

The City of New York  
**Office of Management and Budget**  
75 Park Place - New York, New York 10007 - 2146  
(212) 788-5900

**Mark Page**  
Director

June 28, 2004

**TO THE FINANCIAL CONTROL BOARD**

Pursuant to Section 8.3 of the Financial Emergency Act (the "Act"), the City hereby submits for review by the Financial Control Board, Modification No. 04-4 to the Financial Plan for the City and Covered Organizations for fiscal years 2004-2007 (the "Modification") as such plan relates to fiscal year 2004. The Modification as it relates to the City and the City University of New York ("CUNY") is attached hereto as Exhibit A. Any Covered Organization which requires modification will be forwarded to you under separate cover.

The City hereby certifies that, in its judgement, the Modification is complete and complies with the standards set forth in Section 8.1 of the Act.

Yours truly,

A handwritten signature in black ink, appearing to read "Mark Page", written over the printed name.

Mark Page

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### **EXHIBIT A**

### **CITY OF NEW YORK - FINANCIAL PLAN**

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**Fiscal Year 2004 Financial Plan Revenues and Expenditures**  
(\$ in millions)

| <b>REVENUES</b>  | <b>PLAN</b> | <b>REVISED<br/>PLAN</b> | <b>BETTER/<br/>(WORSE)</b> |
|--|-------------|-------------------------|----------------------------|
| <b>Taxes</b>   |             |                         |                            |
| General Property Tax                                       | \$ 11,353   | \$ 11,397               | \$ 44                      |
| Other Taxes  | 15,440      | 15,956                  | 516                        |
| Tax Audit Revenue  | 590         | 567                     | (23)                       |
| Miscellaneous Revenues                                     | 4,532       | 4,568                   | 36                         |
| Unrestricted Intergovernmental Aid                         | 991         | 991                     | -                          |
| Less: Intra-City Revenue                                   | (1,219)     | (1,234)                 | (15)                       |
| Disallowances Against Categorical Grants                   | (15)        | (15)                    | -                          |
| Subtotal: City Funds                                       | \$ 31,672   | \$ 32,230               | \$ 558                     |
| Other Categorical Grants                                   | 921         | 926                     | 5                          |
| Inter-Fund Revenues  | 352         | 350                     | (2)                        |
| Total City Funds & Inter-Fund Revenues                     | \$ 32,945   | \$ 33,506               | \$ 561                     |
| Federal Categorical Grants                                 | 5,563       | 5,690                   | 127                        |
| State Categorical Grants                                   | 8,639       | 8,641                   | 2                          |
| Total Revenues   | \$ 47,147   | \$ 47,837               | \$ 690                     |
| <b>EXPENDITURES</b>  |             |                         |                            |
| <b>Personal Service</b>                                    |             |                         |                            |
| Salaries and Wages   | \$ 17,112   | \$ 17,003               | \$ (109)                   |
| Pensions   | 2,454       | 2,454                   | -                          |
| Fringe Benefits  | 4,897       | 4,900                   | 3                          |
| Subtotal - Personal Service                                | \$ 24,463   | \$ 24,357               | \$ (106)                   |
| <b>Other Than Personal Service</b>                         |             |                         |                            |
| Medical Assistance   | 4,323       | 4,323                   | -                          |
| Public Assistance  | 2,514       | 2,544                   | 30                         |
| Pay-As-You-Go Capital/Prepay Outstanding Debt <sup>1</sup> | 200         | 200                     | -                          |
| All Other  | 12,537      | 12,688                  | 151                        |
| Subtotal - Other Than Personal Service                     | \$ 19,574   | \$ 19,755               | \$ 181                     |
| Debt Service   | 2,481       | 2,497                   | 16                         |
| Budget Stabilization & Prepayments <sup>2</sup>            | 1,306       | 1,920                   | 614                        |
| MAC Debt Service   | 502         | 502                     | -                          |
| General Reserve  | 40          | 40                      | -                          |
|  | \$ 48,366   | \$ 49,071               | \$ 705                     |
| Less: Intra-City Expenses                                  | (1,219)     | (1,234)                 | (15)                       |
| Total Expenditures   | \$ 47,147   | \$ 47,837               | \$ 690                     |
| <b>Gap To Be Closed</b>                                    | \$ -        | \$ -                    | \$ -                       |

## Notes:

<sup>1</sup> \$200 million previously planned to be used for Pay-As-You-Go Capital will now be used for the prepayment of Outstanding Debt.

<sup>2</sup> Budget Stabilization and Prepayments in fiscal year 2004 total \$1,920 million including prepayments of subsidies of \$480 million, lease debt service of \$71 million, Budget Stabilization of \$969 million and a Miscellaneous Budget grant to the TFA of \$400 million.

**New York City Financial Plan**  
**Fiscal Year 2004 Projections of Cash Sources and Uses**  
(\$ in millions)

| <b>Sources of Cash</b>  | <b>Plan</b>     | <b>Revised Plan</b> | <b>Better/<br/>(Worse)</b> |
|---|-----------------|---------------------|----------------------------|
| From Operations:  |                 |                     |                            |
| Surplus/(Deficit)   | \$ -            | \$ -                | \$ -                       |
| Changes in accounts receivable, accounts payable, accrued liabilities and other liabilities | 184             | 232                 | 48                         |
| Provision for disallowances of aid revenues   | 15              | 15                  | -                          |
| Disallowances Paid  | (15)            | (15)                | -                          |
| Funds Provided/(Used) from Operations   | \$ 184          | \$ 232              | \$ 48                      |
| Proceeds from Seasonal Borrowings   | 1,500           | 1,500               | -                          |
| Capital Plan Funding Sources (see Exhibit A-3)  | 5,426           | 5,426               | -                          |
| Total Sources   | <u>\$ 7,110</u> | <u>\$ 7,158</u>     | <u>\$ 48</u>               |
| <b>Uses of Cash</b>   |                 |                     |                            |
| Capital Disbursements   | 5,426           | 5,426               | -                          |
| Repayment of Seasonal Borrowings  | 1,500           | 1,500               | -                          |
| Other - Net   | -               | -                   | -                          |
| Total Uses  | <u>\$ 6,926</u> | <u>\$ 6,926</u>     | <u>\$ -</u>                |
| Net Sources/(Uses) of Cash  | \$ 184          | \$ 232              | (48)                       |
| Cash Balance - Beginning of Period  | \$ 2,506        | \$ 2,506            | \$ -                       |
| Cash Balance - End of Period  | \$ 2,690        | \$ 2,738            | \$ 48                      |

**New York City Financial Plan**  
**Fiscal Year 2004 Capital Plan Funding Sources**  
(\$ in millions)

| <b>Sources of Capital Cash</b>         | <b>Plan</b> | <b>Revised Plan</b> | <b>Change</b> |
|--|-------------|---------------------|---------------|
| New York City General Obligation Bonds | \$ 2,910    | \$ 2,910            | \$ -          |
| Other Long-Term Sources:               |             |                     |               |
| Transitional Finance Authority         | 145         | 145                 | -             |
| TSASC                                  | 36          | 36                  | -             |
| Water Authority                        | 1,146       | 1,146               | -             |
| Pay-As-You-Go Capital                  | 200         | 0                   | (200)         |
| Total Long-Term Sources                | \$ 4,437    | \$ 4,237            | \$ (200)      |
| Receipt of Federal, State and other    |             |                     |               |
| Reimbursable Capital                   | 715         | 715                 | -             |
| Changes in Restricted Cash             | 274         | 474                 | 200           |
| Total Capital Plan Funding Sources     | \$ 5,426    | \$ 5,426            | \$ -          |

**New York City Financial Plan  
Fiscal Year 2004 Borrowing Schedule  
(\$ in millions)**

|  | First<br>Quarter | Second<br>Quarter | Third<br>Quarter | Fourth<br>Quarter | Total<br>Financing |
|--|------------------|-------------------|------------------|-------------------|--------------------|
| <b>Short-Term Borrowing:</b>                       |                  |                   |                  |                   |                    |
| Borrowing  | \$ -             | \$ 1,500          | \$ -             | \$ -              | \$ 1,500           |
| Repayment  | 0                | 0                 | (1,449)          | (51)              | (1,500)            |
| Total Short-Term<br>Borrowing (Repayment)          | \$ -             | \$ 1,500          | \$ (1,449)       | \$ (51)           | \$ -               |
| <b>Capital Borrowing:</b>                          |                  |                   |                  |                   |                    |
| New York City General Obligation                   | \$ 250           | \$ 1,180          | \$ 830           | \$ 650            | \$ 2,910           |
| Transitional Finance Authority <sup>1</sup>        | 145              | -                 | -                | -                 | 145                |
| TSASC <sup>2</sup>                                 | 8                | 7                 | 10               | 11                | 36                 |
| Water Authority <sup>3</sup>                       | 100              | 361               | -                | 685               | 1,146              |
| Total Borrowing to finance<br>City Capital Program | \$ 503           | \$ 1,548          | \$ 840           | \$ 1,346          | \$ 4,237           |
| <b>Other Borrowing</b>                             |                  |                   |                  |                   |                    |
| Jay Street Development Corp.                       | \$ -             | \$ 164            | \$ -             | \$ -              | \$ 164             |

## Notes:

1. Amounts do not include bonds issued to permanently finance previously issued bond anticipation notes.
2. Includes Transportation Infrastructure Finance Innovation Act loan draws and excludes costs of issuance, reserve fund allocations, capitalized interest and amounts to finance Fresh Kills landfill.
3. Excludes costs of issuance and reserve fund allocations and reflects Water Authority Commercial Paper and revenue bonds issued to finance the water and sewer system's capital program. Amounts do not include revenue bonds issued to permanently finance previously issued commercial paper.

**New York City Financial Plan  
Fiscal Year 2004 Capital Plan  
(\$ in millions)**

**Projected Capital Commitments**

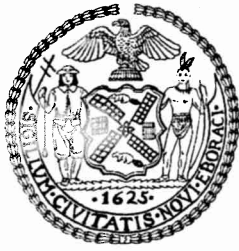
|          | Plan            | Revised<br>Plan | Change      |
|----------|-----------------|-----------------|-------------|
| City     | \$ 4,469        | \$ 4,469        | \$ -        |
| Non-City | 932             | 932             | -           |
| Total    | <u>\$ 5,401</u> | <u>\$ 5,401</u> | <u>\$ -</u> |

**Projected Capital Expenditures**

|                                    | Plan            | Revised<br>Plan | Change      |
|------------------------------------|-----------------|-----------------|-------------|
| City                               | \$ 4,711        | \$ 4,711        | \$ -        |
| Non-City <sup>1</sup>              | 715             | 715             | -           |
| City-administered<br>Capital Plan  | <u>\$ 5,426</u> | <u>\$ 5,426</u> | <u>\$ -</u> |
| DASNY                              | 200             | 200             | -           |
| Total Capital Plan<br>Expenditures | <u>\$ 5,626</u> | <u>\$ 5,626</u> | <u>\$ -</u> |

Notes:

1. Includes Federal, State and other Reimbursable Capital.



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**TO THE FINANCIAL CONTROL BOARD**

Pursuant to Section 8.3 of the Financial Emergency Act (the "Act"), the City hereby submits the Four Year Financial Plan for the City and Covered Organizations for fiscal years 2005 – 2008 (the "Plan"). The Financial Plan as it relates to the City and the City University of New York ("CUNY") is attached hereto as Exhibit A. Any Covered Organization which requires modification will be forwarded to you under separate cover.

The Plan is based upon certain assumptions, methods of estimation and data previously submitted to you, including the City publications known as the City of New York Executive Budget Fiscal Year 2005 dated April 26, 2004 (the "Executive Budget"), updated to reflect the adjustments in the Fiscal Year 2005 Adopted Budget. The Four Year Financial Plan has been prepared in accordance with generally accepted accounting principles ("GAAP"), with the exception of that portion of the plan related to Covered Organizations, which are prepared on a cash basis.

The City hereby certifies that, in its judgment, the Plan is complete and complies with the standards set forth in Section 8.1 of the Act.

Yours truly,

  
Mark Page



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| A-5 | Capital Plan                            |

# **Four Year Financial Plan Revenues and Expenditures** **(\$ in millions)**

| REVENUES  | FY 2005   | FY 2006    | FY 2007    | FY 2008    |
|---|-----------|------------|------------|------------|
| <b>Taxes</b>                                    |           |            |            |            |
| General Property Tax                            | \$ 11,800 | \$ 12,263  | \$ 12,807  | \$ 13,374  |
| Other Taxes <sup>1</sup>                        | 15,053    | 14,895     | 15,329     | 16,154     |
| Tax Audit Revenue                               | 508       | 508        | 509        | 509        |
| Tax Program                                     | (300)     | (305)      | (310)      | (64)       |
| Miscellaneous Revenues                          | 5,784     | 4,279      | 4,231      | 4,264      |
| Unrestricted Intergovernmental Aid              | 562       | 562        | 562        | 562        |
| Anticipated State & Federal Actions             | 450       | 400        | 400        | 400        |
| Less: Intra-City Revenue                        | (1,146)   | (1,131)    | (1,130)    | (1,130)    |
| Disallowances Against Categorical Grants        | (15)      | (15)       | (15)       | (15)       |
| Subtotal: City Funds                            | \$ 32,696 | \$ 31,456  | \$ 32,383  | \$ 34,054  |
| Other Categorical Grants                        | 807       | 830        | 840        | 839        |
| Inter-Fund Revenues                             | 348       | 335        | 331        | 331        |
| Total City Funds & Inter-Fund Revenues          | \$ 33,851 | \$ 32,621  | \$ 33,554  | \$ 35,224  |
| Federal Categorical Grants                      | 4,733     | 4,646      | 4,635      | 4,625      |
| State Categorical Grants                        | 8,626     | 8,560      | 8,635      | 8,706      |
| Total Revenues                                  | \$ 47,210 | \$ 45,827  | \$ 46,824  | \$ 48,555  |
| <b>EXPENDITURES</b>                             |           |            |            |            |
| <b>Personal Service</b>                         |           |            |            |            |
| Salaries and Wages                              | \$ 17,062 | \$ 17,264  | \$ 17,253  | \$ 17,153  |
| Pensions  | 3,376     | 4,107      | 4,515      | 4,502      |
| Fringe Benefits                                 | 5,152     | 5,431      | 5,722      | 6,068      |
| Subtotal - Personal Service                     | \$ 25,590 | \$ 26,802  | \$ 27,490  | \$ 27,723  |
| <b>Other Than Personal Service</b>              |           |            |            |            |
| Medical Assistance                              | 4,766     | 4,997      | 5,194      | 5,401      |
| Public Assistance                               | 2,293     | 2,302      | 2,303      | 2,303      |
| Pay-As-You-Go Capital                           | 200       | 200        | 200        | 200        |
| All Other                                       | 13,168    | 12,784     | 12,962     | 13,140     |
| Subtotal - Other Than Personal Service          | \$ 20,427 | \$ 20,283  | \$ 20,659  | \$ 21,044  |
| Debt Service                                    | 3,339     | 3,467      | 4,027      | 4,299      |
| Budget Stabilization & Prepayments <sup>1</sup> | (1,300)   | (220)      | -          | -          |
| General Reserve                                 | 300       | 300        | 300        | 300        |
|   | \$ 48,356 | \$ 50,632  | \$ 52,476  | \$ 53,366  |
| Less: Intra-City Expenses                       | (1,146)   | (1,131)    | (1,130)    | (1,130)    |
| Total Expenditures                              | \$ 47,210 | \$ 49,501  | \$ 51,346  | \$ 52,236  |
| <b>Gap To Be Closed</b>                         | \$ -      | \$ (3,674) | \$ (4,522) | \$ (3,681) |

<sup>1</sup> Budget Stabilization and Prepayments in fiscal year 2004 total \$1,920 million, including prepayments of subsidies of \$480 million, lease debt service of \$71 million and Budget Stabilization of \$969 million. In addition, a TFA grant in fiscal year 2004 increased fiscal year 2005 tax revenue by \$400 million, bringing the total fiscal year 2004 prepayment benefit in 2005 to \$1,920 million. In fiscal year 2005, \$220 million is set aside to prepay fiscal year 2006 Debt Service.

**New York City Financial Plan**  
**Four Year Projections of Cash Sources and Uses**  
(\$ in millions)

| <b>Sources of Cash</b>  | <b>FY 2005</b>  | <b>FY 2006</b>  | <b>FY 2007</b>  | <b>FY 2008</b>  |
|---|-----------------|-----------------|-----------------|-----------------|
| From Operations:  |                 |                 |                 |                 |
| Surplus/(Deficit)   | \$ -            | \$ -            | \$ -            | \$ -            |
| Changes in accounts receivable, accounts payable, accrued liabilities and other liabilities | -               | -               | -               | -               |
| Provision for disallowances of aid revenues   | 15              | 15              | 15              | 15              |
| Disallowances Paid  | (15)            | (15)            | (15)            | (15)            |
| Funds Provided/(Used) from Operations   | \$ -            | \$ -            | \$ -            | \$ -            |
| Proceeds from Seasonal Borrowings   | 1,500           | 2,400           | 2,400           | 2,400           |
| Capital Plan Funding Sources (see Exhibit A-3)  | 6,011           | 6,974           | 7,477           | 7,496           |
| <b>Total Sources</b>  | <b>\$ 7,511</b> | <b>\$ 9,374</b> | <b>\$ 9,877</b> | <b>\$ 9,896</b> |
| <b>Uses of Cash</b>   |                 |                 |                 |                 |
| Capital Disbursements   | 6,011           | 6,974           | 7,477           | 7,496           |
| Repayment of Seasonal Borrowings  | 1,500           | 2,400           | 2,400           | 2,400           |
| Other - Net   | -               | -               | -               | -               |
| <b>Total Uses</b>   | <b>\$ 7,511</b> | <b>\$ 9,374</b> | <b>\$ 9,877</b> | <b>\$ 9,896</b> |
| Net Sources/(Uses) of Cash  | \$ -            | \$ -            | \$ -            | \$ -            |
| Cash Balance - Beginning of Period  | \$ 2,738        | \$ 2,738        | \$ 2,738        | \$ 2,738        |
| Cash Balance - End of Period  | \$ 2,738        | \$ 2,738        | \$ 2,738        | \$ 2,738        |

**New York City Financial Plan  
Four Year Capital Plan Funding Sources  
(\$ in millions)**

| <b>Sources of Capital Cash</b>         | <b>FY 2005</b> | <b>FY 2006</b> | <b>FY 2007</b> | <b>FY 2008</b> |
|--|----------------|----------------|----------------|----------------|
| New York City General Obligation Bonds | \$ 3,400       | \$ 3,800       | \$ 4,150       | \$ 4,020       |
| Other Long-Term Sources:               |                |                |                |                |
| Transitional Finance Authority         | 0              | 0              | 0              | 0              |
| TSASC                                  | 45             | 0              | 0              | 0              |
| Water Authority                        | 1,538          | 1,743          | 1,641          | 1,618          |
| Pay-As-You-Go Capital                  | 200            | 200            | 200            | 200            |
| Total Long-Term Sources                | \$ 5,183       | \$ 5,743       | \$ 5,991       | \$ 5,838       |
| Receipt of Federal, State and other    |                |                |                |                |
| Reimbursable Capital                   | 851            | 1,247          | 1,511          | 1,658          |
| Changes in Restricted Cash             | (23)           | (16)           | (25)           | 0              |
| Total Capital Plan Funding Sources     | \$ 6,011       | \$ 6,974       | \$ 7,477       | \$ 7,496       |

**New York City Financial Plan**  
**Fiscal Year 2005 Borrowing Schedule**  
(\$ in millions)

|  | First<br>Quarter | Second<br>Quarter | Third<br>Quarter | Fourth<br>Quarter | Total<br>Financing |
|--|------------------|-------------------|------------------|-------------------|--------------------|
| <b>Short-Term Borrowing:</b>                       |                  |                   |                  |                   |                    |
| Borrowing  | \$ -             | \$ 1,500          | \$ -             | \$ -              | \$ 1,500           |
| Repayment  | -                | -                 | -                | (1,500)           | (1,500)            |
| Total Short-Term<br>Borrowing (Repayment)          | \$ -             | \$ 1,500          | \$ -             | \$ (1,500)        | \$ -               |
| <b>Capital Borrowing:</b>                          |                  |                   |                  |                   |                    |
| New York City General Obligation                   | \$ 650           | \$ 1,300          | \$ 650           | \$ 800            | \$ 3,400           |
| Transitional Finance Authority <sup>1</sup>        | -                | -                 | -                | -                 | 0                  |
| TSASC <sup>2</sup>                                 | 14               | 15                | 12               | 4                 | 45                 |
| Water Authority <sup>3</sup>                       | 362              | 600               | 576              | -                 | 1,538              |
| Pay-As-You-Go Capital                              | -                | -                 | -                | 200               | 200                |
| Total Borrowing to finance<br>City Capital Program | \$ 1,026         | \$ 1,915          | \$ 1,238         | \$ 1,004          | \$ 5,183           |
| <b>Other Borrowing</b>                             |                  |                   |                  |                   |                    |
| Jay Street Development Corp.                       | \$ -             | \$ 700            | \$ -             | \$ -              | \$ 700             |

## Notes:

1. Amounts do not include bonds issued to permanently finance previously issued bond anticipation notes.
2. Includes Transportation Infrastructure Finance Innovation Act loan draws and excludes costs of issuance, reserve fund allocations, capitalized interest and amounts to finance Fresh Kills landfill.
3. Excludes costs of issuance and reserve fund allocations and reflects Water Authority Commercial Paper and revenue bonds issued to finance the water and sewer system's capital program. Amounts do not include revenue bonds issued to permanently finance previously issued commercial paper.

**New York City Financial Plan  
Four Year Capital Plan  
(\$ in millions)**

**Projected Capital Commitments**

|          | FY 2005         | FY 2006         | FY 2007         | FY 2008         | Total            |
|----------|-----------------|-----------------|-----------------|-----------------|------------------|
| City     | \$ 7,186        | \$ 6,415        | \$ 5,863        | \$ 5,161        | \$ 24,625        |
| Non-City | 2,258           | 1,574           | 1,740           | 1,647           | 7,219            |
| Total    | <u>\$ 9,444</u> | <u>\$ 7,989</u> | <u>\$ 7,603</u> | <u>\$ 6,808</u> | <u>\$ 31,844</u> |

**Projected Capital Expenditures**

|                                    | FY 2005         | FY 2006         | FY 2007         | FY 2008         | Total            |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|
| City                               | \$ 5,160        | \$ 5,727        | \$ 5,966        | \$ 5,838        | \$ 22,691        |
| Non-City <sup>1</sup>              | 851             | 1,247           | 1,511           | 1,658           | 5,267            |
| City-administered<br>Capital Plan  | <u>\$ 6,011</u> | <u>\$ 6,974</u> | <u>\$ 7,477</u> | <u>\$ 7,496</u> | <u>\$ 27,958</u> |
| DASNY                              | <u>37</u>       | <u>-</u>        | <u>-</u>        | <u>-</u>        | <u>37</u>        |
| Total Capital Plan<br>Expenditures | <u>\$ 6,048</u> | <u>\$ 6,974</u> | <u>\$ 7,477</u> | <u>\$ 7,496</u> | <u>\$ 27,995</u> |

Notes:

1. Includes Federal, State and other Reimbursable Capital.