The New York City Other Postemployment Benefits Plan

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

Financial Statements as of and for the Years Ended June 30, 2015 and 2014, Required Supplementary Information, and Independent Auditors' Report

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of plan net position of The New York City Other Postemployment Benefits Plan (the "Plan"), a fiduciary component unit of The City of New York, as of June 30, 2015 and 2014, and the related statements of changes in plan net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Plan net position as of June 30, 2015 and 2014, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Deloitte & Touche LLP

October 27, 2015

Introduction

This section of the New York City Other Postemployment Benefits Plan's (the "Plan") annual financial report presents management's discussion and analysis of the Plan's financial performance during the years ended June 30, 2015 and 2014. It should be read in conjunction with the Plan's financial statements and accompanying notes.

Background and Highlights

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

Overview of the Financial Statements

The Plan is a fiduciary component unit of The City. It is comprised of: (1) The New York City Retiree Health Benefits Trust ("NYC RHBT" or the "Trust") which is used to hold and disburse assets accumulated to pay for certain OPEB provided by The City to its eligible retired employees and other eligible beneficiaries and (2) OPEB paid for directly by The City out of its general resources rather than through the Trust ("Non-Trust OPEB"). The accompanying financial statements of the Plan are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB.

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

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

The following is a comparative statement of changes in net position held in trust for the fiscal years ended June 30, 2015, 2014 and 2013 ($ in thousands):

	2015	2014	2013	Changes 2015 v 2014	Changes 2014 v 2013
ADDITIONS					
Employer Contributions	$ 3,135,897	$ 3,114,329	$ 1,195,224	$ 21,568	$ 1,919,105
Investment Income	10,030	8,207	7,574	1,823	633
Total Additions	3,145,927	3,122,536	1,202,798	23,391	1,919,738
DEDUCTIONS					
Benefit Payments	2,127,022	2,107,092	1,955,166	19,930	151,926
Administrative Expenses	524	373	406	151	(33)
Total Deductions	2,127,546	2,107,465	1,955,572	20,081	151,893
CHANGE IN NET POSITION	**1,018,381**	**1,015,071**	**(752,774)**	**3,310**	**1,767,845**
NET POSITION HELD IN TRUST					
Beginning of Year	**2,378,143**	**1,363,072**	**2,115,846**	**1,015,071**	**(752,774)**
End of Year	**$ 3,396,524**	**$ 2,378,143**	**$ 1,363,072**	**$ 1,018,381**	**$ 1,015,071**

Additions

The following is detail information about the components which comprise the employer contributions to the Plan during the fiscal years ended June 30, 2015, 2014 and 2013 ($ in millions):

($ millions)	2015	2014	2013	Changes 2015 v 2014	Changes 2014 v 2013
Trust Pay-Go	$ 1,988	$ 2,015	$ 2,022	$ (27)	$ (7)
Deposit to Trust	955	864	-	91	864
Other Receipts	0	12	-	(12)	12
Asset Drawdown	-	-	(1,000)	-	1,000
Contributions to Trust	2,943	2,891	1,022	52	1,869
Non-Trust OPEB	192	223	174	(31)	49
Total Employer Contributions	$ 3,135	$ 3,114	$ 1,196	$ 21	$ 1,918

In fiscal 2015, The City's contributions to the Trust increased by $21 million from the fiscal 2014 level, as a result of a discretionary deposit into the Trust of $955 million and the fact that no drawdowns of available Trust assets occurred to cover a portion of the current year Trust Pay-Go ("Drawdown"). The Non-Trust OPEB decreased in fiscal year 2015 due primarily to a decrease in the Implicit Rate Subsidy and a decrease in the HIP Mental Health Subsidy for the year.

In fiscal 2014, The City's contributions to the Trust increased by $1.9 billion from the fiscal 2013 level, as a result of a discretionary deposit into the Trust of $864 million and the fact that no drawdowns of available Trust assets occurred to cover a portion of the current year Trust Pay-Go ("Drawdown") versus the drawdown of $1 billion in fiscal year 2013.

The Non-Trust OPEB increased in fiscal year 2014 due primarily to an increase in the Implicit Rate Subsidy under the assumption that no margin is reflected in the GHI and EBCBS premiums valued.

Investment Income

As in FY 2014, FY 2015 had an increase in investment income due to an increase in cash and investment holdings over the prior year.

Deductions

Benefit payments increased by $19.9 million in fiscal year 2015 as a result of an increase in health insurance and welfare fund rates. Benefit payments increased by $151.9 million in fiscal year 2014 which was a result of a settlement in FY 2014 health benefit rates that occurred toward the end of the year as well as the increase in Non-Trust benefit payments.

Net position held in trust

In fiscal 2015 and 2014, total net position increased each year by $1 billion, as a result of the changes in additions and deductions discussed above.

Overview of Actuarial Information

The following is a summary of information from the June 30, 2014, 2013, and 2012 OPEB actuarial valuations for the Plan ($ in millions):

				Changes	
	2014	2013	2012	2014 v 2013	2013 v 2012
Actuarial value of assets	$ 2,378	$ 1,363	$ 2,115	$ 1,015	$ (752)
Actuarial accrued liability	(70,363)	(71,319)	(71,399)	956	80
Unfunded actuarial accrued liability	$ (67,985)	$ (69,956)	$ (69,284)	$ 1,971	$ (672)

Actuarial Value of Assets

The actuarial value of assets (which is equal to the Plan's net position) as of June 30, 2014, the date of the most recent OPEB actuarial valuation, was $2.4 billion, an increase of $1.0 billion from the prior valuation as of June 30, 2013 of $1.4 billion. This reflects the Plan activity for fiscal 2014 discussed above. The actuarial value of assets as of June 30, 2013 decreased $752 million from the prior valuation as of June 30, 2012 of $2.1 billion. This reflects the Plan activity for fiscal 2013.

Actuarial Accrued Liability

The following is a summary of the changes in the actuarial accrued liability ("AAL") as of June 30, 2014 and 2013 ($ millions):

	2014	2013
Beginning AAL	$ (71,319)	$ (71,399)
Normal Cost	(3,633)	(3,772)
Interest on unfunded AAL and normal cost	(2,943)	(2,921)
Benefits paid	2,107	1,955
Interest income	(10)	(8)
New Bases	5,434	4,826
Ending AAL	$ (70,363)	$ (71,319)

June 2014 Valuation

The AAL as of June 30, 2014 of $70.3 billion was determined under the Entry Age ("EA") Actuarial Cost Method ("ACM"). It is a decrease of $956 million from the June 30, 2013 valuation. This change in the AAL reflects: (1) the OPEB EA Normal Cost of $3.6 billion, (2) interest on unfunded OPEB liabilities of $2.9 billion, (3) retiree benefits paid by the Plan of ($2.1 billion), (4) interest income of the Plan of $10 million, and (5) other changes ("New Bases") including those that increase ("Charges") and decrease ("Credits") the AAL, with a net impact of $5.4 billion.

The $5.4 billion New Bases decrease in the AAL in the June 30, 2014 OPEB actuarial valuation resulted from experience gains and the impact of changes in certain OPEB-specific actuarial assumptions.

June 2013 Valuation

The AAL as of June 30, 2013 of $71.3 billion was determined under the Entry Age ("EA") Actuarial Cost Method ("ACM").

This change in the AAL reflects: (1) the OPEB EA Normal Cost of $3.8 billion, (2) interest on unfunded OPEB liabilities of $2.9 billion, (3) retiree benefits paid by the Plan of ($2.0 billion), (4) interest income of the Plan of $8 million, and (5) other changes ("New Bases") including those that increase ("Charges") and decrease ("Credits") the AAL, with a net impact of $4.8 billion.

The $4.8 billion New Bases decrease in the AAL in the June 30, 2013 OPEB actuarial valuation resulted from experience gains and the impact of 15-year vesting for certain UFT members.

Unfunded AAL

The decrease in AAL was not fully offset by The City's contributions to the Plan and other changes in Plan net position, resulting in an decrease in the Unfunded AAL of $2.0 billion in the June 30, 2014 actuarial valuation and an increase of $673 million in the June 30, 2013 OPEB actuarial valuation. The City determines the amount of its annual employer contributions on the annual Pay-Go, adjusted by Prepayments and Trust Asset Usages, discussed above, which are determined through its normal budgetary process.

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

STATEMENTS OF PLAN NET POSITION
AS OF JUNE 30, 2015 AND 2014
(In thousands)

	2015	2014
ASSETS:		
Cash and cash equivalents	$ 897,653	$ 1,125,586
Receivables	205	272
Investments—at fair value	3,130,228	1,811,563
Accrued interest receivable	2,749	328
Prepaid expenses	222	43
Total assets	4,031,057	2,937,792
LIABILITIES:		
Benefits payable and accrued expenses	524,822	559,649
Payables for investment securities purchased	109,711	-
Total liabilities	634,533	559,649
NET POSITION HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS	$ 3,396,524	$ 2,378,143

See notes to financial statements.

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

STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(In thousands)

	2015	2014
ADDITIONS:		
Employer contributions	$ 3,135,897	$ 3,114,329
Investment income	10,030	8,207
Total additions	3,145,927	3,122,536
DEDUCTIONS:		
Benefit payments	2,127,022	2,107,092
Administrative expenses	524	373
Total deductions	2,127,546	2,107,465
CHANGE IN NET POSITION	1,018,381	1,015,071
NET POSITION HELD BY PLAN FOR OTHER POSTEMPLOYMENT BENEFITS:		
Beginning of year	2,378,143	1,363,072
End of year	$ 3,396,524	$ 2,378,143

See notes to financial statements.

1. BACKGROUND AND ORGANIZATION

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

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

2. PLAN DESCRIPTION, ELIGIBILITY AND MEMBERSHIP INFORMATION

The Plan provides for the following postemployment benefits:

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

Health Insurance Program (Program)

- The City provides an option for basic individual or family medical and hospitalization insurance coverage at no cost to the participants.[1]
- Basic or enhanced coverage under other health insurance options may require participant contributions, if and to the extent that premiums are above those of the no-cost option.
- The City will not provide both subscriber and spouse or dependent coverage for the same individual, thus retirees who are spouses or dependents of other New York City active or retired workers must waive coverage.

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

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

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

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

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

- Have at least 10 years of credited service as a member of one of the five major New York City Retirement Systems ("NYCRS")[2] or at least 5 years of credited service if he or she became an employee on or before December 27, 2001 or 15 years of service if a member of TRS or BERS represented by United Federation of Teachers and employed after April 27, 2010 (if retirement is due to accidental disability, the service requirement for retirement does not apply)[3]; and,

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

Surviving Spouse and Other Dependents

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

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

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

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[2] The five NYCRS are:
New York City Employees' Retirement System ("NYCERS")
New York City Teachers' Retirement System ("TRS")
New York City Board of Education Retirement System ("BERS")
New York City Police Pension Fund ("POLICE")
New York Fire Department Pension Fund ("FIRE")

[3] Certain employees of the City University of New York who receive pension payments from TIAA-CREF are also eligible based on credited service requirements which differ slightly from those applicable to the NYCRS members.

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

(iii) Effective August 31, 2010, surviving spouses of retired uniformed members of the Departments of Correction and Sanitation may elect to continue coverage for life by paying 102% of the stated premium.

Plan Membership—As permitted under GASB 43, the Plan has elected to use June 30, 2014, as the date of the OPEB actuarial valuation. The Plan's combined membership consisted of the following at June 30, 2014 and 2013, the dates of the last two OPEB actuarial valuations:

	June 30, 2014	June 30, 2013
Actives	277,682	280,354
Inactives	22,830	20,886
Deferreds	14,674	14,296
Retirees	221,789	216,471
Total number of participating employees	536,975	532,007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

4. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents balances as of June 30, 2015 and 2014, represent securities in the Plan's portfolio, held in the Trust, that mature within three months. The Plan held a cash deposit of $30 million as of June 30, 2015 and held no cash deposits as of June 30, 2014.

5. INVESTMENTS

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

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

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

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

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

5. INVESTMENTS (CONTINUED)

Investments at June 30, 2015 and 2014, consist of the following (dollars in thousands):

	2015	2014
Commercial paper	$ 1,433,642	$ 2,358,367
FHLB	191,875	59,910
T-Bills	349,106	-
T-Notes	1,628,469	274,867
FAM	49,829	-
FNMA	9,942	20,013
FHLMC	179,576	146,894
FFCB	22,620	11,630
Corporate bonds and notes	65,055	29,613
Other	67,763	35,855
Total investments held	3,997,877	2,937,149
Less cash equivalent securities with maturities of 90 days or less	(867,649)	(1,125,586)
Total investments	$ 3,130,228	$ 1,811,563

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

Credit Risk—It is the Trust's policy to limit its investments in debt securities to those rated in the highest rating category by at least two nationally recognized bond rating agencies. As of June 30, 2015, the Trust's investments in Federal National Mortgage Association (FNMA or Fannie Mae), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB), and Federal Home Loan Bank (FHLB) were rated AAA by Moody's Investors Service and AA+ by Standard & Poor's. Investments in Commercial Paper were rated in the highest short-term category by at least two major rating agencies. Money market accounts and mutual funds are not rated.

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

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

5. INVESTMENTS (CONTINUED)

Concentration of Credit Risk—The Trust places no limit on the amount the Trust may invest in any one issuer, except for limits on Commercial Paper and Investment Agreements of a single issue. At June 30, 2015, concentrations of 5% or more of the Trust's total investments of $4,027,881 were invested in the following:

Issuer	Percentage of Total Investments
US T-NOTES	40 %
US T-Bills	9

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

The Plan 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 the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan has the following recurring fair value measurements as of June 30, 2015 and June 30, 2014:

- Commercial paper of $1.4 billion and $2.6 billion respectively, are valued using a matrix pricing model (Level 2 inputs).
- U.S. Treasury securities of $2.0 billion and $274.9 million respectively, are valued using a matrix pricing model (Level 2 inputs).
- U.S. Agencies securities of $453.8 million and $238.4 million respectively, are valued using a multi-dimensional relational model (Level 2 inputs).
- Corporate bonds and notes of $65.1 million and $29.6 million respectively, are valued using a multi-dimensional relational model (Level 2 inputs).
- Asset-backed securities of $10.0 million in 2015 are valued using a multi-dimensional single cash flow stream model or option-adjusted spread model, depending upon the characteristics of a given tranche (Level 2 inputs).
- Money Market Funds of $57.8 million and $35.9 million respectively, are valued based on various market and industry inputs (Level 2 inputs).

6. FUNDED STATUS AND FUNDING PROGRESS—OPEB PLAN

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)—Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/ c]
June 30, 2014	$ 2,378,144	$ 70,363,332	$ 67,985,188	3.4 %	$ 20,652,310	329.2 %

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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

The Actuarial Accrued Liability (“AAL”) as of June 30, 2014 of $70.4 billion was determined under the EA Actuarial Cost Method (“ACM”). The AAL as of June 30, 2013 of $71.3 billion was determined under the EA ACM.

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

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

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry Age Actuarial Cost Method
Discount rate	4.0% per annum
Per-capita claims costs	Age/gender adjusted from assumed average age of covered population

	Monthly Basic Rate	
Health Insurance Program	**FY 2015**	**FY 2014**
HIP HMO:		
Non-Medicare Single	$ 586.10	$ 579.04
Non-Medicare Family	1,435.95	1,418.66
Medicare	157.55	149.42
GHI/EBCBS:		
Non-Medicare Single	507.79	459.63
Non-Medicare Family	1,319.83	1,194.24
Medicare	160.86	159.69
Others:		
Non-Medicare Single	586.10	579.04
Non-Medicare Family	1,435.95	1,418.66
Medicare	160.86	159.69

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

Welfare Funds— For the June 30, 2014 OPEB actuarial valuation, the Welfare Fund Contribution reported for fiscal year 2015 was used. The amount includes $25 negotiated increases for fiscal years 2015, 2016, 2017, and 2018. Weighted average contribution rates for future retirees shown below. Contribution assumed to increase by Medicare Plans trend rates. For the June 30, 2014 OPEB actuarial valuation, the assumed increases were replaced by the negotiated $35 increase for the next three fiscal years.

	Annual Rate	
Welfare Funds	**FYE 2015**	**FYE 2014**
NYCERS	$ 1,693	$ 1,700
TRS	1,746	1,754
BERS	1,677	1,683
POLICE	1,614	1,620
FIRE	1,707	1,712

Medicare Part B Premiums

Calendar Year	**Monthly Premium**	
2013	$ 104.90	
2014	104.90	
2015	104.90	*

* Reflected only in the June 30, 2014 OPEB actuarial valuation

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

2015 Medicare Part B premium assumed to increase by Medicare Part B trend rates and by the following percentages to reflect income-related increases in Medicare Part B premiums for high income individuals.

Fiscal Years	June 30, 2014 Valuation	June 30, 2013 Valuation
2014	N/A	3.7
2015	3.8	3.8
2016	3.9	3.9
2017	4.0	4.0
2018	4.5	4.1
2019	5.0	4.2
2020	5.2	4.3
2021 and later	***	**

*** Increasing by 0.1% per year to a maximum of 6.0%

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

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

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

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

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

Age and gender related morbidity	The premiums are age adjusted for HIP HMO, and GHI/EBCBS Plans. Beginning with the June 30, 2012 OPEB actuarial valuation, the premiums are also adjusted for gender.
Participation	Active participation assumptions are based on current retiree elections. Actual elections for current retirees.
Dependents	Dependent coverage is assumed to terminate when a retiree dies, with certain exceptions. Dependent assumptions are based on the distribution of coverage of recent retirees Actual spouse data is used for current retirees. Child dependents of current retirees assumed to receive coverage until age 26. Children are assumed to be covered for 8 years after retirement. For employees eligible to retire based only on service, children are assumed an additional 5 years of coverage.
Demographic assumptions	The same assumptions that were used in valuing the pension benefits of the NYCRS for determining employer contributions for fiscal years beginning 2012

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

7. RELATED PARTY MATTERS

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
AS OF JUNE 30, 2014 AND 2013
(In thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/ c]
June 30, 2014 *	$ 2,378,144	$ 70,363,332	$ 67,985,188	3.4 %	$ 20,652,310	329.2 %
June 30, 2013 *	1,363,073	71,319,106	69,956,033	1.9	20,193,924	346.4
June 30, 2012 *	2,115,846	71,399,273	69,283,427	3.0	20,202,359	342.9
June 30, 2011**	2,631,584	85,945,756	83,314,172	3.1	19,854,039	419.6

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

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(In thousands)

Fiscal Years Ended	Annual Required Contribution	Percentage Contributed
June 30, 2015	$ 88,594,072	3.5%
June 30, 2014	92,571,050	3.4
June 30, 2013	93,688,624	1.3
June 30, 2012	89,586,423	1.6