

THE COUNCIL OF THE CITY OF NEW YORK

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Speaker of the Council

Hon. Julissa Ferreras-Copeland
Chair, Committee on Finance



Report on the Fiscal 2017 Preliminary Budget and the Fiscal 2016 Preliminary Mayor's Management Report Department of Finance

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Department of Finance Overview

The Department of Finance (DOF or the Department) collects nearly \$35 billion in revenue for the City and assesses more than one million properties collectively valued at over \$1 trillion. DOF also records property-related documents, administers exemption and abatement programs, adjudicates and collects on parking tickets, maintains the City's treasury, and enforces compliance with City tax laws. In addition, DOF provides administrative support to the City's Banking Commission, which recommends interest rates for late payments of property taxes and approves bank and trust companies to hold City funds.

Through the Mayor's Office of Pensions and Investments, DOF advises the Administration on the management of the City's five pension systems.

This report provides a review of the Department's Preliminary Budget for Fiscal 2017. The first section of this report presents highlights of DOF's \$270.2 million Fiscal 2017 Expense Budget, as well as DOF's revenue and contract budget.

The report then presents the Department's budget by program area and provides analysis of significant changes, and links its budget actions to relevant indicators in the Preliminary Mayor's Management Report (PMMR) for Fiscal 2016. Finally, the appendices are included to highlight the Budget Actions in the November and Preliminary Plans and Reconciliation of Program Areas to Units of Appropriation.

Fiscal 2017 Preliminary Budget Highlights

The City's Preliminary Fiscal 2017 Budget is \$82.1 billion, \$3.6 billion more than the Fiscal 2016 Adopted Budget of \$78.5 billion.

The Department's Fiscal 2017 Preliminary Budget totals \$270.2 million (including City and non-City funds), which represents less than one percent of the City's total Budget. DOF's Fiscal 2017 Preliminary Budget is \$4.2 million more than its Fiscal 2016 Adopted Budget of \$266 million.

DOF Expense Budget						
	2014	2015	2016	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	2016	2017	2016 - 2017
Personal Services	\$133,368	\$141,275	\$158,439	\$155,470	\$164,498	\$6,059
Other Than Personal Services	106,921	110,480	107,572	116,699	105,690	(1,882)
TOTAL	\$240,289	\$251,755	\$266,011	\$272,169	\$270,188	\$4,177

**The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.*

In the past fiscal year, DOF has utilized its Office of the Sheriff, Office of Tax Audit and Enforcement, and its new Office of the Taxpayer Advocate to expand its reach on compliance with tax laws while providing improved customer service to ensure that taxpayers, employees, and stakeholders are treated effectively, efficiently, and fairly. To advance its efforts, for Fiscal 2017, \$4 million in new needs has been added to Office of the Sherriff, the Office of Tax Audit and Enforcement, the Collections Division, the Office of the

Taxpayer Advocate, and the Finance and Technology Division. The majority of the funding is provided for the Office of Tax Audit and Enforcement and Office of the Sheriff. Funding for additional tax auditors and auditor administrative support staff comprise \$2.1 million, or 53.2 percent, of the new needs. Funding to the Office of the Sheriff to serve civil orders of protection, conduct investigations of deed fraud, combat the sale of illegal and untaxed tobacco products and the sale of synthetic cannabinoids, comprise \$1.4 million, or 35 percent of the new needs.

Additionally, along with the Fiscal 2017 Preliminary Budget, the Office of Management and Budget (OMB) released a Citywide Savings Program that outlines plans to reduce City spending by \$804 million in Fiscal 2016 and \$270 million in Fiscal 2017. DOF has proposed savings totaling \$1.7 million in Fiscal 2016 and \$1.9 million in Fiscal 2017. In Fiscal 2017, proposed savings of \$1.5 million, or 78.9 percent, is attributed to Personal Services (PS) accruals and the reversal of funds provided to DOF to implement the Responsible Banking Act.

The key actions affecting the agency's Fiscal 2017 Preliminary Plan include:

New Needs

- **Auditor Administrative Support.** The Fiscal 2017 Preliminary Plan includes \$50,496 in Fiscal 2016 and \$197,928 in Fiscal 2017 and in the outyears for the addition of five administrative positions within the Office of Tax Audit & Enforcement. These new administrative positions in the Audit program area will support the increase in tax auditor headcount received in the Fiscal 2017 Preliminary Budget. The five additional staff will support new auditors focused on compliance and revenue for Personal Income Tax, General Corporation Tax, Unincorporated Business Tax, Commercial Rent Tax, Hotel Tax, and Business Income Tax. With this new addition in headcount, total authorized headcount for administrative support in the Office of Tax Audit and Enforcement is 43.
- **Civil Orders of Protection.** The Fiscal 2017 Preliminary Plan includes \$299,000 in Fiscal 2016 and \$509,000 in Fiscal 2017 and in the outyears in the Civil Enforcement program area for the addition of six Deputy Sherriff positions and one Clerical Associate within the Sheriff's Office Public Safety and Court Enforcement Bureau in each county office to serve civil orders of protection issued by the Family Court and Supreme Court. The new Deputy Sheriff positions will be dedicated to performing this service currently being performed by existing staff.
- **Deed Fraud Investigations.** The Fiscal 2017 Preliminary Plan includes \$155,496 in Fiscal 2016 and \$258,159 in Fiscal 2017 and in the outyears in the Civil Enforcement program area for the addition of three City Tax Auditors and two Fraud Investigators within the Sherriff's Bureau of Criminal Investigation at the Queens County headquarters. The Office of the Sheriff takes referrals from DOF's City Register Office as well as the public and other external parties to investigate deed fraud. Since June 2014, The Office of the Sheriff has received over 980 referrals. Prior to this new need, the Office of the Sheriff had four staff dedicated to

investigating cases of suspected deed fraud: two Associate Fraud Investigators, one Deputy Sheriff and one City Tax Auditor.

- **In-Rem Foreclosure Actions.** The Fiscal 2017 Preliminary Plan includes \$255,649 in Fiscal 2016 and \$108,509 in Fiscal 2017 and in the outyears in the Collections program area for the addition of two staff positions within the Collections Division to assist with biennial In-Rem foreclosure actions, as well as advertising and printing costs. This new need represents the establishment of the In-Rem Unit which will partner with the Law Department and the Department of Housing Preservation and Development to facilitate in-rem foreclosure actions.
- **New York City Tax Auditor Headcount.** The Fiscal 2017 Preliminary Plan includes \$584,957 in Fiscal 2016 and \$1.9 million in Fiscal 2017 and in the outyears in the Audit program area for the addition of 30 City Tax Auditors within the Tax Audit & Enforcement Division. The increased headcount will support compliance and revenue for personal income tax, general corporation tax, unincorporated business tax, commercial rent & hotel tax and business income tax. With this new addition in headcount, authorized headcount for City Tax Auditors in the Office of Tax Audit and Enforcement totals 320.
- **Payment and Transaction Reporting System Upgrade.** The Fiscal 2017 Preliminary Budget includes \$154,000 in Fiscal 2017 in the Finance Information Technology program area to upgrade its reporting software, a centralized payment and receivables repository database known as CPRR.
- **SCRIE/DRIE Ombudsperson & Administrative Support.** The Fiscal 2017 Preliminary Plan includes \$113,779 in Fiscal 2016 and \$203,862 in Fiscal 2017 and in the outyears in the Communications and Governmental Services program area for the addition of one clerical associate, one SCRIE ombudsperson, and one DRIE ombudsperson within the Office of the Taxpayer Advocate.
- **Synthetic Cannabinoid (K2) Enforcement Investigative Group.** The Fiscal 2017 Preliminary Plan includes \$425,000 in Fiscal 2016 and \$621,000 in Fiscal 2017, and increases to \$685,000 in the outyears in the Civil Enforcement program area for the addition of four Deputy Sheriffs, four City Tax Auditors, and four Fraud Investigators within the Sheriff's Bureau of Criminal Investigation to investigate and follow-up on K2 seizures and cases. The Office of the Sheriff conducts tobacco enforcement investigations of licensed cigarette retail locations in New York City. On these inspections, other contraband, including K2, is often found. Additional staff will support more investigations and follow up on K2 seizures and cases.

Citywide Savings Plan. DOF has proposed savings totaling \$1.7 million in Fiscal 2016, \$1.9 million in Fiscal 2017, and \$437,000 in the outyears. For Fiscal 2016 and Fiscal 2017, the proposed saving actions are as follows:

- **Banking Legislation Funding Takedown.** DOF has proposed savings of \$314,000 in Fiscal 2016 and \$490,000 in Fiscal 2017 due to funds no longer needed for the implementation of the Responsible Banking Act (Act). The two employees hired to

assist in the implementation of the Act will be assigned to other duties within the Treasury Division.

- **Land Record Reader/Scanner Maintenance.** DOF has proposed savings of \$35,000 in Fiscal 2016 and Fiscal 2017 in the Property Records program area due to the purchase of new scanners that would replace microfiche machines and allow City Register staff and the public to efficiently and effectively view property records. Maintenance on the new equipment would be more cost effective than maintenance on the older equipment.
- **Maintenance Expense Reductions.** DOF has proposed savings of \$35,000 in Fiscal 2016 and Fiscal 2017 in the Finance Information Technology program area due to the purchase of 551 new personal computers which would be less costly to maintain than the older computers.
- **OTPS Reduction.** DOF has proposed savings of \$1,000 in Fiscal 2016 and Fiscal 2017 in the Legal and Adjudications program area as a result of the reduction of legal publication subscriptions used by the Legal Division.
- **PS Accrual.** DOF has proposed savings of \$1.0 million in Fiscal 2016 and Fiscal 2017 in the Administration program area as a result of salary accruals which resulted from hiring delays.
- **Reduced Security Service Expenses.** DOF has proposed savings of \$93,000 in Fiscal 2016, and \$186,000 in Fiscal 2017 and the outyears in the Administration program area as a result of the installation of a magnetometer (metal detector), which would reduce the contracted security services that were previous needed to hand search visitors at the Manhattan Business Center.
- **Reforecast Adjudication Expenses.** DOF has proposed savings of \$5,000 in Fiscal 2016 and Fiscal 2017 in the Legal and Adjudication program area as a result of a reforecast of customer support services needed in Adjudications.
- **Reforecast Printing Expenses.** DOF has proposed savings of \$127,000 in Fiscal 2016 and Fiscal 2017 in the Audit and Payment Operations and Processing program areas as a result of a reforecast of spending levels on printing and mailing.
- **Software Expense Reduction.** DOF has proposed savings of \$95,000 in Fiscal 2016, and \$11,000 in Fiscal 2017 and in the outyears in the Finance Information and Technology and Collections program areas due to software license agreements that are no longer needed.

Financial Summary

DOF Financial Summary						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services	\$133,368	\$141,275	\$158,439	\$155,470	\$164,498	\$6,059
Other Than Personal Services	106,921	110,480	107,572	116,699	105,690	(1,882)
TOTAL	\$240,289	\$251,755	\$266,011	\$272,169	\$270,188	\$4,177
Budget by Program Area						
Administration	\$49,236	\$49,513	\$52,373	\$56,079	\$50,940	(\$1,434)
Audit	15,896	17,041	19,345	18,975	21,889	2,543
Civil Enforcement	37,880	39,513	39,499	42,066	41,252	1,752
Collections	17,541	18,615	17,430	20,465	17,513	83
Communications & Governmental Services	2,218	2,945	3,107	3,423	3,427	320
Financial Plan Savings	0	0	418	418	418	0
FIT (Finance Information Technology)	37,622	40,017	42,131	42,219	41,912	(219)
Legal & Adjudications	14,629	15,891	16,576	16,607	16,851	275
NYCSERV Contract Funding	2,910	3,399	3,356	2,020	3,356	0
Payment Ops & Application Processing	22,307	22,828	23,243	22,130	23,768	525
Property Records	4,875	5,000	5,610	5,710	5,707	97
Treasury	20,756	20,819	24,633	24,438	24,428	(204)
Valuing Property	14,418	16,173	18,289	17,619	18,728	439
TOTAL	\$240,289	\$251,755	\$266,011	\$272,169	\$270,188	\$4,177
Funding						
City Funds	\$235,703	\$247,079	\$261,093	\$267,119	\$265,250	\$4,157
Other Categorical	0	0	0	0	0	0
Capital- IFA	0	0	0	0	0	0
State	75	0	438	438	438	0
Federal - Community Development	0	0	0	0	0	0
Federal - Other	0	0	0	0	0	0
Intra City	4,511	4,677	4,480	4,613	4,500	20
TOTAL	\$240,289	\$251,756	\$266,011	\$272,170	\$270,188	\$4,177
Budgeted Headcount						
Full-Time Positions	1,870	1,916	2,114	2,180	2,176	62
TOTAL	1,870	1,916	2,114	2,180	2,176	62

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

Generally, agency program areas can provide insight into which programs are priorities and how the budget impacts program outcomes. As illustrated in the chart above, DOF's functions can be broken down into 13 program areas. Historically, while these program areas are funded with a combination of resources, more than 98 percent of DOF's funding comes from city tax levy dollars. In Fiscal 2017, out of DOF's 13 program areas, funding for Administration, Civil Enforcement, and Finance Information Technology, comprise the bulk of the agency's funding, or approximately 19 percent, 15 percent, and 15 percent, respectively, for a total of nearly 50 percent.

For Fiscal 2017, DOF's headcount totals 2,176, which reflects an increase of 62 staffing positions, or an increase of nearly three percent from the Fiscal 2016 Adopted Budget. Of the 62 additional positions, 30 positions will be housed within the Office of Tax Audit and

Enforcement in the Audit program area, and 24 positions will be housed in the Office of the Sheriff within the Civil Enforcement program area.

Contract Budget

The City's Contract Budget, as proposed, totals \$13.2 billion in Fiscal 2017, a decrease of \$76 million or 0.5 percent when compared to the Fiscal 2016 Adopted Budget of \$13.2 billion. DOF's Fiscal 2017 Preliminary Budget includes 65 registered City contracts, at a total cost of \$59.8 million.

DOF Fiscal 2017 Preliminary Contract Budget				
<i>Dollars in Thousands</i>				
Category	Fiscal 2016 Adopted	Number of Contracts	Fiscal 2017 Preliminary	Number of Contracts
Contractual Services - General	\$19,365	17	\$19,091	17
Financing Costs	28,519	3	28,519	3
Maintenance and Repairs - General	3,463	18	3,553	18
Printing Services	1,498	10	1,784	10
Prof. Services - Accounting Services	49	3	45	3
Prof. Services - Computer Services	5,290	3	5,313	4
Prof. Services - Engineering and Architectural Services	12	1	12	1
Security Services	1,203	3	1,017	3
Telecommunications Maintenance	353	1	327	1
Training Program for City Employees	188	5	157	5
TOTAL	\$59,940	64	\$59,818	65

The Fiscal 2017 Preliminary Contract Budget consists of 65 contracts, which reflects the removal of two contracts for printing services, and the addition of three contracts for printing services, for a net increase of one contract since the Fiscal 2016 Adopted Budget. The expenditures associated with the support of the City's financing program comprise almost half the agency's contract spending at \$28.5 million, or 47.7 percent. This includes all payments to financial advisors, board and disclosure counsel, fees paid to credit-rating agencies, and all other costs.

DOF's primary functions include performing property valuations, recording property related documents, administering exemption and abatement programs, and maintaining the City's treasury. Computer systems and computer related services are necessary to execute and support these functions. Accordingly, computer services is another major category of contract spending, comprising \$19.1 million, or 31.9 percent, of the agency's contract budget.

Additionally, DOF has increased efficiency in its operations by contracting for 551 personal computers to reduce maintenance on older computers, and reduced contracted security services that were previously needed to hand search visitors at the Manhattan Business Center.

Revenue

Miscellaneous revenue is comprised of the interest income that the City earns by investing funds from the cash balance, sales tax and debt service accounts. DOF collects revenue from fines for building violations, sales tax, and vehicle related violation and other laws. In the Fiscal 2017 Preliminary Budget, DOF is expected to generate \$730.2 million in Fiscal 2017, which is more than \$25.2 million or 3.6 percent, than the \$705 million in miscellaneous revenue projected to be generated in the Fiscal 2016 Adopted Budget.

DOF Miscellaneous Revenue Budget Overview						
<i>Dollars in Thousands</i>						
Revenue Sources	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Licenses, Permits & Franchises						
Cigarette License Fees	\$46	\$40	\$50	\$50	\$50	\$0
Subtotal	\$46	\$40	\$50	\$50	\$50	\$0
Interest Income						
Interest On Sales Tax	\$370	\$275	\$1,860	\$890	\$4,020	\$2,160
Interest-Court & Fine Trust	187	218	430	210	700	270
Subtotal	\$557	\$493	\$2,290	\$1,100	\$4,720	\$2,430
Charges For Services						
City Register Fees	\$30,618	\$27,813	\$34,598	\$29,000	\$34,598	\$0
City Collector Misc. Fees	765	843	925	925	925	0
Court & Trust Fees	2,112	2,075	2,650	2,650	2,650	0
Credit Card Convenience Fee	9,399	10,490	8,000	8,000	8,000	0
ICIP	37	0	0	0	0	0
Lower Manhattan Project	111	92	100	100	100	0
Marshal Booting	11,719	14,961	12,000	13,800	12,000	0
On-Line Title Access Fees	145	132	150	150	150	0
Reconveyance In-Rem Real Prop.	3	0	0	0	0	0
Sheriff Desk Fees & Poundage	7,485	7,223	4,669	4,669	4,745	75
State Admin Reimbursement	72	68	88	88	88	0
Subtotal	\$62,466	\$63,696	\$63,180	\$59,382	\$63,256	\$75
Fines And Forfeitures						
Bus Lane Camera Fines	\$11,622	\$16,657	\$15,096	\$15,096	\$18,628	\$3,532
Cash Bail Forfeiture	1,370	665	1,500	1,500	1,500	0
Collection Unit-ECB Fines	41,453	50,089	23,000	26,200	23,000	0
Collection Unit-Tax (Sheriff)	573	3,118	0	0	0	0
Motor Vehicle Fines	14,122	10,516	12,567	12,567	12,567	0
Parking Violation Fines	\$546,338	\$565,384	\$518,800	\$518,800	\$518,800	\$0
Red Light Camera Fines	27,550	29,457	27,000	27,000	27,000	0
RPIE Late Penalty	20,240	20,230	4,000	4,000	4,000	0
RPTT Late Penalty	3,237	608	400	400	400	0
Speed Camera Fines	2,114	31,255	29,000	37,800	48,196	19,196
Subtotal	\$668,617	\$727,979	\$631,363	\$643,363	\$654,091	\$22,728
MISCELLANEOUS FEES						
TREASURY FEES	\$652	\$433	\$425	\$425	\$425	\$0
RENT STABILIZATION FEES	9,317	8,349	7,700	7,700	7,700	0
Subtotal	\$9,969	\$8,782	\$8,125	\$8,125	\$8,125	\$0
TOTAL	\$741,654	\$800,989	\$705,008	\$712,020	\$730,242	\$25,233

*The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.

As illustrated on the previous page, 89.6 percent of DOF's miscellaneous revenue comes from fines and forfeitures, and the agency estimates that the miscellaneous revenue generated from fines and forfeitures to increase by \$22.7 million to \$654.1 million in Fiscal 2017 as compared to the Fiscal 2016 Adopted Budget of \$631.4 million. The bulk of this increase is generated from bus lane camera and speed camera fines with projected increases of \$3.5 million and \$19.2 million, respectively, which brings the projected revenue for such fines in Fiscal 2017 to \$18.6 million and \$48.2 million, respectively.

Overall, parking violation fines comprise the majority of miscellaneous revenue collected by DOF. Parking fines are projected to total \$518.8 million, or 79.3 percent of the Department's total miscellaneous revenue generated in Fiscal 2017; and revenue generated for speed camera violations and city register fees are a distant second and third with \$48.2 million, or 6.6 percent, and \$34.6 million, or 4.7 percent, respectively, of the total miscellaneous revenue collected by DOF.

Notable miscellaneous revenue actions from the Fiscal 2016 Adopted Budget to the Fiscal 2017 Preliminary Budget include:

- **Interest on Sales Tax.** OMB projects rising employment and wages through Fiscal 2020. Accordingly, interest income on the sales tax is also expected to increase. The Fiscal 2017 Preliminary Budget projects interest sales tax of \$4 million in Fiscal 2017, which reflects an increase of \$2.2 million from the Fiscal 2016 Adopted Budget. It should be noted that on June 3, 2015, the Manhattan District Attorney released a Grand Jury report relating to the increased use of Sales Tax suppression software. The Manhattan District Attorney has requested legislative action to prohibit the use of such software, however, as of the date of this report, such legislation has not been passed by the Legislature. This new software can use current technology (electronic cash registers and point of sale systems) to hide a portion of daily sales, hide all sales for an entire day, or alter details of particular sales to reduce a merchant's sales tax obligation. As the use of this software has been used to lower an individual's unincorporated business tax, general corporation tax, or metropolitan transit authority surcharge tax obligations, it is not clear whether the projected \$2.2 million increase in sales tax interest revenue in Fiscal 2017 takes into account the rising use of sales tax suppression software.
- **Bus Lane Camera Fines.** Bus lane violation issuances are increasing as a result of deployment of bus lane cameras on 10 additional bus routes. Revenue has been aligned to reflect current projections. The Fiscal 2017 Preliminary Budget reflects an increase of \$3.5 million from the Fiscal 2016 Adopted Budget to \$18.6 million in Fiscal 2017.
- **Speed Light Camera Fines.** Fiscal 2015 was the first full fiscal year of speed camera implementation. Revenue has been aligned to reflect current projections. The Fiscal 2017 Preliminary Budget reflects an increase of \$19.2 million from the Fiscal 2016 Adopted Budget to \$48.2 million in Fiscal 2017.

Issues

Department of Finance's Administration of the Coop/Condo Tax Abatement Program

On January 27, 2016, the New York City Comptroller released the findings and recommendations of an audit it conducted regarding the Department's administration of the coop/condo tax abatement program. The audit found that between Fiscal 2013 and Fiscal 2016, DOF improperly granted 3,471 abatements to at least 1,249 condo properties that were ineligible to receive the benefit. These erroneously granted abatements resulted in the loss of at least \$10 million in foregone property tax revenue.

Specifically, the audit found that:

- Of the 1,249 properties identified as having improper abatements 1,049 were as a result of DOF failing to remove the abatements from properties owned by corporations and LLCs after the 2013 new requirement; and 36 were abatements granted to properties owned by corporations or LLCs after the 2013 new requirement. The properties owned by corporations received \$9.9 million in abatements between Fiscal 2013 and Fiscal 2016;
- 164 of the 1,249 properties were abatements granted to properties not classified by DOF for residential use and received \$159,710 in abatements between Fiscal 2013 and Fiscal 2016;
- DOF's Standard Operating Procedures (SOPs) do not require staff to check applications for corporate ownership or Class Two classification, which also cannot receive the abatement, and instead the SOPs only require that the unit is not sponsor-held or being used as non-residential;
- DOF's SOPs do not require supervisory review of application processing; and
- DOF does not enforce the State requirement that condo boards annually file a certificate of abatement form and, unlike coops, does not require condo boards to submit a condo property tax change form that would indicate changes of ownership and eligibility of condo units.

The Comptroller made twelve recommendations with which DOF generally agreed.

Department of Finance's Tax Classification of Mixed Use Real Property in Brooklyn

On February 18, 2016, the New York City Comptroller released the findings and recommendations of an audit it conducted regarding the Department's tax classification of mixed use properties in Brooklyn.

The audit found that DOF does not have adequate procedures in place to ensure that properties in Brooklyn listed as mixed use within Tax Classes One, Two-a, or Two-b have been correctly classified. Based on an inspection conducted in July 2015, the Comptroller identified 197 properties out of 15,952 that appeared to be misclassified. The Comptroller estimated that correcting the tax classification of these properties would result in an additional \$2.1 million in taxes after the increases phase in over the five-year assessment period.

Specifically, of the 197 misclassified properties, the Comptroller found that:

- 189 were misclassified as mixed-use (rather than Class Four commercial properties) even though it appeared that more than 50 percent of the property was being used for a commercial purpose; and
- 8 were misclassified as Class One one-to-three family homes (rather than Class Four commercial properties) even though it appeared that more than 50 percent of the home is being used for commercial purposes.

The Comptroller made four recommendations with which DOF generally agreed, although DOF believes that the Comptroller's conclusion that it "does not have adequate procedures in place" was an overgeneralization given the small number of parcels identified as misclassified by the audit.

Program Areas

Administration

This program area includes funding for the Executive Division, which includes: the Employee Services Division, which provides support services to DOF employees in accordance with City rules and regulations; and the Tax Policy Division, which provides information and analysis to help decision-makers improve the City's tax system and public understanding of the revenue system.

Administration						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Personal Services						
Full-Time Salaried - Civilian	\$10,764	\$11,417	\$13,402	\$12,072	\$12,829	(\$573)
Other Salaried and Unsalaries	4	15	0	0	0	0
Additional Gross Pay	392	341	297	297	297	0
Overtime-Civilian	43	39	6	6	6	0
P.S. Other	2	3	0	0	0	0
Fringe Benefits	1	1	10	10	10	0
Subtotal	\$11,206	\$11,815	\$13,716	\$12,385	\$13,143	(\$573)
Other Than Personal Services						
Supplies and Materials	\$3,423	\$1,366	\$950	\$3,380	\$950	\$0
Fixed and Misc. Charges	9	59	13	24	13	0
Property and Equipment	348	312	549	588	549	0
Other Services and Charges	32,489	33,905	35,548	36,587	34,873	(675)
Contractual Services	1,761	2,056	1,598	3,114	1,412	(186)
Subtotal	\$38,030	\$37,698	\$38,658	\$43,693	\$37,797	(\$861)
TOTAL	\$49,236	\$49,513	\$52,373	\$56,079	\$50,940	(\$1,434)
Funding						
City Funds	\$49,236	\$49,513	\$52,373	\$56,018	\$50,940	(\$1,434)
Intra City	0	0	0	60	0	0
TOTAL	\$49,236	\$49,513	\$52,373	\$56,079	\$50,940	(\$1,434)
Budgeted Headcount						
Full-Time Positions - Civilian	155	158	188	188	188	0

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

The Administration program area decreased by approximately \$1.4 million from \$52.4 million in the Fiscal 2016 Adopted Budget to \$50.9 million in the Fiscal 2017 Preliminary Budget. Headcount is unaffected in this area, and the decrease is primarily due to PS accruals, and reduced security service expenses at the Manhattan Business Center.

Audit

This program area includes funding for DOF employees who conduct in-depth audits of business and personal income, excise and other tax returns. The Audit Division identifies non-filing and delinquent businesses, and, when appropriate, assesses additional taxes and/or seeks civil penalties.

Audit						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Personal Services						
Full-Time Salaried - Civilian	\$13,520	\$14,417	\$17,076	\$16,626	\$19,561	\$2,484
Additional Gross Pay	1,665	1,684	1,657	1,657	1,657	(0)
Overtime-Civilian	0	0	0	0	0	0
P.S. Other	(12)	(10)	0	0	0	0
Subtotal	\$15,172	\$16,091	\$18,733	\$18,284	\$21,218	\$2,484
Other Than Personal Services						
Supplies and Materials	\$544	\$828	\$106	\$100	\$106	\$0
Property and Equipment	80	72	149	298	215	66
Other Services and Charges	33	26	329	209	329	0
Contractual Services	68	25	28	85	21	(7)
Subtotal	\$724	\$951	\$612	\$692	\$671	\$59
TOTAL	\$15,896	\$17,041	\$19,345	\$18,975	\$21,889	\$2,543
Funding						
City Funds	\$15,896	\$17,041	\$19,345	\$18,975	\$21,889	\$2,543
TOTAL	\$15,896	\$17,041	\$19,345	\$18,975	\$21,889	\$2,543
Budgeted Headcount						
Full-Time Positions - Civilian	223	230	264	299	296	32

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

The Audit program area increased by approximately \$2.5 million from \$19.3 million in the Fiscal 2016 Adopted Budget to \$21.9 million in the Fiscal 2017 Preliminary Budget. Additionally, headcount in this program area increased by 32 from 264 in the Fiscal 2016 Adopted Budget to 296 in the Fiscal 2017 Preliminary Budget. The funding and headcount increases are primarily due to funding to increase auditor administrative support, and funding to increase tax auditor headcount. These increases are partially offset by savings realized as a result of a reforecast of printing expenses.

Performance Measures

Goal: Increase the proportion of individuals and businesses that are in compliance with tax and revenue laws.

Performance Indicators	Actual			Target		4-Month Actual	
	FY13	FY14	FY15	FY16	FY17	FY15	FY16
Average turnaround time for audits (days)	632	677	479	*	*	526	512
Increase in tax liability as a result of audits (percent)	13.60%	16.00%	18.30%	*	*	31.50%	29.90%
- Audit and enforcement revenue collected (\$000,000)	\$1,009	\$932	\$1,114	*	*	NA	NA

Since Fiscal 2014, the Department has added more than 100 auditors to ensure tax compliance, increase efficiency in audit completion, and increase tax liability as a result of audits. With the Fiscal 2017 Preliminary Budget, the Department will have 320 City Tax Auditors.

In the first four months of Fiscal 2016, the average turnaround time for audits decreased from 526 days to 512 days, or 2.6 percent, and the percent of increase in tax liability as a result of audits decreased to 29.9 percent from 31.5 percent, or 5.08 percent, compared to the same four-month period in Fiscal 2015.

In Fiscal 2015, revenue generated from audits and tax enforcement increased from \$932,000 to \$1.1 million, or 19.5 percent, from Fiscal 2014. No targets have been established for this performance measure.

Civil Enforcement

This program area includes funding for the Tax Enforcement Division which seeks to ensure that all taxpayers pay their fair share and provides enforcement against those who intentionally do not. This program area also includes funding for the Office of the Sheriff, which promotes public safety and enforces court orders, including those for the collection of judgment debt.

Civil Enforcement						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$17,616	\$18,063	\$19,933	\$20,484	\$21,684	\$1,751
Other Salaried and Unsalariated	0	2	0	0	0	0
Additional Gross Pay	1,812	1,748	1,788	1,788	1,788	0
Overtime-Civilian	994	1,057	575	575	575	0
Fringe Benefits	3	3	30	30	30	0
Subtotal	\$20,424	\$20,874	\$22,326	\$22,877	\$24,077	\$1,751
Other Than Personal Services						
Supplies and Materials	\$208	\$257	\$201	\$503	\$205	\$4
Fixed and Misc. Charges	28	9	9	22	24	15
Property and Equipment	528	575	208	578	498	290
Other Services and Charges	727	696	1,332	1,089	861	(471)
Contractual Services	15,964	17,103	15,424	16,997	15,587	163
Subtotal	\$17,455	\$18,640	\$17,173	\$19,189	\$17,174	\$1
TOTAL	\$37,880	\$39,513	\$39,499	\$42,066	\$41,252	\$1,752
Funding						
City Funds			\$35,024	\$37,591	\$36,756	\$1,732
Intra City			4,476	4,476	4,496	20
TOTAL	\$37,880	\$39,513	\$39,499	\$42,066	\$41,252	\$1,752
Budgeted Headcount						
Full-Time Positions - Civilian	265	272	282	306	306	24

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

This program area increased by approximately \$1.8 million from \$39.5 million in the Fiscal 2016 Adopted Budget to \$41.3 million in the Fiscal 2017 Preliminary Budget. Additionally, headcount in this program area increased by 24 from 282 in the Fiscal 2016 Adopted Budget to 306 in the Fiscal 2017 Preliminary Budget.

In the past fiscal year, DOF has utilized its Office of the Sheriff to greater enforce court mandates, orders, warrants of arrest, property seizures; and conduct investigations of deed fraud, the sale of illegal and untaxed tobacco products, and the sale of synthetic cannabinoids. The funding and headcount increases in this program advance this effort and are primarily due to collective bargaining increases, funding for additional staffing to serve civil orders of protection, deed fraud investigations, and the Synthetic Cannabinoid (K2) Enforcement Investigative Group, which will support more investigations and follow up on K2 seizures and cases.

Collections

This program area is responsible for resolving outstanding debt in a timely manner, including Marshal Enforcement which helps people pay the right amount on time.

Collections						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$5,087	\$5,524	\$8,024	\$7,653	\$8,112	\$88
Additional Gross Pay	341	377	346	346	346	0
Overtime-Civilian	35	25	15	15	15	0
Fringe Benefits	313	321	441	441	441	0
Subtotal	\$5,776	\$6,247	\$8,826	\$8,454	\$8,914	\$88
Other Than Personal Services						
Supplies and Materials	\$469	\$717	\$16	\$27	\$16	(\$0)
Property and Equipment	452	458	721	480	545	(175)
Other Services and Charges	781	976	702	914	1,190	488
Contractual Services	10,063	10,217	7,166	10,590	6,849	(317)
Subtotal	\$11,765	\$12,367	\$8,605	\$12,011	\$8,600	(\$5)
TOTAL	\$17,541	\$18,615	\$17,430	\$20,465	\$17,513	\$83
Funding						
City Funds	\$17,541	\$18,615	\$17,430	\$20,465	\$17,513	\$83
TOTAL	17,541	18,615	17,430	20,465	17,513	\$83
Budgeted Headcount						
Full-Time Positions - Civilian	98	106	113	115	115	2

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

The Collections program area increased by approximately \$83,000 from \$17.4 million in the Fiscal 2016 Adopted Budget to \$17.5 million in the Fiscal 2017 Preliminary Budget. Additionally, headcount in this program area increased by two from 113 in the Fiscal 2016 Adopted Budget to 115 in the Fiscal 2017 Preliminary Budget. The funding and headcount increases are primarily due to collective bargaining increases, and the additional of two employees to assist in in-rem foreclosure actions. These increases are partially offset by savings realized as a result of the discontinuance of software.

Performance Measures

Bills, adjudicate, and collect on parking tickets

Performance Indicators	Actual			Target		4-Month Actual	
	FY13	FY14	FY15	FY16	FY17	FY15	FY16
Tickets paid before penalty assessed (percent)	51.50%	53.10%	55.30%	*	*	52.00%	54.00%
Parking tickets issued that are paid within 90 days (percent)	63.50%	63.20%	65.80%	65.00%	65.00%	64.50%	65.60%
Parking ticket hearings - Total	901,026	1,104,940	1,041,841	*	*	386,792	333,178
Average turnaround time for in-person parking ticket hearings (minutes)	19	25	19	25	25	20	16
Average turnaround time to issue decision for parking ticket hearing-by-web (days)	3.8	7	6.5	8.5	8.5	9	5
Average turnaround time to issue decision for parking ticket hearing-by-mail (days)	4.2	10.3	8.3	14	14	10	7.3
Parking ticket appeals reviewed	36,094	41,405	55,036	*	*	22,844	17,445
Parking ticket appeals granted a reversal (percent)	9.90%	12.80%	14.00%	*	*	15.00%	13.00%

Parking Ticket Hearings

DOF received and adjudicated fewer parking summonses compared to the same four-month period in Fiscal 2015, with decreases occurring in all three hearing types. In the first four months of Fiscal 2016, the number of parking ticket related hearings decreased to 333,178, from 386,792 for the same reporting period in Fiscal 2015. Additionally, the average turnaround time for parking ticket hearings conducted in-person, by web, and on-line, decreased to 16 days, 5 days, and 7.3 days, respectively, down from 20, 9, and 10 days, respectively. The hiring of additional administrative law judges, in conjunction with the lower demand for hearings, helped to reduce the average turnaround times for decisions.

In the first four months of Fiscal 2016, the percent of tickets paid before a penalty is assessed, and percent of parking tickets issued that are paid within 90 days increased by two percent from 52 percent to 54 percent, and the percent of parking tickets issued that are paid within 90 days increased by one percent from 64.5 percent to 65.6 percent, compared to the same four-month period in Fiscal 2015.

In all cases, average turnaround times were better than their respective targets.

Communications and Governmental Services

This program area ensures that DOF provides clear and timely information and assistance to employees and the public, and effectively promotes the agency's policies and program on behalf of its operating divisions.

Communications and Governmental Services						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$1,935	\$2,293	\$2,670	\$2,827	\$2,970	\$300
Other Salaried and Unsalariated	43	7	99	99	99	0
Additional Gross Pay	70	86	70	70	70	0
Overtime- Civilian	3	7	3	3	3	0
Subtotal	\$2,050	\$2,392	\$2,842	\$2,999	\$3,142	\$300
Other Than Personal Services						
Supplies and Materials	\$2	\$7	\$2	\$20	\$2	\$0
Property and Equipment	11	3	2	32	2	0
Other Services and Charges	140	317	211	271	231	20
Contractual Services	15	225	50	100	50	0
Subtotal	\$168	\$553	\$265	\$424	\$285	\$20
TOTAL	\$2,218	\$2,945	\$3,107	\$3,423	\$3,427	\$320
Funding						
City Funds	\$2,218	\$2,945	\$3,107	\$3,423	\$3,427	\$320
TOTAL	\$2,218	\$2,945	\$3,107	\$3,423	\$3,427	\$320
Budgeted Headcount						
Full-Time Positions - Civilian	29	31	32	35	35	3
TOTAL	29	31	32	35	35	3

*The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.

The Communications and Governmental Services program area increased by approximately \$320,000 from \$3.1 million in the Fiscal 2016 Adopted Budget to \$3.4 million in the Fiscal 2017 Preliminary Budget. Additionally, headcount in this program area increased by three from 32 in the Fiscal 2016 Adopted Budget to 35 in the Fiscal 2017 Preliminary Budget. The funding and headcount increase are primarily due to the addition of three positions within the Office of the Taxpayer Advocate. The positions will be a Clerical Associate, a SCRIE Ombudsperson, and a DRIE ombudsperson.

Performance Measures

Customer Experience

Performance Indicators	Actual			Target		4-Month Actual	
	FY13	FY14	FY15	FY16	FY17	FY15	FY16
E-mails responded to in 14 days (%)	85%	86%	83%	85%	85%	83%	78%
Letters responded to in 14 days (%)	91%	79%	90%	85%	85%	91%	91%
Completed customer requests for interpretation	3,254	4,353	4,466	*	*	1,498	1,636
Average customer in-person wait time (minutes)	7	17	9	12	12	13	4
CORE customer experience rating (0-100)	86	92	93	90	90	NA	NA
Current property tax documents available online (%)	100%	100%	100%	100%	100%	NA	NA

In the first four months of Fiscal 2016, the percentage of e-mails responded to in 14 days or less decreased to 78 percent from 83 percent, and the percentage of letters responded to in 14 days remained the same at 91 percent, compared to the same four-month period in Fiscal 2015, well above the 85 percent target set for both fiscal years.

Additionally, in the first four months of Fiscal 2016, the number of requests for interpretation increased to 1,636 from 1,498 for the same four-month period in Fiscal 2015. The performance indicator "Completed customer requests for interpretation" includes translation services. In the past few fiscal years, DOF has made tremendous efforts to increase the accessibility of documents that it provides to the public by offering the documents in multiple languages on-line. However, while many of the documents available on the Department's website are now available in multiple languages, the number of *completed* requests for translation services has oddly increased. A performance indicator for the number of requests received by DOF for interpretation services does not exist.

Financial Plan Savings

This program area was recently created to reflect the One City, Built to Last Initiative, a City-wide commitment to reduce New York City greenhouse gas emissions by 80 percent by 2050.

Financial Plan Savings						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Personal Services						
Full-Time Salaried - Civilian	\$0	\$0	\$418	\$418	\$418	\$0
TOTAL	\$0	\$0	\$418	\$418	\$418	\$0
Funding						
City Funds			\$418	\$418	\$418	\$0
TOTAL	\$0	\$0	\$418	\$418	\$418	\$0
Budgeted Headcount						
Full-Time Positions - Civilian	0	0	6	6	6	0
TOTAL	0	0	6	6	6	0

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

Funding and headcount in this program area has not changed from the Fiscal 2016 Adopted Budget to the Fiscal 2017 Preliminary Budget.

Finance Information and Technology

Finance Information and Technology						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$25,852	\$26,473	\$29,300	\$29,359	\$29,770	\$469
Other Salaried and Unsalariated	1	3	5	5	5	0
Additional Gross Pay	750	814	726	726	726	0
Overtime-Civilian	65	67	94	94	94	0
Subtotal	\$26,669	\$27,358	\$30,125	\$30,184	\$30,594	\$469
Other Than Personal Services						
Supplies and Materials	\$2,178	\$3,031	\$31	\$51	\$766	\$735
Property and Equipment	80	107	32	107	32	0
Other Services and Charges	547	544	3,500	1,957	1,984	(1,516)
Contractual Services	8,147	8,978	8,443	9,921	8,536	93
Subtotal	\$10,953	\$12,659	\$12,006	\$12,035	\$11,318	(\$688)
TOTAL	\$37,622	\$40,017	\$42,131	\$42,219	\$41,912	(\$219)
Funding						
City Funds	\$37,622	\$40,017	\$42,131	\$42,219	\$41,912	(\$219)
TOTAL	\$37,622	\$40,017	\$42,131	\$42,219	\$41,912	(\$219)
Budgeted Headcount						
Full-Time Positions - Civilian	274	264	303	303	303	0

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

This program area decreased by approximately \$219,000 from \$42.1 million in the Fiscal 2016 Adopted Budget to \$41.9 million in the Fiscal 2017 Preliminary Budget. Headcount has not been affected in this program area in the Fiscal 2017 Preliminary Budget. This funding decrease is primarily due to savings realized as a result of the discontinuance of software license agreements that are no longer needed, maintenance savings as a result of the purchase of new computers, and other adjustments. The funding decrease is partially offset by collective bargaining.

Legal and Adjudications

This program area includes funding to ensure the development and delivery of information and technology solutions that aid the agency in achieving its goals.

Legal and Adjudications						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$7,977	\$8,827	\$9,062	\$9,137	\$9,226	\$164
Other Salaried and Unsalariated	4,580	5,047	4,936	4,886	4,902	(34)
Additional Gross Pay	695	725	712	712	712	0
Overtime-Civilian	\$0	\$0	\$9	\$9	\$9	0
Amounts to be scheduled	0	0	322	322	473	151
Subtotal	\$13,252	\$14,599	\$15,040	\$15,065	\$15,321	\$281
Other Than Personal Services						
Supplies and Materials	\$270	\$263	\$16	\$27	\$16	\$0
Fixed and Misc. Charges	0	0	1	1	1	0
Property and Equipment	58	59	58	68	57	(1)
Other Services and Charges	33	29	358	79	358	0
Contractual Services	1,018	941	1,103	1,367	1,098	(5)
Subtotal	\$1,378	\$1,292	\$1,536	\$1,541	\$1,530	(\$6)
TOTAL	\$14,629	\$15,891	\$16,576	\$16,607	\$16,851	\$275
Funding						
City Funds	\$14,629	\$15,891	\$16,576	\$16,607	\$16,851	\$275
TOTAL	\$14,629	\$15,891	\$16,576	\$16,607	\$16,851	\$275
Budgeted Headcount						
Full-Time Positions - Civilian	123	134	128	129	129	1
TOTAL	123	134	128	129	129	1

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

The Legal & Adjudications program area increased approximately \$275,000, from \$16.6 million in the Fiscal 2016 Adopted Budget to \$16.9 million in the 2017 Fiscal Preliminary Budget. Additionally, headcount in this program area increased by one from 128 in the Fiscal 2016 Adopted Budget to 129 in the Fiscal 2017 Preliminary Budget. The funding and headcount increases are primarily due to the transfer of a Department of Consumer Affairs attorney in DOF's Collections Division in Legal Affairs. The funding increase is partially offset by the savings realized as a result of the discontinuance of legal publication subscriptions, and a reforecast of customer support services needed for adjudications.

NYCSERV Contract Funding

This program area includes funding for Other Than Personal Services expenses of the NYCServ Contract. NYCServ is the payment and adjudications engine for all debts, collections, licensing, and permits to the City of New York. It enables customers to pay taxes and fines or dispute parking tickets and violations in a single location while improving customer service.

NYCSERV Contract Funding						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Other Than Personal Services						
Property and Equipment	\$8	\$183	\$0	\$0	\$0	\$0
Other Services and Charges	10	0	656	40	656	0
Contractual Services	2,891	3,217	2,700	1,980	2,700	0
TOTAL	\$2,910	\$3,399	\$3,356	\$2,020	\$3,356	\$0
Funding						
City Funds	\$2,910	\$3,399	\$3,356	\$2,020	\$3,356	\$0
TOTAL	\$2,910	\$3,399	\$3,356	\$2,020	\$3,356	\$0

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

Funding in this program area has not changed from the Fiscal 2016 Adopted Budget to the Fiscal 2017 Preliminary Budget.

Payment Operations and Application Processing

This program area includes funding for Payment Operations and Application Processing which ensures quick and accurate processing of payments, returns exemptions and business tax refunds, while providing people with convenient options to pay and file.

Payment Ops and Application Processing						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$18,097	\$19,529	\$21,122	\$20,080	\$21,805	\$682
Other Salaried and Unsalariied	6	28	0	0	0	0
Additional Gross Pay	1,095	1,188	1,056	1,056	1,056	0
Overtime-Civilian	136	200	51	51	51	0
Amounts to be scheduled	0	0	1	1	1	0
Subtotal	\$19,334	\$20,945	\$22,231	\$21,189	\$22,914	\$683
Other Than Personal Services						
Supplies and Materials	\$1,409	\$1,006	\$42	\$71	\$49	\$7
Fixed and Misc. Charges	1	1	2	1	1	(1)
Property and Equipment	3	3	8	7	6	(1)
Other Services and Charges	155	91	79	205	193	115
Contractual Services	1,405	782	882	656	605	(277)
Subtotal	\$2,973	\$1,883	\$1,012	\$940	\$854	(\$158)
TOTAL	\$2,992	\$1,904	\$1,034	\$962	\$877	(\$157)
Funding						
City Funds	\$22,326	\$22,849	\$23,243	\$22,130	\$23,768	\$525
TOTAL	\$22,326	\$22,326	\$23,243	\$22,130	\$23,768	\$525
Budgeted Headcount						
Full-Time Positions - Civilian	332	346	338	338	336	(2)
TOTAL	332	346	338	338	336	(2)

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

The Payment Operations and Application Processing program area increased approximately \$525,000, from \$23.2 million in the Fiscal 2016 Adopted Budget to \$23.8 million in the 2017 Fiscal Preliminary Budget. Additionally, headcount in this program area decreased by two from 338 in the Fiscal 2016 Adopted Budget to 336 in the Fiscal 2017 Preliminary Budget. The funding increase is attributed to collective bargaining and realignment of funds, which is partially offset by the savings realized as a result of a reforecast of printing subscriptions.

Performance Measures

Customer Experience

Performance Indicators	Actual			Target		4-Month Actual	
	FY13	FY14	FY15	FY16	FY17	FY15	FY16
Senior Citizen Rent Increase Exemption (SCRIE) - Initial applications received	7,094	8,272	15,713	*	*	8,141	2,991
Average time to process initial SCRIE applications (days)	17.3	4.4	7.7	10	10	14	5.8
SCRIE renewal applications received	22,670	21,239	23,321	*	*	8,287	8,665
Average time to process renewal SCRIE applications (days)	13.4	9.6	8.9	10	10	11.9	5.2
Disability Rent Increase Exemption (DRIE) - Initial applications received	NA	NA	NA	*	*	NA	962
Average time to process initial DRIE applications (days)	NA	NA	NA	10	10	NA	11
DRIE renewal applications received	NA	NA	NA	*	*	NA	1,861
Average time to process renewal DRIE applications (days)	NA	NA	NA	10	10	NA	8.9
Average time to issue a property tax refund (days)	27	37	24	28	28	22	29
Average time to issue a business tax refund (days)	30	29	31	32	32	29	20
Payment method (%) - Electronic (ACH/EFT)	45.90%	32.90%	31.60%	35.00%	35.00%	25.70%	34.60%
Credit card	20.10%	28.20%	33.40%	*	*	36.40%	33.80%

In the first four months of Fiscal 2016, the number of initial applications received by DOF decreased to 2,991 from 8,141, and the number of renewal applications for SCRIE increased to 8,665 from 8,287, compared to the same four-month period in Fiscal 2015. It should be noted that the significant decrease in initial applications yet steady receipt of renewal applications from the same time period last year is unusual. This increase is attributed to the unprecedented spike resulting from the July 2014 increase in income eligibility.

It should also be noted that DOF began reporting on performance data for DRIE in the Fiscal 2016 PMMR. As with SCRIE, DOF established performance targets for processing times of initial and renewal DRIE applications of 10 days. SCRIE processing times for initial and renewal applications for the first four months of Fiscal 2016 is well below target at 5.8 and 5.2 days, respectively, compared to 14 and 11.9 days, respectively, for the same time period in Fiscal 2015. The processing time for DRIE initial is below DOF's 10-day target at 11 days, but the processing time for DRIE applications is below the 10-day target at 8.9 days.

Property Records

The function of this program area is to fund the City Register which maintains official records of real and personal property transfers and interests. ACRIS is the Automated City Register Information System, which allows anyone to view property-related ownership documents online going back to 1966. The Surveyor, who reports to the City Register, updates and maintains the official tax maps of the City of New York when property owners request the subdivision of large lots into smaller lots (apportionment) or the merging of smaller lots into one large lot (merging).

Property Records						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$4,134	\$4,504	\$4,680	\$4,686	\$4,812	\$132
Additional Gross Pay	159	204	165	165	165	0
Overtime-Civilian	80	25	80	80	80	(0)
Fringe	0	0	2	2	2	0
Subtotal	\$4,372	\$4,734	\$4,926	\$4,932	\$5,058	\$132
Other Than Personal Services						
Supplies and Materials	\$16	\$12	\$16	\$28	\$16	\$0
Fixed and Misc. Charges	6	0	1	1	1	0
Property and Equipment	11	6	1	19	1	0
Other Services and Charges	105	111	468	500	433	(35)
Contractual Services	364	136	199	230	199	0
Subtotal	\$503	\$266	\$684	\$778	\$649	(\$35)
TOTAL	\$4,875	\$5,000	\$5,610	\$5,710	\$5,707	\$97
Funding						
City Funds	\$4,875	\$5,000	\$5,610	\$5,710	\$5,707	\$97
TOTAL	\$4,875	\$5,000	\$5,610	\$5,710	\$5,707	\$97
Budgeted Headcount						
Full-Time Positions - Civilian	90	94	94	94	94	0
TOTAL	90	94	94	94	94	0

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

The Property Records program area increased approximately \$97,000, from \$5.6 million in the Fiscal 2016 Adopted Budget to \$5.7 million in the 2017 Fiscal Preliminary Budget. This program area did not increase its headcount in the Fiscal 2017 Preliminary Budget. The funding increase is primarily due to collective bargaining, which is partially offset by savings realized from other adjustments and land record reader/scanner maintenance. DOF has proposed savings of \$35,000 in Fiscal 2016 and Fiscal 2017 due to the purchase of new scanners that would replace microfiche machines and allow City Register staff and the public to view property records. Maintenance on the new equipment would be more cost effective than maintenance on the older equipment.

Treasury

The Treasury Division manages and safeguards the City's money.

Treasury						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$1,728	\$1,888	\$2,192	\$2,160	\$2,197	\$5
Other Salaried and Unsalariated	3	16	0	0	0	0
Additional Gross Pay	33	32	32	32	32	0
Overtime-Civilian	0	0	0	0	0	0
Amounts to be scheduled	0	0	1	1	1	0
Subtotal	\$1,764	\$1,936	\$2,225	\$2,193	\$2,231	\$6
Other Than Personal Services						
Supplies and Materials	\$1	\$3	\$2	\$3	\$2	(\$0)
Fixed and Misc. Charges	0	0	0	0	0	0
Property and Equipment	44	7	3	63	45	41
Other Services and Charges	8	13	162	63	67	(94)
Contractual Services	18,938	18,859	22,240	22,116	22,083	(157)
Subtotal	\$18,992	\$18,883	\$22,408	\$22,245	\$22,198	(\$210)
TOTAL	\$20,756	\$20,819	\$24,633	\$24,438	\$24,428	(\$204)
Funding						
City Funds			\$24,628	\$24,362	\$24,424	(\$204)
Intra City			5	77	5	0
TOTAL	\$20,756	\$20,819	\$24,633	\$24,438	\$24,428	(\$204)
Budgeted Headcount						
Full-Time Positions - Civilian	26	31	29	27	27	(2)
TOTAL	26	31	29	27	27	(2)

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

The Treasury program area decreased approximately \$204,000, from \$24.6 million in the Fiscal 2016 Adopted Budget to \$24.4 million in the 2017 Fiscal Preliminary Budget. Additionally, headcount in this program area decreased by two from 29 in the Fiscal 2016 Adopted Budget to 27 in the Fiscal 2017 Preliminary Budget. The funding and headcount decreases are primarily due to the return of funds originally allocated to DOF for the implementation of the Responsible Banking Act, which was ruled to be unconstitutional. The two employees hired to implement the Act will be assigned to other duties within the Treasury Division. The contractor hired to execute the functions of the RBA has been paid for any and all services rendered for the Act's implementation.

Valuing Property

The Property Division values all New York City Property fairly, accurately and consistently.

Valuing Property						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$12,583	\$13,396	\$15,914	\$15,373	\$16,353	\$439
Other Salaried and Unsalariated	2	22	0	0	0	0
Additional Gross Pay	574	578	590	590	590	0
Overtime-Civilian	190	289	525	525	525	0
Amounts to be scheduled	0	0	1	1	1	0
Subtotal	\$13,349	\$14,285	\$17,030	\$16,488	\$17,469	\$439
Other Than Personal Services						
Supplies and Materials	\$409	\$1,222	\$124	\$93	\$124	\$0
Fixed and Misc. Charges	2	0	0	0	0	0
Property and Equipment	339	320	75	136	75	0
Other Services and Charges	24	29	665	509	665	0
Contractual Services	296	318	395	393	395	0
Subtotal	\$1,069	\$1,888	\$1,259	\$1,131	\$1,259	\$0
TOTAL	\$14,418	\$16,173	\$18,289	\$17,619	\$18,728	\$439
Funding						
City Funds	\$14,418	\$16,173	\$17,851	\$17,182	\$18,290	\$439
State	0	0	438	438	438	0
TOTAL	\$14,418	\$16,173	\$18,289	\$17,619	\$18,728	\$439
Budgeted Headcount						
Full-Time Positions - Civilian	184	190	267	267	267	0
TOTAL	184	190	267	267	267	0

**The difference of Fiscal 2016 Adopted compared to Fiscal 2017 Preliminary Budget.*

The Valuing Property program area increased by approximately \$439,000, from \$17.9 million in the Fiscal 2016 Adopted Budget to \$18.3 million in the 2017 Fiscal Preliminary Budget. Headcount remains unchanged for this program area in the Fiscal 2017 Preliminary Budget. The funding increase is primarily due to changes in personal services.

Appendix A: Budget Actions in the November and the Preliminary Plans

<i>Dollars in Thousands</i>	FY 2016			FY 2017		
	City	Non-City	Total	City	Non-City	Total
DOF Budget as of the Adopted 2016 Budget	\$261,093	\$4,918	\$266,011	\$262,130	\$4,938	\$267,068
New Needs						
Auditor Administrative Support	\$50	\$0	\$50	\$198	\$0	\$198
Civil Orders Of Protection	299	0	299	509	0	509
Deed Fraud Investigations	155	0	155	258	0	258
In-Rem Foreclosure Actions	256	0	256	108	0	108
New York City Tax Auditor Headcount	585	0	585	1,907	0	1,907
Payment and Transaction Reporting System Upgrade	0	0	0	154	0	154
SCRIE/DRIE Ombudsperson & Administrative Support	114	0	114	204	0	204
Synthetic Cannabinoid (K2) Enforcement Investigative Group	425	0	425	621	0	621
Subtotal, New Needs	\$1,884	\$0	\$1,884	\$3,959	\$0	\$3,959
Other Adjustments						
Banking Legislation Takedown*	(\$314)	\$0	(\$314)	(\$490)	\$0	(\$490)
Collection Agencies	3,200	0	3,200	0	0	0
Collective Bargaining	788	0	788	972	0	972
Department of Consumer Affairs Attorney Transfer	49	0	49	98	0	98
DOF Intra City	0	60	60	0	0	0
DOF Safe Costs	0	72	72	0	0	0
Land Record Reader*	(35)	0	(35)	(35)	0	(35)
Maintenance Expense Reduction*	(25)	0	(25)	(55)	0	(55)
OTPS Reduction*	(1)	0	(1)	(1)	0	(1)
Paylock	1,800	0	1,800	0	0	0
PS Accrual *	(1,000)	0	(1,000)	(1,000)	0	(1,000)
Reduced Security Service Expenses*	(93)	0	(93)	(186)	0	(186)
Reforecast Adjudication Expenses *	(5)	0	(5)	(5)	0	(5)
Reforecast Printing Expenses*	(127)	0	(127)	(127)	0	(127)
Software Expense Reduction*	(95)	0	(95)	(11)	0	(11)
Subtotal, Other Adjustments	\$4,142	\$132	\$4,274	(\$840)	\$0	(\$840)
TOTAL, All Changes	\$6,025	\$132	\$6,157	\$3,119	\$0	\$3,119
DOF Budget as of the Preliminary 2017 Budget	\$267,119	\$5,050	\$272,170	\$265,250	\$4,938	\$270,188

*These "Other Adjustments" are included in the Citywide Savings Program

Appendix B: DOF Reconciliation of Program Areas to Units of Appropriation

<i>Dollars in Thousands</i>	Personal Services							Other Than Personal Services							Grand Total
	1	2	3	4	5	7	9	11	22	33	44	55	77	99	
Administration	\$13,143	\$0	\$0	\$0	\$0	\$0	\$0	\$37,797	\$0	\$0	\$0	\$0	\$0	\$0	\$50,940
Audit	0	0	0	21,218	0	0	0	0	0	0	671	0	0	0	21,889
Civil Enforcement	0	0	0	5,968	0	0	18,109	0	0	0	0	0	0	17,174	41,252
Collections	0	5,724	0	0	0	0	3,190	0	8,600	0	0	0	0	0	17,513
Communications & Governmental Services	3,142	0	0	0	0	0	0	285	0	0	0	0	0	0	3,427
Financial Plan Savings	98	0	0	320	0	0	0	0	0	0	0	0	0	0	418
FIT(Finance Information Technology)	27,867	0	0	2,728	0	0	0	11,318	0	0	0	0	0	0	41,912
Legal & Adjudications	0	0	0	0	5,999	9,322	0	0	0	0	0	82	1,448	0	16,851
NYCSERV Contract Funding	0	0	0	0	0	0	0	3,356	0	0	0	0	0	0	3,356
Payment Ops & Application Processing	0	22,914	0	0	0	0	0	0	854	0	0	0	0	0	23,768
Property Records	0	0	5,058	0	0	0	0	0	0	649	0	0	0	0	5,707
Treasury	0	2,231	0	0	0	0	0	0	22,198	0	0	0	0	0	24,428
Valuing Property	0	0	17,469	0	0	0	0	0	0	1,259	0	0	0	0	18,728
Grand Total	\$44,250	\$30,869	\$22,527	\$30,234	\$5,999	\$9,322	\$21,298	\$52,755	\$31,651	\$1,908	\$671	\$82	\$1,448	\$17,174	\$270,188