## NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
(A Component Unit of The City of New York)

**Management’s Discussion and Analysis (Unaudited)**

**June 30, 2016 and 2015**

**Financial Analysis**

**Summary of Statements of Net Position**

**June 30, 2016, 2015, and 2014**

(In thousands)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>$2,506,602</td>
<td>2,485,085</td>
<td>2,790,164</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>3,401,861</td>
<td>3,432,430</td>
<td>3,506,375</td>
</tr>
<tr>
<td>Other assets</td>
<td>162,777</td>
<td>118,444</td>
<td>131,927</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>6,071,240</td>
<td>6,035,959</td>
<td>6,428,466</td>
</tr>
<tr>
<td><strong>Deferred outflows:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net differences between projected and actual earnings on pension plan investments</td>
<td>480,191</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Unamortized refunding cost</td>
<td>12,785</td>
<td>15,349</td>
<td>18,240</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>2,637,985</td>
<td>2,945,003</td>
<td>3,193,724</td>
</tr>
<tr>
<td>Long-term debt, net of current installments</td>
<td>868,626</td>
<td>882,848</td>
<td>941,289</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>296,811</td>
<td>296,811</td>
<td>296,811</td>
</tr>
<tr>
<td>Pension, net of current portion</td>
<td>3,031,476</td>
<td>2,334,651</td>
<td>2,045,366</td>
</tr>
<tr>
<td>Postemployment benefits obligation, other than pension, net of current portion</td>
<td>4,836,872</td>
<td>4,519,900</td>
<td>4,667,962</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>11,671,770</td>
<td>10,979,213</td>
<td>10,848,341</td>
</tr>
<tr>
<td><strong>Deferred inflows:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net differences between projected and actual earnings on pension plan investments</td>
<td>—</td>
<td>258,287</td>
<td>708,343</td>
</tr>
<tr>
<td><strong>Net deficit:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>2,514,112</td>
<td>2,521,077</td>
<td>2,550,656</td>
</tr>
<tr>
<td>Restricted</td>
<td>154,926</td>
<td>149,231</td>
<td>150,112</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(7,776,592)</td>
<td>(7,856,500)</td>
<td>(7,810,746)</td>
</tr>
<tr>
<td><strong>Total net deficit</strong></td>
<td>$(5,107,554)</td>
<td>$(5,186,192)</td>
<td>$(5,109,978)</td>
</tr>
</tbody>
</table>

See accompanying notes to management’s discussion and analysis.
### NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
(A Component Unit of The City of New York)

Management’s Discussion and Analysis (Unaudited)

June 30, 2016 and 2015

Financial Analysis

Summary of Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2016, 2015, and 2014

(In thousands)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Operating revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>$5,812,049</td>
<td>5,729,197</td>
<td>5,653,009</td>
</tr>
<tr>
<td>Appropriations from (remittances to) City of New York, net</td>
<td>1,405,091</td>
<td>140,597</td>
<td>399,165</td>
</tr>
<tr>
<td>Grants revenue</td>
<td>362,339</td>
<td>526,673</td>
<td>285,763</td>
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<tr>
<td>Other revenue</td>
<td>103,080</td>
<td>61,264</td>
<td>51,110</td>
</tr>
<tr>
<td>Total operating revenue</td>
<td>7,682,559</td>
<td>6,457,731</td>
<td>6,389,047</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal services, fringes benefits, and employer payroll taxes</td>
<td>3,607,126</td>
<td>3,423,547</td>
<td>3,305,159</td>
</tr>
<tr>
<td>Other than personal services</td>
<td>1,753,336</td>
<td>1,561,411</td>
<td>1,527,445</td>
</tr>
<tr>
<td>Pension</td>
<td>502,374</td>
<td>285,111</td>
<td>224,500</td>
</tr>
<tr>
<td>Postemployment benefits, other than pension</td>
<td>426,513</td>
<td>(40,299)</td>
<td>198,991</td>
</tr>
<tr>
<td>Affiliation contracted services</td>
<td>1,050,535</td>
<td>994,294</td>
<td>922,773</td>
</tr>
<tr>
<td>Depreciation</td>
<td>302,530</td>
<td>291,729</td>
<td>302,859</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>7,642,414</td>
<td>6,515,793</td>
<td>6,481,727</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>40,145</td>
<td>(58,062)</td>
<td>(92,680)</td>
</tr>
<tr>
<td>Nonoperating expenses, net</td>
<td>(112,910)</td>
<td>(125,067)</td>
<td>(114,392)</td>
</tr>
<tr>
<td>Loss before other changes in net deficit</td>
<td>(72,765)</td>
<td>(183,129)</td>
<td>(207,072)</td>
</tr>
<tr>
<td>Other changes in net deficit:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital contributions</td>
<td>151,403</td>
<td>106,915</td>
<td>313,904</td>
</tr>
<tr>
<td>Increase (decrease) in net deficit</td>
<td>78,638</td>
<td>(76,214)</td>
<td>106,832</td>
</tr>
<tr>
<td>Net deficit at beginning of year</td>
<td>(5,186,192)</td>
<td>(5,109,978)</td>
<td>(5,216,810)</td>
</tr>
<tr>
<td>Net deficit at end of year</td>
<td>$ (5,107,554)</td>
<td>(5,186,192)</td>
<td>(5,109,978)</td>
</tr>
</tbody>
</table>

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