

NYCTL 2011-A TRUST

Financial Statements

Year Ended June 30, 2013
and for the Period from July 15, 2011
(Inception) to June 30, 2012

(With Independent Auditors' Report)

NYCTL 2011-A TRUST

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 8
Government-Wide Financial Statements:	
Statements of Net Position	9
Statements of Activities	10
Governmental Fund Financial Statements:	
Governmental Fund Balance Sheets	11 - 12
Reconciliation of the Governmental Fund Balance Sheet of the Statement of Net Position	13
Governmental Fund Statements of Revenues, Expenditures and Changes in Fund Balances	14 - 15
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	16
Notes to Financial Statements	17 - 22
Supplemental Schedule:	
Schedule 1 - Changes in Residual Liability Due to Water Board	23
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	24 - 25

* * * * *

INDEPENDENT AUDITORS' REPORT

Wilmington Trust Company
NYCTL 2011-A Trust:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the NYCTL 2011-A Trust (the Trust), a blended component unit of the City of New York, as of June 30, 2013 and 2012 and for the year ended June 30, 2013 and the period from July 15, 2011 (inception) to June 30, 2012, and the related notes to the financial statements which collectively comprise the Trust's basic financial statements as listed in the table of contents.

Managements Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust'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 Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, as of June 30, 2013 and 2012, and the changes in its financial position for the year ended June 30, 2013 and the period from July 15, 2011 (inception) to June 30, 2012 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in note 2 to the financial statements, the Trust adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities," during 2013. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trust's financial statements as a whole. The supplemental schedule on page 23 is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2013, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Trust's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
September 30, 2013

**NYCTL 2011-A TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012**

OVERVIEW OF THE FINANCIAL STATEMENTS

The following is a narrative overview and analysis of the financial activities of NYCTL 2011-A Trust (the "Trust") for the year ended June 30, 2013 and the period from July 15, 2011 (inception) to June 30, 2012. It should be read in conjunction with the Trust's government-wide financial statements, governmental funds financial statements and the notes to the financial statements.

The financial statements consist of three parts: (1) management's discussion and analysis (this section), (2) the government-wide financial statements, and (3) the governmental funds financial statements.

The government-wide financial statements of the Trust, which include the statement of net position and the statement of activities, are presented to display information about the reporting entity as a whole, in accordance with Governmental Accounting Standards Board ("GASB") standards. This is to provide the reader with a broad overview of the Trust's finances. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Trust's governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenues are considered available if receivable within twelve months after the fiscal year-end. Expenditures are recognized when the related liability is incurred, except for the principal and interest on the bonds payable, which are recognized when due, and the residual liability due to the New York City Water Board (the "Water Board"), which is recognized when distributions are made to the Water Board.

The reconciliation of the governmental funds balance sheet to the statement of net position and the reconciliation of the governmental funds statement of revenues, expenditures and changes in fund balances to the statement of activities are presented to assist the reader in understanding the differences between government-wide and governmental funds financial statements.

OVERVIEW OF THE ORGANIZATION

The Trust was created on July 15, 2011 (inception) to acquire certain liens securing unpaid real estate taxes, water rents, sewer surcharges, and other charges, payable to The City of New York (the "City") and the Water Board, in exchange for the proceeds from bonds issued by the Trust, net of reserves funded by bond proceeds and bond issuance costs. The City is the sole beneficiary of the Trust and is entitled to receive distributions from the Trust after payments to bondholders and certain reserve requirements have been satisfied. The City is not entitled to cause the Trust to make distributions to it while bonds remain outstanding.

**NYCTL 2011-A TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012**

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS - GOVERNMENT-WIDE FINANCIAL STATEMENTS

Implementation of New Accounting Standards:

The Trust implemented GASB Statements No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position* and No. 65 *Items Previously Reported As Assets and Liabilities* during the fiscal year ended June 30, 2013. The implementation of these two GASB Statements resulted in the government-wide financial statements reporting of net position instead of net assets, including the renaming of the Statement of Net Assets to the Statement of Net Position, for both fiscal years ended June 30, 2013 and 2012. In addition, bond issuance costs in the amount of \$2,310,609, which would have been reported in the government-wide financial statements as an asset and amortized over the life of the related debt under prior standards, were incurred in the fiscal year ended June 30, 2012 and were reported as an expense in the Statement of Activities. Unearned revenue of \$44,868,324 as of June 30, 2012 was reclassified from liabilities to deferred inflows of resources.

A summary of the Trust's assets, liabilities and net position and its activities for the year ended June 30, 2013 and for the period from July 15, 2011 (inception) to June 30, 2012 is as follows:

Summary of Net Position:	<u>2013</u>	<u>2012</u>
ASSETS:		
Cash and cash equivalents	\$ 225,558	\$ 374,058
Restricted investments	3,328,756	9,444,767
Tax liens receivable - net of allowance	<u>54,453,336</u>	<u>76,656,129</u>
TOTAL ASSETS	<u>58,007,650</u>	<u>86,474,954</u>
LIABILITIES:		
Accounts payable and accrued expenses	773,051	1,148,447
Overages due to taxpayers	222,235	20,267
Bonds payable, net of discount	-	36,083,861
Residual liability due to Water Board	<u>8,680,097</u>	<u>7,494,077</u>
TOTAL LIABILITIES	<u>9,675,383</u>	<u>44,746,652</u>
TOTAL NET POSITION	\$ <u>48,332,267</u>	\$ <u>41,728,302</u>
Summary of Activities:		
REVENUES:		
Tax liens received from The City of New York	\$ -	\$ 112,498,275
Interest on tax liens	8,408,496	11,395,455
Other revenue	<u>1,054</u>	<u>1,143</u>
TOTAL REVENUES	<u>8,409,550</u>	<u>123,894,873</u>
EXPENSES:		
Distributions to the City	-	52,413,286
Administrative expenses	1,526,964	1,597,829
Increase (decrease) in allowance for doubtful accounts	(1,318,392)	8,166,336
Write-offs of uncollectible liens, net of recoveries	43,960	27,274
Bond interest expense	367,033	744,144
Costs of bond issuance	-	2,310,609
Addition to liability due to Water Board	<u>1,186,020</u>	<u>16,907,093</u>
TOTAL EXPENSES	<u>1,805,585</u>	<u>82,166,571</u>
CHANGE IN NET POSITION	\$ <u>6,603,965</u>	\$ <u>41,728,302</u>

**NYCTL 2011-A TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012**

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS - GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

During fiscal year 2013, the Trust's total assets decreased by \$28,467,304 resulting primarily from a decrease in net tax liens receivable of \$22,202,793 and a decrease in restricted investments of \$6,116,011. The decrease in tax liens receivable resulted primarily from receipts in satisfaction of liens and costs of \$32,459,728 and writeoffs of uncollectible liens of \$43,960 offset by accrued interest of \$8,408,496, decrease in allowance for doubtful accounts of \$1,318,392 and accrued legal expenses of \$574,007. The \$35,071,269 decrease in the Trust's liabilities resulted primarily from repayments of bond principal of \$36,083,861 offset by an increase in the residual liability due to the Water Board of \$1,186,020.

During the period from July 15, 2011 (inception) to June 30, 2012, the Trust's total assets increased by \$86,474,954 resulting primarily from an increase in net tax liens receivable of \$76,656,129 and the Trust's commencement of operations during the period. The increase in tax liens receivable resulted primarily from tax liens received from The City of New York (the "City") of \$112,498,275 and accrued interest of \$11,395,455, offset by recording an allowance for doubtful accounts of \$8,166,336, receipts in satisfaction of liens and costs of \$39,043,991 and write-offs of uncollectible liens of \$27,274. The \$44,746,652 increase in the Trust's liabilities resulted primarily from the issuance of bonds in the amount of \$69,748,000, an increase in accounts payable and accrued expenses of \$1,168,714, and an increase in the residual liability due to the Water Board of \$7,494,077 offset by repayments of bond principal of \$33,662,198 and bond discount unamortized of \$1,941.

During fiscal year 2013, the Trust's total revenues were \$8,409,550. Revenues were due to the recording of interest on tax liens receivable of \$8,408,496 and investment income of \$1,054. Total expenses of \$1,805,585 resulted primarily from administrative expense of \$1,526,964, write-offs of uncollectible liens of \$43,960, bond interest expense of \$367,033 and an increase in the residual liability due to the Water Board of \$1,186,020 offset by a decrease in the allowance for doubtful accounts of \$1,318,392.

During the period from July 15, 2011 (inception) to June 30, 2012, total revenues were \$123,894,873 and consisted of tax liens received from the City of \$112,498,275, interest on tax liens of \$11,395,455 and investment income of \$1,143. Total expenses of \$82,166,571 resulted primarily from the recording of distributions to the City of \$52,413,286, administrative expense of \$1,597,829, an allowance for doubtful accounts of \$8,166,336, write-offs of uncollectible of \$27,274, bond interest expense of \$744,144, amortization of bond issuance costs of \$2,310,609 and increase in the residual liability due to the Water Board of \$16,907,093.

Long-Term Debt Activity:

The Trust issued debt to fund its purchase of certain tax liens from the City, as well as to fund required reserve accounts and pay costs of issuance. Debt repayments will be made solely from cash collections received as a result of payments of tax liens or from proceeds from real estate owned as a result of foreclosure on properties with unpaid tax liens. While the bonds issued have a stated maturity date of December 10, 2024, the bonds will be repaid as funds are available from cash collections, generally quarterly. However, the final payment of the bonds has occurred during the fiscal year ended June 30, 2013.

**NYCTL 2011-A TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012**

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS - GOVERNMENTAL FUND FINANCIAL STATEMENTS

The Trust reports governmental activity using two funds: a general fund ("GF") and a debt service fund ("DSF").

The following summarizes the changes in the general fund ("GF") balances for the year ended June 30, 2013 and the period from July 15, 2011 (inception) through June 30, 2012:

	<u>2013</u>	<u>2012</u>
REVENUES:		
Tax liens received from The City of New York	\$ -	\$ 112,498,275
Interest of tax liens	<u>8,408,496</u>	<u>11,395,455</u>
TOTAL REVENUES	<u>8,408,496</u>	<u>123,893,730</u>
EXPENDITURES:		
Distributions to the City of New York and the Water Board	-	61,826,302
Increase in allowance for doubtful accounts	(1,318,392)	8,166,336
Write-offs of uncollectible liens, net of recoveries	43,960	27,274
Increase in unearned revenues	(5,923,694)	44,868,324
Trust administrative expenses	<u>1,526,964</u>	<u>1,597,829</u>
TOTAL EXPENDITURES	<u>(5,671,162)</u>	<u>116,486,065</u>
OTHER FINANCING SOURCES:		
Transfers to debt service fund	(27,072,918)	(46,090,946)
Principal amount of bonds issued	-	69,748,000
Bond discount	<u>-</u>	<u>(3,725)</u>
TOTAL OTHER FINANCING SOURCES	<u>(27,072,918)</u>	<u>23,653,329</u>
Net change in fund balance	(12,993,260)	31,060,994
Fund balance, beginning of year	<u>31,060,994</u>	<u>-</u>
Fund balance, end of year	\$ <u>18,067,734</u>	\$ <u>31,060,994</u>

**NYCTL 2011-A TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012**

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS - GOVERNMENTAL FUND FINANCIAL STATEMENTS (Continued)

Program revenue recorded in the GF in fiscal year 2013 was \$8,408,496 and consisted of interest on tax liens receivable. Total expenditures (revenues) from the GF of \$(5,671,162) resulted primarily from the decrease in allowance for doubtful accounts of \$1,318,392 and a decrease in unearned revenues of \$5,923,694 offset by write-offs of uncollectible liens of \$43,960 and administrative expenses of \$1,526,964. Other financing uses reflect transfers to the DSF for debt service payments made in the fiscal year.

Program revenue recorded in the GF for the period from July 15, 2011 (inception) to June 30, 2012 was \$123,893,730 and consisted of tax liens received from the City of New York of \$112,498,275 and interest on tax liens of \$11,395,455. Total expenditures from the GF of \$116,486,065 resulted primarily from distributions to the City and the Water Board of \$61,826,302, an increase in unearned revenue of \$44,868,324, the increase in allowance for doubtful accounts and write-offs of uncollectible liens of \$8,193,610 and administrative expenses of \$1,597,829. Other financing sources consist of the proceeds from the issuance of the bonds of \$69,748,000 less the bond discount of \$3,725. Other financing uses reflect transfers to the debt service fund ("DSF") for debt service payments made in the fiscal year.

The following summarizes the GF assets, liabilities and fund balances as of June 30, 2013 and 2012:

	2013	2012
ASSETS:		
Cash and cash equivalents	\$ 225,558	\$ 374,058
Restricted investments	3,328,756	-
Tax liens receivable, net of allowance	<u>54,453,336</u>	<u>76,656,129</u>
TOTAL ASSETS	<u>\$ 58,007,650</u>	<u>\$ 77,030,187</u>
LIABILITIES:		
Accounts payable and accrued liabilities	773,051	1,080,602
Overages due to taxpayers	<u>222,235</u>	<u>20,267</u>
TOTAL LIABILITIES	<u>995,286</u>	<u>1,100,869</u>
DEFERRED INFLOWS OF RESOURCES:		
Unearned revenues	<u>38,944,630</u>	<u>44,868,324</u>
FUND BALANCE:		
Unassigned	<u>18,067,734</u>	<u>31,060,994</u>
TOTAL FUND BALANCE	<u>\$ 18,067,734</u>	<u>\$ 31,060,994</u>

During fiscal year 2013, the GF's total assets decreased by \$19,022,537 primarily reflecting a decrease in net tax liens receivable of \$22,202,793 offset by an increase in restricted investments of \$3,328,756. The decrease in tax liens receivable resulted primarily from cash collections of the tax liens net of costs and expenses reimbursed of \$32,459,728, write-offs of \$43,960 offset by a decrease in allowance for doubtful accounts of \$1,318,392, accrued interest of \$8,408,496 and accrued legal expenses of \$574,007. The decrease of \$6,029,277 in the GF's liabilities and deferred inflows of resources resulted primarily from a decrease in unearned revenues of \$5,923,694.

**NYCTL 2011-A TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012**

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS - GOVERNMENTAL FUND FINANCIAL STATEMENTS (Continued)

During the period from July 15, 2011 (inception) to June 30, 2012, the GF's total assets increased by \$77,030,187 resulting primarily from an increase in net tax liens receivable of \$76,656,129 reflecting the Trust's commencement of operations during the period. The increase in tax liens receivable resulted primarily from tax liens received from the City of \$112,498,275 and accrued interest of \$11,395,455 offset by recording an allowance for doubtful accounts of \$8,166,336, receipts in satisfaction of liens and costs of \$39,043,991 and write-offs of uncollectible liens of \$27,274. The \$45,969,193 increase in the GF's total liabilities and deferred inflows of resources consists of unearned revenues of \$44,868,324 and represents the portion of the tax liens receivable that is not currently available since it is not expected to be collected within twelve months after year-end and an increase in accounts payable and overages due to taxpayers of \$1,100,869.

The following summarizes the changes in the DSF balances for the year ended June 30, 2013 and the period from July 15, 2011 (inception) through June 30, 2012:

	2013	2012
REVENUES:		
Other revenue - investment income	\$ <u>1,054</u>	\$ <u>1,143</u>
TOTAL REVENUES	<u>1,054</u>	<u>1,143</u>
EXPENDITURES:		
Principal amount of bonds retired	36,085,802	33,662,198
Bond interest expenditure	432,937	674,515
Cost of bonds issuance	<u>-</u>	<u>2,310,609</u>
TOTAL EXPENDITURES	<u>36,518,739</u>	<u>36,647,322</u>
OTHER FINANCING SOURCES:		
Transfers from general fund	<u>27,072,918</u>	<u>46,090,946</u>
Net change in fund balance	(9,444,767)	9,444,767
Fund balance, beginning of year	<u>9,444,767</u>	<u>-</u>
Fund balance, end of year	\$ <u>-</u>	\$ <u>9,444,767</u>

During fiscal year 2013, total DSF revenues consisted of the earnings on the restricted investments of \$1,054. Total expenditures from the DSF of \$36,518,739 consisted of the repayments of bond principal of \$36,085,802, bond interest expense of \$432,937. Other financing sources reflect transfers from the GF for debt service payments made in the fiscal year.

During the period from July 15, 2011 (inception) to June 30, 2012, total DSF revenues consisted of the earnings on the restricted investments of \$1,143. Total expenditures from the DSF of \$36,647,322 consisted of the repayments of bond principal of \$33,662,198, bond interest expense of \$674,515 and the costs of bond issuance of \$2,310,609. Other financing sources reflect transfers from the GF for debt service payments made in the fiscal year.

There were no DSF assets, liabilities or fund balances as of June 30, 2013. As of June 30, 2012, the assets in the DSF consisted of restricted investments of \$9,444,767. The DSF fund balances of \$9,444,767 as of June 30, 2012 were restricted for debt service. There were no DSF liabilities as of June 30, 2012.

**NYCTL 2011-A TRUST
STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS:		
Cash and cash equivalents	\$ 225,558	\$ 374,058
Restricted investments	3,328,756	9,444,767
Tax liens receivable:		
Principal	48,833,686	75,639,938
Accrued interest	10,550,730	7,997,185
Accrued capitalized costs	1,916,864	1,185,342
Less allowance for doubtful accounts	<u>(6,847,944)</u>	<u>(8,166,336)</u>
Net tax liens receivable	<u>54,453,336</u>	<u>76,656,129</u>
TOTAL ASSETS	<u>58,007,650</u>	<u>86,474,954</u>
 LIABILITIES:		
Accounts payable and accrued liabilities	773,051	1,080,602
Accrued bond interest payable	-	67,845
Overages due to taxpayers	222,235	20,267
Bonds payable:		
Class A	-	36,085,802
Discount on bonds payable	<u>-</u>	<u>(1,941)</u>
Bonds payable, net of discount	<u>-</u>	<u>36,083,861</u>
Residual liability due to Water Board	<u>8,680,097</u>	<u>7,494,077</u>
TOTAL LIABILITIES	<u>9,675,383</u>	<u>44,746,652</u>
 NET POSITION:		
Restricted by contractual agreement	3,328,756	9,444,767
Unrestricted	<u>45,003,511</u>	<u>32,283,535</u>
TOTAL NET POSITION	<u>\$ 48,332,267</u>	<u>\$ 41,728,302</u>

See accompanying notes to financial statements.

NYCTL 2011-A TRUST
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013 AND
FOR THE PERIOD FROM JULY 15, 2011 (INCEPTION) TO JUNE 30, 2012

	<u>2013</u>	<u>2012</u>
REVENUES:		
Tax liens received from The City of New York	\$ -	\$ 112,498,275
Interest on tax liens	8,408,496	11,395,455
Other income - investment income	<u>1,054</u>	<u>1,143</u>
TOTAL REVENUES	<u>8,409,550</u>	<u>123,894,873</u>
EXPENSES:		
Distributions to The City of New York	-	52,413,286
Increase in allowance for doubtful accounts	(1,318,392)	8,166,336
Addition to residual liability due to Water Board	1,186,020	16,907,093
Write-offs of uncollectible liens, net of recoveries	43,960	27,274
Trust administrative expenses:		
Services fees	1,049,485	1,295,914
Trustee fees	102,350	52,500
Financial advisor/management fees	215,000	133,778
Lien and other expenses	<u>160,129</u>	<u>115,637</u>
Total administrative expenses	<u>1,526,964</u>	<u>1,597,829</u>
Bond interest expense	367,033	744,144
Costs of bond issuance	<u>-</u>	<u>2,310,609</u>
Total expenses	<u>1,805,585</u>	<u>82,166,571</u>
Change in net position	6,603,965	41,728,302
NET POSITION - beginning of period	<u>41,728,302</u>	<u>-</u>
NET POSITION - end of year	<u>\$ 48,332,267</u>	<u>\$ 41,728,302</u>

See accompanying notes to financial statements.

**NYCTL 2011-A TRUST
GOVERNMENTAL FUND BALANCE SHEETS
JUNE 30, 2013**

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ 225,558	\$ -	\$ 225,558
Restricted investments	3,328,756	-	3,328,756
Tax liens receivable:		-	-
Principal	48,833,686	-	48,833,686
Accrued interest	10,550,730	-	10,550,730
Accrued capitalized costs	1,916,864	-	1,916,864
Less allowance for uncollectible accounts	(6,847,944)	-	(6,847,944)
Net tax liens receivable	54,453,336	-	54,453,336
TOTAL ASSETS	58,007,650	-	58,007,650
 LIABILITIES:			
Accounts payable and accrued liabilities	773,051	-	773,051
Overages due to taxpayers	222,235	-	222,235
TOTAL LIABILITIES	995,286	-	995,286
 DEFERRED INFLOWS OF RESOURCES:			
Unearned revenues	38,944,630	-	38,944,630
 FUND BALANCES:			
Restricted	-	-	-
Unassigned	18,067,734	-	18,067,734
TOTAL FUND BALANCES	18,067,734	-	18,067,734
TOTAL LIABILITIES AND FUND BALANCES	\$ 58,007,650	\$ -	\$ 58,007,650

See accompanying notes to financial statements.

**NYCTL 2011-A TRUST
GOVERNMENTAL FUND BALANCE SHEETS
JUNE 30, 2012**

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ 374,058	\$ -	\$ 374,058
Restricted investments	-	9,444,767	9,444,767
Tax liens receivable:			
Principal	75,639,938	-	75,639,938
Accrued interest	7,997,185	-	7,997,185
Accrued capitalized costs	1,185,342	-	1,185,342
Less allowance for uncollectible accounts	(8,166,336)	-	(8,166,336)
Net tax liens receivable	76,656,129	-	76,656,129
TOTAL ASSETS	77,030,187	9,444,767	86,474,954
 LIABILITIES:			
Accounts payable and accrued liabilities	1,080,602	-	1,080,602
Overages due to taxpayers	20,267	-	20,267
TOTAL LIABILITIES	1,100,869	-	1,100,869
 DEFERRED INFLOWS OF RESOURCES:			
Unearned revenues	44,868,324	-	44,868,324
 FUND BALANCES:			
Restricted	-	9,444,767	9,444,767
Unassigned	31,060,994	-	31,060,994
TOTAL FUND BALANCES	31,060,994	9,444,767	40,505,761
TOTAL LIABILITIES AND FUND BALANCES	\$ 77,030,187	\$ 9,444,767	\$ 86,474,954

See accompanying notes to financial statements.

NYCTL 2011-A TRUST
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013 AND 2012

	2013	2012
Fund balance - governmental funds	\$ 18,067,734	\$ 40,505,761
Amounts reported for governmental activities in the statements of net position are different because:		
Bond discounts are reported as other financing uses in the debt service fund financial statements. However, in the statements of net position, bond discounts are reported as a component of bonds payable and amortized over the life of the related debt.	-	1,941
Unearned revenues accrued but not received within twelve months after the year's end is reported as deferred inflows unearned in the governmental funds financial statements because it is not currently available; however, it is recognized as revenue and not reflected as unearned in the statements of net position.	38,944,630	44,868,324
Some liabilities are not due and payable in the current period from currently available financial resources and therefore are not reported in the governmental funds financial statements. There liabilities consist of:		
Accrued bond interest payable	-	(67,845)
Bonds payable	-	(36,085,802)
Residual liability due to Water Board	(8,680,097)	(7,494,077)
Net position - governmental activities	\$ 48,332,267	\$ 41,728,302

See accompanying notes to financial statements.

NYCTL 2011-A TRUST
GOVERNMENTAL FUND STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Debt Service Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Tax liens received from The City of New York	\$ 8,408,496	\$ -	\$ 8,408,496
Other income - investment income	-	1,054	1,054
TOTAL REVENUES	<u>8,408,496</u>	<u>1,054</u>	<u>8,409,550</u>
EXPENDITURES:			
Distributions to The City of New York	-	-	-
Distributions to the Water Board	-	-	-
Decrease in allowance for doubtful accounts	(1,318,392)	-	(1,318,392)
Decrease in unearned revenues	(5,923,694)	-	(5,923,694)
Write-offs on uncollectible liens, net of recoveries	43,960	-	43,960
Trust administrative expenses:			
Servicer fees	1,049,485	-	1,049,485
Trustee fees	102,350	-	102,350
Financial advisor/management fees	215,000	-	215,000
Lien and other expenses	160,129	-	160,129
Total administrative expenses	<u>1,526,964</u>	<u>-</u>	<u>1,526,964</u>
Principal amounts of bonds retired	-	36,085,802	36,085,802
Bond interest expenditure	-	432,937	432,937
Total expenditures	<u>(5,671,162)</u>	<u>36,518,739</u>	<u>30,847,577</u>
OTHER FINANCING SOURCES (USES):			
Transfers from general fund to debt service fund	(27,072,918)	27,072,918	-
Total other financing sources (uses)	<u>(27,072,918)</u>	<u>27,072,918</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(12,993,260)	(9,444,767)	(22,438,027)
Fund balance - beginning of period	31,060,994	9,444,767	40,505,761
Fund balance - end of year	<u>\$ 18,067,734</u>	<u>\$ -</u>	<u>\$ 18,067,734</u>

See accompanying notes to financial statements.

NYCTL 2011-A TRUST
GOVERNMENTAL FUND STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE PERIOD FROM JULY 15, 2011 (INCEPTION) TO JUNE 30, 2012

	General Fund	Debt Service Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Tax liens received from The City of New York	\$ 112,498,275	\$ -	\$ 112,498,275
Interest on tax liens	11,395,455	-	11,395,455
Other income - investment income	-	1,143	1,143
	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	123,893,730	1,143	123,894,873
EXPENDITURES:			
Distributions to The City of New York	52,413,286	-	52,413,286
Distributions to the Water Board	9,413,016	-	9,413,016
Increase in allowance for doubtful accounts	8,166,336	-	8,166,336
Increase in unearned revenues	44,868,324	-	44,868,324
Write-offs on uncollectible liens, net of recoveries	27,274	-	27,274
Trust administrative expenses:			
Servicer fees	1,295,914	-	1,295,914
Trustee fees	52,500	-	52,500
Financial advisor/management fees	133,778	-	133,778
Lien and other expenses	115,637	-	115,637
	<u> </u>	<u> </u>	<u> </u>
Total administrative expenses	1,597,829	-	1,597,829
Principal amounts of bonds retired	-	33,662,198	33,662,198
Bond interest expenditure	-	674,515	674,515
Costs of bond issuance	-	2,310,609	2,310,609
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	116,486,065	36,647,322	153,133,387
OTHER FINANCING SOURCES (USES):			
Transfers from general fund to debt service fund	(46,090,946)	46,090,946	-
Principal amount of bonds issued	69,748,000	-	69,748,000
Bond discount	(3,725)	-	(3,725)
	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	23,653,329	46,090,946	69,744,275
NET CHANGE IN FUND BALANCES			
Fund balances - beginning of period	31,060,994	9,444,767	40,505,761
	<u> </u>	<u> </u>	<u> </u>
Fund balances - end of year	<u>\$ 31,060,994</u>	<u>\$ 9,444,767</u>	<u>\$ 40,505,761</u>

See accompanying notes to financial statements.

**NYCTL 2011-A TRUST
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION
AS OF JUNE 30, 2013 AND 2012**

	2013	2012
Total fund balance - governmental fund	\$ (22,438,027)	\$ 40,505,761
Amounts reported in the statement of activities are different because:		
The increase in the unearned revenues is reported as an expenditure in the governmental funds financial statements but unearned revenue is not reported in the government wide financial statements. This is because the tax liens receivable are reported at their net realizable value in the statement of net position; however, the portion which is not expected to be collected within one year is considered unavailable and recorded as unearned revenue in governmental funds.	(5,923,694)	44,868,324
Repayment of bond principal is an expenditure in the debt service fund, but the repayment reduces long-term liabilities on the statements of net position.	36,085,802	33,662,198
The debt service fund reports bond discounts as other financing uses. However, in the statements of activities, bond discounts are amortized over the lives of the related debt as interest expense.	-	3,725
Interest expense is reported in the statement of activities on the accrual basis, but interest is reported as an expenditure in the debt service fund when the outlay of financial resources is required.	65,904	(69,629)
The debt service fund reports proceeds from the issuance of debt as other financing sources since it provides current financial resources to governmental funds. However, such amounts are reported as a long-term liability in the statement of net position.	-	(69,748,000)
The net change in the residual liability due to Water Board was reported in the statements of activities as an expense but amounts related to the liability due to Water Board are reported as an expenditure in the governmental funds financial statements when current financial resources are distributed to the Water Board.	(1,186,020)	(16,907,093)
Distributions paid to the Water Board are an expenditure in the governmental fund financial statements, but the distributions reduce the long-term residual liability due to Water Board on the statement of net position.	-	9,413,016
Change in net position - governmental activities	\$ 6,603,965	\$ 41,728,302

See accompanying notes to financial statements.

**NYCTL 2011-A TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

NYCTL 2011-A Trust (the "Trust") is a Delaware statutory trust formed on July 15, 2011. The Trust is governed by an Amended and Restated Declaration and Agreement of Trust dated November 16, 2011 between The City of New York (the "City") and the Wilmington Trust Company of Wilmington, Delaware (the "Owner Trustee"). Tax lien sales are authorized by Chapter 3 of Title 11 of the Administrative Code of The City of New York. In accordance with a purchase and sale agreement between the Trust and the City, the Trust was created to acquire certain tax liens (Note 5) from the City in exchange for the proceeds from bonds issued by the Trust, net of reserves funded by bond proceeds and bond issuance costs.

Although legally separate from the City, the Trust is an instrumentality of the City and, accordingly, is included in the City's financial statements as a blended component unit.

The City is the sole beneficiary of the Trust and is entitled to receive distributions from the Trust after payments to bondholders and certain reserve requirements have been satisfied. The City is not entitled to cause the Trust to make distributions to it. As certain tax liens secure unpaid water and sewer rents and sewer surcharges, the City and the New York City Water Board ("Water Board") have agreed that the City and the Water Board will share in the distributions and residual assets of the Trusts (see Note 2E).

The Trust issued Tax Lien Collateralized Bonds, Series 2011-A, which are secured solely by the assets of the Trust, consisting primarily of tax liens, and are not an obligation of the City.

The Trust does not have any employees. In addition to its interaction with various City agencies, the Trust's affairs are administered by the Owner Trustee, its program manager, tax lien servicer, paying agent and investment custodian.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. As a governmental activity The Trust reports its activities in government-wide and governmental fund financial statements.

The government-wide financial statements of the Trust, which include the statements of net position and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with GASB standards. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Trust's governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Expenditures are recognized when the related liability is incurred, except for the principal and interest on the bonds payable, which are recognized when due, and the residual liability due to the New York City Water Board (the "Water Board"), which is recognized when distributions are made to the Water Board.

The Trust reports governmental activity using two funds: general fund ("GF") and debt service fund ("DSF"). The DSF is used to account for the receipt and disbursement of resources used to pay interest on and principal of long term debt. The GF is used to account for all financial resources not accounted for in the DSF, generally those used or held for use for administrative expenditures.

Fund balances are classified as either: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned in accordance with GASB Statement 54 *Fund Balance Reporting and Governmental Fund Type Definition*.

**NYCTL 2011-A TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Trustee of the Trust upon duly executed direction from the City constitutes the Trust's highest level of decision-making authority. When resolutions are adopted by the Trustee 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 the Trustee. There is no authority under which fund balances may be internally constrained.

Fund balances which are constrained for use for a specific purpose, based on the direction of any officer of the Trust who is duly authorized due to executed direction from the City, 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 the Trustee, is taken which removes or changes the assignment.

When both restricted and unrestricted resources are available for use for a specific purpose, it is the Trust's policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use for a specific purpose, it is the Trust's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

Resources constrained for debt service or redemption in accordance with the bond indenture are classified as restricted on the statements of net position and the governmental funds balance sheets.

- B. Cash equivalents include short-term investments with maturities of three months or less at date of acquisition. Investments, including accrued interest, are reported at fair value.
- C. The Trust records tax lien receivables based on the amounts that are receivable for real estate taxes, water rents, sewer surcharges, and other charges. Interest that accrues on the outstanding balances as well as certain other costs, such as public notices that can be recovered from the taxpayer as part of the tax lien balance are capitalized. The Trust establishes an allowance for doubtful accounts by comparing tax lien receivable balances with the estimated fair value of the properties subject to the liens as provided by the City. The Trust also considers certain factors related to specific properties, such as environmental issues, and where other tax liens have legal priority over the Trust's tax liens in determining the adequacy of its allowance for doubtful accounts.
- D. Bond discounts are amortized over the life of the related debt in proportion to the debt that is repaid each year. Amortization of bond discounts is recorded as a component of bond interest expense. Bond issuance costs are expensed in the year the bonds are issued. (see Note 6).
- E. The City and the Water Board have agreed to share in the distributions and residual assets of the Trust in accordance with the fixed percentages as of the first purchase of tax liens of 84.78% and 15.22% respectively. After the second purchase of tax liens (see Note 5) the percentages to the City and the Water Board were adjusted to 81.22% and 18.78%, respectively. As the City is the sole beneficiary of the net position of the Trust, the amounts that would be due to the Water Board under this agreement are recorded as a general long-term liability for financial reporting purposes.
- F. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Trust's management to make estimates and assumptions in determining the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of additions and deductions in fiduciary net position during the reporting period. Actual results could differ from those estimates.

**NYCTL 2011-A TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. The Trust implemented GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," GASB Statements No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position* and No. 65 *Items Previously Reported As Assets and Liabilities* during the fiscal year ended June 30, 2013. The implementation of these two GASB Statements resulted in the government-wide financial statements reporting of net position instead of net assets, including the renaming of the Statement of Net Assets to the Statement of Net Position, for both fiscal years ended June 30, 2013 and 2012.

In addition, bond issuance costs in the amount of \$2,310,609, which would have been reported in the government-wide financial statements as an asset and amortized over the life of the related debt under prior standards, were incurred in the fiscal year ended June 30, 2012 and were reported as an expense in the Statement of Activities. Unearned revenue of \$38,944,630 as of June 30, 2012 was reclassified from liabilities to deferred inflows of resources.

NOTE 3 - CASH AND CASH EQUIVALENTS

The Trust's cash and cash equivalents consist of cash in demand deposit accounts and money market funds. As of June 30, 2013 and 2012 total cash and cash equivalents were \$225,558 and \$374,058 respectively of which \$43,805 at June 30, 2012 was in excess of Federal Deposit Insurance Corporation coverage and was uninsured and uncollateralized.

NOTE 4 - RESTRICTED INVESTMENTS

The Trust has limited its investments to those eligible investments specified in its agreement with its paying agent and investment custodian, which is The Bank of New York. The eligible investments are obligations of, or guaranteed by, the U.S. government; Fannie Mae, Freddie Mac or the Federal Farm Credit System; certain highly-rated certificates of deposit (or similar instruments), certain highly-rated municipal obligations; certain highly-rated commercial paper (or similar instruments), certain investment agreements with highly-rated institutions; certain repurchase obligations with highly-rated institutions, certain highly-rated corporate securities (that do not exceed 20% of its investments); and certain highly-rated taxable money market funds.

The Trust is required under its bond indenture to maintain three separate accounts, representing restricted investments:

- 1) Bond Account - an account established by the paying agent, which receives daily transfers from lockbox accounts to which payments received from property owners on tax liens are deposited. The paying agent uses this account to make principal and interest payments on the bonds, as well as payments for other expenses of the Trust, in the order of priority specified in the bond indenture.
- 2) Interest Reserve Fund - initially funded out of the proceeds from the sale of bonds, this fund maintains an amount equal to six months of interest on outstanding bonds and is to be used solely to pay interest on the bonds in the event there are insufficient funds in the Bond Account for these interest payments. The Interest Reserve Fund is replenished from the Bond Account.

**NYCTL 2011-A TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 4 - RESTRICTED INVESTMENTS (Continued)

- 3) Working Capital Reserve Fund - initially funded out of proceeds from the sale of bonds in the amount of \$5,250,000, this fund is used to pay lien administration expenses and the base fee to the tax lien servicers to the extent amounts on deposit in the Bond Account are insufficient for such purpose. The Working Capital Reserve Fund is replenished from the Bond Account.

As of June 30, 2013 and 2012, the amounts held in each of these funds were as follows:

	<u>2013</u>	<u>2012</u>
Working Capital Reserve Fund	\$ 1,456,625	\$ 4,680,263
Interest Reserve	1	347,000
Bond Account	<u>1,872,130</u>	<u>4,417,504</u>
Total Restricted Investments	\$ <u>3,328,756</u>	\$ <u>9,444,767</u>

All of the restricted funds were invested in various short-term investment funds, during the fiscal year ended June 30, 2013. As of June 30, 2013, the short-term investment fund was Dreyfus Treasury Agency Cash Management, which carries a rating of AAAm by Standard & Poors and Aaa-mf by Moody's Investor Services, Inc, with a weighted average maturity of 54 days.

NOTE 5 - TAX LIENS RECEIVABLE

A tax lien is a lien on a parcel of real estate located in the City securing unpaid real property taxes, assessments, sewer rents, sewer surcharges, water rents, and other City charges, such as environmental charges, Department of Housing Preservation and Development charges and business improvement district charges. In addition to these unpaid items, a tax lien also includes the costs of any advertisements and notices given in connection with the sale of the tax lien, that had become a lien against the property prior to the sale of the lien to the Trust, and interest and penalties accrued at various rates up to the time of sale of the lien to the Trust. In addition, a tax lien also includes a surcharge of 5% on all of the aforementioned amounts computed through the date of the sale to the Trust. The total of these amounts described in this paragraph represents the tax lien principal balance as of the date of the sale to the Trust. The City was required to redeem or replace any tax liens that are determined to be defective, in accordance with the provisions of the bond indenture. As the bond indenture has been discharged, the City may elect to reduce its distributions for defective liens.

Subsequent to the purchase of the tax liens by the Trust, the tax liens accrue interest at the annual rate of 18%, compounded daily. In addition, certain costs incurred by the Trust are eligible to be capitalized as part of the tax lien balance. Special rules for calculating tax lien amounts apply to bankruptcy tax liens.

The Trust has the right to foreclose and take title to properties for which related tax lien collection efforts are unsuccessful. Such properties are referred to as real estate owned ("REO"). As of June 30, 2013 and 2012, the Trust does not have title to any properties.

**NYCTL 2011-A TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 5 - TAX LIENS RECEIVABLE (Continued)

The Trust has agreements with both XSPAND, Inc. and Mooring Tax Asset Group for servicing, managing, maintaining custody of certain documents, and collection activities on its tax liens.

As of February 28, 2013, a Servicing and Transfer Agreement was entered into between XSPAND, Inc., Mooring Tax Asset Group and Bank of New York Mellon. As XSPAND has decided to withdraw from the business of servicing tax liens, the Servicing and Transfer Agreement set a Transfer Date of February 28, 2013 for the transfer of the tax lien serviced by XSPAND between Mooring Tax Asset Group and Tower Capital Management, LLC, a new servicer of the Trust in fiscal year ended June 30, 2013. As of June 30, 2013, the Trust had no tax liens being serviced by XSPAND.

The Trust may be unable to recover the amount of certain tax liens, including accumulated interest and capitalized expenses, when the value of the related property is less than the amount of the tax lien, where other tax liens have legal priority over the Trust's tax liens, or where the court awards a reduced expense amount. The Trust has recorded an allowance for uncollectible tax liens of \$6,847,944 and \$8,166,336 as of June 30, 2013 and 2012, respectively.

The changes in the tax liens receivable for the fiscal years ended June 30, 2013 and for the period from July 15, 2011 (inception) to June 30, 2012 were as follows:

	<u>Gross tax lien receivable balance</u>
Balance as of June 30, 2011	\$ -
Add: Tax liens received from The City of New York	112,498,275
Accrued interest on outstanding lien	11,395,455
Less: Receipts in satisfaction of liens and costs	(39,043,991)
Write-offs of uncollectible and defective liens	(27,274)
Allowance for doubtful accounts	<u>(8,166,336)</u>
Balance as of June 30, 2012	76,656,129
Add: Accrued interest on outstanding liens	8,408,496
Accrued legal expenses	574,007
Decrease in allowance for doubtful accounts	1,318,392
Less: Receipts in satisfaction of liens of costs	(32,459,728)
Write-offs of uncollectible lien and defective liens	<u>(43,960)</u>
Balance as of June 30, 2013	\$ <u>54,453,336</u>

**NYCTL 2011-A TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 6 - BONDS PAYABLE

On November 9, 2011, the Trust issued Tax Lien Collateralized Bonds, Series 2011-A for the principal amount of \$69,748,000.

The following is a summary of changes in the principal amounts of the Trust's Tax Lien Collateralized Bonds, Series 2011-A for the year ended June 30, 2013 and for the period from July 15, 2011 (inception) to June 30, 2012:

	<u>Balance at July 15, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at June 30, 2012</u>	<u>Retired</u>	<u>Balance at June 30, 2013</u>
Class A	\$ -	\$ 69,748,000	\$ 33,662,198	\$ 36,085,802	\$ 36,085,802	\$ -

The stated maturity of the bonds is December 10, 2024. However, the final payment of the bonds has occurred. Collections on tax liens are used to pay accrued interest on the Class A bonds and then principal on the bonds. The timing of the repayment of the principal amount of the bonds and all accrued interest is entirely dependent upon the redemption of the tax liens or the liquidation of any real estate owned resulting from foreclosure.

The interest rate on the bonds is fixed at 1.99%. The closing date of the bonds was July 29, 2011. Interest expense on the bonds, inclusive of amortization of bond discounts, was \$367,033 and \$744,144, respectively, for the year ended June 30, 2013 and for the period from July 15, 2011 (inception) to June 30, 2012.

Bond issuance costs were \$2,310,609. Bond issuance costs were expensed in the period of the bond issuance. The bond issuance costs were \$2,310,609 for the period from July 15, 2011 (inception) to June 30, 2012.

NOTE 7 - LITIGATION

A number of parties contesting the foreclosure of tax liens previously sold by the City have challenged, among other things, (i) the power of the City to sell tax liens to the trusts, (ii) the power of the City to sell tax liens when some tax liens are less than a year old, (iii) the enforceability of tax liens when a tax *certiorari* challenge is pending, (iv) the power of the City to restore tax charges that were not previously billed, (v) the 5% surcharge and the 18% interest rate on the tax liens, (vi) the standing of the indenture trustee to foreclose on the tax liens, (vii) the priority of the tax liens over other liens, and (viii) failure of the City to give proper or adequate notice of the tax lien sale. In addition, legal challenges to the collection of the tax liens have alleged violations of the Federal Fair Debt Collection Practices Act, the Truth in Lending Act, the New York General Business Law, and the New York General Obligation Law; breach of contract; and unjust enrichment. The Trust and the City are defending against all such claims and do not expect them to be successful. To date, no such action or challenge has been successful after completion of the appeal process. Certain of such parties have also asserted individual defenses such as improper billing, full or partial payment, tax-exempt status, the existence of forbearance agreements, or inadequate service of process. The outcome of these challenges is not expected to have a material negative impact on the Trust, as the City is required to redeem or replace defective liens.

NYCTL 2011-A TRUST
SUPPLEMENTAL SCHEDULE
SCHEDULE 1 - CHANGES IN RESIDUAL LIABILITY DUE TO WATER BOARD
FOR THE YEAR ENDED JUNE 30, 2013 AND
FOR THE PERIOD FROM JULY 15, 2011 (INCEPTION) TO JUNE 30, 2012

	Residual Liability Due Water Board
Beginning balance at July 15, 2011 (inception)	\$ -
Tax liens received from The City of New York	17,127,793
Net change in net position	(220,700)
Distributions	(9,413,016)
Balance at June 30, 2012	7,494,077
Net change in net position	1,186,020
Balance at June 30, 2013	\$ 8,680,097

See accompanying notes to financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Wilmington Trust Company
NYCTL 2011-A Trust:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States financial statements of the governmental activities and each major fund of the NYCTL 2011-A Trust (the Trust), a blended component unit of the City of New York, as of June 30, 2013 and for the period from July 15, 2011 (inception) to June 30, 2012, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated September 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclose no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Trust's internal control and compliance. Accordingly this communication is not suitable for any other person.

Williamsville, New York
September 30, 2013

Toski & Co., CPAs, P.C.