1,417,874
DEDUCTIONS:					
Benefit payments and withdrawals	1,290,862	46,002	21,567	—	1,358,431
Transferrable earnings due from QPP to VSFs	36,873	—	—	(36,873)	—
Total deductions	1,327,735	46,002	21,567	(36,873)	1,358,431
Net increase (decrease) in net position	84,433	(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

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

DECEMBER 31, 2016
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
ASSETS:					
Cash and cash equivalents	$ 14,246	$ 637	$ 15	$ —	$ 14,898
Receivables:					
Member loans	209,781	26,124	—	—	235,905
Total receivables	209,781	26,124	—	—	235,905
Investments:					
Mutual funds	9,833,946	1,505,981	126,337	17,987	11,484,251
Guaranteed investment contracts	4,749,910	888,005	148,322	2,816	5,789,053
Total investments	14,583,856	2,393,986	274,659	20,803	17,273,304
Other assets	1,917	1,934	—	4	3,855
Total assets	14,809,800	2,422,681	274,674	20,807	17,527,962
LIABILITIES:					
Accounts payable and accrued liabilities	5,460	765	214	—	6,439
Total liabilities	5,460	765	214	—	6,439
NET POSITION:					
Restricted for other employee benefits	14,804,340	2,421,916	274,460	20,807	17,521,523
Total net position	$14,804,340	$2,421,916	$274,460	$20,807	$17,521,523

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

DECEMBER 31, 2015
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
ASSETS:					
Cash and cash equivalents	$ 14,177	$ 1,174	$ 21	$ —	$ 15,372
Receivables:					
Member loans	205,085	24,277	—	—	229,362
Total receivables	205,085	24,277	—	—	229,362
Investments:					
Mutual funds	8,923,630	1,302,456	110,054	16,455	10,352,595
Guaranteed investment contracts	4,419,597	751,391	130,227	2,547	5,303,762
Total investments	13,343,227	2,053,847	240,281	19,002	15,656,357
Other assets	1,427	1,116	—	2	2,545
Total assets	13,563,916	2,080,414	240,302	19,004	15,903,636
LIABILITIES:					
Accounts payable and accrued liabilities	5,822	137	169	—	6,128
Total liabilities	5,822	137	169	—	6,128
NET POSITION:					
Restricted for other employee benefits	13,558,094	2,080,277	240,133	19,004	15,897,508
Total net position	$13,558,094	$2,080,277	$240,133	$19,004	$15,897,508

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2016
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
ADDITIONS:					
Contributions:					
Member contributions	$ 630,183	$ 255,873	$ 33,999	$ 23	$ 920,078
Total contributions	630,183	255,873	33,999	23	920,078
Investment income:					
Interest income	109,770	18,430	3,015	55	131,270
Net appreciation in fair value of investments	1,066,550	148,755	12,499	2,065	1,229,869
Investment expenses	(26,505)	(4,473)	(562)	(33)	(31,573)
Investment income, net	1,149,815	162,712	14,952	2,087	1,329,566
Total additions	1,779,998	418,585	48,951	2,110	2,249,644
DEDUCTIONS:					
Benefit payments and withdrawals	521,331	74,958	14,439	304	611,032
Administrative expenses	12,421	1,988	185	3	14,597
Total deductions	533,752	76,946	14,624	307	625,629
Net increase in net position	1,246,246	341,639	34,327	1,803	1,624,015
NET POSITION:					
Restricted for other employee benefits:					
Beginning of year	13,558,094	2,080,277	240,133	19,004	15,897,508
End of year	$14,804,340	$2,421,916	$274,460	$20,807	$17,521,523

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2015
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
ADDITIONS:					
Contributions:					
Member contributions	$ 622,019	$ 226,803	$ 31,018	$ 24	$ 879,864
Total contributions	622,019	226,803	31,018	24	879,864
Investment income:					
Interest income	104,207	15,972	2,722	52	122,953
Net depreciation in fair value of investments	(64,767)	(10,966)	(940)	(109)	(76,782)
Investment expenses	(28,062)	(4,363)	(547)	(36)	(33,008)
Investment income (loss), net	11,378	643	1,235	(93)	13,163
Total additions	633,397	227,446	32,253	(69)	893,027
DEDUCTIONS:					
Benefit payments and withdrawals	512,324	63,961	11,068	271	587,624
Administrative expenses	12,374	1,607	149	2	14,132
Total deductions	524,698	65,568	11,217	273	601,756
Net increase (decrease) in net position	108,699	161,878	21,036	(342)	291,271
NET POSITION:					
Restricted for other employee benefits:					
Beginning of year	13,449,395	1,918,399	219,097	19,346	15,606,237
End of year	$13,558,094	$2,080,277	$240,133	$19,004	$15,897,508

THE CITY OF NEW YORK
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2017
(in thousands)

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
ASSETS:				
Cash and investments	$4,472,376	$1,108,597	$1,508,598	$4,072,375
LIABILITIES:				
Other	$4,472,376	$1,108,597	$1,508,598	$4,072,375

THE CITY OF NEW YORK
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Assets:				
Cash and investments	$3,535,037	$2,094,708	$1,157,369	$4,472,376
Liabilities:				
Other	$3,535,037	$2,094,708	$1,157,369	$4,472,376

Staten Island Ferry

APPENDIX C

NORTON ROSE FULBRIGHT

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United States

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, 2018

Honorable Scott M. Stringer
Comptroller
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in connection with the issuance by the City on the date hereof of its General Obligation Bonds, Fiscal 2018 Subseries E-1 (the "Tax-Exempt Bonds"), General Obligation Bonds, Fiscal 2018 Subseries E-2, and General Obligation Bonds, Fiscal 2018 Subseries E-3 (said Subseries E-2 Bonds and Subseries E-3 Bonds, together with the Tax Exempt Bonds, the "Bonds").

The Bonds are issued pursuant to the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Public Finance of the City dated the date hereof and related proceedings. We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the City and such other agreements, documents and matters as we deem necessary to render our opinions. We have not undertaken an independent investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, the due and legal execution and delivery thereof by, and validity against, any parties other than the City, and the accuracy of the statements contained in such documents.

Based upon the foregoing and our examination of existing law, we are of the opinion that:

1. The Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City for the payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy by the City of ad valorem taxes, without limit as to rate or amount, for payment of the principal of and interest on the Bonds.

2. Interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

NORTON ROSE FULBRIGHT

3. The City has covenanted in a tax certificate dated the date hereof to comply with certain provisions of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), relating to the exclusion from gross income of the interest on the Tax-Exempt Bonds for purposes of federal income taxation. Assuming compliance by the City with such covenants, interest on the Tax-Exempt Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes.

4. Interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which we render no opinion, as a result of ownership of such Tax-Exempt Bonds or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax) of interest that is excluded from gross income. We call to your attention that, for taxable years that began on or before December 31, 2017, interest on the Tax-Exempt Bonds owned by certain corporations will be included in such corporations' adjusted current earnings for purposes of computing the alternative minimum tax on such corporations. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Furthermore, we express no opinion as to the effect on the exclusion from gross income of interest on the Tax-Exempt Bonds of any action (including without limitation a change in the interest rate mode with respect to any of the Tax-Exempt Bonds) taken or not taken after the date of this opinion without our approval. Ownership of tax-exempt obligations such as the Tax-Exempt Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, "S" corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable, and the enforcement of related contractual and statutory covenants of the City and the State may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Very truly yours,

VARIABLE RATE BONDS

Variable Rate Demand Bonds

Series	Outstanding Principal Amount	Provider	Facility Type	Expiration
1994H-3	75,700,000	State Street Bank and Trust Company	SBPA[1]	October 12, 2018
2004A-2	75,000,000	Bank of America, N.A.	LOC[2]	June 29, 2018
2004A-4	25,000,000	Bank of Montreal	LOC	August 12, 2020
2004A-5	50,000,000	Bank of Montreal	LOC	August 12, 2020
2004H-5	26,415,000	Dexia Crédit Local	LOC	February 2, 2022
2004H-6	31,305,000	Bank of America, N.A.	LOC	February 28, 2019
2004H-8	31,335,000	Bank of America, N.A.	LOC	February 28, 2019
2006E-2	87,530,000	Bank of America, N.A.	LOC	August 1, 2019
2006E-3	87,530,000	Bank of America, N.A.	LOC	August 1, 2019
2006E-4	87,525,000	Bank of America, N.A.	LOC	August 1, 2019
2006F-3	75,000,000	Sumitomo Mitsui Banking Corporation	LOC	September 17, 2021
2006F-4A	40,000,000	Sumitomo Mitsui Banking Corporation	LOC	September 17, 2021
2006F-4B	35,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	November 15, 2019
2006H-1	50,535,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2019
2006H-2	50,530,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2019
2006I-3	50,000,000	Bank of America, N.A.	LOC	May 12, 2020
2006I-4	125,000,000	TD Bank, N.A.	LOC	May 24, 2019
2006I-5	75,000,000	The Bank of New York Mellon	LOC	May 31, 2019
2006I-6	75,000,000	The Bank of New York Mellon	LOC	May 31, 2019
2006I-7	50,000,000	Bank of America, N.A.	LOC	May 12, 2020
2006I-8	50,000,000	State Street Bank and Trust Company	SBPA	July 10, 2019
2008D-3	50,000,000	Bank of Montreal	SBPA	December 3, 2019
2008D-4	50,000,000	Bank of Montreal	SBPA	December 3, 2019
2008J-3	75,000,000	Barclays Bank, PLC	SBPA	March 29, 2019
2008J-5	101,405,000	Bank of America, N.A.	SBPA	March 30, 2018
2008J-6	111,225,000	Landesbank Hessen-Thüringen Girozentrale	LOC	December 14, 2020
2008J-8	74,060,000	Sumitomo Mitsui Banking Corporation	LOC	August 2, 2021
2008J-10	100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD.	LOC	April 27, 2020
2008L-3	80,000,000	Bank of America, N.A.	LOC	April 21, 2020
2008L-4	100,000,000	US Bank, N.A.	LOC	December 18, 2020
2008L-5	145,400,000	Bank of America, N.A.	SBPA	April 20, 2018
2009B-3	100,000,000	TD Bank, N.A.	LOC	January 15, 2020
2010G-4	150,000,000	Barclays Bank, PLC	SBPA	March 29, 2019
2012A-3	25,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	December 14, 2020
2012A-4	100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD.	LOC	June 26, 2020
2012D-3A	76,665,000	The Bank of New York Mellon	SBPA	October 30, 2020
2012G-3	300,000,000	Citibank, N.A.	LOC	March 30, 2018
2012G-4	100,000,000	Citibank, N.A.	LOC	March 30, 2018
2012G-6	200,000,000	Mizuho Bank, Ltd.	LOC	April 2, 2018
2012G-7	85,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	April 2, 2018
2013A-2	100,000,000	Mizuho Bank, Ltd.	LOC	October 15, 2018
2013A-3	100,000,000	Mizuho Bank, Ltd.	LOC	October 15, 2018
2013A-4	75,000,000	Sumitomo Mitsui Banking Corporation	LOC	October 15, 2020
2013A-5	50,000,000	Sumitomo Mitsui Banking Corporation	LOC	October 15, 2020
2013F-3	180,000,000	Bank of America, N.A.	SBPA	March 15, 2019

See footnotes on page D-2

Series	Outstanding Principal Amount	Provider	Facility Type	Expiration
2014D-3	225,000,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2019
2014D-4	100,000,000	TD Bank, N.A.	LOC	October 16, 2018
2014D-5	75,000,000	PNC Bank, National Association	LOC	October 14, 2019
2014I-2	100,000,000	JPMorgan Chase Bank, N.A.	SBPA	March 24, 2020
2015F-4	100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	June 15, 2018
2015F-5	100,000,000	Barclays Bank, PLC	SBPA	June 18, 2019
2015F-6	100,000,000	JPMorgan Chase Bank, N.A.	SBPA	June 18, 2018
2017A-4	200,000,000	Citibank, N.A.	LOC	August 16, 2019
2017A-5	81,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	August 17, 2021
2017A-6	50,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	August 17, 2021
2017A-7	50,000,000	Bank of the West	LOC	August 16, 2019
2018B-4	100,000,000	Barclays Bank, PLC	SBPA	October 1, 2021
2018B-5	100,000,000	Barclays Bank, PLC	SBPA	October 1, 2021
	$5,163,160,000			

Index Rate Bonds(3)

Series	Outstanding Principal Amount	Step up Date
1994E-4	$ 50,000,000	none
1995F-4	50,000,000	none
2004A-6(4)	50,250,000	April 2, 2018
2008J-4(4)	100,000,000	April 2, 2018
2008J-11	100,000,000	April 1, 2019
2008L-6	150,000,000	June 23, 2019
2011F-3(4)	75,000,000	December 1, 2020
2012A-5	50,000,000	June 28, 2022
2012D-3B	50,000,000	June 28, 2022
2012G-5	75,000,000	April 3, 2020
2014I-3	200,000,000	April 1, 2019
2015F-7	50,000,000	June 28, 2022
	$1,000,250,000	

Auction Rate Bonds

Series	Outstanding Principal Amount
Various	$ 634,900,000

(1) Standby Bond Purchase Agreement.

(2) Letter of Credit.

(3) The City's index rate bonds pay interest based on a specified index. Such bonds, other than the Series 1994E-4 and 1995F-4 Bonds, also provide for an increased rate of interest commencing on an identified step up date if such bonds are not converted or refunded.

(4) Expected to be converted to the fixed rate mode on the date of delivery of the Bonds.

APPENDIX E

Notice of Sale

$188,110,000*
The City of New York
Taxable General Obligation Bonds, Fiscal 2018 Subseries E-2

The City of New York (the "City") requests electronic bids for its taxable $188,110,000* General Obligation Bonds, Fiscal 2018 Subseries E-2 (the "Subseries E-2 Bonds"). Electronic bids for the Subseries E-2 Bonds will be received by the Comptroller of the City on February 22, 2018* at 10:45 a.m.** All times herein refer to New York City time. **Notice of a change in such time or date, or in other matters relating to the Subseries E-2 Bonds, may be given at least one hour prior to the time such bids are due. Bids will be received only electronically through Ipreo/Parity as described herein**, No other method of submitting bids will be accepted. Upon request, printouts of electronic bids will be made available.

Pre-Qualification

EACH BIDDER OR REPRESENTATIVE OF A BIDDING GROUP MUST PRE-QUALIFY BY 2:00 P.M., FEBRUARY 21, 2018, OR THE BUSINESS DAY PRECEDING THE DATE FOR RECEIPT OF BIDS, BY SUBMITTING TO PUBLIC RESOURCES ADVISORY GROUP ("PRAG"), ON BEHALF OF THE CITY, THE ATTACHED STATEMENT OF FINANCIAL RESPONSIBILITY.

Bidders submitting bids for both the Subseries E-2 Bonds and the Fiscal 2018 Subseries E-3 Bonds need only submit one Statement of Financial Responsibility.

The Subseries E-2 Bonds

The Subseries E-2 Bonds will bear interest from their delivery date, which is expected to be March 13, 2018, will be issued only as fully registered bonds in book-entry form and will mature as set forth below, subject to change as set forth in this Notice of Sale. Interest on the Subseries E-2 Bonds will be calculated on a 30/360-day basis. Interest on the Subseries E-2 Bonds will be payable semiannually on March 1 and September 1, commencing September 1, 2018.

Principal on the Subseries E-2 Bonds will mature (subject to adjustment as described herein) on the following dates and in the following amounts:

March 1,	Preliminary Amortization Requirement*
2021	$14,145,000
2022	19,965,000
2023	24,910,000
2024	25,655,000
2025	26,465,000
2026	24,330,000
2027	23,295,000
2028	29,345,000

* Subject to change.

** Ipreo/Parity's clock will fix the official time.

The Subseries E-2 Bonds will be delivered as registered bonds. One bond certificate for each maturity will be issued to The Depository Trust Company or its nominee, as described in the Preliminary Official Statement to which this Notice of Sale is attached.

It is anticipated that CUSIP identification numbers will be printed on the Subseries E-2 Bonds, but neither the failure to print such number on any Subseries E-2 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Subseries E-2 Bonds in accordance with the terms hereof. The application for CUSIP numbers and the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid by the successful bidder.

Optional Redemption and Mandatory Tender

Make-Whole Optional Redemption and Mandatory Tender. The Subseries E-2 Bonds are subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date, at a redemption price equal to the greater of:

(a) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such Subseries E-2 Bonds to be redeemed or tendered; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Subseries E-2 Bonds to be redeemed or tendered, not including any portion of those payments of interest accrued and unpaid as of the date on which such Subseries E-2 Bonds are to be redeemed or tendered, discounted to the date on which such Subseries E-2 Bonds are to be redeemed or tendered on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 25* basis points;

plus in each case accrued interest to the redemption or tender date.

"Treasury Rate" means, with respect to any redemption or tender date for a particular Subseries E-2 Bond, the yield to maturity as of such redemption or tender date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption or tender date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption or tender date to the maturity date of the Subseries E-2 Bond to be redeemed or tendered.

Any Bonds that are escrowed to maturity in the future will remain subject to optional redemption or mandatory tender by the City.

Tender of Multi-Modal Bonds in the Fixed Rate Mode

The Subseries E-2 Bonds are being issued as multi-modal bonds in the fixed rate mode. The City may cause a mandatory tender of such Subseries E-2 Bonds on any date at the applicable optional redemption price by giving 30 days' written notice to the Holders, subject to the City's providing a source of payment therefor in accordance with law. If notice of mandatory tender has been given and funds prove insufficient, the Subseries E-2 Bonds not purchased shall continue in the fixed rate mode, without change in interest rate, maturity date or other terms.

Use of Proceeds

The proceeds of the Subseries E-2 Bonds will be used for capital purposes and for the payment of certain costs of issuance.

Security

The Subseries E-2 Bonds will be general obligations of the City, as more fully described, with other terms of the Subseries E-2 Bonds, in the Preliminary Official Statement.

Components of the Purchase Contract

This Notice of Sale, as it may be modified as communicated through i-Deal Prospectus, the bid and the Statement of Financial Responsibility shall constitute the contract for the purchase of the Subseries E-2 Bonds.

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* Subject to change.

Statutory Amortization

Before and after receipt of bids, the City may adjust the respective annual amortization requirements of the Subseries E-2 Bonds to fit statutory amortization requirements. See “Adjustments to Amortization Requirements” below.

Electronic Bidding

Each prospective bidder shall be solely responsible to register to bid via Ipreo/Parity (the “Approved Provider”). Each bidder shall be solely responsible to make necessary arrangements for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. The City has no duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access, and shall not be responsible for a bidder’s failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, the Approved Provider. The Approved Provider is the agent of the prospective bidders, and not of the City, to facilitate the electronic bidding for the Subseries E-2 Bonds. The City is not bound by any advice or determination of the Approved Provider to the effect that any particular bid complies with the terms of this Notice of Sale. The City reserves the right to verify any calculation made by or information provided by the Approved Provider. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via the Approved Provider are the sole responsibility of the bidders, and the City is not responsible, directly or indirectly, for any of such costs or expenses. If any provisions in this Notice of Sale conflict with information provided by the Approved Provider, this Notice of Sale shall control. Further information about the Approved Provider, including any fee charged and registration requirements, may be obtained from:

Ipreo/Parity
1359 Broadway, 2nd Floor
New York, NY 10018
(212) 849-5021

Bid Specifications

Bidders bidding on the Subseries E-2 Bonds must bid for all the Subseries E-2 Bonds. Bidders are invited to name the rate of interest that Subseries E-2 Bonds of each maturity are to bear, in multiples of 1/8, or 1/20, or 1/100 of 1%. Each bidder must specify in its bid a single rate for each maturity date. No bid for the Subseries E-2 Bonds may be at a price less than 99.5% of the principal amount of such Bonds.

Each bid must be unconditional for all the Subseries E-2 Bonds.

Within two hours after receiving the award, the winning bidder may designate any combination of annual principal installments of the same interest rate into term bonds with mandatory sinking fund redemption.

Adjustments to Amortization Requirements

The preliminary annual amortization requirements as set forth in this Notice of Sale (the “Preliminary Amortization Requirements”) may be revised before the receipt of bids for the purchase of the Subseries E-2 Bonds. Any such revision (the “Revised Amortization Requirements”) WILL BE ANNOUNCED ON i-DEAL PROSPECTUS NOT LATER THAN ONE HOUR PRIOR TO ANY ANNOUNCED TIME FOR RECEIPT OF BIDS. In the event that no such revision is made, the Preliminary Amortization Requirements will constitute the Revised Amortization Requirements. BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMORTIZATION REQUIREMENTS.

After selecting the winning bid, the City will determine each final annual amortization requirement (the “Final Amortization Requirements”). In determining the Final Amortization Requirements, the City will not increase or decrease the aggregate of the Revised Amortization Requirement by more than 10% of such amount. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ANY BID OR CHANGE THE INTEREST

RATES BID OR THE INITIAL REOFFERING PRICES (AS HEREIN DEFINED) AS A RESULT OF ANY INCREASE OR DECREASE IN THE REVISED AMORTIZATION REQUIREMENTS WITHIN THE LIMITS PROVIDED FOR IN THE PRECEDING SENTENCE. The price bid by the successful bidder (the "Bid Price") will be adjusted to reflect any adjustments in the amortization requirements of the Subseries E-2 Bonds. Such adjusted Bid Price will reflect changes in the dollar amount of the underwriting discount, original issue discount/ premium and any applicable insurance premium, but will not change the selling compensation (including any applicable bond insurance premium) per $1,000 of par amount of Subseries E-2 Bonds from the selling compensation that would have been received based on the Bid Price in the winning bid and the Initial Reoffering Prices (as defined herein). The interest rate for each maturity will not change. The Final Amortization Requirements and the adjusted Bid Price for the Subseries E-2 Bonds will be communicated to the successful bidder by 4:00 p.m. on the day of the sale.

Bond Insurance

The purchase of any bond insurance policy or the issuance of any commitment therefor shall be at the sole option and expense of the successful bidder. Any failure of the Subseries E-2 Bonds, or of any of them, to be so insured or of any such policy of insurance to be issued, or any change in any rating of the insurer or in its financial condition, shall not constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Subseries E-2 Bonds in accordance with the terms hereof.

Award

Award of the Subseries E-2 Bonds to the successful bidder, or rejection of all bids, is expected to be made within three hours after receipt of the bids; bidders may not withdraw their bids until after 3:00 p.m. on the day of bidding and then only if the Subseries E-2 Bonds have not been awarded to such bidder.

Basis of Award

Unless all bids are rejected, the Subseries E-2 Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the City, based on the Revised Amortization Requirements described above for the Subseries E-2 Bonds. The true interest cost (expressed as an annual interest rate) will be determined as being twice that factor or discount rate, compounded semiannually, which, when applied against each semiannual debt service payment (interest, or principal and interest, as due, including any mandatory redemption) for the Subseries E-2 Bonds, will equate the sum of such discounted semi-annual payments to the Bid Price for the Subseries E-2 Bonds. The true interest cost shall be calculated from the dated date of the Subseries E-2 Bonds. In case of a tie, the successful bidder will be determined based on which bid was submitted earlier. The City reserves the right to waive irregularities in any bid and to reject any or all bids.

No Good Faith Deposit

There will be no good faith deposit.

Undertakings of the Successful Bidder

Unless prior arrangements are made with PRAG 48 hours in advance, the successful bidder shall make a bona fide public offering of the Subseries E-2 Bonds awarded to it to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers who are not purchasing for their own account as ultimate purchasers without a view to resell). Within 30 minutes after being notified of the award of the Subseries E-2 Bonds, the successful bidder shall advise the City in writing of the initial public offering prices of the Subseries E-2 Bonds so awarded (the "Initial Reoffering Prices"). The successful bidder must, within 2 hours after notification of the Final Amortization Requirements, furnish the following information to the City to complete the Official Statement in final form (the "Official Statement") and to adjust the amortization requirements:

A. Selling compensation (aggregate total anticipated compensation to the successful bidder expressed in dollars, based on the expectation that all Subseries E-2 Bonds awarded are sold at the prices or yields at which the successful bidder advised the City that the Subseries E-2 Bonds were initially offered to the public).

B. Details of any bond insurance.

C. CUSIP Numbers on the Subseries E-2 Bonds.

D. Any desired combination of consecutive annual principal installments of the same interest rate into term bonds with mandatory sinking fund redemption.

E. Any other information that the City determines is necessary to complete the Official Statement.

The City will provide an electronic copy and, to the extent requested by investors, printed copies, of the Official Statement to the successful bidder within seven business days of the award of the Subseries E-2 Bonds, and will include therein such additional information concerning the reoffering of the Subseries E-2 Bonds as the successful bidder may reasonably request. The successful bidder will be responsible to the City and its officials in all respects for the accuracy and completeness of information provided by the successful bidder with respect to such reoffering. No claim whatsoever shall be made by any bidder against any officer, agent or employee of the City for or on account of anything done or omitted in connection with this Notice of Sale or the award or delivery of the Subseries E-2 Bonds. The successful bidder shall deliver the Official Statement, and shall otherwise reoffer the Subseries E-2 Bonds, in compliance with applicable laws and regulations.

At the time of or prior to the delivery of the Subseries E-2 Bonds, the successful bidder shall file the Official Statement with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board using CUSIP numbers confirmed by the City and shall advise the City of the date of such filing.

At the time of or prior to the delivery of the Subseries E-2 Bonds, the successful bidder will be required to terminate its underwriting period (as defined in Rule 15c2-12 (the "Rule") under the Securities Exchange Act of 1934, as amended). In the event that the successful bidder advises the City that its underwriting period has not been terminated at the time of delivery of the Subseries E-2 Bonds, the successful bidder shall terminate its underwriting period not later than five days after the date of delivery of the Subseries E-2 Bonds, unless the City shall agree to a longer period. The City will consider seriously any good faith request by the successful bidder for a longer underwriting period.

Delivery of Subseries E-2 Bonds

The Subseries E-2 Bonds will be delivered and shall be paid for on or about March 13, 2018, at the Office of the Corporation Counsel of the City, or on such other date as the City shall fix on not less than three business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder. The Bid Price for the Subseries E-2 Bonds in accordance with the successful bid shall be paid to or upon the direction of the City by wires or checks in immediately available funds.

The successful bidder's obligations hereunder to accept and pay for the Subseries E-2 Bonds shall be conditioned on the delivery to the successful bidder, without cost, at the time of delivery of the Subseries E-2 Bonds, of the following documents, among others: (a) the approving legal opinion of Norton Rose Fulbright US LLP, Bond Counsel to the City, in substantially the form set forth in Appendix C to the Preliminary Official Statement, and a supplemental opinion; (b) the Official Statement, which shall be substantially in the form of the Preliminary Official Statement, with such changes as the City deems necessary or appropriate; (c) an opinion of Orrick, Herrington & Sutcliffe LLP, Special Disclosure Counsel to the City, to the effect that, based on their investigation and subject to the exclusions stated therein, no facts have come to their attention which would lead them to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (d) a certificate of the City to the effect that, to the best of the signers' knowledge and belief, the Official Statement (excluding from the Official Statement specified portions thereof, including any information provided by the successful bidders) as of the date of delivery of the Subseries E-2 Bonds does not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (e) an opinion of the Corporation Counsel in the City's usual form; (f) an opinion of each of Squire Patton Boggs (US) LLP and D. Seaton and Associates, P.A., P.C., Co-Counsel to the successful bidder; and (g) a certificate as to delivery of and payment for the Subseries B-2 Bonds. A transcript of the closing proceedings will be furnished upon the request of the successful bidder. Following the delivery of the Subseries E-2 Bonds, the City shall reimburse the successful bidder for, or pay at the direction of the successful bidder, the reasonable fees of Co-Counsel to the successful bidder.

The delivery of the Subseries E-2 Bonds is dependent upon the delivery of the City's Fiscal 2018 Subseries E-1 and E-3 Bonds.

Continuing Disclosure

The City will undertake (the "Undertaking") to provide annual information and notices of the occurrence of certain events. A description of the Undertaking is set forth in the Preliminary Official Statement and (with such changes, if any, as may be proposed by the City and accepted by counsel to the successful bidder, which acceptance shall not be unreasonably withheld) will be set forth in the Official Statement for the Subseries E-2 Bonds.

Supplemental Notice and Additional Information

Information regarding any change in the annual amortization requirements for the Subseries E-2 Bonds being offered and any change in the scheduling of the receipt and opening of bids for the Subseries E-2 Bonds, or any other information in connection with the offer and sale of the Subseries E-2 Bonds, will be given to prospective bidders by i-Deal Prospectus, and any such supplemental information shall be deemed a part of this Notice of Sale.

Further information relating to the City and the Subseries E-2 Bonds is contained in the Preliminary Official Statement, which is "deemed final" by the City at its date for purposes of the Rule.

Offerings and Sales in Non-U.S. Jurisdictions

In connection with offers and sales of the Subseries E-2 Bonds, no action has been taken by the City that would permit a public offering of the Subseries E-2 Bonds, or possession or distribution of any information relating to the pricing of the Subseries E-2 Bonds, the Official Statement or any other offering or publicity material relating to the Subseries E-2 Bonds, in any non-U.S. jurisdiction where action for that purpose is required. Accordingly, the successful bidder is obligated to comply with all applicable laws and regulations in force in any non-U.S. jurisdiction in which it purchases, offers or sells the Subseries E-2 Bonds or possesses or distributes the Official Statement or any other offering or publicity material relating to the Subseries E-2 Bonds and will obtain any consent, approval or permission required by it for the purchase, offer or sale and the City shall have no responsibility therefor. **No offer or sale of the Subseries E-2 Bonds shall be made outside of the United States unless prior arrangements are made with PRAG.**

SCOTT M. STRINGER
Comptroller of The City of New York

February 12, 2018

STATEMENT OF FINANCIAL RESPONSIBILITY

The City of New York
c/o Public Resources Advisory Group
39 Broadway, Suite 1210
New York, New York 10006
Attn: May Chau

In contemplation of submitting a bid for the Taxable General Obligation Bonds, Fiscal 2018 Subseries E-2 and/or Subseries E-3 (the "Bonds") of The City of New York (the "City"), we represent and warrant to and agree with the City that:

1. We are (a) registered under the Securities Exchange Act of 1934 (the "Exchange Act") as a dealer or municipal securities dealer; (b) either a bank, or a separately identifiable department or division of a bank, or a member in good standing of the Financial Industry Regulatory Authority; and (c) not in violation of, and able to enter into the commitments contained in the Notice of Sale without violating, (i) Section 15(c)(3) of the Exchange Act, (ii) any rule relating to financial responsibility imposed by any national securities exchange of which we are a member, or (iii) any restriction imposed by any such exchange or by any governmental authority; and we have excess net capital of at least $15 million.

2. The City may regard the electronic transmission of our bid through the Approved Provider (including information about the purchase price for the Bonds and interest rate or rates to be borne by the various maturities of the Bonds and any other information included in such transmission) as though the same information were submitted and executed on our behalf by a duly authorized signatory. If our bid is accepted, the terms of this letter, the Notice of Sale and the information that is electronically transmitted through the Approved Provider shall form a contract, and we shall be bound by the terms of such contract.

3. We acknowledge that the Approved Provider may establish its own rules of participation, which may include but are not limited to registration with such Approved Provider. In the event of any conflict between the rules of participation established by the Approved Provider (regardless of what the rules are called or how they are established) and the terms set forth in the Notice of Sale, the terms set forth in the Notice of Sale shall control.

4. The Approved Provider is our agent and not an agent of the City, and the City shall have no liability whatsoever based on our use of the Approved Provider, including but not limited to any failure by the Approved Provider to transmit information that we provide correctly and in a timely manner.

5. Terms defined in the Notice of Sale dated February 12, 2018, with respect to the Bonds, as supplemented, are used herein as so defined.

You may rely upon this letter, which has been executed on our behalf by an authorized signatory, as of the date set forth below.

Respectfully submitted,

, 2018

____
(Authorized Signature)

____
(Title)

____
(Firm)

____
(Telephone Number)

____

Public Resources Advisory Group, on behalf of the City,
must receive this Statement on or before 2:00 p.m., February 21, 2018.
Email delivery to mchau@pragadvisors.com is acceptable.

APPENDIX F

<u>Notice of Sale</u>

$61,890,000*
The City of New York
Taxable General Obligation Bonds, Fiscal 2018 Subseries E-3

The City of New York (the "City") requests electronic bids for its taxable $61,890,000* General Obligation Bonds, Fiscal 2018 Subseries E-3 (the "Subseries E-3 Bonds"). Electronic bids for the Subseries E-3 Bonds will be received by the Comptroller of the City on February 22, 2018* at 11:15 a.m.** All times herein refer to New York City time. **Notice of a change in such time or date, or in other matters relating to the Subseries E-3 Bonds, may be given at least one hour prior to the time such bids are due. Bids will be received only electronically through Ipreo/Parity as described herein**, No other method of submitting bids will be accepted. Upon request, printouts of electronic bids will be made available.

Pre-Qualification

EACH BIDDER OR REPRESENTATIVE OF A BIDDING GROUP MUST PRE-QUALIFY BY 2:00 P.M., FEBRUARY 21, 2018, OR THE BUSINESS DAY PRECEDING THE DATE OF THE RECEIPT OF BIDS, BY SUBMITTING TO PUBLIC RESOURCES ADVISORY GROUP ("PRAG"), ON BEHALF OF THE CITY, THE ATTACHED STATEMENT OF FINANCIAL RESPONSIBILITY.

Bidders submitting bids for both the Subseries E-3 Bonds and the Fiscal 2018 Subseries E-2 Bonds need only submit one Statement of Financial Responsibility.

The Subseries E-3 Bonds

The Subseries E-3 Bonds will bear interest from their delivery date, which is expected to be March 13, 2018, will be issued only as fully registered bonds in book-entry form and will mature as set forth below, subject to change as set forth in this Notice of Sale. Interest on the Subseries E-3 Bonds will be calculated on a 30/360-day basis. Interest on the Subseries E-3 Bonds will be payable semiannually on March 1 and September 1, commencing September 1, 2018.

Principal on the Subseries E-3 Bonds will mature (subject to adjustment as described herein) on the following dates and in the following amounts:

March 1,	Preliminary Amortization Requirement*
2029	$30,390,000
2030	31,500,000

The Subseries E-3 Bonds will be delivered as registered bonds. One bond certificate for each maturity will be issued to The Depository Trust Company or its nominee, as described in the Preliminary Official Statement to which this Notice of Sale is attached.

* Subject to change.

** Ipreo/Parity's clock will fix the official time.

It is anticipated that CUSIP identification numbers will be printed on the Subseries E-3 Bonds, but neither the failure to print such number on any Subseries E-3 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Subseries E-3 Bonds in accordance with the terms hereof. The application for CUSIP numbers and the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid by the successful bidder.

Optional Redemption and Mandatory Tender

Par Optional Redemption and Mandatory Tender. The Subseries E-3 Bonds are subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date on or after March 1, 2028* at par, plus accrued interest to the date of redemption or tender.

Make-Whole Optional Redemption and Mandatory Tender. The Subseries E-3 Bonds are also subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date, at a redemption price equal to the greater of:

(a) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such Subseries E-3 Bonds to be redeemed or tendered; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Subseries E-3 Bonds to be redeemed or tendered, not including any portion of those payments of interest accrued and unpaid as of the date on which such Subseries E-3 Bonds are to be redeemed or tendered, discounted to the date on which such Subseries E-3 Bonds are to be redeemed or tendered on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 25* basis points;

plus in each case accrued interest to the redemption or tender date.

"Treasury Rate" means, with respect to any redemption or tender date for a particular Subseries E-3 Bond, the yield to maturity as of such redemption or tender date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption or tender date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption or tender date to the maturity date of the Subseries E-3 Bond to be redeemed or tendered.

Any Bonds that are escrowed to maturity in the future will remain subject to optional redemption or mandatory tender by the City.

Tender of Multi-Modal Bonds in the Fixed Rate Mode

The Subseries E-3 Bonds are being issued as multi-modal bonds in the fixed rate mode. The City may cause a mandatory tender of such Subseries E-3 Bonds on any date at the applicable optional redemption price by giving 30 days' written notice to the Holders, subject to the City's providing a source of payment therefor in accordance with law. If notice of mandatory tender has been given and funds prove insufficient, the Subseries E-3 Bonds not purchased shall continue in the fixed rate mode, without change in interest rate, maturity date or other terms.

Use of Proceeds

The proceeds of the Subseries E-3 Bonds will be used for capital purposes and for the payment of certain costs of issuance.

Security

The Subseries E-3 Bonds will be general obligations of the City, as more fully described, with other terms of the Subseries E-3 Bonds, in the Preliminary Official Statement.

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* Subject to change.

Components of the Purchase Contract

This Notice of Sale, as it may be modified as communicated through i-Deal Prospectus, the bid and the Statement of Financial Responsibility shall constitute the contract for the purchase of the Subseries E-3 Bonds.

Statutory Amortization

Before and after receipt of bids, the City may adjust the respective annual amortization requirements of the Subseries E-3 Bonds to fit statutory amortization requirements. See "Adjustments to Amortization Requirements" below.

Electronic Bidding

Each prospective bidder shall be solely responsible to register to bid via Ipreo/Parity (the "Approved Provider"). Each bidder shall be solely responsible to make necessary arrangements for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. The City has no duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access, and shall not be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, the Approved Provider. The Approved Provider is the agent of the prospective bidders, and not of the City, to facilitate the electronic bidding for the Subseries E-3 Bonds. The City is not bound by any advice or determination of the Approved Provider to the effect that any particular bid complies with the terms of this Notice of Sale. The City reserves the right to verify any calculation made by or information provided by the Approved Provider. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via the Approved Provider are the sole responsibility of the bidders, and the City is not responsible, directly or indirectly, for any of such costs or expenses. If any provisions in this Notice of Sale conflict with information provided by the Approved Provider, this Notice of Sale shall control. Further information about the Approved Provider, including any fee charged and registration requirements, may be obtained from:

Ipreo/Parity
1359 Broadway, 2nd Floor
New York, NY 10018
(212) 849-5021

Bid Specifications

Bidders bidding on the Subseries E-3 Bonds must bid for all the Subseries E-3 Bonds. Bidders are invited to name the rate of interest that Subseries E-3 Bonds of each maturity are to bear, in multiples of 1/8, or 1/20, or 1/100 of 1%. Each bidder must specify in its bid a single rate for each maturity date. No bid for the Subseries E-3 Bonds may be at a price less than 99.5% of the principal amount of such Bonds.

Each bid must be unconditional for all the Subseries E-3 Bonds.

Within two hours after receiving the award, the winning bidder may designate any combination of annual principal installments of the same interest rate into term bonds with mandatory sinking fund redemption.

Adjustments to Amortization Requirements

The preliminary annual amortization requirements as set forth in this Notice of Sale (the "Preliminary Amortization Requirements") may be revised before the receipt of bids for the purchase of the Subseries E-3 Bonds. Any such revision (the "Revised Amortization Requirements") WILL BE ANNOUNCED ON i-DEAL PROSPECTUS NOT LATER THAN ONE HOUR PRIOR TO ANY ANNOUNCED TIME FOR RECEIPT OF BIDS. In the event that no such revision is made, the Preliminary Amortization Requirements will constitute the Revised Amortization Requirements. BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMORTIZATION REQUIREMENTS.

After selecting the winning bid, the City will determine each final annual amortization requirement (the "Final Amortization Requirements"). In determining the Final Amortization Requirements, the City will not increase or decrease the aggregate of the Revised Amortization Requirement by more than 10% of such amount. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ANY BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES (AS HEREIN DEFINED) AS A RESULT OF ANY INCREASE OR DECREASE IN THE REVISED AMORTIZATION REQUIREMENTS WITHIN THE LIMITS PROVIDED FOR IN THE PRECEDING SENTENCE. The price bid by the successful bidder (the "Bid Price") will be adjusted to reflect any adjustments in the amortization requirements of the Subseries E-3 Bonds. Such adjusted Bid Price will reflect changes in the dollar amount of the underwriting discount, original issue discount/ premium and any applicable insurance premium, but will not change the selling compensation (including any applicable bond insurance premium) per $1,000 of par amount of Subseries E-3 Bonds from the selling compensation that would have been received based on the Bid Price in the winning bid and the Initial Reoffering Prices (as defined herein). The interest rate for each maturity will not change. The Final Amortization Requirements and the adjusted Bid Price for the Subseries E-3 Bonds will be communicated to the successful bidder by 4:00 p.m. on the day of the sale.

Bond Insurance

The purchase of any bond insurance policy or the issuance of any commitment therefor shall be at the sole option and expense of the successful bidder. Any failure of the Subseries E-3 Bonds, or of any of them, to be so insured or of any such policy of insurance to be issued, or any change in any rating of the insurer or in its financial condition, shall not constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Subseries E-3 Bonds in accordance with the terms hereof.

Award

Award of the Subseries E-3 Bonds to the successful bidder, or rejection of all bids, is expected to be made within three hours after receipt of the bids; bidders may not withdraw their bids until after 3:00 p.m. on the day of bidding and then only if the Subseries E-3 Bonds have not been awarded to such bidder.

Basis of Award

Unless all bids are rejected, the Subseries E-3 Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the City, based on the Revised Amortization Requirements described above for the Subseries E-3 Bonds. The true interest cost (expressed as an annual interest rate) will be determined as being twice that factor or discount rate, compounded semiannually, which, when applied against each semiannual debt service payment (interest, or principal and interest, as due, including any mandatory redemption) for the Subseries E-3 Bonds, will equate the sum of such discounted semi-annual payments to the Bid Price for the Subseries E-3 Bonds. The true interest cost shall be calculated from the dated date of the Subseries E-3 Bonds. In case of a tie, the successful bidder will be determined based on which bid was submitted earlier. The City reserves the right to waive irregularities in any bid and to reject any or all bids.

No Good Faith Deposit

There will be no good faith deposit.

Undertakings of the Successful Bidder

Unless prior arrangements are made with PRAG 48 hours in advance, the successful bidder shall make a bona fide public offering of the Subseries E-3 Bonds awarded to it to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers who are not purchasing for their own account as ultimate purchasers without a view to resell). Within 30 minutes after being notified of the award of the Subseries E-3 Bonds, the successful bidder shall advise the City in writing of the initial public offering prices of the Subseries E-3 Bonds so awarded (the "Initial Reoffering Prices"). The successful bidder must, within 2 hours after notification of the Final Amortization Requirements, furnish the following information to the City to complete the Official Statement in final form (the "Official Statement") and to adjust the amortization requirements:

A. Selling compensation (aggregate total anticipated compensation to the successful bidder expressed in dollars, based on the expectation that all Subseries E-3 Bonds awarded are sold at the prices or yields at which the successful bidder advised the City that the Subseries E-3 Bonds were initially offered to the public).

B. Details of any bond insurance.

C. CUSIP Numbers on the Subseries E-3 Bonds.

D. Any desired combination of consecutive annual principal installments of the same interest rate into term bonds with mandatory sinking fund redemption.

E. Any other information that the City determines is necessary to complete the Official Statement.

The City will provide an electronic copy and, to the extent requested by investors, printed copies, of the Official Statement to the successful bidder within seven business days of the award of the Subseries E-3 Bonds, and will include therein such additional information concerning the reoffering of the Subseries E-3 Bonds as the successful bidder may reasonably request. The successful bidder will be responsible to the City and its officials in all respects for the accuracy and completeness of information provided by the successful bidder with respect to such reoffering. No claim whatsoever shall be made by any bidder against any officer, agent or employee of the City for or on account of anything done or omitted in connection with this Notice of Sale or the award or delivery of the Subseries E-3 Bonds. The successful bidder shall deliver the Official Statement, and shall otherwise reoffer the Subseries E-3 Bonds, in compliance with applicable laws and regulations.

At the time of or prior to the delivery of the Subseries E-3 Bonds, the successful bidder shall file the Official Statement with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board using CUSIP numbers confirmed by the City and shall advise the City of the date of such filing.

At the time of or prior to the delivery of the Subseries E-3 Bonds, the successful bidder will be required to terminate its underwriting period (as defined in Rule 15c2-12 (the "Rule") under the Securities Exchange Act of 1934, as amended). In the event that the successful bidder advises the City that its underwriting period has not been terminated at the time of delivery of the Subseries E-3 Bonds, the successful bidder shall terminate its underwriting period not later than five days after the date of delivery of the Subseries E-3 Bonds, unless the City shall agree to a longer period. The City will consider seriously any good faith request by the successful bidder for a longer underwriting period.

Delivery of Subseries E-3 Bonds

The Subseries E-3 Bonds will be delivered and shall be paid for on or about March 13, 2018, at the Office of the Corporation Counsel of the City, or on such other date as the City shall fix on not less than three business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder. The Bid Price for the Subseries E-3 Bonds in accordance with the successful bid shall be paid to or upon the direction of the City by wires or checks in immediately available funds.

The successful bidder's obligations hereunder to accept and pay for the Subseries E-3 Bonds shall be conditioned on the delivery to the successful bidder, without cost, at the time of delivery of the Subseries E-3 Bonds, of the following documents, among others: (a) the approving legal opinion of Norton Rose Fulbright US LLP, Bond Counsel to the City, in substantially the form set forth in Appendix C to the Preliminary Official Statement, and a supplemental opinion; (b) the Official Statement, which shall be substantially in the form of the Preliminary Official Statement, with such changes as the City deems necessary or appropriate; (c) an opinion of Orrick, Herrington & Sutcliffe LLP, Special Disclosure Counsel to the City, to the effect that, based on their investigation and subject to the exclusions stated therein, no facts have come to their attention which would lead them to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (d) a certificate of the City to the effect that, to the best of the signers' knowledge and belief, the Official Statement (excluding from the Official Statement specified portions thereof, including any information provided by the successful bidders) as of the date of delivery of the Subseries B-3 Bonds does not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (e) an opinion of the Corporation Counsel in the City's usual form; (f) an opinion of each of Squire Patton Boggs (US) LLP and D. Seaton and Associates, P.A., P.C., Co-Counsel to the successful bidder; and (g) a certificate as to delivery of and payment for the Subseries B-3 Bonds. A transcript of the closing proceedings will be furnished upon the request of the successful bidder. Following the delivery of the Subseries B-3 Bonds, the City shall reimburse the successful bidder for, or pay at the direction of the successful bidder, the reasonable fees of Co-Counsel to the successful bidder.

The delivery of the Subseries E-3 Bonds is dependent upon the delivery of the City's Fiscal 2018 Subseries E-1 and E-2 Bonds.

Continuing Disclosure

The City will undertake (the "Undertaking") to provide annual information and notices of the occurrence of certain events. A description of the Undertaking is set forth in the Preliminary Official Statement and (with such changes, if any, as may be proposed by the City and accepted by counsel to the successful bidder, which acceptance shall not be unreasonably withheld) will be set forth in the Official Statement for the Subseries E-3 Bonds.

Supplemental Notice and Additional Information

Information regarding any change in the annual amortization requirements for the Subseries E-3 Bonds being offered and any change in the scheduling of the receipt and opening of bids for the Subseries E-3 Bonds, or any other information in connection with the offer and sale of the Subseries E-3 Bonds, will be given to prospective bidders by i-Deal Prospectus, and any such supplemental information shall be deemed a part of this Notice of Sale.

Further information relating to the City and the Subseries E-3 Bonds is contained in the Preliminary Official Statement, which is "deemed final" by the City at its date for purposes of the Rule.

Offerings and Sales in Non-U.S. Jurisdictions

In connection with offers and sales of the Subseries E-3 Bonds, no action has been taken by the City that would permit a public offering of the Subseries E-3 Bonds, or possession or distribution of any information relating to the pricing of the Subseries E-3 Bonds, the Official Statement or any other offering or publicity material relating to the Subseries E-3 Bonds, in any non-U.S. jurisdiction where action for that purpose is required. Accordingly, the successful bidder is obligated to comply with all applicable laws and regulations in force in any non-U.S. jurisdiction in which it purchases, offers or sells the Subseries E-3 Bonds or possesses or distributes the Official Statement or any other offering or publicity material relating to the Subseries E-3 Bonds and will obtain any consent, approval or permission required by it for the purchase, offer or sale and the City shall have no responsibility therefor. **No offer or sale of the Subseries E-3 Bonds shall be made outside of the United States unless prior arrangements are made with PRAG.**

SCOTT M. STRINGER
Comptroller of The City of New York

February 12, 2018

STATEMENT OF FINANCIAL RESPONSIBILITY

The City of New York
c/o Public Resources Advisory Group
39 Broadway, Suite 1210
New York, New York 10006
Attn: May Chau

In contemplation of submitting a bid for the Taxable General Obligation Bonds, Fiscal 2018 Subseries E-2 and/or Subseries E-3 (the "Bonds") of The City of New York (the "City"), we represent and warrant to and agree with the City that:

1. We are (a) registered under the Securities Exchange Act of 1934 (the "Exchange Act") as a dealer or municipal securities dealer; (b) either a bank, or a separately identifiable department or division of a bank, or a member in good standing of the Financial Industry Regulatory Authority; and (c) not in violation of, and able to enter into the commitments contained in the Notice of Sale without violating, (i) Section 15(c)(3) of the Exchange Act, (ii) any rule relating to financial responsibility imposed by any national securities exchange of which we are a member, or (iii) any restriction imposed by any such exchange or by any governmental authority; and we have excess net capital of at least $15 million.

2. The City may regard the electronic transmission of our bid through the Approved Provider (including information about the purchase price for the Bonds and interest rate or rates to be borne by the various maturities of the Bonds and any other information included in such transmission) as though the same information were submitted and executed on our behalf by a duly authorized signatory. If our bid is accepted, the terms of this letter, the Notice of Sale and the information that is electronically transmitted through the Approved Provider shall form a contract, and we shall be bound by the terms of such contract.

3. We acknowledge that the Approved Provider may establish its own rules of participation, which may include but are not limited to registration with such Approved Provider. In the event of any conflict between the rules of participation established by the Approved Provider (regardless of what the rules are called or how they are established) and the terms set forth in the Notice of Sale, the terms set forth in the Notice of Sale shall control.

4. The Approved Provider is our agent and not an agent of the City, and the City shall have no liability whatsoever based on our use of the Approved Provider, including but not limited to any failure by the Approved Provider to transmit information that we provide correctly and in a timely manner.

5. Terms defined in the Notice of Sale dated February 12, 2018, with respect to the Bonds, as supplemented, are used herein as so defined.

You may rely upon this letter, which has been executed on our behalf by an authorized signatory, as of the date set forth below.

Respectfully submitted,

, 2018

____
(Authorized Signature)

____
(Title)

____
(Firm)

____
(Telephone Number)

____

Public Resources Advisory Group, on behalf of the City,
must receive this Statement on or before 2:00 p.m., February 21, 2018.
Email delivery to mchau@pragadvisors.com is acceptable.

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