The City of New York

Bill de Blasio, Mayor

February 2014 Financial Plan

Fiscal Years 2014–2018

Office of Management and Budget
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February 12, 2014

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THE FINANCIAL PLAN

The fiscal year 2015 Preliminary Expense Budget is $73.7 billion. This is the thirty-fifth consecutive budget which is balanced under Generally Accepted Accounting Principles (GAAP), except for the application of Statement No. 49 of the Government Accounting Standards Board (GASB 49).

Highlights of the Preliminary Budget and Financial Plan are:

- Forecast revenues have increased between fiscal years 2014 and 2015 by $1.8 billion. Baseline tax revenue is projected to increase by $2.2 billion.

- Controllable Agency Expenses increase by $417 million or 1.8% from fiscal years 2014 to 2015.

- Non-Controllable Expenses increase by $2.1 billion or 7.0% over this period. The increase in Non-Controllable Expenses includes $925 million for Debt Service and $548 million for Pensions and Fringe Benefits.

- Fiscal year 2015 is projected to have a deficit of $1.8 billion that is balanced using $1.8 billion of surplus funds accumulated in prior years. The gaps for fiscal years 2016 and 2017 are $1.1 billion and $530 million, respectively.

The following table reflects the changes in revenues and expenses assumed in the five year plan:

City Funds Revenue and Expenses

($ in Millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenue	$52,254	$54,042	$56,392	$58,397	$59,950
Year-to-Year	1,934	1,788	2,350	2,005	1,553
Change:	3.8%	3.4%	4.3%	3.6%	2.7%
Expenses:					
Controllable Agency Expenses	$23,767	$24,184	$24,453	$24,849	$25,236
Year-to-Year	1,202	417	269	396	387
Change:	5.3%	1.8%	1.1%	1.6%	1.6%
Non-Controllable Expenses	$29,555	$31,628	$32,998	$34,078	$35,084
Year-to-Year	2,181	2,073	1,370	1,080	1,006
Change:	8.0%	7.0%	4.3%	3.3%	3.0%
Total Expenses	$53,322	$55,812	$57,451	$58,927	$60,320
Year-to-Year	3,383	2,490	1,639	1,476	1,393
Change:	6.8%	4.7%	2.9%	2.6%	2.4%
Surplus / (Deficit)	($1,068)	($1,770)	($1,059)	($530)	($370)
Prior Year Prepayment - Benefit	2,838	1,770	—	—	—
Current Year Prepayment - (Cost)	(1,770)	—	—	—	—
Net Impact of Prepayments	$1,068	$1,770	$—	$—	$—
Gap To Be Closed	**$—**	**$—**	**($1,059)**	**($530)**	**($370)**

Revenues and Expenditures
February 2014 Financial Plan

($ in Millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
REVENUES					
Taxes					
General Property Tax	$19,781	$20,782	$21,815	$22,703	$23,579
Other Taxes	26,240	27,480	28,744	29,848	30,872
Tax Audit Revenue	710	709	709	709	709
Subtotal: Taxes	**$46,731**	**$48,971**	**$51,268**	**$53,260**	**$55,160**
Miscellaneous Revenues	7,281	6,782	6,808	6,831	6,489
Unrestricted Intergovernmental Aid	—	—	—	—	—
Less: Intra-City Revenue	(1,743)	(1,696)	(1,669)	(1,679)	(1,684)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal: City Funds	**$52,254**	**$54,042**	**$56,392**	**$58,397**	**$59,950**
Other Categorical Grants	871	843	830	826	822
Inter-Fund Revenues	546	520	513	513	513
Federal Categorical Grants	8,409	6,402	6,384	6,370	6,369
State Categorical Grants	11,737	11,905	12,275	12,747	13,143
Total Revenues	**$73,817**	**$73,712**	**$76,394**	**$78,853**	**$80,797**
EXPENDITURES					
Personal Service					
Salaries and Wages	$22,424	$22,466	$22,748	$23,017	$23,340
Pensions	8,321	8,330	8,448	8,553	8,729
Fringe Benefits	8,795	9,173	9,836	10,557	11,352
Subtotal: Personal Service	**$39,540**	**$39,969**	**$41,032**	**$42,127**	**$43,421**
Other Than Personal Service					
Medical Assistance	6,365	6,447	6,415	6,415	6,415
Public Assistance	1,376	1,396	1,396	1,402	1,402
All Other [1]	23,460	22,033	22,385	22,894	23,188
Subtotal: Other Than Personal Service	**$31,201**	**$29,876**	**$30,196**	**$30,711**	**$31,005**
Debt Service [1, 2]	5,737	6,733	7,294	7,624	7,825
FY 2013 Budget Stabilization & Discretionary Transfers [1]	(2,838)	—	—	—	—
FY 2014 Budget Stabilization [2]	1,770	(1,770)	—	—	—
General Reserve	150	600	600	600	600
Subtotal	**$75,560**	**$75,408**	**$79,122**	**$81,062**	**$82,851**
Less: Intra-City Expenses	(1,743)	(1,696)	(1,669)	(1,679)	(1,684)
Total Expenditures	**$73,817**	**$73,712**	**$77,453**	**$79,383**	**$81,167**
Gap To Be Closed	**$—**	**$—**	**($1,059)**	**($530)**	**($370)**

1. *Fiscal Year 2013 Budget Stabilization and Discretionary Transfers total $2.807 billion, including GO of $2.727 billion, net equity contribution in bond refunding of $16 million, and subsidies of $64 million. In addition, the Fiscal Year 2012 Budget Stabilization included $31 million for prepayment of Fiscal Year 2014's debt service.*
2. *Fiscal Year 2014 Budget Stabilization totals $1.770 billion.*

ECONOMIC AND TAX REVENUE FORECAST

Economic Overview

For the first time in nearly five years, most economic sectors as well as fiscal and monetary policy are moving in the same direction, setting the stage for stronger growth in 2014. Until recently, the lackluster housing market had been a drag on the economy. However, the long-awaited recovery, aided by low mortgage rates and the improving labor market, has boosted residential investment and consumption spending. Real estate-related spending from building materials to home furnishings has revived, as has construction employment. Rising home and asset prices are lifting household net worth, leading to the first uptick in mortgage debt in four years as borrowers' sentiment and balance sheets improve.

While Federal Reserve policy is still highly accommodative, the path of monetary policy and the expectations of higher interest rates are the most tangible risks to accelerating growth. The rapid jump of ten-year interest rates last summer, in response to signals that the Fed would begin to taper its bond purchasing program, has already had profound effects on financial markets. Mortgage refinancing activity plunged and new originations slowed. Investors are shifting their portfolios towards equities and away from bond funds. Paradoxically, corporate bond underwriting volume almost matched the record set the year before, as firms rushed to lock in cheap financing. The unpredictable interest rate environment has been a challenge to Wall Street, with year-to-date profits over the first three quarters of 2013 down 23 percent from the prior year. In addition, ongoing litigation and regulatory tightening has weighed on the industry. The movement towards equities resulted in dramatic increases in stock market indices; the S&P 500 rose nearly 30 percent. This undoubtedly helped banks to offset weakness in other business areas, but the exceptional gains are unlikely to continue through 2014.

The New York City economy continued its remarkable recovery by adding 79,000 private sector jobs in 2013, the third straight year of strong employment growth. The diversification of the City's economy continued: most of the job gains occurred in more modestly paying sectors such as leisure & hospitality and retail, which are being buoyed by the booming tourism industry. Other robust sectors include professional & business services and health. However, the securities sector contracted by 1,000 jobs last year while the information industry shed 2,000 positions. After the strong recent gains, it is projected that private job growth will slow to 1.7 percent in 2014, down from 2.4 percent in 2013. Since the bulk of the job growth has been in low to middle income positions, wage earnings are estimated to have climbed by only 2.3 percent in 2013, but should rise closer to four percent in 2014 as the pattern of job growth normalizes.

Other parts of the NYC economy continue to brighten. The commercial real estate market has picked up: total office leasing increased to 25.7 million square feet in 2013, up from about 23 million the year before, and large commercial office sales continued the pace of 2012. However, vacancy rates in the City's primary office market rose due to the addition of substantial amounts of new office space, putting downward pressure on asking rents. Residential real estate has mirrored national trends, with prices jumping nearly six percent year-over-year through November; transactions grew as well but were still only two-thirds of the prior peak. Likewise, permit issuance in 2013 jumped by 71 percent over 2012, but remains just over half of the average volume during the housing boom.

Tax Forecast Summary

Coming off a year of strong performance in 2013, New York City tax revenue growth is expected to slow to 2.2 percent, resulting in revenues of $46.7 billion in 2014. Property taxes are forecast to increase 5.5 percent, while non-property taxes exhibit weaker growth of 1.1 percent.[1] The economic recovery is expected to continue and tax revenue is forecast to grow 3.7 percent in 2015, resulting in total revenues of $48.4 billion. Property tax growth in 2015 is forecast to remain steady at 5.1 percent and non-property tax revenue is expected to increase to 2.7 percent.[2]

Property tax revenue is forecast to be $20.8 billion in 2015, 42.9 percent of total tax revenue. The steady growth in property tax is supported by growth of 8.0 percent in taxable billable assessed value, an increase of $13.7 billion on the 2015 tentative roll. The tentative roll is projected to be reduced by 2.0 percent on the final roll after Tax Commission actions, Department of Finance's changes by notice, and the completion of exemption processing. On the tentative roll, Class 1 and small Class 2 market values saw steady increases of 4.7 percent and 5.1 percent, and their billable assessed value grew 3.7 percent and 7.3 percent, respectively. Large Class 2 and Class 4 properties saw even stronger market value growth of 8.0 percent and 10.1 percent, respectively. Their billable assessed value grew at 8.0 percent and 10.0 percent, as a result of strong 2015 market value appreciation as well as the "pipeline" of deferred assessment increases from prior years' market value growth.[3]

Non-property tax revenue is expected to grow 1.1 percent in 2014 and 2.7 percent in 2015. Personal income tax revenue totals $8.7 billion in 2014, a decline of 5.5 percent, and is expected to rebound in 2015 with growth of 5.6 percent. The decrease in revenue for 2014 follows a record high level of over $9 billion in personal income tax revenue in 2013. The high level was the result of a one-time acceleration in capital gains realizations as taxpayers brought forward gains (a "spin-up") in anticipation of the increase in the Federal capital gains tax rate from 15.0 percent in tax year 2012 to 23.8 percent in tax year 2013. Even with an outstanding performance in equity markets for calendar year 2013, the reversal of the "spin-up" will dampen the impact of growth in capital gains, resulting in a weak forecast for personal income tax revenue in 2014. Additionally, a tepid employment and Wall Street profits forecast hampers growth.

Business tax revenue, which includes the general corporation, banking corporation, and unincorporated business taxes, is forecast to decline 1.3 percent in 2014 and increase a modest 2.3 percent in 2015. In 2014, sluggish growth of 1.0 percent is forecast for general corporation tax collections. Banking corporation tax payments are expected to drop 10.3 percent, stemming from legal settlements, fines and large declines in mortgage activity. Unincorporated business tax collections are forecast to grow 2.1 percent, reflecting a healthy level of tax payments from hedge funds and slow, but sustained, growth in non-finance sector tax payments.

Sales tax and hotel tax revenue growth remains stable. Sales tax revenue is expected to reach $6.4 billion in 2014 and $6.6 billion in 2015, consistent with moderate local employment and wage growth, supported by strong tourism activity. Hotel tax revenue is forecast to increase 4.7 percent in 2014, and is expected to remain at a high level in 2015, reflecting continued strength in the tourism industry.

As a result of the rebound in the real estate markets and continued low mortgage interest rates, transaction tax revenue (mortgage recording tax and real property transfer tax) is poised to record a fourth consecutive year of double-digit growth in 2014 resulting in revenue of $2.4 billion, but is expected to decline in 2015 to $2.2 billion.

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1 *The total non-property taxes exclude audits.*

2 *Forecasts of revenues excludes the proposed personal income tax increase dedicated to the funding of universal pre-kindergarten (UPK).*

3 *Increases or decreases resulting from appreciation or depreciation of the property value based on the market condition are phased into billable assessments over five years for large Class 2 (more than 10 units) and Class 4 properties. Increases or decreases in value not yet phased into billable assessed value are referred to as the "pipeline".*

In summary, revenues from non-property taxes will stabilize at $26.2 billion in 2014. There is a risk that taxes sensitive to the financial sector will remain restrained due to the tightening of monetary policy, the impact of financial regulations, and global economic uncertainty. Assuming the moderate recovery of the City economy continues through the plan period, total tax revenue growth stabilizes at an annual average of 4.0 percent from 2016 through 2018.

Tax Program Summary

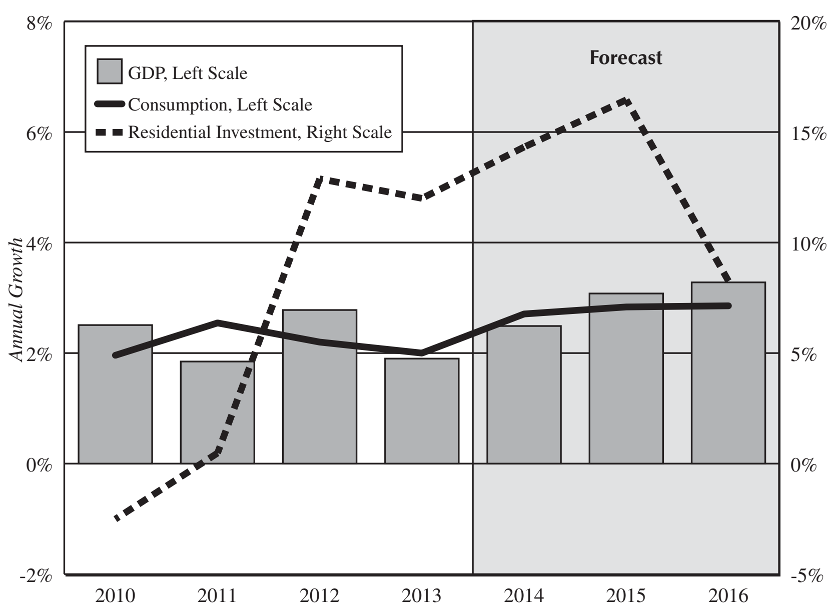
As part of the February 2014 Financial Plan, the Mayor is including a proposal to increase personal income tax rates on high-income filers in order to fund universal pre-kindergarten (UPK) and after-school programs. This proposal will increase the top personal income tax rate from 3.876 percent to 4.41 percent for all taxable income over $500,000 per filer, and is forecast to increase revenue by $530 million in 2015. Including the revenue increase from this proposal, total personal income tax revenue is forecast at $9.681 billion for 2015, growth of 11.9 percent over the prior year, and total tax revenue is forecast at $49.0 billion for 2015, growth of 4.8 percent.

The U.S. Economy

Despite the fiscal uncertainty at the end of 2013, the U.S. economy appears poised for stronger growth in 2014. For the first time since the end of the recession in 2009, most of the major sectors as well as fiscal and monetary policy are aligned in the same direction. Housing market activity has been vigorous, driven by low mortgage rates, a normalization of household formation rates, and increasing confidence. As a result, housing-related areas from construction employment to furniture manufacturers have rebounded. Rising home and asset prices have helped further strengthen household balance sheets; the post-housing crisis deleveraging process has mostly run its course, resulting in an improvement in consumption spending. With the signing of the two-year budget deal passed by Congress in December, even the headwinds created by fiscal policy uncertainty are starting to diminish. The biggest risk to accelerating growth is the possibility of higher interest rates as the Fed executes its exit strategy from bond markets.

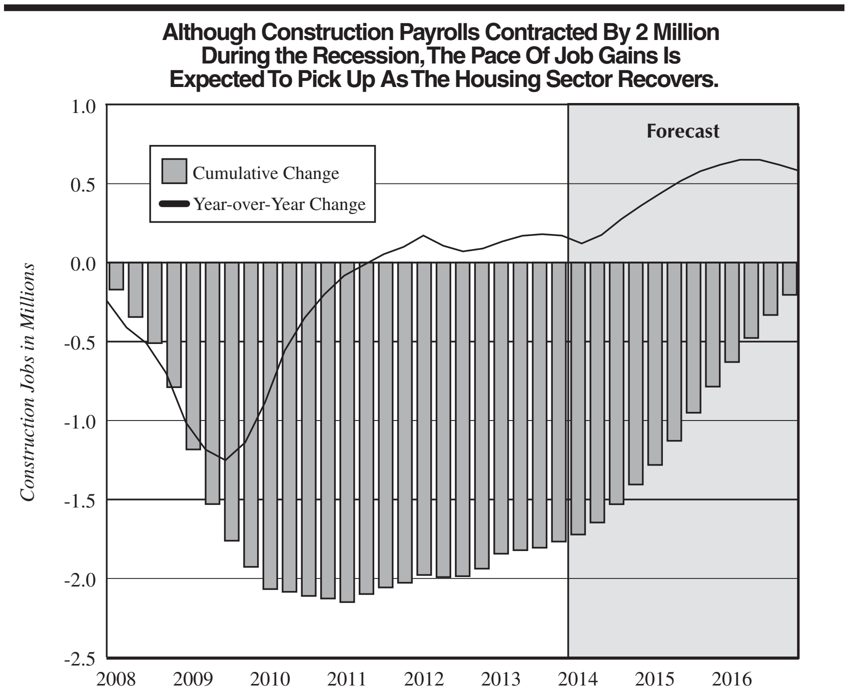
Recoveries after downturns characteristically see strong growth in residential investment. However, due to the huge over-investment in housing prior to the 2009 recession, the effect was masked by the large overhang of existing inventory, enlarged by distressed and foreclosed properties. Predictably, existing home inventories have declined steadily since 2008, with the months-of-supply finally dropping to pre-crisis levels (around five months) in 2013. According to the National Association of Realtors, year-over-year inventory growth finally turned positive in November and December, ending the year up 1.6 percent. At the same time the number of distressed homes in the foreclosure pipeline has been shrinking. As of October, CoreLogic's shadow inventory was 1.7 million, down 26 percent from a year ago and the lowest level since 2008. The market response to gradually tightening inventories was a jump in new construction. As a result, 2012 was the first time in six years that residential investment made a significant positive contribution to GDP growth, a trend that continued in 2013. Residential fixed investment is projected to continue growing at double-digit rates in 2014 and 2015, before slowing in 2016.

Starting In 2012, Residential Investment Has Been Contributing to GDP Growth, A Boost That Will Continue Until At Least 2016.



The downstream impact of the housing recovery is evident in retail sales and employment patterns. Real estate driven retail sales – including building materials, home improvement items, furniture, and home furnishing spending – grew by 5.6 percent in 2013 to $413 billion after growing six percent the previous year. During the downturn, this figure contracted for three consecutive years. Residential construction expenditures are also vigorous. Spending grew by 18 percent from 2012 to 2013. In labor markets, the most prominent effect from the recovering housing sector is the pickup in construction employment. In 2013, construction job growth hit 3.3 percent, surpassing the gains in aggregate private employment (up two percent) for the first time in six years. Moreover, 7.9 percent of new jobs were in construction last year, a sector that constitutes about five percent of employment levels. This share has been growing steadily for the last three years and is expected to continue expanding for the next three years as the housing recovery progresses, breaking 10 percent in 2014.

The picture for overall job growth has been mixed. While the pace of private job creation in the first half of 2013 averaged about 210,000 new jobs per month, the second half average was only 185,000 – partly due to a weak December report. Excluding that month, the monthly average jobs growth for the July through November period was a more respectable 204,000. Monthly fluctuations notwithstanding, average annual private payrolls are expected to grow by 2.3 and 2.4 million in 2014 and 2015, respectively.



There are several factors that reinforce the economy's momentum. While housing transactions create ancillary spending as buyers furnish and renovate new homes, rising real estate and asset prices also enhance household net worth, which should also boost spending. Household net worth grew 2.6 percent in Q3 2013 from the previous quarter, reaching $77.3 trillion, surpassing the pre-recession peak in 2007. About half of the increase was due to rising stock prices, while slightly over 20 percent of the gains were attributed to higher home values. With the CoreLogic Case-Shiller housing price index up about two percent in October and November (14 percent year-over-year) and the equity indices climbing 10 percent, the fourth quarter will also see strong wealth gains. Consumer mortgage debt also ticked up 0.9 percent in the third quarter, the first increase in four years. This is evidence that the household deleveraging process has largely run its course. Even energy prices have been favorable; benchmark prices for crude oil fell in the last quarter of 2013, down more than $10 to $92 bbl. in early January. Gasoline prices have likewise tumbled. Should energy prices remain this low, the slump in prices should add about a quarter of a percent to GDP growth. For all these reasons, real consumption spending is projected to increase from two percent last year to 2.7 percent in 2014 and continue accelerating to 2.8 percent in 2015.

The stiff fiscal policy headwinds have finally started to ease. The two-year Bipartisan Budget Act has reduced the possibility of budget gridlock this year and, in doing so, significantly diminishes one of the major sources of uncertainty for the economy. Overall, about $60 billion of the sequester cutbacks have been restored, spread over two years. The first year of sequester cuts in 2013 combined with the restoration of the two percent payroll tax were estimated by the Congressional Budget Office to have shaved 1.25 percentage points from growth last year. With the budget pact in place and no major tax policy changes, the fiscal drag will be considerably smaller this year.

Aided by the housing recovery and a more stable fiscal environment, real GDP growth is expected to climb from 1.9 percent in 2013 to 2.5 percent and 3.1 percent in 2014 and 2015, respectively. As the Fed slows asset purchases, interest rates are expected to rise gradually, inevitably affecting housing activity. Home sales have already slowed somewhat since mortgage rates jumped over the summer of 2013. Over the longer term, consumption will be constrained by the pace of income growth. Prior to the recession, annual growth of personal income averaged 5.4 percent. While estimated to have grown only 2.8 percent in 2013, this is projected to climb back to near long-term averages by 2016.

Although income and job momentum has been moderate, financial markets were relatively strong through 2013. Much of the difficulty was associated with the Fed's decision to delay its exit strategy from bond markets. Despite the Fed's taper and the partial Federal shutdown, equity markets enjoyed a robust year, gaining nearly 30 percent, which helped the "Big Five" banks balance weakness in fixed-income trading and a deceleration of mortgage refinancing business.[1] However, the banking sector still faces challenges in the form of increasing regulation and ongoing legal difficulties.

Yields on ten-year Treasuries rose from 1.7 percent in May to nearly three percent in September due to signals that the Fed would begin tapering its purchases of securities as part of its Quantitative Easing (QE) program. The Fed backpedaled from its earlier position in July, citing weaker than projected growth and financial conditions, and the possibility of fiscal gridlock in Congress. Nevertheless, the Fed finally began a modest taper in December, shaving $10 billion off its regular monthly bond purchases of $85 billion. The surge in yields and the prospect of higher rates have had widespread consequences. At the end of January, the Mortgage Bankers' Association's (MBA) refinancing index had plunged 63 percent (year-over-year), while the purchase index had contracted by 11 percent. This decline in mortgage business is forcing banks to cut back on staff. The forecast expects further tightening in 2014, pushing ten-year Treasury yields to 3.5 percent by the end of the year, where they will pause for 2015 once the QE program is shuttered.

Likewise, investors are also adjusting their portfolio allocations to reduce exposure to interest rate risks. Resources are shifting into equity funds from bond funds – the value of the latter tend to fall as interest rates rise. From June to December 2013, $177 billion was withdrawn from bond funds according to the ICI Mutual Fund data. The last time there were seven consecutive months of net outflows was spring 2000 during the implosion of the internet bubble. Mirroring this trend, equity funds in 2013 had net positive inflows totaling $160 billion. This is a sea change from the outflows they suffered in 19 of the previous 20 months through December 2012. The expectation of rates moving higher has also spurred an ongoing boom in corporate borrowing as large firms seek to lock in historically low borrowing costs. According to SIFMA, 2013 issuance of corporate debt was only slightly lower than 2012, which itself was an all-time record. However, further interest rate increases driven by Fed tapering will undoubtedly impair this activity.

Interest rate volatility, regulatory tightening and fiscal stalemates restrained Wall Street profits. NYSE member-firm profits for the third quarter of 2013 were $3.4 billion, down over 50 percent from the third quarter of 2012. Year-to-date through the third quarter, Wall Street banks booked profits of $13.5 billion, down 23 percent from the same period last year. While fourth quarter results for the entire industry are not yet available, the Big Five banks recently reported their quarterly earnings, which were mixed. The fourth quarter net earnings of their investment banking units reported an earnings drop of 26 percent over the same period.[2] Full year compensation at the Big Five's investment banks was essentially flat.

Regulatory bodies continue to finalize rules to further restrain banks and other financial firms from excessive risk-taking. The regulatory overhaul has been led by the Dodd-Frank reforms; of its nearly 400 rulemaking requirements, about two-thirds (280) had explicit deadlines, all of which have now passed. About half of the rules with deadlines have been finalized. About a quarter of the rules have not even entered the proposal stage. The most noteworthy regulation is the Volcker Rule, which restricts banks from proprietary trading and constrains bank investments in private equity and hedge funds; the final version approved in December included stricter language on hedging than anticipated. Regulators will not strictly enforce the 900 pages of rules until

1 *Bank of America, Citigroup, Goldman Sachs, JPMorgan Chase and Morgan Stanley.*

2 *This figure includes a legal-expense charge of $1.2 billion taken by Morgan Stanley in the fourth quarter. In absence of this item, consolidated earnings rose 75 percent and investment banking earnings fell 17 percent.*

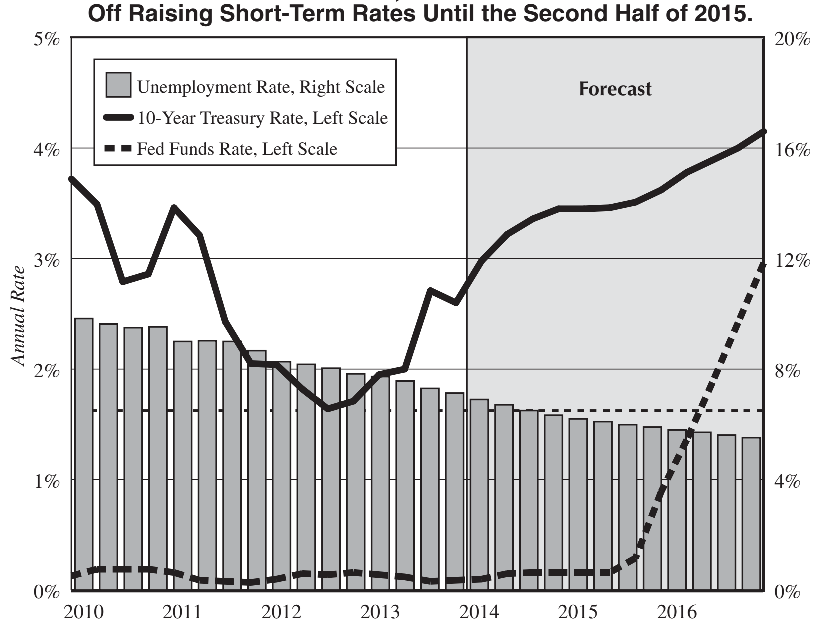
2015, giving banks time to interpret and conform to the new restrictions. Nevertheless, banks have shuttered proprietary trading desks and begun to cut stakes in outside private equity and hedge funds.

At the same time, the constant risk of litigation, primarily associated with mortgage practices during the housing boom and credit crisis, has shadowed Wall Street. Last year the largest six banks agreed to over $42 billion of settlements with Federal and State agencies as well as other investors, banks and private parties, up from the $29 billion settled in 2012. Outside of mortgage-related quagmires, banks have also been subject to sanctions due to the Libor and Euribor benchmark rigging scandals and fallout from the Madoff Ponzi scheme prosecution.

Despite the uncertainty created by both fiscal and monetary policy, equity markets continued to grow dramatically. The S&P 500 gained nearly 30 percent in 2013, with the growth evenly split between the first and second halves of the year. The last time the S&P grew this robustly was during the height of the internet boom. The Dow was likewise strong, growing 11 percent in the second half of 2013, after jumping nearly 14 percent in the first half. Furthermore, while major indices suffered mild corrections in October during the Federal shutdown, volatility was relatively muted. The proportion of S&P 500 trading days with price movements greater than one percent – the trading days ratio – peaked at 35 percent in June but moved in a narrow band between 5 and 14 percent through the end of 2013, well below historic averages.

Improvements in financial, housing, and labor markets will allow the FOMC to continue trimming monthly bond purchases throughout most of 2014. The forecast expects reductions in the monthly target by about $10 billion per Fed meeting. The central bank's stance on short-term interest rates has not changed – it is committed to maintain the current fed funds target of zero to 0.25 percent as long as unemployment is projected to be above 6.5 percent and inflation remains under control.

Although the Unemployment Rate Gradually Falls Below 6.5% in the Second Half Of 2014, the Federal Reserve Will Hold Off Raising Short-Term Rates Until the Second Half of 2015.

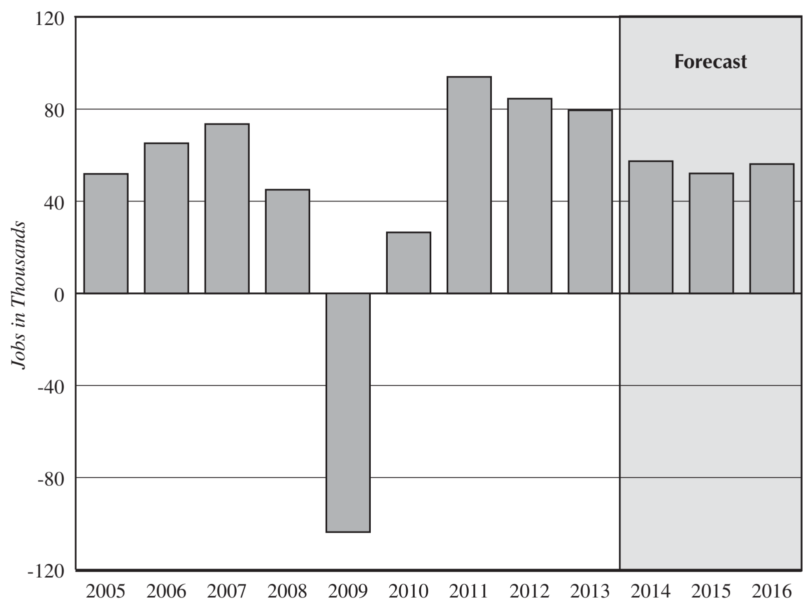


Fortunately, price stability appears to be well established. The Fed's preferred inflation measure, the core PCE price index, has been growing lethargically for most of 2013. It was only 1.2 percent in December (year-over-year), well below the Fed's two percent target. Core CPI inflation in December was up 1.7 percent, the same rate as the three previous months, while headline CPI inflation grew by only 1.5 percent that month, as muted food and energy prices dampened the headline number. The inflation data for the New York City area also reflects this pattern, with the December core reading at 1.9 percent and the headline inflation up 1.5 percent (year-over-year). Domestic energy production in the United States has grown for five consecutive years due to new extractive technologies, a trend that is expected to continue. At the same time, domestic demand is down in the United States and much of Europe. As a result, inflation at the national level is forecast to remain below 1.5 percent through 2014 and increase modestly to 1.7 percent in the following year.

The New York City Economy

During the past year, New York City continued its strong recovery from the financial crisis. The City's labor market added 79,000 private sector jobs on an annual basis, nearly matching the 85,000 gained in 2012. Continuing the diversification that the City's labor market has experienced, most of the job gains occurred in more modestly paying sectors in 2013. Hence, while wage earnings grew 2.8 percent in 2012, it is estimated that they expanded by a tepid 2.3 percent in 2013. Commercial real estate markets showed improvement but will likely face challenges in 2014 due to the addition of significant office space, including two new World Trade Center towers. Meanwhile, the momentum in residential real estate continued to build. Due to the strong gains during the past three years, private sector jobs will increase, but the rate of growth will decelerate to 1.7 percent in 2014 from 2.4 percent in 2013, and average 1.5 percent from 2015-2018. Although the pace of overall job expansion is likely to slow, private sector wages will rise due to a more even distribution of job gains. This will cause wage earnings to increase 3.8 percent in 2014, followed by an average annual growth rate of around 4.3 percent in the out-years.

New York City Private Employment is Expected to Grow Steadily in the Out-Years.



Wall Street forged ahead in 2013 but despite earning healthy profits, securities firms remained cautious and trimmed 1,000 jobs in 2013. Additionally, due to the continued scrutiny placed on financial firms regarding their compensation practices, bonus payouts are expected to decline by five percent in 2013. Firms are expected to remain cautious, and expand their local payrolls in 2014 by only 1,000 jobs. The securities sector will likely continue to show tempered employment gains throughout the forecast period, due to expectations of moderate equity market growth and continued regulatory pressure. Industry wages, while still very high, will stagnate for some time. The other financial sectors – banking, insurance and real estate – added roughly 1,000 jobs in 2013. These areas currently employ 155,000 and will steadily expand during this forecast.

The tourism industry in the City remains a reliable engine of growth. The City welcomed a record high 54.3 million visitors in 2013, surpassing the prior-year record of 52.7 million. The strength in tourism has supported employment in leisure & hospitality. After increasing by 21,000 in 2012, the sector gained 11,000 jobs in 2013. However, it lost some momentum towards the end of the year with payrolls declining by 5,300 in December, possibly due to the poor weather. Despite this short-term weakness, leisure & hospitality employment reached a new peak of 374,000 jobs on an average annual basis.

Other metrics of tourism also exhibited strength in 2013 but plateaued towards the end of the year. Air passenger traffic in the New York City region rose 2.4 percent through November. The month of November saw a more modest rise of 1.2 percent as domestic arrivals dipped 0.1 percent. However, this weakness was offset by continued growth in international arrivals, which gained 3.9 percent in November and 4.8 percent through the year.

The hotel industry also continues to prosper. Hotel occupancy rates in 2013 stood at 89 percent, up from 87 percent in the prior year, despite an expansion of roughly 3,000 rooms to hotel inventories. Thus, record arrivals in 2013, along with housing needs for displaced residents and relief workers following Sandy, boosted hotel room nights sold by 4.4 percent year-to-date through November. Looking forward, the sector's growth will contend with challenges from the recent strength of the US dollar, as well as slowing arrivals from emerging markets.

The tourism industry is expected to remain strong since better growth in the U.S. will support domestic arrivals. Hotels are projected to maintain their occupancy rates above 80 percent, while room rates steadily increase throughout the forecast period. Employment in the leisure & hospitality sector will continue to expand at a brisk pace and is forecast to add 10,000 jobs per year from 2014 through 2018. Retail trade, an industry that is also strongly supported by tourism, is forecast to maintain its growth path. After expanding by 10,000 jobs last year, the retail sector is expected to add an average of 9,000 jobs per year throughout the forecast period.

Professional & business services has been the backbone of the job growth seen over the past three years, accounting for roughly 22 percent of all the jobs added in 2013. Overall, these industries averaged $101,000 in wages in 2013. This sector will continue to provide strong employment gains, expanding by 15,000 jobs per year from 2014 to 2018.

After three strong years of growth, employment in the information sector retrenched in 2013, erasing 2,000 jobs for the year after adding 11,000 jobs over the previous three years, and the industry remains well below the peak hit during the internet boom. With the ongoing explosion of new media and information platforms, the industry will make a recovery in 2014, adding 2,000 jobs, and average a respectable 4,000 jobs per year in the out-years.

The traditionally non-cyclical sectors of education and health services continued to grow. Education showed an expansion of 10,000 jobs in 2013. Due to the growth in charter and trade schools, the sector has accounted for 25,000 job gains in the past three years. However, the pace of job growth is expected to wane, and will likely remain flat throughout the forecast period. Health employment rose by 21,000 in 2013, after adding 8,000 jobs in 2012. With new federally mandated health insurance guidelines now in place, health jobs are expected to remain in high demand, causing the sector's employment to increase by 10,000 jobs in 2014.

The secular decline of manufacturing will persist at least for the near future. Manufacturing cut 1,300 jobs in 2013, leaving the employment level at a new record low of 75,000. In the last decade, this sector has shrunk by more than half but is forecast to add 1,000 jobs in 2014.

After slowing considerably in 2012, the commercial real estate market improved, even while the office-using employment sectors added only 15,000 jobs in 2013, down from the over 26,000 jobs added in 2012. Leasing activity had declined 23 percent to roughly 23 million square feet (msf) in 2012, but has rebounded to 25.7 msf in 2013, an increase of 10.5 percent.[3] However, while leasing activity picked up, vacancy rates across the City's primary office market rose from 10.0 percent in the fourth quarter of 2012, to 12.1 percent at the end of 2013, due to the addition of significant amounts of office space.[4] While leasing activity and vacancy rates seem to be at odds with each other, asking rents continued to rise. Since hitting a trough in September 2010, primary market asking rents have risen 14 percent to settle at roughly $69 per square foot in December 2013. Thus, the primary market will face some challenges, with overall vacancy rates rising above 13 percent this year, but expected to wane in the out-years. Asking rents will hold steady in 2014, but will gradually rise due to the upscale qualities of the new office space that is entering the market.

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3 *Cushman & Wakefield*

4 *The addition of nearly 2 msf at Brookfield Place stemming from the expiring Merrill Lynch lease and roughly 1.1 msf from Four World Trade Center pushed the vacancy rate up at the end of 2013.*

The commercial investment market has returned to stability in the last three years following the collapse during the financial crisis. Large commercial transactions (greater than $100 million) had fallen to just five in 2009 before improving in the subsequent years. Through November, 20 large transactions closed, a slight decline from the 23 in the same period last year. The ongoing stability in the level of large commercial transactions is a signal that investors are optimistic about New York City's prospects, thus investment-related transactions in the City's office market will maintain the levels seen over the last four years.

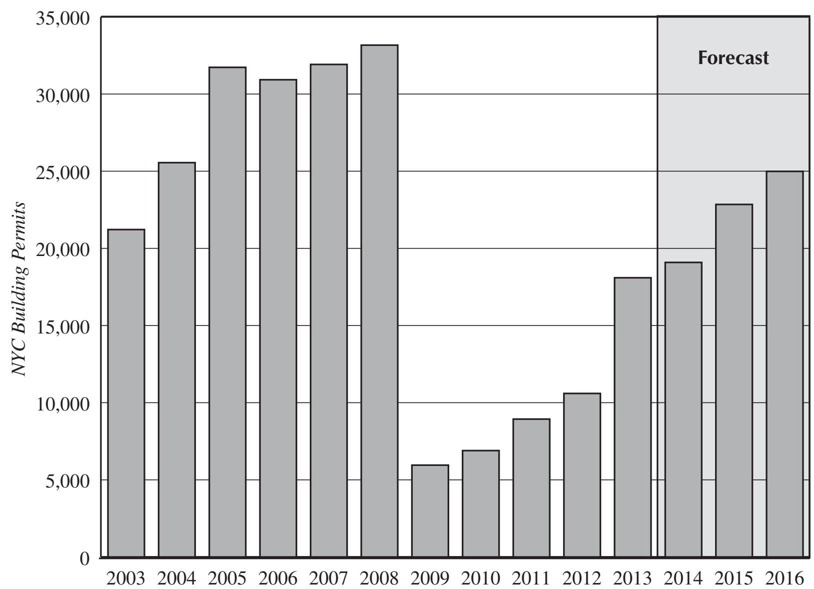
The City's residential real estate market made a stark turnaround towards the end of 2012. After a pronounced drop in prices and activity following the financial crisis, the real estate market ultimately reached a price trough in early 2012. Record low mortgage interest rates towards the end of 2012 and low prices made housing exceptionally affordable. In addition, changes to federal tax laws incentivized buyers and sellers to close on deals before the end of 2012. It was expected that the intertemporal shift in activity would dampen sales volume in subsequent quarters, but recent data indicate that underlying fundamentals are giving the housing market substantial support.

As of the third quarter of 2013, total residential sales in the City grew 22.3 percent from a year ago, led by a 29 percent jump in sales of co-ops and a 24 percent increase in condo purchases. Sales of 1-3 family homes registered a healthy gain of 16 percent. Whereas low rates at the end of 2012 encouraged buyers to enter the housing market, rising rates in mid-2013 prodded those waiting on the sidelines to take the plunge and become homebuyers before rates rose higher.

Tight supply coupled with strong demand has resulted in a notable appreciation in real estate values: the Case-Shiller (C-S) condo index has risen by 9.7 percent in November from a year ago, and the C-S single-family index rose 6.0 percent during that time. Price growth is forecast to remain strong into 2014 before returning to trend growth in the out-years. Sales volume of 1-3 family houses and condos are forecast to increase at trend rates. Co-op sales are expected to fall modestly in 2014 before increasing at sustainable rates throughout the rest of the forecast.

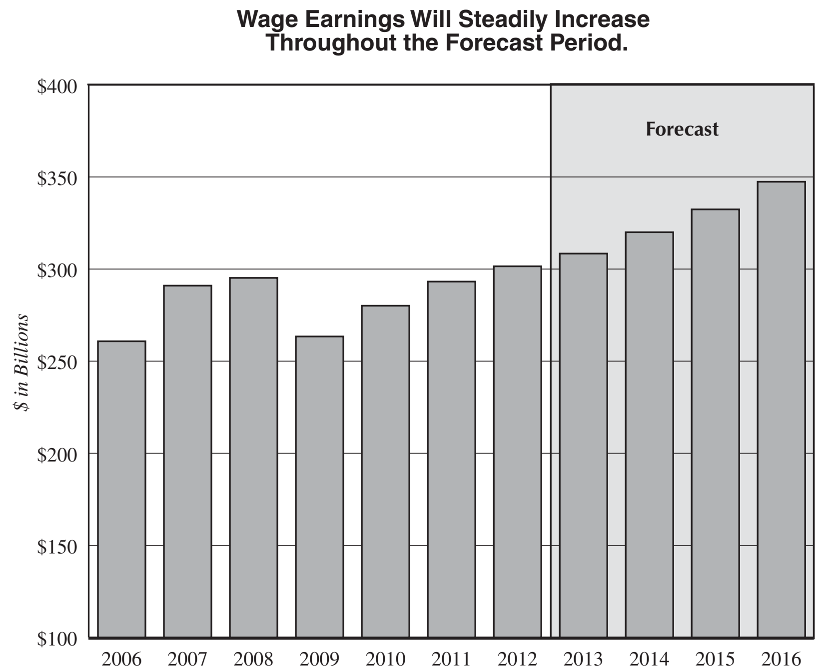
New construction in the City has been depressed since 2008, but is mounting a comeback. From 2005 through 2008, permit issuance averaged roughly 32,000 per year, while the total from 2009 through 2012 combined is just over 32,000. Permit issuances have risen each year since the sharp drop in 2009. Building permits granted in 2013 was 18,095, a surge of 71 percent from 2012. Despite the strong rebound, total building permits in 2013 are just over half those granted annually between 2005 and 2008. Issuances are forecast to continue increasing in the out-years, albeit at a more moderate pace than 2013.

Building Permits Dropped Sharply Following the Financial Crisis, But Will Continue to Gradually Recover.



The resulting recovery in housing will spill over into better employment prospects in the construction industry. The construction sector added 5,000 jobs in the last two years, and with the rebound in building activity, will expand by an average of 2,000 jobs throughout the forecast period.

While the overall employment picture calls for steady and moderate growth, many of the new jobs anticipated over the next few years will be in non-financial, low-to-middle income industries. As of 2012, the non-finance average wage was about $65,000 per year and is expected to increase by about three percent per year in the forecast period. With the expectation of slow job growth and steady wages in the finance sector, that industry will not do much to boost overall earnings. As a result, wage earnings in the City rise to $308 billion in 2013, up from $302 billion in 2012. Wage earnings growth averages 4.2 percent from 2014-2018.



Financial Plan Fiscal Year 2015

Forecasts of Selected Economic Indicators for the United States and New York City

Calendar Year 2013-2018

	2013	2014	2015	2016	2017	2018	1982-2012*
NATIONAL ECONOMY							
Real GDP							
Billions of 2005 Dollars………	$15,743	$16,135	$16,631	$17,177	$17,732	$18,259	
Percent Change ………………	1.9	2.5	3.1	3.3	3.2	3.0	2.9%
Non-Agricultural Employment							
Millions of Jobs………………	136.4	138.2	140.7	143.3	145.7	147.5	
Level Change…………………	2.3	1.9	2.4	2.6	2.4	1.8	
Percent Change………………	1.7	1.4	1.8	1.9	1.7	1.3	1.3%
Consumer Price Index							
All Urban (1982-84=100)……	233.0	236.2	240.3	244.7	249.3	254.4	
Percent Change ………………	1.5	1.4	1.7	1.9	1.9	2.0	2.9%
Wage Rate							
Dollars Per Year………………	52,512	53,944	55,696	57,468	59,335	61,344	
Percent Change………………	1.4	2.7	3.2	3.2	3.2	3.4	3.6%
Personal Income							
Billions of Dollars……………	14,133	14,815	15,529	16,340	17,241	18,132	
Percent Change………………	2.8	4.7	4.8	5.2	5.5	5.2	5.5%
Before-Tax Corporate Profits							
Billions of Dollars……………	2,257	2,556	2,565	2,577	2,557	2,560	
Percent Change………………	3.1	13.2	0.3	0.5	-0.8	0.1	7.8%
Unemployment Rate							
Percent ………………………	7.4	6.6	6.0	5.7	5.3	5.1	6.4% avg
10-Year Treasury Note							
Percent………………………	2.3	3.3	3.5	4.0	4.6	4.6	6.4% avg
Federal Funds Rate							
Percent………………………	0.1	0.1	0.4	2.2	3.8	4.0	4.9% avg
NEW YORK CITY ECONOMY							
Real Gross City Product**							
Billions of 2005 Dollars………	$683.1	$691.2	$705.0	$724.7	$742.5	$759.7	
Percent Change………………	1.1	1.2	2.0	2.8	2.5	2.3	2.6%
Non-Agricultural Employment***							
Thousands of Jobs……………	3,954	4,011	4,064	4,120	4,174	4,228	
Level Change…………………	77	57	52	56	54	54	
Percent Change ………………	2.0	1.4	1.3	1.4	1.3	1.3	0.5%
Consumer Price Index							
All Urban (1982-84=100)……	256.8	260.9	266.0	271.4	277.0	283.1	
Percent Change………………	1.7	1.6	1.9	2.1	2.1	2.2	3.3%
Wage Rate							
Dollars Per Year………………	80,587	82,440	84,529	87,153	89,881	92,634	
Percent Change………………	0.1	2.3	2.5	3.1	3.1	3.1	4.6%
Personal Income							
Billions of Dollars……………	481.8	503.1	522.9	546.9	574.8	602.3	
Percent Change………………	2.0	4.4	3.9	4.6	5.1	4.8	5.4%
NEW YORK CITY REAL ESTATE MARKET							
Manhattan Primary Office Market							
Asking Rental Rate****							
Dollars per Square Feet………	$68.38	$67.54	$69.39	$71.04	$73.26	$75.19	
Percent Change………………	0.7	(1.2)	2.7	2.4	3.1	2.6	2.3%
Vacancy Rate****							
Percent………………………	12.4	13.3	12.2	12.0	11.2	10.8	10.7% avg

* *Compound annual growth rates for 1982-2012. Compound growth rate for Real Gross City Product covers the period 1982-2012; Personal Income 1982-2012.*

** *GCP estimated by OMB. The GCP figures have been revised due to a methodological change.*

*** *Employment levels are annual averages.*

**** *Office market statistics are based on 1987-2012 data published by Cushman & Wakefield.*

TAX REVENUE FORECAST[1]

Real Property Tax

Real property tax revenue is forecast at $19.781 billion in 2014, growth of 5.5 percent. In 2015, real property tax revenue is forecast at $20.782 billion, growth of 5.1 percent.

Total market value grew by 6.6 percent from the 2014 final roll to the 2015 tentative roll. The strong market value growth is primarily driven by a 10.1 percent increase in Class 4 (office and commercial space) properties. Class 1 (one- to three-family homes) properties saw an increase of 4.7 percent in their market value, while Class 2 (rental apartments, condominiums, and cooperatives) properties saw market value growth of 7.3 percent overall. Large Class 2 (more than 10 units) properties saw an increase of 8.0 percent, while small Class 2 (10 units or less) properties saw growth more like that in Class 1, at 5.1 percent. Class 3 (utilities) properties saw a slight market value decline of 0.3 percent.

Citywide, total billable assessed value (after accounting for the veterans' and STAR exemptions) increased by $13.7 billion over 2014 to $185.4 billion, growth of 8.0 percent. The 2015 tentative roll is expected to be reduced by $3.8 billion on the final roll as a result of Tax Commission actions, Department of Finance changes by notice, and the completion of exemption processing. The billable assessed value on the final roll (before accounting for the veterans' and STAR exemptions) is forecast to grow 5.7 percent.

On the 2015 tentative roll, Class 1 market value (based on the comparable sales price valuation methodology) increased by 4.7 percent over the prior year. The billable assessed value for Class 1 grew by 3.7 percent (after accounting for the veterans' and STAR exemptions). With an estimated tentative-to-final roll reduction of $22 million, billable assessed value on the final roll is expected to grow 3.4 percent, slightly higher than last year's growth of 2.5 percent. Market value growth for Class 1 is forecast to be moderate from 2016 through 2018. Class 1 billable assessed value is forecast to grow at an annual average of 3.7 percent from 2016 through 2018.

On the 2015 tentative roll, overall Class 2 properties saw market value growth of 7.3 percent. The billable assessed value growth for Class 2 is 7.9 percent (after accounting for the veterans' and STAR exemptions). With an estimated tentative-to-final roll reduction of $0.9 billion, billable assessed value growth on the final roll is expected to be 6.4 percent, slightly higher than last year's growth of 5.4 percent. Class 2 market value is projected to grow at a weaker pace from 2016 through 2018 as long-term interest rates are forecast to rise, pushing cap rates higher and dampening market value growth. Class 2 billable assessed value, however, is forecast to show mild growth as projected market value weakness is offset by the existing "pipeline" of deferred assessment increases from prior years' market value growth. Class 2 billable assessed value is forecast to grow at an annual average of 4.2 percent from 2016 through 2018.

Class 3 (utilities) properties saw billable assessed value decline 0.4 percent on the 2015 tentative roll. After the assessments for Class 3 special franchise properties are completed by the NYS Office of Real Property Tax Services, Class 3 billable assessed value on the final roll is expected to grow 1.3 percent. Class 3 billable assessed value growth is expected to remain flat from 2016 through 2018.

Class 4 properties, which consist of all other real properties such as office buildings, factories, stores and vacant land, saw market value growth of 10.1 percent on the 2015 tentative roll. The Class 4 billable assessed value growth on the 2015 tentative roll is 10.0 percent. With an estimated tentative-to-final roll reduction of $3.1 billion, the billable assessed value growth on the final roll is expected to be 6.4 percent. Class 4 market value is forecast to increase only moderately in the out-years as the forecast growth in net operating income is partially offset by projected increases in cap rates. Class 4 billable assessed value is forecast to grow at an annual average of 5.1 percent from 2016 through 2018 as the existing "pipeline" of deferred assessment increases from prior years' market value growth starts to phase in, despite the projected weakness in market value.

1 *All tax figures are stated in terms of the City fiscal year, which runs from July 1 to June 30. The text will specifically state when referring to calendar years.*

Property tax collections are expected to grow at an annual average of 4.3 percent from 2016 through 2018.

Commercial Rent Tax

Commercial rent tax revenue is forecast at $689 million in 2014, growth of 3.8 percent from 2013. In calendar year 2013, market conditions continued to show a modest recovery that began in calendar year 2010, with four consecutive years of improvement in the midtown primary market asking rents and strong double-digit growth for the downtown primary market asking rents. In calendar year 2014, commercial office markets are expected to remain stable with asking rents seeing little change. The modest growth forecast in tax revenue for 2014 primarily reflects the rent escalator clause that allows annual increases for existing leases as well as increases in asking rents for new and renewal leases.

In 2015, the commercial rent tax is forecast at $715 million, growth of 3.8 percent. This reflects the continued economic growth in the City as an increase in office-using employment translates to rising demand for office space. Asking rents are expected to rise while occupancy is forecast to improve.

Commercial rent tax revenue is projected to grow at an annual average of 4.3 percent from 2016 through 2018 as growth in the City's employment is expected to remain positive in response to ongoing economic expansion.

Transfer Taxes

Real property transfer tax revenue is forecast at $1.433 billion in 2014, growth of 32.0 percent. The 2014 level is now only 16.8 percent below the peak seen in 2007, reflecting a recovery since 2011 after collections dropped 64.3 percent from their 2007 peak. Tax collections year-to-date through December grew 47.3 percent over the prior year. A significant portion of the collections strength resulted from several high value transactions that occurred before the end of the calendar year 2013. As the pent-up demand for commercial office properties begins to wane and interest rates rise, transfer tax revenue is forecast to decline in 2015 by 7.8 percent before returning to growth, averaging 6.5 percent from 2016 through 2018 as the local property market continues to stabilize.

In 2014, commercial transfer tax collections are forecast to grow 42.9 percent over the prior year, buoyed by steady job growth, improving real estate fundamentals, and ready availability of capital. The local commercial real estate market remains attractive to investors, particularly foreign buyers, as the momentum gained in the commercial real estate recovery since 2011 continues. With the increased activity, the commercial transaction tax revenue forecast in 2014 is now only 17.8 percent below the peak seen in 2007. This high level of activity is not expected to continue in 2015 and collections from commercial transactions are forecast to decline 16.5 percent. Growth is forecast to resume from 2016 through 2018 at an annual average of 7.1 percent.

In 2014, residential transfer tax collections are forecast to grow 18.5 percent over the prior year as the residential real estate market continues to strengthen, with robust growth of 12.4 percent in transaction volume and modest growth of 3.6 percent in average sales price. Growth in collections from the residential real estate market is expected to continue in 2015 at 5.0 percent and average 5.8 percent from 2016 through 2018.

Mortgage recording tax revenue is forecast at $950 million in 2014, growth of 28.0 percent. The 2014 level is still 39.5 percent below the 2007 peak. As a result of tighter lending standards, growth in mortgage recording tax lags the recovery seen in the real property transfer tax. Mortgage recording tax collections year-to-date through December grew 41.9 percent over the prior year. In 2015, mortgage recording tax revenue is forecast to fall 10.1 percent, before returning to growth averaging 8.0 percent from 2016 through 2018.

In 2014, commercial mortgage recording tax revenue is expected to continue to rebound with growth of 34.6 percent. Strong commercial real estate sales activity has boosted commercial mortgage recording tax collections as well, which are forecast to reach a level similar to 2008. The high levels of activity seen in 2014 are expected to dwindle in 2015, and collections are forecast to decline by 21.9 percent before returning to growth with an annual average of 9.7 percent from 2016 through 2018.

In 2014, residential mortgage recording tax revenue is forecast to grow 18.1 percent over the prior year as a healthy level of sales activity continues. Collections from residential mortgage recording tax are forecast to grow 9.9 percent in 2015 and average growth of 5.8 percent from 2016 through 2018 as the housing market continues to improve.

Personal Income Tax

Personal income tax revenue is forecast to be $8.663 billion in 2014, a decline of 5.5 percent from 2013. This decrease follows record high personal income tax revenue of over $9 billion in 2013, which was the result of withholding growth that was bolstered by strong private and securities sector bonus payments as well as a sharp increase in estimated payments. The spike in estimated payments was the result of taxpayers who realized capital gains in tax year 2012, before higher federal rates came into effect on January 1, 2013. Withholding for 2014 is expected to continue to grow, however a drop in estimated payments will offset this growth and lead to lower personal income tax revenue for the fiscal year.

Withholding collections in 2014 are forecast to grow 3.1 percent over the prior year after an increase of 6.3 percent in 2013. The July through November withholding collections grew by 4.5 percent over the same prior year period as the City added nearly 80,000 jobs during the calendar year. For the December through March bonus period, withholding collections are forecast to increase 2.3 percent. This growth reflects a small cut in securities sector bonus payouts after strong growth in the prior year, as well as continued growth in non-bonus withholding. Withholding collections are forecast to increase 2.5 percent for the fourth quarter of 2014, reflecting growth in the wage earnings forecast.

Estimated payments (the sum of installment and extension payments) are expected to exhibit a double-digit decline from the prior year. This decline in total estimated payments is the result of taxpayers having accelerating capital gains realizations from tax year 2013 into tax year 2012 in order to avoid the higher federal tax rates which came into effect on January 1, 2013. Therefore, the sell-off which led to strong capital gains realizations in 2012 resulted in the re-basing of capital gains for tax year 2013, and is expected to dampen the impact of strong growth in the equity markets throughout calendar year 2013, resulting in lower overall capital gains. This decline in capital gains will offset gains in proprietor’s income, driving lower overall non-wage income. The decline in non-wage income is expected to largely appear in the spring extension and final return payments, resulting in sharply lower settlement payments (net of final returns, refunds, extensions and City/State offsets) than the prior year. Much of the strength seen to date in installment payments is assumed to reflect safe-harbor payment levels based upon the strong 2012 tax year.

Personal income tax revenue in 2015 is forecast to grow 5.6 percent. Withholding collections are forecast to grow 1.9 percent, as job growth is expected to continue throughout 2015 and the average wage rate is forecast to increase 1.8 percent. However, this growth in base withholding is expected to be dampened by a decline in securities sector bonuses. A return-to-trend in non-wage income is expected for tax year 2014, following the large shift of capital gains from tax year 2013 into tax year 2012. This rebound will result in growth of 16.2 percent for estimated payments on tax year 2014.

In the out-years of the forecast period, continued growth in employment, wage rates, and non-wage income leads to personal income tax growth averaging 4.2 percent from 2016 through 2018.

Business Income Taxes

Business income tax revenues (general corporation, banking corporation, and unincorporated business taxes) are forecast to be $5.782 billion in 2014, a decline of 1.3 percent from the prior year. In 2015, business income tax revenues are forecast to be $5.913 billion, growth of 2.3 percent.

General corporation tax gross collections are forecast to grow 1.9 percent in 2014 to over $3.0 billion. Gross collections year-to-date through December increased 3.3 percent from the prior year. Tax payments from finance sector firms increased more than 30 percent year-to-date over the prior year period, reflecting the high level of Wall Street profitability in calendar year 2012 and the first half of calendar year 2013. A slowdown in finance sector tax payments is forecast, reflecting the expected decline of Wall Street firm profitability from $16.6 billion in calendar year 2013 to $14.0 billion in calendar year 2014. Non-finance sector tax payments declined approximately 20 percent year-to-date and reflect overpayments on account by several firms. These overpayments are expected to be exhausted and/or refunded and a rebound in non-finance sector tax payments is projected for the second half of the fiscal year.

In 2015, general corporation tax gross collections are forecast to grow 2.9 percent, reflecting moderate levels of corporate profits. General corporation tax gross collections are forecast to average growth of 3.3 percent annually from 2016 through 2018.

Banking corporation tax gross collections are forecast to decline 11.9 percent in 2014 to $1.4 billion. Gross collections declined 17.3 percent year-to-date through December, attributable to the decline in tax payments from several large commercial banks. The decrease in commercial bank tax payments reflects declines in mortgage refinancing and mortgage loan originations that are the result of rising interest rates. Additionally, settlements related to mortgage securities and unfair banking practices, along with their related legal expenses, are expected to reduce commercial bank tax payments in the second half of 2014.

Banking corporation tax gross collections in 2015 are expected to continue to decline by 4.3 percent to $1.3 billion, reflecting the drop in Wall Street firm profitability, partially caused by ongoing litigation, increased financial regulations, and tightened monetary policy. Banking corporation tax gross collections are forecast to average growth of 1.3 percent annually from 2016 through 2018.

Unincorporated business tax gross collections are forecast to grow 3.5 percent in 2014 to $1.9 billion. Finance sector tax payment growth is forecast to continue through the remainder of 2014 and reflects financial market growth in calendar year 2013. Consequently, hedge fund performance and assets under management have exhibited solid growth on average in 2013, supporting the healthy level of finance sector tax payments. Non-finance sector tax payments are forecast to have mild growth, reflecting the modest pace of economic recovery. In 2015, unincorporated business tax gross collections are forecast to grow 4.0 percent over the prior year, paralleling the sustained growth in the national and local economies. Unincorporated business tax gross collections are forecast to average growth of 4.2 percent annually from 2016 through 2018.

Sales & Use Tax

Sales tax revenue is forecast at $6.424 billion in 2014, growth of 4.8 percent. The forecast for 2014 is supported by continued high levels of visitor spending and the local economic recovery. Sales tax collections year-to-date through December grew 6.6 percent, making the October through December quarter the fourth consecutive quarter with collections growth of over six percent. The strong growth through December reflects an improving employment outlook, high levels of Wall Street profitability, and continued strength from tourism consumption. Overall, the holiday spending season was moderate as expected, with consumers responding to early and significant discounts offered by retailers. Luxury retail sales fared well, with jewelry sales being the best-performing category.

NYC visitor consumption continued to thrive as the City welcomed 54.3 million visitors, making 2013 yet another record-breaking year for tourism. Modest growth is expected to continue through the end of the fiscal year, paralleling the growth in wage earnings and hotel spending.

In 2015, sales tax revenue is forecast at $6.630 billion, growth of 3.2 percent. Taxable consumption is forecast to grow moderately, due to continued strength in the tourism industry and growth in wage earnings.

Sales tax revenue growth is forecast to average 3.8 percent annually from 2016 through 2018, paralleling the steady growth in the economy.

Hotel Tax

Hotel tax revenue is forecast at $528 million in 2014, growth of 4.7 percent. Year-to-date hotel tax collections through December grew 6.6 percent. The forecast assumes moderate growth through the remainder of the fiscal year. The forecast growth in hotel tax revenue stems from the continued steady growth in hotel room inventory and record levels of inbound airport passenger traffic to New York City. The strength in tourism allowed hoteliers to increase hotel room rates by 3.6 percent in calendar year 2013, after growing 3.0 percent in calendar year 2012, while maintaining extraordinarily high levels of occupancy.

In 2015, hotel tax revenue is forecast at $539 million, a 2.0 percent increase over the prior year's high level. Hotel tax revenue is forecast to average growth of 3.7 percent annually from 2016 through 2018.

Utility Tax

Utility tax revenue is forecast at $385 million in 2014, unchanged from the prior year's level. Utility tax collections through December declined slightly from the prior year, reflecting low energy prices and a mild autumn. The forecast calls for modest collections growth of 3.5 percent in the second half of the current fiscal year as natural gas and electric prices are expected to increase slightly. In addition, significantly colder than usual weather in December and January is expected to increase collections from natural gas consumption. Utility tax revenue is forecast to average growth of 3.1 percent annually from 2015 through 2018.

Cigarette Tax

Cigarette tax revenue is forecast at $57 million in 2014, a decline of 5.9 percent. In 2015, cigarette tax revenue is forecast to decline to $55 million. From 2016 through 2018, cigarette tax collections are projected to average a decline of 2.5 percent, reflecting the long-term trend of decline in the number of packs sold.

Other Taxes

All other tax revenues are forecast at $491 million in 2014, a decline of 7.9 percent. All other taxes are forecast at $501 million, growth of 2.0 percent in 2015 and remain flat from 2016 through 2018.

Tax Audit Revenue

As part of the City's tax enforcement efforts, the Department of Finance vigorously pursues delinquent taxpayers through agency audit activities and computer matches. Tax audit revenue for 2014 is forecast at $710 million. Audit revenue is forecast at $709 million annually from 2015 through 2018.

Tax Revenue Forecast

($ in Millions)

	Fiscal Year				
	2014	**2015**	**2016**	**2017**	**2018**
Real Estate-Related Taxes:					
Real Property	$19,782	$20,782	$21,815	$22,703	$23,579
Real Property Transfer	1,433	1,321	1,430	1,515	1,596
Mortgage Recording	950	854	962	1,020	1,075
Commercial Rent	689	715	745	778	812
Income-Based Taxes:					
Personal Income	8,663	9,151	9,643	10,055	10,368
General Corporation	2,719	2,820	2,901	3,016	3,127
Banking Corporation	1,217	1,168	1,183	1,190	1,226
Unincorporated Business	1,846	1,925	2,024	2,099	2,183
Consumption and Use Taxes:					
Sales and Use	6,424	6,630	6,915	7,170	7,422
Utility	385	399	417	424	434
Hotel	528	539	560	577	601
Cigarette	57	55	53	52	51
All Other	491	501	501	501	501
Subtotal	**45,184**	**46,860**	**49,149**	**51,101**	**52,975**
Tax Audit Revenue	710	709	709	709	709
Total	**$45,894**	**$47,569**	**$49,858**	**$51,810**	**$53,685**
STAR Aid	838	872	877	881	881
Tax Program - PIT Increase	—	530	533	569	594
Total*	**$46,731**	**$48,971**	**$51,268**	**$53,260**	**$55,160**

** Totals may not add due to rounding*

Tax Revenue Forecast
All Other Taxes

($ in Millions)

	Fiscal Year				
	2014	**2015**	**2016**	**2017**	**2018**
Excise Taxes:					
Off-Track Betting (Dividend)	$—	$—	$—	$—	$—
OTB Surtax	1.3	1.3	1.3	1.3	1.3
Horse Race Admissions	—	—	—	—	—
Beer and Liquor	24.0	24.0	24.0	24.0	24.0
Liquor License	5.0	5.0	5.0	5.0	5.0
Auto-Related Taxes:					
Commercial Motor Vehicle	50.0	50.0	50.0	50.0	50.0
Auto Use	29.0	29.0	29.0	29.0	29.0
Taxi Medallion	8.0	8.0	8.0	8.0	8.0
Miscellaneous Taxes:					
Section 1127 (Waiver)	121.0	121.0	121.0	121.0	121.0
PILOTs	240.0	250.0	250.0	250.0	250.0
Other Tax Refunds	(29.0)	(29.0)	(29.0)	(29.0)	(29.0)
Penalties and Interest:					
P&I - Real Estate Current Year	15.0	15.0	15.0	15.0	15.0
P&I - Real Estate Prior Year	30.0	30.0	30.0	30.0	30.0
P&I - Other (Refunds)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Total All Other Taxes*	**$491.3**	**$501.3**	**$501.3**	**$501.3**	**$501.3**

** Totals may not add due to rounding*

CAPITAL PROGRAM

The Modified Capital Commitment Plan for Fiscal Years 2014-2017 authorizes agencies to commit $38.6 billion, of which $29.8 billion will be City-Funded. City funds include proceeds of bonds issued by the City Municipal Water Finance Authority and the New York City Transitional Finance Authority as well as City general obligation bonds.

The targeted level for City-funded commitments is $11.5 billion in Fiscal Year 2014. The aggregate agency-by-agency authorized commitments of $16.5 billion exceed the Fiscal Year Financial Plan by $5.0 billion. Excess authorizations in this proportion have proven necessary to achieve commitment spending targets by accommodating such factors as scope changes and delays.

The Capital Program Since 2010

The following table summarizes capital commitments over the past four years.

FY 2010-2013 Commitments Plan

($ in Millions)*

	2010		2011		2012		2013	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Environmental Protection								
Equipment	$137	$237	$100	$98	$59	$59	$65	$58
Sewers	127	134	178	190	366	368	279	288
Water Mains, Sources & Treatment	660	660	602	602	578	590	402	402
Water Pollution Control	1,315	1,530	354	361	571	570	454	456
Water Supply	89	89	1	1	97	97	316	316
Subtotal	$2,327	$2,650	$1,235	$1,252	$1,670	$1,685	$1,516	$1,521
Transportation								
Mass Transit	$100	$117	$130	$130	$5	$35	$125	$133
Bridges	532	1,165	137	137	6	125	249	361
Highways	375	437	296	333	278	300	298	438
Subtotal	$1,007	$1,719	$563	$600	$290	$460	$672	$931
Education								
Education	$1,123	$2,265	$953	$1,787	$1,263	$2,481	$1,282	$2,345
Higher Education	29	31	58	58	70	70	48	48
Subtotal	$1,152	$2,296	$1,011	$1,845	$1,332	$2,551	$1,330	$2,394
Housing And Economic Development								
Economic Development	$399	$461	$143	$190	$205	$244	$272	$282
Housing	192	293	258	343	192	298	308	376
Subtotal	$591	$754	$400	$533	$397	$542	$580	$657
Administration Of Justice								
Correction	$68	$68	$69	$69	$95	$95	$104	$104
Courts	77	77	97	97	63	63	17	17
Police	805	805	80	80	63	63	83	89
Subtotal	$950	$950	$246	$246	$221	$221	$204	$210
City Operations & Facilities								
Cultural Institutions	$319	$338	$149	$161	$133	$135	$172	$176
Fire	120	136	90	94	83	87	143	157
Health & Hospitals	175	175	279	286	292	298	264	315
Parks	519	542	367	396	256	290	310	533
Public Buildings	91	91	116	116	154	154	190	190
Sanitation	503	503	319	320	222	222	392	400
Technology & Equipment	1,035	1,033	462	475	260	276	277	279
Other	225	276	132	248	147	187	147	215
Subtotal	$2,986	$3,094	$1,914	$2,097	$1,548	$1,651	$1,894	$2,265
Total Commitments	**$9,014**	**$11,463**	**$5,369**	**$6,575**	**$5,458**	**$7,111**	**$6,196**	**$7,978**
Total Expenditures	**$9,824**	**$10,536**	**$8,602**	**$9,099**	**$6,994**	**$8,431**	**$6,888**	**$8,385**

** Note: Individual items may not add to totals due to rounding.*

FY 2014-2017 Commitments Plan

($ in Millions)*

	2014		2015		2016		2017	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Environmental Protection								
Equipment	$174	$178	$40	$40	$135	$135	$44	$44
Sewers	486	493	371	371	327	327	238	238
Water Mains, Sources & Treatment	711	738	583	583	448	448	190	190
Water Pollution Control	824	877	952	952	352	352	585	585
Water Supply	36	36	752	752	95	95	74	74
Subtotal	$2,232	$2,322	$2,698	$2,698	$1,358	$1,358	$1,132	$1,132
Transportation								
Mass Transit	$282	$304	$100	$100	$40	$40	$40	$40
Bridges	736	1,364	202	330	285	357	260	538
Highways	639	1,055	387	771	241	253	153	157
Subtotal	$1,656	$2,724	$690	$1,201	$566	$650	$453	$736
Education								
Education	$1,623	$3,113	$918	$1,713	$923	$1,744	$951	$1,801
Higher Education	370	381	18	18	13	13	3	3
Subtotal	$1,994	$3,494	$936	$1,731	$936	$1,758	$954	$1,805
Housing And Economic Development								
Economic Development	$866	$1,065	$50	$50	$18	$18	$31	$31
Housing	649	809	208	272	210	259	242	292
Subtotal	$1,515	$1,874	$258	$322	$228	$278	$273	$323
Administration Of Justice								
Correction	$877	$948	$53	$53	$44	$44	$49	$49
Courts	255	255	40	40	68	68	35	35
Police	419	435	67	67	47	47	52	52
Subtotal	$1,552	$1,638	$160	$160	$159	$159	$136	$136
City Operations & Facilities								
Cultural Institutions	$770	$873	$24	$24	$9	$9	$9	$9
Fire	184	199	54	54	55	55	29	29
Health & Hospitals	785	1,387	144	146	116	116	39	40
Parks	1,184	1,769	329	329	195	195	209	209
Public Buildings	702	702	66	66	45	45	43	43
Sanitation	802	819	119	119	105	105	104	104
Technology & Equipment	1,856	1,868	188	188	138	138	64	64
Other	1,267	1,670	141	200	62	183	55	329
Subtotal	$7,549	$9,286	$1,067	$1,128	$724	$846	$554	$828
Total Commitments	**$16,497**	**$21,338**	**$5,808**	**$7,240**	**$3,972**	**$5,049**	**$3,502**	**$4,959**
Reserve For Unattained Commitments	**($4,995)**	**($4,995)**	**$2,158**	**$2,158**	**$454**	**$454**	**$323**	**$323**
Commitment Plan	**$11,502**	**$16,343**	**$7,966**	**$9,398**	**$4,426**	**$5,503**	**$3,825**	**$5,282**
Total Expenditures	**$7,966**	**$9,960**	**$7,308**	**$9,713**	**$6,793**	**$8,928**	**$6,055**	**$7,961**

** Note: Individual items may not add to totals due to rounding.*

The Department of Design and Construction

The Department of Design and Construction was created in October 1995 by Local Law 77, which authorized it to assume responsibility for construction projects performed by the departments of Transportation, Environmental Protection and General Services. The Department delivers the City's construction projects in an expeditious, cost-effective manner, while maintaining the highest degree of architectural, engineering and construction quality. The Department performs design and construction functions related to streets and highways; sewers; water mains; correctional and court facilities; cultural buildings; libraries; and other public buildings, facilities and structures.

The consolidation of design and construction into a single agency allows for the elimination of duplicative program units within agencies; the standardization of construction procedures and practices; the implementation of reforms of current practices relating to procurement for construction projects; and the expansion of the use of construction-related technology, such as Computer-Aided Drafting and Design (CADD); and a project management information system. The Department also enables the City to coordinate a wide variety of construction projects with utilities, community representatives, and private industry, thus minimizing the disruption to individual neighborhoods caused by water-main projects, sewer construction, and road work, as well as reducing the costs associated with such projects. The Department of Design and Construction serves 22 client agencies.

Capital Asset Inventory and Maintenance Program

The Charter mandates an annual assessment of the City's major assets, including buildings, piers, bulkheads, bridges, streets and highways, and the preparation of state of good repair needs for these assets. The annual report, used by agencies for capital planning purposes, includes, as a separate volume, a reconciliation of the amounts recommended in the condition assessment with amounts funded in the budget.

Value Engineering

For the past 30 years, the Mayor's Office of Management and Budget (OMB) has successfully used several review and assessment tools of value management as a means of maximizing the City's return on investment. These include the value engineering and value analysis methodologies, defined below:

Value Engineering (VE) systematically reviews construction designs, costs and functions for the purpose of achieving the most effective project at the lowest life–cycle cost for both capital and operating expenses. Value Engineering is conducted on selected major capital projects at an early enough phase to confirm that their scope includes all required elements, to identify potential problems and to incorporate solutions and recommendations into the design.

Value Analysis (VA) fundamentally redesigns key operational functions to effect increased efficiency and improvements. Value analysis is applied to the review of the City's operational processes and procedures to assist agencies in streamlining their operations.

In its role as technical support, the Value Engineering Unit is able to provide expertise otherwise unavailable in–house, both at OMB and other agencies. Working with a VE team of outside consultants and experts, along with input from agency clients, the VE Unit is able to review capital projects and operational processes, and greatly contribute to the effectiveness of how the City conducts its business and manages its resources. This truly collaborative effort also provides a forum to address the concerns of the interested parties. Recommendations stemming from VE reviews enable agency policy makers to make an informed assessment on the viability of a project's scope, cost and schedule, which often result in substantial construction cost savings. In many cases it also results in improved designs and future operational savings.

Projects earmarked for future VE reviews include bridges, dams, waste water treatment facilities, hospitals, roadways, and IT projects.

Value Analysis has provided agencies with new operational and functional processes for existing programs, and often offers a new paradigm for providing services. One of the essential goals of Value Analysis is to provide a structure within which a client agency's operations can be reviewed and changed by those closest to the process with support from the decision-makers charged with performing the agency's mission. This process encourages all levels of staff to "see" the larger mission and creates internal support for change which increases the likelihood of success.

OMB continues to be on the forefront in Value Management (VM). The City's VM program has provided agencies with a management tool that allows participation in the decision-making process by personnel at various levels, thereby adding collaborative and constructive input to the overall "big picture" scope of projects.

FINANCING PROGRAM

The City's financing program projects $31 billion of long-term borrowing for the period 2014 through 2018 to support the City's current capital program. The portion of the capital program not financed by the New York City Municipal Water Finance Authority (NYW or the Authority) will be split between General Obligation (GO) bonds of the City and bonds of the New York City Transitional Finance Authority (TFA). Figures below do not include state funded financing for education capital purposes through TFA Building Aid Revenue Bonds (BARBs):

Financing Program

($ in Millions)

	2014	2015	2016	2017	2018	Total
City General Obligation Bonds	$2,125	$2,850	$2,540	$2,260	$1,990	$11,765
TFA Bonds(1)	2,815	2,850	2,540	2,260	1,990	12,455
Water Authority Bonds(2)	1,740	1,622	1,363	1,179	1,139	7,043
Total	**$6,680**	**$7,322**	**$6,443**	**$5,699**	**$5,119**	**$31,263**

(1) TFA Bonds do not include BARBs issued for education capital purposes. TFA expects to issue $1.1 billion, $1.0 billion, $928 million and $907 million of BARBs in fiscal years 2015 through 2018, respectively.

(2) Includes commercial paper and revenue bonds issued for the water and sewer system's capital program. Fiscal years 2014 and 2015 include bonds to refinance bond anticipation notes issued to the New York State Environmental Facilities Corporation. Figures do not include bonds that defease commercial paper or refunding bonds.

The following three tables show statistical information on debt issued and expected to be issued by the financing entities described above, other than BARBs to be issued by the TFA.

Debt Outstanding

($ in Millions at year end)

	2014	2015	2016	2017	2018
City General Obligation Bonds	$41,779	$42,481	$42,660	$42,581	$42,222
TFA Bonds(1)	24,997	27,082	28,710	29,883	30,718
TSASC Bonds	1,234	1,222	1,209	1,197	1,175
Conduit Debt	1,616	1,534	1,445	1,365	1,284
Total	**$69,626**	**$72,319**	**$74,024**	**$75,026**	**$75,399**
Water Authority Bonds	$30,106	$31,503	$32,492	$33,273	$34,002

(1) Figures above do not include state funded financing for education capital purposes through the TFA BARBs.

Annual Debt Service Costs

($ in Millions, Before Prepayments)

	2014	2015	2016	2017	2018
City General Obligation Bonds(1)	$3,804	$4,348	$4,668	$4,711	$4,759
TFA Bonds(2)	1,670	2,069	2,304	2,601	2,761
TSASC Bonds	74	74	74	74	82
Conduit Debt(3)	263	316	322	312	305
Total Debt Service	**$5,811**	**$6,807**	**$7,368**	**$7,698**	**$7,907**
Water Authority Bonds(4)	$1,522	$1,654	$1,922	$2,007	$2,077

(1) Includes interest on short-term obligations (RANs).
(2) Figures above do not include state funded financing for education capital purposes through the TFA BARBs.
(3) Conduit Debt debt service includes interest on the $3 billion Hudson Yards Infrastructure Corporation (HYIC) debt issued in December 2006 and October 2011. Such debt is not included in the "Debt Outstanding" table above because the City is not required to pay principal of the HYIC debt.
(4) Includes First Resolution debt service and Second Resoluiton debt service net of subsidy payments from the NYS Environmental Facilities Corporation.

Debt Burden

	2014	2015	2016	2017	2018
Total Debt Service(1) as % of:					
a. Total Revenue	7.8%	9.1%	9.5%	9.7%	9.7%
b. Total Taxes	12.3%	13.7%	14.2%	14.3%	14.2%
c. Total NYC Personal Income	1.2%	1.3%	1.4%	1.4%	1.3%
Total Debt Outstanding(1) as % of:					
a. Total NYC Personal Income	13.9%	13.9%	13.6%	13.2%	12.6%

(1) Total Debt Service and Debt Outstanding include GO, conduit debt and TFA bonds other than BARBs (PIT Bonds).

The financing of the City capital program is split among GO, TFA and NYW bond issuance. The City and TFA will issue $11.8 billion and $12.5 billion, respectively, during the plan period. The City issuance supports 38 percent of the total, while TFA issuance supports 40 percent of the total. NYW's annual financing amount, excluding refundings, will average approximately $1.4 billion. The aggregate NYW financing during the plan period will account for 22 percent of the total financing program.

In spite of continuing volatility and uncertainty in the financial markets, the City, TFA, and NYW have enjoyed continued market access which has allowed the City's capital program to continue to be financed at reasonable interest rates. All of the issuers financing the City capital program have maintained credit ratings in the AA or better category by Moody's, Standard & Poor's, and Fitch, as indicated in the table below.

Ratings

Issuer	Fitch	Moody's	Standard and Poor's
NYC GO	AA	Aa2	AA
TFA Senior	AAA	Aaa	AAA
TFA Subordinate	AAA	Aa1	AAA
TFA BARBs	AA-	Aa3	AA-
NYW First Resolution	AA+	Aa1	AAA
NYW Second Resolution	AA+	Aa2	AA+
EFC Senior SRF Bonds	AAA	Aaa	AAA
EFC Subordinated SRF Bonds	AA+	Aaa	AAA

New York City General Obligation Bonds

Since July l, 2013, the City has issued approximately $1.6 billion in refunding bonds and $1.3 billion in bonds for capital purposes, totaling approximately $2.9 billion. The dates and principal amounts are as follows:

NYC GO Issuances

($ in Millions)

Series	(N)ew Money/ (R)efunding	Issue Date	Tax Exempt Amount	Taxable Amount	Total Par Amount
2014 A	N	8/15/2013	$375	$125	$500
2014 BC	R	8/15/2013	373	0	$373
2014 D	N	10/16/2013	700	125	$825
2014 EF	R	10/16/2013	417	0	$417
2014 GH	R	12/19/2013	800	0	$800
Total			**$2,665**	**$250**	**$2,915**

The $1.6 billion of refunding transactions the City has completed to date in fiscal year 2014 generated approximately $110 million of debt service savings during the financial plan period.

In addition to the total issuance mentioned above, the City converted approximately $310 million of floating rate bonds to a fixed rate mode in order to manage expiring bank facilities supporting that debt. Within the refunding issues mentioned above, the City refunded approximately $180 million of floating rate bonds using the same rationale as for the converted issues. Some of the bank facilities were redeployed on longer term debt where the benefit of the floating rate is greater relative to shorter term debt.

The City plans to issue GO bonds for capital purposes of approximately $2.9 billion, $2.5 billion, $2.3 billion, and $2.0 billion in 2015 through 2018, respectively.

Currently the debt service for the City, TFA (excluding BARBs), and City appropriation debt, or conduit debt, excluding the effect of pre-payments, is 7.8 percent of the City's total budgeted revenues in 2014. That ratio is projected rise to 9.7 percent in 2018. As a percentage of tax revenues, the debt service ratio is 12.3 percent in 2014 and is projected to increase to 14.2 percent in 2018.

In 2014, the City does not project a note issuance to satisfy cash flow needs. The City's financing program assumes the issuance of $2.4 billion of notes annually through the remainder of the financial plan.

New York City Related Issuers - Variable Rate Debt

Floating rate bonds have been a reliable source of cost savings in the City's capital program. In considering the proportion of the City's debt which is in variable rather than fixed rates, it is useful to consider all sources of financing with the exception of NYW, which is typically considered separately for such purposes. Included would be not only City GO bonds but also TFA, TSASC bonds and conduit debt. The City and its related entities have approximately $9.9 billion of floating rate exposure.

Despite changes in the floating rate market, the City and other issuers supporting the City capital program have maintained floating rate exposure to minimize interest costs. The City and related financing entities have managed bank facility expirations by obtaining renewals from existing providers or replacement facilities from new providers. In addition, the City and related financing entities have explored new floating rate structures not requiring bank facilities. The City and TFA entered into private placements and public offerings of index floating rate bonds bearing all-in costs comparable to variable rate demand bonds with bank facilities. The City and TFA continue to explore these and other debt instruments which confer the benefit of floating rate exposure.

The City has not entered into any new interest rate swaps to date in fiscal year 2014. The total notional amount of swaps outstanding as of December 31, 2013 was $1.8 billion, on which the termination value was negative $139 million. This is the theoretical amount which the City would pay if all of the swaps terminated under market conditions as of December 31, 2013.

The following table shows the City's and its related issuers' floating rate exposure. Floating rate exposure is of note because certain events can cause unexpected increased costs. Those events include rising interest rates, a change in the tax code (in the case of tax-exempt debt), and the deterioration of the City's credit. Additionally, the deterioration of the credit of a related credit or liquidity provider can also have an impact on interest cost. By contrast, the cost of outstanding fixed rate debt does not increase if any of the previously mentioned events takes place. On the other hand, fixed rate borrowing locks in a higher borrowing cost if interest rates do not change materially or if they decline. Overall, floating rate exposure benefits the City because it reduces the cost of financing. In short, interest costs on short term debt are almost always lower than long term debt. The City has assumed floating rate exposure using a variety of instruments; including tax exempt floating rate debt, taxable floating rate debt, basis swaps, and certain types of synthetic fixed rate debt. The basis swaps and certain synthetic fixed rate debt provide exposure to changes in the tax code but are largely insensitive to changes in interest rates and changes in the City's credit. Given that those instruments provide only limited floating rate exposure, they are counted as variable rate exposure at less than the full amount of par or notional amount. Instruments that provide exposure only to changes in the tax code are counted at 25 percent of par or notional amount in the table below.

NYC Floating-Rate Exposure(1)

($ in Millions)

	GO	TFA	Conduit	TSASC	Total
Floating Rate Bonds	$5,982	$3,379	$30	$—	9,391
Synthetic Fixed	219		31		250
Taxable Basis Swap	91				91
Enhanced Basis Swap	125				125
Total Floating-Rate	$6,417	$3,379	$61	$0	$9,857
Total Debt Outstanding	$41,779	$24,997	$1,616	$1,234	$69,626
% of Floating-Rate / Total Debt Outstanding					14.2%
Total Floating-Rate Less $5.73 Billion Balance in General Fund (Floating-Rate Assets)					4,122
% of Net Floating Rate / Total Debt Outstanding					5.9%

(1) Debt Outstanding as of the February 2014 Financial Plan excluding NYW, HYIC, and TFA BARBs

The 14.2 percent floating rate exposure, including the risk from the synthetic fixed rate swaps and the basis swaps, is even more manageable after taking into account the 10 year average balance of $5.73 billion of short-term assets in the City's General Fund which are an offset to these floating rate liabilities. Net of these floating rate assets, the floating rate exposure of the City, excluding NYW, is 5.9 percent of its outstanding debt. Moreover, the City uses conservative assumptions in budgeting expenses from floating rate instruments.

During fiscal year 2014, short-term interest rates relating to the $9.4 billion of floating rate debt have been 0.11 percent on average for tax-exempt and 0.70 percent for taxable floating rate debt. These rates have continued to provide extremely attractive financing costs relative to fixed rate debt despite the recent market turmoil. Tax exempt floating rate debt has traded recently at rates that are approximately 350 basis points lower than those for long term fixed-rate debt, resulting in an annual savings of over $325 million.

The New York City Municipal Water Finance Authority

The New York City Municipal Water Finance Authority (NYW) was created in 1985 to finance capital improvements to the City's water and sewer system. Since its first bond sale in November 1985, the Authority has sold $54 billion in bonds. These bond issuances included a combination of general (first) resolution, second general resolution and subordinated special resolution crossover refunding water and sewer system revenue bonds. Of this aggregate bond par amount, $30.1 billion is outstanding, $18.2 billion was refinanced with lower cost debt, $1.6 billion was defeased with Authority funds prior to maturity, and $4.1 billion was retired with revenues as it matured. These amounts do not include $263.6 million drawn on EFC short-term loans.

In addition to this long-term debt, NYW uses a $600 million tax-exempt commercial program as a source of flexible short-term financing. The commercial paper includes $400 million of unenhanced extendible municipal commercial paper (EMCP) notes and $200 million of notes backed by a line of credit from a bank.

NYW's outstanding debt also includes floating rate bonds, which have been a reliable source of cost effective financing. NYW has $4.3 billion of floating rate bonds or 14% of its outstanding debt, including $401 million which was swapped to a fixed rate. NYW's floating rate exposure primarily includes these tax-exempt floating rate bonds supported by liquidity facilities, and $200 million of synthetic variable rate debt.

NYW participates in the State Revolving Fund (SRF) program administered by the New York State Environmental Facilities Corporation (EFC). The SRF provides a source of long-term below-market interest rate borrowing, subsidized from federal capitalization grants, state matching funds and other funds held by EFC.

On November 19, 2009, EFC entered into an agreement to provide NYW a direct loan in an amount up to $217.5 million, with funds made available through ARRA. As of October 17, 2013 NYW has received the full amount of these funds, which were used to pay for certain capital projects.. Upon completion of the projects, the loan principal that is due will become a grant through principal forgiveness of the loan.

On July 11, 2013, NYW issued $401.1 million of refunding tax-exempt fixed rate Second Resolution bonds, Fiscal 2014 Series 1 Bonds to EFC. The bonds refunded NYW's Second Resolution bonds Fiscal 2003 Series 5, and 2004 Series 1 previously issued to EFC. The refunding bonds included serial bonds maturing from 2013 to 2028.

On September 17, 2013, NYW issued $650.9 million of new money tax-exempt adjustable rate bonds under its Second General Resolution, Fiscal 2014 Series AA bonds. The bonds are backed by standby bond purchase agreements provided by three banks. This bond issue included term bonds maturing in 2048, 2049 and 2050.

On October 21, 2013 EFC provided NYW short term loans in an amount up to $320 million. NYW will receive these funds over time, to pay for capital projects.

On November 21, 2013, NYW issued $397.1 million of new money tax-exempt fixed rate Second Resolution Revenue bonds, Fiscal 2014 Series BB. This bond issue included a term bond maturing in 2046.

On February 6, 2014, NYW issued $360 million of new money tax-exempt fixed rate Second Resolution Revenue bonds, Fiscal 2014 Series CC. This bond issue included refundable principal installment bonds in 2018 and 2019 and term bonds in 2044 and 2047.

Summarized in the following table are six bond series that have closed to date in Fiscal Year 2014. The proceeds of the bonds refinanced commercial paper previously issued by NYW, paid costs of improvements to the water and sewer system or paid principal and interest on certain of the Authority's outstanding debt and paid the costs of issuance.

NYW Issuance

Series	(N)ew Money/ (R)efunding	Issue Date	Par Amount	True Interest Cost (TIC)	Longest Maturity
2014 Series 1	R	7/11/13	$401,090,000	1.89%	2033
2014 Series 2	R/N	7/11/13	$213,853,333	2.06%	2043
2014 Series 3 A/B	N	10/21/13	$320,000,000	0.19%	2014(1)
2014 AA	N	9/17/13	$650,870,000	0.052% (2)	2050
2014 BB	N	11/21/13	$397,085,000	4.91%	2046
2014CC	N	2/6/14	$351,240,000	4.46%	2047

(1) Bond Anticipation Note issued to EFC

(2) Bonds issued as variable rate demand bonds; rate shown is an average from the issue date through 1/31/2014 .

NYW is a party to three interest rate exchange agreements (swaps) with a total notional amount of $601 million. As of December 31, 2013, the mark-to-market value of the swaps was negative $55.6 million. This is the theoretical amount which NYW would pay if all swaps terminated as of December 31, 2013.

During the period from 2015 to 2018, NYW expects to sell an average of approximately $1.3 billion of new money bonds per year. Of this amount, NYW plans to issue a minimum of $300 million per year through EFC, taking advantage of the interest rate subsidy available for qualifying projects, and minimizing the overall costs of its financing program. After 2014, NYW expects to issue approximately 85 to 90 percent of its new debt per year as fixed rate debt with the remainder issued as variable rate debt, subject to market conditions.

The New York City Transitional Finance Authority

The TFA is a corporate governmental agency constituting a public benefit corporation and instrumentality of the State of New York created by Chapter 16 of the Laws of 1997 in March 1997. The TFA was created to issue debt, primarily secured with the City's personal income tax (PIT), to fund a portion of the capital program of the City. The TFA was originally authorized to issue up to $7.5 billion of bonds and notes. On September 13, 2001, the TFA was given statutory authority to borrow $2.5 billion to finance costs related to the September 11th terrorist attack on the City. Currently, TFA is permitted to have $13.5 billion of debt outstanding and any amounts over and above that level are subject to the City's remaining debt incurring power under the State constitutional debt limit.

Since July l, 2013, the TFA has issued approximately $350 million in refunding bonds and $1.8 billion in bonds for capital purposes. The dates and principal amounts are as follows:

NYC TFA Issuance

Series	(N)ew Money/ (R)efunding	Issue Date	Tax Exempt Amount	Taxable Amount	Total Par
2014 A[1]	N	11/13/2013	$775	$440	$1,215
2014 B	N	2/4/2014	580	50	630
2014 C	R	2/4/2014	350	—	350
Total			**$1,705**	**$490**	**$2,195**

(1) 2014A includes $90 million of Qualified School Construction Bonds (QSCBs) issuance as taxable bonds.

The $350 million refunding transaction the TFA completed during fiscal year 2014 generated approximately $23 million of debt service savings during the financial plan period.

In addition to the issuance mentioned above, the TFA converted approximately $40 million of floating rate bonds to a fixed rate mode.

With its Fiscal 2014 Series A issue, TFA sold $90 million of QSCBs by competitive bid, fully utilizing the City's issuance authorization. As with all other prior QSCB issuances, the coupon rate was set below the allowable credit rate, resulting in the interest being eligible for full subsidy from the Federal Government. However, with the enactment of the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012, subsidies payable to issuers of QSCBs, as well as other bond types authorized under the American Recovery & Reinvestment Act (including Build America Bonds and Recovery Zone Development Bonds, issued by NYC, TFA, and NYW) were reduced by the Federal Government. Current Federal guidelines show a 7.3 percent reduction of such subsidies through September 30, 2015.

Beyond the financings described above, the TFA plans to issue TFA bonds for capital purposes of approximately \$2.9 billion, \$2.5 billion, \$2.3 billion and \$2.0 billion in years 2015 through 2018, respectively.

In April 2006, the State enacted legislation authorizing issuance by the TFA of an additional \$9.4 billion of bonds to be used to fund capital costs for the Department of Education. This legislation also provided for the assignment to TFA of State building aid that had previously been paid directly to the City. Since the inception of this financing program, the TFA has issued \$6.4 billion of BARBs to fund the capital program of the Department of Education. The TFA plans to issue BARBs for the educational capital program of approximately \$1.1 billion, \$1.0 billion, \$928 million and \$907 million in 2015 through 2018, respectively.

Hudson Yards Infrastructure Corporation

HYIC issued its second and final issuance of \$1 billion of Senior Bonds in October 2011.

In December 2006, HYIC, a not-for-profit local development corporation, issued its first series of bonds in the principal amount of \$2 billion. HYIC was established to provide financing for infrastructure improvements to facilitate economic development on Manhattan's far west side. Improvements include the extension of the No. 7 subway line west and south, construction of a system of parks, streets, and open spaces, as well as the acquisition of development rights over the MTA rail yards. Principal on the HYIC bonds will be repaid from revenues generated by this new development, notably payments-in-lieu-of-property taxes (PILOT) on the commercial development and various developer payments. To the extent these revenues are not sufficient to cover interest payments, the City has agreed to make interest support payments to HYIC subject to appropriation.

The subway extension, which is being constructed by the MTA, will open for service in 2014. As of December 2013, nearly 100% of the construction work and 80% of the systems installation work necessary for passenger service was complete, and operational testing has commenced.

Construction is also underway on the HYIC-funded first phase of Hudson Park and Boulevard. As of December 2013, construction of the boulevard was nearly 90% complete, and the park was 25% complete. Construction began in 2012 and is proceeding on schedule for completion in 2014. The construction work is being performed by the New York City Economic Development Corporation with oversight by the Hudson Yards Development Corporation.

Supplemental Information

EXPENDITURE ASSUMPTIONS

The expenditure estimates in the plan reflect the four-year financial plan submitted on November 21, 2013 adjusted for new needs, approved categorical budget modifications through February 10, 2014, changes in inflation and other technical adjustments.

Personal Services

The estimates for Personal Services over the five-year period of the plan are as follows:

	($ in Millions)				
	2014	**2015**	**2016**	**2017**	**2018**
Salaries & Wages	$22,159	$22,001	$22,034	$22,034	$22,072
Pensions	8,321	8,330	8,448	8,553	8,729
Other Fringe Benefits	8,795	9,173	9,836	10,557	11,352
Reserve for Collective Bargaining	265	465	714	983	1,268
Total	**$39,540**	**$39,969**	**$41,032**	**$42,127**	**$43,421**

Salaries & Wages

The projections for salaries and wages reflect personnel costs associated with current and projected headcount levels and also includes recognized needs and any wage adjustments from rounds of collective bargaining that have been implemented.

Pensions and Other Fringe Benefits

Pension expenses reflect actuarial valuation estimates of the City's five major retirement systems prepared by the Office of the Actuary, and other pension program costs. Adjustments have been made to reflect changes in the City's planned payroll and changes in the number of pension members.

Pension expense estimates in the financial plan reflect the funding assumptions and actuarial methods recommended by the Chief Actuary. The assumptions were adopted by the boards of trustees of each of the City's retirement systems and a certain portion of the assumptions subject to legislation was enacted into law in January 2013. The assumptions include a lowering of the actuarial interest rate from eight percent (gross of expenses) to seven percent (net of expenses) and the use of updated mortality tables to account for longer life expectancy. The funding method was also switched to the Entry Age Actuarial Cost Method which calls for the recognition of discrete unfunded liabilities. The initial unfunded liability is to be amortized over a closed 22 year period using increasing annual payments.

The financial plan also reflects the impact of a new pension tier (Tier 6) that was enacted in 2012. In addition, the plan captures the pension cost for many individuals who accelerated their membership into the pension system prior to the enactment of Tier 6.

In fiscal year 2013, the pension funds earned a 12.1 percent return, which is above the assumed actuarial rate of return of seven percent. The higher investment return reduced required pension contributions by $86 million, $172 million, $258 million, and $344 million in fiscal years 2015 through 2018 respectively.

Total pension expenses for the financial plan are shown below:

Total Pension Expenses

($ in Millions)

	2014	2015	2016	2017	2018
City Actuarial Systems	$8,194	$8,184	$8,296	$8,395	$8,567
Non-City Systems	68	82	85	88	89
Non-Actuarial	59	64	67	70	73
Total	**$8,321**	**$8,330**	**$8,448**	**$8,553**	**$8,729**

Other fringe benefits include, primarily, Social Security, Unemployment Insurance, Workers' Compensation and Health Insurance. Social Security cost estimates reflect the projected tax rates and wage ceilings issued by the Social Security Administration as well as planned payroll adjustments. Unemployment Insurance costs are consistent with the statutory maximum weekly benefit levels and planned payroll levels. Workers' Compensation costs are consistent with the compensation rate schedule mandated by State law and the projected growth in medical costs. Health Insurance estimates reflect current levels of coverage based on the latest population and premium data available from the City's health insurance providers.

Reserve for Collective Bargaining

The Reserve for Collective Bargaining contains funding for the cost of undistributed collective bargaining increases. The reserve contains funding for unsettled non-uniformed employees for the 2006-2008 round of bargaining. The reserve also contains funding for wage increases beyond the 2008-2010 round assumed to be 1.25 percent per year beginning three years after the expiration of the 2008-2010 round of bargaining.

Other Than Personal Services

The following items are included in this category:

($ in Millions)

	2014	2015	2016	2017	2018
Administrative OTPS	$19,581	$18,348	$18,550	$18,836	$18,978
Public Assistance	1,376	1,396	1,396	1,402	1,402
Medical Assistance	6,365	6,447	6,415	6,415	6,415
Health and Hospitals Corp.	377	181	181	182	182
Covered Agency Support					
& Other Subsidies*	3,502	3,504	3,654	3,876	4,028
City Debt Service*	5,737	6,733	7,294	7,624	7,825
General Reserve	150	600	600	600	600
Prepayment Adjustments	(1,068)	(1,770)	—	—	—
Total	**$36,020**	**$35,439**	**$38,090**	**$38,935**	**$39,430**

* *Numbers adjusted for prepayments*

Administrative OTPS

The estimates in this category include new needs in the baseline. For 2016 through 2018, most expenditures have been increased to reflect the effect of inflation. The inflation adjustment, which is shown in a citywide account, represents an annual 2.5 percent increase in 2016 through 2018. Baseline costs for energy and lease requirements are shown in the appropriate operating agency, while out-year inflationary costs are primarily shown in citywide accounts as noted in the following two sections.

Energy

The financial plan for 2014 through 2018 reflects current projections for energy related purchases. Gasoline and fuel costs are expected to increase by $5 million between 2014 and 2018. Heat, light and power is expected to increase by $40 million between 2014 and 2018.

Usage adjustments are held constant, with the exception of varying workload adjustments, the privatization initiative in the In-Rem / DAMP program, and the annualization of 2014 adjustments, where applicable.

The annual cost projections are as follows:

Energy Costs

($ in Millions)

	2014	2015	2016	2017	2018
Gasoline	$115	$111	$110	$113	$116
Fuel Oil	129	126	126	129	133
HPD-In Rem / DAMP	8	7	7	7	7
HPD-Emergency Repairs	3	3	3	3	3
Heat, Light and Power	809	835	820	826	849
Total	**$1,064**	**$1,082**	**$1,066**	**$1,078**	**$1,108**

Leases

Agency baseline expenditures carry the cost of leases at a constant level for 2015 through 2018 with the exception of the annualization of 2015 adjustments where applicable. A citywide adjustment for 2015 through 2018 provides for the increased cost of leases based on a 3.0 percent annual inflator. The four-year projection includes $909 million for leases in 2015, $937 million in 2016, $965 million in 2017, and $994 million in 2018. Of these amounts, the citywide adjustment is $38 million, $65 million, $94 million and $122 million respectively in 2015 through 2018.

Public Assistance

The financial plan for Public Assistance projects 350,297 persons will be on Public Assistance in June 2014 and remain at that level for the balance of the four-year plan.

Medical Assistance

The financial plan for Medicaid assistance funds 3.1 million recipients including 2.2 million enrolled in Medicaid Managed Care. NYC Medicaid expenditures were capped as a result of the 2005-2006 & 2012-2013 State Budgets. The Medicaid budget growth is capped at 2 percent in 2013, 1 percent in 2014, and 0 percent in 2015 and after. In 2015, the City anticipates a budget of $6.4 billion in City Tax Levy.

Health and Hospitals Corporation

The City support for the Health and Hospitals Corporation reflects the costs incurred by HHC in providing healthcare to prison inmates and uniformed service employees, as well as other City services. The 2015 City support is budgeted at $181 million. Affiliation costs start with a baseline of $938.3 million in 2014 and increase 3 percent annually. The full assumptions underlying the plan are set forth in the covered organization submissions for the Health and Hospitals Corporation.

Covered Agency Support and Other Subsidies

Included in this category are the contributions made by the City to the Transit Authority, Housing Authority, Libraries and various Cultural Institutions. Also included in this category are the estimated projections for the cost of Judgments and Claims.

General Reserve

The General Reserve is projected at $150 million for 2014 and $600 million for 2015-2018 to provide for uncontrollable increases in expenditures as well as shortfalls in revenue. The General Reserve has been increased above the required $100 million to allow for any further uncertainties that may occur in the future.

Debt Service

Debt Service projections estimate payments of debt service on currently outstanding City, Transitional Finance Authority (TFA) and Lease debt and future issuances in accordance with the financing program for 2014-2018. Actual debt service payments in these years will be affected by the timing of such issuances as well as market conditions. Projections of debt service on debt to be issued are based on estimates of the periods of probable usefulness of the expenditures to be financed for the City.

A Budget Stabilization account has been established for the prepayment of future years' debt service costs. Funding of $1.77 billion in 2014 has been provided for this purpose.

Below are the detailed estimates for debt service for 2014 through 2018 after prepayments:

($ in Millions)

	Long Term	Short Term	Lease Purchase	Budget Stabilization*	Total City and Lease	TFA	Prepayment Adjustment	Total City, Lease and TFA
2014	$1,060	$-	$233	$1,770	$3,063	$1,670	$1,004	$5,737
2015	3,303	75	316	-	3,694	1,269	1,770	6,733
2016	4,593	75	322	-	4,990	2,303	-	7,294
2017	4,636	75	312	-	5,023	2,601	-	7,624
2018	4,684	75	305	-	5,064	2,761	-	7,825

* *Amounts in the Budget Stabilization Account are used to prepay the succeeding year's debt service.*

NEW YORK CITY
Five Year Expenditure Analysis

(All Funds - $ in Millions)

	2014	2015	2016	2017	2018
Uniformed Forces					
Police Department	$4,940	$4,677	$4,665	$4,657	$4,658
Fire Department	1,964	1,764	1,743	1,725	1,689
Department of Correction	1,070	1,063	1,063	1,063	1,063
Department of Sanitation	1,420	1,479	1,485	1,465	1,465
Health and Welfare					
Admin. for Children Services	2,840	2,936	2,905	2,913	2,919
Department of Social Services	9,589	9,551	9,512	9,513	9,513
Dept. of Homeless Services	1,043	982	981	981	981
Dept Health & Mental Hygiene	1,436	1,343	1,335	1,335	1,335
Other Mayoral					
NY Public Library - Research	19	23	23	23	23
New York Public Library	90	112	112	112	112
Brooklyn Public Library	65	84	84	84	84
Queens Borough Public Library	65	83	83	83	83
Department for the Aging	262	251	246	246	246
Department of Cultural Affairs	162	149	149	149	149
Housing Preservation & Dev.	765	553	552	552	552
Dept of Environmental Prot.	1,535	1,106	1,101	1,054	1,054
Department of Finance	249	238	238	237	237
Department of Transportation	885	791	788	787	787
Dept of Parks and Recreation	434	385	378	379	379
Dept of Citywide Admin Srvces	1,196	1,138	1,136	1,135	1,135
All Other Mayoral	2,617	2,020	1,976	1,967	1,977
Major Organizations					
Department of Education	19,704	20,478	21,016	21,554	21,898
City University	911	897	884	863	861
Health and Hospitals Corp.	377	181	181	182	182
Other					
Citywide Pension Contributions	8,321	8,330	8,448	8,553	8,729
Miscellaneous	8,137	8,630	9,476	10,463	11,438
Debt Service	4,734	4,963	7,294	7,624	7,825
General Reserve	150	600	600	600	600
Energy Adjustment	—	18	2	14	44
Lease Adjustment	—	38	65	94	122
OTPS Inflation Adjustment	—	—	56	111	167
Elected Officials					
Mayoralty	98	90	90	89	89
All Other Elected	482	455	455	455	455
Total Including Intra-City	$75,560	$75,408	$79,122	$81,062	$82,851
Less: Intra-City Expenses	(1,743)	(1,696)	(1,669)	(1,679)	(1,684)
Total Excluding Intra-City	**$73,817**	**$73,712**	**$77,453**	**$79,383**	**$81,167**

NEW YORK CITY
Five Year Expenditure Analysis

(City Funds - $ in Millions)

	2014	2015	2016	2017	2018
Uniformed Forces					
Police Department	$4,378	$4,351	$4,348	$4,349	$4,349
Fire Department	1,567	1,543	1,522	1,504	1,468
Department of Correction	1,058	1,052	1,053	1,053	1,053
Department of Sanitation	1,393	1,456	1,463	1,442	1,443
Health and Welfare					
Admin. for Children Services	877	874	874	874	874
Department of Social Services	7,374	7,442	7,417	7,418	7,418
Dept. of Homeless Services	487	481	481	491	491
Dept Health & Mental Hygiene	626	620	618	618	618
Other Mayoral					
NY Public Library - Research	19	23	23	23	23
New York Public Library	88	112	112	112	112
Brooklyn Public Library	65	84	84	84	84
Queens Borough Public Library	65	83	83	83	83
Department for the Aging	149	141	137	137	137
Department of Cultural Affairs	156	148	148	148	148
Housing Preservation & Dev.	61	49	49	49	49
Dept of Environmental Prot.	1,058	1,042	1,038	991	991
Department of Finance	244	233	233	232	232
Department of Transportation	437	455	457	457	457
Dept of Parks and Recreation	299	301	300	301	301
Dept of Citywide Admin Srvces	229	213	211	210	210
All Other Mayoral	1,636	1,582	1,544	1,540	1,548
Major Organizations					
Department of Education	9,261	9,809	10,024	10,218	10,234
City University	606	614	612	593	592
Health and Hospitals Corp.	78	81	81	81	81
Other					
Citywide Pension Contributions	8,165	8,173	8,292	8,396	8,573
Miscellaneous	6,723	7,267	8,034	8,882	9,789
Debt Service	4,508	4,667	7,000	7,333	7,540
General Reserve	150	600	600	600	600
Energy Adjustment	—	18	2	14	44
Lease Adjustment	—	38	65	94	122
OTPS Inflation Adjustment	—	—	56	111	167
Elected Officials					
Mayoralty	66	66	66	65	65
All Other Elected	431	424	424	424	424
Citywide Total	**$52,254**	**$54,042**	**$57,451**	**$58,927**	**$60,320**

Revenue Detail

($ in Millions)

	2014	2015	2016	2017	2018
Taxes:					
• Real Property	$19,781	$20,782	$21,815	$22,703	$23,579
• Personal Income	8,663	9,151	9,643	10,055	10,368
• General Corporation	2,719	2,820	2,901	3,016	3,127
• Banking Corporation	1,217	1,168	1,183	1,190	1,226
• Unincorporated Business	1,846	1,925	2,024	2,099	2,183
• Sale and Use	6,424	6,630	6,915	7,170	7,422
• Commercial Rent	689	715	745	778	812
• Real Property Transfer	1,433	1,321	1,430	1,515	1,596
• Mortgage Recording	950	854	962	1,020	1,075
• Utility	385	399	417	424	434
• Cigarette	57	55	53	52	51
• Hotel	528	539	560	577	601
• All Other	491	501	501	502	502
• Tax Audit Revenue	710	709	709	709	709
• Tax Program	0	530	533	569	594
• State Tax Relief Program - STAR	838	872	877	881	881
Total Taxes	**$46,731**	**$48,971**	**$51,268**	**$53,260**	**$55,160**
Miscellaneous Revenue:					
• Licenses, Franchises, Etc.	$581	$579	$589	$590	$588
• Interest Income	16	10	45	134	163
• Charges for Services	922	922	922	922	922
• Water and Sewer Charges	1,518	1,513	1,546	1,513	1,524
• Rental Income	281	272	272	272	272
• Fines and Forfeitures	808	784	782	782	782
• Miscellaneous	1,412	1,006	983	939	554
• Intra-City Revenue	1,743	1,696	1,669	1,679	1,684
Total Miscellaneous	**$7,281**	**$6,782**	**$6,808**	**$6,831**	**$6,489**

Revenue Detail

($ in Millions)

	2014	2015	2016	2017	2018
Reserve for Disallowance of Categorical Grants	(15)	(15)	(15)	(15)	(15)
Less: Intra City Revenue	(1,743)	(1,696)	(1,669)	(1,679)	(1,684)
SUB TOTAL CITY FUNDS	**$52,254**	**$54,042**	**$56,392**	**$58,397**	**$59,950**
Other Categorical Grants	$871	$843	$830	$826	$822
Inter Fund Agreements	546	520	513	513	513
TOTAL CITY FUNDS & CAPITAL BUDGET TRANSFERS	**$53,671**	**$55,405**	**$57,735**	**$59,736**	**$61,285**
Federal Categorical Grants:					
• Community Development	$1,276	$230	$219	$219	$219
• Social Services	3,285	3,234	3,220	3,217	3,217
• Education	1,719	1,768	1,797	1,797	1,797
• Other	2,129	1,170	1,148	1,137	1,136
Total Federal Grants	**$8,409**	**$6,402**	**$6,384**	**$6,370**	**$6,369**
State Categorical Grants:					
• Social Services	$1,489	$1,454	$1,450	$1,442	$1,442
• Education	8,577	8,810	9,105	9,449	9,777
• Higher Education	256	254	254	254	254
• Department of Health and Mental Hygiene	471	451	451	451	451
• Other	944	936	1,015	1,151	1,219
Total State Grants	**$11,737**	**$11,905**	**$12,275**	**$12,747**	**$13,143**
TOTAL REVENUE	**$73,817**	**$73,712**	**$76,394**	**$78,853**	**$80,797**

Expense Program

AGENCY FIVE YEAR SUMMARY PROGRAM

Police Department

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$4,324,990	$4,350,139	$4,346,847	$4,347,709	$4,347,923
Expenditure Increases / Re-estimates	53,347	1,051	1,050	1,035	1,123
Financial Plan as of 2/12/2014	**$4,378,337**	**$4,351,190**	**$4,347,897**	**$4,348,744**	**$4,349,046**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	34,483 U	34,483 U	34,483 U	34,483 U	34,483 U
	14,334 C	14,395 C	14,244 C	14,244 C	14,244 C
Expenditure Increases / Re-estimates	174 C	-	-	-	-
Financial Plan as of 2/12/2014	**34,483 U**	**34,483 U**	**34,483 U**	**34,483 U**	**34,483 U**
	14,508 C	**14,395 C**	**14,244 C**	**14,244 C**	**14,244 C**

C = Civilian U = Uniform

Police Department

Description	City Personnel *	2014	2015	2016	2017	2018
		(City Funds in 000's)				
February						
Community Affairs Bureau		1,134	1,051	1,050	1,035	1,123
Expansion of Community Affairs Bureau outreach and events.						
FY14 NYCHA Payment Relief		52,500	--	--	--	--
City tax levy required for the NYPD as NYCHA is being relieved of the final three FY2014 quarterly payments to the NYPD.						
Lease Adjustment		(287)	--	--	--	--
Lease decrease for office space.						
Total Agency: Expenditure Increases/Re-estimates		**53,347**	**1,051**	**1,050**	**1,035**	**1,123**

C = Civilian

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Fire Department

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$1,563,875	$1,490,308	$1,469,740	$1,451,439	$1,430,654
Expenditure Increases / Re-estimates	3,510	52,213	52,255	52,463	36,955
Financial Plan as of 2/12/2014	**$1,567,385**	**$1,542,521**	**$1,521,995**	**$1,503,902**	**$1,467,609**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	10,779 U	10,274 U	10,274 U	10,274 U	10,274 U
	4,953 C	4,940 C	4,940 C	4,940 C	4,940 C
Expenditure Increases / Re-estimates	-	505 U	505 U	505 U	505 U
	69 C	82 C	82 C	82 C	82 C
Financial Plan as of 2/12/2014	**10,779 U**	**10,779 U**	**10,779 U**	**10,779 U**	**10,779 U**
	5,022 C	**5,022 C**	**5,022 C**	**5,022 C**	**5,022 C**

C = Civilian U = Uniform

Fire Department

Description	City Personnel *		2014	2015	2016	2017	2018
			(City Funds in 000's)				
February							
Restoration of Fire Alarm Dispatcher Headcount	36	C	1,287	2,184	2,184	2,184	2,184
Adjustment to Fire Alarm Dispatcher headcount to reflect the continued modified protocol for the Unified Call Taker (UCT) initiative.							
Restoration of 20 Fire Companies	505	U	--	43,682	43,682	43,682	43,682
This action restores $43,682,294 to the Department's Personal Services budget to maintain the operations of 20 Fire Companies and retain 505 firefighter positions.							
EMS Service Level Maintenance	43	C	1,889	2,117	2,159	2,367	2,367
Technical budget adjustment to maintain existing EMS service levels							
Fire and Construction Code Books			162	--	--	--	--
Funding for the purchase of fire code and construction code books updated to include most recent fire code amendment.							
FDNY Representatives at ECB	3	C	60	180	180	180	180
The Fire Department will hire additional Environmental Control Board Hearing Representatives. The expense will be offset by additional collections by the Department of Finance.							
Lease Adjustment			360	--	--	--	--
Lease increase for garage space.							
NYC Service - CPR Program			99	--	--	--	--
Funding provided through the NYC Service initiative related to the Fire Department's CPR Program.							
Uniform Overtime			--	15,508	15,508	15,508	--
Additional funding for staffing the restored 20 fire companies on overtime since the Department is currently under budgeted headcount.							

C = Civilian U = Uniform

*As of 6/30/15

Fire Department

Description	City Personnel *	2014	2015	2016	2017	2018
		(City Funds in 000's)				
Restoration of Fire Alarm Dispatcher Headcount - Fringe		(347)	(618)	(618)	(618)	(618)
Fringe associated with the restoration of Fire Alarm Dispatcher Headcount.						
Restoration of 20 Companies - Fringe		--	(10,840)	(10,840)	(10,840)	(10,840)
Fringe associated with the restoration of the 20 companies.						
Total Agency: Expenditure Increases/Re-estimates	**505 U** **82 C**	**3,510**	**52,213**	**52,255**	**52,463**	**36,955**

C = Civilian U = Uniform

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Correction

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$1,057,498	$1,052,478	$1,053,178	$1,052,627	$1,052,627
Expenditure Increases / Re-estimates	42	-	-	-	-
Financial Plan as of 2/12/2014	**$1,057,540**	**$1,052,478**	**$1,053,178**	**$1,052,627**	**$1,052,627**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	8,873 U	8,873 U	8,873 U	8,873 U	8,873 U
	1,586 C	1,586 C	1,586 C	1,586 C	1,586 C
Expenditure Increases / Re-estimates	9 U	-	-	-	-
	1 C	-	-	-	-
Financial Plan as of 2/12/2014	**8,882 U**	**8,873 U**	**8,873 U**	**8,873 U**	**8,873 U**
	1,587 C	**1,586 C**	**1,586 C**	**1,586 C**	**1,586 C**

C = Civilian U = Uniform

Department of Correction

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
February						
Lease Adjustment Lease increase for office space.		42	--	--	--	--
Total Agency: Expenditure Increases/Re-estimates		**42**	**--**	**--**	**--**	**--**

C = Civilian U = Uniform

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Sanitation

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$1,391,359	$1,443,332	$1,442,162	$1,442,587	$1,442,898
Expenditure Increases / Re-estimates	1,178	12,985	20,717	(104)	(95)
Financial Plan as of 2/12/2014	**$1,392,537**	**$1,456,317**	**$1,462,879**	**$1,442,483**	**$1,442,803**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	7,119 U	7,173 U	7,265 U	7,265 U	7,265 U
	1,954 C	1,992 C	2,020 C	2,020 C	2,020 C
Expenditure Increases / Re-estimates	(1) U	(1) U	(1) U	(1) U	(1) U
	1 C	1 C	1 C	1 C	1 C
Financial Plan as of 2/12/2014	**7,118 U**	**7,172 U**	**7,264 U**	**7,264 U**	**7,264 U**
	1,955 C	**1,993 C**	**2,021 C**	**2,021 C**	**2,021 C**

C = Civilian U = Uniform

Department of Sanitation

Description	City Personnel *		(City Funds in 000's)				
			2014	2015	2016	2017	2018
February							
Fresh Kills Landfill Closure			(33,803)	13,065	20,737	--	--
Funding not needed for closure construction in FY 2014 will be rolled to cover closure construction needs in FY 2015 and FY 2016.							
Leased Space for M6 Parking			175	350	350	350	350
Leased space for truck parking for the Manhattan District 6 Sanitation Garage.							
Snow Budget Adjustment			35,000	--	--	--	--
The Department requires additional funding to cover the cost of salt, tertiary street contracts, automotive parts and other supplies for the FY 2014 snow season.							
MTS Crane Maintenance			(194)	(430)	(370)	(454)	(445)
Technical adjustment to marine transfer station (MTS) crane maintenance funding.							
Technical Adjustment	(1)	U	--	--	--	--	--
Conversion of 1 Uniform position to a Civilian position.	1	C					
Total Agency: Expenditure Increases/Re-estimates	**(1)**	**U**	**1,178**	**12,985**	**20,717**	**(104)**	**(95)**
	1	**C**					

C = Civilian U = Uniform

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Administration for Children's Services

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$875,838	$874,090	$874,090	$874,090	$874,090
Expenditure Increases / Re-estimates	911	-	-	-	-
Financial Plan as of 2/12/2014	**$876,749**	**$874,090**	**$874,090**	**$874,090**	**$874,090**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	6,399	6,399	6,399	6,399	6,399
Financial Plan as of 2/12/2014	**6,399**	**6,399**	**6,399**	**6,399**	**6,399**

Administration for Children's Services

Description	City Personnel *	(City Funds in 000's)				
		2014	2015	2016	2017	2018
February						
Lease Adjustment Provides additional funding for administrative space.		911	--	--	--	--
Total Agency: Expenditure Increases/Re-estimates		**911**	**--**	**--**	**--**	**--**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Social Services

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$7,375,446	$7,479,167	$7,429,041	$7,430,402	$7,430,402
Expenditure Increases / Re-estimates	(1,291)	(37,115)	(12,115)	(12,115)	(12,115)
Financial Plan as of 2/12/2014	**$7,374,155**	**$7,442,052**	**$7,416,926**	**$7,418,287**	**$7,418,287**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	10,144	9,549	9,437	9,378	9,378
Expenditure Increases / Re-estimates	6	3	3	3	3
Financial Plan as of 2/12/2014	**10,150**	**9,552**	**9,440**	**9,381**	**9,381**

Department of Social Services

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
February						
Delayed Sale of Multi-Service Centers		25,000	(25,000)	--	--	--
Delayed implementation of proposal to sell City-owned buildings currently being used as Multi-Service Centers.						
Municipal ID Cards		430	--	--	--	--
Provides funding and staff for the planning of the Municipal ID Card program.						
Media and Public Outreach for Benefit Programs		1,000	1,000	1,000	1,000	1,000
Funding to expand public outreach to increase participation in income and food assistance programs.						
Training Coordinator	3	150	300	300	300	300
Funding to coordinate staff training on policies governing immigrant access to public benefits.						
HIV/AIDS Rent Cap		4,339	17,357	17,357	17,357	17,357
Additional funding to reduce rent burden for HIV/AIDS Services Administration (HASA) clients, whose rent contibution will be capped at 30% of their income.						
Cash Assistance Reestimate		(32,210)	(30,772)	(30,772)	(30,772)	(30,772)
Reestimate of the costs of Cash Assistance grants, which had been based on higher caseloads that were projected as of the Executive 2014 Budget. Savings are based on the caseload remaining at the current average of 350,297 individuals in 2014 and beyond.						
Total Agency: Expenditure Increases/Re-estimates	**3**	**(1,291)**	**(37,115)**	**(12,115)**	**(12,115)**	**(12,115)**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Homeless Services

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$460,306	$447,575	$447,375	$457,375	$457,375
Expenditure Increases / Re-estimates	26,415	33,682	33,682	33,682	33,682
Financial Plan as of 2/12/2014	**$486,721**	**$481,257**	**$481,057**	**$491,057**	**$491,057**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	1,917	1,958	1,958	1,958	1,958
Expenditure Increases / Re-estimates	65	(10)	(10)	(10)	(10)
Financial Plan as of 2/12/2014	**1,982**	**1,948**	**1,948**	**1,948**	**1,948**

Department of Homeless Services

Description	City Personnel *	2014	2015	2016	2017	2018
		(City Funds in 000's)				
February						
Restoration of Adult Shelter Diversions Restores funding for an initiative meant to introduce an eligibility determination process for single adults applying for shelter.	(10)	2,000	2,000	2,000	2,000	2,000
Restoration of Shared Living for Families with Children Restores funding for an initiative meant to house small families with children in shared, apartment style units.		--	9,101	9,101	9,101	9,101
Delayed Implementation of City Owned Shelter Reorganization Restores funding for plan to maximize reimbursement for Department of Homeless Services leased shelter facilities.		990	--	--	--	--
Restoration of Reimbursement for Shelter Medical Services Restores funding for an initiative meant to maximize Medicaid reimbursement for shelter medical services.		800	1,200	1,200	1,200	1,200
Restoration of Adult Employment Initiative Restores funding for temporary, subsidized employment initiative.		4,384	4,384	4,384	4,384	4,384
Restoration of Emergency Assistance Revenue Increase Restores funding for an initiative meant to maximize State reimbursement for Street Homeless programs.		--	1,329	1,329	1,329	1,329
Restoration of Shelter Provider Administrative and Security Savings Restores funding for an initiative to reduce contracted shelter providers' security budgets.		1,081	1,081	1,081	1,081	1,081
Adult Shelter Reestimate Additional funding to support shelters that house homeless adults. The adult census averaged 10,180 in January 2014.		8,836	8,120	8,120	8,120	8,120

*As of 6/30/15

Department of Homeless Services

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
Auburn and Catherine Street Security and Conversion		1,253	--	--	--	--
Provides funding for additional security guards and staffing at the Auburn and Catherine Street Family Shelters.						
Family Shelter Reestimate		6,884	6,269	6,269	6,269	6,269
Reestimate of expenses to provide shelter services to 12,414 families.						
Fringe Benefit Offset		187	198	198	198	198
Adjustment for fringe savings in restoration of Adult Shelter Diversions.						
Total Agency: Expenditure Increases/Re-estimates	**(10)**	**26,415**	**33,682**	**33,682**	**33,682**	**33,682**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Youth and Community Development

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$295,985	$236,292	$209,307	$209,307	$209,307
Expenditure Increases / Re-estimates	1,258	192,407	193,407	206,407	215,407
Financial Plan as of 2/12/2014	**$297,243**	**$428,699**	**$402,714**	**$415,714**	**$424,714**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	324	313	302	302	302
Financial Plan as of 2/12/2014	**324**	**313**	**302**	**302**	**302**

Department of Youth and Community Development

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
February						
Runaway and Homeless Youth		1,258	2,407	2,407	2,407	2,407
Funding for an additional 76 shelter beds for runaway and homeless youth.						
Universal Afterschool for Middle School		--	190,000	191,000	204,000	213,000
Funding to make quality afterschool programing available to all middle school students.						
Total Agency: Expenditure Increases/Re-estimates		**1,258**	**192,407**	**193,407**	**206,407**	**215,407**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Health and Mental Hygiene

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$621,670	$615,027	$613,163	$613,163	$613,163
Expenditure Increases / Re-estimates	4,654	5,275	5,275	5,274	5,274
Financial Plan as of 2/12/2014	**$626,324**	**$620,302**	**$618,438**	**$618,437**	**$618,437**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	3,350	3,338	3,332	3,332	3,332
Expenditure Increases / Re-estimates	21	19	17	17	17
Financial Plan as of 2/12/2014	**3,371**	**3,357**	**3,349**	**3,349**	**3,349**

Department of Health and Mental Hygiene

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
February						
Mental Hygiene Contracts Restore funding for mental hygiene contracts including work readiness programs and care coordination.		3,638	4,369	4,369	4,369	4,369
Restoration - Immunization layoffs Restores 10 FTpositions to staff the 3 existing immunization clinics: Tremont, Corona, and Fort Greene	10	434	491	505	520	520
Restoration- HIV Layoffs Restores 4 FT positions to conduct field services, HIV partner notification, data collection, and surveillance activities	4	329	359	366	373	373
OCME WTC Repository Provides funding for OCME operations at National September 11 Memorial & Museum	4	477	368	368	368	368
Restoration- HIV Layoffs- Fringe Offset Restores fringe to 4 FT positions to conduct field services, HIV partner notifications, data collection, and surveillance activities		(82)	(112)	(119)	(127)	(127)
Restoration - Immunization layoffs - Fringe offset Restores fringe to 10 FT positions to staff the 3 existing immunization clinics: Tremont, Corona, and Fort Greene		(142)	(200)	(214)	(229)	(229)
Financial Plan Headcount Adjustments Headcount adjustment as a result of approved budget modifications	1	--	--	--	--	--
Total Agency: Expenditure Increases/Re-estimates	**19**	**4,654**	**5,275**	**5,275**	**5,274**	**5,274**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Housing Preservation and Development

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$58,985	$48,551	$48,551	$48,551	$48,551
Expenditure Increases / Re-estimates	2,000	750	750	750	750
Financial Plan as of 2/12/2014	**$60,985**	**$49,301**	**$49,301**	**$49,301**	**$49,301**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	465	463	463	463	463
Expenditure Increases / Re-estimates	36	30	30	30	30
Financial Plan as of 2/12/2014	**501**	**493**	**493**	**493**	**493**

Housing Preservation and Development

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
February						
Foreclosure Assistance		--	750	750	750	750
The Department of Housing Preservation and Development will receive additional funding for foreclosure assistance programs. This represents out year funding for programs funded in the current fiscal year.						
Demolition Funding		2,000	--	--	--	--
The Department of Housing Preservation and Development will receive additional funding to support demolition activities resulting from emergency declarations issued in the current fiscal year.						
Financial Plan Headcount Adjustments	30	--	--	--	--	--
Headcount adjustment as a result of approved budget modifications						
Total Agency: Expenditure Increases/Re-estimates	**30**	**2,000**	**750**	**750**	**750**	**750**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Finance

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$243,512	$232,726	$232,090	$231,683	$231,683
Expenditure Increases / Re-estimates	584	716	716	716	716
Financial Plan as of 2/12/2014	**$244,096**	**$233,442**	**$232,806**	**$232,399**	**$232,399**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	1,909	1,906	1,901	1,896	1,896
Expenditure Increases / Re-estimates	5	5	5	5	5
Financial Plan as of 2/12/2014	**1,914**	**1,911**	**1,906**	**1,901**	**1,901**

Department of Finance

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
February						
Condo/Coop Abatement Unit This initiative creates a new coop/condo abatement unit to handle a change in the State law that limits the abatement to primary residences.	5	93	280	280	280	280
Security Guards 66 John Street This initiative funds Department of Finance for security guard coverage at 66 John Street.		411	936	936	936	936
Lease Adjustment Lease increase for office space.		80	--	--	--	--
311 Calltaker MOU with DoITT In order for the 311 Call Center to handle parking debt and lien sale related calls, the Department of Finance is transferring funds to the Department of Information Technology and Telecommunications to pay for these services.		--	(500)	(500)	(500)	(500)
Total Agency: Expenditure Increases/Re-estimates	**5**	**584**	**716**	**716**	**716**	**716**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Transportation

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars		*(City Funds in 000's)*			
Baseline Per November Plan - 11/21/2013	$435,584	$448,632	$451,355	$451,355	$451,355
Expenditure Increases / Re-estimates	1,887	6,158	5,829	5,829	5,829
Financial Plan as of 2/12/2014	**$437,471**	**$454,790**	**$457,184**	**$457,184**	**$457,184**
Headcount		*(City Funded)*			
Baseline Per November Plan - 11/21/2013	1,883	1,975	1,975	1,975	1,975
Expenditure Increases / Re-estimates	66	49	49	49	49
Financial Plan as of 2/12/2014	**1,949**	**2,024**	**2,024**	**2,024**	**2,024**

Department of Transportation

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
February						
Parks Bridge Flag Repairs	(3)	500	(800)	(800)	(800)	(800)
Pay-by-Cell Parking Meter Program Costs	2	--	2,545	2,316	2,316	2,316
Pay-by-Cell Parking Meter Program Costs.						
Retaining Walls		200	425	425	425	425
Funding for retaining wall inspections and design engineering services.						
Additional Weekend Ferry Service	23	505	3,179	3,179	3,179	3,179
Additional Weekend Ferry Service						
Arterial Sweeper Rental & Auto Mechanics	2	198	252	152	152	152
Arterial Sweeper Rental & Auto Mechanics						
Speed Camera Expenses	5	484	1,163	1,163	1,163	1,163
Operations and maintenance costs for 20 speed camera locations.						
State Funding Adjustment		--	(606)	(606)	(606)	(606)
State funding adjustment per Governor's 2014-2015 Executive Budget. Ferries operation support through Mass Transportation Operating Assistance Program.						
Financial Plan Headcount Adjustments	20	--	--	--	--	--
Headcount adjustment as a result of approved budget modifications						
Total Agency: Expenditure Increases/Re-estimates	**49**	**1,887**	**6,158**	**5,829**	**5,829**	**5,829**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Parks and Recreation

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$298,403	$296,682	$296,331	$296,331	$296,331
Expenditure Increases / Re-estimates	476	4,535	4,111	4,399	4,399
Financial Plan as of 2/12/2014	**$298,879**	**$301,217**	**$300,442**	**$300,730**	**$300,730**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	3,337	3,240	3,240	3,240	3,240
Expenditure Increases / Re-estimates	20	22	22	24	24
Financial Plan as of 2/12/2014	**3,357**	**3,262**	**3,262**	**3,264**	**3,264**

Department of Parks and Recreation

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
February						
Ocean Breeze	15	--	1,221	1,221	1,509	1,509
The Department will staff the new Ocean Breeze athletic facility in-house; it is anticipated to open in FY 2015.						
Randall's Island Connector	3	--	288	240	240	240
The Department will maintain the Randall's Island Connector after its opening in FY 2015.						
Environmental Monitoring		--	150	150	150	150
Funding for environmental monitoring at Bush Terminal.						
Boilers & HVAC		476	476	100	100	100
The Department requires funding for the preventative maintenance of boilers & heating, ventilation, and air conditioning (HVAC) units.						
Parks Bridge Flag Repairs	4	--	2,400	2,400	2,400	2,400
Funding required for maintenance and repair of Parks Department bridges.						
Total Agency: Expenditure Increases/Re-estimates	**22**	**476**	**4,535**	**4,111**	**4,399**	**4,399**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Cultural Affairs

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$156,289	$148,496	$148,496	$148,496	$148,496
Expenditure Increases / Re-estimates	91	-	-	-	-
Financial Plan as of 2/12/2014	**$156,380**	**$148,496**	**$148,496**	**$148,496**	**$148,496**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	44	44	44	44	44
Financial Plan as of 2/12/2014	**44**	**44**	**44**	**44**	**44**

Department of Cultural Affairs

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
February						
Lease Adjustment		91	--	--	--	--
Lease increase for storage space.						
Total Agency: Expenditure Increases/Re-estimates		**91**	**--**	**--**	**--**	**--**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Citywide Administrative Services

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$228,116	$212,245	$210,102	$209,574	$209,574
Expenditure Increases / Re-estimates	390	983	775	775	775
Financial Plan as of 2/12/2014	**$228,506**	**$213,228**	**$210,877**	**$210,349**	**$210,349**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	1,205	1,257	1,257	1,257	1,257
Expenditure Increases / Re-estimates	(4)	(1)	(1)	(1)	(1)
Financial Plan as of 2/12/2014	**1,201**	**1,256**	**1,256**	**1,256**	**1,256**

Department of Citywide Administrative Services

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
February						
BSA Contract Funding		5	11	11	11	11
Funding for file storage and retrieval contract for the Board of Standards and Appeals (BSA).						
OTPS New Needs		217	208	--	--	--
Funding for various other than personal services needs.						
Safety and eLearning	8	82	164	164	164	164
Funding and headcount for oversight of the City's Emergency Action Plan and Fire Safety Directors, as well as for an eLearning pilot program.						
Lease Adjustment		(514)	--	--	--	--
Lease decrease for office space.						
City Record Printing		600	600	600	600	600
Technical adjustment for the printing of the City Record.						
Financial Plan Headcount Adjustments	(9)	--	--	--	--	--
Headcount adjustment as a result of approved budget modifications						
Total Agency: Expenditure Increases/Re-estimates	**(1)**	**390**	**983**	**775**	**775**	**775**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Education

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$9,257,983	$9,468,079	$9,683,945	$9,854,529	$9,854,529
Expenditure Increases / Re-estimates	3,120	340,918	340,076	363,076	379,076
Financial Plan as of 2/12/2014	**$9,261,103**	**$9,808,997**	**$10,024,021**	**$10,217,605**	**$10,233,605**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	92,809 P	93,103 P	93,103 P	93,103 P	93,103 P
	9,381 C	8,960 C	8,961 C	8,961 C	8,961 C
Expenditure Increases / Re-estimates	-	904 P	1,871 P	1,871 P	1,871 P
	-	43 C	43 C	43 C	43 C
Financial Plan as of 2/12/2014	**92,809 P**	**94,007 P**	**94,974 P**	**94,974 P**	**94,974 P**
	9,381 C	**9,003 C**	**9,004 C**	**9,004 C**	**9,004 C**

C = Civilian P = Pedagogical

Department of Education

Description	City Personnel *		(City Funds in 000's) 2014	2015	2016	2017	2018
February							
Parent Volunteer Training Restoration			347	347	347	347	347
Restoration of FY 2011 Executive Plan PEG on training opportunities for parent volunteers.							
Per Session PEG Restoration			1,553	1,553	1,553	1,553	1,553
Restoration of an FY 2014 November Plan PEG on per session.							
Professional Development PEG Restoration			1,220	1,220	1,220	1,220	1,220
Restoration of an FY 2014 November Plan PEG on professional development.							
Universal Full-Day PreKindergarten	904	P	--	340,000	342,000	365,000	381,000
Phases in high quality universal full-day PreK at public schools, DOE CBOs and ACS CBOs over 2 years. Raises teacher salaries at CBOs, provides startup costs for space acquisition/conversion, and funds ongoing quality through prof. dev., ELL support and other targeted programs.	43	C					
UPK Pension			--	(2,202)	(5,044)	(5,044)	(5,044)
Transfers Pension costs for universal full-day PreKindergarten expansion.							
Total Agency: Expenditure Increases/Re-estimates	**904**	**P**	**3,120**	**340,918**	**340,076**	**363,076**	**379,076**
	43	**C**					

C = Civilian P = Pedagogical

***As of 6/30/15**

AGENCY FIVE YEAR SUMMARY PROGRAM

City University

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$606,659	$592,394	$592,723	$573,222	$571,955
Expenditure Increases / Re-estimates	(317)	21,246	19,034	20,222	20,183
Financial Plan as of 2/12/2014	**$606,342**	**$613,640**	**$611,757**	**$593,444**	**$592,138**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	3,248 P	3,248 P	3,208 P	3,208 P	3,208 P
	1,756 C	1,724 C	1,674 C	1,674 C	1,674 C
Financial Plan as of 2/12/2014	**3,248 P**	**3,248 P**	**3,208 P**	**3,208 P**	**3,208 P**
	1,756 C	**1,724 C**	**1,674 C**	**1,674 C**	**1,674 C**

C = Civilian P = Pedagogical

City University

Description	City Personnel *	(City Funds in 000's)				
		2014	2015	2016	2017	2018
February						
Tuition Adjustment		--	24,200	24,200	24,200	24,200
Consistent with the NY-SUNY 2020 Challenge Grant Program Act legislation, CUNY's Board of Trustees authorized a tuition increase of $300 effective for the Fall 2014 semester.						
Operating Support - Pensions		(317)	(2,954)	(5,166)	(3,978)	(4,017)
Adjustment to offset Pension increases.						
Total Agency: Expenditure Increases/Re-estimates		**(317)**	**21,246**	**19,034**	**20,222**	**20,183**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Small Business Services

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$80,386	$44,543	$42,345	$42,348	$42,348
Expenditure Increases / Re-estimates	200	1,485	1,485	1,485	1,485
Financial Plan as of 2/12/2014	**$80,586**	**$46,028**	**$43,830**	**$43,833**	**$43,833**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	122	95	95	95	95
Expenditure Increases / Re-estimates	-	17	17	17	17
Financial Plan as of 2/12/2014	**122**	**112**	**112**	**112**	**112**

Department of Small Business Services

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
February						
NBAT and Business Express SBS will receive an increase of $1.475 million in FY15 and the out years to fund the New Business Acceleration Team (NBAT) and Business Express units at their current level of operations.	17	--	1,475	1,475	1,475	1,475
SBS Waterfront Unit SBS will receive an adjustment of $10,000 in FY15 and the out years to fill funding gaps for staff in the Waterfront Permitting unit.		--	10	10	10	10
SBS Veteran Procurement Study SBS will receive $200,000 in FY14 to conduct a study assessing Veteran Procurement needs.		200	--	--	--	--
Total Agency: Expenditure Increases/Re-estimates	**17**	**200**	**1,485**	**1,485**	**1,485**	**1,485**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Department of Environmental Protection

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$1,056,631	$1,041,074	$1,036,332	$989,442	$989,442
Expenditure Increases / Re-estimates	1,200	1,200	1,200	1,200	1,200
Financial Plan as of 2/12/2014	**$1,057,831**	**$1,042,274**	**$1,037,532**	**$990,642**	**$990,642**
Headcount			*(City Funded)*		
Baseline Per November Plan - 11/21/2013	214	211	211	211	211
Financial Plan as of 2/12/2014	**214**	**211**	**211**	**211**	**211**

Department of Environmental Protection

Description	City Personnel *	(City Funds in 000's) 2014	2015	2016	2017	2018
February						
Tax Levy Overtime Tax Levy overtime funding for the air quality and hazardous materials programs.		1,200	1,200	1,200	1,200	1,200
Total Agency: Expenditure Increases/Re-estimates		**1,200**	**1,200**	**1,200**	**1,200**	**1,200**

*As of 6/30/15

AGENCY FIVE YEAR SUMMARY PROGRAM

Debt Service

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dollars			*(City Funds in 000's)*		
Baseline Per November Plan - 11/21/2013	$4,785,383	$4,753,366	$7,016,535	$7,352,557	$7,562,177
Expenditure Increases / Re-estimates	(277,056)	(86,557)	(17,005)	(19,307)	(21,950)
Financial Plan as of 2/12/2014	**$4,508,327**	**$4,666,809**	**$6,999,530**	**$7,333,250**	**$7,540,227**

Debt Service

Description	City Personnel *	(City Funds in 000's)				
		2014	2015	2016	2017	2018
February						
Refunding Savings		(6,609)	(26,966)	11,696	8,708	5,369
To reflect partially the impact of the GO Fiscal 2014 Series GH refinancing transaction						
VRDB interest baseline		(106,392)	(13,434)	(3,188)	(3,188)	(3,188)
To reflect reduced interest rate assumption for 2014. Also reflects the refunding of VRDBs in the GO Fiscal 2014 Series GH transaction						
Index Bond Interest		(8,440)	(14,658)	(14,027)	(13,349)	(12,625)
Reflects the refunding of Index Bonds in the Fiscal 2014 Series GH transaction						
Hudson Yards Interest Support		(35,757)	--	--	--	--
Reflects actual interest support payments made in FY 2014						
Hudson Yards Tax Equivalency Payments		(8,819)	--	--	--	--
Reflects actual tax equivalency payments made in FY 2014						
TFA debt service		(94,618)	(31,499)	(11,486)	(11,478)	(11,506)
Reflects the impact of the TFA Fiscal 2014 Series BC new money and refunding transaction						
ECF		(16,421)	--	--	--	--
Reflects ECF having fully funded debt service for 2014 out of ECF revenues						
Total Agency: Expenditure Increases/Re-estimates		**(277,056)**	**(86,557)**	**(17,005)**	**(19,307)**	**(21,950)**

*As of 6/30/15