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 "Primary Government" 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:

Hudson Yards Development Corporation (HYDC). HYDC is a corporation organized in 2005 under the Not-for-Profit Corporation Law of the State of New York. HYDC was formed to manage and implement its economic development initiative to redevelop the Hudson Yards area on the West Side of Manhattan. HYDC collaborates with the various City and State entities and agencies that are involved in financing, planning, development and construction. HYDC is governed by a 13-member Board of Directors.

Hudson Yards Infrastructure Corporation (HYIC). HYIC is a corporation organized in 2005 under the Not-for-Profit Corporation Law of the State of New York. HYIC was formed for the purpose of financing certain infrastructure improvements in the Hudson Yards area on the West Side of Manhattan. 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 improvements, including the operations of the Hudson Yards Development Corporation, and the collection of revenues, including payments in lieu of taxes and district improvement bonuses from private developers. HYIC is governed by a five-member Board of Directors. HYIC does not have any employees; its affairs are administered by employees of the City and of the Water Authority, for which it pays a management fee 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 organized in 1967 by the State of New York Legislature. It was formed to construct mixed-use real estate projects that include new school facilities, thereby increasing the number of seats for the Department of Education (DOE). ECF builds combined-occupancy structures on City-owned land conveyed to ECF by the City. ECF is self-funded, and receives no capital funding from the City. The revenues received by ECF from the non-school portions of its projects pay the debt service of ECF-issued Bonds. If revenues are insufficient, the City would be required to make rental payments on the school portions. ECF is governed by a three-member Board of Trustees.

New York City School Bus Umbrella Services Inc. (NYCSBUS). NYCSBUS was founded in 2021 under the Not-for-Profit Corporation Law of the State of New York. NYCSBUS provides school bus transportation services to New York City public and private school students, the majority of whom have special needs. NYCSBUS receives funding from the City and is governed by a five-member Board of Directors.

New York City School Construction Authority (SCA). SCA is a public benefit corporation organized in 1988 by the State of New York Legislature. 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's operations are funded by appropriations made by the City. SCA also carries out certain projects funded by the City Council and Borough Presidents, pursuant to the City Charter. SCA is governed by a three-member Board of Trustees.

New York City School Support Services, Inc. (NYCSSS). NYCSSS is a Type C corporation organized in 2016 under the Not-For-Profit Corporation Law of the State of New York. NYCSSS was formed for the purpose of providing staffing of custodial helpers for the City's Department of Education (DOE). NYCSSS operations are funded by the DOE from appropriations provided by the City. NYCSSS is governed by a five-member Board of Directors.

New York City Transitional Finance Authority (TFA). TFA is a public benefit corporation organized in 1997 by the State of New York Legislature. Its primary purpose is to finance a portion of New York City's capital improvement plan. TFA issues and sells bonds and notes to fund a portion of the City's capital program, the purpose of which is to maintain, rebuild, and expand the City's infrastructure and to pay TFA's administrative expenses. The Bonds are secured by the City's collections of personal income tax and, if necessary, sales tax. TFA is governed by a five-member Board of Directors. TFA does not have any employees; its affairs are administered by employees of the City and of the Water Authority, 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 corporation organized in 1998 under the Not-for-Profit Corporation Law of the State of New York. TSASC was formed 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 under the Master Settlement Agreement and the Decree and Final Judgment. The proportion of these revenues pledged to debt service was 37.4 percent. TSASC is governed by a five-member Board of Directors. TSASC does not have any employees; its affairs are administered by employees of the City and of the Water Authority, for which TSASC pays a management fee, rent, and overhead based on its allocated share of personnel and overhead costs.

Business-type Activities

Brooklyn Bridge Park Corporation (BBPC). BBPC is a corporation organized in 2010 under the Not-for-Profit Corporation Law of the State of New York. 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. BBPC operates under a mandate to be self-sustaining. While a small fraction of the required operations and maintenance funds for the Park will be collected from concessions located throughout, the majority of the funds will come from a limited number of revenue-generating development sites within the Park. BBPC receives funding for park construction from the City and the City's Department of Parks and Recreation. It is governed by a 17-member Board of Directors.

Governors Island Corporation, doing business as **The Trust for Governors Island (TGI).** TGI is a corporation organized in 2010 under the Not-for-Profit Corporation Law of the State of New York. It 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 is governed by a 13-member Board of Directors.

New York City Tax Lien Trusts (NYCTL Trusts). The NYCTL Trusts are Delaware statutory trusts, which were organized to acquire certain tax liens from the City in exchange for the proceeds from bonds issued by the NYCTL Trusts, net of reserves funded by the bond proceeds and bond issuance costs. The City is the sole beneficiary of the NYCTL Trusts and is entitled to receive distributions from the NYCTL Trusts after payments to the bondholders and certain reserve requirements have been satisfied. The NYCTL Trusts are governed by the Declarations and Agreements of Trust between The City of New York and the Wilmington Trust Company of Wilmington, Delaware (the Owner Trustee). The NYCTL Trusts are:

- NYCTL 1998-2 Trust
- NYCTL 2019-A Trust
- NYCTL 2021-A Trust

WTC Captive Insurance Company, Inc. (WTC Captive). WTC Captive is a corporation organized in 2004 under the Not-for-Profit Corporation Law of the State of New York in response to the events of September 11, 2001. WTC Captive supports a liability insurance 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 Federal Emergency Management Agency (FEMA)- funded debris removal project. 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. WTC Captive was funded on December 3, 2004 with $999.9 million in funds by FEMA. WTC Captive is governed by a five-member Board of Directors.

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.

The following entities are presented discretely as major component units:

New York City Economic Development Corporation (EDC). EDC was organized in 1991 under the Not-for-Profit Corporation Law of the State of New York. Its 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. In order to provide these services, EDC primarily generates revenues from property rentals and real estate sales. EDC is governed by a 27-member Board of Directors.

New York City Health and Hospitals Corporation (NYC Health + Hospitals). NYC Health + Hospitals was organized in 1969 by the New York State Legislature as a public benefit corporation the Department of Hospitals operating city hospitals and other health care facilities. NYC Health + Hospitals was formed to enable it to benefit from private revenues and funding; it assumed responsibility for the operation of the City's municipal hospital system in 1970. NYC Health + Hospitals provides medical and mental health services, regardless of a patient's ability to pay. NYC Health + Hospitals is governed by a 16-member Board of Directors.

New York City Housing Authority (NYCHA). NYCHA is a public benefit corporation organized in 1934 under the New York State Public Housing Law. NYCHA develops, constructs, manages, and maintains affordable housing for eligible low-income families in the City. NYCHA also maintains a leased housing program, which provides housing assistance payments to families. Substantial operating losses result from the essential services that NYCHA provides exceeding revenues. To meet the funding requirements of these operating losses, NYCHA receives subsidies from: (a) the Federal government, primarily the U.S. Department of Housing and Urban Development, in the form of annual grants for operating assistance, debt service payments, contributions for capital, and reimbursement of expenditures incurred for certain Federal housing programs; (b) New York State in the form of debt service and capital payments; and (c) the City in the form of debt service and capital payments. NYCHA is governed by a seven-member Board of Directors.

New York City Housing Development Corporation (HDC). HDC is a public benefit corporation organized in 1971 by the New York State Legislature as a supplementary and alternative means of supplying financing for affordable housing that was independent from the City's capital budget. HDC encourages 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. HDC is governed by a seven-member Board of Directors.

New York City Water and Sewer System (the System). The System is a joint operation consisting of two legally-separate and independent entities - the New York City Municipal Water Finance Authority (Water Authority) and the New York City Water Board (Water Board). Both entities were organized in 1984. The System, which began operations in 1985, provides water supply, treatment, distribution, sewage collection, treatment, and disposal for the City. 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 sets 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 revenue sufficient to pay debt service on the Water Authority's bonds and to put the System on a self-sustaining basis. The Water Authority is governed by a seven-member Board of Directors. The Water Board also has a seven-member Board of Directors. The Water Board does not have any employees.

The following entities are presented discretely as nonmajor component units:

Brooklyn Navy Yard Development Corporation (BNYDC). BNYDC is a corporation organized in 1981 under the Not-for-Profit Corporation Law of the State of New York. The mission of the BNYDC is to fuel the City's economic vitality by creating and preserving quality jobs, growing the City's modern industrial sector and its businesses, and connecting the local community with the economic opportunity and resources of the Navy Yard. BNYDC serves as a real estate developer and property manager of the Navy Yard on behalf of the City. The BNYDC is governed by a 25-member Board of Directors.

Brooklyn Public Library (BPL). BPL is a corporation organized in 1902 under the Not-for-Profit Corporation Law of the State of New York. BPL serves Brooklyn residents with a Central Library, a Business Library, and approximately 60 branch locations. BPL receives significant support through governmental appropriations, primarily from the State and the City. BPL is governed by a 38-member Board of Trustees.

Build NYC Resource Corporation (Build NYC). Build NYC is a corporation organized in 2011 under the Not-For-Profit Corporation Law of the State of New York. Its 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 and to refinance previous financing transactions. Build NYC is a self-supporting entity and follows enterprise fund reporting. It is governed by a 15-member Board of Directors. Build NYC does not have any employees; under an agreement with the New York City Economic Development Corporation (EDC), EDC provides Build NYC with professional, administrative, and technical assistance.

New York City Business Assistance Corporation (NYBAC). NYBAC is a corporation organized in 1988 under the Not-for-Profit Corporation Law of the State of New York. Its purpose includes, but is not limited to, 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; and instructing or training individuals to improve or develop their capabilities for jobs in business. NYBAC is funded primarily through private sources, along with a small appropriation from the State in support of revitalization projects of eligible main street and surrounding downtown areas. NYBAC is governed by a five-member Board of Directors. NYBAC does not have any employees; it receives administrative, financial, legal, and other services necessary for its administration from the Department of Small Business Services (SBS).

New York City Industrial Development Agency (IDA). IDA is a public benefit corporation organized in 1974 by the New York State Legislature. IDA was formed 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 a self-supporting entity and follows enterprise fund reporting. IDA is governed by a 15-member Board of Directors. IDA does not have any employees; under an agreement with the EDC, EDC provides IDA with professional, administrative, and technical assistance.

New York City Land Development Corporation (LDC). LDC is a corporation organized in 2012 under the Not-for-Profit Corporation Law of the State of New York. Its mission 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 funded by operating grants from EDC and is governed by a five-member Board of Directors. LDC does not have any employees; under an agreement with EDC, EDC provides LDC with professional, administrative, and technical assistance.

New York City Neighborhood Capital Corporation (NYCNCC). NYCNCC is a corporation organized in 2014 under the Not-for-Profit Corporation Law of the State of New York. It was formed for the following purposes: (a) to make qualified low income community investments in the service area of the City; (b) to operate as a qualified Community Development Entity (CDE) under the Federal New Markets Tax Credit Program; (c) 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 (d) to engage in all activities consistent with the business of NYCNCC. NYCNCC charges fees for services, which include, but are not limited to, placement and services fees, sponsor fees, asset management fees, and incentive management fees. The NYCNCC is governed by an 11-member Board of Directors. NYCNCC does not have any employees; under an agreement with EDC, EDC provides NYCNCC with professional, administrative, and technical assistance.

Public Realm Improvement Fund Governing Group, Inc. (Governing Group). The Governing Group is a corporation organized in 2017 under the Not-for-Profit Corporation Law of the State of New York. The Governing Group was formed for the exclusively charitable and public purpose of lessening the burdens of the City and acting in the public's interest, by bolstering and enhancing New York City's East Midtown district status as a premier central business district through public realm improvement projects. Contributions into the Governing Group are received from projects that use development rights from landmarks within the East Midtown Subdistrict or that rebuild non-complying floor area in accordance with 81-60 of the Zoning Resolution. The Governing Group is governed by a 13-member Board of Directors. The Governing Group does not have any employees; EDC and the New York City Department of City Planning provide the Governing Group with professional, administrative, and technical assistance.

The Mayor's Fund to Advance New York City (the Fund). The Fund was initially incorporated in 1994 under the name New York City Public Private Initiatives, Inc. and under the Not-for-Profit Corporation Law of the State of New York. In July 2003, the Fund adopted its current name. Its purpose is to create partnerships between the City and the private sector in an effort to enhance public programs and improve the quality of life for New York City's residents. The Fund is supported by diverse funding sources, which include the City, interest income, and administrative fee income. The Fund is governed by a six-member Board of Directors.

The Queens Borough Public Library and Affiliate (QBPL). QBPL is a corporation organized in 1907 under the Not-for-Profit Corporation Law of the State of New York. QBPL is a free association library and provides free public library service in the Borough of Queens. The library receives a substantial amount of support from the City, in addition to support from other governmental entities, and private sources. The operations of QBPL also includes its affiliate, Queens Library Foundation, Inc., which supports QBPL. The library is governed by a 19-member Board of Trustees.

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 specifically 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 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 consists of restricted and committed funds (see Note A.20).

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: **HYDC, HYIC, ECF, NYCSBUS, SCA, NYCSSS, TFA and TSASC.** 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, NYCTL Trusts and the WTC Captive.** The City does not have any internal service funds.

Fiduciary Funds

The City's fiduciary funds are divided into two separate fund types: the Pension and Other Employee Benefit Trust Funds and the Custodial Fund.

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/or variable supplements funds (VSFs) and/or tax deferred annuity plans (TDAs), as appropriate. VSFs and TDAs are included or part of the fiduciary fund presentation for financial reporting purposes. 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 **Custodial Fund** accounts for miscellaneous assets held by the City. School fundraiser monies for scholarships, collections from prevailing wage violators, and special assessments held for Business Improvement Districts, are the major miscellaneous assets accounted for in this fund. There are no actions, approvals or conditions required to be fulfilled by the beneficiary prior to the release of the assets. The Custodial Fund uses the accrual basis of accounting and economic resources measurement focus.

Discretely Presented Component Units

The discretely presented major component units consist of **EDC, NYC Health + Hospitals, NYCHA, HDC, and the System.** The discretely presented nonmajor components units are **BNYDC, BPL, Build NYC, NYBAC, IDA, LDC, NYCNCC, the Governing Group, the Fund and QBPL.** 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 2023, the City adopted new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No.91, *Conduit Debt Obligations*
- Statement No.94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No.96, *Subscription-Based Information Technology Arrangements*
- Statement No.99, *Omnibus 2022*

Statement No. 91, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Dormitory Authority of the State of New York (DASNY) and City University Construction Fund and The City University of New York entered a lease agreement on October 13, 1993, that authorizes DASNY to acquire, design, construct, reconstruct, rehabilitate or improve court facilities located within the City for the transaction of business by the state paid courts and court related agencies of the Unified Court System of the State. The Dormitory Authority Act ("The Act"), being and constituting Title 4 of Article 8 of the Public Authorities Law of the State of New York authorizes DASNY to lease such facilities to the City and to establish the rents or other charges. As part of this arrangement, DASNY issues its revenue bonds payable from rentals to be received from the City. Accordingly, the City is a party to this three-party agreement: (1) DASNY as issuer, (2) The City as third party obligor, and (3) debt trustee. Statement 91 only addresses the issuers responsibilities, and therefore did not impact the City's reporting of conduit debt. DASNY's commitments extend as long as outstanding bonds remain for the leased facilities. In the event the City fails to pay all or any part of the rentals when due, whether or not as a result of the failure of the City to appropriate moneys therefore, The Act directs the State Comptroller to pay DASNY the amount of unpaid rentals from certain moneys appropriated by the State as State assistance to the City. The total outstanding principal amount of all conduit debt obligations as of fiscal year ended June 30, 2023, is $576.3 million. For additional information, see footnote (2) of Note D.5.

Statement No. 94, provides new definitions and guidance for accounting and financial reporting for public-private, public-public partnerships (PPPs) and availability payment arrangements (APAs).

A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time, in an exchange or exchange-like transaction.

All of the City's PPPs meet the definition of a service concession arrangement (SCA).[1] An SCA is a PPP arrangement between a transferor and an operator in which all the following criteria are met: 1) the transferor conveys to the operator the right and related obligation to provide public services through the use and operation of an underlying PPP asset in exchange for significant consideration, such as an upfront payment, installment payments, a new facility, or improvements to an existing facility. 2) the operator collects and is compensated by fees from third parties. 3) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services. 4) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

An APA is an arrangement in which a government compensates an operator for activities that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time, in an exchange or exchange-like transaction. In an APA, a government procures a capital asset or service, rather than receiving compensation to allow another entity to provide public services. During the process of evaluating the impact of this statement, it was confirmed that The City is not involved in APA arrangements.

Recognition of the underlying PPP asset should be reported using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

The new standard requires enhanced disclosure which includes a general description of its PPP arrangements, as well as the nature and amounts of assets and deferred inflows of resources related to PPPs that are recognized in the financial statements. Additional disclosures also required include noting the amount of inflows of resources recognized in the reporting period for variable and other payments not previously included in the measurement of the receivable for installment payments, including inflows of resources related to residual value guarantees and termination penalties. (See Note A.19).

The financial reporting impact from the implementation of Statement No. 94 resulted in the restatement of the City's Statement of Net Position for fiscal year ended June 30, 2022, of $36.1 million. There was no effect on the Capital Assets associated with the PPP Arrangements since these Capital Assets have been previously recorded in the City's financial statements under GASB 60, *Accounting and Financial Reporting for Service Concession Arrangements*.

Therefore, the Governmental Activities Statement of Net Position for fiscal year 2022 increased from $194,636 million to $194,672 million. The change in net position is outlined below and incorporates the restatement.

	Fiscal Year 2022 Original	GASB stmt no. 94	Fiscal Year 2022 (Restated)
Governmental activities		(in thousands)	
Change in net position	$ 10,081,212	—	$ 10,081,212
Net position (deficit) - Beginning	(196,468,072)	—	(196,468,072)
Restatement of beginning net position (GASB no. 87)*	(8,249,710)	—	(8,249,710)
Restatement of beginning net position (GASB no. 94)**	N/A	(36,114)	(36,114)
Net position (deficit) - Ending	$(194,636,570)	$(36,114)	$(194,672,684)

* *GASB Statement No. 87 was implemented by The City in statements issued Fiscal Year ended June 30, 2022.*

** *The City has implemented GASB Statement No. 94 for Fiscal Year ended June 30, 2023.*

[1] The City has been consistently reporting SCA's since its implementation of Statement no. 60, *Accounting and Financial Reporting for Service Concession Arrangements* in fiscal year 2013.

As of June 30, 2023 the net Capital Assets associated with the PPP Arrangements were $210 million and the deferred inflows related to these assets were $292 million.

Additional disclosures of the City's implementation with respect to Statement No. 94 is included in Note A.19.

Statement No. 96, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement is based on the principle that SBITAs are financings of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). It establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. Additionally, the Statement provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The new SBITA standard also requires enhanced disclosures which include a general description of a SBITA arrangement, the total amount of subscription assets and the related accumulated amortization, the amount of outflow of resources recognized from SBITA contracts that are not included in the measurement of the liability, and the disclosure of the long-term effect of SBITA arrangements on a government's resources (See Note D.4).

The City has implemented Statement No.96 and found that it had no material impact on the City's financial statements. Throughout the analysis of assessing the affect of Statement No. 96, it became evident that a majority of The City's subscription arrangements are perpetual agreements and mainly to access content. Therefore, beginning balances of the prior period (Fiscal year ended June 30, 2022) were not restated; rather The City restated the current fiscal year beginning balance by the cumulative effect of $1.69 million, which represents less than 1% increase over the prior year's net position balance.

Statement No. 99, Omnibus 2022, addresses a variety of practice issues, such as requirements related to derivatives, leases, PPPs and SBITAs that were identified during implementation and application of certain GASB Statements. The effective periods of Statement No. 99 covered multiple fiscal years. The City implemented some of the requirements of this statement in its fiscal year ended June 30, 2022 financials, and the residual items in the current fiscal year and found that there were no material impacts to the City's financial statements. Additionally, the City does not have derivative or hedging instruments as defined by Statement No. 99, but does however maintain other investment instruments. For more information on the City's investment instruments please see Note A.12.

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
100	*Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*	2024
101	*Compensated Absences*	2025

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. Non-exchange transactions include: sales and income taxes, property taxes, grants, entitlements and donations, and are recorded on the accrual basis of accounting.

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 Custodial Fund 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.

Reclassifications

Certain amounts in the prior periods presented have been reclassified to conform to the current period's financial statement presentation. These reclassifications have no effect on previously reported change in net position.

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

Generally, for purposes of reporting cash flows, cash includes cash and cash equivalents. Available cash balances consist of all cash and cash equivalents than can be converted to cash in under 90 days. 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 costs which approximates fair value.

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.

A description of the City's fiduciary funds securities lending activities in Fiscal Years 2023 and 2022 is included in Deposits and Investments (see Note D.1).

6. Inventories

Inventories on hand at June 30, 2023 and 2022, estimated based on average cost at $617 and $533 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

The City's general fund restricted cash and investments consist of resources governed by state or federal law or regulation, private or governmental parties, to be used for particular purposes as outlined within the agreements that established their existence. Details of these resources can be found in Other Supplementary Information, General Fund—Schedule G7. The general debt service fund reports 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 subscriptions), lease assets, and other elements of the City's infrastructure.

All capital assets funded by the City's capital projects fund, have a required minimum useful life that is calculated from the date the asset is placed into service. Computer hardware, software, networks and systems, have a three-year minimum useful life; all others have a five-year minimum useful life. The City's baseline eligibility criteria for a capital project stipulate that the minimum cost threshold for the entire project must be $50 thousand.

Capital assets, which are used for general governmental purposes, 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.

Capital assets are generally stated at historical cost, or at estimated historical cost, based on appraisals, terms of agreements, or on other acceptable methods, when historical cost is not available. Donated capital assets are reported at their acquisition value.

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 years for betterments and/or reconstruction, 3 to 15 years for equipment (including software and subscriptions), and 15 to 40 years for infrastructure (see Note D.2). Lease assets are amortized over the lease term or the life of the asset, whichever is less. See Note D.3 for details regarding the City's lease assets.

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 balance and notional amount of the derivative instrument outstanding at June 30, 2023, classified by type, and the change in fair value of the derivative instrument for the fiscal year then ended, are as follows:

Governmental Activities

	Changes in Fair Value from June 30, 2022		Fair Value at June 30, 2023		
Item	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
		(in thousands)			
Investment derivative instrument:					
E* Pay-Fixed interest rate swap	Investment Revenue	$ 1,542	Investment	$ (690)	$ 43,450

* Effective July 1, 2023, in adherence to the LIBOR Protocol, the floating rate index for Investment Derivative E changed from 60.8% of USD-LIBOR-BBA to 60.8% of the Secured Overnight Financing Rate Fall Back Rate (SOFR). The new floating rate index and fixed rate will remain in place for the remaining term of the agreement. There was no payment or receipt from the swap counterparty in connection with the change in terms.

Fair Value for the derivative instrument 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-fair 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-fair values of the derivative instrument was 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 derivative instrument is classified in Level 2 as its valuation relies primarily on observable inputs.

Hedging Derivative Instruments

As of June 30, 2023 the City does not have any swaps that are classified as hedging derivative instruments.

Contingencies

The City's derivative instruments include provisions that require the City to post collateral in the event its credit rating falls below Baa3 (Moody's) and BBB- (Standard & Poor's) for derivative instrument E. 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. The collateral requirements would be $700 thousand for ratings below Baa3 or BBB- based on posting cash. The City's credit rating as of June 30, 2023 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, 2023[(2)]	Collateral Threshold at Baa2/BBB to Baa3/BBB-[(3)]	Collateral Amount[(4)]	Collateral Threshold below Baa3/BBB-	Collateral Amount[(4)(5)]
	(in thousands)		(in thousands)		(in thousands)
US Bank National Association	$(690)	Infinity	$ 0	$ 0	$700
Total Fair Value	$(690)		$ —		$700

(1) The City's swap counterpart has an agreement 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 fair 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) 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, less any collateral previously posted.

(5) The swap counterparties round the collateral amount up or down to the nearest $100,000.

13. Real Estate Tax

Real estate tax payments for the fiscal year ended June 30, 2023, were due July 1, 2022 and January 1, 2023 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 2023 taxes was June 13, 2022. The lien date is the date taxes are due.

Real estate tax revenue represents payments received during the year, 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 0.33% discount on the last three quarters if the taxpayer waits until the October due date to pay the entire amount due, or a 0.17% discount on the last six months of taxes when the taxpayer pays the balance by the January due date. Payment of real estate taxes before July 17, 2023, on properties with an assessed value of $250,000 or less and before July 1, 2023, on properties with an assessed value over $250,000 received the discount. Collections of these real estate taxes received on or before June 30, 2023 and 2022 were approximately $9.7 billion and $9.3 billion, respectively.

There was no real property tax liens sales in fiscal year 2023. No reserve for defective tax liens in fiscal year 2023 was required.

The City received approximately $96.3 million of real property tax liens, fully attributable to fiscal year 2022, at various dates in fiscal year 2022. As in prior years' lien sale agreements, the City refunded the value of liens determined to be defective, plus interest and a 5% surcharge. The estimated refund accrual amount of $5.0 million, including the surcharge and interest, resulted in fiscal year 2022 net sale proceeds of $91.3 million.

In fiscal years 2023 and 2022, $273 million and $216 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, 2023 and 2022, excess amounts of $85 million and $112 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 is reported as receivable when the related eligibility requirements are met. The disallowances of expenses/expenditures, originally deemed eligible, are treated as a separate event. 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 presented as other financing sources and uses. 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 not for profit cultural organizations which are represented and supported by the New York City Department of Cultural Affairs.

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 a separate section following Assets and deferred inflows of resources in a separate section following Liabilities *in the Statement of Net Position*.

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

	FY 2023		FY 2022	
	Primary Government	Component Units	Primary Government	Component Units
	(in thousands)			
Deferred Outflows of Resources:				
Deferred outflows from pension	$ 6,152,060	$1,661,755	$ 9,129,671	$1,746,499
Deferred outflows from OPEB	8,922,875	706,266	9,639,344	999,504
Unamortized deferred bond refunding costs	200,672	—	281,391	—
Other	1,329	68,222	1,283	191,507
Total deferred outflows of resources	$15,276,936	$2,436,243	$19,051,689	$2,937,510
Deferred Inflows of Resources:				
Deferred inflows from pension	$ 2,511,604	$1,251,009	$ 3,629,613	$2,016,534
Real estate taxes	9,651,714	—	9,308,024	—
Deferred inflows from OPEB	28,938,214	2,428,783	35,531,508	2,411,077
Public-private partnerships	292,563	—	42,469	—
Grant advances	—	—	106,307	—
Deferred inflows from leases	4,160,716	2,855,281	4,229,553	2,833,536
Other	790,986	372,452	785,900	129,580
Total deferred inflows of resources	$46,345,797	$6,907,525	$53,633,374	$7,390,727

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. 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. As required by New York State General Municipal Law Article 2, section 25 paragraph no. 2, the determination as to the existence of a deficit pursuant to the New York State Financial Emergency Act shall be made without regard to changes in restricted fund balances.

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. Therefore, pursuant to the New York City Charter Section 1528, The City's committed fund balance represents the revenue stabilization fund, which is maintained in accordance with applicable state law. 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.

The details of the change in the City's committed fund balance is outlined below:

	General Fund Analysis	
	FY 2023	FY 2022
	(in thousands)	
Total revenues	$107,779,550	$106,795,525
Total expenditures	100,171,173	98,933,172
Excess of revenues over expenditures	7,608,377	7,862,353
Total other financing uses	(7,547,835)	(6,558,536)
Net change in fund balance	60,542	1,303,817
(Less) Restricted Fund activity	(55,395)	151,481
Fiscal Year Operating Surplus/ Revenue Stabilization contribution	$ 5,147	$ 1,455,298

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 generally 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 fiscal years June 30, 2023 and 2022:

Fiscal Year 2023					
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
			(in thousands)		
Nonspendable:					
Prepaid items	$ —	$ —	$ —	$ 14,505	$ 14,505
Spendable:					
Restricted for:					
Education	3,078	—	—	6,557	9,635
Environmental protection	485	—	—	—	485
General government	1,274,580	—	—	—	1,274,580
Housing	90,257	—	—	—	90,257
Other	237,769	—	—	—	237,769
Parks, recreation and cultural	13,893	—	—	—	13,893
Public safety and judicial	612,891	—	—	—	612,891
Social services	3,912	—	—	—	3,912
Capital projects	—	105,312	—	330,278	435,590
Debt service	—	—	85,210	1,938,755	2,023,965
Committed for:					
Revenue stabilization fund	1,958,996	—	—	—	1,958,996
Debt service	—	—	2,749,993	—	2,749,993
Assigned for:					
Debt service	—	—	—	2,172,056	2,172,056
Operations	—	—	—	505,747	505,747
Unassigned	—	(6,451,899)	—	(79,307)	(6,531,206)
Total fund balances (deficit)	$4,195,861	$(6,346,587)	$2,835,203	$4,888,591	$ 5,573,068

Fiscal Year 2022

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
			(in thousands)		
Nonspendable:					
Prepaid items	$ —	$ —	$ —	$ 17,390	$ 17,390
Spendable:					
Restricted for:					
Education	2,820	—	—	3,902	6,722
Environmental protection	671	—	—	—	671
General government	1,196,617	—	—	—	1,196,617
Housing	85,889	—	—	—	85,889
Other	237,598	—	—	—	237,598
Parks, recreation and cultural	14,229	—	—	—	14,229
Public safety and judicial	639,779	—	—	—	639,779
Social services	3,867	—	—	—	3,867
Capital projects	—	74,493	—	420,536	495,029
Debt service	—	—	111,881	1,898,348	2,010,229
Committed for:					
Revenue stabilization fund	1,953,849	—	—	—	1,953,849
Debt service	—	—	3,220,437	—	3,220,437
Assigned for:					
Debt service	—	—	—	2,055,624	2,055,624
Operations	—	—	—	215,509	215,509
Unassigned	—	(4,531,142)	—	(27,745)	(4,558,887)
Total fund balances (deficit)	$4,135,319	$(4,456,649)	$3,332,318	$4,583,564	$ 7,594,552

21. Pensions

In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting (see Note 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.

24. Voluntary Defined Contribution Program (VDC)

On March 16, 2012, Chapter 18 of the Laws of 2012 was signed into law, which amended portions of the Retirement and Social Security Law, Education Law, and the Administrative Code of the City of New York. Among other things, this legislation amended Article 8-B of the Education Law to authorize the participation in The State University of New York Optional Retirement Program ("SUNY ORP") of all unrepresented (non-unionized) employees of the City of New York and other public employers[(1)] hired on or after July 1, 2013, and earning at the full-time rate of $75,000 or more on an annualized basis. An employee hired after July 1, 2013 who is a member of a City defined benefit pension system is not eligible to participate in the VDC program. This retirement-benefit option is known as the Voluntary Defined Contribution (VDC) program.

Beginning October 1, 2020, the City of New York offered this defined contribution retirement program to eligible employees. The State University of New York is the plan sponsor of the VDC Program and Teachers Insurance and Annuity Association of America (TIAA) is the third-party service provider. Vesting, investment providers, and plan rules follow the SUNY ORP Plan Document and policies.

VDC program employee contributions are made through payroll deductions on a pre-tax basis. All contributions are made based upon Internal Revenue Service (IRS) compensation and contribution limits, which are determined annually and may affect the employee's voluntary contributions to the NYC Deferred Compensation 401(k) Plan. Employer contributions for the first year of employment are not made until the employee has fulfilled the vesting requirement. An employer contribution of 8% of salary is made for the duration of employment thereafter. Employer contributions are reported as expenditures within the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*. An employee contribution is required for the duration of employment based upon estimated gross annual wages in a given calendar year. VDC participants may elect one or more of the investment providers. Each investment provider has a variety of approved investment options.

25. Public-Private Partnerships (PPP)

The City is the transferor in 79 PPP Arrangements contracted at the Department of Parks and Recreation (Parks) and two arrangements with the Department of Transportation (DOT). 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 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. Parks 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. DOT operators maintain concession stands and provide food and beverages to the public at two separate locations.

The PPP Agreements do not contain any upfront payments from the operators nor are there any guarantees or commitments by the City. The total net asset value associated with the above PPP Arrangements is $210.05 million and reported within infrastructure on the capital assets table (See note D.2). The deferred inflows resulting from such arrangements are $292.56 million for Fiscal Year 2023. A total of $32.6 million was recognized as inflows of resources for the year ended June 30, 2023.

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.

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(1) Public Employers include: the New York City Housing Authority, School Construction Authority, and Health + Hospitals.

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 $9.3 and $11.41 billion subsequent to its original adoption in Fiscal Years 2023 and 2022, 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 $6.35 and $4.46 billion for the years ended June 30, 2023 and 2022, 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 New York City Banking Commission, comprised of a representative for the Mayor, and representatives for the Comptroller, and the Department of Finance Commissioner, applies a stringent list of requirements to banks applying for designation as an approved depository biannually. 22 RCNY Ch. 1, Designation of Depositories lays out the basic requirements for Bank designation. The requirements include, but are not limited to, independent bank rating agency reports, bank regulators' reports, the banks' quarterly financial statements as reported to the SEC, the Bank's most recent independently audited public financial statements, and the New York State Department of Financial Services and Federal supervisory agency Community Reinvestment Act (CRA) reports. The Banking Commission endeavors to determine the financial soundness of each bank applying for designation and their commitment to the citizens of New York City. In addition, the City's ongoing banking relationships are scrutinized for compliance with operational, financial and credit standards, policies and procedures.

The City Charter limits the total 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 financial reporting maintain their own banking relationships, which generally conform with the City's standards.

The City's bank account balances in excess of the prevailing Federal Deposit Insurance Corporation (FDIC) insurance limits are fully collateralized in accordance with the New York State General Municipal Law (GML) and the New York City Department of Finance Collateral Policy, last updated September 2023. The FDIC insurance limit is only applied one time to each bank relationship regardless how many individual accounts are held. Each New York City Designated Bank must pledge eligible securities and/or Letters of Credit (LOC) that satisfy the minimum GML collateral requirements. The Designated Banks are required, on a current day basis, to aggregate the total balances of all bank accounts held under the City's tax ID at their institution, deduct the FDIC insurance limit and pledge collateral which more than covers the remaining balance. The Collateral Custodians provide independent reports daily to the Department of Finance Collateral Committee.

Cash & Cash Equivalents

The following is a summary of the cash and cash equivalents of the City's Governmental Activities as of June 30, 2023 and June 30, 2022:

	Governmental Activities	
	2023	2022
	(in thousands)	
Restricted cash and cash equivalents:		
Cash	$ 1,973,792	$ 18,617
Cash Equivalents	4,195,179	5,535,546
Total restricted cash and cash equivalents:	6,168,971	5,554,163
Unrestricted cash and cash equivalents:		
Cash*	3,595,458	3,061,771
Cash Equivalents	10,616,034	8,364,286
Total unrestricted cash and cash equivalents:	14,211,492	11,426,057
Grand Total cash and cash equivalents	$20,380,463	$16,980,220

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

At June 30, 2023, of the City's unrestricted Governmental Activities bank balances, General Funds were $5.05 billion, Nonmajor Governmental Funds were $109.84 million, and Capital Funds were $182.76 million. Of the General Funds bank balances, the City's Treasury and Community bank balances were $570.78 million and Real Estate Tax collections were $4.05 billion. At June 30, 2023, the City's bank balances were FDIC insured or fully collateralized. At June 30, 2023 and 2022, the City's restricted Governmental Activities cash balances were $1.97 billion and $18.62 million, respectively.

The following is a summary of the cash and cash equivalents of the City's business-type activities as of June 30, 2023 and June 30, 2022:

	Business-Type Activities	
	2023	2022
	(in thousands)	
Restricted cash and cash equivalents:		
Cash	$ 27,146	$ 17,629
Cash Equivalents	—	—
Total restricted cash and cash equivalents:	27,146	17,629
Unrestricted cash and cash equivalents:		
Cash	39,080	49,476
Cash Equivalents	1,684	2,180
Total unrestricted cash and cash equivalents:	40,764	51,656
Grand Total cash and cash equivalents	$ 67,910	$ 69,285

At June 30, 2023 and 2022, the City's unrestricted business-type activities bank balances were $39.08 and $49.48 million, respectively. At June 30, 2023 and 2022, the City's restricted business-type activities cash balances were $27.15 and $17.63 million, respectively.

Investments

The City's investment of its primary government cash 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, 2023 and 2022:

Governmental Activities:

Investment Type	2023 Less than 1	2023 1 to 5	2023 More than 5	2022 Less than 1	2022 1 to 5	2022 More than 5
	Investment Maturities (in years) (in thousands)					
Unrestricted						
U.S. Government securities	$3,907,891	$ 24,436	$ —	$ 913,255	$ —	$ —
U.S. Government agency obligations	2,172,503	—	—	1,961,859	—	—
Time deposits	31,985	—	—	28,763	—	—
Investment derivative instruments	—	—	(690)[(1)]	—	—	(19,850)[(2)]
Total unrestricted	$6,112,379	$ 24,436	$ (690)	$2,903,877	$ —	$(19,850)
Restricted						
U.S. Government securities	$ 149,015	$308,090	$ —	$1,057,869	$416,404	$ —
U.S. Government agency obligations	647,510	848	—	700,732	885	—
Money Market Fund	10,271	—	—	—	—	—
Time deposits	76	—	—	50,775	—	—
Total restricted	$ 806,872	$308,938	$ —	$1,809,376	$417,289	$ —

(1) The City has one pay-fixed interest rate swap that is treated as investment derivative instrument. On June 30, 2023, the swap had fair value of $(690) in thousands.

(2) The City has two pay-fixed interest rate swaps that are treated as investment derivative instruments. On June 30, 2022, the swaps had fair values of $(2,232) and (17,618) all in thousands.

Business-Type Activities:

Investment Type	2023 Less than 1	2023 1 to 5	2023 More than 5	2022 Less than 1	2022 1 to 5	2022 More than 5
	Investment Maturities (in years) (in thousands)					
Unrestricted						
U.S. Government securities	$19,586	$142,206	$18,841	$ 8,454	$155,673	$ 27,615
Commercial paper	2,860	61,032	—	2,188	66,530	1,094
Bonds	—	32	—	—	56	—
Time deposits	234	—	—	218	—	—
Mortgage backed & asset backed securities	—	—	70,939	—	—	72,581
Total unrestricted	$22,680	$203,270	$ 89,780	$ 10,860	$222,259	$101,290
Restricted						
Money market fund	$55,134	$ —	$ —	$ 37,874	$ —	$ —
Total restricted	$55,134	$ —	$ —	$ 37,874	$ —	$ —

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 value any of its investments using level 3 input).

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, 2023 and June 30, 2022:

Investments[1] by Fair Value Level	2023 Total	2023 Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	2023 Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)	2022 Total	2022 Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	2022 Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)
	(in thousands)					
U.S. Government securities	$ 5,427,573	$941,238	$4,486,335	$4,983,719	$ 3,365,178	$ 1,618,541
U.S. Government agency obligations	3,674,332	5	3,674,327	3,297,706	—	3,297,706
Commercial paper	63,892	2,860	61,032	69,812	—	69,812
Money market funds (includes time deposits)	224,600	46,213	178,387	375,943	47,162	328,781
Bonds	3,089	3,089	—	1,780	1,724	56
Mortgage backed & asset back securities	70,939	—	70,939	72,581	—	72,581
Investment derivative instruments	(690)	—	(690)	(19,850)	—	(19,850)
Total Investment & Cash Equivalent by Fair Value Level	$9,463,735[2]	$993,405	$8,470,330	$8,781,691[2]	$ 3,414,064	$ 5,367,627

(1) Includes cash equivalents carried at fair value by blended components.

(2) As of June 30, 2023 and June 30, 2022, all ECF investment maturities were recorded at carrying value. For the year ended June 30, 2023 and June 30, 2022, ECF's listed investments totaled $154.81 and $196.42 million, respectively.

Investments classified in Level 1 of the fair value hierarchy, valued at $993.41 million and $3.41 billion in Fiscal Years 2023 and 2022 respectively, are valued using quoted prices in active markets.

The following investments are classified in Level 2 of the fair value hierarchy and valued using matrix pricing techniques maintained by various pricing vendors for Fiscal Years 2023 and 2022 respectively: U.S. Government securities totaling $4.49 and $1.62 billion; U.S. Government agency obligations totaling $3.67 and $3.30 billion; commercial paper totaling $61.03 and $69.81 million; money market funds totaling $178.39 and $328.78 million; mortgage backed and asset backed securities totaling $70.94 and $72.58 million; and bonds totaling $56 thousand for Fiscal Year 2022. There were no bonds in Fiscal Year 2023 classified in Level 2. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted fair value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

Investment derivative instruments, totaling $(690) thousand and $(19.85) million in Fiscal Years 2023 and 2022, 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-fair 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 62 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, 2023 and 2022, 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 with respect to derivative instrument E 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, 2023 was $(690) thousand. A negative aggregate fair value means the City would have owed payments to the counterparties. The City had no counterparty credit exposure to any of the investment derivative instrument counterparties as of that date.

Interest rate risk: The City is exposed to interest rate risk on its swaps. For derivative instrument E, a pay-fixed, receive-variable interest rate swap, as Secured Overnight Financing Rate (SOFR) or Securities Industry and Financial Markets Association (SIFMA) decreases, the City's net payment on the swap increases.

Basis risk: The City is exposed to basis risk on derivative instruments E 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 instrument E, 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 SOFR.

Tax risk: The City is at risk that a change in Federal tax rates will alter the fundamental relationship between the SIFMA and SOFR indices. A reduction in Federal tax rates, for example, may increase the City's payment on its underlying variable rate bonds for derivative instrument E.

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

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

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

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

1. Fixed income investments may be made in U.S. Government guaranteed securities or securities of U.S. Government agencies, securities of entities rated BBB or better by both Standard and Poor's Corporation and Moody's Investors Service, Inc., securities below BBB up to 10% of the total asset allocation and any bond that meets the qualifications of the New York State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.
2. Equity investments may be made only in those stocks that meet the qualifications of the New York State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.
3. Short-term investments may be made in the following:
   a. U.S. Government guaranteed securities or U.S. Government agency securities.
   b. Commercial paper rated A1, P1, or F1 by Standard & Poor's Corporation or Moody's Investors Service, Inc., or Fitch, respectively.
   c. Repurchase agreements collateralized in a range of 100% to 102% of matured value, purchased from primary dealers of U.S. Government securities.
   d. Investments in bankers' acceptances, certificates of deposit, and time deposits are limited to banks with worldwide assets in excess of $50 billion that are rated within the highest categories of the leading bank rating services, and selected regional banks also rated within the highest categories.
   e. Other top-rate securities maturing in less than 4 years.
4. Investments up to 25% of total pension fund assets in instruments not specifically covered by the New York State Retirement and Social Security Law.
5. No investment in any one corporation can be: (i) more than 2% of the pension plan net position; or (ii) more than 5% of the total outstanding issues of the corporation.

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

Securities Lending

State statutes and Board policies permit the Pension and Certain Other Employee Benefit Trust Funds to lend its securities to broker-dealers and other entities for collateral, for the same securities in the future with a simultaneous agreement to return the collateral in the form of cash, treasury and U.S. Government securities. The Funds' agent lends the following types of securities: short term securities, common stocks, long-term corporate bonds, U.S. Government and U.S. Government agency bonds, asset-backed securities and international equities and bonds held in collective investment funds. In return, the Funds receive collateral in the form of cash, U.S. Treasury and U.S. Government agency securities at 100% to 108% of the principal plus accrued interest for reinvestment. At June 30, 2023 and 2022, 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 112 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, 2022 and 2023:

Primary Governmental	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
				(in thousands)			
Governmental activities:							
Capital assets, not being depreciated/amortized:							
Land	$ 2,465,662	$ 57,446	$ 27	$ 2,523,081	$ 100,793	$ 64	$ 2,623,810
Construction work-in-progress	4,412,432	4,074,382	2,443,774	6,043,040	5,050,562	797,286	10,296,316
Total capital assets, not being depreciated/amortized	6,878,094	4,131,828	2,443,801	8,566,121	5,151,355	797,350	12,920,126
Capital assets, being depreciated/amortized:							
Building	72,842,496	2,443,774	3,029,737	72,256,533	797,286	155,247	72,898,572
Equipment (including software)	12,803,127	1,046,134	370,401	13,478,860	3,253,998	341,681	16,391,177
Infrastructure	29,307,318	1,991,531	770,243	30,528,606	3,864,211	836,233	33,556,584
Lease asset	—	14,884,442	—	14,884,442	18,033,479	18,347,542	14,570,379
Subscription asset[2]	—	—	—	—	13,256	—	13,256
Total capital assets, being depreciated/amortized	114,952,941	20,365,881	4,170,381	131,148,441	25,962,230	19,680,703	137,429,968
Less accumulated depreciation/amortization:							
Building	35,922,969	2,393,106	1,423,750	36,892,325	2,486,894	81,439	39,297,780
Equipment (including software)	9,223,910	876,307	105,025	9,995,192	892,719	90,589	10,797,322
Infrastructure	11,927,341	1,309,218	880,443	12,356,116	1,492,436	829,945	13,018,607
Lease asset	—	1,797,171	—	1,797,171	7,610,017	7,400,799	2,006,389
Subscription asset[2]	—	—	—	—	2,507	—	2,507
Total accumulated depreciation/amortization	57,074,220	6,375,802[1]	2,409,218	61,040,804	12,484,573[1]	8,402,772	65,122,605
Total capital assets, being depreciated/amortized, net	57,878,721	13,990,079	1,761,163	70,107,637	13,477,657	11,277,931	72,307,363
Governmental activities capital assets, net	$64,756,815	$18,121,907	$4,204,964	$78,673,758	$18,629,012	$12,075,281	$85,227,489

(1) Depreciation expense was charged to functions/programs of The City for the Fiscal Years ended June 30, 2022 and 2023.

(2) See Note A.2 for additional information regarding the City's adoption of GASB Statement No. 96, Subscription Based Information Technology Arrangements.

The following is a summary of the governmental activities depreciation expense by function/program for the Fiscal Years ended June 30, 2023 and 2022:

	2023	2022
	(in thousands)	
Governmental activities:		
General government	$ 1,699,427	$1,546,854
Public safety and judicial	946,124	593,092
Education	4,568,515	1,819,274
City University	63,704	75,303
Social services	2,580,446	1,021,329
Environmental protection	521,589	220,460
Transportation services	1,184,182	552,551
Parks, recreation and cultural activities	515,298	221,390
Housing	14,402	5,960
Health	366,364	309,155
Libraries	24,522	10,434
Total depreciation expense-governmental activities	$12,484,573	$6,375,802

The following is a summary of the amount of lease assets by major classes of underlying assets for the Fiscal Years ended June 30, 2023 and 2022:

	2023	2022
Governmental activities:	(in thousands)	
Lease asset:		
Lease land	$ 41,042	$ 81,221
Less accumulated amortization	10,253	54,039
Lease land, net	30,789	27,182
Lease building	14,115,495	14,140,871
Less accumulated amortization	1,864,951	1,371,830
Lease building, net	12,250,544	12,769,041
Lease equipment	232,316	561,112
Less accumulated amortization	103,201	336,803
Lease equipment, net	129,115	224,309
Lease infrastructure	181,526	101,238
Less accumulated amortization	27,984	34,499
Lease infrastructure, net	153,542	66,739
Total lease assets	$12,563,990	$13,087,271

The following is a summary of business-type activities capital assets for the Fiscal Years ended June 30, 2022 and 2023:

Primary Government	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
				(in thousands)			
Business-Type Activities:							
Capital assets, not being depreciated/amortized:							
Construction work-in-progress	$ 116,631	$ 64,453	$ 73,771	$ 107,313	$ 54,085	$ 81,710[1]	$ 79,688
Total capital assets, not being depreciated/amortized	116,631	64,453	73,771	107,313	54,085	81,710	79,688
Capital assets, being depreciated/amortized:							
Building	41,785	23	—	41,808	—	—	41,808
Equipment (including software)	22,724	629	—	23,353	464	—	23,817
Infrastructure	622,904	73,783	—	696,687	79,313	—	776,000
Lease asset	—	—	—	—	311	—	311
Total capital assets, being depreciated/amortized	687,413	74,435	—	761,848	80,088[1]	—	841,936
Less accumulated depreciation/amortization:							
Building	8,607	1,522	—	10,129	1,523	—	11,652
Equipment (including software)	10,570	2,235	—	12,805	2,257	—	15,062
Infrastructure	192,875	36,276	—	229,151	43,176	—	272,327
Total accumulated depreciation/amortization	212,052	40,033	—	252,085	46,956	—	299,041
Total capital assets, being depreciated/amortized, net	475,361	34,402	—	509,763	33,132	—	542,895
Business-type activities capital assets, net	$ 591,992	$ 98,855	$ 73,771	$ 617,076	$ 87,217	$ 81,710	$ 622,583

(1) For Fiscal Year 2023, deletions in the construction work-in-progress are higher than additions to the total capital assets due to the following reclassifications from the Brooklyn Bridge Park Corporation's construction work-in-progress: $2,180,495 (retainage payable adjustment), and $216,000 (reclassifications within construction in progress).

3. Leases

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The City leases and subleases a significant amount of nonfinancial assets such as land, buildings, equipment and infrastructure. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and the associated lease asset is recognized on the government-wide *Statement of Net Position*.

The City has a variety of variable payment clauses, within its lease arrangements, which include payments dependent on indexes and rates (such as the Consumer Price Index and a market interest rates), including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

Furthermore, the City had no commitments for leases that did not commence as of the end of the Fiscal Year 2023. The City also enters into lease arrangements with third parties in which the City is a sublessee.

As of June 30, 2023, the City (excluding discretely presented component units) had minimum principal and interest payment requirements for its leasing activities, including its subleasing activities, with a remaining term in excess of one year, as follows:

Governmental Activities:	Total Principal	Total Interest (in thousands)	Total Payment	Liability Ending Balance
Fiscal year ending June 30:				
2023	$ 821,417	$ 385,041	$ 1,206,458	$ 12,962,670
2024	$ 807,087	$ 368,100	$ 1,175,187	$ 12,155,583
2025	799,218	345,519	1,144,736	11,356,365
2026	780,803	323,304	1,104,107	10,575,562
2027	718,150	301,933	1,020,083	9,857,412
2028	688,831	281,560	970,392	9,168,581
2029-2033	2,811,908	1,143,500	3,955,408	6,356,673
2034-2038	2,382,434	767,100	3,149,534	3,974,239
2039-2043	1,863,471	450,939	2,314,410	2,110,768
2044-2048	1,302,385	216,405	1,518,790	808,384
2049-2053	563,677	70,040	633,717	244,706
2054-2058	144,880	23,626	168,506	99,826
2059-2063	77,985	8,957	86,942	21,841
2064-2068	18,357	1,205	19,562	3,484
2069-2073	272	503	775	3,212
2074-2078	316	459	775	2,896
2079-2083	367	408	775	2,528
2084-2088	427	349	775	2,102
2089-2093	496	280	775	1,606
2094-2098	576	199	775	1,030
2099-2103	669	106	775	361
2104-2108	361	14	375	—
Lease liability:	$12,962,670			

Additionally as the lessor, the City leases and subleases City-owned properties such as buildings and infrastructure. The related receivables are presented in the *Statement of Net Position* for the amounts equal to the present value of lease payments expected to be received during the lease term. The total amount of lease revenue, interest revenue, and other lease-related revenues recognized in the current reporting period from leases is $266 million.

The City's variable payments clause within its lease arrangements as the lessor, is similar to the arrangements made as lessee. The City did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-leaseback transactions.

Similar to its lessee agreements, the City also enters into lease arrangements with third parties in which the City is a sublessor.

As of June 30, 2023, the City (excluding discretely presented component units) had minimum principal and interest lease receivable payments for its leasing activities, including its subleasing activities, with a remaining term in excess of one year as follows:

	Total Principal	Total Interest	Total Payment	Receivable Ending Balance
Governmental Activities:		(in thousands)		
Fiscal year ending June 30:				
2023	$ 66,307	$ 121,272	$ 187,579	$ 4,007,071
2024	$ 64,767	$ 119,327	$ 184,094	$ 3,942,302
2025	66,266	117,359	183,625	3,876,036
2026	66,436	115,370	181,806	3,809,600
2027	68,294	113,354	181,649	3,741,306
2028	70,234	111,278	181,512	3,671,072
2029-2033	366,494	524,237	890,731	3,304,578
2034-2038	421,423	465,311	886,734	2,883,155
2039-2043	476,649	397,839	874,488	2,406,507
2044-2048	541,235	322,067	863,302	1,865,271
2049-2053	610,987	235,401	846,388	1,254,285
2054-2058	695,692	138,137	833,829	558,593
2059-2063	399,781	40,305	440,086	158,812
2064-2068	24,006	22,096	46,102	134,807
2069-2073	28,198	18,196	46,394	106,609
2074-2078	32,792	13,634	46,427	73,816
2079-2083	38,429	8,313	46,741	35,387
2084-2088	31,580	2,373	33,953	3,808
2089-2093	3,334	306	3,640	474
2094-2098	63	67	130	410
2099-2103	74	56	130	336
2104-2108	85	45	130	251
2109-2113	99	31	130	153
2114-2118	115	15	130	38
2119-2123	38	1	39	—
Lease receivable:	$ 4,007,071			

4. Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The City uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of subscription payments, payable during the remaining SBITA term. A SBITA asset is presented as part of Equipment, in the Capital Assets section, on the government-wide *Statement of Net Position* and presented as part of Equipment in the Capital Assets note table D.2.

The City has a variety of variable payment clauses, within its SBITA arrangements, including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the SBITA liability presented in the table below. The City did not incur expenses related to its SBITA activities such as termination penalties, not previously included in the measurement of the SBITA liability, or losses due to impairment.

Furthermore, the City does not have commitments under SBITA that have not commenced as of the end of the Fiscal Year 2023.

As of June 30, 2023, the City (excluding discretely presented component units) had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

	Total Principal	Total Interest	Total Payment	SBITA Asset Liability
		(in thousands)		
Government Activities:				
Fiscal year ending June 30:				
2023	$ 1,304	$ 26	$ 1,330	$ 4,870
2024	$ 1,809	$ 37	$ 1,847	$ 3,060
2025	1,489	23	1,511	1,572
2026	1,108	11	1,119	464
2027	464	4	467	—
SBITA Liability:	$ 4,870			

5. Long-Term Liabilities

Changes in Long-term liabilities

In Fiscal Years 2022 and 2023, the changes in long-term liabilities were as follows:

Primary Government	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Governmental activities:				(in thousands)				
Bonds and notes payable								
General Obligation Bonds[(1)]	$ 37,949,404	$ 3,459,905	$ 3,169,735	$ 38,239,574	$ 6,163,195	$ 4,884,641	$ 39,518,128	$2,505,231
from direct borrowing and direct placement	625,000	75,000	95,000	605,000	—	30,000	575,000	—
Total General Obligation Bonds	38,574,404	3,534,905	3,264,735	38,844,574	6,163,195	4,914,641	40,093,128	2,505,231
TFA Bonds	49,490,165	6,534,750	4,563,790	51,461,125	6,566,285	4,871,200	53,156,210	1,841,115
from direct borrowing and direct placement	466,600	—	108,100	358,500	—	8,500	350,000	—
Total TFA Bonds	49,956,765	6,534,750	4,671,890	51,819,625	6,566,285	4,879,700	53,506,210	1,841,115
Total TSASC Bonds	992,615	—	26,675	965,940	—	27,835	938,105	29,050
Total IDA Bonds	57,165	—	2,680	54,485	—	2,810	51,675	4,770
HYIC Bonds	2,675,325	454,140	576,255	2,553,210	—	44,675	2,508,535	46,825
from direct borrowing and direct placement	2,259	2,201	—	4,460	6,170	—	10,630	—
Total HYIC Bonds	2,677,584	456,341	576,255	2,557,670	6,170	44,675	2,519,165	46,825
ECF Bonds	183,580	—	4,845	178,735	—	6,850	171,885	7,145
from direct borrowing and direct placement	118,410	—	—	118,410	—	—	118,410	1,070
Total ECF Bonds	301,990	—	4,845	297,145	—	6,850	290,295	8,215
Total before premiums/discounts(net)	92,560,523	10,525,996	8,547,080	94,539,439	12,735,650	9,876,511	97,398,578	4,435,206
Less premiums/(discounts)(net)	6,856,454	1,533,073	1,123,295	7,266,232	969,949	1,104,439	7,131,742	—
Total governmental activities bonds and notes payable	99,416,977	12,059,069	9,670,375	101,805,671	13,705,599	10,980,950	104,530,320	4,435,206
Lease liability	891,460	13,880,050	813,555	13,957,955	188,634	1,183,919	12,962,670	807,087
Conduit debt[(2)]	707,246	—	54,535	652,711	—	76,436	576,275	76,436
Subscription liability	—	—	—	—	4,901	31	4,870	1,810
Other tax refunds	2,046,221	482,368	194,221	2,334,368	—	753,963	1,580,405	162,405
Judgments and claims	6,937,418	2,133,607	1,876,014	7,195,011	2,885,268	1,844,392	8,235,887	2,113,845
Real estate tax certiorari	1,254,823	228,844	138,401	1,345,266	266,651	136,702	1,475,215	127,675
Vacation and sick leave	6,372,726	431,526	669,150	6,135,102	954,096	1,043,915	6,045,283	1,043,915
Net pension liability	9,598,353	43,577,952	10,826,839	42,349,466	25,857,410	28,049,049	40,157,827	—
Net OPEB liability	117,979,233	9,028,900	37,482,275	89,525,858	10,323,461	4,830,393	95,018,926	—
Landfill closure and postclosure care costs	1,185,463	—	65,922	1,119,541	37,849	19,413	1,137,977	16,864
Pollution remediation obligation	222,053	227,821	140,968	308,906	179,103	161,200	326,809	154,690
Total changes in governmental activities long-term liabilities	$246,611,973	$82,050,137	$61,932,255	$266,729,855	$54,402,972	$49,080,363	$272,052,464	$8,939,933
Business-type activities:								
Bonds and notes payable								
NYCTL 2019-A TRUST bonds	$ 24,489	$ —	$ 16,240	$ 8,249	$ —	$ 8,249	$ —	$ —
NYCTL 2021-A TRUST bonds	—	88,864	16,171	72,693	—	52,098	20,595	20,595
Total before premiums/discounts(net)	24,489	88,864	32,411	80,942	—	60,347	20,595	20,595
Less premiums/(discounts)(net)	(1)	(39)	—	(40)	—	(14)	(26)	(26)
Total business-type activities bonds and notes payable	24,488	88,825	32,411	80,902	—	60,333	20,569	20,569
Lease liability	—	—	—	—	311	—	311	88
Other liabilities	380,169	3,569	7,209	376,529	23,219	30,800	368,948	15,749
Total business-type activities long-term liabilities	$ 404,657	$ 92,394	$ 39,620	$ 457,431	$ 23,530	$ 91,133	$ 389,828	$ 36,406

(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.

(2) The Dormitory Authority of the State of New York (DASNY) and City University Construction Fund and The City University of New York entered a lease agreement October 13, 1993, that authorizes DASNY to acquire, design, construct, reconstruct, rehabilitate or improve court facilities located within the City of New York. According to the agreement, May 15, 2039 is the date on which no bonds are outstanding and The City has satisfied its obligations, unless terminated sooner.

The bonds and notes payable, net of treasury obligations, at June 30, 2022 and 2023 summarized by type of issue are as follows:

	2022				2023			
Primary Government	**City General Obligation**[1]	**Other bonds and notes payable**[2]	**Revenue**[3]	**Total**	**City General Obligation**[1]	**Other Bonds and Notes Payable**[2]	**Revenue**[3]	**Total**
				(in thousands)				
Governmental activities:								
Bonds and Notes payable								
General obligation bonds	$ 38,239,574	$ —	$ —	$ 38,239,574	$ 39,518,128	$ —	$ —	$ 39,518,128
from Direct borrowing and direct placement	605,000	—	—	605,000	575,000	—	—	575,000
Total General obligation bonds	38,844,574	—	—	38,844,574	40,093,128	—	—	40,093,128
TFA Bonds	—	43,307,580	—	43,307,580	—	45,277,025	—	45,277,025
from Direct borrowing and direct placement	—	358,500	—	358,500	—	350,000	—	350,000
TFA Bonds BARBS	—	—	8,153,545	8,153,545	—	—	7,879,185	7,879,185
Total TFA Bonds.	—	43,666,080	8,153,545	51,819,625	—	45,627,025	7,879,185	53,506,210
TSASC Bonds	—	—	965,940	965,940	—	—	938,105	938,105
IDA Bonds.	—	54,485	—	54,485	—	51,675	—	51,675
HYIC Bonds	—	—	2,553,210	2,553,210	—	—	2,508,535	2,508,535
from Direct borrowing and direct placement	—	4,460	—	4,460	—	—	10,630	10,630
Total HYIC Bonds	—	4,460	2,553,210	2,557,670	—	—	2,519,165	2,519,165
ECF Bonds	—	—	178,735	178,735	—	—	171,885	171,885
from Direct borrowing and direct placement.	—	—	118,410	118,410	—	—	118,410	118,410
Total ECF Bonds	—	—	297,145	297,145	—	—	290,295	290,295
Total before net of premium / discount	38,844,574	43,725,025	11,969,840	94,539,439	40,093,128	45,678,700	11,626,750	97,398,578
Net Premiums/(discounts).	2,390,007	3,693,395	1,182,830	7,266,232	2,388,092	3,629,508	1,114,142	7,131,742
Total bond payable	$41,234,581	$47,418,420	$13,152,670	$101,805,671	$42,481,220	$49,308,208	$12,740,892	$104,530,320
Business-type activities:								
NYCTL Trusts bonds.	—	—	80,942	80,942	—	—	20,595	20,595
Net Premiums/(discounts).	—	—	(40)	(40)	—	—	(26)	(26)
Total bond payable	$ —	$ —	$ 80,902	$ 80,902	$ —	$ —	$ 20,569	$ 20,569

(1) The City issues its General Obligation for capital projects which include construction, acquisition, repair or life extending maintenance of the City's infrastructure.

(2) Other bonds and notes payable includes TFA (excluded BARBs) and IDA. They are general obligations of the respective issuers.

(3) Revenue bonds include ECF, HYIC, TFA (BARBs), NYCTL Trusts, and TSASC.

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The following table summarizes future debt service requirements as of June 30, 2023:

Primary Government	Governmental activities							
	City General Obligation Bonds				Other bonds and notes payable			
	Bonds		Bond from Direct Borrowings/ Direct Placements		Bonds		Bond from Direct Borrowings/ Direct Placements	
	Principal	Interest[1]	Principal	Interest[1]	Principal	Interest	Principal	Interest
Fiscal year ending June 30:	(in thousands)							
2024	$ 2,505,231	$ 1,721,741	$ —	$ 28,750	$ 1,676,680	$ 1,907,069	$ —	$ 8,383
2025	2,457,116	1,650,451	—	28,750	1,715,430	1,849,563	—	8,382
2026	2,390,951	1,542,605	—	28,750	1,802,700	1,783,419	—	8,383
2027	2,222,150	1,441,241	10,820	28,750	2,036,470	1,710,254	—	8,383
2028	2,201,140	1,344,939	19,685	28,209	2,129,960	1,614,233	—	8,382
2029-2033	9,127,342	5,431,954	104,900	125,359	9,826,300	6,825,389	—	41,913
2034-2038	7,574,313	3,537,027	151,830	96,209	10,519,045	4,574,688	—	41,913
2039-2043	5,758,968	1,972,345	80,995	61,210	9,774,255	2,178,226	130,625	37,604
2044-2048	3,776,923	783,898	206,770	33,441	4,579,655	652,479	219,375	6,432
2049-2053	1,503,954	146,302	—	—	1,268,205	74,279	—	—
2054-2058	4	13	—	—	—	—	—	—
Thereafter until 2147	36	122	—	—	—	—	—	—
Total future debt service requirements	39,518,128	19,572,638	575,000	459,428	45,328,700	23,169,599	350,000	169,775
Less interest	—	(19,572,638)	—	(459,428)	—	(23,169,599)	—	(169,775)
Total principal outstanding	$39,518,128	$ —	$575,000	$ —	$45,328,700	$ —	$350,000	$ —

Business-type activities	Bonds	
	Principal	Interest[1]
Fiscal year ending June 30:	(in thousands)	
2024	$ —	$ 433
2025	—	433
2026	—	433
2027	—	433
2028	—	433
2029-2033	—	2,163
2034-2038	20,595	649
Total future debt service requirements	20,595	4,977
Less interest	—	(4,977)
Total principal outstanding	$ 20,595	$ —

(1) Includes interest for general obligation bonds estimated at a 5% rate on tax-exempt adjustable rate bonds and at a 6% rate on taxable adjustable rate bonds.

Primary Government	Governmental activities (Continued)			
	Revenue Bonds			
	Bonds		Bond from Direct Borrowings/ Direct Placements	
	Principal	Interest	Principal	Interest
Fiscal year ending June 30:	(in thousands)			
2024	$ 297,380	$ 535,447	$ 1,070	$ 6,266
2025	309,890	523,453	1,130	6,212
2026	322,245	510,307	2,125	6,156
2027	486,260	491,813	12,860	6,050
2028	461,405	469,892	2,345	5,593
2029-2033	2,658,590	1,985,640	13,600	26,084
2034-2038	3,173,880	1,248,982	17,350	22,327
2039-2043	2,067,400	611,896	22,150	17,532
2044-2048	1,664,675	204,381	28,265	11,414
2049-2053	55,985	1,916	28,145	3,604
2054-2058	—	—	—	—
Thereafter until 2147	—	—	—	—
Total future debt service requirements	11,497,710	6,583,727	129,040	111,238
Less interest	—	(6,583,727)	—	(111,238)
Total principal outstanding	$11,497,710	$ —	$129,040	$ —

The average (weighted) interest rates for outstanding City General Obligation Bonds as of June 30, 2023 and 2022, were 4.57% and 4.22%, respectively, and both ranged from 0.31% to 7.75%. 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 Standby 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. 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 2023 and 2022, the City issued $2.25 billion and $954.91 million, respectively, of General Obligation Bonds to advance refund General Obligation Bonds of $2.47 and $1.07 billion, respectively, aggregate principal amounts. The net proceeds from the sales of the refunding bonds, together with other funds of $2.47 million and $595 thousand, 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 2023, the refunding transactions will decrease the City's aggregate debt service payments by $145.36 million and provide an economic gain of $133.03 million. In Fiscal Year 2022, the refunding transactions decreased the City's aggregate debt service payments by $114.67 million and provided an economic gain of $108.40 million. At June 30, 2023 and 2022, $16.97 and $16.88 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 General Obligation 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, 2023 and 2022, the 10% general limitation was approximately $127.45 and $127.35 billion, respectively. Also, as of June 30, 2023, the City's remaining GO debt-incurring power totaled $30.54 billion, after providing for capital commitments. As of July 1, 2023, the debt incurring power was $37.24 billion based on the change in the five-year full valuation average for fiscal year 2024.

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 2023, prepayment transfers of $2.81 billion were made from the General Fund which included discretionary transfers of $2.73 billion to the General Debt Service Fund for Fiscal Year 2023 debt service. In Fiscal Year 2022, prepayment transfers of $3.32 billion were made from the General Fund to the General Debt Service Fund for Fiscal Year 2023 debt service.

As of June 30, 2023, the City had 35 series of Variable Rate Demand Bonds (VRDBs) outstanding that have a "put" feature and are backed by either a Standby Bond Purchase Agreement (SBPA) or a Letter of Credit (LOC) with a total par value of approximately $3.70 billion.

The SBPAs contain various events of default that are summarized below. Events of default, which result in the immediate termination of the SBPA, cause tendered and unremarketed bonds to pay interest to bondholders at a maximum rate specified in the underlying documents, which is typically 9% for tax-exempt bonds and 14% for taxable bonds. Other events of default under a SBPA may cause a mandatory tender to the bank providing the SBPA and result in the interest rate on the bonds held by the bank increasing to the default rate, which is typically equivalent to the lesser of 25% and the Base Rate plus a spread ranging generally from 2% to 4.5%, until the City takes action to cure the default. The Base Rate is typically a rate per annum equal to the highest of (i) a fixed rate generally in the vicinity of 8%; (ii) the federal funds rate plus a spread ranging generally from 0.5% to 4%; (iii) the prime rate plus a spread ranging generally from 0% to 3%; and (iv) other indices with specified spreads which may vary. Events of Default under an LOC may result in a termination of the LOC within a stated period of generally eight days and a mandatory tender of the bonds to the LOC bank. The bank then holds the bonds at the default rate, which is typically equivalent to the lesser of 25% and the Base Rate plus a range from 2% to 4.5%, until the City takes action to cure the default.

Events of default under the SBPAs or LOC Reimbursement Agreements supporting the 35 series of VRDBs are summarized below. The summaries are qualified in their entirety by references to the actual SBPAs and LOC Reimbursement Agreements, which can be found by following prompts on the New York City home page on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website (http://emma.msrb.org). Events of default can include, but are not necessarily limited to: payment defaults by the City; City failure to observe certain covenants; City representations in bond documents prove to be incorrect; bankruptcy or insolvency of the City; provisions in the City's bond documents cease to be valid and binding or the City repudiates obligations; the City declares a moratorium on payment of any of its debts; the City's long-term unenhanced bond ratings are withdrawn, suspended for credit-related reasons, or reduced below certain thresholds; or the City fails to satisfy non-appealable monetary judgements above a certain amount.

Certain of the events of default under a SBPA result in the immediate termination of the SBPA under certain circumstances and tendered and unremarketed bonds will bear interest at the maximum rate, as described above.

Certain of the events of default under a SBPA may result in a mandatory tender event under certain circumstances and the bonds will bear interest at the default rate in the relevant SBPA.

If an Event of Default under a LOC Reimbursement Agreement shall have occurred and be continuing, bonds can potentially bear interest at the default rate and the LOC Bank will be entitled to take further action as contemplated under the bond documents or as permitted under applicable law or in equity. Further, in certain situations, the City has agreed to use its best efforts to exchange bonds held by the bank for refunding bonds with an increased interest rate (typically the base rate plus a certain spread) and an accelerated maturity schedule, typically five years after the exchange.

As of June 30, 2023, the City has seven series of Index Rate Bonds outstanding with a total par value of $575 million, all of which are Direct Purchases. The Series 2012G-5 bonds was issued with a Continuing Covenant Agreement with event of default provisions comparable to those of the City's Variable Rate Demand Bonds. The Continuing Covenant Agreement can be found on the Municipal Securities Rulemaking Board's EMMA website at https://emma.msrb.org.

The Series 2012G-5 bonds have a default rate of the Base Rate plus 3% per annum. The Base Rate equals the highest of the Federal Funds Rate plus 3%, the Prime Rate plus 2%, or 6%.

As of June 30, 2023, the City had three series of Adjustable Rate Remarketing Securities (ARRS) outstanding with a total par value of $359.35 million. The ARRS are comparable to VRDBs, but do not require a liquidity facility backstop and have a non-remarketed rate of 12% if they cannot be successfully remarketed.

As of June 30, 2023, the City had one series of fixed rate step coupon bonds outstanding with a par value of $85.37 million and a step up date of December 1, 2025. Fixed rate step coupon bonds provide for an increased rate of interest commencing on the step up date if such bonds are not converted or refunded.

As of June 30, 2023, the City had four series of Auction Rate Bonds outstanding with a par value of $464.40 million. Auction rate bonds are variable rate bonds whose interest rate is reset periodically through a Dutch auction process.

Hedging derivative instrument payments and hedged debt

As of June 30, 2023 the City no longer has any swaps that are classified as hedging derivative instruments.

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, 2023 and 2022, claims in excess of $2.24 and $1.69 trillion, respectively, were outstanding against the City for which the City estimates its potential future liability to be $8.24 and $7.19 billion, respectively.

As described 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.

The City has received in excess of 118 notices of claim from putative plaintiffs and been named as a defendant in approximately 31 legal actions, and received approximately 2,368 workers' compensation claims to date relating to the COVID-19 outbreak in the City. The notices of claim and legal actions include claims that wrongful actions or omissions of the City and/or certain City restrictions related to COVID-19 have resulted in severe medical, psychological and economic damages and/or death. The workers' compensation claims are governed by a no-fault system in which the City, as the claimant's employer, provides wage replacement benefits and medical care for work-related illnesses if the City accepts the employee's claim or the claimant obtains a judgment from the New York State Workers' Compensation Board. The City may receive additional legal and workers' compensation claims related to COVID-19 in the future. The City cannot predict its potential monetary liability from such claims at this time or whether such liability will have a material effect on the finances of the City.

In 1996, a class action was brought against the New York City Board of Education (the "BOE") and the State in federal district court of the Southern District of New York under Title VII of the Civil Rights Act of 1964 alleging that the use by the Board of Education of a teacher certification examination mandated by the State from 1996 to 2004, the Liberal Arts and Science Test ("LAST"), and a second version of the teacher certification examination mandated by the State from 2004 to 2014, the Liberal Arts and Science Test 2 ("LAST-2"), 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. The District Court ruled in 2012 and 2015, respectively, that each of LAST and LAST-2 violated Title VII because it did not measure the skills necessary to do the job. Currently, approximately 5,300 LAST and LAST-2 class members have submitted claim forms and may be eligible for damages. Approximately 3,200 judgments have been entered in favor of the claimants totaling approximately $840 million. The Second Circuit denied 347 of the City's appeals and the parties stipulated that the remainder of judgments appealed after September 3, 2019 would remain in effect as if they had also been affirmed. With the assistance of the court appointed Special Master, the parties have reached an agreement to limit the number of the judgments that would need to be paid in any given fiscal year. The maximum dollar value of judgments to be paid by the BOE would be limited as follows: In fiscal year 2024 – a maximum of $360 million; in fiscal year 2025 – a maximum of $360 million; in fiscal year 2026 – a maximum of approximately $183 million; in fiscal year 2027 – a maximum of approximately $83 million; and in fiscal year 2028 – a maximum of approximately $33 million. The agreement is a cap on payments of judgments entered against the BOE and is not an agreement to compromise claims. BOE will continue to contest individual claims presented to the Special Master. The Special Master will regulate the number of judgments entered against BOE to ensure that the aforementioned caps are not exceeded in any fiscal year.

On January 31, 2017 a putative class action was filed in State Supreme Court, Queens County, alleging numerous commercial claims in connection with the November 2013 auctions of wheelchair accessible taxi medallions. In September 2017, the Court dismissed all but a breach of contract rescission and implied covenant of good faith and fair dealing claims and that decision has been appealed by both sides. The Court also denied plaintiffs' motion for class certification as premature. On December 30, 2020, the Appellate Division, Second Department ruled that the plaintiff's causes of action should have been dismissed in their entirety. On October 12, 2021, the New York Court of Appeals granted the plaintiffs' leave for appeal. On April 27, 2023, the Court of Appeals affirmed the decision of the Appellate Division and dismissed all claims against the City. On May 18, 2023, plaintiffs moved for reargument before the Court of Appeals. On September 21, 2023, the Court of Appeals denied the plaintiffs' motion, thus ending the action.

On June 21, 2017, a second putative class actions was filed in State Supreme Court, Queens County, also alleging numerous commercial claims in connection with the February 2014 auctions of wheelchair accessible taxi medallions. In November 2017, the Court dismissed the action, and plaintiffs moved to reargue. In March 2019, the Court granted the plaintiffs' motion to reargue the action, and reinstated the implied covenant, rescission and New York State General Business Law claims. In November 2019, the Court granted plaintiffs' motion for class certification. At present, the Court in this filed action has defined the class as all purchasers at the 2013 and 2014 auctions, and their successors or assigns. If the class were to prevail on any of the remaining claims, damages of several hundred million dollars could be sought. On March 16, 2020, the Court denied the plaintiffs' motion for partial summary judgment and on October 1, 2020, the Court granted in part, and denied in part, the City's summary judgment motion, allowing the rescission and implied covenant of good faith and fair dealing claims to proceed to trial. The class certification and summary judgment decisions have been appealed, and are fully briefed and pending before the Appellate Division, Second Department. On February 3, 2023, the Court stayed this action pending the decision of the Court of Appeals in the first-filed action. On April 27, 2023, the Court of Appeals dismissed the first-filed action and on September 21, 2023 the Court of Appeals denied plaintiffs' motion for reargument in that action.

In a putative class action, Soybel et al. v City of New York, on April 6, 2021 two medallion owners who purchased taxi medallions filed claims against the City and former City officials, alleging improper conduct in connection with the sale of taxi medallions from 2004-2017. Plaintiffs allege that the City engaged in a scheme to artificially inflate the value of taxi medallions through fraudulent, collusive, and deceptive means to maximize its profit through actions to artificially inflate the "upset price" for medallions at auction, allowed collusive bidding at auction to drive up an artificial "floor" for future medallion transactions, published deliberately false and misleading average sales prices for secondary market transactions, deliberately concealed an internal report on medallion values, and launched a false and misleading advertising campaign for medallion sales. Plaintiffs allege that the City engaged in a conspiracy in violation of the Racketeering Influenced and Corrupt Organization statute ("RICO"), violated federal antitrust laws, and that the City's actions constituted unjust enrichment under state law. The case also names as defendants certain purchasers of the medallions. Plaintiffs seek compensatory and treble damages in the amount of $2.6 billion, plus punitive damages against the individually-named City officials and attorneys' fees and costs. On March 31, 2023, the Court issued a decision dismissing the amended complaint in its entirety, finding that all of plaintiffs' claims, including their RICO, antitrust, and unjust enrichment claims, are time-barred and that there were sufficient warnings to allow plaintiffs to learn their claims had accrued. On April 28, 2023, plaintiffs filed a motion for reconsideration, or in the alternative, for entry of final judgment. City defendants filed their opposition on June 1, 2023, and the motion was fully briefed as of June 14, 2023 and is pending before the Court.

In 2010, a single claimant filed an action in New York State Supreme Court, Bronx County, alleging that the City engaged in improper jail detention resulting from the City honoring a federal ICE detainer request. By 2017, the Court certified a class of similarly situated individuals who were allegedly wrongfully detained in City jails between 2007 and 2012. Various courts around the country, over the same time period, determined that holding detainees based on an ICE detainer request was unconstitutional, except under certain limited circumstances. During discovery, plaintiffs have asserted that potentially over 14,000 individuals were held in City jails in alleged contravention of these circumstances, allegedly totaling approximately 86,000 additional days of over-detention. The City is pursuing settlement of the suit. It is too early at this stage of the litigation to provide an accurate estimate of the potential cost to the City; however, the exposure could be substantial.

The City is named as a defendant in two putative class actions relating to the City's Speed Camera Program authorized pursuant to Vehicle and Traffic Law ("VTL") section 1180-b (the "Speed Camera Program"). In September 2020 in New York County Supreme Court, plaintiffs filed Mulhadzhanov v. City, challenging the processing of vehicular speeding tickets issued by the City under the Speed Camera Program. Plaintiffs claimed, among other things, that certificates issued by the City to verify speeding violations were not notarized as plaintiffs allege is required by VTL section 1180-b(d) and therefore said certificates and the related fines were invalid. Plaintiffs seek refunds of fines paid under the Speed Camera Program from August 2013 to August 2018 and from July 2019 to present. If a class were to be certified by the Court and the City was ordered to pay refunds for fiscal year 2014 to fiscal year 2020 for said violations, the potential monetary liability could be substantial. The City defendants filed a motion to dismiss in December 2020. The Plaintiff filed an opposition to the motion, and the City's reply was filed on October 15, 2021. Oral argument was held on April 26, 2023, and the Court's decision is pending.

In a separate action filed by separate petitioners in March 2023 in New York County Supreme Court, Palma v. City, petitioners challenge the facial validity of notices of liability issued pursuant to the Speed Camera Program. Petitioners claim that the notices of liability are null and void because they neither allege nor provide evidence that (1) there were posted speed limits in the school speed zones and (2) there was signage giving notice to approaching motor vehicle operators that a photo speed violation monitoring system was installed and in use. Petitioners seek refunds of fines paid under the Speed Camera Program for all individuals who received a final agency action with respect to their photo school speed zone violations during the period commencing four months prior to the date the action was filed to the present and continuing. If the class were to be certified by the Court and the City was ordered to pay refunds for said violations, the potential monetary liability could be substantial. The City filed its response to petitioners' claims and petitioners have filed opposition to the City's response. Oral argument was held on July 27, 2023, and the Court's decision is pending.

In 2019, New York State enacted the Child Victims Act which eliminated various procedural requirements in actions where a plaintiff alleges sexual abuse that occurred when the plaintiff was under 18 years of age. Currently, the City is named as a defendant in approximately 1,057 cases authorized by the Act, which claims are primarily related to the alleged sexual abuse of children in either the City's Department of Education or foster care system. Discovery demands have been incorporated into a court order and more complete demands have been issued, and discovery is underway in many cases. To date, the City has settled approximately 107 of the cases. The cases are being co-managed by two justices in New York County Supreme Court. On October 6, 2022, the court granted the City's motion to dismiss one of the cases involving the City's Administration for Children's Services ("ACS") on the grounds that the complaint failed to allege a special duty, and that a special duty could not be found under the Social Services Law provisions governing City oversight and management of foster care. There is a similar motion to dismiss pending on a separate case, which motion remains to be decided. Plaintiff has appealed. The City is reviewing the remaining 600 actions involving ACS to evaluate the applicability of the decision on these additional actions, and the City's course going forward. To date, the City reached approximately $90,185,000 in settlements. While it is still too early to provide an accurate estimate of the potential cost to the City; the exposure could be substantial in each of the future years during which settlements are reached.

On May 31, 2023, in New York State Supreme Court, New York County, a group of City retirees filed a legal challenge to the implementation of the City's Medicare Advantage plan which is intended to generate savings in retiree health benefit costs. The retirees sought a temporary restraining order and preliminary injunction to stop the implementation of the Medicare Advantage plan which the City scheduled to go into effect on September 1, 2023. On August 11, 2023, the Supreme Court permanently enjoined the City from requiring any City retirees, and their dependents, from being removed from their current health insurance plans, and from being required to either enroll in the Medicare Advantage plan or seek their own health coverage. On September 19, 2023, the Supreme Court issued a superseding order to the same effect. On September 20, 2023, the City noticed an appeal to the Appellate Division, First Department.

Previously, on September 26, 2021, in New York State Supreme Court, New York County, a group of City retirees filed a legal challenge to the implementation of the City's Medicare Advantage Plus plan, which was intended to generate savings in retiree health benefit costs. The State Supreme Court concluded that, although the City could proceed with the implementation of the Medicare Advantage Plus plan, it could not charge retirees enrolled in Senior Care a co-premium to stay in that plan. The City appealed that decision on March 4, 2022, and petitioners subsequently filed a cross-appeal. On July 15, 2022, the contract awardee, Anthem Insurance, Inc. d/b/a Empire BlueCross BlueShield Retiree Solutions, that was to provide the Medicare Advantage Plus plan challenged in this litigation, advised the City that it would no longer participate in offering the plan because of delays and uncertainties regarding its effective date. On August 28, 2022, the petitioners withdrew their cross-appeal. On November 22, 2022, the Appellate Division, First Department affirmed the Supreme Court's order. On January 6, 2023, the City filed a motion for leave to appeal in the New York Court of Appeals, petitioners opposed. On June 13, 2023, the New York Court of Appeals granted the City leave to appeal. The City's opening brief is due on October 13, 2023.

On May 11, 2023, an advocacy organization and four employee members of three City pension funds (NYCERS, BERS, and TRS) filed a lawsuit alleging that the funds had breached their fiduciary duties owed to pension fund participants and beneficiaries, by divesting from fossil fuel companies. The plaintiffs do not allege that they have suffered direct damages, and are unlikely to recover damages. Rather, the primary relief they seek is injunctive relief to undo the divestment decision, such as through the appointment of a monitor or the requirement that the funds buy back some or all of the fossil fuel stocks that they sold. The plaintiffs also seek an order requiring payments into the funds to compensate the funds for alleged losses caused by the divestments. Even if that relief were ordered by the court, it would be unlikely to alter the City's pre-existing and ongoing financial obligation to ensure that the pension funds are able to pay the benefits owed to their beneficiaries. If the court were to order payments into the funds to offset alleged losses from the divestment, those are infusions that the City would likely have to pay into the funds at some point in the future, in any event, to ensure the funds are adequately funded. On August 7, 2023, the City filed a motion to dismiss the complaint. It is too early at this stage of the litigation to provide an accurate estimate of the potential cost to the City.

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 $1.47 and $1.34 million at June 30, 2023 and June 30, 2022 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 was 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, record keeping and reporting for the final closure systems.

The liability for these activities as of June 30, 2023, for all inactive landfills and hazardous waste sites, equates to the total estimated current cost of $1.14 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 15, 2023, 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, 2023, the financial assurance cost estimate for the Fresh Kills Landfill is $845 million.

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 2023, expenditures for landfill and inactive hazardous waste site closure and postclosure care costs totaled $17.7 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:*

	2023	2022
	(in thousands)	
Landfill	$1,027,060	$1,011,361
Hazardous waste sites	110,917	108,180
Total landfill and hazardous waste sites liability	$1,137,977	$1,119,541

Pollution Remediation Obligations

The pollution remediation obligations (PROs) at June 30, 2023 and June 30, 2022, summarized by obligating event and pollution type, respectively, are as follows:

Obligating Event	Fiscal Year 2023		Fiscal Year 2022	
	Amount (in thousands)	Percentage	Amount (in thousands)	Percentage
Imminent endangerment	$ 15	0.01%	$ 15	0.01%
Named by regulator as a potentially responsible party	65,033	19.89	67,332	21.79
Voluntary commencement	261,761	80.10	241,559	78.20
Total	$326,809(1)	100.00%	$308,906(1)	100.00%

Pollution Type	Amount (in thousands)	Percentage	Amount (in thousands)	Percentage
Asbestos removal	$199,103	60.93%	$183,557	59.43%
Lead paint removal	17,059	5.22	17,106	5.54
Soil remediation	21,648	6.62	27,255	8.82
Water remediation	50,796	15.54	50,796	16.44
Other	38,203	11.69	30,192	9.77
Total	$326,809(1)	100.00%	$308,906(1)	100.00%

(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 has approximately 52 cases in total, 51 cases involving hazardous substances, including spills from above and underground storage tanks, and other contamination on, or caused by facilities on City-owned property; and there is one case involving Drinking Water. Due to the uncertainty of the legal proceedings, future liabilities cannot be estimated.

The City, in compliance with the State Department of Environmental Conservation Permit Numbers 2-6302-00007/00019, 2-6102-00010/00013, 2-6106-00002/00022, 2-6204-007/00013, and 2-6202-00005/00017 issued pursuant to 6 NYCRR Part 360, must provide financial assurance for the closure of the following Marine Transfer Stations: North Shore, Hamilton Avenue, Southwest Brooklyn, East 91st Street, and West 59th Street. Such surety instrument must conform to the requirements of 6 NYCRR Part 360.12. The liability for closure as of June 30, 2023, which equates to the total current closure cost, is $1.17 million for North Shore, $1.03 million for Hamilton Avenue, $970 thousand for Southwest Brooklyn, $1.12 million for East 91st Street, and $254 thousand for West 59th Street. The cost estimates are based on current data and are representative of the cost that would be incurred by an independent party. The estimates are subject to adjustment for inflation and to account for changes in regulatory requirements or cost estimates. For government-wide financial statements, the liability for closures is based on total estimated current costs. 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. The total liability equaling the total closure costs for the transfer stations of $4.54 million is included under the Pollution Type "Other" in the table above.

On Monday, October 29, 2012, Superstorm Sandy hit the Mid-Atlantic East Coast. The storm caused widespread damage to the coastal and other low-lying areas of the City and power failures in various parts of the City, including most of downtown Manhattan, the south shore of Staten Island, and the communities surrounding Jamaica Bay in Brooklyn and Queens. 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 $10.7 billion (comprised of approximately $1.8 billion of expense costs and approximately $8.9 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 to such direct costs, the City is delivering Sandy-related disaster recovery assistance services, benefiting impacted communities, businesses, homeowners and renters (Community Costs). The City anticipates that funding for Community Costs will be primarily reimbursed with federal funds. However, the City is responsible for $134 million of such Community Costs, which are reflected in the Financial Plan. In addition, the City may be responsible for up to approximately $150 million of additional Community Costs, which are not reflected in the Financial Plan.

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 Community Costs described above will be primarily reimbursed by federal funds. The City expects reimbursements to come from two separate federal sources of funding, FEMA and HUD. The City has secured approximately $10.7 billion in FEMA assistance and other federal emergency response grants (FEMA Funding). The maximum reimbursement rate from FEMA is 90 percent of total costs. Other federal emergency response grants may have larger local share percentages. The City expects to use $720 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 March 31, 2023, the City, NYCHH and NYCHA have received $5.1 billion in reimbursements from FEMA for the direct costs described above. In addition to the FEMA Funding described above, HUD has made available over $4.4 billion for Community Costs, of which approximately $3.8 billion has been received through March 31, 2023. 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. There is no assurance, if the City were to experience a similar storm in the future, that non-City sources, including the federal government, would pay the costs.

On September 1, 2021, Hurricane Ida hit the Mid-Atlantic East Coast as a post-tropical cyclone (Ida), bringing significant rainfall and resulting in severe flooding in parts of the City, including primarily inland areas. Rainfall from Ida exceeded the previous record for the most single-hour rainfall in the City and for the first time the National Weather Service declared a flash flood emergency in the City. Ida resulted in the deaths of 13 people in the City, 11 of which occurred in basement housing units. On April 20, 2023, the City released PlaNYC: Getting Sustainability Done (PlaNYC 2023). Building on prior recommendations released closely after Ida hit the City, PlaNYC 2023 includes measures to address flooding caused by extreme rainfall. The total costs of implementing all of PlaNYC 2023's recommendations, including those relating to extreme rainfall, would be substantial and in some cases would require State and federal funding alongside additional City funding. The City continues to review the effects of climate change, including increased flooding and heavy rain events.

Since 2007, the City has been engaged in strategic planning for climate change, recognizing the challenges it presents for City operations and infrastructure. Among other things, the City created the New York City Panel on Climate Change (the NPCC), a body of more than a dozen leading independent climate and social scientists. Since 2008, NPCC has analyzed climate trends, developed projections, explored key impacts, issued reports (the NPCC Reports) and advised on response strategies for the City. The NPCC has determined that the City is already experiencing the impacts of climate change and projects dramatic impacts on the City in the future. Climate change is causing more extreme heat, extreme rainfall, coastal storm surge, and chronic tidal flooding. NPCC projections form the basis for the City's climate resiliency planning, which involves coordination and cooperation among multiple public and private stakeholders, and expansion of ongoing maintenance and development of municipal infrastructure as well as specific initiatives such as those described below.

Building on NPCC's recommendations and the City's strategic planning, the City has developed PlaNYC 2023 which addresses some of the risks identified in the NPCC Reports. Among other things, PlaNYC 2023 includes measures to address the biggest risks to the City associated with climate change, including extreme heat and flooding from extreme rainfall, coastal storms and tidal flooding due to sea level rise. PlaNYC 2023 also describes measures to reduce economy-wide greenhouse gas emissions and initiatives to transition away from polluting fossil fuels to clean energy.

The City is in the process of implementing infrastructure projects to protect areas of the City from flooding associated with extreme rainfall, storm surge, and tidal flooding due to sea level rise. (See below for additional information on the impacts of flooding.) These projects and initiatives are in various stages of feasibility review, design, construction, and 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.

Several major coastal resiliency projects are currently underway throughout the City, including the East Side Coastal Resiliency Project (ESCR). ESCR, which broke ground in 2021, is an integrated coastal flood protection system which will create resilient open spaces and improve waterfront access on Manhattan's east side, from East 25th Street at the north to Montgomery Street at the south. The City anticipates the entire flood protection system will be in place and operational by the end of 2026. The total expected cost of ESCR is $1.97 billion, with remaining costs fully funded through a combination of City, federal and other funding sources.

Other projects in Lower Manhattan include constructing flood walls and deployable flip-up barriers to protect the Two Bridges neighborhood, which lies south of Montgomery Street at the north to the Brooklyn Bridge at the south, developing a plan that contemplates extending the Manhattan shoreline from the Brooklyn Bridge to the Battery into the East River to protect the Seaport and Financial District area, and constructing an elevated waterfront esplanade in the Battery and flood barriers in Battery Park City. Coastal resilience projects are also underway in the Tottenville and Red Hook neighborhoods, and an energy resilience project is underway in Hunts Point, with shoreline reinforcement projects also happening in other identified areas of the City. These projects are in various stages of feasibility review, design, construction, and implementation. Funding for these projects is coming from City and federal sources, and $672 million is included in the Ten-Year Capital Strategy. As the projects proceed, the City continues to monitor anticipated costs and reflects updates in the capital plan as needed.

The U.S. Army Corps of Engineers (USACE) is pursuing the South Shore of Staten Island Coastal Storm Risk Management Project (the Staten Island Project) and the Rockaways Atlantic Shorefront and Bayside Projects (the Rockaways Projects). The Staten Island Project will create a 5.5-mile line of coastal protection on Staten Island between Fort Wadsworth and Oakwood Beach. USACE currently estimates that the project will cost $1.7 billion. The City is responsible for 10.5 percent of the project costs, and the remaining project costs are to be paid for with federal and State funds. Approximately half of the City's share of such project costs is currently reflected in the Ten Year Capital Strategy. The Rockaways Projects consist of coastal protection elements on the Atlantic shorefront and on the Jamaica Bay side of the Rockaways. Construction has begun on the Atlantic Shorefront Project, which is fully funded by the federal government, with an expected cost of approximately $590 million. Design has started on the Bayside Project, which is fully funded by the federal government, with a current expected cost of $253 million.

In addition to site-specific resiliency projects, the City is taking steps to integrate climate resiliency into capital planning through the NYC Climate Resiliency Design Guidelines, which translate future-looking climate change projections into technical guidance to inform the design of roads, buildings, sewer systems, hospitals, public housing, and other pieces of critical public infrastructure. In 2021, the City began a five-year pilot program through which dozens of new projects will be designed and constructed using the standards in the NYC Climate Resiliency Design Guidelines. Starting in 2027, all City projects will be required to meet a stringent set of requirements that will certify their preparedness for extreme weather threats.

Reducing risk from extreme rainfall requires a multi-layered strategy with investments in infrastructure adaptation, building level protection, data collection, and community engagement. In July 2022, the City released the Rainfall Ready NYC action plan, a plan to prepare the City for more extreme rainfall in the future. The City continues to install grey infrastructure, such as building out a comprehensive storm sewer system in Southeast Queens, and green infrastructure, such as rain gardens and bluebelt wetlands, to manage stormwater and protect water quality. This work is being carried out by DEP and funding is included in the City's capital budget. The City is also working to develop Cloudburst management projects that will use grey and green infrastructure to absorb, store and transfer rainwater during extreme storm events.

In 2015, FEMA issued preliminary updated flood insurance rate maps, 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 modeling 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. FEMA's 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 resulting from climate change could result in greater recovery costs to the City if flooding were to occur within such larger areas.

The City is also committed to minimizing its own greenhouse gas emissions by reaching carbon neutrality by 2050. The City's efforts to reach such goal include promoting and investing in electrification, clean energy, energy efficiency, and sustainable transportation, and reducing energy use. Since 2014, the City has invested over $775 million in more than 12,500 energy conservation measures across almost 2,300 buildings, comprising more than 70 percent of City government's building square footage. The investments have decreased energy use and reduced emissions by nearly 325,000 metric tons. The Ten-Year Capital Strategy includes $4.3 billion to continue this work to reduce energy use and greenhouse gas emissions.

Despite the efforts described above, the magnitude of the impact on the City's operations, economy, or financial condition from climate change is indeterminate and unpredictable. No assurance can be given that the City will not encounter more frequent and intense climate impacts such as hurricanes, tropical storms, cloudbursts, droughts, heatwaves or catastrophic sea level rise in the future, or that such risks will not have an adverse effect on the operations, economy or financial condition of the City.

On March 2, 2010, the United States Environmental Protection Agency (EPA) listed the Gowanus Canal (the Canal), a waterway located in Brooklyn, 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. Separate from the in-Canal remedy, the ROD also requires that two CSO retention tanks be constructed as part of the source control component of the remedy. The City anticipates that the actual cleanup costs – including both the in-Canal portion and the CSO portion – will substantially exceed EPA's original cost estimate for the ROD.

On May 28, 2014, EPA issued a unilateral administrative order (2014 Unilateral Order) requiring the City to design the CSO retention tanks and other storm water control measures, and remediation of the First Street Basin (a currently filled-in portion of the Canal). On June 9, 2016, EPA and the City entered into an Administrative Settlement Agreement and Order (Administrative Order), under which the City agreed to milestones relating to the design of one of the CSO tanks. The City estimates that the tanks will actually cost approximately $1.4 billion, $1.2 billion of which is included in the City's capital plan. The City has notified EPA of potential delays due to the COVID-19 pandemic and is monitoring impacts on its ability to meet the requirements of the ROD. The New York City Department of Environmental Protection (DEP) is in discussions with EPA to resolve these issues and is subject to penalties under the Unilateral Order and CERCLA.

On March 29, 2021, EPA issued a Unilateral Order to the City, requiring the City to complete design and construction of both CSO tanks by March 2029; to complete design and construction of a new bulkhead at the City-owned Salt Lot at 2nd Avenue in Brooklyn by August 2023; and to implement additional stormwater controls in the Canal sewershed. The City has informed USEPA that it would complete the design and construction of the CSO tanks as required in the 2021 Unilateral Order, but that it would likely be unable to meet the deadlines imposed in the Order. Based on the concerns the City raised about the 2021 Unilateral Order, EPA delayed the effective date of the 2021 Unilateral Order and modified the 2021 Unilateral Order in certain respects, but declined to extend the design and construction schedules. The 2021 Unilateral Order took effect on June 30, 2021. The City is subject to penalties stemming from alleged violations of the 2014 Unilateral Order and the Administrative Order, and may also be subject to fines and/or penalties stemming from the 2021 Unilateral Order if it does not meet the design and/or construction deadlines set forth therein.

On January 28, 2020, EPA issued a new Unilateral Order to the six largest PRPs, including the City and National Grid, requiring these parties to implement the in-Canal remedy (consisting of dredging and capping of sediments) in the upper reach of the Canal. In 2013 when it issued the ROD, EPA estimated that the cost of this work, the first of the three phases, would be $125 million. The City believes that these costs will be substantially higher. The City's liability for the in-Canal work is unknown at this time and may ultimately be determined through litigation.

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 for Newtown Creek is expected to proceed until 2027. The City's share will be determined in a future allocation proceeding. The 2011 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. In 2020, EPA issued a Record of Decision (ROD) setting forth the remedy for CSO discharges. The ROD requires no further action for CSO beyond the projects in the State-approved Newtown Creek CSO Long Term Control Plan. As part of its determination, EPA required monitoring of the City's four major CSOs to confirm the assumptions underlying the ROD. In September 2022, the City entered into an Administrative Settlement Agreement and Order on Consent with EPA concerning the performance of the required monitoring.

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 $40 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 sought to have the City perform some of the work. In February 2018, the City notified EPA that, subject to certain conditions, it was willing to undertake such work and, on September 24, 2019, EPA issued a unilateral administrative order requiring the City to conduct additional pre-design investigatory work and develop a Remedial Design consistent with the ROD.

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 liable 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.

6. Interfund Receivables, Payables, and Transfers

At June 30, 2023 and 2022, 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	2023	2022
		(in thousands)	
General Fund	Capital Projects Fund	$4,783,227[1]	$3,868,836[1]
	TFA—Debt Service	362,153	116,446
Capital Projects Fund	HYIC—Capital Projects Fund	—	17
Total due from/to other funds		$5,145,380	$3,985,299

Component units:

Due from/to City and Component Units:

Receivable Entity	Payable Entity	2023	2022
		(in thousands)	
City—General Fund	Component units—HDC	$4,441,435	$4,139,436
	NYC Health + Hospitals	—	327,450
		4,441,435	4,466,886
City—Capital Projects Fund	Component units—the System	542,710	523,152
	EDC	143,039	165,808
		685,749	688,960
Total due from Component Units		$5,127,184	$5,155,846
Component Unit—the System	City—General Fund	$ 74,755	$ 98,227
Component Unit—BPL	City—General Fund	10,407	26,051
Component Unit—QBPL	City—General Fund	5,668	3,700
Component Unit—NYC Health & Hospitals	City—General Fund	100,002	—
Total due to Component Units		$ 190,832	$ 127,978

(1) Net of eliminations within the same fund type.

Note: During Fiscal Years 2023 and 2022, 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 2023			
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds
	(in thousands)			
Transfer from (to):				
General Fund	$ —	$ —	$3,536,128	$2,898,626
General Debt Service Fund	(3,536,128)	—	—	—
Capital Projects Fund	—	—	—	(3,940,386)
Nonmajor Debt Service Funds	(4,181,098)	—	—	444,030
Nonmajor Capital Projects Funds	—	3,940,386	—	9,956
Nonmajor Special Revenue Funds	—	—	—	(453,986)
Total	$(7,717,226)	$ 3,940,386	$3,536,128	$(1,041,760)

	Fiscal Year 2022			
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds
	(in thousands)			
Transfer from (to):				
General Fund	$ —	$ —	$3,963,739	$ 2,567,815
General Debt Service Fund	(3,963,739)	—	—	—
Capital Projects Fund	—	—	—	(4,185,605)
Nonmajor Debt Service Funds	(2,742,469)	—	—	39,821
Nonmajor Capital Projects Funds	—	4,185,605	—	1,789
Nonmajor Special Revenue Funds	—	—	—	(41,610)
Total	$(6,706,208)	$4,185,605	$3,963,739	$(1,617,790)

(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 2023, the City made the following transfer: A transfer of unrestricted grants from the General Fund in the amount of $2.17 billion to TFA. The funds were used to fund debt service requirements for future tax secured debt during the Fiscal Year ending June 30, 2024.

In the Fiscal Year ended 2022, the City made the following transfer: A transfer of unrestricted grants from the General Fund in the amount of $3.21 billion to TFA. The funds were used to fund debt service requirements for future tax secured debt during the Fiscal Year ending June 30, 2023.

Governmental activities: (cont.)

	Fiscal Year 2023	
	Adjustments/ Eliminations	Total
	(in thousands)	
Transfer from (to):		
General Fund	$ —	$ 6,434,754
General Debt Service Fund	—	(3,536,128)
Capital Projects Fund	—	(3,940,386)
Nonmajor Debt Service Funds	1,282,472	(2,454,596)
Nonmajor Capital Projects Funds	—	3,950,342
Nonmajor Special Revenue Funds	—	(453,986)
Total	$ 1,282,472	$ —

	Fiscal Year 2022	
	Adjustments/ Eliminations	Total
	(in thousands)	
Transfer from (to):		
General Fund	$ —	$ 6,531,554
General Debt Service Fund	—	(3,963,739)
Capital Projects Fund	—	(4,185,605)
Nonmajor Debt Service Funds	174,654	(2,527,994)
Nonmajor Capital Projects Funds	—	4,187,394
Nonmajor Special Revenue Funds	—	(41,610)
Total	$174,654	$ —

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)**	
	J-51 Program	**Commercial Conversion Programs 421-a and 421-g**
1) Purpose of program.	J-51 encourages the rehabilitation of existing residential structures by providing tax exemptions and abatements.	421-a promotes construction of multi-family residential buildings with at least three dwelling units by providing a declining exemption on the new value created by the improvement. 421-g promotes the conversion of non-residential buildings in lower Manhattan to residential use.
2) Tax being abated.	Real Property Tax	Real Property Tax
3) Authority under which abatement agreements are entered into.	NYS Real Property Tax Law, Section 489 NYC Administrative Code, Section 11-243	NYS Real Property Tax Law, Section 421-a and 421-g NYC Administrative Code, Sections 11-245, 11-245.1, 11-245.1-a
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-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: 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 35 years following the construction period. b) 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.	2023: $266,300 2022: $272,500 (in thousands)	2023: $1,811,500 2022: $1,784,900 (in thousands)

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 returns City-owned buildings to responsible private owners.	UDAAP encourages the construction of residential housing in designated areas.	420-C assists nonprofit organizations in providing affordable housing for low-income tenants.
Real Property Tax	Real Property Tax	Real Property Tax
NYS Private Housing Finance Law, Section 577	NYS General Municipal Law, Section 696	NYS Real Property Tax Law, Section 420-c
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.
N/A	N/A	N/A
N/A	N/A	N/A
2023: $50,600; 2022: $48,000 (in thousands)	2023: $15,300; 2022: $16,200 (in thousands)	2023: $395,100; 2022: $365,900 (in thousands)

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 encourages more productive use of older non-residential and mixed-use buildings in Lower Manhattan. CEP encourages businesses to locate in Manhattan north of 96th Street, the midtown Special Garment Center District, or the other four boroughs of New York City.	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.	NYS Real Property Tax Law, Sections 499a — 499h, and 421-g (CRP); NYS Real Property Tax Law, Sections 499aa — 499hh (CEP)	NYS Real Property Tax Law, Sections 489-aaaa — 489-llll; 489-aaaaaa — 489-kkkkkk NYC Administrative Code, Sections 11-256 through 11-267; 11-268 through 11-278
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% 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.	2023 (in thousands): $14,400 2022 (in thousands): $14,000	2023 (in thousands): $841,600 2022 (in thousands): $789,000

Programs Administered by NYC Department of Finance (DOF)		
Relocation and Assistance Programs—(REAP)	**Sports Arena Used by the NHL and NBA**	**Major Capital Improvement (MCI) Program**
REAP promotes business development in Manhattan north of 96th Street, in Lower Manhattan, and in the other boroughs of New York City.	The arena ensures the viability of a major league sports facility in the City.	MCI helps 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, Sections 11-503(i), 11-503(l), 11-604.17, 11-604.19, 11-643.7, 11-643.9, 11-654.17, 11-654.19, 11-1105.2, 11-1105.3, and Chapters 6-b and 6-c of Title 22	NYS Real Property Tax Law, Section 429	NYS Laws of 2015, Chapter 20, Part A, § 65
A credit is available for certain taxpayers that relocate all or part of their business operations to eligible premises in Upper Manhattan (the area above 96th Street), Lower Manhattan (approximately the area below Houston Street), or the other boroughs.	The exemption is contingent upon the continued use of Madison Square Garden by professional major league hockey and basketball teams for their home games.	In connection with various amendments in 2015 to the City's rent control and rent stabilization laws, the period during which a landlord can amortize or recoup the cost of building-wide major capital improvements (MCIs) through increased apartment rents has been increased from seven years to eight years in the case of a building with no more than 35 units or nine years in the case of a building with more than 35 units. Landlords affected by this change are eligible to receive a Real Property Tax abatement equal to 50 percent of the economic loss attributable to the extended amortization period.
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.
Under legislation enacted in 2000, firms that relocate to "revitalization areas" in Upper Manhattan or the other boroughs may qualify for a credit of $3,000 per eligible employment share; starting in 2004, a $3,000 credit is also available to eligible firms that relocate to Lower Manhattan.	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
2023 / 2022 (in thousands)	2023 / 2022 (in thousands)	2023 / 2022 (in thousands)
$30,000 / $27,000	$42,400 / $43,200	$18,400 / $21,400

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**
	Solar Electric Generating System (SEGS) Abatement Program	**Commercial Growth and Industrial Incentive Programs**	**Build NYC Tax Abatement Program**
1) Purpose of program.	SEGS helps reduce greenhouse emissions and provides cleaner energy and more efficient energy systems.	IDA's programs are designed to encourage economic development in the City. IDA tax 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.	NYS Real Property Tax Law, Sections 499-aaaa through 499-gggg	Industrial Development Act of 1969 as governed by Title 1 of Article 18-A of the General Municipal Law[1].	New York Not-for-profit Law, Section 411
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 furtherance of its mission. 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 issued 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 $62,500.	a) PILOT tax abatements are typically granted for a 21 year period followed by a 4 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 at the end of year 25. b) The MRT abatement is a singular benefit received at closing only for projects that recorded a mortgage, 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.	100% 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.	2023 — 2022 (in thousands) $30,500 — $25,800	2023 — 2022 (in thousands) **Commercial Growth Program:[2]** a) PILOT $191,353 — $174,980 b) ST $4,218 — $5,865 c) MRT $– — $– **Industrial Incentive Program:[3]** a) PILOT $42,594 — $38,496 b) ST $951 — $188 c) MRT $284 — $141	2023 — 2022 (in thousands) $4,169 — $4,198

NYC Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	**Programs Administered by the State of New York**	
	Battery Park City Authority (The Authority)	**Urban Development Corporation (currently known as Empire State Development Corporation [ESDC])**
1) Purpose of program.	The Authority manages the development of a mixed commercial/residential community whose amenities serve the larger New York community.	The Urban Development Corporation (UDC) is a New York State agency that finances, constructs and operates residential, commercial, industrial, and civic facilities. An important tool in the State's economic development program, the UDC provides financing and technical assistance to businesses and local governments. Examples of UDC-assisted projects include the Columbia University Telecommunications Center, the Jacob K. Javits Convention Center, and the Roosevelt Island housing development.
2) Tax being abated.	Real Property Tax	Real Property Tax
3) Authority under which abatement agreements are entered into.	NYS Public Authorities Law, Section 1981 NYS Real Property Tax Law, Section 412	NYS Unconsolidated Laws, Title 16, Chapter 24 NYS Real Property Tax Law, Section 412
4) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement.	2023 / 2022 (in thousands) $155,500 / $161,200	2023 / 2022 (in thousands) $413,300 / $400,200

(1) New York City Administrative Code §22-823 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 https://edc.nyc/about-nycedc/financial-public-documents.

(2) Stadia transactions are a unique subset within the Commercial Program 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.

(3) These businesses include Warehousing, Distribution Centers and Logistics. The FRESH projects, a subset of the Industrial Program projects, are supermarkets in underserved communities to offer access to healthy and affordable food options.

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. COVID-19

Government Assistance

The City has been severely affected by the coronavirus disease, referred to herein as “COVID-19.” A state of emergency declared by the Mayor related to the COVID-19 pandemic expired on August 18, 2023. It has been extended approximately monthly during the pandemic and may be extended beyond the current expiration date. The reduction in business activity, travel and tourism resulting from the pandemic had a severe impact on the City’s retail, cultural, hospitality and entertainment sectors. Hotel occupancy declined drastically, as did arrivals to City airports. As a result of the COVID-19 pandemic, unemployment rates throughout the City increased substantially and currently remain above pre-pandemic levels. To date, the City has recovered approximately 97% of jobs lost during the pandemic. Certain real estate sectors have sustained losses as a result of the business distress caused by COVID-19. Higher unemployment as well as increased numbers of employees working from home have stressed the City’s office market. The pandemic has also reduced income for retail stores and hotels. Property tax revenues declined in fiscal year 2022 from the pandemic impact but rebounded in fiscal year 2023. Growth is projected to average 1.3 percent from fiscal years 2024 through 2027. The pandemic has also resulted in a decline in the City’s estimated population. The future course of the pandemic is uncertain. There can be no assurance that the City will not experience future surges or that rates of cases, hospitalizations and deaths will not increase significantly in the future. There can be no assurances as to what further impacts the pandemic may have on the City’s population and economy or that new pandemic-related restrictions will not be imposed in the future. An outbreak of disease or public health emergency, including a resurgence of COVID-19, could have an adverse impact on the City’s population and economy and may result in revenues to the City that are lower than projected.

To help respond to the pandemic and the resulting economic disruption, The City has been awarded various federal funds. From inception to date, the City has received a total of approximately $9.06 billion in reimbursed funds.

E. Other Information

1. Audit Responsibility

In Fiscal Years 2023 and 2022, respectively, the separately administered organizations included in the financial statements of the City audited by auditors other than Grant Thornton LLP for both Fiscal Years are Hudson Yards Development Corporation, Hudson Yards Infrastructure Corporation, New York City Educational Construction Fund, New York City School Bus Umbrella Services, Inc., New York City School Construction Authority, New York City School Support Services, Inc., New York City Transitional Finance Authority, TSASC, Inc., Brooklyn Bridge Park Corporation, The Trust for Governors Island, New York City Tax Lien Trusts, WTC Captive Insurance Company, Inc., New York City Economic Development Corporation, New York City Housing Authority, New York City Housing Development Corporation, Brooklyn Navy Yard Development Corporation, the Brooklyn Public Library, Build NYC Resource Corporation, New York City Business Assistance Corporation, New York City Industrial Development Agency, New York City Land Development Corporation, New York City Neighborhood Capital Corporation, Public Realm Improvement Fund Governing Group, Inc., The Mayor’s Fund to Advance New York City, the Queens Borough Public Library and Affiliate, and The City of New York Deferred Compensation Plan.

	Government-wide						Fund-based			
	Governmental Activities		Business-Type Activities		Component Units		Nonmajor Governmental Funds		Fiduciary Funds	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total Assets	5%	5%	100%	100%	45%	47%	100%	100%	8%	9%
Revenues, other financing sources and net position held in trust	6%	5%	100%	100%	27%	27%	100%	100%	8%	10%

2. Subsequent Events

Subsequent to June 30, 2023, TFA, the City, and the Water Authority completed the following long-term financings:

TFA Debt On July 27, 2023, the New York City Transitional Finance Authority issued $1,080,000,000 of Fiscal 2024 Series A Future Tax Secured Subordinate Bonds for capital purposes.

On August 31, 2023, the New York City Transitional Finance Authority issued $1,000,000,000 of Fiscal 2024 Series B Future Tax Secured Subordinate Bonds for capital purposes.

On October 26, 2023, the New York City Transitional Finance Authority issued $1,000,000,000 of Fiscal 2024 Series C Future Tax Secured Subordinate Bonds for capital purposes.

City Debt On August 17, 2023, The City of New York issued $950,000,000 of Fiscal 2024 Series A General Obligation Bonds for capital purposes and reoffered $66,685,000 of Fiscal 2012 Series G, Subseries G-5 General Obligation Bonds to convert a portion of its outstanding variable rate bonds to fixed rate.

On October 12, 2023, The City of New York issued $965,000,000 of Fiscal 2024 Series B General Obligation Bonds for capital purposes.

Water Authority On October 5, 2023, the New York City Municipal Water Finance Authority issued $692,725,000 of Fiscal 2024 Series AA Second General Resolution Revenue Bonds for capital purposes, to refund a portion of its outstanding bonds at lower interest rates, and 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 70½ in the 457 Plan or upon age 59½ 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.

4. Other Postemployment Benefits

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.

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 (PAYGO) amounts necessary to provide current benefits to Retiree Participants. For the fiscal year ended June 30, 2023, the City paid $3.3 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 2023 (at 6/30/22)	**FY 2022 (at 6/30/21)**
Active plan members	289,660	296,690
Inactive plan members entitled to but not yet receiving benefits	24,733	22,462
Inactive plan members or beneficiaries currently receiving benefits	252,635	246,832
Total	**567,028**	**565,984**

Net OPEB Liability. The Entry Age Normal 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 2023 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, experience 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 actuarial method changes are also explicitly identified and amortized in the annual expense.

The City was expected to implement a new Medicare Advantage plan in FY 2024. However, as of August 11, 2023, the implementation has been ruled illegal by a Judge, prohibiting the city from administering the program. The City has since appealed this ruling. The FY 2023 results do not reflect the anticipated change given continued uncertainty. Had the new Medicare Advantage plan began as scheduled the June 30, 2023 Net OPEB liability would decrease by approximately $18 billion.

Changes in Net OPEB Liability. Changes in the City's net OPEB liability for the Fiscal Years ended June 30, 2023 and June 30, 2022 are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
1. Balances at June 30, 2021	**$122,199,740,871**	**$ 4,220,507,470**	**$117,979,233,401**
2. Changes for the Year:			
a. Service Cost	6,252,924,365	—	6,252,924,365
b. Interest	2,775,746,623	—	2,775,746,623
c. Differences b/t Expected and Actual Experience	(1,809,027,928)	—	(1,809,027,928)
d. Changes in Assumptions	(31,086,237,440)	—	(31,086,237,440)
e. Contributions-Employer	—	4,583,897,302	(4,583,897,302)
f. Contributions-Employee	—	—	—
g. Net Investment Income	—	3,112,581	(3,112,581)
h. Actual Benefit Payments	(3,430,789,509)	(3,430,789,509)	—
i. Administrative Expenses	—	(54,000)	54,000
j. Other Changes	—	(175,000)	175,000
k. Net Changes	**$ (27,297,383,889)**	**$ 1,155,991,374**	**$ (28,453,375,263)**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
3. Balances at June 30, 2022	**$ 94,902,356,982**	**$ 5,376,498,844**	**$ 89,525,858,138**
4. Changes for the Year:			
a. Service Cost	3,726,363,061	—	3,726,363,061
b. Interest	3,963,214,876	—	3,963,214,876
c. Differences b/t Expected and Actual Experience	(1,396,055,419)	—	(1,396,055,419)
d. Changes in Assumptions	2,633,653,342	—	2,633,653,342
e. Contributions-Employer	—	3,282,286,594	(3,282,286,594)
f. Contributions-Employee	—	—	—
g. Net Investment Income	—	152,050,807	(152,050,807)
h. Actual Benefit Payments	(3,492,197,300)	(3,492,197,300)	—
i. Administrative Expenses	—	(54,000)	54,000
j. Other Changes	—	(175,000)	175,000
k. Net Changes	**$ 5,434,978,560**	**$ (58,088,899)**	**$ 5,493,067,459**
5. Balances at June 30, 2023	**$100,337,335,542**	**$ 5,318,409,945**	**$ 95,018,925,597**

6. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

	Fiscal Year 2023			Fiscal Year 2022		
	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
	$109,506,454,591	$95,018,925,597	$83,202,563,168	$103,508,060,972	$89,525,858,138	$78,151,289,460
		Discount Rate		Discount Rate		
City	3.13%	4.13%	5.13%	3.09%	4.09%	5.09%
Component Units	3.13%	4.13%	5.13%	3.09%	4.09%	5.09%

7. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

	Fiscal Year 2023			Fiscal Year 2022		
	1% Decrease	Current Trend Rate	1% Increase	1% Decrease	Current Trend Rate	1% Increase
	$80,446,028,128	$95,018,925,597	$113,597,620,927	$75,464,853,742	$89,525,858,138	$107,532,414,273
	Pre-Medicare Trend Rate			Pre-Medicare Trend Rate		
Initial	6.00%	7.00%	8.00%	5.50%	6.50%	7.50%
Ultimate	3.50%	4.50%	5.50%	3.50%	4.50%	5.50%
	Medicare Trend Rate			Medicare Trend Rate		
Initial	3.80%	4.80%	5.80%	3.90%	4.90%	5.90%
Ultimate	3.50%	4.50%	5.50%	3.50%	4.50%	5.50%

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, 2023 and June 30, 2022 are $2.9 and $3.8 billion, respectively.

Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2023 and June 30, 2022 are as follows:

Fiscal Year 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 3,174,960,418	$ 5,050,323,424
Changes of Assumptions	5,506,701,140	23,887,890,580
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	241,213,233	—
Total	$8,922,874,791	$28,938,214,004

Fiscal Year 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 4,923,805,852	$ 4,927,371,367
Changes of Assumptions	4,416,737,031	30,604,137,144
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	298,801,132	—
Total	$ 9,639,344,015	$35,531,508,511

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
2024	$(3,452,038,576)
2025	(4,073,095,305)
2026	(4,500,307,509)
2027	(4,188,621,928)
2028	(3,991,231,932)
2029	174,245,429
2030	15,710,608

Funded Status and Funding Progress. As of June 30, 2023, the most recent actuarial measurement date, the funded status was 5.3%. The total OPEB liability for benefits was $100.3 billion, and the plan fiduciary net position was $5.3 billion, resulting in a net OPEB liability of $95.0 billion. The covered employee payroll (annual payroll of active employees covered) was $31.1 billion, and the ratio of the net OPEB liability to the covered employee payroll was 305.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported and future amounts based on assumptions about the probability of the severity and occurrence of events far into the future. The determined actuarial valuations of OPEB incorporated the use of demographic and economic assumptions among others as reflected below. Amounts determined regarding the funded status and the annual expense of the City vary from year to year 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 Required Supplementary Information (RSI) section immediately following the notes to financial statements, present GASB Statement No. 75 results of OPEB valuations for Fiscal Years 2023 and 2022.

Actuarial Methods and Assumptions. The actuarial assumptions used in the Fiscal Years 2023 and 2022 OPEB valuations are a combination of 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) New York City 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 economic assumptions. The assumptions used in the Fiscal Year 2023 OPEB valuation have not changed from the prior valuation, with the exception of the discount rate, the pre-Medicare trend rate assumption and the stabilization fund load as described later in this section.

NYCRS

The NYCRS' demographic assumptions (e.g., mortality, withdrawal, retirement and disability rates) and salary scale are the same as those used in the NYCRS pension actuarial valuations and are unchanged from the prior valuation.

CUNY/TIAA

CUNY/TIAA demographic assumptions are the same as those used for the TRS Penson Actuarial Valuation except for withdrawal and retirement rates which are based on a separate CUNY valuation performed by Buck and summarized later in this section.

The OPEB-specific actuarial assumptions used in the Fiscal Year 2023 OPEB valuation of the Plan are as follows:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Discount Rate	4.13% for benefits provided by the City and Component Units. Results as of the June 30, 2022 Measurement Date are presented at 4.09% for benefits provided by the City, and Component Units. The Municipal Bond 20-year Index Rate was used as the discount rate. The rate was not blended with the long-term expected rate of return because the expected return on assets assumption was lower than the Municipal Bond 20-year Index Rate. For the prior year, the projection of cash flows used to determine the discount rate assumed that the City will contribute at a rate equal to the pay-as-you-go amounts. It is assumed that the City will not make additional contributions in excess of the pay-as-you-go amounts, which is unchanged from the prior valuation. The contributions apply first to service cost of future plan members based on projection of overall payroll at 3.0% and normal cost rate for Tier 6 members of each of the NYCRS. Remaining contributions are applied to the current and past service costs for current plan members. Based on those assumptions, the City's OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees until 2029. After that time, benefit payments will be funded on a pay-as-you go basis. The discount rate is the single equivalent rate which results in the same present value as discounting future benefit payments made from assets at the long-term expected rate of return and discounting future benefit payments funded on a pay-as-you-go basis at the Municipal Bond 20-year Index Rate. This projection resulted in no difference between the Municipal Bond 20-Year Index Rate and the blended discount rate. The long-term expected rate of return of 4.00%, net of expenses, includes an inflation rate of 2.50%. Results for the OPEB plans for Component Units are presented using a discount rate of the Municipal Bond 20-year Index Rate, since there is no pre-funding assumed for these plans.
Actuarial Cost Method	Entry Age Normal cost method, level percent of pay calculated on an individual basis.

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.

Initial monthly premium rates used in valuation are shown below:

Plan	Monthly Costs @ Average Age	
	FY 2023	FY 2022
HIP HMO		
Non-Medicare Single	$ 871.42	$ 819.68
Non-Medicare Family	2,134.99	2,008.22
Medicare	199.62	190.47
GHI/EBCBS		
Non-Medicare Single	917.92	854.44
Non-Medicare Family	2,409.11	2,242.05
Medicare	201.59	201.80
Others HMOs(1)		
Non-Medicare Single	1,302.87	1,242.93
Non-Medicare Family	3,567.29	3,440.67
Medicare Single	311.73	291.71
Medicare Family	620.28	580.41

(1) Other HMO premiums represent the weighted average of the total premiums for medical (not prescription drug) coverage, including retiree contributions, of the HMO plans (other than HIP) based on actual enrollment.

Additionally, the individual monthly rates at age 65 used in the FY 2022 and FY 2023 valuations are shown below:

Plan	Monthly Costs @ Age 65	
	FY 2023	FY 2022
HIP HMO		
Non-Medicare	$1,844.10	$1,734.61
Medicare	199.62	190.47
GHI/EBCBS		
Non-Medicare	1,970.02	1,833.91
Medicare	192.11	192.08
Other HMOs	Varies by system	

The normative database used to adjust premium values to age 65 per capita cost is unchanged from the prior valuation.

Claims data was generally not provided to the OA for the HIP coverage or for Other HMOs. New York City Office of Labor Relations (“OLR”) provided a copy of the claims component of the FY 2023 GHI/EBCBS renewals. For the non-Medicare participants, retiree claims were not separated from active claims. The claims information provided was compared to the premium rates provided.

For the HIP premium rate the Fiscal Year 2023 valuation assumed the prior year’s rate of $190.47 with trend given the assumption that the MA plan will not be implemented during Fiscal Year 2024.

Based on information provided by OLR, estimates of margins that had been included in the premiums but expected to be refunded were removed from both the GHI and EBCBS non-Medicare and Medicare premiums before age adjustment.

A retiree who elects Basic Coverage other than the benchmark HIP and GHI/EBCBS plans is required to contribute the full difference in cost. The OA confirmed, based on data provided by OLR, that net employer premiums were consistent with the benchmark rates and stated policy regarding other coverage.

Welfare Funds . . . . The Welfare Fund contribution reported as of the measurement date, June 30, 2023, (including any reported retroactive amounts) was trended back to the valuation date, June 30, 2022, using the Welfare trend assumption and used as the per capita cost for valuation purposes.

Reported annual contribution amounts for the last three years are shown in the Fiscal Year 2023 GASB 74/75 report in Section V, Tables V-b to V-f. 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 for the past 2 years.

	FY 2023	FY 2022
NYCERS	$1,867	$1,858
TRS	1,763	1,763
BERS	1,906	1,907
POLICE	1,651	1,669
FIRE	1,319	1,721

Medicare Part B Premiums . . . .

Calendar Year	Monthly Premium
2018	125.85
2019	134.43
2020	143.21
2021	146.97
2022	167.82
2023	164.90

Medicare Part B Premium reimbursement amounts have been updated to reflect actual premium rates announced for calendar years through 2023. Due to limited cost-of-living adjustment in past Social Security benefits, some Medicare Part B participants were not charged the Medicare Part B premium originally projected or ultimately announced for those years. The portion of Medicare Part B participants protected by the hold-harmless provision however decreased from 3.5% in 2022 to 1.5% in 2023. The prior valuation used a blended estimate as a better representation of future Part B premium costs, while the current valuation assumes the full Part B premium amount.

The Calendar Year (CY) 2022 monthly premium of $167.82 was determined using 3.5% of the $104.90 hold-harmless amount and 96.5% of the $170.10 rate that was in effect for CY 2022. For CY 2023, no participants were assumed to be protected by the hold-harmless provision and the monthly premium of $164.90 was set equal to the CY 2023 announced amount. For the FY 2023 OPEB valuation the annual premium used was $1,996.32, which is equal to 12 times an average of the CY 2022 and 2023 monthly premiums above.

An additional 11.4% load is added to the base Medicare Part B Premium amounts each year to account for the income-related Medicare Part B premiums for high income individuals. This assumption is unchanged from the prior valuation.

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). . . . .

Year Ending	Pre-Medicare Plans	Medicare Plans	Medicare Part B Premium[1]	Welfare Fund Contributions
2023	7.00%	4.80%	5.00%	3.50%
2024	7.00%	4.80%	5.00%	3.50%
2025	7.00%	4.70%	5.00%	3.50%
2026	6.75%	4.70%	5.00%	3.50%
2027	6.50%	4.60%	5.00%	3.50%
2028	6.25%	4.60%	5.00%	3.50%
2029	6.00%	4.50%	5.00%	3.50%
2030	5.75%	4.50%	5.00%	3.50%
2031	5.50%	4.50%	5.00%	3.50%
2032	5.25%	4.50%	5.00%	3.50%
2033	5.00%	4.50%	5.00%	3.50%
2034	4.75%	4.50%	5.00%	3.50%
2035 and later	4.50%	4.50%	5.00%	3.50%

(1) We are no longer using a blended first year trend in order to reduce volatility.

The pre-Medicare and Medicare plan trends were developed using health trend information from various sources, including City premium trend experience for HIP HMO and GHI/EBCBS, public sector benchmark survey for other large plan sponsors, the Medicare Trustees' Report, and the Society of Actuaries' Getzen model. The pre-Medicare trend has been updated for the FY2023 valuation.

In recent years Medicare Part B premium increases have averaged between 4% and 6%, ignoring the impact of the hold harmless provision. These increases can be attributable to factors such as the increasing prices of health care services, high cost of new technologies, and increasing utilization. While the Medicare trustees project the Part B premium to increase 6% for 2024, beyond that point they expect the increases to average 6.3% out to 2032. These increases do not account for the hold harmless provision which may mitigate them somewhat.

Historical negotiated increase rates for the larger Welfare Funds have averaged below 2% in recent years, which is lower than the anticipated trend on the underlying costs of benefits provided by these funds. However, the City periodically makes one-time lump sum contributions to the Welfare Funds. For these reasons the Welfare Fund contribution trend was assumed to be 3.5%.

Age-and Gender- Related Morbidity . . . . The premiums are age- and gender-adjusted for HIP, GHI/EBCBS, and Other HMOs. 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	0.17	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 assume a factor of 0.229.

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

Age	Male	Female	Age	Male	Female
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 reduction for the estimated margin anticipated to be returned of 4.0% and 2.0% in the GHI and EBCBS portion of the monthly premium, respectively. Similarly, the age adjustment for the Medicare GHI/EBCBS premium reflects a reduction for the estimated margin anticipated to be returned of 4.0% and 3.0% in the GHI and ECBS portion of the monthly premium, respectively.

The non-Medicare GHI portion is $429.67 out of $917.92 for single coverage, and $1,139.67 out of $2,409.11 for family coverage for FY 2023 rates. The Non-Medicare EBCBS portion is the remainder of the premiums. The Medicare GHI portion is $105.46 out of the $201.59 for FY 2023 rates. The EBCBS portion is the remainder of the premium.

Participation Rates . . . . Plan participation assumptions remain unchanged from the prior valuation and are in line with recent experience.

Actual elections are used for current retirees. Some current retirees not eligible for Medicare are assumed to change elections upon attaining age based on election patterns 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.

NYCRS Group	FY 2023
NYCERS	13%
TRS	13%
BERS	15%
POLICE	3%
FIRE	3%
TIAA	13%

This non-filer group also includes some participants who do not qualify for coverage because they were working less than 20 hours a week at termination.

Detailed assumptions for future Program retirees are presented below.

PLAN PARTICIPATION ASSUMPTIONS

Benefits	NYCERS	TRS	BERS	POLICE	FIRE	TIAA
Pre-Medicare						
–GHI/EBCBS	75%	83%	70%	87%	87%	83%
–HIP HMO	18	6	16	7	7	6
–Other HMO	2	1	2	3	4	1
–Waiver	5	10	12	3	2	10
Medicare						
–GHI	75	89	80	82	81	89
–HIP HMO	16	5	13	8	9	5
–Other HMO	5	2	2	8	8	2
–Waiver	4	4	5	2	2	4
Post-Medicare Migration						
–Other HMO to GHI	—	—	—	—	—	—
–HIP HMO to GHI	—	20	20	—	—	20
–GHI to HIP HMO	—	—	—	—	2	—
–GHI to Other HMO	—	—	—	6	5	—
–HIP HMO to Other HMO	10	—	—	—	—	—
–Pre-Med. Waiver						
To GHI @ 65	—	50	60	—	—	50
To HIP @ 65	—	10	—	20	—	10
To Other HMO @ 65	20	—	—	10	—	—

Dependent Coverage . . . . Non-contributory Basic Medical Coverage and Part B premium reimbursement for dependents are assumed to terminate when a retiree dies, except for Line of Duty beneficiaries. Certain other survivors of POLICE, FIRE, and uniformed members of the Departments of Correction and Sanitation are eligible for a lifetime COBRA continuation benefit. These individuals contribute 102% of the premium but the valuation includes an additional estimated cost above the value of their COBRA contribution because COBRA participants typically utilize services at a much higher rate than active participants. The valuation assumes that 30% of eligible spouses will elect the lifetime continuation benefit.

Dependents . . . . Spousal Age Difference

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 participants, husbands are assumed to be two years older than their wives. This assumption is unchanged from the prior valuation.

Child Dependents

Child dependents of current retirees are assumed to receive coverage until age 26.

Children are assumed to be covered after retirement for the number of years shown below. This assumption is unchanged from the prior valuation.

NYCRS Group	FY 2023
NYCERS	8 years
TRS	7 years
BERS	7 years
POLICE	11 years
FIRE	11 years
TIAA	7 years

Dependent allocation assumptions are shown below and remain unchanged from the prior valuation.

Dependent Coverage Assumptions

Group	NYCERS	TRS	BERS	POLICE	FIRE	TIAA
Male						
–Single Coverage	35%	45%	44%	17%	12%	45%
–Spouse	35	30	40	10	18	30
–Child/No Spouse	8	5	4	13	10	5
–Spouse and Child	22	20	12	60	60	20
Female						
–Single Coverage	67%	57%	60%	45%	12%	57%
–Spouse	22	30	35	7	18	30
–Child/No Spouse	7	5	2.5	33	10	5
–Spouse and Child	4	8	2.5	15	60	8

Note: For Line-of-Duty, 97% are assumed to have single coverage in FY 2023.

Demographic Assumption . . . . The actuarial assumptions used in the FY 2023 OPEB valuation are a combination of the demographic assumptions used in the NYCRS pension actuarial valuations and certain OPEB-specific assumptions, as detailed below.

NYCRS

The NYCRS' demographic assumptions (e.g., mortality, withdrawal, retirement and disability rates) and salary scale are the same as those used in the NYCRS pension actuarial valuations and are unchanged from the prior valuation.

CUNY/TIAA

CUNY/TIAA demographic assumptions are the same as those used for the TRS Penson Actuarial Valuation except for withdrawal and retirement rates which are based on a separate CUNY valuation performed by Buck and summarized below:

Years of Service	Withdrawal
0	15.0%
1	12.0%
2	11.0%
3	10.0%
4	9.0%
5	7.0%
6	6.0%
7	6.0%
8	6.0%
9	4.0%
10	4.0%
11	3.0%
12	3.0%
13	2.0%
14-19	2.0%
20+	2.0%

Age	Retirement
55	2.0%
56	2.0%
57	2.0%
58	2.0%
59	3.0%
60	3.0%
61	4.0%
62	4.0%
63	5.0%
64	5.0%
65	7.0%
66	10.0%
67	10.0%
68	8.0%
69	8.0%
70	10.0%
75	15.0%
80+	100.0%

The CUNY/TIAA OPEB valuation also assumes:

- Terminated employees with the required number of years of service for eligibility have no subsequent full-time employment at another college, university, or institution of post-secondary education.
- CUNY/TIAA participants maintain any required TIAA account balances and annuity benefits.

COBRA Benefits	Employees and beneficiaries who enroll in COBRA coverage contribute 102% of the premium but the valuation includes an additional estimated cost above the value of their COBRA contribution because COBRA participants typically utilize services at a much higher rate than active participants. 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 $1,550 was assumed for terminations during Fiscal Year 2023. 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, Correction, 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).
Active Off Payroll (AOP) Liabilities	Active members off payroll on a known short-term leave of absence are treated as actives, and the remaining members are included as inactive members entitled to but not yet receiving benefits if they have met the OPEB vesting requirements. Otherwise, they are not included in the valuation. This method is unchanged from the prior valuation.
Stabilization Fund	A 0.6% load is applied to the City's obligations to reflect certain benefits paid for retirees directly from the Stabilization Fund which is a 0.1% increase from the FY 2022 OPEB valuation. The load is not applicable to Component Units. This amount is based on the historical five-year average allocation between active and retired participants in the Fiscal Years 2019 through 2023 Stabilization Fund benefits provided by OLR. The allocation takes into consideration retirees on average are older and have costlier medical benefits than actives, and also separates out Welfare Fund contribution reimbursements from other Stabilization Fund benefits. Also, since Welfare Fund contributions reimbursed by the Stabilization Fund are considered a part of Welfare Fund benefits, they are not included in the determination of this load.
Educational Construction Fund	The actuarial assumptions used for determining GASB 75 obligations for ECF are shown starting on page 29 of the Fiscal Year 2023 GASB 74/75 Report dated September 8, 2023. 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 defined benefit pension plans with those of 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 as police officers on or after October 1, 1968 with 20 or more years of service. 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 as firefighters or wipers on or after October 1, 1968 with 20 or more years of service. 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, 2022 and June 30, 2021, 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, 2022						
Retirees and Beneficiaries Receiving Benefits	166,631	92,282	20,481	53,608	16,717	349,719
Deferred Vested Members Not Yet Receiving Benefits	29,080	19,630	2,410	1,214	71	52,405
Terminated Nonvested	36,636	5,106	9,245	2,125	—	53,112
Active Members	179,596	123,674	25,639	34,655	10,685	374,249
Total QPP Membership	411,943	240,692	57,775	91,602	27,473	829,485

	NYCERS	TRS	BERS	POLICE	FIRE	Total
QPP Membership at June 30, 2021						
Retirees and Beneficiaries Receiving Benefits	162,149	89,997	19,448	52,837	16,578	341,009
Deferred Vested Members Not Yet Receiving Benefits	26,383	15,128	1,972	851	62	44,396
Terminated Nonvested	32,058	4,574	8,922	1,713	2	47,269
Active Members	185,732	123,211	27,556	35,006	10,793	382,298
Total QPP Membership	406,322	232,910	57,898	90,407	27,435	814,972

As of June 30, 2022 and June 30, 2021, 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, 2022						
Retirees Receiving or Eligible to Receive Benefits	250	206	119	186	9,056	9,817
Active Members	—	—	—	—	6,738	6,738
Total Membership	250	206	119	186	15,794	16,555

	TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Total
Membership at June 30, 2021						
Retirees Receiving or Eligible to Receive Benefits	263	219	127	194	8,544	9,347
Active Members	—	—	—	—	8,054	8,054
Total Membership	263	219	127	194	16,598	17,401

As of June 30, 2022 and 2021, 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, 2022						
Retirees Receiving or Eligible to Receive Benefits	21,618	13,693	35,311	1,514	3,121	4,635
Active Members	12,132	22,523	34,655	2,526	8,159	10,685
Total Membership	33,750	36,216	69,966	4,040	11,280	15,320

	PSOVSF	POVSF	Total POLICE	FOVSF	FFVSF	Total FIRE
Membership at June 30, 2021						
Retirees Receiving or Eligible to Receive Benefits	21,101	13,378	34,479	1,467	3,130	4,597
Active Members	11,874	23,132	35,006	2,590	8,203	10,793
Total Membership	32,975	36,510	69,485	4,057	11,333	15,390

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 years of service. 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. In particular, the Tier II Extender for POLICE, FIRE and the District Attorney Investigators ended as of June 30, 2009. As a result, 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) on or after July 1, 2009 and District Attorney Investigators who become new members of the NYCERS QPP on or after July 1, 2009 became Tier III members. 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, were only paid if the assets of COVSF were sufficient to pay the full amount due to all eligible retirees or if the Actuary determined that the fair value of the assets of the COVSF was greater than the actuarial present value of benefits payable through December, 2018. Scheduled benefits to COVSF participants were paid for Calendar Years 2000 to 2005, 2014, 2015, 2017, and 2018. 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.

VSFs are presented with their respective retirement systems for financial reporting purposes. 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. TDA Programs are presented with their respective retirement systems for financial reporting purposes. 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 59½ or for reasons of hardship (as defined by Internal Revenue Service regulations). Hardship withdrawals are limited to contributions only.

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 elect to leave his or her entire balance in the plan, elect to withdraw all or a portion of the balance, or 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 payable 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, 2023 and 2022 were $33.7 billion and $31.9 billion, respectively, and interest paid on TDA Program fixed return funds by the TRS QPP for the years then ended were $2.3 billion and $2.1 billion, respectively. The balance of TDA Program fixed return funds held by the BERS QPP as of June 30, 2023 and 2022 are $2,552.3 million and $2,374.1 million, respectively, and interest paid on TDA Program fixed return funds by the BERS QPP for the years then ended were $201.4 million and $191.1 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, 2021 actuarial valuation was used for determining the Fiscal Year 2023 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 2023 and 2022 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 2023 Aggregate Statutory Contribution	Fiscal Year 2023 City Statutory/Actual Contribution	Fiscal Year 2022 Aggregate Statutory Contribution	Fiscal Year 2022 City Statutory/Actual Contribution
	(in millions)			
NYCERS	$ 3,457	$2,045	$ 3,831	$2,283
TRS	3,086	2,983	3,304	3,201
BERS	234	233	262	262
POLICE	2,334	2,334	2,490	2,490
FIRE	1,424	1,424	1,447	1,447
Total	$10,535	$9,019	$11,334	$9,683

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. Tier VI members contribute between 3.0% and 6.0% of salary, depending on salary level. Finally, certain special plan members of the NYCRS make additional member contributions.

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. Any transfer of excess earnings to the COVSF is limited to the unfunded accumulated benefit obligation of the COVSF. 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. Similarly, under Chapter 3 of the Laws of 2013, should the assets of the COVSF be insufficient to pay annual benefits beginning in Calendar Year 2019, the NYCERS 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 2023, Excess Earnings on equity investments exceeded zero, but was less than the prior year's cumulative deficiencies and therefore, no transfers of assets from the QPPs to their respective VSFs were required other than to TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF. For Fiscal Year 2023, the NYCERS QPP made required transfers of $2.9 million, $2.4 million, $1.3 million, and $2.2 million to TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF, respectively, to fund annual benefits.

For Fiscal Year 2022, there were no Excess Earnings on equity investments, and therefore, no transfers of assets from the QPPs to their respective VSFs were required other than to TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF. For Fiscal Year 2022, the NYCERS QPP made required transfers of $3.3 million, $2.7 million, $1.6 million, and $2.4 million to TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF, respectively, to fund annual benefits.

The annual employer contribution calculated in conjunction with the actuarial valuation for POLICE, FIRE and NYCERS includes the cost to pay for the VSF benefits.

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 of his or her compensation from current taxable income by contributing it to the TDA Programs. The maximum amount that can be contributed 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

The City's net pension liabilities for each of the QPPs reported at June 30, 2023 and 2022 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, 2022 and June 30, 2021, respectively, 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, 2022 and June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2022	June 30, 2021
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 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries.*	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries.*
Active Service: Withdrawal, Death, Disability, Retirement	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries to active ordinary death mortality rates and pre-commencement mortality rates for deferred vesteds.*	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries to active ordinary death mortality rates and pre-commencement mortality rates for deferred vesteds.*
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 AutoCOLA. 2.5% per annum for Escalation.*	*1.5% per annum for AutoCOLA. 2.5% per annum for Escalation.*

(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.

In June 2019, Bolton, Inc. issued their actuarial experience study report for the four-year and ten-year periods ended June 30, 2017. Based, in part, on this report, the Actuary proposed and the Boards of Trustees of the NYCRS adopted changes in actuarial assumptions including a change to Mortality Improvement Scale MP-2018 beginning in Fiscal Year 2019. Milliman, Inc. is performing the current experience study that covers the period through June 30, 2021.

In July 2021, the Actuary proposed and the Boards of Trustees of the NYCRS adopted changes in actuarial assumptions including a change to Mortality Improvement Scale MP-2020 beginning in Fiscal Year 2021.

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 5.2% to 6.2% 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	27.0%	6.9%
Developed Public Market Equities	12.0%	7.2%
Emerging Public Market Equities	5.0%	9.1%
Fixed Income	30.5%	2.7%
Private Equity	8.0%	11.1%
Private Real Estate	7.5%	7.1%
Infrastructure	4.0%	6.4%
Opportunistic Fixed Income	6.0%	8.6%
Total	100.0%	

	TRS	
Asset Class	Target Asset Allocation	Long-Term Expected RROR
U.S. Public Market Equities	25.0%	5.3%
Developed Public Market Equities	10.0%	6.1%
Emerging Public Market Equities	9.5%	7.5%
Fixed Income	32.5%	2.1%
Private Equity	7.0%	10.4%
Private Real Estate	7.0%	7.8%
Infrastructure	4.0%	7.9%
Opportunistic Fixed Income	5.0%	5.2%
Total	100.0%	

	BERS	
Asset Class	Target Asset Allocation	Long-Term Expected RROR
U.S. Public Market Equities	31.0%	6.6%
Developed Public Market Equities	10.0%	6.9%
Emerging Public Market Equities	6.0%	8.4%
Fixed Income	27.0%	2.0%
Private Equity	9.0%	9.6%
Private Real Estate	8.0%	4.7%
Infrastructure	4.0%	5.4%
Opportunistic Fixed Income	5.0%	6.0%
Total	100.0%	

	POLICE	
Asset Class	Target Asset Allocation	Long-Term Expected RROR
U.S. Public Market Equities	30.0%	5.5%
Developed Public Market Equities	8.0%	6.1%
Emerging Public Market Equities	5.0%	7.7%
Fixed Income	28.0%	3.2%
Private Equity	8.0%	10.9%
Private Real Estate	7.0%	5.3%
Infrastructure	3.0%	7.8%
Hedge Funds	6.0%	4.6%
Opportunistic Fixed Income	5.0%	6.0%
Total	100.0%	

	FIRE	
Asset Class	Target Asset Allocation	Long-Term Expected RROR
U.S. Public Market Equities	27.0%	5.5%
Developed Public Market Equities	9.0%	5.7%
Emerging Public Market Equities	6.0%	10.2%
Fixed Income	31.0%	2.8%
Private Equity	8.0%	10.1%
Private Real Estate	7.0%	4.5%
Infrastructure	3.0%	5.0%
Hedge Funds	5.0%	4.3%
Opportunistic Fixed Income	4.0%	6.7%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability of each QPP as of June 30, 2023 and June 30, 2022 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

Changes in the City's net pension liability for POLICE and FIRE for the Fiscal Years ended June 30, 2023 and June 30, 2022 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, 2021	$59,303	$57,266	$ 2,037	$24,871	$19,892	$ 4,979
Changes for the Year 2022:						
Service Cost	1,432	—	1,432	586	—	586
Interest	4,121	—	4,121	1,726	—	1,726
Changes of Benefit Terms	—	—	—	—	—	—
Differences b/t Expected and Actual Experience	473	—	473	165	—	165
Changes of Assumptions	—	—	—	—	—	—
Contributions—Employer	—	2,490	(2,490)	—	1,447	(1,447)
Contributions—Employee	—	281	(281)	—	134	(134)
Net Investment Income	—	(4,405)	4,405	—	(1,583)	1,583
Benefit Payments	(3,814)	(3,814)	—	(1,621)	(1,621)	—
Administrative Expenses	—	(24)	24	—	(13)	13
Other Changes	—	5	(5)	—	1	(1)
Net Changes	$ 2,212	$ (5,467)	$ 7,679	$ 856	$ (1,635)	$ 2,491
Balances at June 30, 2022	$61,515	$51,799	$ 9,716	$25,727	$18,257	$ 7,470
Changes for the Year 2023:						
Service Cost	1,419	—	1,419	593	—	593
Interest	4,256	—	4,256	1,782	—	1,782
Changes of Benefit Terms	63	—	63	36	—	36
Differences b/t Expected and Actual Experience	564	—	564	340	—	340
Changes of Assumptions	—	—	—	—	—	—
Contributions—Employer	—	2,334	(2,334)	—	1,424	(1,424)
Contributions—Employee	—	268	(268)	—	118	(118)
Net Investment Income	—	4,395	(4,395)	—	1,427	(1,427)
Benefit Payments	(4,290)	(4,290)	—	(1,777)	(1,777)	—
Administrative Expenses	—	(30)	30	—	(13)	13
Other Changes	—	4	(4)	—	1	(1)
Net Changes	$ 2,012	$ 2,681	$ (669)	$ 974	$ 1,180	$ (206)
Balances at June 30, 2023	$63,527	$54,480	$ 9,047	$26,701	$19,437	$ 7,264

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 2023			Fiscal Year 2022		
	1% Decrease (6.0%)	**Current Discount Rate (7.0%)**	**1% Increase (8.0%)**	**1% Decrease (6.0%)**	**Current Discount Rate (7.0%)**	**1% Increase (8.0%)**
			(in millions)			
POLICE	$16,375	$9,047	$2,940	$16,828	$9,716	$3,794
FIRE	10,273	7,264	4,733	10,381	7,470	5,023

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 NYCERS, TRS and BERS at June 30, 2023 and June 30, 2022, and the proportion percentage of the aggregate net pension liability allocated to the City:

	Fiscal Year 2023			Fiscal Year 2022		
	NYCERS	TRS	BERS	NYCERS	TRS	BERS
	(in millions, except for %)					
City's Proportion of the Net Pension Liability	59.15%	96.65%	99.96%	59.58%	96.88%	99.95%
City's Proportionate Share of the Net Pension Liability	$10,554	$13,220	$73	$10,786	$14,253	$124

The City's proportion of the respective 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 NYCERS, TRS, and BERS 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 2023			Fiscal Year 2022		
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	$17,102	$10,554	$5,028	$17,165	$10,786	$5,399
TRS	22,163	13,220	5,715	22,925	14,253	6,968
BERS	802	73	(542)	837	124	(476)

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, 2023 and June 30, 2022 related to the NYCRS are as follows:

NYCRS	2023	2022
	(in millions)	
NYCERS	$2,097	$1,521
TRS (Excluding TDA)	2,897	1,771
BERS (Excluding TDA)	289	235
POLICE	2,089	1,267
FIRE	1,369	1,055
Total	$8,741	$5,849

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Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2023 and June 30, 2022 for each NYCRS are as follows:

Fiscal Year 2023

	NYCERS		TRS		BERS		POLICE	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)							
Differences between expected and actual experience	$1,187,441	$ 47,019	$158,421	$1,390,630	$42,106	$ 54,812	$ 923,188	$6,500
Changes of assumptions	17	214,542	—	496,574	—	49,268	53,369	2,717
Net difference between projected and actual earnings on pension plan investments	1,315,743	—	—	143,339	—	65,984	1,083,214	—
Changes in proportion and differences between City contributions and proportionate share of contributions (cost-sharing plans)	373,404	34,248	(99,644)	(6,233)	(98)	4	—	—
Total	$2,876,605	$295,809	$ 58,777	$2,024,310	$42,008	$170,068	$2,059,771	$9,217

Fiscal Year 2022

	NYCERS		TRS		BERS		POLICE	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)							
Differences between expected and actual experience	$ 935,551	$237,079	$ 162,806	$1,905,403	$ 74,342	$ 74,254	$ 717,479	$168,993
Changes of assumptions	1,775	345,051	—	640,316	—	102,511	81,166	70,654
Net difference between projected and actual earnings on pension plan investments	1,971,329	—	1,372,600	—	81,922	—	1,916,064	—
Changes in proportion and differences between City contributions and proportionate share of contributions (cost-sharing plans)	607,282	68,419	(64,200)	(360)	(166)	(12)	—	—
Total	$3,515,937	$650,549	$1,471,206	$2,545,359	$156,098	$176,753	$2,714,709	$239,647

	Fiscal Year 2023			
	FIRE		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)			
Differences between expected and actual experience	$ 427,263	$12,200	$2,738,419	$1,511,161
Changes of assumptions	99,305	—	152,691	763,101
Net difference between projected and actual earnings on pension plan investments	588,331	—	2,987,288	209,323
Changes in proportion and differences between City contributions and proportionate share of contributions (cost-sharing plans)	—	—	273,662	28,019
Total	$1,114,899	$12,200	$6,152,060	$2,511,604

	Fiscal Year 2022			
	FIRE		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)			
Differences between expected and actual experience	$ 236,348	$17,304	$2,126,526	$2,403,033
Changes of assumptions	224,828	—	307,769	1,158,532
Net difference between projected and actual earnings on pension plan investments	810,543	—	6,152,458	—
Changes in proportion and differences between City contributions and proportionate share of contributions (cost-sharing plans)	—	—	542,916	68,047
Total	$1,271,719	$17,304	$9,129,669	$3,629,612

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2023 will be recognized in pension expense as follows:

	NYCERS	TRS	BERS	POLICE	FIRE	TOTAL
			(in thousands)			
Year ending June 30,						
2024	$ 584,027	$(1,567,776)	$(146,345)	$ 356,093	$ 263,641	$ (510,360)
2025	198,747	(1,506,410)	(110,261)	52,627	119,883	(1,245,414)
2026	1,659,009	1,928,333	193,144	1,710,898	667,011	6,158,395
2027	73,629	(689,363)	(63,447)	(69,064)	40,337	(707,908)
2028	65,384	(115,586)	(1,151)	—	11,827	(39,526)
Thereafter	—	(14,731)	—	—	—	(14,731)
Total	$2,580,796	$(1,965,533)	$(128,060)	$2,050,554	$1,102,699	$ 3,640,456