

# Quarterly Cash Report



*October-December 2006, Second Quarter of FY 2007*

**The City Of New York**

Office of the Comptroller

**William C. Thompson, Jr., Comptroller**

## Executive Summary

Daily cash balances averaged \$4.377 billion during the second quarter of FY 2007. The level of cash-on-hand increased to \$6.856 billion by the close of the quarter. Daily cash balances during FY 2007 have declined from the level of daily cash balances in FY 2006. During the second quarter of FY 2006, daily cash balances averaged \$5.825 billion and the second quarter closed with \$7.745 billion. During the first half of FY 2007, the average daily cash balance was \$1.454 billion below the average daily cash balance during the first half of FY 2006. However, for the third consecutive year the City had no need to borrow short-term in the second quarter of the fiscal year. The City projects positive cash balances throughout the fiscal year.

Cash receipts totaling \$16.545 billion and averaging \$276 million daily during the second quarter of FY 2007 were \$1.081 billion greater and the daily average was \$18 million higher than in the second quarter of FY 2006. Other taxes rose \$531 million, federal and state aid increased \$271 million, and miscellaneous revenue was \$88 million greater in the second quarter of FY 2007 than in the second quarter of FY 2006. These increases were offset by declines of \$80 million in real property tax collections and \$118 million in intergovernmental aid. The City received \$137 million from the sale of Stuyvesant Town and Peter Cooper Village by MetLife. Cash receipts for the first half of FY 2007 declined by \$286 million from the first half of FY 2006, but have grown 21 percent compared with the first half of FY 2003.

Cash expenditures, including capital, totaled \$15.853 billion and averaged \$264 million daily during the second quarter of FY 2007. This was an increase of \$838 million in expenditures and \$14 million more in average daily expenditures over the second quarter of FY 2006. Personal service expenditures declined by \$27 million in the second quarter of FY 2007 compared with the second quarter of FY 2006. Public assistance expenditures were \$84 million less, medical assistance was \$18 million less, other social service expenditures were \$152 million greater, and vendor and other payments were \$306 million greater during the second quarter of FY 2007 than in the second quarter of FY 2006. Since FY 2003, total expenditures during the first half of the fiscal year have increased 12 percent. During the five year time period, personal service expenditures grew 11 percent, public assistance and medical assistance rose 10 percent, and vendor and other payments increased 33 percent.

Total capital expenditures of \$1.634 billion during the second quarter of FY 2007 were 10.3 percent of total expenditures. City-funded capital expenditures were \$160 million less in the second quarter of FY 2007 than in the second quarter of FY 2006. In the first half of FY 2007, total capital expenditures were only \$1 million greater than in the first half of FY 2006. However, City-funded expenditures declined by \$799 million during the same time period. The decline reflects the change in the designation of capital expenditures in the City's Five-Year Educational Facilities Capital Plan from City to non-City funds.

During the second quarter of FY 2007, City-funded capital expenditures and non-City capital payments for education were less than reimbursements, increasing cash balances by \$40 million during the quarter. For the first half of FY 2007, reimbursements were \$508 million less than these expenditures. The City received the first reimbursements for education capital expenditures of \$300 million from New York City Transitional Finance Authority Building Aid bond proceeds and \$213 million from the Dormitory Authority of the State of New York in November 2006.

The City did not issue General Obligation bonds in the second quarter of FY 2007. During the first half of FY 2007, the City issued \$850 million in General Obligation bonds compared with \$3.107 billion of General Obligation bonds sold in the first half of FY 2006.

The New York City Transitional Finance Authority sold \$800 million in bonds backed by the City's personal income tax and \$600 million in Bond Anticipation notes to fund the City's capital program in the second quarter of FY 2007. This was the first sale by the Authority for capital projects funding since FY 2004. The Authority also sold the first \$650 million of Building Aid Revenue Bonds in November 2006 to provide funds for the City's Five-Year Educational Facilities Capital Plan.

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# I. Cash Balances<sup>1</sup>

## A. OVERVIEW

### October-December 2006, Second Quarter of FY 2007 (2QFY07)

For the third consecutive year the City had no need to borrow short-term in the second quarter of its fiscal year to maintain positive cash balances throughout the year. The New York City's Central Treasury's opening balance for the 2QFY07 of \$6.164 billion was \$1.132 billion less than the opening balance of \$7.296 billion for the 2QFY06. Cash-on-hand during the 2QFY07 increased to \$6.856 billion by the close of the quarter. This was \$889 million less than at the end of the 2QFY06, but \$4.137 billion, \$2.714 billion, and \$1.897 billion greater than at the close of the 2QFY03, the 2QFY04, and the 2QFY05, respectively.

Table 1 shows the five year history of the City's cash position during the second quarters of FY 2003-FY 2007. Cash receipts have grown by 31 percent and cash expenditures increased by 23 percent.

**Table 1. 2Q Five Year Trend of the Overview of the City's Cash Position**

(\$ in millions)

Central Treasury	2QFY03	2QFY04	2QFY05	2QFY06	2QFY07
Opening Balance	\$ 2,995	\$ 2,538	\$ 3,910	\$ 7,296	\$ 6,164
Total Receipts	12,630	13,996	15,491	15,464	16,545
Total Expenditures <sup>a</sup>	12,906	12,392	14,442	15,015	15,853
Closing Balance	\$ 2,719	\$ 4,142	\$ 4,959	\$ 7,745	\$ 6,856

a. Total expenditures include capital expenditures.

As shown in Table 2, the average daily balance in each month of the 2QFY07 and for the 2QFY07 was greater than in the same periods of FY 2003, FY 2004, and FY 2005, and less than in FY 2006.

**Table 2. 2Q Five Year Trend of Average Daily Balances**

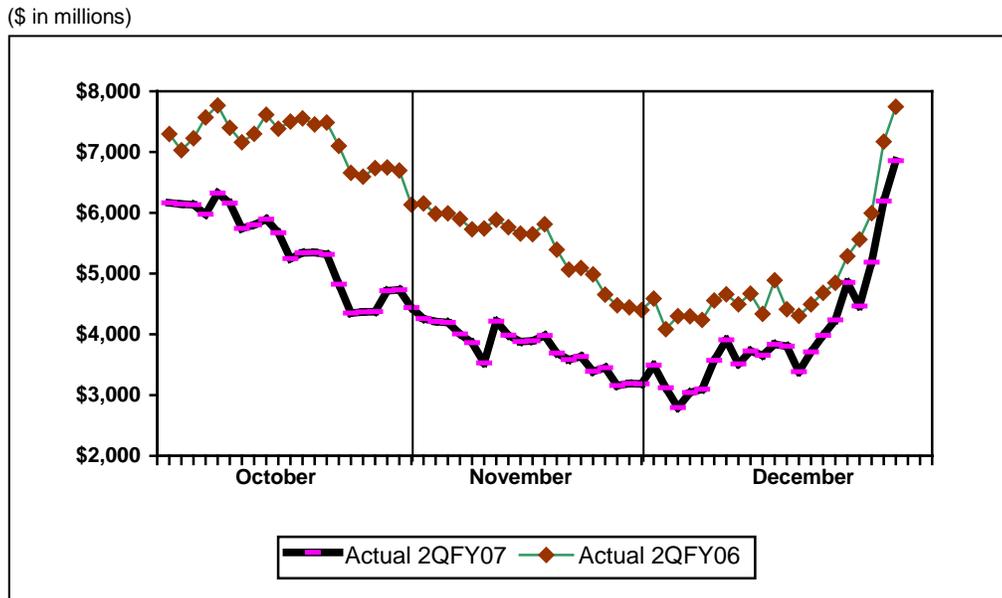
(\$ in millions)

	2QFY03	2QFY04	2QFY05	2QFY06	2QFY07
October	\$3,689	\$3,390	\$3,508	\$7,156	\$5,293
November	2,513	2,805	2,660	5,410	3,712
December	1,476	2,268	2,802	4,934	4,047
<b>2Q Total</b>	<b>\$2,580</b>	<b>\$2,822</b>	<b>\$2,992</b>	<b>\$5,825</b>	<b>\$4,377</b>

1. The data in this report are based on the City's Central Treasury book balances as calculated by the Bureau of Financial Analysis, Office of the New York City Comptroller. Receipts are reported based on cash receipts and the analysis of bank deposits. Receipts and expenditures are net of debt service funding. Expenditures are reported on warrants issued.

The level of cash-on-hand has declined in FY 2007 compared with FY 2006. The lowest cash balances during a fiscal year typically occur in the 2Q. Chart 1 depicts the daily cash balances in the second quarters of FY 2006 and FY 2007. The lowest cash balance during October-December 2005 was \$4.084 billion on December 2, 2005 and the highest was \$7.766 billion on October 6, 2005. During October-December 2006, the lowest balance was \$2.794 billion on December 4, 2006 and the highest was \$6.856 billion on December 29, 2006.

**Chart 1. Daily Cash Balances During the 2QFY06 and the 2QFY07**



**July-December 2006, First Half of FY 2007 (1HFY07)**

Tables 3 and 4 and Chart 2 show the trends in the City’s cash-on-hand for the first halves of the last five fiscal years. Cash-on-hand decreased by \$1.714 billion in the 1HFY03 and increased by \$1.640 billion, \$751 million, \$915 million, and \$470 million during the first halves of FY 2004, FY 2005, FY 2006, and FY 2007. During the five year period, cash receipts increased by 21 percent and cash expenditures rose by 12 percent.

**Table 3. 1H Five Year Trend of the Overview of the City’s Cash Position**

(\$ in millions)

Central Treasury	1HFY03	1HFY04	1HFY05	1HFY06	1HFY07
Opening Balance <sup>a</sup>	\$ 4,433	\$ 2,502	\$ 4,208	\$ 6,830	\$ 6,386
Total Receipts	26,258	28,141	30,067	32,001	31,715
Total Expenditures <sup>b</sup>	27,972	26,501	29,316	31,086	31,245
Closing Balance	\$ 2,719	\$ 4,142	\$ 4,959	\$ 7,745	\$ 6,856

a. Opening balances are before City audits.

b. Total expenditures include capital expenditures.

The average daily balance for the 1HFY07 was \$1.454 billion less than the average daily balance in the 1HFY06, and \$2.106 billion more than the average daily balance in the 1HFY03.

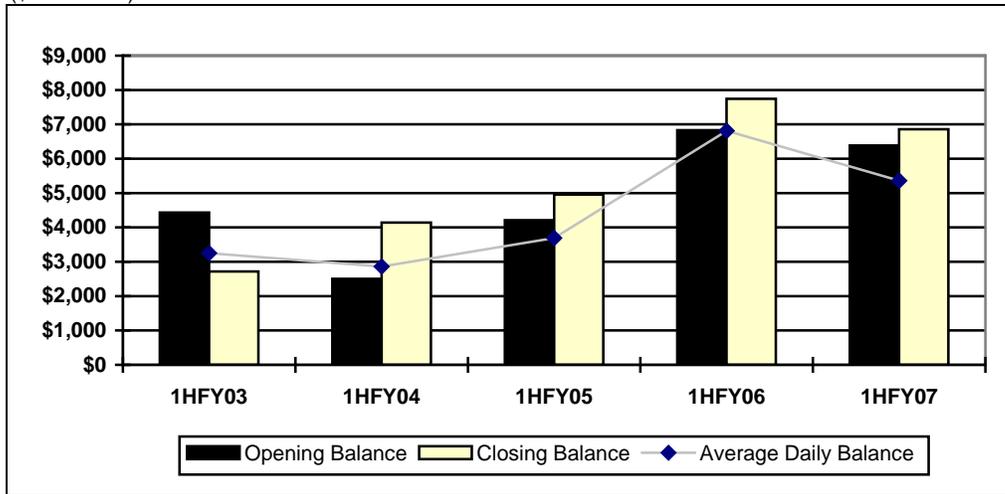
**Table 4. 1H Five Year Trend of Average Daily Balances**

(\$ in millions)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1Q Total	\$3,893	\$2,900	\$4,348	\$7,738	\$6,293
2Q Total	2,580	2,822	2,992	5,825	4,377
<b>1H Total</b>	<b>\$3,252</b>	<b>\$2,862</b>	<b>\$3,692</b>	<b>\$6,812</b>	<b>\$5,358</b>

**Chart 2. 1H Five Year Trend of the City's Cash Position**

(\$ in millions)



## B. CASH RECEIPTS

### October-December 2006, 2QFY07

Cash receipts totaled \$16.545 billion during the 2QFY07, \$1.081 billion more in cash receipts than during the 2QFY06. Table 5 shows total receipts and average daily cash receipts for the second quarters of FY 2003-FY 2007. Cash receipts increased by \$3.915 billion and the average daily receipts were \$69 million greater during the five year period of FY 2003-FY 2007.

**Table 5. 2Q Five Year Trend of Total and Average Daily Cash Receipts**

(\$ in millions)

	Total Receipts					Average Daily Receipts				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
October	\$ 4,550	\$ 4,886	\$ 3,559	\$ 3,506	\$ 3,400	\$207	\$222	\$178	\$175	\$162
November	2,596	2,452	4,208	3,293	4,609	144	144	221	173	243
December	5,484	6,658	7,724	8,665	8,536	261	303	368	413	427
<b>2Q Total</b>	<b>\$12,630</b>	<b>\$13,996</b>	<b>\$15,491</b>	<b>\$15,464</b>	<b>\$16,545</b>	<b>\$207</b>	<b>\$229</b>	<b>\$258</b>	<b>\$258</b>	<b>\$276</b>

Table 6 shows monthly 2Q cash receipts during FY 2006 and FY 2007 by major category. The largest monthly increase in receipts occurred between November 2005 and November 2006. During the 2QFY07, increases in other taxes, federal and state aid, and miscellaneous revenue were offset by declines in real property tax and intergovernmental aid.

**Table 6. 2Q Cash Receipts by Major Category During FY 2006 and FY 2007**

(\$ in millions)

Receipts	Oct. 2005	Nov. 2005	Dec. 2005	2QFY06 Total	Oct. 2006	Nov. 2006	Dec. 2006	2QFY07 Total	Diff. 2Q Total FY 06/07
Real Property Tax	\$ 341	\$ 79	\$3,268	\$ 3,688	\$ 346	\$ 52	\$3,210	\$ 3,608	\$ (80)
Other Taxes	1,272	1,317	2,848	5,437	1,392	1,609	2,967	5,968	531
Federal and State Aid	895	564	1,107	2,566	662	794	1,381	2,837	271
Less: Debt Funding	(0)	(1)	(0)	(1)	0	(54)	(93)	(147)	(146)
Miscellaneous	330	440	342	1,112	348	486	366	1,200	88
Intergovernmental Aid	70	72	241	383	0	0	265	265	(118)
Other	598	822	859	2,279	652	1,722	440	2,814	535
<b>Total</b>	<b>\$3,506</b>	<b>\$3,293</b>	<b>\$8,665</b>	<b>\$15,464</b>	<b>\$3,400</b>	<b>\$4,609</b>	<b>\$8,536</b>	<b>\$16,545</b>	<b>\$1,081</b>

Table 7 and Chart 3 display the five year trend in 2Q receipts by major category.

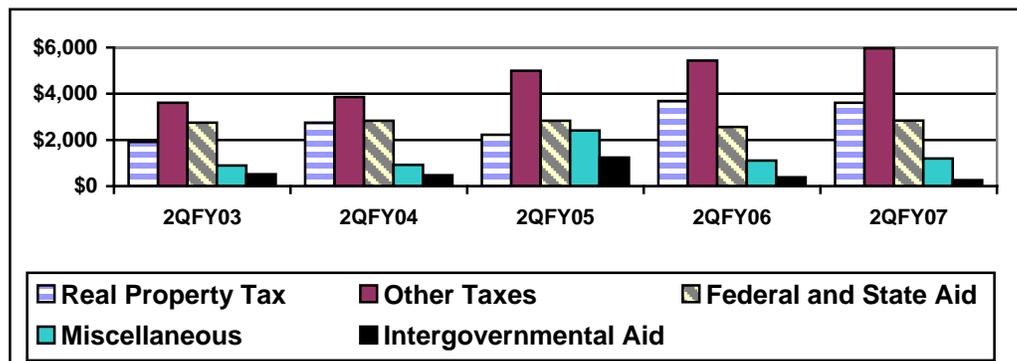
**Table 7. 2Q Five Year Trend by Cash Receipt Major Category**

(\$ in millions)

	2QFY03	2QFY04	2QFY05	2QFY06	2QFY07
Real Property Tax	\$ 1,912	\$ 2,749	\$ 2,227	\$ 3,688	\$ 3,608
Other Taxes	3,611	3,861	4,995	5,437	5,968
Federal and State Aid	2,748	2,830	2,829	2,566	2,837
Less: Debt Funding	(216)	(185)	(425)	(1)	(147)
Miscellaneous	897	922	2,411	1,112	1,200
Intergovernmental Aid	516	477	1,242	383	265
Other	3,162	3,342	2,212	2,279	2,814
<b>Total</b>	<b>\$12,630</b>	<b>\$13,996</b>	<b>\$15,491</b>	<b>\$15,464</b>	<b>\$16,545</b>

**Chart 3. 2Q Five Year Trend by Cash Receipt Major Category**

(\$ in millions)



Tax receipts<sup>2</sup> totaled \$9.576 billion during the 2QFY07. This was 4.9 percent greater than the \$9.125 billion in tax receipts collected during the 2QFY06. Increased tax collections have resulted in an increase in full year tax revenue projected for FY 2007 by the City of \$3.4 billion over the Adopted Budget tax revenue projection for FY 2007. The City currently projects total FY 2007 tax revenue of \$35.942 billion, \$1.731 billion more than FY 2006 actual tax revenue.

In the 2QFY07, real property tax collections of \$3.608 billion, including \$6 million in tax lien sales, were 38 percent of total taxes and 22 percent of total receipts. This was \$80 million less than real property tax collections during the 2QFY06. This decrease was primarily due to the timing in collections from taxpayers who were prepaying their January tax bills. In the 2QFY06, real property tax collections, including \$20 million in tax lien sales, were 40 percent of total taxes and 24 percent of total receipts.

Tax collections, excluding real property tax, were \$531 million greater during the 2QFY07 than during the 2QFY06. The increase in tax collections occurred primarily in general corporation tax (\$276 million), financial corporation tax (\$158 million), sales tax (\$93 million), unincorporated business tax (\$26 million), and personal income tax (\$21 million). The hotel tax increased by \$13 million in the 2QFY07 over the 2QFY06 reflecting an increase in tourism.

The sale by MetLife of Stuyvesant Town and Peter Cooper Village generated \$163 million in real property transfer tax and \$84 million in mortgage recording tax for the City, the Metropolitan Transportation Authority (MTA), and the State of New York Mortgage Agency (SONYMA). These funds were paid to the City in November 2006 and held in the City's Trust and Agency account. In December 2006, the City transferred the funds due to the MTA and SONYMA, and deposited its share of the tax revenue into the Central Treasury's general fund. The City's share was \$88 million in real property transfer tax and \$49 million in mortgage recording tax.

These increases were offset by a decline in receipts for School Tax Relief (STAR) aid of \$199 million, due to timing. A STAR payment of \$363 million was received in January 2007.

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2. In this report, tax receipts, with the exception of personal income tax (PIT), are gross of refunds. Real property tax and PIT are gross of any debt funding. In November 2005, debt funding of \$1 million was withheld from real property tax for general obligation debt service. In November and December 2006, \$147 million was withheld from PIT for New York City Transitional Finance Authority (TFA) debt service. (TFA debt service for the quarter was \$167 million. Interest income of \$7 million and excess retention of \$13 million funded the balance of the debt service.) Sales tax includes the state distribution, the local share, and interest income less debt funding, if any.

Federal aid totaled \$1.338 billion and state aid totaled \$1.499 billion during the 2QFY07 compared with \$1.230 billion in federal aid and \$1.336 billion in state aid in the same period in FY 2006. State education aid of \$869 million accounted for 58 percent of state aid in the 2QFY07. General education aid totaled \$333 million and excess cost aid was \$243 million. During the 2QFY06, \$685 million in state education aid was 51 percent of state aid. General education aid totaled \$313 million and excess cost aid was \$184 million. The City received \$190 million in state higher education aid in October 2006 and \$225 million in October 2005.

Miscellaneous revenue in the 2QFY07 was \$88 million greater than during the 2QFY06. During the 2QFY07, the City received \$55 million in Health and Hospital Corporation (HHC) reimbursements for debt service and malpractice settlements and \$122 million in senior college fees. These receipts were offset by \$49 million from the return of funds held in escrow for debt service in the 2QFY06.

Intergovernmental aid decreased by \$118 million during the 2QFY07 from the 2QFY06. State revenue sharing was \$24 million greater in this time period. The increase in revenue sharing was offset by \$142 million in long-term care aid received in the 2QFY06.

Table 8 shows the major monthly cash sources during the 2QFY07.

**Table 8. Major Cash Sources During the 2QFY07**

(\$ in millions)

October 2006		November 2006		December 2006	
Sales Tax	\$468	Personal Income Tax	\$620	Real Property Tax	\$3,209
Personal Income Tax	436	Sales Tax	350	Personal Income Tax	733
Real Property Tax	345	Federal Welfare	205	General Corporation Tax	606
NYS Higher Education	190	Federal Education	177	NYS Education	577
NYS Education	122	NYS Education	170	Sales Tax	542
General Corporation Tax	106	General Corporation Tax	141	Financial Corporation Tax	311
Health Settlements	99	STAR	116	NYS Revenue Sharing	265
NYS Welfare	78	Senior College Fees	100	Federal Welfare	244
Water and Sewer Fees	72	NYS Welfare	99	Federal Education	239
Federal Welfare	69	Licenses, etc.	83	Stuyvesant Town & Peter Cooper Village Sale	137
Federal Education	68	Fines and Forfeitures	64	Commercial Rent Tax	116
Fines and Forfeitures	65	Water and Sewer Fees	54	NYS Welfare	109
Unincorporated Business Tax	52	Real Property Tax	48	Unincorporated Business Tax	103
Interest Income	48	Financial Corporation Tax	42	Hotel Tax	94
Tax Lien Sales	1	Tax Lien Sales	4	Fines and Forfeitures	62
				Health Settlements	62
				HHC Reimbursements	55
				Water and Sewer Fees	52
				STAR	50
				Tax Lien Sales	1

Table 9 portrays the five year trend for selected cash receipts during the second quarters of FY 2003-FY 2006. During FY 2003 and FY 2004, the City issued short-term notes for seasonal financing needs of \$1.5 billion in each year.

**Table 9. 2Q Five Year Trend for Selected Cash Receipts**

(\$ in millions)

	2QFY03	2QFY04	2QFY05	2QFY06	2QFY07
Short-Term Notes	\$1,514	\$1,519	\$ 0	\$ 0	\$ 0
Real Property Tax <sup>a</sup>	1,912	2,749	2,227	3,688	3,608
Personal Income Tax	1,095	1,266	1,510	1,767	1,789
Sales Tax	961	1,015	1,249	1,267	1,360
NYS Education	612	1,032	642	685	869
General Corporation Tax	409	479	591	576	853
Federal Welfare	747	565	544	637	518
NYS Welfare	469	413	600	319	286
FEMA	108	17	1,002 <sup>b</sup>	0	3
NYS Higher Education	273	172	197	225	190
NYS Revenue Sharing	166	25	245	241	265
Financial Corporation Tax	117	166	147	225	383
Unincorporated Business Tax	93	116	123	149	176
Commercial Rent Tax	100	113	119	116	137
Federal Education	64	136	321	261	484
Fines and Forfeitures	134	175	206	180	191
Intergovernmental Transfers	288	119	863	0	0
Long-Term Care	61	131	134	142	0
Water and Sewer Fees	146	149	139	171	178
STAR	292	137	410	364	165
Land Fill Costs	90	0	0	0	0
Municipal Bond Bank	0	431	0	0	0
Tobacco Settlement	90	0	0	0	0
Airport Rent	0	0	782	0	0
MAC Reimbursement	0	0	631	0	0
Return of Escrow	0	0	0	49	0

a. Includes tax lien sales. b. Includes \$1 billion for debris removal insurance not included in the cash receipts.

**July-December 2006, 1HFY07**

Tables 10 and 11 and Chart 4 show the five year trends for cash receipts in the first halves of FY 2003-FY 2007. The main sources of cash receipts, excluding seasonal borrowing, were real property tax, PIT, state education aid, sales tax, federal welfare, and general corporation tax. The total of these six sources as a percentage of total receipts were 49 percent, 55 percent, 50 percent, 57 percent, and 55 percent, in FY 2003, FY 2004, FY 2005, FY 2006, and FY 2007, respectively.

**Table 10. 1H Five Year Trend of Total and Average Daily Receipts**

(\$ in millions)

	Total Receipts					Average Daily Receipts				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1Q Total	\$13,628	\$14,145	\$14,576	\$16,537	\$15,170	\$213	\$221	\$228	\$258	\$241
2Q Total	12,630	13,996	15,491	15,464	16,545	207	229	258	258	276
<b>1H Total</b>	<b>\$26,258</b>	<b>\$28,141</b>	<b>\$30,067</b>	<b>\$32,001</b>	<b>\$31,715</b>	<b>\$210</b>	<b>\$225</b>	<b>\$242</b>	<b>\$258</b>	<b>\$258</b>

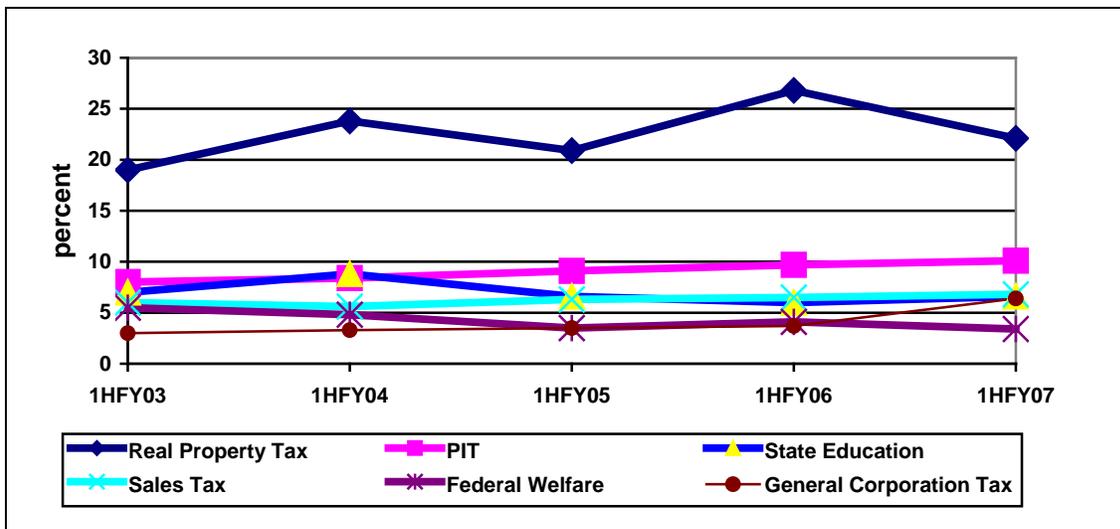
**Table 11. 1H Five Year Trend and Average for Selected Cash Receipts**

(\$ in millions)

	1HFY03	1HFY04	1HFY05	1HFY06	1HFY07	Average 1H Receipts FY03-FY07
Real Property Tax <sup>a</sup>	\$4,990	\$6,703	\$6,284	\$8,578	\$7,024	\$6,717
Personal Income Tax	2,100	2,360	2,743	3,118	3,192	2,703
NYS Education	1,846	2,466	1,985	1,906	2,078	2,056
Sales Tax	1,582	1,583	1,907	2,092	2,163	1,865
Federal Welfare	1,450	1,345	1,063	1,302	1,066	1,245
General Corporation Tax	794	942	1,067	1,200	2,037	1,208
NYS Welfare	842	966	1,134	737	824	901
Water and Sewer Fees	534	505	541	595	608	557
Unincorporated Bus. Tax	279	310	333	410	500	366
STAR	472	317	597	562	498	489

a. Includes tax lien sales.

**Chart 4. 1H Five Year Trend for Selected Receipts as a Percent of Total Receipts**



During the 1HFY07, cash receipts, net of capital reimbursements, totaled \$29.357 billion and averaged \$239 million daily. Table 12 shows the difference between net cash receipts in the first halves of FY 2006 and FY 2007.

**Table 12. Cash Receipts (net of capital reimbursements) During FY 2006 and FY 2007**

(\$ in millions)

	FY 2006	FY 2007	Diff. FY06/ FY07
July	\$ 6,478	\$ 5,229	\$(1,249)
August	2,954	3,011	57
September	5,632	6,105	473
<b>1Q Total</b>	<b>15,064</b>	<b>14,345</b>	<b>(719)</b>
October	3,214	3,156	(58)
November	2,885	3,395	510
December	8,168	8,461	293
<b>2Q Total</b>	<b>14,267</b>	<b>15,012</b>	<b>745</b>
<b>1H Total</b>	<b>\$29,331</b>	<b>\$29,357</b>	<b>\$ 26</b>

## C. CASH EXPENDITURES

### October-December 2006, 2QFY07

Cash expenditures, including capital, totaled \$15.853 billion during the 2QFY07, and averaged \$264 million daily. As shown in Table 13, total expenditures rose \$2.947 billion and average daily expenditures increased \$52 million between the 2QFY03 and the 2QFY07.

**Table 13. 2Q Five Year Trend of Total and Average Daily Cash Expenditures**

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
October	\$ 4,109	\$ 3,756	\$ 4,695	\$ 4,669	\$ 5,307	\$187	\$171	\$235	\$233	\$253
November	4,587	4,190	4,587	5,025	5,374	255	246	241	265	283
December	4,210	4,446	5,160	5,321	5,172	201	202	246	253	259
<b>2Q Total</b>	<b>\$12,906</b>	<b>\$12,392</b>	<b>\$14,442</b>	<b>\$15,015</b>	<b>\$15,853</b>	<b>\$212</b>	<b>\$203</b>	<b>\$241</b>	<b>\$250</b>	<b>\$264</b>

Table 14 indicates monthly expenditures by major category during the second quarters of FY 2006 and FY 2007.

**Table 14. 2Q Cash Expenditures by Major Category During FY 2006 and FY 2007**

(\$ in millions)

Expenditures	Oct. 2005	Nov. 2005	Dec. 2005	2QFY06 Total	Oct. 2006	Nov. 2006	Dec. 2006	2QFY07 Total	Diff. 2Q Total FY06/07
Gross Payroll	\$1,537	\$1,449	\$2,411	\$ 5,397	\$1,700	\$1,618	\$2,012	\$ 5,330	\$(67)
Other Personal Services	764	769	850	2,383	777	781	865	2,423	40
Public Assistance	194	181	228	603	175	171	173	519	(84)
Medical Assistance	442	371	270	1,083	408	333	324	1,065	(18)
Other Social Services	150	148	160	458	215	153	242	610	152
Vendor and Other	963	973	970	2,906	1,102	995	1,115	3,212	306
All Other and Capital	619	1,134	432	2,185	930	1,323	441	2,694	509
<b>Total</b>	<b>\$4,669</b>	<b>\$5,025</b>	<b>\$5,321</b>	<b>\$15,015</b>	<b>\$5,307</b>	<b>\$5,374</b>	<b>\$5,172</b>	<b>\$15,853</b>	<b>\$838</b>

Personal service (PS) expenditures are comprised primarily of payroll, social security, health benefits, pensions, and other fringe benefits. PS totaled \$7.753 billion during October-December 2006, a decrease of \$27 million from the \$7.780 billion in PS expenditures during October-December 2005. The 2QFY06 included retroactive payments and wage increases associated with the implementation of collective bargaining agreements with correction officers, teachers, and sanitation workers, and raises for managerial employees. The 2QFY07 had collective bargaining increases for civilian employees in District Council 37 titles, principal administrative associates, and managerial employees. Both the 2QFY06 and 2QFY07 had seven bi-weekly payrolls. December 2005 and 2006 included payments for uniform allowances of \$59 million and \$62 million, respectively.

Other Than Personal Service (OTPS) expenditures for public assistance (PA), medical assistance (MA), other social services, and vendor and other payments totaled \$5.050 billion in the 2QFY06, and \$5.406 billion in the 2QFY07. All other expenditures included \$184 million in tax refunds during the 2QFY06 and \$186 million during the 2QFY07.

Table 15 shows the five year trend in PS and major OTPS expenditures during the second quarters of FY 2003-FY 2007. PS expenditures increased 21 percent and OTPS grew 31 percent over the period.

**Table 15. 2Q Five Year Trend by Cash Expenditure Category**

(\$ in millions)

	2QFY03	2QFY04	2QFY05	2QFY06	2QFY07
Gross Payroll	\$4,741	\$4,307	\$4,755	\$5,397	\$5,330
Other Personal Services	1,662	1,839	1,982	2,383	2,423
<b>Total PS</b>	<b>6,403</b>	<b>6,146</b>	<b>6,737</b>	<b>7,780</b>	<b>7,753</b>
Public Assistance	529	573	592	603	519
Medical Assistance	858	936	1,083	1,083	1,065
Other Social Services	460	459	504	458	610
Vendor and Other Payments	2,269	2,323	2,672	2,906	3,212
<b>Total OTPS</b>	<b>\$4,116</b>	<b>\$4,291</b>	<b>\$4,851</b>	<b>\$5,050</b>	<b>\$5,406</b>

**July-December 2006, 1HFY07**

Table 16 shows cash expenditures in the first six months of FY 2003-FY 2007.

**Table 16. 1H Five Year Trend of Total and Average Daily Cash Expenditures**

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1Q Total	\$15,066	\$14,109	\$14,874	\$16,071	\$15,392	\$235	\$220	\$232	\$251	\$244
2Q Total	12,906	12,392	14,442	15,015	15,853	212	203	241	250	264
<b>1H Total</b>	<b>\$27,972</b>	<b>\$26,501</b>	<b>\$29,316</b>	<b>\$31,086</b>	<b>\$31,245</b>	<b>\$224</b>	<b>\$212</b>	<b>\$236</b>	<b>\$251</b>	<b>\$254</b>

Table 17 and Chart 5 show the five year trend in 1H expenditures for PS and OTPS expenditures. PS averaged 49 percent of total expenditures and OTPS represented 34 percent of expenditures over the five years. PS grew 11 percent, PA & MA grew 10 percent, and vendor and other payments increased 33 percent during the five year period.

**Table 17. 1H Five Year Trend of PS and OTPS Cash Expenditures**

(\$ in millions)

	1HFY03	1HFY04	1HFY05	1HFY06	1HFY07	Average Percent of Total 1H Expenditures FY03-FY07
<b>PS</b>	\$13,690	\$12,758	\$13,742	\$15,609	\$15,214	49%
<b>OTPS</b>	8,870	8,967	10,132	10,544	10,916	34

**Chart 5. 1H Five Year Trend of PS, PA & MA, and Vendor and Other Expenditures**

(\$ in millions)

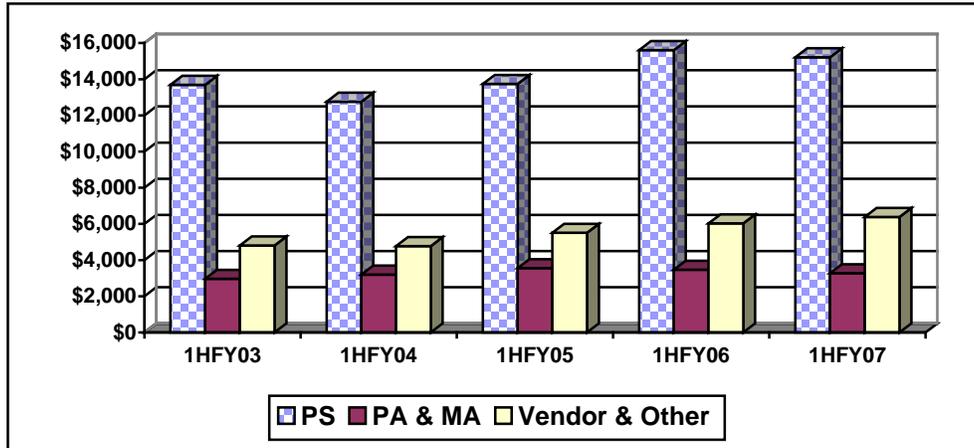


Table 18 compares expenditures, net of capital expenditures, during the first six months of FY 2006 and FY 2007. Expenditures, net of capital, totaled \$158 million more during the 1HFY07 than in the 1HFY06.

**Table 18. Cash Expenditures (net of capital expenditures) During FY 2006 and FY 2007**

(\$ in millions)

	<b>FY 2006</b>	<b>FY 2007</b>	<b>Diff. FY 06/ FY 07</b>
July	\$ 5,302	\$ 5,288	\$ (14)
August	4,762	4,016	(746)
September	4,277	4,589	312
<b>1Q Total</b>	<b>14,341</b>	<b>13,893</b>	<b>(448)</b>
October	4,371	4,876	505
November	4,259	4,578	319
December	4,983	4,765	(218)
<b>2Q Total</b>	<b>13,613</b>	<b>14,219</b>	<b>606</b>
<b>1H Total</b>	<b>\$27,954</b>	<b>\$28,112</b>	<b>\$158</b>

## II. Capital Expenditures

Total capital expenditures were \$1.634 billion, or 10.3 percent of all cash expenditures, during the 2QFY07. As shown in Chart 6, this was one percentage point greater than in the 2QFY06. In the first six months of FY 2007, total capital expenditures were 10 percent of the City's total expenditures.

**Chart 6. 2Q Five Year Trend of Capital Expenditures as a Percent of Total Expenditures**

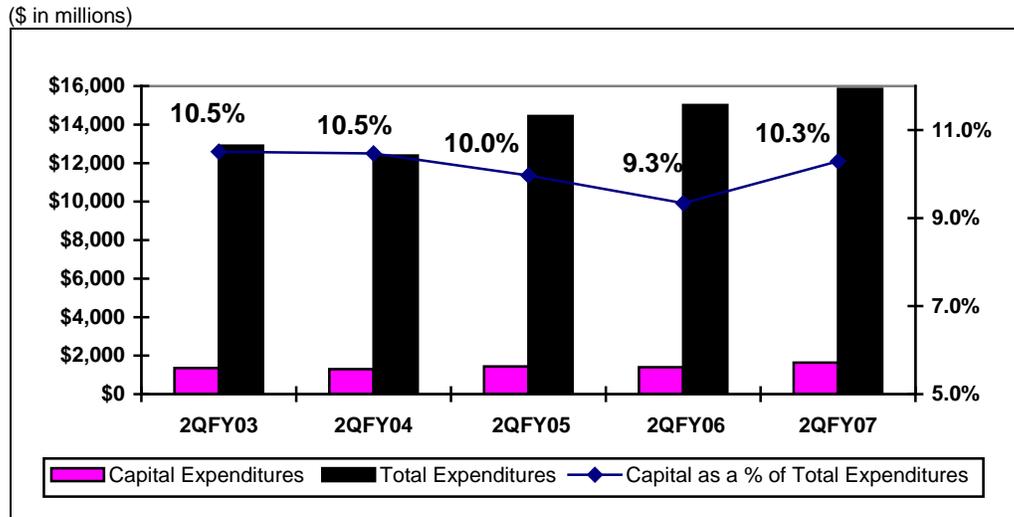


Table 19 compares capital expenditures in FY 2006 and FY 2007. Total capital expenditures increased in the 2QFY07 over the 2QFY06 by \$232 million and were only \$1 million greater in the 1HFY07 compared with the 1HFY06. However, City-funded capital expenditures declined during the same periods. The decline reflects the change in the designation of capital expenditures in the City's Five-Year Educational Facilities Capital Plan from City to non-City funded expenditures.

**Table 19. Capital Expenditures During FY 2006 and FY 2007**

(\$ in millions)

	FY 2006		FY 2007		Diff. FY 2006/FY 2007	
	Total Capital	City-funded Capital	Total Capital	City-funded Capital	Total Capital	City-funded Capital
July	\$ 680	\$ 650	\$ 404	\$ 334	\$(276)	\$(316)
August	394	357	792	362	398	5
September	656	605	303	277	(353)	(328)
<b>1Q Total</b>	<b>1,730</b>	<b>1,612</b>	<b>1,499</b>	<b>973</b>	<b>(231)</b>	<b>(639)</b>
October	298	270	431	385	133	115
November	766	711	796	396	30	(315)
December	338	303	407	343	69	40
<b>2Q Total</b>	<b>1,402</b>	<b>1,284</b>	<b>1,634</b>	<b>1,124</b>	<b>232</b>	<b>(160)</b>
<b>1H Total</b>	<b>\$3,132</b>	<b>\$2,896</b>	<b>\$3,133</b>	<b>\$2,097</b>	<b>\$ 1</b>	<b>\$(799)</b>

**October-December 2006, 2QFY07**

Tables 20 and 21 show the five year trends for total and City-funded capital expenditures and average daily total and City-funded capital expenditures during each month in the second quarters of FY 2003-FY 2007.

**Table 20. 2Q Five Year Trend of Total Capital Expenditures and Average Daily Total Capital Expenditures**

(\$ in millions)

	Total Capital Expenditures					Average Daily Total Capital Expenditures				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
October	\$ 427	\$ 354	\$ 386	\$ 298	\$ 431	\$19	\$16	\$19	\$15	\$21
November	616	620	335	766	796	34	36	18	40	42
December	314	323	719	338	407	15	15	34	16	20
<b>2Q Total</b>	<b>\$1,357</b>	<b>\$1,297</b>	<b>\$1,440</b>	<b>\$1,402</b>	<b>\$1,634</b>	<b>\$22</b>	<b>\$21</b>	<b>\$24</b>	<b>\$23</b>	<b>\$27</b>

**Table 21. 2Q Five Year Trend of City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures**

(\$ in millions)

	City-funded Capital Expenditures					Average Daily City-funded Capital Expenditures				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
October	\$ 392	\$ 326	\$ 345	\$ 270	\$ 385	\$18	\$15	\$17	\$14	\$18
November	579	535	309	711	396	32	31	16	37	21
December	283	291	667	303	343	13	13	32	14	17
<b>2Q Total</b>	<b>\$1,254</b>	<b>\$1,152</b>	<b>\$1,321</b>	<b>\$1,284</b>	<b>\$1,124</b>	<b>\$21</b>	<b>\$19</b>	<b>\$22</b>	<b>\$21</b>	<b>\$19</b>

During the second quarters of FY 2003, FY 2004, FY 2005, FY 2006, and FY 2007, the City paid the School Construction Authority (SCA) \$300 million, \$300 million (\$249 million was City-funded), \$300 million (\$297 million was City-funded), \$400 million, and \$400 million (\$31 million was City-funded), respectively.

City-funded capital expenditures are primarily financed from the proceeds of General Obligation (GO), New York City Transitional Finance Authority (TFA), and water and sewer debt. Non-City funded capital expenditures for education are financed by TFA Building Aid bonds and the Dormitory Authority of the State of New York (DASNY). These expenditures are initially paid from the City's Central Treasury.

Table 22 shows the reimbursements during the 2QFY07 to the Central Treasury from the proceeds of these financings. Total reimbursements were \$1.533 billion. GO bond proceeds provided \$40 million, water and sewer financings provided \$219 million, and the TFA funded \$761 million. The TFA provided an additional \$300 million from Building Aid Revenue bonds, and DASNY funded \$213 million for education capital expenditures.

**Table 22. 2Q Reimbursements to the Central Treasury from Capital Proceeds in FY 2007**

(\$ in millions)

	<b>Oct. 2006</b>	<b>Nov. 2006</b>	<b>Dec. 2006</b>	<b>Total</b>
General Obligation	\$ 20	\$ 14	\$ 6	\$ 40
Water and Sewer	25	192	2	219
TFA	199	495	67	761
<b>Sub-total</b>	<b>244</b>	<b>701</b>	<b>75</b>	<b>1,020</b>
TFA Building Aid Bonds	0	300	0	300
DASNY	0	213	0	213
<b>Total</b>	<b>\$244</b>	<b>\$1,214</b>	<b>\$75</b>	<b>\$1,533</b>

In addition, in December 2006, the City received \$31 million from the proceeds of Hudson Yards Infrastructure Corporation (HYIC) bonds for the reimbursement of capital expenditures.

Table 23 shows the \$6 billion in reimbursements during the second quarters of the last five years. In the five year time frame, GO debt provided 44 percent, the TFA 22 percent, and water and sewer debt 22 percent of the reimbursement of capital expenditures. The 2QFY07 had the first reimbursement of education expenditures from TFA Building Aid bonds and DASNY and the first reimbursement since FY 2004 for City-funded capital expenditures from TFA debt.

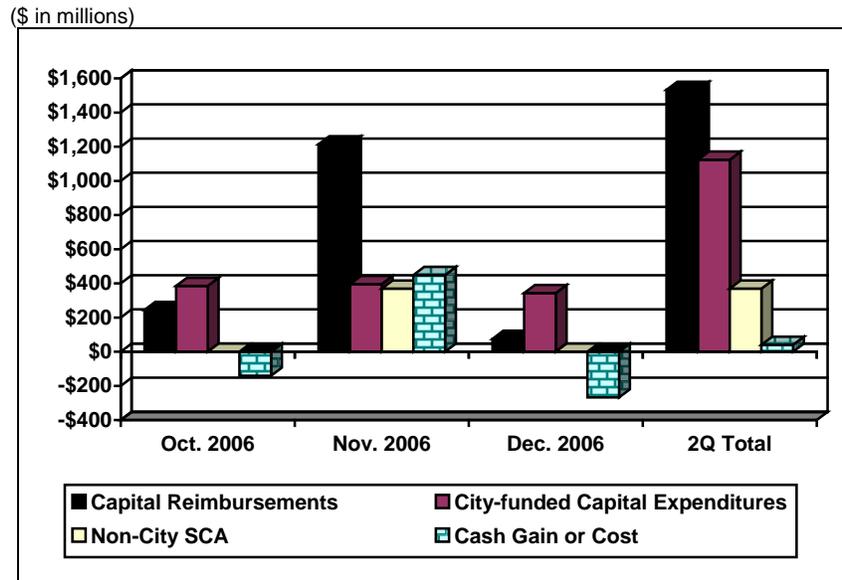
**Table 23. 2Q Five Year Trend of Reimbursements to the Central Treasury**

(\$ in millions)

	<b>2QFY03</b>	<b>2QFY04</b>	<b>2QFY05</b>	<b>2QFY06</b>	<b>2QFY07</b>	<b>Total 2Q FY03-FY07</b>
General Obligation	\$ 22	\$ 765	\$1,032	\$ 836	\$ 40	\$2,695
Water and Sewer	192	265	328	361	219	1,365
TFA	515	53	0	0	761	1,329
TFA Building Aid Bonds	0	0	0	0	300	300
DASNY	0	0	0	0	213	213
Other	153	24	13	0	0	190
<b>Total</b>	<b>\$882</b>	<b>\$1,107</b>	<b>\$1,373</b>	<b>\$1,197</b>	<b>\$1,533</b>	<b>\$6,092</b>

Chart 7 displays reimbursements to the Central Treasury compared with City-funded capital expenditures and non-City capital SCA expenditures during October-December 2006. During the 2QFY07, these capital expenditures were less than reimbursements, increasing the City's cash balances by \$40 million. The \$513 million in reimbursements for non-City SCA payments was \$144 million greater than the expenditures in the 2QFY07. This was the first reimbursement and was a catch-up for expenditures made in FY 2006 and FY 2007.

**Chart 7. 2Q Capital Reimbursements Compared to City-Funded and SCA Expenditures During FY 2007**



**July-December 2006, 1HFY07**

Tables 24 and 25 show the five year trends in total capital and City-funded capital expenditures and average daily expenditures for the first halves of FY 2003-FY 2007. Capital expenditures included \$825 million, \$600 million, \$600 million, \$1 billion, and \$800 million in payments to the SCA in July-December of FY 2003, FY 2004, FY 2005, FY 2006, and FY 2007, respectively.

**Table 24. 1H Five Year Trend of Total Capital Expenditures and Average Daily Total Capital Expenditures**

(\$ in millions)

	Total Capital Expenditures					Average Daily Total Capital Expenditures				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1Q Total	\$1,550	\$1,264	\$1,462	\$1,730	\$1,499	\$24	\$20	\$23	\$27	\$24
2Q Total	1,357	1,297	1,440	1,402	1,634	22	21	24	23	27
<b>1H Total</b>	<b>\$2,907</b>	<b>\$2,561</b>	<b>\$2,902</b>	<b>\$3,132</b>	<b>\$3,133</b>	<b>\$23</b>	<b>\$20</b>	<b>\$23</b>	<b>\$25</b>	<b>\$25</b>

**Table 25. 1H Five Year Trend of City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures**

(\$ in millions)

	City-funded Capital Expenditures					Average Daily City-funded Capital Expenditures				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1Q Total	\$1,467	\$1,174	\$1,349	\$1,612	\$ 973	\$23	\$18	\$21	\$25	\$15
2Q Total	1,254	1,152	1,321	1,284	1,124	21	19	22	21	19
<b>1H Total</b>	<b>\$2,721</b>	<b>\$2,326</b>	<b>\$2,670</b>	<b>\$2,896</b>	<b>\$2,097</b>	<b>\$22</b>	<b>\$19</b>	<b>\$22</b>	<b>\$23</b>	<b>\$17</b>

Table 26 shows reimbursements totaling \$11.368 billion to the City's Central Treasury during the 1Hs of the last five fiscal years for capital expenditures.

**Table 26. 1H Five Year Trend of Reimbursements to the Central Treasury**

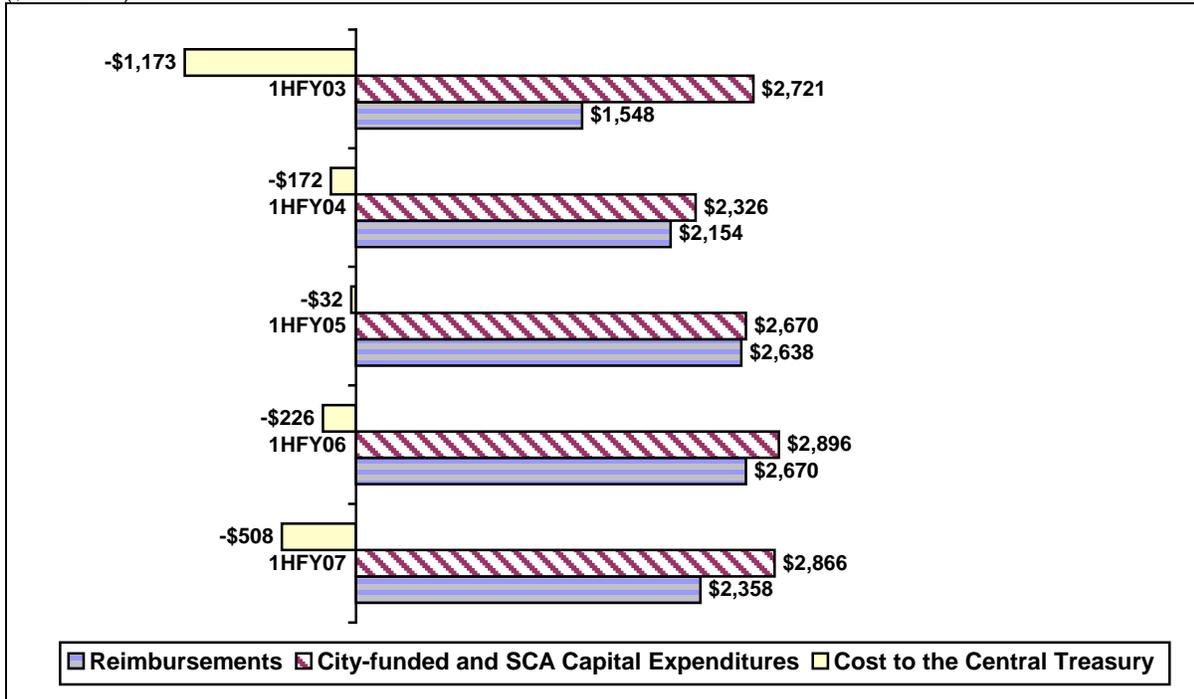
(\$ in millions)

	1HFY03	1HFY04	1HFY05	1HFY06	1HFY07	Total 1H FY03-FY07
General Obligation	\$ 227	\$1,252	\$1,809	\$2,066	\$ 392	\$ 5,746
Water and Sewer	503	589	798	604	692	3,186
TFA	516	281	0	0	761	1,558
Other	302	32	31	0	0	365
<b>Sub-total</b>	<b>1,548</b>	<b>2,154</b>	<b>2,638</b>	<b>2,670</b>	<b>1,845</b>	<b>10,855</b>
TFA Building Aid Bonds	0	0	0	0	300	300
DASNY	0	0	0	0	213	213
<b>Total</b>	<b>\$1,548</b>	<b>\$2,154</b>	<b>\$2,638</b>	<b>\$2,670</b>	<b>\$2,358</b>	<b>\$11,368</b>

Chart 8 compares the five years of reimbursements to City-funded and SCA capital expenditures, as shown in Tables 25 and 26 above, during the same time period. Capital expenditures were a drain on cash in each first half of the last five fiscal years.

**Chart 8. 1H Five Year Trend in Reimbursements Compared to City-funded and SCA Expenditures**

(\$ in millions)



### III. Financing

The City did not issue GO bonds in the 2QFY07. Table 27 shows GO issuances in the first halves of FY 2006 and FY 2007. Total GO bonds sold declined by \$2.257 billion in the 1HFY07 compared with the 1HFY06.

**Table 27. GO Bond Issues During FY 2006 and FY 2007**

(\$ in millions)

	FY 2006			FY 2007		
	Tax-Exempt	Taxable	Total	Tax-Exempt	Taxable	Total
July	\$ 0	\$ 0	\$ 0	\$ 0	\$0	\$ 0
August	1,397	70	1,467	850	0	850
September	750	40	790	0	0	0
<b>1Q Total</b>	<b>2,147</b>	<b>110</b>	<b>2,257</b>	<b>850</b>	<b>0</b>	<b>850</b>
October	0	0	0	0	0	0
November	0	0	0	0	0	0
December	850	0	850	0	0	0
<b>2Q Total</b>	<b>850</b>	<b>0</b>	<b>850</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1H Total</b>	<b>\$2,997</b>	<b>\$110</b>	<b>\$3,107</b>	<b>\$850</b>	<b>\$0</b>	<b>\$850</b>

During the 2QFY07, the TFA sold debt to fund the City’s capital program for the first time since FY 2004. The TFA is a public benefit corporation established by the state legislature in 1997 to diversify the City’s credit and add capacity to incur debt by issuing revenue bonds backed primarily by the City’s personal income tax. (GO debt is backed by real property tax.) The TFA sold \$600 million in tax-exempt revenue bonds, \$200 million in taxable revenue bonds, and \$600 million in tax-exempt Bond Anticipation notes maturing on June 29, 2007.

The state legislature also authorized the issuance by the TFA of Building Aid Revenue bonds to pay for up to \$9.4 billion of capital expenditures in the City’s Five-Year Educational Facilities Capital Plan. The debt service for the Building Aid Revenue bonds is paid from state building aid for education due to the City. During the 2QFY07, the TFA sold the first \$650 million of this debt.

Additionally, in the 2QFY07, \$2 billion of revenue bonds were sold by the HYIC, a local development corporation. These bonds fund the construction of the extension of the Number 7 subway line, the acquisition of property, and the creation of parks and public infrastructure on the west side of Manhattan between 10<sup>th</sup> and 11<sup>th</sup> Avenues and 33<sup>rd</sup> and 42<sup>nd</sup> Streets. The debt service for HYIC bonds is funded from payments by developers in lieu of real estate taxes and interest support payments included in the City’s budget.

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