



New York City Comptroller
Scott M. Stringer

The City of New York New York

POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



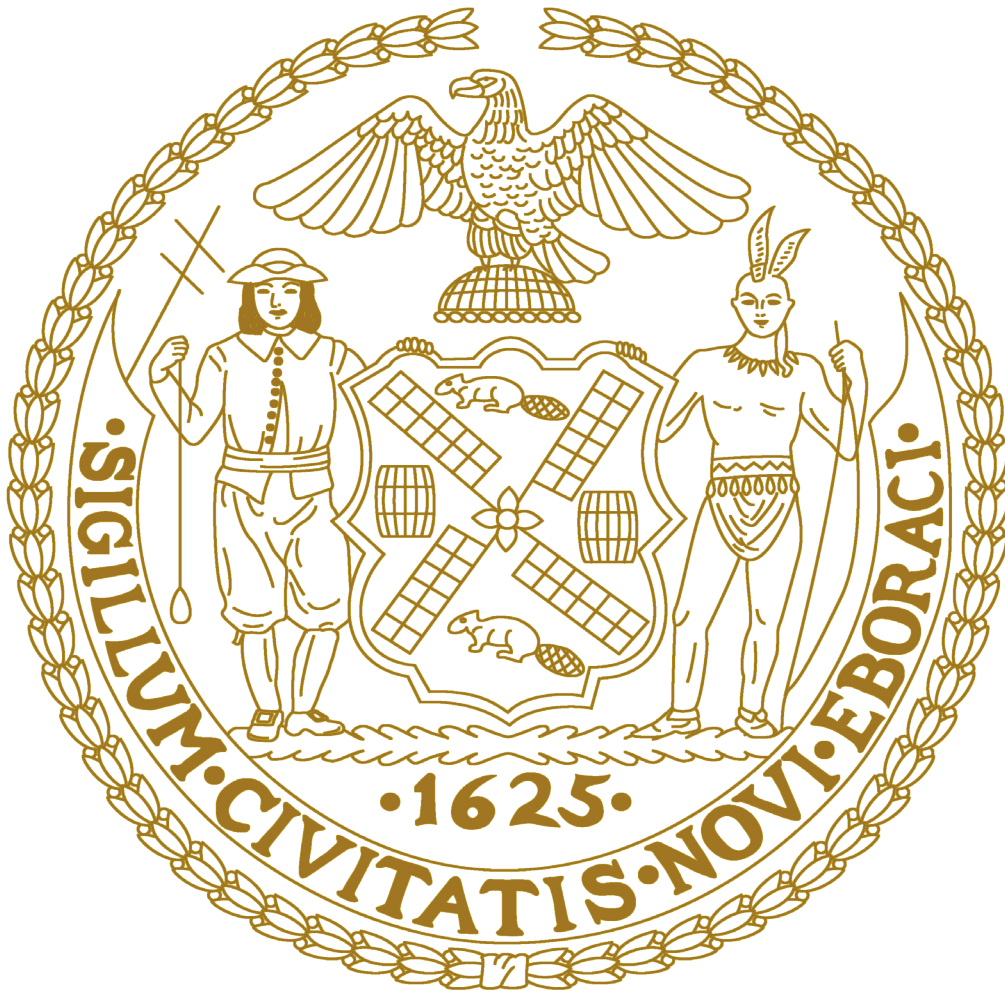


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Popular Annual Financial Report FY 2015



*New York City Comptroller,
Scott M. Stringer*

INTRODUCTION

I am pleased to present the very first publication of a New York City (City) Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2015. This is a user-friendly annual companion to the Comprehensive Annual Financial Report (CAFR), making the City's finances transparent and accessible to all New Yorkers. This PAFR is drawn from the financial information in the Fiscal Year 2015 CAFR.

New York, the most populous city in the United States, is home to nearly 8.5 million people whose diversity makes the City legendary for its vibrant commerce and culture. With a population of this size comes a large and complex City budget.

This PAFR for Fiscal Year 2015 has been developed to provide the City's citizens, businesses, and community groups with important information about the financial activities of the City in a concise, straight-forward, and simplified manner. The aim is to engage the interest and full participation of those unfamiliar with the complexities of government accounting and financial reporting, for whom the CAFR may not be an accessible entry point to the City's finances.

The CAFR contains detailed financial information, including the City's government-wide financial statements, the City's five pension systems' financial information, explanatory notes to the financial statements, and supplemental financial and statistical information about the City, just to name a few key portions.

In contrast, the PAFR mainly focuses on the "Primary Government," which includes all operating units that make up the City's legal entity, such as City agencies. This PAFR also includes legally separate organizations for which the City is financially accountable, known as Component Units.

With an annual operating budget of nearly \$78.5 billion and capital budget this year of \$14 billion, the City has the largest municipal budget in the United States, and one of the largest city budgets worldwide. I am proud to be making our City's finances accessible to more New Yorkers than ever before through the PAFR.

This PAFR and the CAFR are both available on the Comptroller's website at www.comptroller.nyc.gov.

Thank you for taking the time to learn about the City of New York's financial strengths. If you have comments or suggestions on how we can improve the PAFR, please contact us by phone at (212) 669-3675 or by email at directives@comptroller.nyc.gov.

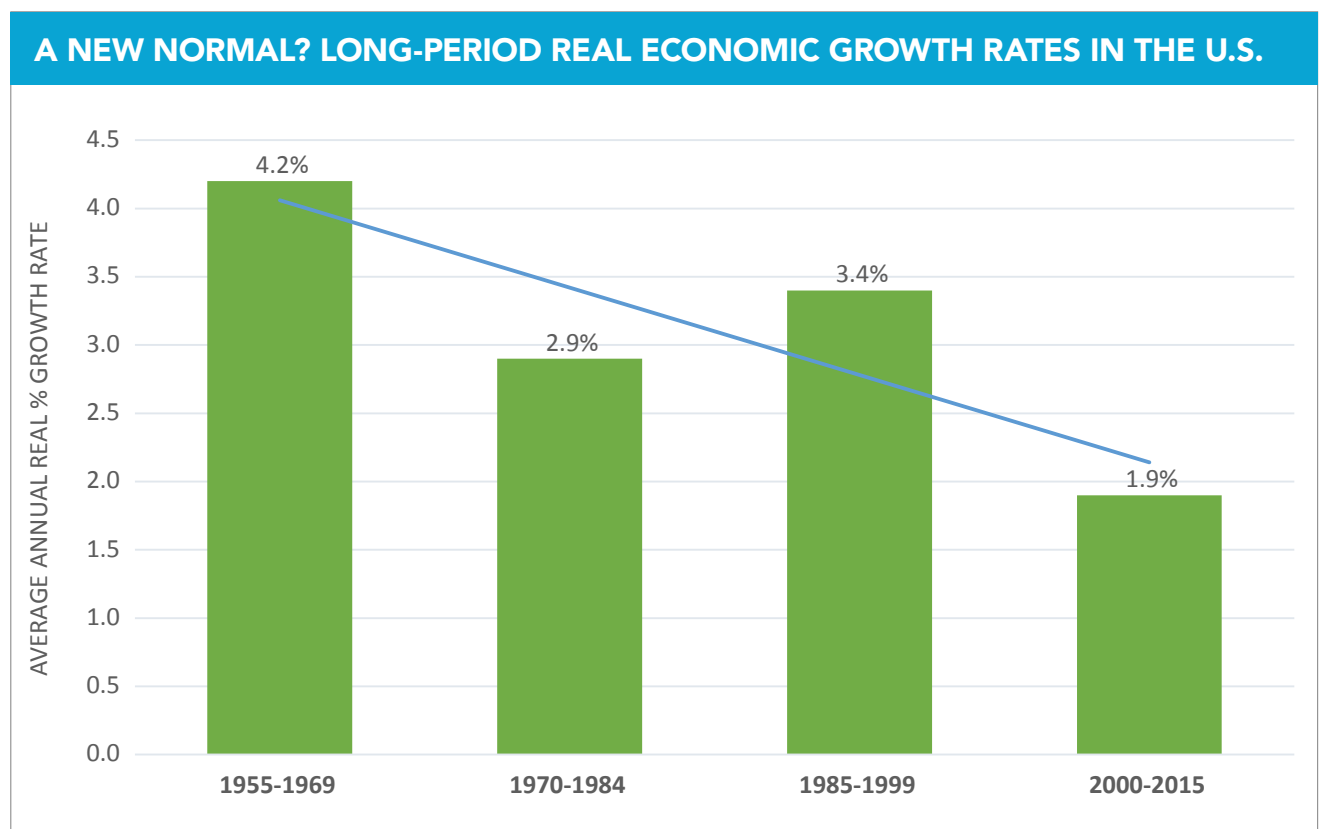
A handwritten signature in black ink, appearing to read "Scott M. Stringer". The signature is fluid and stylized, with the first name "Scott" and last name "Stringer" clearly distinguishable.

Scott M. Stringer



Economic Forecast

- ▶ New York's strong job recovery continues to be the best economic news for the City. Since the Great Recession of 2008, the City's job creation has been much stronger than the nation's.
- ▶ The City gained 10.5 percent more jobs compared to its previous peak employment in August 2008. In contrast, the U.S. has only gained 2.9 percent.
- ▶ New York City's job growth has outpaced the nation's in important sectors such as Information Technology, and Business and Professional Services.
- ▶ However, the City's Financial sector is still not what it was, and a greater percentage of financial sector jobs are being lost in New York than in the nation as a whole. This is concerning because these are highly compensated jobs that help to drive other businesses and the City's tax base.

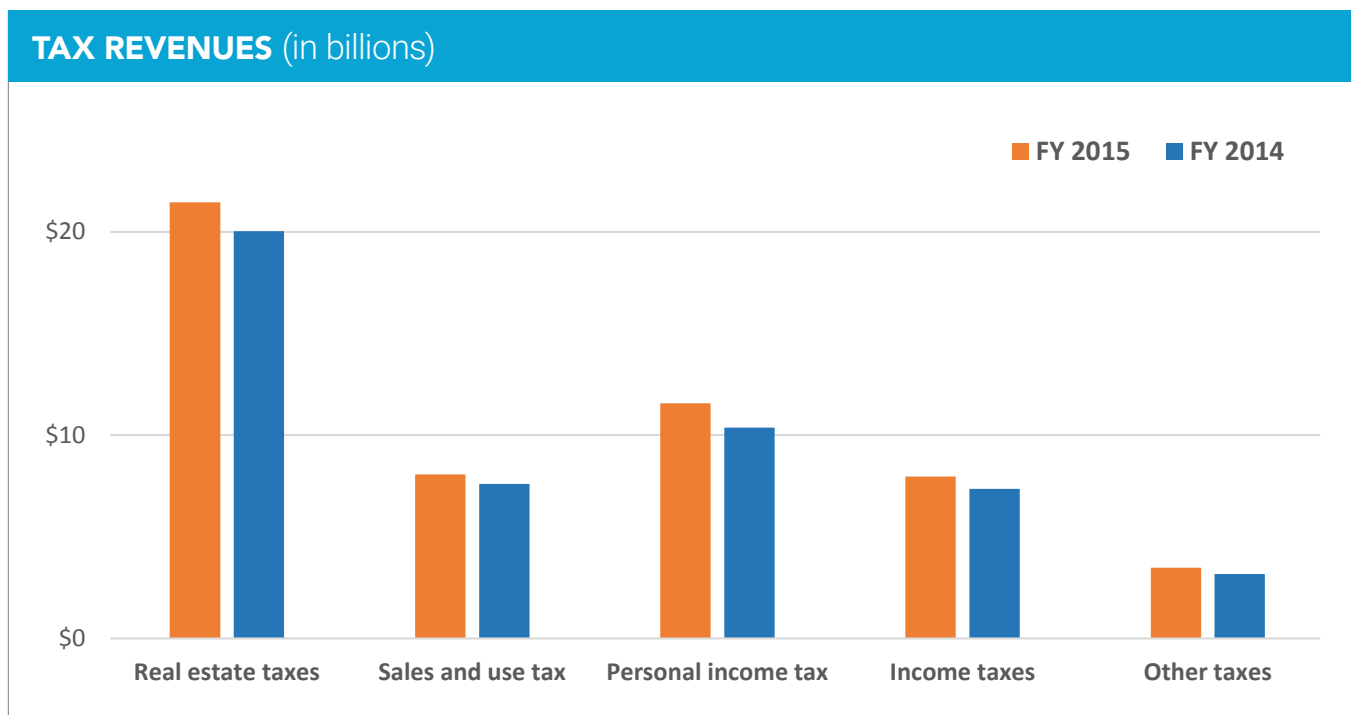


- ▶ Economists refer to the slow growth of the current economic period as “Secular Stagnation,” which is a way to describe a prolonged period of slow economic growth.
- ▶ The question is whether that reflects a fundamental change in the growth potential of the US economy. Is this the new normal? We don't know, but we are concerned that it could be.
- ▶ Our forecasts indicate that the growth rates achieved in the past may no longer be attainable.
- ▶ These factors may impact the City budget and the funding of municipal initiatives in the future.

General Tax Revenue Growth

Citywide **tax revenue increased** by \$4 billion in FY 2015, from FY 2014, due to the following:

- ▶ Increases in real estate tax revenues reflecting **growth** in billable assessed property value;
- ▶ Increases in sales and use tax revenues driven by the **large growth** in mortgage financing activity;
- ▶ Increased collection in the general sales tax revenues, which demonstrates **growth** in wages and visitor spending;
- ▶ Increases in personal income taxes reflect the strong withholding **growth** and **large gains** in non-wage income;
- ▶ Increases in other income taxes (general corporation, financial corporation, unincorporated business income, non-resident personal income taxes, and utility tax) are primarily attributable to an increase in financial corporation taxes, which reflects increases in consumer and corporate lending, deposit taking and reduced settlements related to mortgage securities and unfair banking practices;
- ▶ **Growth** in hedge fund asset management and employment and **growth** in personal income payments from non-resident City employees increased unincorporated business income and personal income tax revenues;
- ▶ Increases in tax revenues associated with the conveyance of real property reflect a **continued recovery** in the average sale price for both commercial and residential properties;
- ▶ Increases to payments in lieu of taxes (“PILOT”) reflect higher PILOT payments for the World Trade Center and Battery Park City Authority, offset by the forgiveness of the New York City Housing Authority PILOT payments; and
- ▶ Increases in hotel room occupancy taxes due to **continued growth** in the tourism sector.



Revenues: Where does the money come from?

The Primary Government consists of City agencies and Component Units that provide services exclusively to the City.

The programs and functions listed are funded by two major sources, program revenues, including grants, (see below) and general revenues (see page 10). Program revenues are collected and available for their respective programs and functions. General revenues are available for use for any program or function.

While governmental activities often collect program revenues, they are largely funded by general revenues.

PROGRAM REVENUES – PRIMARY GOVERNMENT

In FY 2015, program revenues were over \$26 billion. Education had the most program revenues, overwhelming from grants, consisting of more than \$11 billion, followed by Social services at almost \$5 billion. Program revenues increased in FY 2015 by over \$2 billion from FY 2014. General government and Education had the greatest affect on the increase.

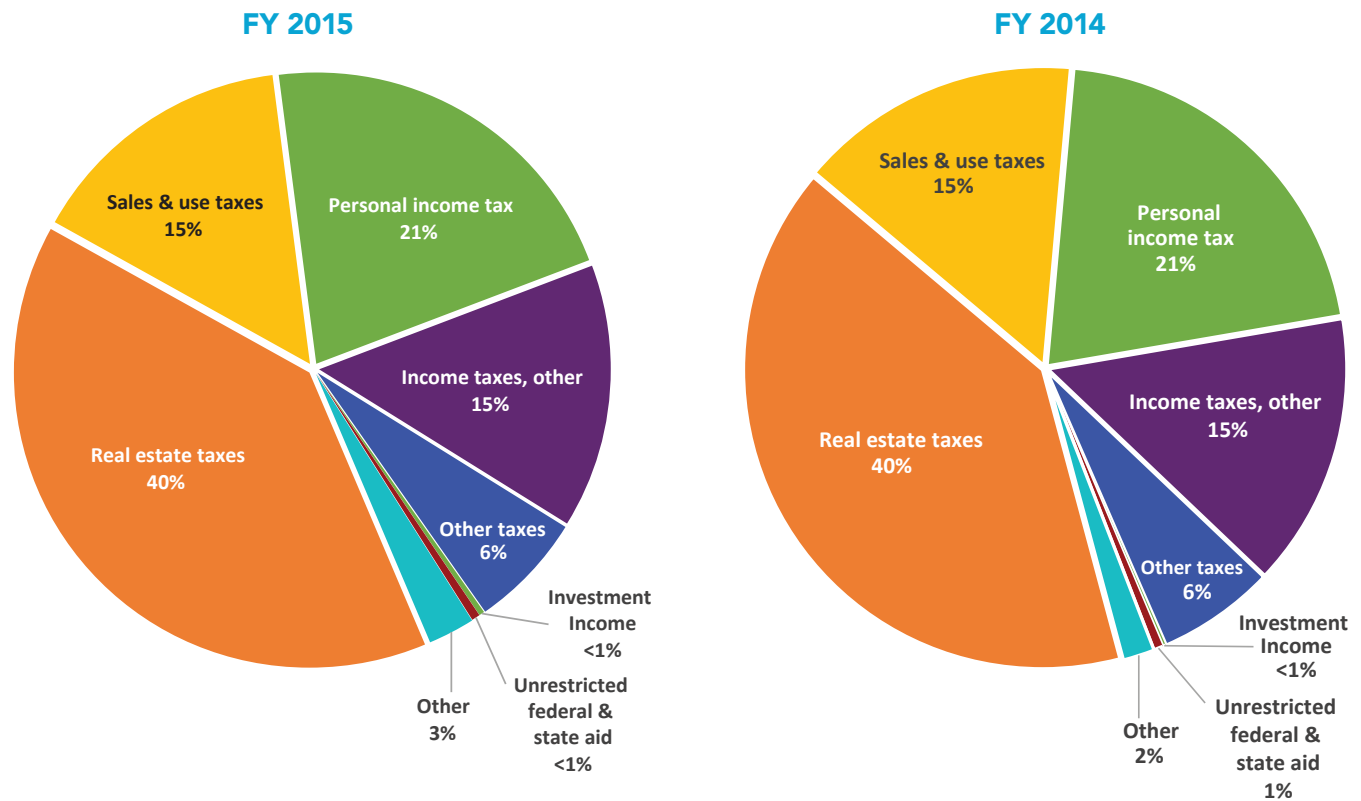
GRANTS AND OTHER PROGRAM REVENUES (in millions)	FY 2015	FY 2014
General government	\$3,718	\$2,511
Public safety and judicial	986	1,338
Education	11,120	9,857
City University	621	594
Social services	4,717	4,798
Environmental protection*	1,575	1,794
Transportation services	1,655	1,464
Parks, recreation and cultural activities	344	150
Housing	929	921
Health	824	906
TOTAL PROGRAM REVENUE	\$26,489	\$24,333

*Includes payments to the City for costs of the Water and Sewer system from Water and Sewer rate payments.

Revenues: Where does the money come from?

GENERAL REVENUES – PRIMARY GOVERNMENT

In FY 2015, general revenues were over \$54 billion. Real estate taxes were the greatest single source of general revenues, totaling over \$21 billion, followed by Personal income tax, totaling almost \$12 billion. General revenues increased in FY 2015 by over \$4.6 billion from FY 2014. Real estate taxes and Personal income tax had the greatest effect on the increase.

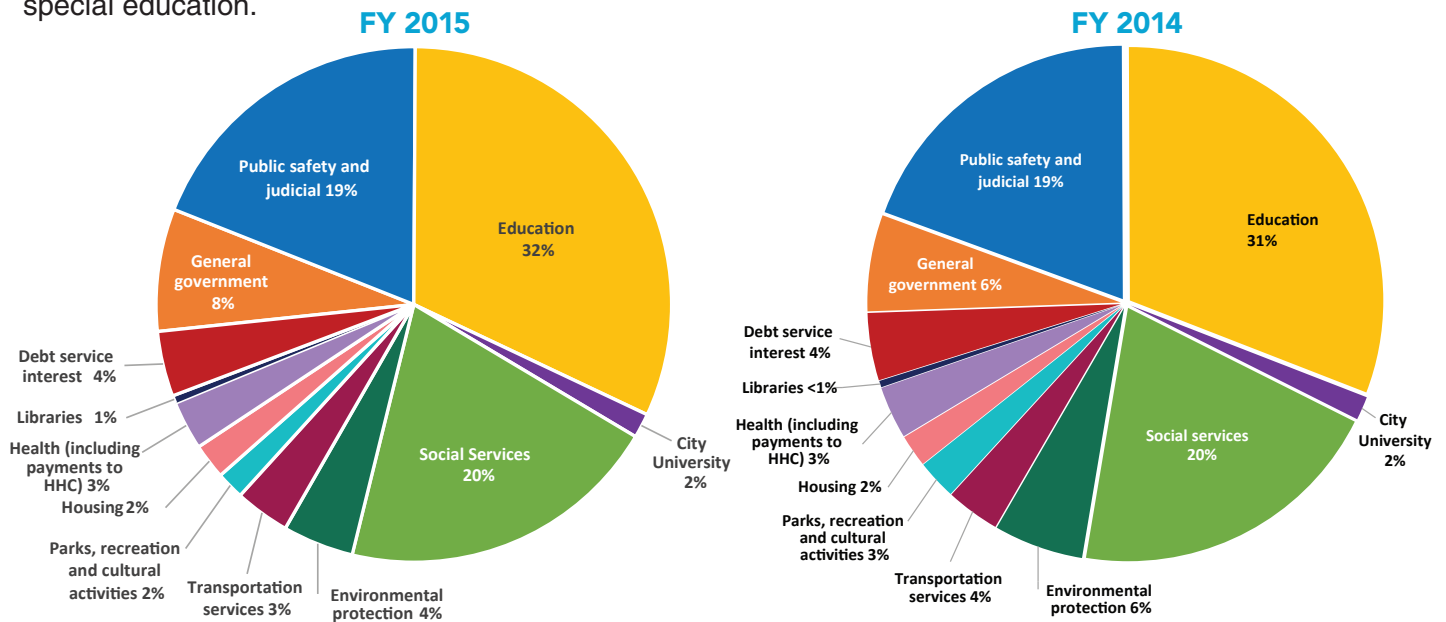


GENERAL REVENUES (in millions)	FY 2015	FY 2014
Real estate taxes	\$21,448	\$20,033
Sales & use taxes	8,072	7,605
Personal income tax	11,560	10,365
Income taxes, other	7,965	7,365
Other taxes	3,479	3,161
Investment income	161	79
Unrestricted federal & state aid	252	252
Other	1,404	848
TOTAL GENERAL REVENUES	\$54,341	\$49,708

Expenses: Where does the money go?

EXPENSES – PRIMARY GOVERNMENT

In FY 2015, expenses for governmental activities (including all related personnel and applicable pension and benefit costs) increased by over \$1 billion from FY 2014, to \$71.5 billion. General government had the greatest effect on the increase, followed by Education. The increase to General government expenses was mainly a result of collective bargaining settlements, additions to authorized headcounts and expansions to several programs. Education expenses increased due to expansions in the Universal Pre-Kindergarten program, after-school programming, and investments in low-performing schools and special education.

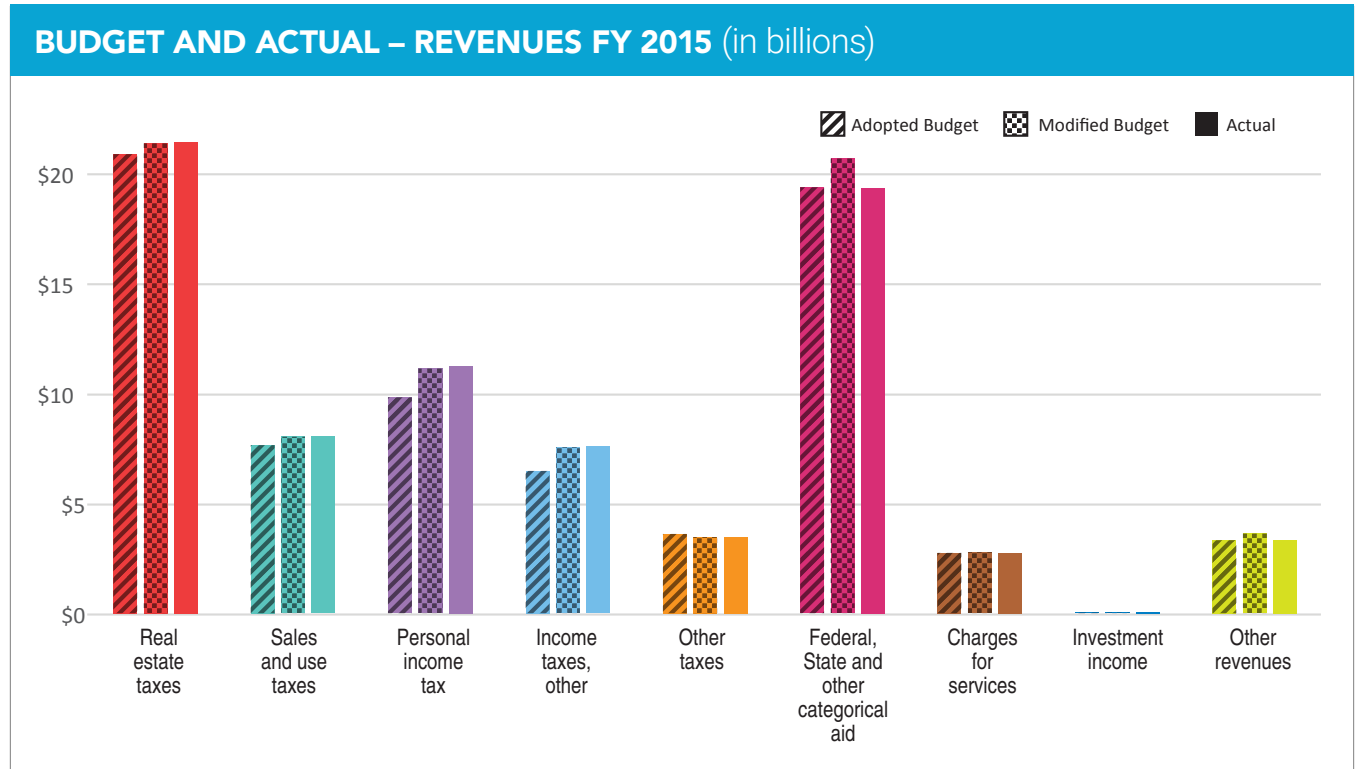


GOVERNMENTAL ACTIVITIES EXPENSES (in millions)	FY 2015	FY 2014
General government	\$5,480	\$4,324
Public safety and judicial	13,652	13,614
Education	22,843	21,806
City University	1,094	1,065
Social services	14,514	14,248
Environmental protection	3,189	4,022
Transportation services	2,461	2,420
Parks, recreation and cultural activities	1,250	1,772
Housing	1,574	1,447
Health (including payments to HHC)	2,186	2,364
Libraries	350	293
Debt service interest	2,929	3,025
TOTAL EXPENSES	\$71,522	\$70,400

The Budget – General Fund Revenues FY 2015

GENERAL FUND REVENUES

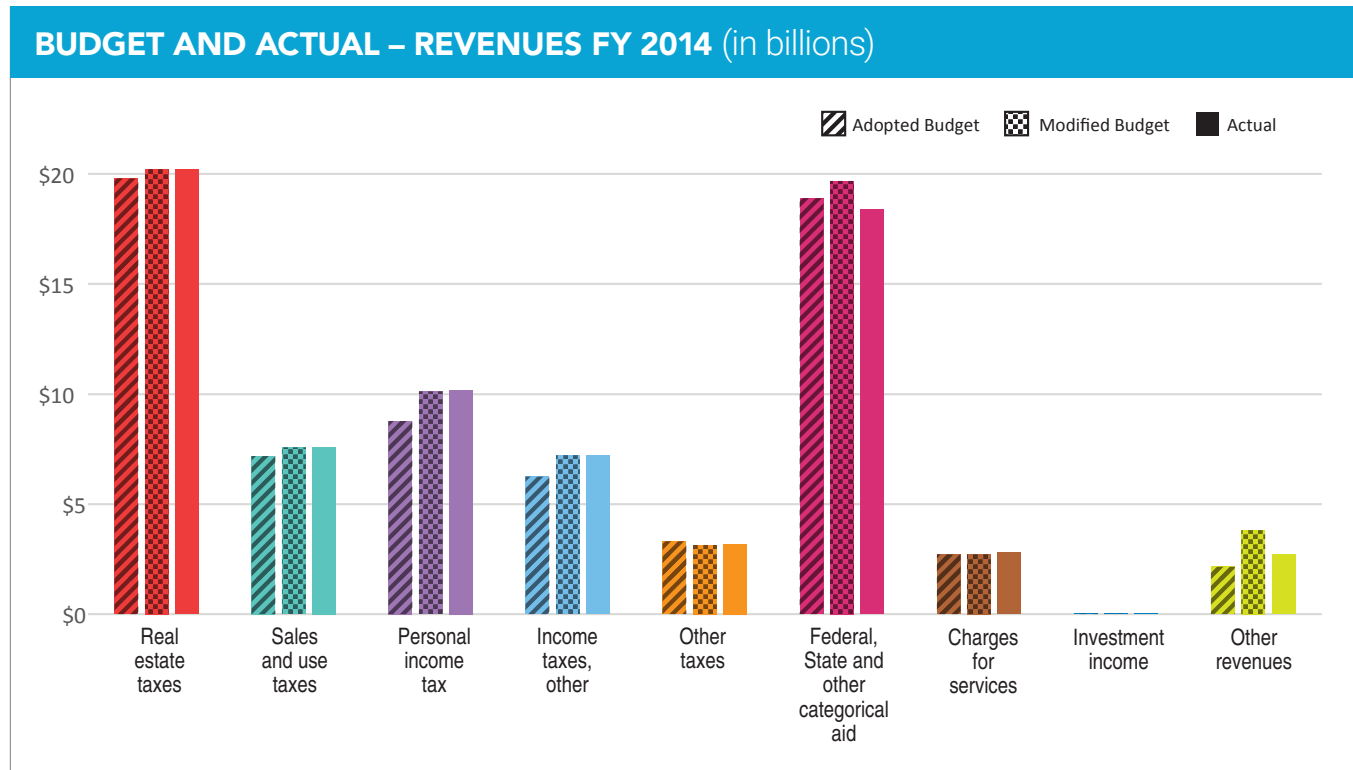
The General Fund is the operating fund of the City. Virtually all tax revenues, Federal and State aid (except aid for capital projects), and operating revenues are accounted for in the General Fund.



GENERAL FUND REVENUES (in millions)		FY 2015 (Actual)
Real estate taxes		\$21,518
Sales and use taxes		8,051
Personal income tax		11,295
Income taxes, other		7,602
Other taxes		3,475
Federal, State and other categorical aid		19,438
Charges for services		2,745
Investment income		30
Other revenues		3,328
TOTAL REVENUES		\$77,482

The Budget – General Fund Revenues FY 2014

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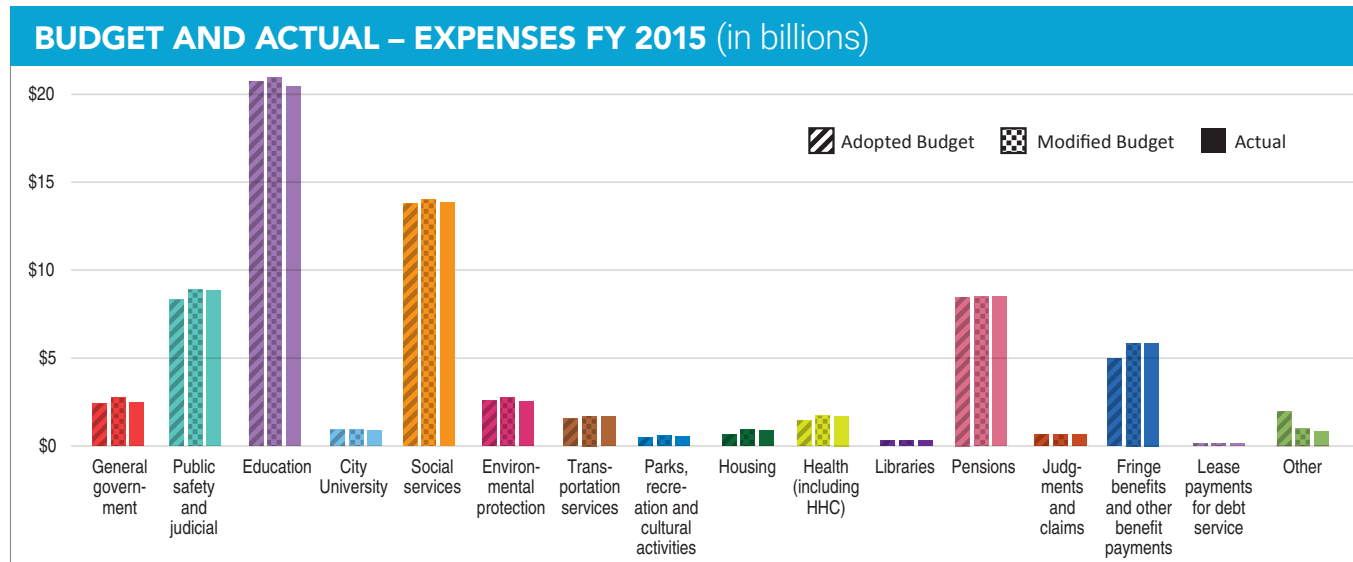


GENERAL FUND REVENUES (in millions)		FY 2014 (Actual)
Real estate taxes		\$20,202
Sales and use taxes		7,604
Personal income tax		10,174
Income taxes, other		7,215
Other taxes		3,181
Federal, State and other categorical aid		18,395
Charges for services		2,786
Investment income		16
Other revenues		2,687
TOTAL REVENUES		\$72,260

The Budget – General Fund Expenses FY 2015

BUDGET AND ACTUAL – EXPENSES

As the operating fund for the City, the General Fund accounts for all expenditures in the expense budget that provide for the City's day-to-day operations.



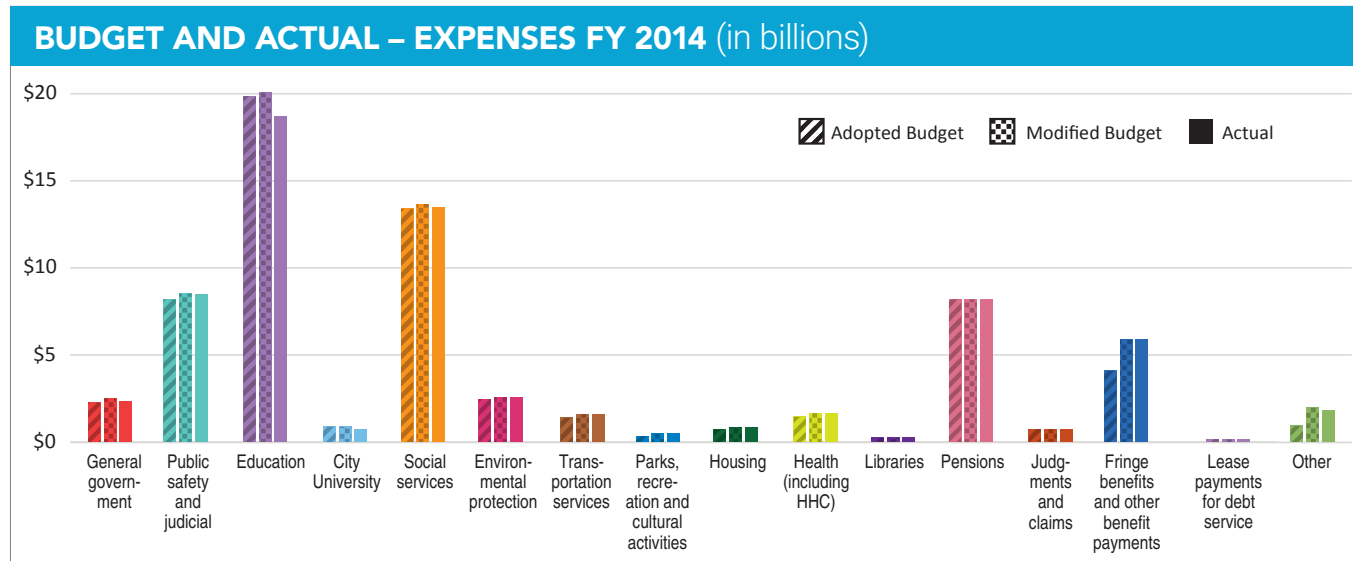
GENERAL FUND EXPENSES FY 2015 (in millions)	ADOPTED BUDGET	MODIFIED BUDGET	ACTUAL	BETTER (WORSE) THAN MODIFIED BUDGET
General government	\$2,412	\$2,758	\$2,469	\$289
Public safety and judicial (*see below for details)	8,311	8,896	8,827	69
Education	20,740	20,957	20,457	500
City University	929	946	904	42
Social services	13,788	14,012	13,844	168
Environmental protection	2,585	2,764	2,540	224
Transportation services	1,575	1,717	1,655	62
Parks, recreation and cultural activities	486	577	555	22
Housing	664	934	886	48
Health (including HHC)	1,479	1,723	1,708	15
Libraries	311	323	322	1
Pensions	8,469	8,495	8,490	5
Judgments and claims	674	680	680	-
Fringe benefits and other benefit payments	4,968	5,857	5,863	(6)
Lease payments for debt service	164	149	149	-
Other	1,985	973	848	125
TOTAL EXPENDITURES	\$69,540	\$71,761	\$70,197	\$1,564

*Public safety and judicial - details

Police Department	\$4,580	\$4,907	\$4,896	\$11
Fire Department	1,776	1,909	1,887	22
Department of Correction	1,095	1,170	1,154	16
Other	860	910	890	20
Total public safety and judicial	\$8,311	\$8,896	\$8,827	\$69

The Budget – General Fund Expenses FY 2014

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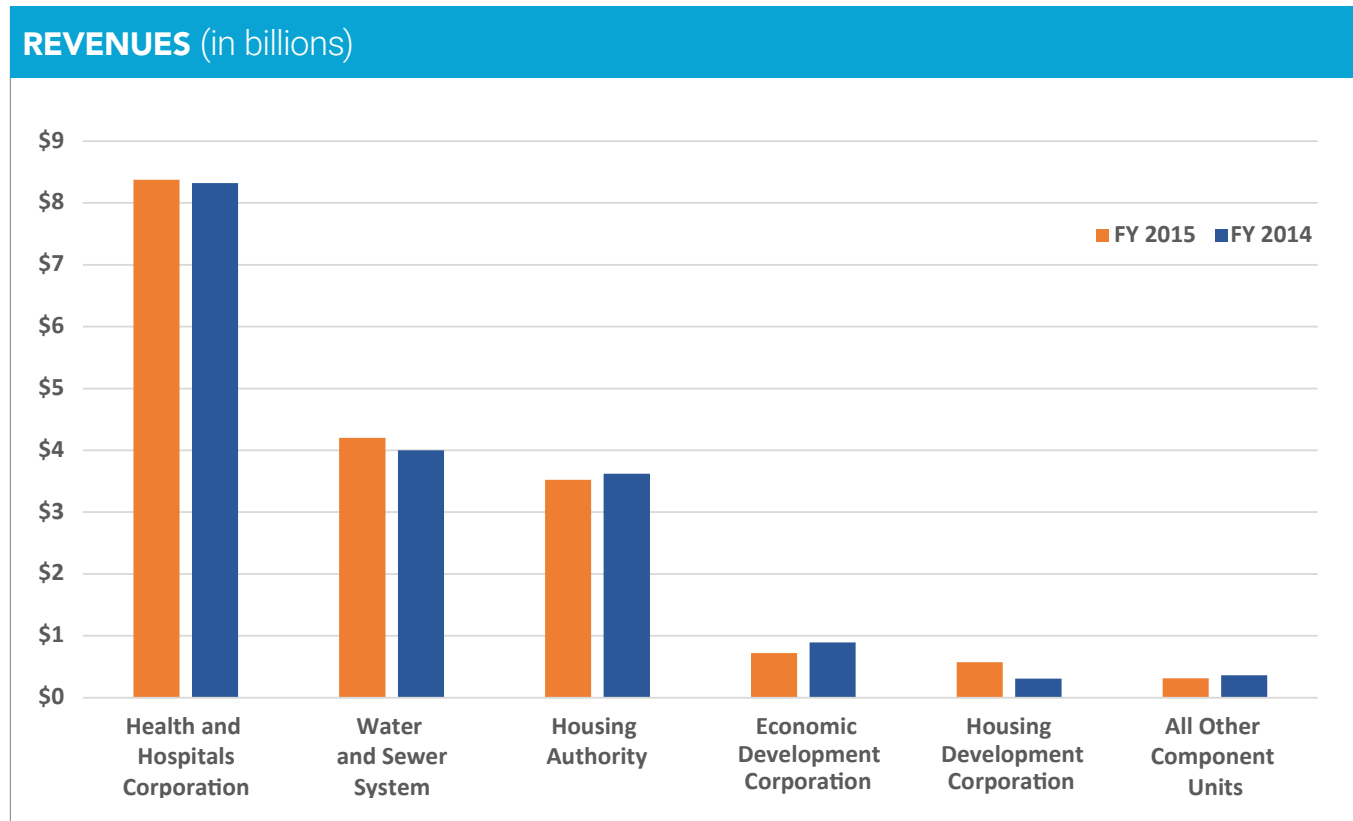


GENERAL FUND EXPENSES FY 2014 (in millions)	ADOPTED BUDGET	MODIFIED BUDGET	ACTUAL	BETTER (WORSE) THAN MODIFIED BUDGET
■ General government	\$2,277	\$2,512	\$2,334	\$178
■ Public safety and judicial (*see below for details)	8,194	8,526	8,472	54
■ Education	19,854	20,049	18,672	1,377
■ City University	874	878	853	25
■ Social services	13,393	13,667	13,473	194
■ Environmental protection	2,479	2,580	2,522	58
■ Transportation services	1,382	1,597	1,550	47
■ Parks, recreation and cultural activities	457	486	479	7
■ Housing	726	858	829	29
■ Health (including HHC)	1,445	1,659	1,622	37
■ Libraries	237	239	239	-
■ Pensions	8,192	8,184	8,141	43
■ Judgments and claims	718	734	732	2
■ Fringe benefits and other benefit payments	4,085	5,873	5,842	31
■ Lease payments for debt service	171	153	153	-
■ Other	930	1,973	1,793	180
TOTAL EXPENDITURES	\$65,414	\$69,968	\$67,706	\$2,262

*Public safety and judicial - details				
■ Police Department	\$4,527	\$4,690	\$4,669	\$21
■ Fire Department	1,769	1,881	1,875	6
■ Department of Correction	1,064	1,106	1,098	8
■ Other	834	849	830	19
■ Total public safety and judicial	\$8,194	\$8,526	\$8,472	\$54

Component Units – Business-Type Activities

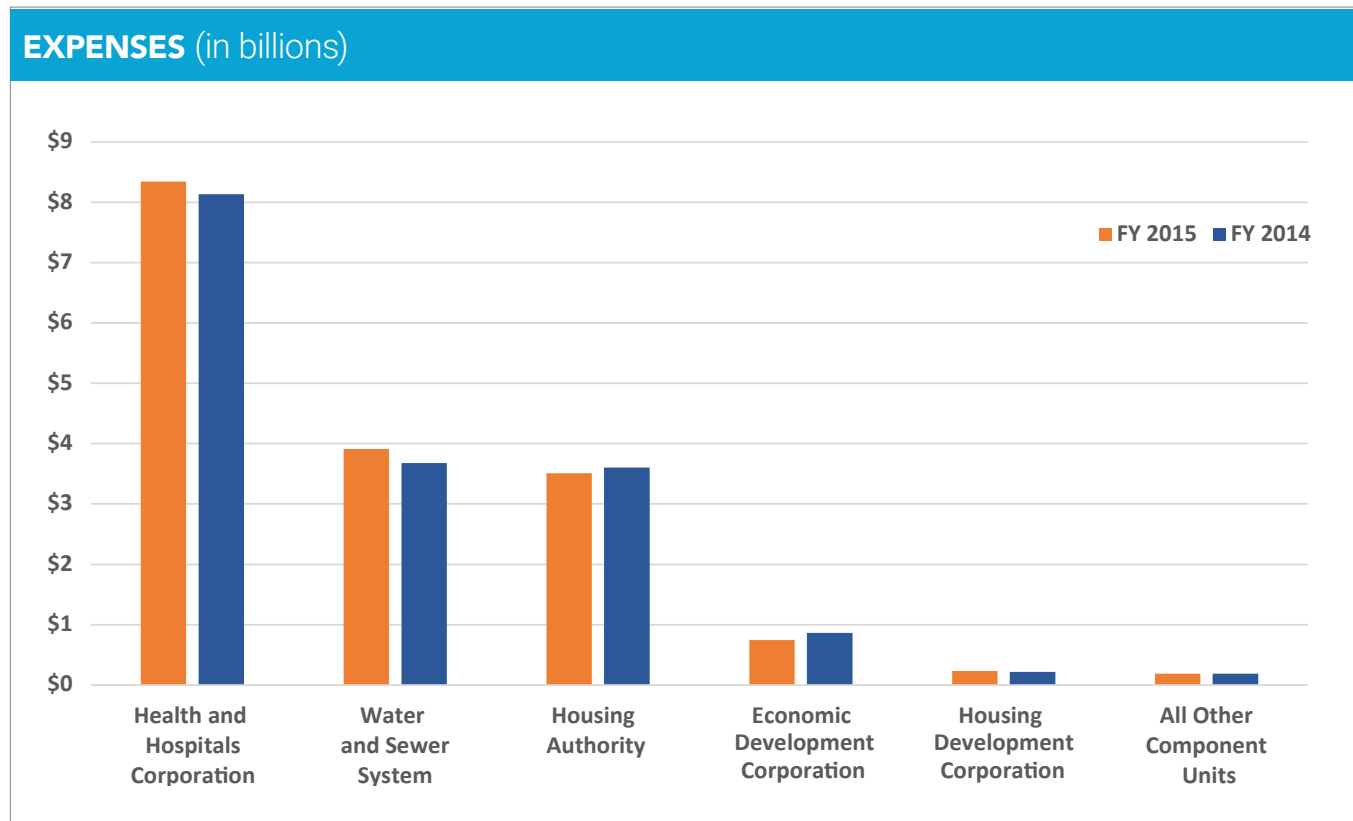
Component Units are legally separate organizations for which the City is financially accountable. The financial data of the Business-Type Component Units are presented separately (discretely) from the financial data of the Primary Government.



REVENUES (in millions)	FY 2015	FY 2014
Health and Hospitals Corporation	\$8,374	\$8,323
Water and Sewer System	4,201	4,002
Housing Authority	3,525	3,624
Economic Development Corporation	719	893
Housing Development Corporation	573	307
All Other Component Units	312	360
TOTAL REVENUES	\$17,704	\$17,509

Component Units – Business-Type Activities

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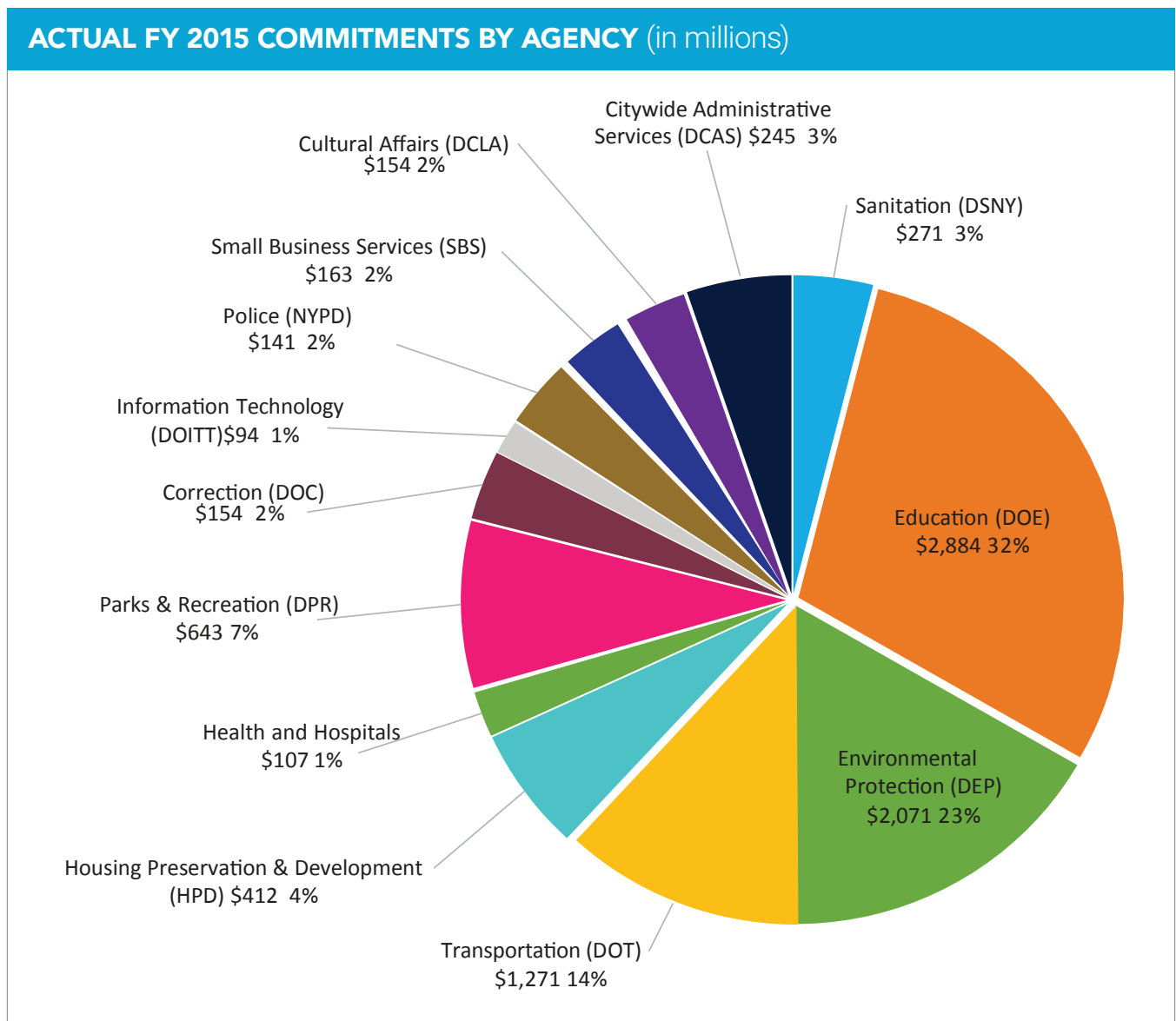


EXPENSES (in millions)	FY 2015	FY 2014
Health and Hospitals Corporation	\$8,343	\$8,136
Water and Sewer System	3,912	3,677
Housing Authority	3,512	3,606
Economic Development Corporation	744	866
Housing Development Corporation	230	217
All Other Component Units	188	186
TOTAL EXPENSES	\$16,929	\$16,688

Capital Projects

Twenty-five agencies engage in some form of capital spending, but the City's capital budget is largely concentrated among 13 budget agencies. Collectively these agencies accounted for approximately 95 percent of FY 2015 commitments.

- ▶ Total capital commitments increased by \$1.72 billion from FY 2014 to FY 2015, from \$7.39 billion to \$9.11 billion.
- ▶ The two agencies with the largest dollar increases were the Department of Environmental Protection with an increase of \$911 million for a total of \$2.07 billion in capital commitments and the Department of Education with an increase of \$824 million for a total of \$2.88 billion in capital commitments.
- ▶ The two agencies with the largest decreases in commitments were the Department of Citywide Administrative Services — with \$245 million in commitments, reflecting a \$349 million decrease — and the Department of Information Telecommunications and Technology — with \$94 million in commitments, reflecting a decrease of \$151 million.



Benchmarks: How do we compare?

Benchmarks are used simply as a comparison and to put financial information into context. Below, our City is compared to Philadelphia and Chicago. “Per Capita” means that the total dollar value is divided by the population for each city. For instance, “Debt Per Capita” is the total bonded indebtedness divided by the population. This makes the debt figure relative to the population size of the City.

BENCHMARKS – GENERAL			
	New York ¹	Philadelphia ²	Chicago ³
Population	8,491,079	1,560,297	2,722,389
Total taxable assessed real estate value	\$187,567,700,000	\$91,923,000,000	\$27,313,960,000 ⁴
Real estate tax rate ⁵	\$12.77 ⁶	\$1.34	\$6.83
Land area (square miles)	305	135	228
Unemployment rate	4.8% ⁷	6.8% ⁷	5.6% ⁷
General Fund revenues	\$77,482,450,000	\$3,451,176,000	\$3,176,150,000
Total governmental funds – revenue per capita	\$9,620	\$3,812	\$2,222
Total governmental funds – expenditure per capita	\$10,380	\$4,033	\$2,635

BENCHMARKS – DEBT			
	New York	Philadelphia	Chicago
Total outstanding debt – primary government	\$86,614,000,000	\$7,504,100,000	\$22,012,495,000
Debt per capita	\$10,201	\$4,832	\$8,166
Ratios of City general bonded debt payable – per capita	\$4,953	\$1,268 ⁴	\$6,846
Total net debt applicable to the limit as a percentage of debt limit	67.42%	55.57% ⁴	N/A ⁸
Net general obligation debt as a percentage of assessed taxable value of real estate	22.42% ⁶	4.55% ⁴	12.69% ⁴

GENERAL OBLIGATION BOND RATINGS			
	New York	Philadelphia	Chicago
Standard & Poor’s	AA	A+	A-
Fitch	AA	A-	BBB+
Moody’s	Aa2	A2	Ba1

New York City’s General Obligation Bonds were rated as investment grade, very high grade/quality by the three rating agencies as compared to Philadelphia and Chicago’s General Obligation Bonds, which were rated as investment grade, upper medium quality.

¹FY 2015 CAFR. ²FY 2014 CAFR (year ended June 30, 2014). ³2014 CAFR (year ended December 31, 2014). ⁴From 2013 tax year; 2014 information not available at time of publication. ⁵Real Estate Tax Rates are based on every \$100 of assessed valuation. ⁶While NYC’s tax rate appears high, the effective tax rate is significantly lower since the assessed value of taxable property is 20.7% of the market-value. ⁷Source: US Dept. of Labor, Local Area Unemployment Statistics for Cities and Towns Above 25,000 Population (preliminary rates for September 2015). ⁸Not available

Our Elected Officials



Bill de Blasio
Mayor



Scott M. Stringer
Comptroller



Letitia James
Public Advocate



Melissa Mark-Viverito
Council Speaker



Jimmy Van Bramer
Council Majority
Leader



Vincent M. Ignizio
Council Minority
Leader



Ruben Diaz, Jr.
Bronx Borough
President



Eric L. Adams
Brooklyn Borough
President



Gale A. Brewer
Manhattan Borough
President



Melinda Katz
Queens Borough
President



James S. Oddo
Staten Island Borough
President



Robert Johnson
Bronx District Attorney



Ken Thompson
Brooklyn District
Attorney



Cyrus R. Vance, Jr.
Manhattan District
Attorney



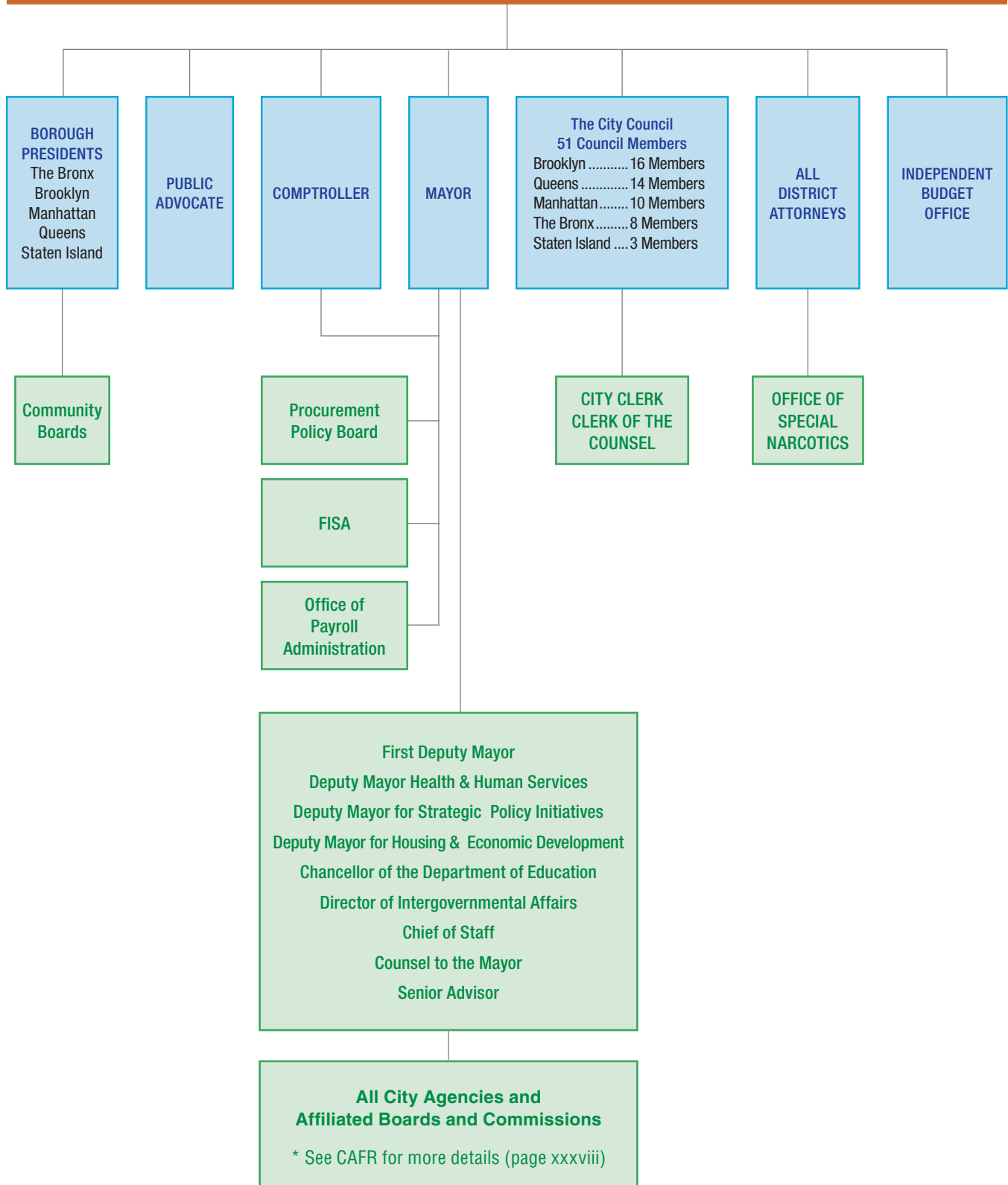
Richard A. Brown
Queens District
Attorney



Daniel L. Master, Jr.
Staten Island Acting
District Attorney

The Government of The City of New York

THE CITY OF NEW YORK: BOROUGH OF THE BRONX, BROOKLYN, MANHATTAN, QUEENS AND STATEN ISLAND





Acknowledgements

Scott M. Stringer, *Comptroller*

BUREAU OF ACCOUNTANCY:

- ▶ Michele Mark Levine, CPA, *Deputy Comptroller/Chief Accountant*
- ▶ Jacqueline Thompson, CFE, CIA, *Bureau Chief*
- ▶ Leonel Ferreira, CPA, *Division Chief of Capital, Technical and Professional Standards*

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- ▶ Camille Arezzo
- ▶ Joan Stapleton

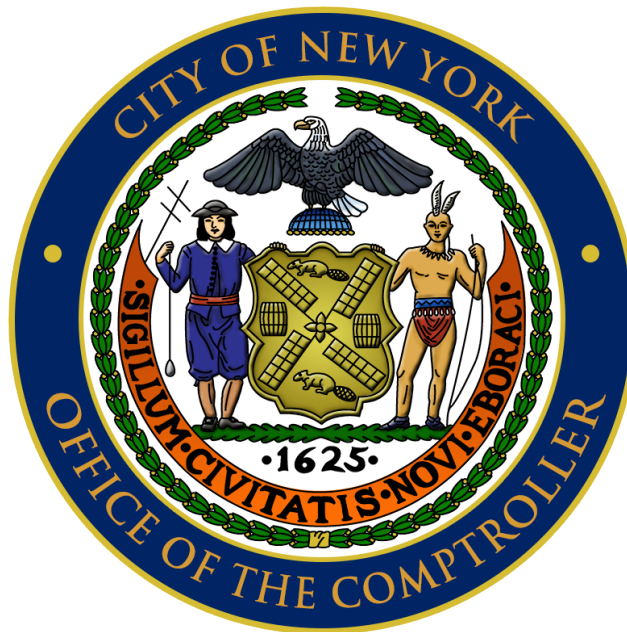
WITH SPECIAL THANKS TO:

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Tim Mulligan, *Deputy Comptroller for Budget*
- ▶ **Bureau of Information Systems & Technology**
Michael Bott, *Assistant Comptroller*

Significant efforts were made by all staff of the Bureau of Accountancy and many others in the Office of the Comptroller and throughout the City to prepare the City's FY 2015 Comprehensive Annual Financial Report, from which much of the content of this report was adopted.

Comments or Suggestions

If you have comments or suggestions on how we can improve the PAFR, please contact us by phone at (212) 669-3675 or by email at directives@comptroller.nyc.gov.



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