ANNUAL FINANCIAL STATEMENTS

Department of Education of The City of New York
52 Chambers Street, New York, New York 10007

For the Fiscal Years Ended June 30, 2016 and 2015

Bill De Blasio, Mayor
Carmen Fariña, Chancellor

ANNUAL FINANCIAL STATEMENTS

Department of Education of The City of New York
52 Chambers Street, New York, New York 10007

For the Fiscal Years Ended June 30, 2016 and 2015

Prepared by the Division of Financial Operations

Michael Tragale, Executive Director
Division of Financial Operations

John Wall, Chief Administrator
Division of Financial Operations

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

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DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

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ANNUAL FINANCIAL STATEMENTS

Department of Education of The City of New York

For the Fiscal Years Ended June 30, 2016 and 2015

Introductory Section

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DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK
Carmen Fariña, *Chancellor*
OFFICE OF THE CHANCELLOR
52 Chambers Street, New York, New York 10007

December 20, 2016

To: The Citizens, Taxpayers, Customers, Investors and Creditors of The City of New York

Subject: Annual Financial Statements for the Fiscal Year Ended June 30, 2016

The Annual Financial Statements for the Department of Education of The City of New York (the "DOE") for the fiscal year ended June 30, 2016 are submitted herewith and include a Management's Discussion and Analysis, Financial Statements, Notes to the Financial Statements and supplemental schedules. We believe it is complete and accurate in all material aspects; that it is presented in accordance with accounting principles designed to set forth fairly the financial position and results of operations of the DOE as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the appropriate understanding of the DOE's financial affairs have been included. Responsibility for completeness and clarity of the report, including disclosures, rests with the Chancellor, the Chief Financial Officer, the Deputy Chancellor of Operations, and the Executive Director. The Chief Administrator of the Office of Accounting of the Division of Financial Operations, who is responsible for the data presented herein, prepares the Annual Financial Statements.

Grant Thornton LLP has audited the 2016 financial statements included in this report; their opinion is expressed on page 1. The auditor's report on the basic financial statements includes an emphasis of matter paragraph related to the restatement of the 2015 net deficit and states that the financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, known as Generally Accepted Accounting Principles ("GAAP"). The auditor's report on internal controls over financial reporting and on compliance and other matters, based on an audit of the financial statements performed in accordance with *Government Auditing Standards*, is also included. This report indicates that the auditors' tests identified a material weakness in the internal control over financial reporting related to the restatement of 2015 net deficit. This report also indicates that their tests did not disclose any instances or noncompliance or other matters that are required to be reported under Government Auditing Standards. In addition, the Management's Discussion and Analysis is included as supplementary information required by GAAP. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, no audit opinion is expressed on it. The Supplemental Financial Schedules of the General Fund are presented for purposes of additional analysis and are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New York City public schools receive their primary support from a geographically-based Field Support Center (FSC). These centers provide integrated support to schools across the areas of instruction, operations and student services and serve as critical partners for superintendents.

The DOE is dependent upon The City for appropriations (spending authority) and does not have the authority to levy taxes or issue debt. As part of the DOE's dependent relationship with The City, The City incurs certain costs on behalf of the DOE that are not allocated to the DOE. Accordingly, these costs are

not reflected in the accompanying financial statements. These costs are included in The City's fiscal year budget appropriations and include debt service and pension cost.

The DOE has two basic sources of funding:

- *Tax Levy and unrestricted Federal and State Aid* — this includes revenue from City taxes (real estate, income, sales, etc.), New York State formula aid, and certain Federal and State Aid resources (e.g., impact aid and school lunch subsidies, etc.).

- *Federal and State Categorical Funds* — This category includes revenues received from the Federal and New York State governments under programs that are categorical in nature and whose expenditures are restricted by terms and conditions designated by the funding agency. Reimbursement claims for such revenues are made by the DOE to the funding sources based on actual expenditures and on compliance with funding source guidelines.

Management of the DOE is responsible for establishing and maintaining an internal control structure. In developing and evaluating the DOE's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of controls should not exceed the benefits expected to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

In accordance with the DOE's status as a dependent school district, revenues received for school purposes are required to be deposited into The City's Treasury, which is maintained for the General Fund. As revenues are collected, they are recorded to a series of designated revenue codes established for the DOE. At the beginning of each fiscal year the estimated value of the revenue expected to be recognized during the fiscal year is used to establish the authorized spending level of the DOE. Budget requests and budget modifications for the use of these revenues are submitted by the DOE to The City's Office of Management and Budget ("OMB") for review and approval. Approved budgets and budget modifications are entered by OMB into The City's Financial Management System ("FMS"), which synchronizes with the DOE's financial system. FMS continues to maintain the official accounting records for The City.

The New York City Comptroller on behalf of the DOE makes disbursements for expenditures. The actual vouchers and supporting documentation are maintained and reviewed at the schools or the central processing bureaus of the DOE.

Respectfully submitted by,

Raymond Orlando
Chief Financial Officer

Elizabeth Rose
Deputy Chancellor, Operations

Michael Tragale
Executive Director, Division of Financial Operations

John Wall
Chief Administrator, Division of Financial Operations

ANNUAL FINANCIAL STATEMENTS

Department of Education of The City of New York

For the Fiscal Years Ended June 30, 2016 and 2015

Financial Section

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

City Council of The City of New York
The Department of Education of The City of New York

Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Department of Education of The City of New York (the DOE) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the DOE's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 DOE'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 DOE'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, each major fund, and the aggregate remaining fund information of the Department of Education of The City of New York as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1A, the financial statements of the DOE are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of The City of New York (The City) that is attributable to the transactions of the DOE. They do not purport to, and do not, present fairly the financial position of The City as of June 30, 2016, and the changes in its financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1B, the 2015 financial statements of the Governmental Activities have been restated to correct an error in prior year reporting. The previously reported Governmental Activities net deficit was restated to reflect a zero net position, consistent with the General Fund financial statements reporting.

Other matters

The financial statements of The Department of Education of The City of New York as of and for the year ended June 30, 2015, were audited by other auditors. Those auditors expressed an unmodified opinion on those 2015 financial statements in their report dated October 29, 2015, which included an emphasis of matter paragraph clarifying the reporting entity and other matter paragraphs related to required supplementary information, supplementary and other information.

As part of our audit of the 2016 financial statements, we also audited the adjustments described in Note 1B to the financial statements of the Governmental Activities that were applied to restate the 2015 financial statements of the Governmental Activities to correct an error. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial statements of the DOE other than with

respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 financial statements taken as a whole.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13-23, the Schedule of DOE's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Multiple-Employer Pension Plans on page 64, and the Schedule of DOE Contributions for TRS and BERS Pension Plans on pages 65-67, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DOE's basic financial statements. The Supplemental Financial Schedules of the General Fund on pages 68-78 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The Introductory Section on pages 1-2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Grant Thornton

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 20, 2016, on our consideration of the DOE'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 the effectiveness of 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 DOE's internal control over financial reporting and compliance.

Grant Thornton LLP

New York, New York
December 20, 2016

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

The Department of Education of The City of New York:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Department of Education of The City of New York (the DOE) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the DOE's basic financial statements, and have issued our report thereon dated December 20, 2016.

Internal control over financial reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses in the DOE'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the DOE's financial statements will not be prevented,

or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2016-001 to be a material weakness in the DOE's internal control.

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.

Compliance and other matters

As part of obtaining reasonable assurance about whether the DOE's financial statements are free from 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

DOE's response to findings

The DOE's response to our finding, which is described in the accompanying schedule of findings and questioned costs, was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the DOE's response.

Intended purpose

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 DOE'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 DOE's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
December 20, 2016

Finding 2016-001

MATERIAL WEAKNESS

Criteria:

GASB Statement 34 established the presentation criteria for Government Wide Financial Statements (GWFS) and Fund Financial Statements (FFS). The GWFS present all of the assets and liabilities of the government using the full accrual basis and economic resource measurement focus, while the FFS present the assets and liabilities on the modified accrual basis and current financial resources measurement focus.

Condition:

The DOE, at the fund level, shows that The City is responsible for their current liabilities by showing a due from The City to arrive at a zero fund balance. At the government-wide level the DOE reported an accumulated net deficit, which implied The City's obligation for the DOE'S liabilities. For financial reporting consistency, management of the DOE and The City have decided to revise the GWFS presentation to be consistent with the FFS presentation. The City is responsible for funding these long-term obligations of the DOE and has consistently recorded these as long-term liabilities/obligations of The City within The City's Comprehensive Annual Financial Report. Consequently the previously published fiscal year 2015 financial statements and related opening balances were restated accordingly.

Cause:

Management performs various reviews of the financial statements, however they did not identify the inconsistent presentation as an error.

Effect:

The previously published fiscal year 2015 financial statements and related opening balances were materially misstated.

Views of responsible officials

For reporting consistency, the DOE has changed the presentation of its financial statements to reflect a zero net position, recognizing that all assets and liabilities are ultimately the responsibility of The City.

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This section of the DOE's Annual Financial Statements discusses and analyzes the DOE's financial performance for the fiscal years ended June 30, 2016 and 2015. Please read it in conjunction with the transmittal letter at the beginning of these financial statements and with the DOE's financial statements, which immediately follow this section.

Financial Highlights

- Net deficit at June 30, 2016 is $0. DOE changed the presentation of Statement of Net Position to show Net Position (Deficit) of $0. which recognized that DOE has no net deficit of its own and the amount is treated as Due from the City of New York. (Note 1B)

  Net deficit at June 30, 2015 was $0. Fiscal year 2015 net deficit was restated to recognize that DOE had no net deficit of its own and is treated as Due from the City of New York. (Note 1B)

- Total assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported in the governmental funds at June 30, 2016 were $2.9 billion, a decrease of $444 million from fiscal year 2015.

  Total assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported in the governmental funds at June 30, 2015 were $3.3 billion, a decrease of $230 million from fiscal year 2014.

- General Fund total revenues available and spent during fiscal year 2016 were $22.4 billion, an increase of $ 1.4 billion over that of fiscal year 2015.

  General Fund total revenues available and spent during fiscal year 2015 were $21 billion, an increase of $914 million over that of fiscal year 2014.

- In fiscal year 2016, there was a write down of prior year payables of $400 million and a write down of prior receivables $199 million. This netted to $201 million.

  In fiscal year 2015, there was a write down of prior year payables $497 million and a write down of prior receivables $102 million. This netted to $395 million.

Overview of Financial Statements

The financial statements consist of three parts: Management's Discussion and Analysis (this part), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the DOE.

- The first four statements are "Department-wide Financial Statements" that provide both short-term and long-term information about the DOE's overall financial status.

- The remaining statements are "Fund Financial Statements" that focus on individual parts of the DOE, reporting its operations in more detail than the Department-wide financial statements.

The Fund Financial Statements report the results of operations of two funds:

- The governmental funds statements explain how basic services such as regular and special education were financed in the short term.
- The fiduciary funds statement provides information about the financial relationships in which the DOE acts solely as an agent for the benefit of others.

The financial statements also include notes that explain data in the statements and provide more detailed information. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the DOE's budget for the year.

The following summarizes the major features of the DOE's financial statements, including the portion of the DOE's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

	Department-wide Statements	**Fund Financial Statements Governmental Funds**	**Fiduciary Funds**
Scope	Entire DOE (except fiduciary funds)	The activities of the DOE that are not fiduciary, such as special education and building maintenance	Instances in which the DOE holds and administers resources on behalf of someone else, such as student activities monies
Required financial information	Statement of Net Position and Statement of Activities	Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources measurement focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, asset usage and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Department-wide Financial Statements

The Department-wide Financial Statements report information about the DOE as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position includes all the DOE's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when the cash is received or paid.

The Department-wide Financial Statements include all activities of the DOE in one category: Governmental Activities. These activities include School Leadership, Instruction and Special Education Support; School Support Services (i.e., system-wide); the School Support Organization (i.e., superintendent, student enrollment planning and operations); Central Administration; and Non-Public Schools.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the DOE's funds, focusing on its most significant or "major" funds — not the DOE as a whole. Funds are accounting devices used to keep track of specific sources of funding and spending on particular programs.

The DOE has two kinds of funds:

- *Governmental funds* are those by which most functions of the DOE are financed. The acquisition, use and balance of the expendable available financial resources and the related liabilities are accounted for through governmental funds. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the DOE's programs. Because this information does not encompass the additional long-term focus of the Department-wide statements, additional information behind the governmental funds statements explains the relationship (or differences) between them.

  Since the DOE maintains a dependent relationship with The City, funding provided by The City and transfers from The City are used to supplement revenues received from federal, state and private sources to finance expenditures incurred through the end of the fiscal year. A final modified budget at year-end utilized The City funding to close most of the gap between the revenue and expenditures.

- *Fiduciary funds*: The DOE is the fiduciary for assets that belong to others, such as the student activities fund. The DOE is responsible for ensuring that the assets are used only for their intended purposes. The DOE excludes these activities from the Department-wide financial statements.

Financial Analysis of the Department-wide Financial Statements

At the close of fiscal year 2016, total Net position is $0. DOE has no net deficit of its own because the net deficit in substance represents an additional, longer term amount of resources to be provided by The City, and thus should be treated as Due from the City of New York. The amount is included in current and other assets. Net positions, as of June 30, 2016, June 30, 2015 and June 30, 2014 are summarized below for all governmental activities.

Figure 1	Governmental Activities (000's Omitted)		
	2016	2015 As Restated*	2014 As Restated
Current and other assets	$ 33,664,145	$ 33,766,851	$ 37,824,515
Capital assets	25,763,643	24,730,754	23,433,231
Total assets	59,427,788	58,497,605	61,257,746
Deferred outflow of resources	5,717,461	2,217,243	-
Long-term liabilities	58,486,359	51,526,104	49,809,360
Other liabilities	3,154,858	3,675,483	3,858,076
Total liabilities	61,641,217	55,201,587	53,667,436
Deferred inflows of resources	3,504,032	5,513,261	7,590,310
Net position (deficit):			
Net investment in capital assets	25,763,643	24,730,754	23,433,231
Unrestricted deficit	(25,763,643)	(24,730,754)	(23,433,231)
Total net position (deficit)	$ -	$ -	$ -

*See Note 1B to the Financial Statement for restatement.

In fiscal year 201 6, assets increased by $930 million from $58.5 billion as of June 30, 2015 to $59.4 billion as of June 30. In addition, capital assets increased by $1.0 billion due to transfer from School Construction Authority ("SCA").

In fiscal year 2015, assets decreased $2.8 billion from $61.3 billion as of June 30, 2014 to $58.5 billion as of June 30, 2015. In addition, capital assets increased by $1.3 billion due to transfers of completed assets from School Construction Authority ("SCA").

In fiscal year 2016, liabilities and deferred inflows of resources increased by approximately $4.4 billion from $60.7 billion as of June 30, 2015 to $65.1 billion as of June 30, 2016, which was primarily due to an increase

in pension liability of $5.6 billion and increase in the estimate of other postemployment benefits (OPEB) liabilities of $1.3 billion, due to new mortality assumptions and prior year OPEB, accounts payable and accrued expenditures by $438 million, other liabilities decreased by $31.4 million, which were offset by increase in grant advances and decrease in deferred inflows from pension of $2.0 billion. Additionally, there were changes in capital lease obligations $17.1 million, accrued judgments and claims of $22.3 million and pollution remediation of $34.0 million.

In fiscal year 2015, liabilities and deferred inflows of resources decreased by approximately $543 million from $61.3 billion as of June 30, 2014 to $60.7 billion as of June 30, 2015, which was primarily due to an increase in pension obligation of $3.0 billion and decreases in the estimate of other postemployment benefits (OPEB) liabilities of $1.3 billion due to the use of updated OPEB cost assumptions, accounts payable and accrued expenses of $252 million, other liabilities of $40.0 million, which were offset by decrease in grant advances and deferred inflows from pension of $2.1 billion. Additionally, there were changes in capital lease obligations $35.3 million, accrued judgments and claims of $3.3 million and pollution remediation of $1.6 million.

The key elements of these changes are as follows:

Figure 2 **Condensed Statement of Activities**	**Governmental Activities (000's Omitted)** **2016**	**2015** **As Restated***	**2014** **As Restated**
Revenues:			
Program revenues:			
Charges for services	$ 83,842	$ 85,870	$ 95,808
Operating grants and contributions	11,731,978	11,183,459	10,483,729
General revenues:			
City funded	10,557,700	9,684,731	9,470,275
Other	48,041	45,306	35,474
Total revenues	22,421,561	20,999,366	20,085,286
Expenses:			
School leadership, instruction and special education support	22,368,090	16,378,246	8,171,310
School support services	4,142,452	3,763,530	3,110,493
School support organization	588,587	491,051	136,386
Central administration	521,829	431,916	295,767
Non-public schools	3,031,610	2,860,024	2,571,773
Total expenses	30,652,568	23,924,767	14,285,729
Net revenue (expenses)	(8,231,007)	(2,925,401)	5,799,557
Remaining net expense to be funded long term from City	8,231,007	2,925,401	(5,799,557)
Change in net position	-	-	-
Net position (deficit) — beginning	-	-	-
Net position (deficit) — ending	$ -	$ -	$ -

*See Note 1B to the Financial Statements for restatement.

In fiscal year 2016, the DOE received $3.9 million as a result of the American Recovery and Reinvestment Act ("ARRA") of 2009. Federal program revenues increased 1.6%, from $1.71 billion in fiscal year 2015 to $1.74 billion in fiscal year 2016 and the State program revenues increased 5.9%, from $9.2 billion in fiscal year 2015 to $9.7 billion in fiscal year 2016.

Expenses include liabilities incurred by The City on behalf of the DOE which are not recorded on the fund financial statements, but are included in full accrual accounting. Figure 2 expenses include changes in amounts due for: (1) vacation and sick leave; (2) capital leases obligations; (3) accrued judgments and claims; (4) depreciation expense; (5) the liability associated with Other Post Employment Benefit Obligations; (6) change in Pollution Remediation Obligations; and (7) Employer Pension Obligations.

In fiscal year 2016, due to the increase in the changes of the cost allocation of long term liabilities, the category of School Leadership, Instruction and Special Education Support increased about 36.6% from $16.4 billion in fiscal year 2015 to $22.4 billion in fiscal year 2016; School Support Services increased about $379

million from $3.8 billion in fiscal year 2015 to $4.1 billion in fiscal year 2016; School Support Organization increased from $491 million to $589 million, and Central Administration increased by $90 million. Non-Public Schools had an increase of $172 million due to charter school increases.

In fiscal year 2015, due to the decrease in the changes of the cost allocation of long term liabilities, the category of School Leadership, Instruction and Special Education Support increased about 100.4% from $8.2 billion in fiscal year 2014 to $16.3 billion in fiscal year 2015; School Support Services increased about $653 million from $3.1 billion in fiscal year 2014 to $3.8 billion in fiscal year 2015; School Support Organization increased from $136 million to $491 million, and Central Administration increased by $136 million. Non-Public Schools had an increase of $288 million due to charter school increases.

Financial Analysis of the Governmental Funds

Total assets, and deferred outflows of resources, liabilities and deferred inflows of resources decreased $444 million, 13.49%, for fiscal year 2016 compared to fiscal year 2015 when assets and liabilities decreased $230 million, 6.52%, as follows:

Condensed Balance Sheet (in millions of dollars)	2016	2015	2014	2015–2016	2014–2015	2015–2016	2014–2015
Assets:							
General fund	$ 2,850	$3,295	$3,525	$ (444)	$ (230)	(13.49)%	(6.52)%
Total assets	$ 2,850	$3,295	$3,525	$ (444)	$ (230)	(13.49)%	(6.52)%
Liabilities and deferred inflows of resources:							
General fund	$ 2,819	$3,289	$3,501	$ (469)	$ (212)	(14.27)%	(6.06)%
Deferred inflows of resources	31	6	24	25	(18)	450.00 %	75.00 %
Total liabilities and deferred inflows of resources	$ 2,850	$3,295	$3,525	$ (444)	$ (230)	(13.49)%	(6.52)%

Changes in total governmental fund assets resulted mainly from two offsetting factors:

Changes in total assets for fiscal year 2016: There was a net decrease of $330 million of amounts due from The City to pay for outstanding liabilities in the General Fund. There were also decreases in the accounts receivable from federal sources of $31.7 million, state sources of $109 million and an increase in non-governmental sources of $24.9 million. At year end, there were increases in the balances of cash of $1.7 million.

Changes in total assets for fiscal year 2015: There was a net decrease of $675 million of amounts due from The City to pay outstanding liabilities in the General Fund. There were also increases in the accounts receivable from federal sources of $414 million, state sources of $3.3 million and an increase in non-governmental sources of $22.9 million. At year end there were increases in the balances of cash of $4.6 million.

Changes in total liabilities and deferred inflows of resources for fiscal year 2016: Governmental Fund liabilities decreased $444 million due to decreases of almost $438 million in accounts payable and accrued expense in the General Fund. There was a decrease of $31 million in the balance of the other liabilities in the General Fund and an increase of $25 million in the deferred inflow of resources.

Changes in total liabilities and deferred inflows of resources for fiscal year 2015: Governmental Fund liabilities decreased $230 million due to decreases of almost $252 million in accounts payable in the General Fund. There was an increase of $40 million in the balance of the other liabilities in the General Fund and a decrease of $18 million in the deferred inflow of resources.

In fiscal year 2016, total revenues and expenditures increased $1.4 billion, 6.7%, compared to June 30, 2015. Total revenues and expenditures increased $914 million, 4.6%, for the year ended June 30, 2015 compared to June 30, 2014.

Figure 4

Changes in Revenue and Expenditures (in millions of dollars)	General Funds 2016	General Funds 2015	General Funds 2014	Percentage Change 2015–2016	Percentage Change 2014–2015
Revenues:					
Federal aid	$ 1,738.5	$ 1,711.1	$ 1,709.0	1.60 %	0.12 %
State aid	9,737.4	9,191.7	8,482.0	5.94 %	8.37 %
Funding by the city	10,605.8	9,730.0	9,505.8	9.00 %	2.36 %
Other	339.9	366.5	388.4	(7.26)%	(5.64)%
Total revenues	$ 22,421.6	$ 20,999.3	$ 20,085.2	6.77 %	4.56 %
Expenditures:					
School leadership, instruction and special education support	$ 15,100.1	$ 13,903.1	$ 13,614.6	8.6 %	2.12 %
School support services	3,497.1	3,436.3	3,290.3	1.8 %	4.44 %
School support organization	397.9	419.5	236.2	(5.20)%	77.60 %
Central administration	394.9	380.2	372.3	3.90 %	2.12 %
Non-public schools	3,031.6	2,860.2	2,571.8	6.00 %	11.21 %
Total expenditures	$ 22,421.6	$ 20,999.3	$ 20,085.2	6.77 %	4.56 %

In fiscal year 2016, the overall Federal program revenues increased 1.6% from $1.71 billion in fiscal year 2015 to $1.74 billion in fiscal year 2016, State program revenues increased 5.9% from $9.1 billion in fiscal year 2015 to $9.7 billion in fiscal year 2016, and City revenues increased 9.0 % from $9.7 billion in 2015 to $10.6 billion in 2016.

In fiscal year 2015, the overall Federal program revenues increased 0.1% from $1.70 billion in fiscal year 2014 to $1.71 billion in fiscal year 2015, State program revenues increased 8.4% from $8.5 billion in fiscal year 2014 to $9.1 billion in fiscal year 2015, and City revenues increased 2.4 % from $9.50 billion in 2014 to $9.73 billion in 2015.

In fiscal year 2016, Federal Race to the Top (RTTT) decreased, which was a multi-year grant that reached the end of its grant period in FY 2016, in which $3.3 million in revenues were recognized, $22.6 million less than the FY 2015 revenue level of $25.9 million. Other revenue decreases occurred in State Transportation and High Cost aids, down from FY 2015 by $23.4 million and $30.0 million, respectively, and pollution remediation, with revenues $24.3 million less than FY 2015. These decreases were more than offset by increases to State revenue sources including Foundation Aid of $467.9 million, Private Excess Cost Aid for school age special education students of $40.4 million, preschool special education of $43.1 million, building aid of $29.8 million and Central program reimbursement of $12.2 million. Revenue increases attributable to federal categorical grants included $14.9 million for (IDEA – Individuals with Disabilities Education Act) and $11.6 million for the Title III funds serving students with limited English proficiency.

In fiscal year 2015, major programs for which DOE received decreased revenue included: Race to the Top, which is a multi-year $256 million grant in which $26 million was utilized in fiscal year 2015, $55 million lower than the $81 million of fiscal year 2014. The major programs that increased federal revenues included: Title I – Local Educational Grants, which increased in federal revenue by $17 million; Medicaid, which increased by $12 million; Central programs, which increased by $22 million, and Teacher Incentive funds, which increased by $12 million. Major State revenue increases included an additional $340 million in Foundation Aid and $305 million for Universal Pre-Kindergarten.

In fiscal year 2016, total fund expenditures, increased 6.7% or $1.4 billion. Expenditures in the area of School Leadership, Instruction and Special Education Support increased $1.2 billion, more than 8.6% mainly due to increases in collective bargaining and contractual services. School Support Services increased $61 million, 1.8% mainly for the increased costs of other liabilities. Expenditures in the area of School Support Organization decreased about $22 million, 5.16% due to allocation of liabilities changes. Central Administration increased overall by $15 million, 3.9% due to increases of supplies, equipment and contractual services. Non-Public Schools expenditures, increased $171 million, 6.0% due to charter school.

In fiscal year 2015, total fund expenditures, increased 4.6% or $914 million. Expenditures in the area of School Leadership, Instruction and Special Education Support increased $289 million, more than 2.1%, mainly due to increases in collective bargaining and contractual services costs. School Support Services increased $146 million, 4.4% mainly for the increased costs of other liabilities. Expenditures in the area of School Support Organization increased about $183 million, 77.6% due to increases of contractual services and an increase in reimbursable funding allocated. Central Administration increased overall by $8 million, 2.1% due to increases of supplies, equipment and contractual services. Non-Public Schools expenditures increased $288 million, 11.2% due to charter school.

General Fund Budgetary Highlights

Over the course of the fiscal year, DOE revised its annual operating budget several times. These budget modifications fall into five categories:

- Intra-city adjustments of $17 million to Tax-Levy budgets and $16 million to Reimbursable Program budgets.

- Executive and Adopted Budget Actions which decreased Tax-Levy budgets by $238.9 million and Reimbursable Program budgets by $22.2 million. These budget actions included collective bargaining adjustments of $408.7 million.

- November and January Plan Actions, which increased Tax-Levy budgets by $31.7 million.

- Final fiscal year Close Actions, which decreased Tax-Levy budgets by $54.2 million and increased Reimbursable Program budgets by $40.6 million.

- Additional fiscal Year Close Actions, which includes an increase to Tax-Levy budgets of $105.8 million, are attributable to the effects of GASB Statement No. 49 -- Pollution Remediation Obligation.

As a result of the above, the DOE made net modifications to the adopted budget of over $479.1 million.

Capital Assets

The DOE's net investment in capital assets includes land, buildings, equipment and construction in progress, which are detailed as follows (net of accumulated depreciation except the land):

Figure 5	Governmental Activities (000's Omitted)		
	2016	2015	2014
Land	$ 448,956	$ 448,956	$ 448,956
Buildings	22,512,016	21,786,640	20,920,299
Equipment	35,335	40,368	47,107
Construction in progress	2,767,336	2,454,790	2,016,869
Total	$ 25,763,643	$ 24,730,754	$ 23,433,231

In fiscal year 2016, capital assets, net of accumulated depreciation, increased from fiscal year 2015 by $1.0 billion, primarily due to capital assets (completed new construction and equipment) that were transferred to the DOE from the SCA in the amount of $2.1 billion.

In fiscal year 2015, capital assets, net of accumulated depreciation, increased from fiscal year 2014 by $1.3 billion, primarily due to capital assets (completed new construction and equipment) that were transferred to the DOE from the SCA in the amount of $2.1 billion.

Factors Bearing on the Department's Future

In 1996, a class action was brought against The City and the State under Title VII of the Civil Rights Act of 1964 alleging that the use by The City Board of Education of two teacher certification examinations mandated by the State had a disparate impact on minority candidates. In 2006, the United States Court of Appeals for the Second Circuit dismissed the claims against the State. In December 2012, the District Court decided a controlling legal question against The City. On February 4, 2013, the Second Circuit affirmed the District Court's decision. The District Court has appointed a Special Master to oversee claimants' individualized hearings both as to damages and eligibility for Board of Education employment. (See Note 4D)

On October 27, 2014 a lawsuit under the False Claims Act against The City and Computer Sciences Corporation, a contractor that participated in the submission of claims for Medicaid reimbursement was unsealed in the United States District Court for the Southern District of New York.

Contacting the Department's Financial Management

These financial statements are designed to provide The City's citizens, taxpayers, customers, investors and creditors with a general overview of the DOE's finances and to demonstrate the DOE's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director of the Division of Financial Operations, 65 Court Street, Room 1803A, Brooklyn, New York 11201.

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DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

STATEMENT OF NET POSITION (DEFICIT)
AS OF JUNE 30, 2016
($000 Omitted)

	Governmental Activities
ASSETS:	
Cash	$ 21,539
Accounts receivable	
Federal	938,971
State	1,219,241
Non-governmental	129,013
Inventories	6,191
Due from the City of New York	541,385
Future funding to be provided by The City of New York	30,807,805
Capital assets (net of accumulated depreciation $16,402,439)	
Land	448,956
Buildings	22,512,016
Equipment (including software)	35,335
Construction in progress	2,767,336
TOTAL ASSETS	59,427,788
DEFERRED OUTFLOWS OF RESOURCES - FROM PENSIONS	5,717,461
LIABILITIES:	
Accounts payable and accrued expenditures	2,771,428
Other liabilities	48,108
Other postemployment benefit obligations	28,929,679
Employer pension obiligations	26,661,473
Pollution remediation obligations	
Due within one year	75,946
Due in more than one year	177
Accrued vacation and sick leave	
Due within one year	67,795
Due in more than one year	1,960,773
Capital lease obligations	
Due within one year	22,662
Due in more than one year	279,641
Accrued judgments and claims:	
Due within one year	168,919
Due in more than one year	654,616
TOTAL LIABILITIES	61,641,217
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows from pension	3,473,419
Grant advances	30,613
TOTAL DEFERRED INFLOWS OF RESOURCES	3,504,032
NET POSITION:	
Net investment in capital assets	25,763,643
Unrestricted deficit	(25,763,643)
TOTAL NET POSITION (DEFICIT)	$ -

See accompanying notes to the financial statements.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

STATEMENT OF NET POSITION (DEFICIT)
AS OF JUNE 30, 2015
($000 Omitted)

		Governmental Activities As Restated*
ASSETS:		
Cash	$	19,846
Accounts receivable		
Federal		970,705
State		1,328,228
Non-governmental		104,064
Due from The City of New York		871,746
Furure funding to be provided by The City of New York		30,465,957
Inventories		6,305
Capital assets (net of accumulated depreciation $15,080,548)		
Land		448,956
Buildings		21,786,640
Equipment (including software)		40,368
Construction in progress		2,454,790
TOTAL ASSETS		58,497,605
DEFERRED OUTFLOWS OF RESOURCES - FROM PENSIONS		2,217,243
LIABILITIES:		
Accounts payable and accrued expenditures		3,209,472
Other liabilities		79,551
Other postemployment benefit obligations		27,661,349
Employer pension obiligations		21,084,820
Pollution remediation obligations		
Due within one year		99,126
Due in more than one year		11,014
Accrued vacation and sick leave		
Due within one year		75,398
Due in more than one year		1,849,841
Capital lease obligations		
Due within one year		19,693
Due in more than one year		265,508
Accrued judgments and claims		
Due within one year		192,243
Due in more than one year		653,572
TOTAL LIABILITIES		55,201,587
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows from pension		5,507,695
Grant advances		5,566
TOTAL DEFERRED INFLOWS OF RESOURCES		5,513,261
NET POSITION:		
Net investment in capital assets		24,730,754
Unrestricted deficit		(24,730,754)
TOTAL NET POSITION (DEFICIT)	$	-

See accompanying notes to the Financial Statements.
*See Note 1B to the Financial Statements for restatement.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
($000 Omitted)

Function/Programs	Program Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expenses) Revenue
SCHOOL LEADERSHIP, INSTRUCTION AND SPECIAL EDUCATION SUPPORT	$ 22,368,090	$ 8,283	$ 9,235,544	$ (13,124,263)
SCHOOL SUPPORT SERVICES	4,142,452	51,504	1,799,975	(2,290,973)
SCHOOL SUPPORT ORGANIZATION	588,587	-	-	(588,587)
CENTRAL ADMINISTRATION	521,829	-	-	(521,829)
NON-PUBLIC SCHOOLS	3,031,610	24,055	696,459	(2,311,096)
Total department activities	$ 30,652,568	$ 83,842	$ 11,731,978	(18,836,748)
GENERAL REVENUES:				
City Funded				10,557,700
Intra-city Sales				48,041
OTHER ADJUSTMENTS —				
Net expense to be funded long term from The City				8,231,007
CHANGE IN NET POSITION				-
NET POSITION (DEFICIT) — Beginning				-
NET POSITION (DEFICIT) — Ending				$ -

See accompanying notes to the financial statements.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30,2015
($000 Omitted)

Function/Programs	Program Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expenses) Revenue
SCHOOL LEADERSHIP, INSTRUCTION AND SPECIAL EDUCATION SUPPORT	$ 16,378,246	$ 8,294	$ 8,795,334	$ (7,574,618)
SCHOOL SUPPORT SERVICES	3,763,530	51,488	1,755,098	(1,956,944)
SCHOOL SUPPORT ORGANIZATION	491,051	-	-	(491,051)
CENTRAL ADMINISTRATION	431,916	-	-	(431,916)
NON-PUBLIC SCHOOLS	2,860,024	26,088	633,027	(2,200,909)
Total department activities	$ 23,924,767	$ 85,870	$ 11,183,459	(12,655,438)
GENERAL REVENUES:				
City Funded				9,684,731
Intra-city Sales				45,306
OTHER ADJUSTMENTS —				
Net expense to be funded long term from The City				2,925,401
CHANGE IN NET POSITION				-
NET POSITION (DEFICIT) — Beginning of Year, As Restated (Note 1B)				-
NET POSITION (DEFICIT) — Ending				$ -

See accompanying notes to the financial statements.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

BALANCE SHEET
AS OF JUNE 30, 2016
($000 Omitted)

	General Fund
ASSETS	
CASH	$ 21,539
ACCOUNTS RECEIVABLE:	
Federal	938,971
State	1,219,241
Non-governmental	129,013
DUE FROM THE CITY OF NEW YORK	541,385
Total Assets	$ 2,850,149
LIABILITIES	
ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES	$ 2,771,428
OTHER LIABILITIES	48,108
Total liabilities	2,819,536
DEFERRED INFLOWS OF RESOURCES	
Grant advances	30,613
Total deferred inflows of resources	30,613
FUND BALANCE — Total fund balance	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 2,850,149

See accompanying notes to the financial statements.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

BALANCE SHEET
AS OF JUNE 30, 2015
($000 Omitted)

	General Fund
ASSETS	
CASH	$ 19,846
ACCOUNTS RECEIVABLE:	
Federal	970,705
State	1,328,228
Non-governmental	104,064
DUE FROM THE CITY OF NEW YORK	871,746
Total Assets	$ 3,294,589
LIABILITIES	
ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES	$ 3,209,472
OTHER LIABILITIES	79,551
Total liabilities	3,289,023
DEFERRED INFLOWS OF RESOURCES	
Grant advances	5,566
Total deferred inflows of resources	5,566
FUND BALANCE — Total fund balance	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 3,294,589

See accompanying notes to the financial statements.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION (DEFICIT)
AS OF JUNE 30, 2016
($000 Omitted)

Amounts reported for governmental activities in the Statement of Net Position are different because:

TOTAL FUND BALANCE — Governmental funds	$ -
Inventories used in governmental activities are not financial resources and therefore, are not reported in governmental fund	6,191
Due from The City of New York	30,807,805
Capital asset net of depreciation used in governmental activities are not financial resources and therefore, are not reported in governmental funds	25,763,643
Deferred outflows of resources	5,717,461
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the governmental funds. These are:	
Other postemployment benefit obligations	(28,929,679)
Employer pension obligation	(26,661,473)
Accrued vacation and sick leave	(2,028,568)
Pollution remediation obligation	(76,123)
Capital lease obligation	(302,303)
Accrued judgments and claims	(823,535)
Deferred inflows of resources	(3,473,419)
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	$ -

See accompanying notes to the financial statements.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION (DEFICIT)
AS OF JUNE 30, 2015
($000 Omitted)

Amounts reported for governmental activities in the Statement of Net Position are different because:

	As Restated*
TOTAL FUND BALANCE — Governmental funds	$ -
Inventories used in governmental activities are not financial resources and therefore, are not reported in governmental fund	6,305
Due from The City of New York	30,465,957
Capital asset net of depreciation used in governmental activities are not financial resources and therefore, are not reported in governmental funds	24,730,754
Deferred outflows of resources	2,217,243
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the governmental funds. These are:	
Other postemployment benefit obligations	(27,661,349)
Employer pension obligation	(21,084,820)
Accrued vacation and sick leave	(1,925,239)
Pollution remediation obligation	(110,140)
Capital lease obligation	(285,201)
Accrued judgments and claims	(845,815)
Deferred inflows of resources	(5,507,695)
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	$ -

See accompanying notes to the financial statements.
*See Note 1B to the financial statements for restatement.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2016
($000 Omitted)

	General Fund
REVENUES:	
Federal aid	$ 1,738,488
State aid	9,737,435
Universal services fund	18
Other assistance	178,734
Charges for services:	
School construction authority	85,586
Student lunches	13,832
Rentals	37,673
Other	24,054
Subtotal	11,815,820
Net change in estimate of prior receivables	(198,960)
Subtotal	11,616,860
Funding provided by The City of New York	10,756,659
Total revenues and other financing sources	22,373,519
EXPENDITURES:	
General education instruction and school leadership	7,632,965
Special education instruction and school leadership	1,564,233
Charter school	1,493,653
School support organization	282,448
Citywide education instruction and school leadership	993,276
Special education instructional support	536,889
School facilities	947,988
Pupil transportation	1,143,283
School food services	461,079
School safety	327,491
Energy and leases	439,199
Central administration	351,121
Fringe benefits	3,019,277
Pre-kindergarten contracts	762,245
Contract schools and foster care payments	709,674
Non-public schools	66,038
Subtotal	20,730,859
Reimbursable — categorical programs	1,690,701
Intracity sales	(48,041)
Subtotal	22,373,519
Net change in estimate of prior payables	(399,830)
Total expenditures	21,973,689
OTHER FINANCING USES — Offset of payables write down	399,830
Total expenditures and other uses	22,373,519
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-
FUND BALANCE	$ -

See accompanying notes to the financial statements.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2015
($000 Omitted)

	General Fund
REVENUES:	
Federal aid	$ 1,711,128
State aid	9,191,671
Universal services fund	23
Other assistance	223,141
Charges for services:	
School construction authority	65,789
Student lunches	14,503
Rentals	36,986
Other	26,088
Subtotal	11,269,329
Net change in estimate of prior receivables	(101,931)
Subtotal	11,167,398
Funding provided by The City of New York	9,786,662
Total revenues and other financing sources	20,954,060
EXPENDITURES:	
General education instruction and school leadership	6,373,540
Special education instruction and school leadership	1,391,916
Charter school	1,308,880
School support organization	271,086
Citywide education instruction and school leadership	896,433
Special education instructional support	483,185
School facilities	870,229
Pupil transportation	1,143,838
School food services	446,318
School safety	330,581
Energy and leases	468,100
Central administration	335,304
Fringe benefits	2,876,580
Pre-kindergarten contracts	844,399
Contract schools and foster care payments	641,613
Non-public schools	65,087
Subtotal	18,747,089
Reimbursable — categorical programs	2,252,277
Intracity sales	(45,306)
Subtotal	20,954,060
Net change in estimate of prior payables	(496,548)
Total expenditures	20,457,512
OTHER FINANCING USES — Offset of payables write down	496,548
Total expenditures and other uses	20,954,060
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-
FUND BALANCE	$ -

See accompanying notes to the financial statements.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
($000 Omitted)

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Excess of revenues and other financing sources over expenditures and other financing uses - Governmental funds		$ -
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.		(1,321,890)
Net expense to be funded long term from City		8,231,007
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in employer pension obligations	(5,576,653)	
Change in other postemployment benefit obligations	(1,268,330)	
Change in sick leave and vacation liability	(103,329)	
Change in pollution remediation obligations	34,017	
Change in capital lease obligations	(17,102)	
Change in judgments and claims liability	22,280	
		(6,909,117)
CHANGE IN NET POSITION - Governmental activities		$ -

See accompanying notes to the financial statements.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015
($000 Omitted)

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

		As Restated*
Excess of revenues and other financing sources over expenditures and other financing uses - Governmental funds		$ -
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.		(1,179,479)
Net expense to be funded long term from City		2,925,401
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in employer pension obligations	(3,047,985)	
Change in other postemployment benefit obligations	1,294,261	
Change in sick leave and vacation liability	(25,907)	
Change in pollution remediation obligations	1,621	
Change in capital lease obligations	35,343	
Change in judgments and claims liability	(3,255)	
		(1,745,922)
CHANGE IN NET POSITION - Governmental activities		$ -

See accompanying notes to the financial statements.

*See Note 1B to the financial statements for restatement.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL — GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2016 ($000 Omitted)

	Adopted Budget	Modified Budget	Actual	Favorable/ (Unfavorable)
REVENUES:				
Federal aid	$ 1,729,630	$ 1,738,488	$ 1,738,488	-
State aid	9,724,279	9,737,435	9,737,435	-
Universal services fund	-	18	18	-
Other assistance	56,327	178,734	178,734	-
Charges for services:				
School construction authority	67,126	85,586	85,586	-
Student lunches	12,750	12,750	13,832	1,082
Rentals	28,000	37,000	37,673	673
Other	15,174	23,078	24,054	976
Subtotal	11,633,286	11,813,089	11,815,820	2,731
Net change in estimate of prior receivables	-	-	(198,960)	(198,960)
Subtotal	11,633,286	11,813,089	11,616,860	(196,229)
Funding provided by The City of New York	10,261,189	10,560,533	10,756,659	196,126
Total revenues and other financing sources	21,894,475	22,373,622	22,373,519	(103)
EXPENDITURES:				
General education instruction and school leadership	7,415,031	7,628,701	7,632,965	(4,264)
Special education instruction and school leadership	1,408,512	1,564,689	1,564,233	456
Charter Schools	1,476,588	1,494,480	1,493,653	827
School support organization	286,181	284,121	282,448	1,673
Citywide education instruction and school leadership	977,153	995,022	993,276	1,746
Special education instructional support	506,888	536,889	536,889	-
School facilities	750,166	947,988	947,988	-
Pupil transportation	1,146,456	1,143,283	1,143,283	-
School food services	485,989	461,079	461,079	-
School safety	335,714	327,491	327,491	-
Energy and leases	498,066	453,768	439,199	14,569
Central administration	338,926	354,183	351,121	3,062
Fringe benefits	3,043,660	3,019,277	3,019,277	-
Pre-kindergarten contracts	909,862	763,781	762,245	1,536
Contract schools and foster care payments	652,496	681,454	709,674	(28,220)
Non-public schools	66,691	67,160	66,038	1,122
Collective Bargaining	-	-	-	-
Subtotal	20,298,378	20,723,367	20,730,859	(7,492)
Reimbursable — categorical programs	1,611,331	1,698,579	1,690,701	7,878
Intracity sales	(15,234)	(48,324)	(48,041)	(283)
Subtotal	21,894,475	22,373,622	22,373,519	103
Net change in estimate of prior payables	-	-	(399,830)	399,830
Total expenditures	21,894,475	22,373,622	21,973,689	399,933
OTHER FINANCING USES — Offset of payables write down	-	-	399,830	(399,830)
Total expenditures and other uses	21,894,475	22,373,622	22,373,519	103
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	-	-
FUND BALANCE	$ -	$ -	$ -	$ -

See accompanying notes to the financial statements.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL — GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2015 ($000 Omitted)

	Adopted Budget	Modified Budget	Actual	Favorable/ (Unfavorable)
REVENUES:				
Federal aid	$ 1,735,621	$ 1,711,128	$ 1,711,128	-
State aid	9,253,461	9,191,670	9,191,671	1
Universal services fund	-	23	23	-
Other assistance	76,095	223,141	223,141	-
Charges for services:				
School construction authority	44,490	65,789	65,789	-
Student lunches	12,750	14,750	14,503	(247)
Rentals	28,000	33,500	36,986	3,486
Other	15,177	20,252	26,088	5,836
Subtotal	11,165,594	11,260,253	11,269,329	9,076
Net change in estimate of prior receivables	-	-	(101,931)	(101,931)
Subtotal	11,165,594	11,260,253	11,167,398	(92,855)
Funding provided by The City of New York	9,574,732	9,697,107	9,786,662	89,555
Total revenues and other financing sources	20,740,326	20,957,360	20,954,060	(3,300)
EXPENDITURES:				
General education instruction and school leadership	6,234,155	6,374,790	6,373,540	1,250
Special education instruction and school leadership	1,285,322	1,391,751	1,391,916	(165)
Charter Schools	1,297,014	1,309,015	1,308,880	135
School support organization	274,893	271,086	271,086	-
Citywide education instruction and school leadership	881,197	897,659	896,433	1,226
Special education instructional support	466,892	483,185	483,185	-
School facilities	633,912	870,183	870,229	(46)
Pupil transportation	1,110,206	1,143,838	1,143,838	-
School food services	436,416	446,374	446,318	56
School safety	313,416	330,581	330,581	-
Energy and leases	506,002	468,220	468,100	120
Central administration	308,662	335,304	335,304	-
Fringe benefits	2,893,589	2,876,566	2,876,580	(14)
Pre-kindergarten contracts	947,671	845,306	844,399	907
Contract schools and foster care payments	628,879	641,615	641,613	2
Non-public schools	64,745	65,084	65,087	(3)
Collective Bargaining	250,853	-	-	-
Subtotal	18,533,824	18,750,557	18,747,089	3,468
Reimbursable — categorical programs	2,215,497	2,253,028	2,252,277	751
Intracity sales	(8,998)	(46,225)	(45,306)	(919)
Subtotal	20,740,326	20,957,360	20,954,060	3,300
Net change in estimate of prior payables	-	-	(496,548)	496,548
Total expenditures	20,740,326	20,957,360	20,457,512	499,848
OTHER FINANCING USES — Offset of payables write down	-	-	496,548	(496,548)
Total expenditures and other uses	20,740,326	20,957,360	20,954,060	3,300
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	-	-
FUND BALANCE	$ -	$ -	$ -	$ -

See accompanying notes to the financial statements.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016
($000 Omitted)

	Agency Funds
ASSETS	
CASH AND CASH EQUIVALENTS	$ 85,762
TOTAL ASSETS	$ 85,762
LIABILITIES	
DUE TO STUDENTS/TEACHERS	$ 33,599
HOLDING ACCOUNTS PAYABLE	48,321
DUE TO TAX AGENTS	3,842
TOTAL LIABILITIES	$ 85,762

See accompanying notes to the financial statements.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015
($000 Omitted)

	Agency Funds
ASSETS	
CASH AND CASH EQUIVALENTS	$71,049
TOTAL ASSETS	$71,049
LIABILITIES	
DUE TO STUDENTS/TEACHERS	$33,663
HOLDING ACCOUNTS PAYABLE	34,175
DUE TO TAX AGENTS	3,211
TOTAL LIABILITIES	$71,049

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The DOE continues to be fiscally dependent on The City and, accordingly, is included in The City's financial statements. The DOE does not have the authority to levy taxes or issue debt and is dependent upon The City for a substantial portion of its appropriations (i.e. spending authority). In addition, The City budget incurs certain costs on behalf of the DOE that are not allocated to the DOE and, accordingly, are not reflected in the accompanying financial statements. Such costs include current payments for debt service. Thus, the revenues and expenditures, and related budget data included in the accompanying financial statements are not indicative of the level of expenditures, as if the DOE were an independent school system.

The financial statements of the DOE are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, each major governmental fund, and the aggregate remaining fund information of The City that is attributable to the transactions of the DOE. This results in a non-standard reporting framework, an explanation of which follows:

DOE does not maintain financial or other resources separate and apart from those of The City, therefore, DOE's reported General Fund (GF) balance is always zero. The net impact of DOE's annual operations are a portion of the overall net impact on the City's operations, thus the amount of *Funding Provided by The City* reported on the DOE Statement of Revenues, Expenditures and Changes in Fund Balance in the GF each year is a calculated amount; it is the difference between that year's total DOE GF expenditures and the total of all other DOE GF revenue for the year. Any difference between the calculated *Funding Provided by The City* and actual liquidated expenditures made by the City on behalf of DOE during the year is reported as a change in the amount *Due from The City of New York* on the DOE GF Balance Sheet.

Similarly, as illustrated on the Reconciliations of The General Fund Balance Sheet to the Statement of Net Position, the net position (deficit) of DOE is the difference between (1) long-term assets and deferred outflows and (2) long-term liabilities and deferred inflows. Any changes in net position are similarly reflected as changes to the amount *Due from the City of New York* on the DOE Statement of Net Position.

B. Basis of Presentation

Department-wide Financial Statements — The Department-wide Financial Statements consist of the Statement of Net Position and the Statement of Activities. The Statement of Net Position presents the difference between the DOE's total assets and deferred outflows of resources, total liabilities and deferred inflows of resources. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the DOE's activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (i) charges for services such as revenues from providing school lunches and rental revenues; and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Other revenues not recorded as program revenues are reported as general revenue.

In accordance with Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and New Position,* the City reports deferred outflows of resources in the *Statement of Net Position* in a separate section following Assets. Similarly, the City reports deferred inflows of resources in the *Statement of Net Position* in a separate section following Liabilities.

Restatement of Net Deficit

As discussed in Note 1A, above, the financial statements of the DOE are intended to present the financial position, and the changes in financial position, where applicable, of only that portion of the governmental activities, each major governmental fund, and the aggregate remaining fund information of The City that is attributable solely to the transactions of the DOE.

Historically, the DOE reported a zero net position in its General Fund financial statements and a net deficit position in its Government Wide financial statements, which represented the excess of the long-term liabilities over the assets of the DOE. This resulted in the different financial presentation of the DOE's basic financial statements. Additionally, the DOE does not maintain financial or other resources separate and apart from those of The City, therefore, the previously reported net deficit position essentially represents amounts that will be ultimately funded in the future by The City. Accordingly, the DOE has determined that the previously reported net deficit in its Government Wide financial statements should be reclassified and reported as an amount Due From The City of New York. Under accounting standards, this change is considered an error resulting in a restatement of prior year's net deficit. The effect of this change in financial reporting on the 2015 Government Wide Statement of Activities reduces the previously reported change in net position from a deficit $448,927 to $0 and the previously reported net deficit in the Statement of Net Position from $27,175,505 to $0. Additionally, the beginning 2015 net deficit of $26,726,578 has also been restated to $0.

The following table illustrates these changes.

	FY 2015 Originally Presented	Adjustment Increase (Decrease)	FY 2015 As Restated
Statement of Net Position (Deficit)			
Assets			
Due from The City of New York	$ 4,162,198	$ (3,290,452)	$ 871,746
Future funding to be provided by The City of New York	-	30,465,957	30,465,957
Total assets and deferred outflows of resources	33,539,343	27,175,505	60,714,848
Net position (deficit)			
Unrestricted (deficit)	(51,906,259)	27,175,505	(24,730,754)
Total Net position (deficit)	(27,175,505)	27,175,505	-
Statement of Activities			
Net expense to be funded long term from City	2,476,474	448,927	2,925,401
Change in Net position	(448,927)	448,927	-
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position			
Due from The City of New York	-	30,465,957	30,465,957
Deferred outflows of resources	-	2,217,243	2,217,243
Deferred inflows of resources	-	(5,507,695)	(5,507,695)
Net (deficit) of Governmental Activities	(27,175,505)	27,175,505	-
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities			
Net expense to be funded long term from City	2,476,474	448,927	2,925,401
Change in Net position	(448,927)	448,927	-

Description of Functions in the Statement of Activities — the Statement of Activities summarizes program expenses by major functions, as follows:

- *School Leadership, Instruction and Special Education Support* — which includes district, high school, special education instructional support and special education services expenditures, such as, salary costs of teachers, principals, paraprofessionals and other costs directly and indirectly associated with the classroom.

- *School Support Services* — which includes the costs of school facilities, pupil transportation, food, school safety, energy and leases.

- *School Support Organization* — Various Instructional Learning and oversight offices.

- *Central Administration* — which includes central office support services for system-wide maintenance, and for development of agency-wide budgeting, purchasing, accounting and student demographic information applications.

- *Non-Public Schools* — which represents the amount of funding passing through the DOE to independent non-public schools.

Fund Financial Statements — The fund financial statements provide information about the DOE's funds, including fiduciary funds. Separate financial statements are provided for governmental and fiduciary funds. The DOE has no governmental funds that are considered non-major. The accounts of the DOE are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, and revenues and expenditures where applicable. Government resources are allotted to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The DOE's funds are grouped in the financial statements in two fund categories, as follows:

Governmental Fund — The acquisition, use and balance of the expendable available financial resources and the related liabilities are accounted for through governmental funds. The following is the DOE's governmental fund, which is considered as a major fund:

- *General Fund* — The General Fund is the general operating fund of the DOE. It is used to account for all financial resources except those required to be accounted for in another fund.

- *Fiduciary Funds* — Fiduciary Funds are used to account for assets held by the DOE in a custodial capacity. These funds are used to account for assets held by the DOE as an agent for student activities, individuals and private organizations. The DOE does not have any Fiduciary Funds, other than agency funds.

New Accounting Standards Adopted

In Fiscal Year 2016, the City adopted six new statement of financial accounting standards issued by the Governmental Accounting Standard Board

- Statement No. 73 — *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- Statement No. 77, *Tax Abatement Disclosures*
- Statement No. 78, *Pension Provided through Certain Municipal-Employer Defined Benefit Pension Plan.*
- Statement No. 79, *Certain External Investment Pools and Pools Participants*
- Statement No. 81, *Irrevocable split-Interest Agreements*

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* This statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a

transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government.*

Statement No. 78 amends the scope and applicability of Statement No. 68 *Accounting and Financial Reporting for Pensions*—and amendment of GASB Statement No. 27 to exclude pension plans provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (a) is not a state or local government pension plan, (b) is used to provide defined benefits both to employees of state or local governmental employers and to employees of employers that Are not state or local governments, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The Statement also establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. There was no material impact on the financial statements as a result of the implementation of Statement No. 78.

Pronouncements Issued But Not yet Effective

In June of 2015, GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The scope of this statement includes defined benefit and defined contribution plans administered through trusts that meet specified criteria.

This statement establishes financial reporting standards for state and local governmental other postemployment benefit ("OPEB") plans. The Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.

Statement No. 74 is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged. DOE has not completed the process of evaluating the impact of Statement No. 74 on its financial statements.

In June of 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). This statement addresses accounting and financial reporting for OPEB that are provided to the employees of state and local governmental employees. This Statement also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosures and required supplementary information are also addressed by the statement.

This statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

Statement No. 75 is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The DOE has not completed the process of evaluating the impact of Statement No. 75 on its financial statements.

Statement No. 77, Statement No.79 and Statement No. 81 were adopted but had no effect under DOE.

C. Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The Department-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the DOE either gives or receives value without directly receiving or giving equal value in exchange, include, for example, grants, entitlements, and donations and are recorded on the accrual basis of accounting. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Reconciliation of Department-wide and Fund Financial Statements — A summary reconciliation of the difference between the total fund balance as reflected on the DOE Fund Balance Sheet and total net position for the DOE activities as shown on the Department-wide Statement of Net Position is presented in an accompanying statement to the DOE Fund Balance Sheet.

A summary reconciliation of the difference between net changes in fund balance as reflected on the Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and changes in net position for activities as shown on the Department-wide Statement of Activities is presented in an accompanying statement, as well.

Program Revenue — Program revenue is derived from federal, state, and private aid sources, as well as charges for services and funding from The City.

Accounts Receivable — Accounts Receivable includes certain aged receivables from the State which extend beyond the normal period of collection used to determine availability for revenue recognition purposes. However, since payments are being made by the State and Federal sources, such receivables have not been deemed uncollectible.

Accounts Payable — Accounts Payable includes all payments of bills and payrolls since June 30, 2016 and accruals for payments to be made in the future, which applies to liabilities incurred as of June 30, 2016. Further, included in accounts payable are all payments that were processed through the DOE's accounting system, but not yet cleared The City's accounting system. In addition, included are all prior year accruals which have not been liquidated through The City's accounting system.

School Supplies and Textbooks — Expenditures for school supplies and textbooks are charged as expenses to the individual community school districts and schools when school supplies and textbooks are received.

Donated Commodities — The DOE participates in various federal and state aided food programs. Many of these programs provide for commodities to be supplied to the DOE in lieu of, or in addition to, cash. The value of these donated commodities received and used during the year was approximately $38.1 million.

The value of these donated commodities received and still on hand, as of June 30, 2016 and 2015 was $1.1 and $1.1 million respectively.

Materials and Supplies — Inventories on hand at June 30, 2016, amounted to approximately $6.2 million based on the moving average cost method. Inventories are recorded as expenditures in governmental funds at the time of purchase and, accordingly, have not been reported on the governmental funds balance sheet. As of June 30, 2015, this value was $6.3 million.

Encumbrances — Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriation, is used by the General Fund during the fiscal year to control expenditures. Cost of goods received and services rendered on or before June 30 are recognized as expenditures.

Salaries — Most instructional personnel are employed under annual employment contracts covering the period from September through the following August. Since all services required under the annual contracts generally are performed prior to June 30, salaries which are disbursed for the months of July and August are accrued at June 30. The value of these services paid in July and August 2016 was $1.6 billion. As of June 30, 2015, the value of these services was $1.9 billion.

Vacation and Sick Leave and Cumulative Annual Reserve — Earned vacation and sick leave and Cumulative Annual Reserve ("CAR") are recorded as expenditures in the period when it is payable from current financial resources in the fund financial statements. The estimated value of vacation and sick leave and CAR earned by employees, which may be used in subsequent years or earned as vacation and sick leave and CAR to be paid upon termination or retirement, and therefore, payable from future resources, is recorded as a liability in the Department-wide Financial Statements. Under the terms of various labor contracts, the DOE employees are granted vacation and sick leave and CAR in varying amounts.

Judgments and Claims — The City and the DOE are uninsured with respect to most risks including, but not limited to, property damage, and personal injury, and workers' compensation. In the fund financial statements, expenditures for judgments and claims (other than workers' compensation) are recorded by The City on the basis of settlements reached, or judgments entered into, within the current fiscal year. Expenditures for workers' compensation are recorded when paid.

Pensions — The provision for pension contributions for the DOE is recorded in The City's General Fund. That provision includes normal costs, interest on prior pension costs not funded, and amortization of past service costs as determined by the actuary employed by the Boards of Trustees of The City's major pension systems. (See Note 4.B.)

Estimates and Assumptions — A number of estimates and assumptions relating to the reporting of revenues, expenditures, assets and liabilities and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Significant estimates include accrued expenses and other liabilities, depreciable lives of buildings and equipment – assuming normal maintenance, amortization of leasehold improvements, accrued vacation and sick leave, accrued judgments and claims, Pension, and OPEB obligations and Pollution Remediation Obligations. Actual results could differ from those estimates.

School Activity Funds — General school funds are established by individual schools to account for monies received from students and organizations for programs independent of the DOE.

These monies are raised primarily through school or student non-classroom activities to finance approved activities. Since the community school districts and the individual schools function solely as an agent in the collection and disbursement of these monies, the monies are reported as Fiduciary Funds in the accompanying statements. The cash in the agency fund includes the balances of 1,818 separate school activity funds. All but three of these bank accounts are maintained by the schools under the responsibility of the respective principals. Three bank accounts are maintained in the central office for the benefit of the schools.

Program Expenses — Program expenses denote the use of funds derived from federal and state aid sources, charges for services and funding from The City. The total program expenses included in the Statement of Activities for the year ended June 30, 2016 of $31 billion differ from the total expenditures and other uses included in the Statement of Revenues, Expenditures and Changes in Fund Balance in the amount of $22 billion, because of adjustments necessary to convert expenditures from the modified accrual basis of accounting to the full accrual basis (as outlined in the Management's Discussion and Analysis section). The following schedule reconciles these two accounting basis ($000 omitted):

	Amount
Total expenditures and other uses (from the statement of revenues, expenditures and changes in fund balance)	$ 22,373,519
Add back intra-city sales (which are included in general revenue in statement of activities)	48,041
Depreciation expense	1,321,891
Long-term liabilities per full accrual basis:	
Net change in employer pension obligations	5,576,653
Net change in other postemployment benefit obligations	1,268,330
Net change in sick leave and vacation balances	103,329
Net change in pollution remediation obligations	(34,017)
Net change in capital leases	17,102
Net change in judgments and claims	(22,280)
Total program expenses (from the statement of activities)	$ 30,652,568

The total program expenses included in the Statement of Activities for the year ended June 30, 2015 of $24 billion differ from the total expenditures and other uses included in the Statement of Revenues, Expenditures and Changes in Fund Balance in the amount of $21 billion, because of adjustments necessary to convert expenditures from the modified accrual basis of accounting to the full accrual basis (as outlined in the Management's Discussion and Analysis section). The following schedule reconciles these two accounting basis ($000 omitted):

	Amount
Total expenditures and other uses (from the statement of revenues, expenditures and changes in fund balance)	$ 20,954,060
Add back intra-city sales (which are included in general revenue in statement of activities)	45,306
Depreciation expense	1,179,479
Long-term liabilities per full accrual basis:	
Net change in employer pension obligations	3,047,985
Net change in other postemployment benefit obligations	(1,294,261)
Net change in sick leave and vacation balances	25,907
Net change in pollution remediation obligations	(1,621)
Net change in capital leases	(35,343)
Net change in judgments and claims	3,255
Total program expenses (from the statement of activities)	$ 23,924,767

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

The revenue and expenditure budget is in accordance with GAAP with respect to those elements that are The DOE's responsibility, and such budget is to be balanced in accordance with mandatory requirements of The City Charter. Annual expenditure budget appropriations are adopted as described below for the General Fund. During the year, decreases or increases to the budget, including amounts rolled to the subsequent fiscal year, adjust the final modified budget. Unused budget amounts lapse at the fiscal year end. Appropriations are also made in a Capital Budget to authorize the expenditure of funds for various capital projects. Capital appropriations, unless modified or rescinded, remain in effect until the completion of each project.

The budget of the DOE is made up of Units of Appropriation. Each Unit of Appropriation represents an area of instructional costs, a service program or a division within the DOE. The City Council, through the Adopted Budget of The City, appropriates funds to these Units of Appropriation.

Distinct Units of Appropriation are required for Personal Service expenditures and for Other Than Personal Service expenditures. Each Unit of Appropriation is delineated further by Budget Codes, which designate individual functions within a Unit of Appropriation (office, bureau or type of service). For Personal Service expenditures, Line Numbers further refine Budget Codes identifying specifically the titles funded. For Other Than Personal Service expenditures, Object Codes further refine Budget Codes identifying specifically the types of goods or services funded (supplies, equipment, contractual services, etc.).

The Divisions of Finance, Budgetary Strategy and Reporting monitor expenditures throughout the fiscal year to insure that spending remains within the amount of funds authorized in each Unit of Appropriation. Budget modifications are processed as required to transfer funds from one Unit of Appropriation, Budget Code, Line Number or Object Code to another as needed. Budget modifications require City Council approval if cumulative modifications are greater than or equal to 5 percent of the adopted budget for the Unit of Appropriation. The appropriation for heat, light and power is determined by other City agencies.

B. Appropriations Modifications

The following schedule summarizes budget modifications for the year ended June 30, 2016. ($000 omitted):

	Originally Adopted Budget	Net Modifications	Modified Budget
Tax levy programs	$ 20,298,378	$ 424,989	$ 20,723,367
Reimbursable programs	1,611,331	87,248	1,698,579
Subtotal	21,909,709	512,237	22,421,946
Less intracity sales	(15,234)	(33,090)	(48,324)
Total	$ 21,894,475	$ 479,147	$ 22,373,622

The modifications included the following ($000 omitted):

	Tax Levy	Reimbursable
Intracity purchases	$ 16,970	$ 16,120
Executive and Adoption	238,864	22,245
November and January plan actions	31,715	-
Hurricane Sandy	-	-
Central programs	(22,538)	8,328
Year-end closing Actions	54,225	40,555
GASB No. 49 — Pollution remediation	105,753	-
Total net modifications	$ 424,989	$ 87,248

The following schedule summarizes budget modifications for the year ended June 30, 2015. ($000 omitted):

	Originally Adopted Budget	Net Modifications	Modified Budget
Tax levy programs	$ 18,533,827	$ 216,730	$ 18,750,557
Reimbursable programs	2,215,497	37,531	2,253,028
Subtotal	20,749,324	254,261	21,003,585
Less intracity sales	(8,998)	(37,227)	(46,225)
Total	$ 20,740,326	$ 217,034	$ 20,957,360

The modifications included the following ($000 omitted):

	Tax Levy	Reimbursable
Intracity purchases	$ 18,671	$ 18,556
Executive and adoption	(30,203)	187
November and January plan actions	154,414	(30,705)
Hurricane sandy	8,515	-
Central programs	(3,071)	7,699
Year-end closing actions	(61,600)	41,794
GASB No. 49 — Pollution remediation	130,004	-
Total net modifications	$ 216,730	$ 37,531

3. DETAILED NOTES ON ACCOUNTS

Cash — Bank balances are maintained with banks that are members of the Federal Deposit Insurance Corporation (FDIC). The FDIC insures bank balances up to a maximum of $250,000 in the aggregate for each bank for all funds. As the DOE's General Fund cash balance is part of The City's cash management system, which is considered one depositor for FDIC purposes, and as the Agency Funds include over 1,818 accounts maintained at the school level, the DOE cannot determine the amounts that are insured or collateralized. The City's June 30, 2016 and 2015 General Fund bank balances, which includes the DOE's General Fund bank deposits, were uninsured and uncollateralized with securities held by The City's agent in The City's name.

Investments — In accordance with New York State Education Law, substantially all General Fund revenues are paid directly to and deposited with The City. Such amounts are commingled and invested with The City's funds and are not included in the accompanying balance sheets. The City's investment of cash in its Governmental Fund Types is currently limited to U.S. Government guaranteed securities and U.S. Government agency securities purchased directly and through repurchase agreements from primary dealers as well as commercial paper rated A1 and P1 by Standard & Poor's Corporation and

Moody's Investors Service, Inc., respectively. The repurchase agreements must be collateralized by U.S. Government guaranteed securities, U. S. Government agency securities, or eligible commercial paper in a range of 100% to 102% of the matured value of the repurchase agreements.

The DOE's regulations permit schools to deposit and invest student activity funds in banks authorized to do business in New York State, including making investments in time deposits and certificates of deposit. The school cannot open unappropriated allowed accounts without the approval of the Department of Education.

Lease Commitments — The DOE leases various types of property and equipment. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are recorded in the government-wide financial statements. Total lease expenditures for the years ended June 30, 2016 and 2015, were approximately $209 million and $183 million, respectively.

As of June 30, 2016, the DOE has future minimum rental obligations under capital and operating leases with a remaining term in excess of one year as follows ($000 omitted):

Year(s) Ending June 30	Total Amount	Capital Leases	Operating Leases
2017	$ 178,231	$ 35,789	$ 142,442
2018	171,495	34,094	137,401
2019	160,473	33,829	126,644
2020	152,017	34,216	117,801
2021	140,659	31,431	109,228
2022-2026	607,739	129,581	478,158
2027-2031	349,992	59,868	290,124
2032-2036	181,951	32,301	149,650
2037-2041	61,907	20,589	41,318
2042-2046	16,448	3,899	12,549
2047-2051	8,990	-	8,990
Total minimum lease payments	$ 2,029,902	415,597	$ 1,614,305
Less imputed interest		(113,293)	
Present value of net minimum lease payments		$ 302,303	

Long-Term Liabilities — The long-term liabilities include capital leases entered into by the DOE as well as the DOE's portion of various other long-term liabilities, payment for which The City is responsible. Funding for these allocated liabilities will be provided through future appropriations of The City. Payments for certain amounts of these liabilities are due in fiscal years 2016 and 2015 and funds have been appropriated for such payments.

Changes in the various components of the long-term liabilities for fiscal year 2016 are as follows. ($000 omitted):

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	One Year
Accrued vacation and sick leave	$ 1,925,239	$ 171,124	$ (67,795)	$ 2,028,568	$ 67,795
Capital lease obligations	285,201	39,350	(22,248)	302,303	22,662
Accrued judgments and claims	845,815	147,180	(169,460)	823,535	168,919
Pollution remediation	110,140	105,748	(139,765)	76,123	75,946
Employer pension obligation	21,084,820	5,576,653	-	26,661,473	-
OPEB obligations (net)*	27,661,349	1,268,330	-	28,929,679	-
Total	$ 51,912,564	$ 7,308,385	$ (399,268)	$ 58,821,681	$ 335,322

* OPEB Obligations deletions are comprised of actual Retiree Health Insurance and Retiree Welfare Contributions currently expensed in addition to any actuarially determined adjustment.

Changes in the various components of the long-term liabilities for fiscal year 2015 are as follows. ($000 omitted):

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	One Year
Accrued vacation and sick leave	$ 1,899,332	$ 101,305	$ (75,398)	$ 1,925,239	$ 75,398
Capital lease obligations	320,544	-	(35,343)	285,201	19,693
Accrued judgments and claims	842,558	158,389	(155,132)	845,815	192,243
Pollution remediation	11,761	129,939	(131,560)	110,140	99,126
Employer pension obligations	18,036,835	6,493,511	(3,445,526)	21,084,820	-
OPEB obligations	28,955,610	-	(1,294,361)	27,661,349	-
Total	$ 50,066,640	$ 6,883,144	$ (5,137,320)	$51,912,564	$ 386,460

Pollution Remediation Obligations — The Pollution Remediation Obligations ("PRO") at June 30, 2016 and June 30, 2015, summarized by obligating event and pollution type, respectively, are as follows:

	Fiscal Year 2016		Fiscal Year 2015	
Obligating Event	Amount (000's)	Percentage	Amount (000's)	Percentage
Imminent endangerment	$ -	%	$ -	%
Violation of pollution prevention-related permit or license	-	-	-	-
Named by regulator as a potentially responsible party	-	-	-	-
Voluntary commencement	76,123	100	110,140	100
Total	$ 76,123	100.0%	$ 110,140	100.0%
Pollution Type	Amount (000's)	Percentage	Amount (000's)	Percentage
Asbestos removal	$ 74,162	97.4%	$ 105,244	95.6%
Lead paint removal	138	0.2	588	0.5
Soil remediation	1,823	2.4	4,308	3.9
Total	$ 76,123	100.00%	$ 110,140	100.0%

As described in Note 3 of the financial statements, SCA was created for the purpose of designing, constructing, reconstructing, improving, rehabilitating and repairing the New York City public schools.

SCA has reported and identified pollution remediation costs as asbestos removal, lead paint removal, and soil contamination remediation project work performed at New York City Public Schools. Such costs were associated with capital assets of the DOE and, accordingly are recorded in the DOE financial statements.

There are no expected recoveries deemed not yet realized or realizable to reduce the liability. The PRO liability is derived from registered multi-year contracts which offset cumulative expenditures (liquidated/unliquidated) against original encumbered contractual amounts. The potential for changes to existing PRO estimates is recognized due to such factors as: additional remediation work arising during the remediation of an existing pollution project; remediation activities may find unanticipated site conditions resulting in necessary modifications to work plans; changes in methodology during the course of a project may cause cost estimates to change, e.g., the new ambient air quality standard for lead considered a drastic change will trigger the adoption of new/revised technologies for compliance purposes; and changes in the quantity which is paid based on actual field measured quantity for unit price items measured in cubic meters, linear meters, etc. Consequently, changes to original estimates are processed as change orders. Further, regarding pollution remediation liabilities that are not yet Recognized because they are not reasonably estimable, the Law Department relates that we have approximately 12 cases involving hazardous substances, including spills from above and underground storage tanks, and other condemnation on, or caused by facilities on City-owned property. There is also one case involving environmental review and land use, and one case involving polychlorinated biphenyls caulk in the public schools. Due to the uncertainty of the legal proceedings we cannot estimate a future liability.

Capital Assets — The DOE receives funding for assets from various sources, some of which are combined for the same fixed asset. In addition, many fixed assets are donated or sold to the DOE from private sources. Further, the receipt of these assets could be at any of the many central offices or at one of the over 1,500 school locations. However, the overall changes in the various classes of Capital Assets occurring during fiscal year 2016 can be reported, as follows ($000's omitted):

Capital Assets	Balance June 30, 2015	Additions	Transfers	Deletions	Balance June 30, 2016
Capital assets not being depreciated:					
Land and site improvement	$ 448,956	$ -	$ -	$ -	$ 448,956
Construction in progress	2,454,790	2,325,086	(2,012,540)	-	2,767,336
Total capital assets not being depreciated	2,903,746	2,325,086	(2,012,540)	-	3,216,292
Capital assets being depreciated:					
Building and additions	36,599,054	38,579	2,012,540	(11,778)	38,638,395
Equipment (including software)	308,502	2,894	-	-	311,396
Gross balance capital assets	36,907,556	41,473	2,012,540	(11,778)	38,949,791
Less accumulated depreciation:					
Building and additions	14,812,414	1,325,742	-	(11,778)	16,126,378
Equipment	268,134	7,927	-	-	276,061
Total accumulated depreciation	15,080,548	1,333,669	-	(11,778)	16,402,439
Net capital assets being depreciated	21,827,008	(1,292,196)	2,012,540	-	22,547,352
Total all capital assets	$ 24,730,754	$ 1,032,890	$ -	$ -	$ 25,763,643

Capital assets include all land, buildings, equipment (including software), with an initial minimum useful life of five years, having a cost of more than $35 thousand, and having been appropriated in the Capital Budget. Capital assets, which are used for general governmental purposes and are not available for expenditure, are accounted for and reported in the government-wide financial statements. Capital assets are generally stated at historical cost, or at estimated historical cost. Accumulated depreciation and amortization are reported as reductions of capital assets. The overall changes substantial in the various classes of Capital Assets occurring during fiscal year 2015 can be reported, as follows ($000's omitted):

Capital Assets	Balance June 30, 2014	Additions	Transfers	Deletions	Balance June 30, 2015
Capital assets not being depreciated:					
Land and site improvement	$ 448,956	$ -	$ -	$ -	$ 448,956
Construction in progress	2,016,869	2,531,064	(2,093,143)	-	2,454,790
Total capital assets not being depreciated	2,465,825	2,531,064	(2,093,143)	-	2,903,746
Capital assets being depreciated:					
Building and additions	34,563,512	3,534	2,093,143	(61,135)	36,599,054
Equipment (including software)	304,963	3,856	-	(317)	308,502
Gross balance capital assets	34,868,475	7,390	2,093,143	(61,452)	36,907,556
Less accumulated depreciation:					
Building and additions	13,643,213	1,213,606	-	(44,405)	14,812,414
Equipment	257,856	10,595	-	(317)	268,134
Total accumulated depreciation	13,901,069	1,224,201	-	(44,722)	15,080,548
Net capital assets being depreciated	20,967,406	(1,216,811)	2,093,143	(16,730)	21,827,008
Total all capital assets	$23,433,231	$ 1,314,253	$ -	$(16,730)	$24,730,754

In December 1988, the State of New York Legislation created the SCA for the purposes of designs, construct, reconstruct, improve, rehabilitate and repair the New York City public schools. Operations are funded by appropriations made by The City. Such appropriations are guided by Five-Year Capital Plans developed by the DOE. The City's appropriations for the Five-Year Capital Plan for the fiscal years 2015 through 2019 totaled $14.11 billion.

Capital Expenditures made on behalf of the DOE amounted to $2.7 billion and $2.6 billion in fiscal year 2016 and 2015, respectively. Such expenditures were incurred by the SCA. Upon substantial completion of capital assets, the SCA transfers such assets to the DOE. In Fiscal Years 2016 and 2015, the SCA transferred $2.0 billion and $2.1 billion, respectively, in completed assets to the DOE. The SCA capital assets are an integral part of the DOE capital assets.

Included in land and buildings at June 30, 2016, are certain leased properties aggregating approximately $422 million. Included in equipment are expenditures made from various units of appropriation in the General Fund. Included in Accumulated Depreciation — Buildings and Additions at June 30, 2016, was accumulated depreciation for lease hold improvement of $120 million.

Accumulated depreciation is reported as reductions of capital assets. Depreciation is computed using the straight-line method based upon the estimated useful lives of generally 25 to 50 years for new construction, 10 to 25 years for betterments and/or reconstruction, and 5 to 15 years for equipment.

For fiscal year 2016, The City's Comprehensive Annual Financial Report identifies capital expenditures for education amounting to $2.5 billion. The capital expenditures incurred by the SCA on behalf of the DOE totaled $2.3 billion offset by GASB Statement No. 49 expenditures of $106 million and the liability to SCA in the amount of $429 million.

4. OTHER INFORMATION

A. Non-Public Schools and Fashion Institute of Technology ("FIT") — Expenditures for non-public elementary and secondary schools located within The City, special education pre-school tuition, related services and transportation, and the Fashion Institute of Technology FIT are reflected under the financial statement caption Non-Public Schools. Expenditures for non-public elementary and secondary schools are related primarily to textbook purchases, transportation and school lunch programs and are funded, in part, by federal and state aid.

FIT receives, through appropriations provided by The City, a grant from the DOE to partially subsidize its operations. The amounts paid to FIT in fiscal year 2016 and 2015 were approximately $45.6 million and $45.6 million, respectively.

Pensions — Plan Description — On behalf of the DOE, The City sponsors or participates in five pension trusts providing benefits to its employees. Each of the trusts administers a qualified pension plan (QPP) and tax-deferred annuity programs (TDA Programs) that supplement the pension benefits provided by the QPP. The QPPs combine features of a defined benefit pension plans with those of a defined contribution pension plans; however, they are considered defined benefit plans for financial reporting purposes. The TDA Programs are considered defined contribution plans for financial reporting purposes. A brief description of each of the NYCTRS and BERS follows:

The majority of the DOE's employees are members of one of the following two major pension systems:

1. New York City Teachers' Retirement System of The City of New York ("TRS") administers the TRS qualified pension plan ("QPP") and the TRS tax-deferred annuity ("TDA") Program. The TRS QPP is a cost-sharing, multiple-employer pension plan for pedagogical employees in the public schools of The City and certain Charter Schools and certain other specified school and CUNY employees. The TRS TDA Program was established and is administered pursuant to Internal Revenue Code Section 403(b) and Chapter 4 of Title 13 of ACNY. The TRS TDA Program provides a means of deferring income tax payments on members' voluntary pre-tax contributions and earnings thereon until the periods after retirement or upon withdrawal of contributions. Members of the TRS QPP have the option to participate in the TRS TDA Program.

2. New York City Board of Education Retirement System ("BERS") administers the BERS QPP and the BERS TDA Program. The BERS QPP is a cost-sharing, multiple-employer pension plan for non-pedagogical employees of the Department of Education and certain Charter Schools and certain employees of the School Construction Authority. The BERS TDA Program was established and is administered pursuant to Internal Revenue Code Section 403(b), the New York State Education law and the BERS rules and regulations. The BERS TDA Program provides a means of deferring income tax payments on members' voluntary pre-tax contributions and earnings thereon until the periods after retirement or upon withdrawal of contributions. Members of the BERS QPP have the option to participate in the BERS TDA Program.

TRS and BERS publish separate annual financial statements that may be obtained from the Office of the Comptroller, Bureau of Accountancy, Pension Accounting Division - Room 200 South, 1 Centre Street, New York, New York 10007. www.nycbers.org and www.trsnyc.org

Funding Policy — The City's funding policy is to contribute statutorily-required contributions (Statutory Contributions). Statutory Contributions for the NYCRS, determined by the Actuary in accordance with State statutes and City laws, are generally funded by the employers within the appropriate Fiscal Year. The Statutory Contributions are determined under the One-Year Lag Methodology (OYLM). Under OYLM, the actuarial valuation date is used for calculating the Employer Contributions for the second following Fiscal Year. For example, the June 30, 2014 actuarial valuation was used for determining the Fiscal Year 2016 Statutory Contributions. Statutory Contributions are determined annually to be an amount that, together with member contributions and investment income, provides for QPP assets to be sufficient to pay benefits when due.

Statutory Contributions, determined by the Actuary in accordance with State statute and City laws are generally funded by the employers within the appropriate fiscal year.

Tax-deferred Annuity Programs – Benefits provided under the TRS and BERS TDA Programs are derived from members' accumulated contributions. A participant may withdraw all or part of the balance of his or her account at the time of retirement or termination of employment. Beginning January 1, 1989, the tax laws restricted withdrawals of tax-deferred annuity contributions and accumulated earnings thereon for reasons other than retirement or termination. Contributions made after December 31, 1988, and investment earnings credited after December 31, 1988, may only be withdrawn upon attainment of age 59-1/2 or for reasons of hardship (as defined by Internal Revenue Service regulations). Hardship withdrawals are limited to contributions only.

Contributions to the TDA Programs are made by the members only and are voluntary. Active members of the respective QPP are required to submit a salary reduction agreement and an enrollment request to make contributions. A participant may elect to exclude an amount (within the maximum allowed by the Internal Revenue Service) of his or her compensation from current taxable income by contributing it to the TDA Programs. This maximum is determined annually by the IRS for each calendar year. Additionally, members can elect either a fixed or variable investment program for investment of their contributions. No employer contributions are made to the TDA Programs. However, the TDA Programs offer the fixed return investment option as discussed above which could increase The City's contribution to the respective QPPs.

Qualified pension plan programs - Statutory Contributions for the TRS and BERS, determined by the Actuary in accordance with State statutes and City laws, are generally funded by the employers within the appropriate fiscal year. The Statutory Contributions are determined under the One-Year Lag Methodology ("OYLM"). Under OYLM, the actuarial valuation date is used for calculating the Employer Contributions for the second following Fiscal Year. For example, the June 30, 2014 actuarial valuation was used for determining the Fiscal Year 2016 Statutory Contributions. Statutory Contributions are determined annually to be an amount that, together with member contributions and investment income, provides for QPP assets to be sufficient to pay benefits when due. The aggregate Statutory Contributions due to each QPP from participating employers for Fiscal Years 2016 and 2015 and the amount of the City's contribution to each QPP for such fiscal years are as follows (in millions):

Annual Pension Costs	Aggregate Statutory Contribution 2016	Aggregate Statutory Contribution 2015	Aggregate Statutory Contribution 2014
TRS	$ 3,702	$ 3,270	$ 2,999
BERS	266	258	215
Total	$ 3,968	$ 3,528	$ 3,214

Member contributions are established by law and vary by QPP. In general, Tier I and Tier II member contribution rates are dependent upon the employee's age at membership and retirement plan election. In general, Tier III and Tier IV members make basic contributions of 3.0% of salary regardless of age at membership. Effective October 1, 2000, in accordance with Chapter 126 of the Laws of 2000, these members, except for certain Transit Authority employees, are not required to make basic contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. Effective December 2000, certain Transit Authority Tier III and Tier IV members make basic member contributions of 2.0% of salary in accordance with Chapter 10 of the Laws of 2000. Certain members of the TRS QPP and BERS QPP also make additional member contributions. Tier VI members contribute 3.0% and 6.0% of salary, depending on salary level.

Changes in Net Pension Liability—TRS and BERS QPPs

Net Changes in the DOE's net pension liability for the TRS and BERS QPPs for the fiscal years ended June 30, 2016 and 2015, due to the adoption of GASB Statement No. 68 are as follows:
($ amounts are in thousands)

	TRS - Net Pension Liability		BERS - Net Pension Liability	
	2016	2015	2016	2015
Balance at June 30, 2015	$ 20,027,619	$ 17,166,852	$ 1,057,201	$ 869,982
Actuarial Adjustment	(1,425)	-	(85,467)	-
Revised Balance At June 30, 2015	20,026,194	17,166,852	971,734	869,982
Changes for the year:				
Service cost	1,223,578	1,178,465	148,220	142,829
Interest	3,966,715	3,879,987	310,091	289,324
Difference between expected and actual experience	1,180,555	1,452,863	(73,484)	48,429
Change of assumption	2,336,023	-	177,814	-
Contribution - employer	(3,611,000)	(3,204,013)	(257,056)	(249,252)
Contribution - employees	(166,781)	(152,795)	(37,350)	(38,208)
Net investment income	(922,039)	(1,553,029)	(158,904)	(171,093)
Change in proportionate share	(67,969)	-	2,371	-
Payment of interest on TDA fixed funds	1,300,296	1,203,350	12,409	10,580
Administrative expenses	57,004	56,257	91,763	43,413
Other changes	(1,184)	(318)	152,472	111,197
Net Changes	5,295,198	2,860,767	368,346	187,219
Net Balance at June 30,	$ 25,321,392	$ 20,027,619	$ 1,340,079	$ 1,057,201

DOE Proportion of Net Pension Liability—TRS and BERS QPPs

The following table presents DOE's proportionate share of the net pension liability of the TRS and BERS QPPs at June 30, 2016 and 2015, and the proportion percentage of the aggregate net pension liability of each QPP allocated to the DOE:

($ amounts are in millions)	June 30, 2016		June 30, 2015	
	TRS	BERS	TRS	BERS
DOE's proportion of the net pension liability	96.02%	96.81%	96.35%	96.07%
DOE's proportionate share of the net pension liability	$ 25,321,392	$ 1,340,079	$ 20,027,619	$ 1,057,201

The DOE's proportion of the respective QPP's net pension liability was based on actual required contributions of each of the participating employers for the fiscal year.

The following table presents the City's proportionate share of net pension liability for the TRS, and BERS QPPs calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the respective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.0% or 1-percentage-point higher 8.0% than the current rate:

($ amounts are in millions)

	Fiscal Year 2016			Fiscal Year 2015		
	1% Discount (6.0%)	Current Discount Rate (7.0%)	1 Percent increase (8.0%)	1% Discount (6.0%)	Current Discount Rate (7.0%)	1 Percent increase (8.0%)
TRS QPP	$ 32,714	$ 25,600	$ 19,651	$ 26,453	$ 20,219	$ 15,065
BERS QPP	1,948	1,384	911	1,596	1,100	666
Total	$ 34,662	$ 26,984	$ 20,562	$ 28,049	$ 21,319	$ 15,731

The above amounts includes all participants of TRS and BERS beside the DOE.

Deferred inflows of resources by source reported by the DOE at June 30, 2016 and 2015 for each QPP are as follow:

($ amounts are in thousands)	June 30, 2016		June 30, 2015	
	TRS	BERS	TRS	BERS
Difference between Expected and Actual Experience	$ -	50,448	$ -	$ -
Net difference between projected and Actual earning on Pension Plant Investment	3,062,567	365,665	4,908,509	595,969
Change of Assumptions	-	-	-	-
Change in proportion and difference between Employer Contribution and Porportion Share	(5,387)	126	(416)	3,633
Deferred Inflows of Resources	$ 3,057,180	$ 416,239	$ 4,908,093	$ 599,602

Deferred outflows of resources by source reported by the DOE at June 30, 2016 and 2015 for each QPP are as follow:

($ amounts are in thousands)	June 30, 2016		June 30, 2015	
	TRS	BERS	TRS	BERS
Difference between Expected and Actual Experience	$ 1,574,694	$ 19,125	$ 1,078,414	$ 33,753
Net difference between projected and Actual Earning on Pension Plan Investment	2,247,197	83,557	1,067,803	37,272
Change of Assumptions	1,727,685	122,073	-	-
Change in Proportion and Differences between Employer Contribution and Porportion Share	(63,552)	6,682	-	-
Deferred outflows of Resources	$ 5,486,024	$ 231,437	$ 2,146,217	$ 71,025

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2016 will be recognized in pension expense as follows:

	(in thousands)	
Year ended June 30:	TRS	BERS
2017	$ 88,946	$ (166,123)
2018	646,195	(75,692)
2019	1,412,860	30,695
2020	366,231	13,474
Total	$ 2,514,232	$ (197,646)

The above amounts includes all participants of TRS and BERS besides the DOE.

Pension Expense, Employer Contribution, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension – The DOE's Pension expense, employer contribution, deferred Outflows, deferred inflows related to pensions and net pension liabilities recognized by the DOE for the fiscal years ended June 30, 2016 and 2015 are as follows:

($ amounts are in thousands)	June 30, 2016		
	TRS	BERS	Total
Net pension liability at June 30, 2015	$ 20,027,619	$ 1,057,201	$ 21,084,820
Acturial adjustment - FY2015 restatement	(1,425)	(85,467)	(86,892)
Net pension liability at June 30, 2015	$ 20,026,194	$ 971,734	$ 20,997,928
Employer contribution	(3,611,000)	(257,056)	(3,868,056)
Pension expense	3,713,589	296,902	4,010,491
Deferred Inflows pension - Prior Year	4,908,508	595,968	5,504,476
Deferred Outflows pension - Prior Year	(2,144,744)	(82,665)	(2,227,409)
Deferred outflows of resources	5,486,025	231,436	5,717,461
Deferred Inflows from pension	(3,057,180)	(416,239)	(3,473,419)
Net pension liability at June 30, 2016	$ 25,321,392	$ 1,340,080	$ 26,661,472

	June 30, 2015		
	TRS	BERS	Total
Net pension liability at June 30, 2014	$ 17,166,852	$ 869,983	$ 18,036,835
Employer contribution	(3,205,211)	(240,315)	(3,445,526)
Pension expense	2,083,274	134,159	2,217,433
Net Change - Deferred onflows of resources	2,146,217	71,026	2,217,243
Net Change - Deferred Inflows from resources	1,836,487	222,348	2,058,835
Net pension liability at June 30, 2015	$ 20,027,619	$ 1,057,201	$ 21,084,820

Other Post-Employment Benefits

Program Description — Post-employment benefits other than pensions (OPEB) provided to eligible retirees of the City and their eligible beneficiaries and dependents (hereafter referred to collectively as "Retiree Participants") include: health insurance, Medicare Part B Premium reimbursements and welfare fund contributions. OPEB are funded by the OPEB Plan.

OPEB — Includes health insurance, Medicare Premium Part B reimbursements, and welfare fund contributions. PLAN issues a publicly available financial report that includes financial statements and required supplementary information for funding PLAN's OPEB and the report is available at: Office of the Comptroller, Bureau of Accountancy—Room 200 South, 1 Centre Street, New York, New York 10007.

Annual OPEB Cost and Net OPEB Obligations —The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount that was actuarially determined by using the Entry Age Actuarial Cost Method (one of the actuarial cost methods in accordance with the parameters of GASB Statement No. 45). For fiscal year 2016, the annual OPEB required contribution for The City was determined to be $92.3 billion of which the City contributed $2.9 billion to the plan. The Net OPEB Obligation, after City Contributions, was $89.4 billion. For the DOE, the allocated Net OPEB obligation for Fiscal Year 2016 was $28.9 billion. This amount was allocated to Programs Activities' expenses in presenting full accrual accounting within the Statement of Activities. This amount, when added to the allocated amount for prior year $27.7 billion, was also included as a Long term liability in the Statement of Net Position $28.9 billion.

A. Superstorm Sandy

On October 29, 2012, Superstorm Sandy ("Sandy") made landfall in The City. The storm surge and high winds caused significant damage in the City, as well as to other states and cities along the U.S. eastern seaboard. The City incurred costs for emergency response and storm related damages to and destruction of, City buildings and other assets. As of June 30, 2016, the estimated value of damages and recovery costs was approximately $9.9 billion – this includes $7.8 billion for capital construction and $2.1 billion for cleanup, relief, and repairs.

In response to the damages caused by Superstorm Sandy, President Obama signed a major disaster declaration on October 30, 2012, authorizing the Federal Emergency Management Agency (FEMA) to provide Public Assistance grants (PA) to government entities for response and recovery efforts. The emergency declaration supports the reimbursement of eligible emergency work (categorized as Emergency Protective Measures and Debris Removal) and permanent work (categorized as restoration of Roads and Bridges, Water Control Facilities, Buildings and Equipment, Utilities, and Parks and Recreational facilities). On June 26, 2013, the President authorized reimbursement of eligible costs at a 90% rate.

In addition to the FEMA PA, the City has been awarded more than $4.2 billion of Community Development Block Grant Disaster Recovery (CDBG-DR) funding through the U.S. Department of Housing and Urban Development. The major portion of these funds is being used in a variety of home restoration and replacement programs, small business assistance programs, and resiliency/hazard mitigation programs. The remainder is being used to pay certain Superstorm Sandy-related costs that are not reimbursable by FEMA as well as the 10% non-FEMA share of eligible costs, to the extent that those are eligible for CDBG-DR funding.

Approximately $4 billion in emergency and recovery spending was obligated for reimbursement by FEMA during the City's Fiscal Year 2016, the remainder of eligible reimbursement will be obligated going forward. To the extent that eligible Superstorm Sandy related costs were incurred as of June 30, 2016, the FEMA reimbursement has been received or accrued as receivable in Fiscal Year 2016.

B. Contingencies — As explained in Note 1A, the DOE is fiscally dependent upon The City. Accordingly, the DOE's liability for loss contingencies is limited to the extent that spending authority has been appropriated by The City. Such liability, including but not limited to property damage, personal injury and grant disallowances, is assumed by and charged to budget appropriations of The City. A description of material contingencies follows:

1. ***Judgments and Claims*** — The DOE is a defendant in a significant number of lawsuits pertaining to material matters, including claims asserted which are incidental to performing routine educational services and other functions. Such litigation includes, but is not limited to, actions commenced and claims asserted against the DOE arising out of alleged torts, breaches of contracts and violations of law.

The estimate of the liability for all judgments and claims has been reported in the government-wide Statement of Net Position under noncurrent liabilities. The liability was estimated by using the probable exposure information provided by the New York City Law Department (Law Department), and supplemented by information provided by the Law Department with respect to certain large individual claims and proceedings. The recorded liability is the City's best estimate based on available information and application of the foregoing procedures.

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

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

The Federal Department of Health and Human Services Office of Inspector General (HHS OIG) conducted a review of Medicaid Personal Care Services claims made by providers in the City from January 1, 2004 through December 31, 2006, and concluded that 18 out of 100 sampled claims by providers failed to comply with Federal and State requirements. The Medicaid Personal Care Services program in the City is administered by the City's Human Resources Administration. In its audit report issued in June 2009, the HHS OIG, extrapolating from the case sample, estimated that the State improperly claimed $275.3 million in Federal Medicaid reimbursement during the audit period and recommended to the Center for Medicare and Medicaid Services (CMS) that it seek to recoup that amount from the State. To the City's knowledge, CMS has not taken any action to recover amounts from the State based on the findings in this audit, but no assurance can be given that it will not do so in the future. Section 22 of Part B of Chapter 109 of the Laws of 2010 amended an earlier unconsolidated State law to set forth a process under which the state Department of Health may recover from a social services district, including the City, the amount of a federal Medicaid disallowance or recovery that the State Commissioner of Health "determines was caused by a district's failure to properly administer, supervise or operate the Medicaid program. "Such a determination would require a finding that the local agency had "violated a statute, regulation or clearly articulated written policy and that such violation was a direct cause of the federal disallowance or recovery." It is not clear whether the recovery process set out in the amendment can be applied to a federal disallowance against the State based upon a pre-existing audit; however, in the event that it does, and results in a final determination by the State Commissioner of Health against the City, such a determination could result in substantial liability for the City as a result of the audit.

On October 27, 2014 a lawsuit under the False Claims Act against the City and Computer Sciences Corporation, a contractor that participated in the submission of claims for Medicaid reimbursement, was unsealed in the United States District Court for the Southern District of New York. Plaintiffs, consisting of the Federal government and a relator, allege fraud in connection with the use of diagnosis and other codes in seeking Medicaid reimbursement in connection with the Early Intervention Program. Plaintiffs seek treble damages and penalties. If plaintiffs were to ultimately prevail the City could be subject to substantial liability.

2. ***Other Contingencies*** — The DOE has no authority to issue debt obligations. The City issues all debt obligations necessary for educational purposes, principally capital projects. The State Finance Law provides that if The City should default on the payments of principal or interest on bonds or notes issued for school purposes, State aid for education must be withheld by the State and applied to cure such default.

ANNUAL FINANCIAL STATEMENTS

Department of Education of The City of New York

For the Fiscal Years Ended June 30, 2016 and 2015

Required Supplementary Information

A. Schedule of the DOE's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Multiple-Employer Pension Plans (Unaudited)

($ amounts are in millions)	TRS		BERS	
	2016	2015	2016	2015
DOE's proportion of the net pension liability	96.02%	96.35%	96.81%	96.57%
DOE's proportionate share of the net pension liability	$ 25,321.4	20,027.6	1,340.1	1,057.2
DOE's covered-employee payroll	$ 7,951.7	7,779.8	975.5	976.9
DOE's proportionate share of the net pension liability as a percentage of its covered-employee payroll	215.9%	257.4%	137.4%	108.2%
Plan fiduciary net position as percentage of the total pension liability	62.33%	68.00%	71.17%	75.30%

B. Schedule of DOE's Contributions for TRS and BERS Pension Plans (Unaudited)

($ amounts are in thousands)		2016	2015	2014	2013	2012 *	2011 *	2010 *	2009 *	2008 *	2007 *
TRS											
Contractually required contribution	$	3,555,210	3,150,518	2,889,355	2,783,893	2,673,078	2,468,973	2,484,074	2,223,644	1,916,520	1,600,904
Contributions in relation to the contractually required contribution		3,555,210	3,150,518	2,889,355	2,783,893	2,673,078	2,468,973	2,484,074	2,223,644	1,916,520	1,600,904
Contribution deficiency (excess)	$	-	—	—	—	—	—	—	—	—	—
Covered-employee payroll	$	7,951,697	7,779,802	7,687,791	7,618,059	7,920,935	7,935,248	7,859,999	7,221,499	6,998,174	6,285,203
Contributions as a percentage of covered-employee payroll		44.22%	40.50%	37.58%	36.54%	33.75%	31.11%	31.60%	30.79%	27.39%	25.47%
BERS											
Contractually required contribution	$	257,056	249,253	205,928	197,609	213,651	180,191	147,349	134,225	143,100	129,820
Contributions in relation to the contractually required contribution		257,056	249,253	205,928	197,609	213,651	180,191	147,349	134,225	143,100	129,820
Contribution deficiency (excess)	$	-	—	—	—	—	—	—	—	—	—
Covered-employee payroll	$	975,460	976,861	939,439	837,793	879,476	880,656	826,782	755,516	729,098	696,421
Contributions as a percentage of covered-employee payroll		25.51%	25.52%	21.92%	23.59%	24.29%	20.46%	17.82%	17.77%	19.63%	18.64%

*The DOE Fiscal Years 2013,2012, 2011, 2010, 2009, 2008, and 2007, reported contribution and covered payroll amounts are those of each retirement system as a whole (i.e. the sum for all participants employers) DOE- only covered payroll is not readily available for years prior to 2013, and due to methodological changes during the periods 2005 through 2012, the DOE - only employer contribution are not comparable over the ten year period.

Notes to Schedule B: (Unaudited)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Valuation Dates	June 30, 2014 (Lag)	June 30, 2013 (Lag)	June 30, 2012 (Lag)	June 30, 2011 (Lag)	June 30, 2010 (Lag)	June 30, 2009 (Lag)	June 30, 2008 (Lag)	June 30, 2007 (Lag)	June 30, 2006 (Lag)	June 30, 2005 (Lag)
Actuarial cost method	Entry Age[5]	Entry Age[5]	Entry Age[5]	Entry Age[5]	Entry Age[5]	Frozen Initial Liability[1]	Frozen Initial Liability[1]	Frozen Initial Liability[1]	Frozen Initial Liability[1]	Frozen Initial Liability[1]
Amortization method for Unfunded Actuarial Accrued Liabilities (UAAL):										
Pre-2010 UAALs	NA	NA	NA	NA	NA	NA	NA	NA	Increasing dollar for Level dollar for UAAL attributable to, TRS and BERS 2002 ERI (Part A only).[2] All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for Level dollar for UAAL attributable to, TRS and BERS 2002 ERI (Part A only).[2] All outstanding components of UAAL are being amortized over closed periods.
Initial 2010 UAAL	Increasing Dollar Payments.	Increasing Dollar Payments.	Increasing Dollar Payments.	Increasing Dollar Payments.	Increasing Dollar Payments.	NA	NA	NA	NA	NA
Post-2010 UAALs	Level Dollar Payments.	Level Dollar Payments.	Level Dollar Payments.	Level Dollar Payments.	Level Dollar Payments.	NA	NA	NA	NA	NA
Remaining amortization period:										
Pre-2010 UAALs	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Initial 2010 UAAL	18 Years (Closed).	19 Years (Closed).	20 Years (Closed).	21 years (Closed).	22 years (Closed).	NA	NA	NA	NA	NA
2010 ERI	2 Years (Closed).	13 Years (Closed).	14 Years (Closed).	15 Years (Closed).	NA	NA	NA	NA	NA	NA
2011 GLY	12 Years (Closed).	13 Years (Closed).	14 Years (Closed).	15 Years (Closed).	NA	NA	NA	NA	NA	NA
2012 GLY	13 Years (Closed).	14 Years (Closed).	15 Years (Closed).	NA	NA	NA	NA	NA	NA	NA
2013 GLY	14 Years (Closed).	15 Years (Closed).	NA	NA	NA	NA	NA	NA	NA	NA
2013 Transit Refunds	4 Years (Closed).	5 Years (Closed).	NA							
2014 (G)YL	13 Years (Closed).	NA	NA							
2014 Assumption Change	20 Years (Closed).	NA	NA							
2014 Method Change	20 Years (Closed).	NA	NA							
Actuarial Asset Valuation (AAV) Method	13 Years (Closed).	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6]. Acturial Asset Value (AAV) is constrained to be no more	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6].	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6].	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6].	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.
Actuarial assumptions:										
Assumed rate of return	7.0% per annum, net of expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, net of expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, net of expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, net of expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, gross of expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum [4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum [4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum [4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum [4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum [4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).
Post-retirement mortality	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.
Active service: withdrawal, death, disability, service retirement	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.
Salary increases	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Cost-of-Living Adjustments[2]	1.5% per annum for Auto Cola. 2.5% per annum for Escalation.	1.5% per annum for Auto Cola. 2.5% per annum for Escalation.	1.5% per annum for Auto Cola. 2.5% per annum for Escalation.	1.5% per annum for Auto Cola. 2.5% per annum for Escalation.	1.5% per annum for Auto Cola. 2.5% per annum for Escalation.	1.3% per annum	1.3% per annum[4]	1.3% per annum[4]	1.3% per annum[4]	1.3% per annum[4]

1 Under the Frozen Initial Liability Actuarial Cost Method, the excess of the Actuarial Present Value (APV) of projected benefits of the membership as of the valuation date, over the sum of the Actuarial Value of Assets plus the UAAL, if any, and the APV of future employee contributions is allocated on a level basis over the future earnings of members who are on the payroll of the valuation date. The Initial Liability was reestablished by the Entry Age Actuarial Cost Method as of June 20, 1999 but with the UAAL not less than $0. Actuarial gains and losses are reflected in the employer normal contribution rate.

2 In conjunction with Chapter 85 of the Laws of 2000 (Chapter 85/100), there is an amortization method. However, the initial pre-2010 UAAL of NYCERS, TRS, BERS, and Police equal $0 and no amortization periods are required.

3 Laws of established UAAL for Early Retirement Inventive Programs to be amortized on a level dollar basis over periods of 5 years.

4 Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year.

5 Beginning with the June 30, 2010 (Lag) actuarial valuation under the 2012 A&M, the Entry Age Actuarial Cost Method (EAACM) of funding is utilized by the Actuary to calculate the contributions required of the Employer. Under this method, the Actuarial Present Value (APV) of Benefits (APVB) of each individual included in the actuarial valuation is allocated on a level basis over the earnings (or service) of the individual between entry age and assumed exit age(s). The employer portion of this APV allocated to a valuation year is the Normal Cost. The portion of this APV not provided for at a valuation date by the APV of Future Normal Costs or future member contributions is the Actuarial Accrued Liability (AAL). The excess, if any, of the AAL over the Actuarial Asset Value (AAV) is the Unfunded Actuarial Accrued Liability (UAAL). Under this method, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized. Increases (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.

6 Market Value Restart as of June 30, 2011. Actuarial Asset Value ("AAV") as of June 30, 2010 defined to recognize Fiscal Year 2011 investment performance. The June 30, 2010 AAV is derived as equal to the June 30, 2011 Market Value of Assets, discounted by the Actuarial Interest Rate assumption (adjusted for cash flow) to June 30, 2010.

Note: Methods and assumptions are only required for single-employer plans. However, since the methods and assumptions are generally the same for all plans and have been reported together in the past, we presented them as if for all 5 plans here.

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

SUPPLEMENTAL FINANCIAL SCHEDULES OF THE GENERAL FUND
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

The General Fund is the general operating fund of DOE that is used to account for all of the financial resources, except those required to be accounted for in another fund. The Schedule of Aged Receivables includes Federal, State and Non-Governmental Grants and other aid from Fiscal Year 2013 through Fiscal Year 2016, as of June 30, 2016. The Schedule of Budget and Actual Expenditures reflects the final modified budget as approved by The City. This budget is modified throughout the year and then a final modification is submitted by DOE at year end to distribute surplus balances and to provide additional funding to categories with expenses that are projected to be in excess of budget appropriations. (See Note 2 of the Notes to the Financial Statements).

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

GENERAL FUND
SCHEDULE OF AGED RECEIVABLES
AS OF JUNE 30, 2016
WITH COMPARATIVE TOTALS TO JUNE 30, 2015
($000 Omitted)

BEY	Federal Grants Categorical	State Aid and Categorical Grants	Non-Governmental Grants	Total Receivables As of June 30, 2016	Comparative Total, as of As of June 30, 2015
FISCAL YEAR 2016	$ 933,470	$ 1,096,963	$ 93,856	$ 2,124,289	$ -
FISCAL YEAR 2015	4,372	116,878	35,157	156,407	2,240,656
FISCAL YEAR 2014	1,129	5,398	-	6,527	101,592
FISCAL YEAR 2013	-	2	-	2	52,532
FISCAL YEAR 2012	-	-	-	-	8,217
TOTAL RECEIVABLES	$ 938,971	$ 1,219,241	$ 129,013	$ 2,287,225	$ 2,402,997

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

GENERAL FUND
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

UOA		Modified Budget	Expenditures	Favorable (Unfavorable)
	GENERAL EDUCATION INSTRUCTION AND SCHOOL LEADERSHIP:			
401	Salaries	$ 6,050,412,168	$ 6,050,412,168	$ -
402	Supplies	152,657,463	125,580,212	27,077,251
402	Furniture and equipment	33,057,535	63,104,900	(30,047,365)
402	Textbooks	101,568,742	76,781,004	24,787,738
402	Contractual services	433,029,224	454,846,848	(21,817,624)
	Total	6,770,725,132	6,770,725,132	-
	SPECIAL EDUCATION INSTRUCTION AND SCHOOL LEADERSHIP:			
403	Salaries	1,559,902,973	1,559,902,972	1
404	Supplies	2,681,564	1,700,784	980,780
404	Furniture and equipment	434,483	1,384,746	(950,263)
404	Textbooks	347,020	9,332	337,688
404	Contractual services	1,323,382	1,235,166	88,216
	Total	1,564,689,422	1,564,233,000	456,422
	CHARTER SCHOOLS			
406	Supplies	673,063	956,210	(283,147)
406	Textbooks	7,053,108	5,942,933	1,110,175
406	Contractual services	1,486,753,537	1,486,753,536	1
	Total	1,494,479,708	1,493,652,679	827,029
	UNIVERSAL PRE-K			
407	Salaries	434,876,711	439,140,425	(4,263,714)
408	Supplies	15,147,180	11,534,779	3,612,401
408	Furniture and equipment	6,251,962	4,566,303	1,685,659
408	Textbooks	313,517	489,702	(176,185)
408	Contractual Services	401,386,771	406,508,645	(5,121,874)
	Total	857,976,141	862,239,854	(4,263,713)
	SCHOOL SUPPORT ORGANIZATION:			
415	Salaries	255,088,494	255,088,494	-
416	Supplies	5,702,983	3,836,288	1,866,695
416	Furniture and equipment	1,663,557	2,505,339	(841,782)
416	Textbooks	-	107,425	(107,425)
416	Contractual services	21,665,798	20,910,480	755,318
	Total	284,120,832	282,448,026	1,672,806

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

GENERAL FUND
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

UOA		Modified Budget	Expenditures	Favorable (Unfavorable)
	CITYWIDE EDUCATION INSTRUCTION AND SCHOOL LEADERSHIP:			
421	Salaries	$ 975,017,929	$ 974,406,427	$ 611,502
422	Supplies	6,141,305	7,083,518	(942,213)
422	Furniture and equipment	4,975,013	4,103,851	871,162
422	Textbooks	557,398	556,785	613
422	Contractual services	8,330,530	7,125,500	1,205,030
	Total	995,022,175	993,276,081	1,746,094
	SPECIAL EDUCATION INSTRUCTIONAL SUPPORT:			
423	Salaries	279,653,954	279,653,955	(1)
424	Supplies	3,420,163	2,738,188	681,975
424	Furniture and equipment	3,403,889	2,869,803	534,086
424	Textbooks	500	-	500
424	Contractual services	250,410,315	251,626,875	(1,216,560)
	Total	536,888,821	536,888,821	-
	SCHOOL FACILITIES			
435	Salaries	481,621,013	481,621,013	-
436	Supplies	29,872,050	27,154,244	2,717,806
436	Furniture and equipment	486,343	566,183	(79,840)
436	Pollution remediation	105,748,412	105,748,412	-
436	Contractual services	330,260,115	332,898,080	(2,637,965)
	Total	947,987,933	947,987,932	1
	PUPIL TRANSPORTATION			
438	Supplies	3,075,909	2,819,331	256,578
438	Equipment	3,977,999	3,053,927	924,072
438	Contractual services	5,978,500	5,297,205	681,295
438	Pupil transportation	1,130,251,084	1,132,113,028	(1,861,944)
	Total	1,143,283,492	1,143,283,491	1
	SCHOOL FOOD SERVICES			
439	Salaries	218,778,889	218,778,888	1
440	Supplies	20,669,406	23,496,461	(2,827,055)
440	Food purchases	192,495,018	183,335,587	9,159,431
440	Furniture and equipment	5,426,045	7,041,123	(1,615,078)
440	Contractual services	23,709,547	28,426,844	(4,717,297)
	Total	461,078,905	461,078,903	2

(Continued)

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

GENERAL FUND
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR EDNDED JUNE 30, 2016

UOA		Modified Budget	Expenditures	Favorable (Unfavorable)
442	SCHOOL SAFETY	$ 327,490,616	$ 327,490,616	$ -
444	ENERGY AND LEASES	453,768,108	439,198,801	14,569,307
	CENTRAL ADMINISTRATION			
453	Salaries	174,778,560	172,006,787	2,771,773
454	Supplies	16,203,749	14,315,136	1,888,613
454	Furniture and equipment	8,454,566	8,215,551	239,015
454	Judgments and claims	98,103	10,975	87,128
454	Contractual services	154,514,812	156,529,666	(2,014,854)
454	Fixed charges	133,000	42,444	90,556
	Total	354,182,790	351,120,559	3,062,231
461	FRINGE BENEFITS	3,019,277,282	3,019,277,282	-
470	PRE-KINDERGARTEN CONTRACTS	763,781,194	762,244,838	1,536,356
472	CONTRACT SCHOOLS AND FOSTER CARE	681,453,942	709,674,442	(28,220,500)
474	NON-PUBLIC SCHOOLS AND FIT PAYMENTS	67,160,073	66,038,048	1,122,025
	TOTAL TAX LEVY	20,723,366,566	20,730,858,506	(7,491,940)
	CATEGORICAL PROGRAMS:			
481	Salaries	1,026,959,169	1,020,088,185	6,870,984
482	Supplies	132,453,101	152,543,667	(20,090,566)
482	Furniture and equipment	17,256,810	29,810,292	(12,553,482)
482	Pension	112,423,112	112,418,176	4,936
482	Contractual service	409,486,968	375,841,128	33,645,840
	Total categorical programs	1,698,579,160	1,690,701,448	7,877,712

(Continued)

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

GENERAL FUND
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30,2016

	Modified Budget	Expenditures	Favorable (Unfavorable)
TOTAL APPROPRIATIONS EXPENDED	$ 22,421,945,726	$ 22,421,559,953	$ 385,773
INTRA-CITY SALES	(48,324,313)	(48,041,253)	(283,060)
Sub-total	22,373,621,413	22,373,518,700	102,713
NET CHANGE IN PRIOR PAYABLES	-	(399,830,499)	399,830,499
Total expenditures	22,373,621,413	21,973,688,201	399,933,212
OTHER FINANCING USES — Transfer to The City of New York	-	399,830,499	(399,830,499)
TOTAL EXPENDITURES AND OTHER USES	$ 22,373,621,413	$ 22,373,518,700	$ 102,713

(Concluded)

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

GENERAL FUND
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

UOA		Modified Budget	Expenditures	Favorable (Unfavorable)
	GENERAL EDUCATION INSTRUCTION AND SCHOOL LEADERSHIP:			
401	Salaries	$ 5,713,487,721	$ 5,713,487,721	$ -
402	Supplies	143,496,227	124,007,846	19,488,381
402	Furniture and equipment	40,960,561	61,425,423	(20,464,862)
402	Textbooks	86,317,745	76,654,210	9,663,535
402	Contractual services	390,527,780	397,964,630	(7,436,850)
	Total	6,374,790,034	6,373,539,830	1,250,204
	SPECIAL EDUCATION INSTRUCTION AND SCHOOL LEADERSHIP:			
403	Salaries	1,387,735,005	1,387,735,005	-
404	Supplies	1,918,925	1,481,390	437,535
404	Furniture and equipment	625,733	1,286,227	(660,494)
404	Textbooks	347,020	37,152	309,868
404	Contractual services	1,124,579	1,376,522	(251,943)
	Total	1,391,751,262	1,391,916,296	(165,034)
	CHARTER SCHOOLS:			
406	Supplies	517,900	730,533	(212,633)
406	Textbooks	5,201,192	4,988,559	212,633
406	Contractual services	1,303,295,774	1,303,161,100	134,674
	Total	1,309,014,866	1,308,880,192	134,674
	SCHOOL SUPPORT ORGANIZATION:			
415	Salaries	231,346,188	231,346,187	1
416	Supplies	16,478,031	4,191,608	12,286,423
416	Furniture and equipment	267,951	1,595,994	(1,328,043)
416	Textbooks	-	187,413	(187,413)
416	Contractual services	22,993,480	33,764,446	(10,770,966)
	Total	271,085,650	271,085,648	2
	CITYWIDE EDUCATION INSTRUCTION AND SCHOOL LEADERSHIP:			
421	Salaries	875,993,815	875,993,814	1
422	Supplies	6,981,632	6,400,790	580,842
422	Furniture and equipment	4,975,013	4,897,548	77,465
422	Textbooks	557,398	2,795,874	(2,238,476)
422	Contractual services	9,151,284	6,344,831	2,806,453
	Total	897,659,142	896,432,857	1,226,285

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

GENERAL FUND
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

UOA		Modified Budget	Expenditures	Favorable (Unfavorable)
	SPECIAL EDUCATION INSTRUCTIONAL SUPPORT:			
423	Salaries	$ 252,463,497	$ 252,463,496	$ 1
424	Supplies	616,664	2,797,125	(2,180,461)
424	Furniture and equipment	1,674,363	2,157,176	(482,813)
424	Textbooks	500	618	(118)
424	Contractual services	228,429,744	225,766,351	2,663,393
	Total	483,184,768	483,184,766	2
	SCHOOL FACILITIES			
435	Salaries	433,993,385	433,937,385	56,000
436	Supplies	28,707,483	25,808,117	2,899,366
436	Furniture and equipment	491,113	647,839	(156,726)
436	Pollution remediation	130,003,922	130,003,922	-
436	Contractual services	276,986,621	279,831,970	(2,845,349)
	Total	870,182,524	870,229,233	(46,709)
	PUPIL TRANSPORTATION			
438	Supplies	3,006,577	4,113,487	(1,106,910)
438	Equipment	1,928,999	343,139	1,585,860
438	Contractual services	4,202,500	5,302,154	(1,099,654)
438	Pupil transportation	1,134,699,762	1,134,079,058	620,704
	Total	1,143,837,838	1,143,837,838	-
	SCHOOL FOOD SERVICES			
439	Salaries	214,745,629	214,702,793	42,836
440	Supplies	18,477,716	19,205,652	(727,936)
440	Food purchases	181,828,531	178,829,646	2,998,885
440	Furniture and equipment	6,389,649	5,173,062	1,216,587
440	Contractual services	24,932,484	28,406,946	(3,474,462)
	Total	446,374,009	446,318,099	55,910
442	SCHOOL SAFETY	330,580,522	330,580,522	-
444	ENERGY AND LEASES	468,219,757	468,100,138	119,619

(Continued)

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

GENERAL FUND
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

UOA		Modified Budget	Expenditures	Favorable (Unfavorable)
	CENTRAL ADMINISTRATION:			
453	Salaries	$ 163,947,287	$ 163,947,287	$ -
454	Supplies	13,760,894	11,118,879	2,642,015
454	Furniture and equipment	3,646,334	4,491,287	(844,953)
454	Judgments and claims	98,103	15,317	82,786
454	Contractual services	153,616,545	155,506,135	(1,889,590)
454	Fixed charges	235,277	225,534	9,743
	Total	335,304,440	335,304,439	1
461	FRINGE BENEFITS	2,876,566,447	2,876,580,148	(13,701)
470	PRE-KINDERGARTEN CONTRACTS	845,306,104	844,399,423	906,681
472	CONTRACT SCHOOLS AND FOSTER CARE	641,613,685	641,613,308	377
474	NON-PUBLIC SCHOOLS AND FIT PAYMENTS	65,085,998	65,085,997	1
	TOTAL TAX LEVY	18,750,557,046	18,747,088,736	3,468,310
	CATEGORICAL PROGRAMS:			
481	Salaries	1,242,412,765	1,242,412,764	1
482	Supplies	130,245,031	161,171,282	(30,926,251)
482	Furniture and equipment	20,067,282	24,427,212	(4,359,930)
482	Pension	209,881,826	209,712,067	169,759
482	Contractual service	650,421,360	614,553,336	35,868,024
	Total categorical programs	2,253,028,264	2,252,276,661	751,603

(Continued)

DEPARTMENT OF EDUCATION OF THE CITY OF NEW YORK

GENERAL FUND
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

	Modified Budget	Expenditures	Favorable (Unfavorable)
TOTAL APPROPRIATIONS EXPENDED	$ 21,003,585,310	$ 20,999,365,396	$ 4,219,914
INTRA-CITY SALES	(46,225,301)	(45,305,867)	(919,434)
Sub-total	20,957,360,009	20,954,059,529	3,300,480
NET CHANGE IN PRIOR PAYABLES	-	(496,548,418)	496,548,418
Total expenditures	20,957,360,009	20,457,511,111	499,848,898
OTHER FINANCING USES — Transfer to The City of New York	-	496,548,418	(496,548,418)
TOTAL EXPENDITURES AND OTHER USES	$ 20,957,360,009	$ 20,954,059,529	$ 3,300,480

(Concluded)

GLOSSARY

ARRA	American Recovery and Reinvestment Act
BERS	Board of Education Retirement System
FSC	Field Support Center
CMS	Centers of Medical and Medicaid services
DDC	New York City Department of Design and Construction
DOE	Department of Education of the City of New York
FAMIS	Financial Accounting Management Information System
FDIC	Federal Deposit Insurance Corporation
Federal	One of the agencies of the United States of America
FEMA	Federal Emergency Management Agency
FFP	Federal Financial Participation
FIT	Fashion Institute of Technology
FMS	New York City Financial Management System
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
HHS	United States Department of Health and Human Services
IDEA	Individuals with Disabilities Education Act
OMB	New York City Office of Management and Budget
OPEB	Other Post Employment Benefits
OTPS	Other Than Personal Services
PS	Personal Services
RHBT	New York City Retiree Health Benefits Trust
RSI	Required Supplementary Information
SCA	School Construction Authority
SED	State Education Department
State	The State of New York
Tax Levy	Appropriations provided by The City of New York
TFA	New York City Transitional Finance Authority
The City	The City of New York
TRS	Teachers Retirement System
UFT	United Federation of Teachers
UOA	Unit of Appropriation