

Quarterly Cash Report

October-December 2005, Second Quarter of FY 2006

**New York City Office of the Comptroller
William C. Thompson, Jr., Comptroller**

New York City had sufficient daily cash balances in FY 2006 to operate without issuing short-term notes for the second consecutive fiscal year. The City's high levels of cash-on-hand continued during the second quarter of FY 2006. The average daily balance for the second quarter has increased in each fiscal year since FY 2002, reaching \$5.825 billion in FY 2006, up from \$1.7 billion in FY 2002. The December 2005 closing balance was \$2.786 billion more than at the end of December 2004, and \$5.977 billion greater than at the end of December 2001, five years ago. The higher closing balance for the quarter and the City's cash balances during the first half of FY 2006 reflect the improvement in the City's economy and budget condition.

Cash receipts totaled \$15.464 billion during October-December 2005. Receipts for the second quarter of FY 2006 fell less than one percent from FY 2005, and have grown 27 percent since the second quarter of FY 2002. The small decline from FY 2005 is the result of large one-time receipts and intergovernmental transfers in FY 2005 that were mostly offset by higher tax receipts in FY 2006. For the first half of FY 2006, receipts totaled \$32.001 billion, a 6 percent increase over the same period in FY 2005, and 36 percent over the first half of FY 2002.

Cash expenditures, including capital, totaled \$15.015 billion during the second quarter of FY 2006, an increase of \$573 million from the second quarter of FY 2005. Personal Service (PS) expenditures in the second quarter of FY 2006 included retroactive payments and wage increases due to the implementation of collective bargaining agreements with correction officers, teachers, and sanitation workers. Second quarter expenditures have grown \$2.554 billion in the last five years. In the first half of FY 2006, expenditures were \$1.770 billion greater than during the first half of FY 2005, and \$6.225 billion more than in the first half of FY 2002.

Capital expenditures in the second quarter of FY 2006 of \$1.402 billion were \$38 million less than the second quarter of FY 2005. However, in the first half of FY 2006, capital expenditures were \$230 million more than in the comparable period in FY 2005. City-funded expenditures in the first half of FY 2006 included \$1 billion in payments to the School Construction Authority (SCA), compared with \$600 million in the first half of FY 2005. In the second quarter of FY 2006, City-funded capital expenditures of \$1.284 billion were \$87 million greater than the \$1.197 billion of reimbursements to the Central Treasury for capital expenditures. In the first half of FY 2006, City-funded capital expenditures were \$226 million more than reimbursements.

New York City sold \$850 million in General Obligation (GO) debt during the second quarter of FY 2006. The proceeds from this sale refund outstanding debt and provide \$78 million in budget savings over the life of the bonds.

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I. Cash Balances¹

A. OVERVIEW

October-December 2005, Second Quarter (Q2) of FY 2006

The second quarter of New York City's fiscal year² has typically been the period in which the City forecasts its lowest daily cash balance. In the second quarters of FY 2002, FY 2003, and FY 2004, the City borrowed \$1.5 billion in short-term notes to meet its seasonal cash flow needs. The City's high levels of cash-on-hand in the second quarter of FY 2005 and continuing in the second quarter of FY 2006 enabled the City to avoid short-term borrowing and save the City any interest costs that would have been associated with the issuance of notes.³

The Q2 opening balance in New York City's Central Treasury of \$7.296 billion exceeded the opening balance of any of the second quarters in the past five years. The \$7.296 billion was approximately 3.6 times greater than at the start of the Q2 of FY 2002 and 1.8 times more than at the beginning of the Q2 in FY 2005. Table 1 shows the five year history of the City's cash position during the second quarters of FY 2002-FY 2006. Cash-on-hand during the Q2 in FY 2006 increased by \$449 million resulting in a closing balance of \$7.745 billion, \$5.977 billion more than at the close of the Q2 in FY 2002, and \$2.786 billion greater than at the end of the Q2 in FY 2005.

Table 1. Q2 Five Year Trend Overview of Cash Position

(\$ in millions)

Central Treasury	Q2 FY 2002	Q2 FY 2003	Q2 FY 2004	Q2 FY 2005	Q2 FY 2006
Opening Balance	\$ 2,009	\$ 2,995	\$ 2,538	\$ 3,910	\$ 7,296
Total Receipts	12,220	12,630	13,996	15,491	15,464
Total Expenditures ^a	12,461	12,906	12,392	14,442	15,015
Closing Balance	\$ 1,768	\$ 2,719	\$ 4,142	\$ 4,959	\$ 7,745

a. Total expenditures include capital expenditures.

As shown in Table 2, the average daily balance in each month of the Q2 and for the Q2 in FY 2006 reflect the higher levels of daily cash balances in FY 2006 compared with FY 2002-FY 2005. The FY 2006 Q2 average daily balance of \$5.825 billion was \$4.125 billion greater than the average daily balance for the Q2 in FY 2002 and \$2.833 billion more than the Q2 of FY 2005.

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

2. New York City's fiscal year is July-June.

3. The net interest cost of seasonal borrowing was \$14.37 million in FY 2002, \$10.60 million in FY 2003, and \$7.12 million in FY 2004.

Table 2. Q2 Five Year Trend Average Daily Balances

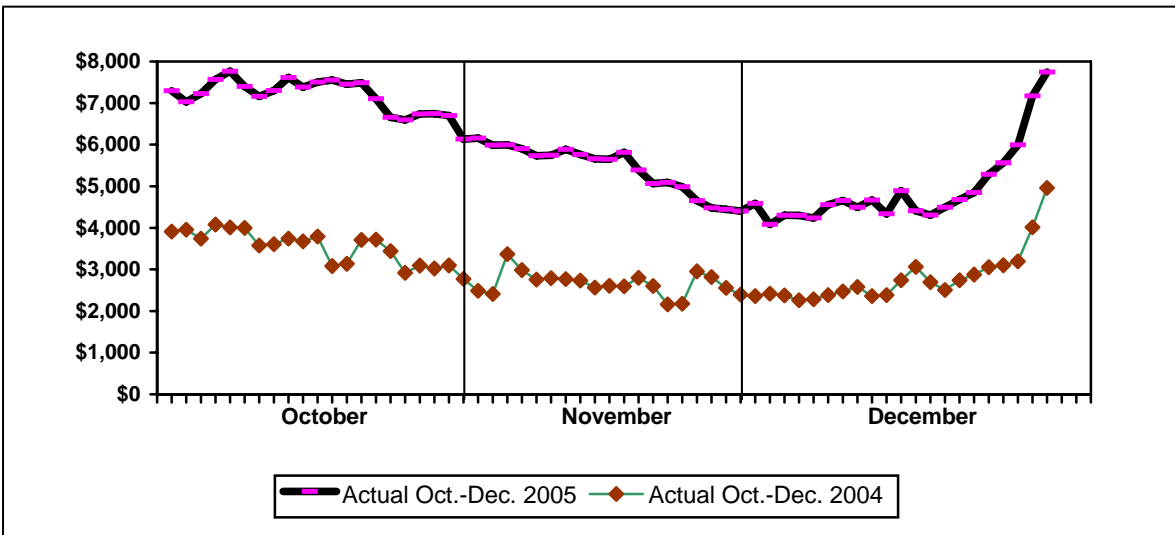
(\$ in millions)

	Q2 FY 2002	Q2 FY 2003	Q2 FY 2004	Q2 FY 2005	Q2 FY 2006
October	\$1,665	\$3,689	\$3,390	\$3,508	\$7,156
November	1,988	2,513	2,805	2,660	5,410
December	1,463	1,476	2,268	2,802	4,934
Q2 Total	\$1,700	\$2,580	\$2,822	\$2,992	\$5,825

Chart 1 depicts the differences between the daily cash balances in the second quarters of FY 2005 and FY 2006. The lowest cash balance during October-December 2004 was \$2.161 billion, on November 22, 2004, and the highest was \$4.959 billion, on December 30, 2004. During October-December 2005, the lowest balance was \$4.084 billion, on December 2, 2005, and the highest was \$7.766 billion, on October 6, 2005.

Chart 1. Q2 Daily Cash Balances FY 2005 and FY 2006

(\$ in millions)



July-December 2005, First Half (H1) of FY 2006

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 \$1.298 billion and \$1.714 billion in the first halves of FY 2002 and FY 2003, and increased by \$1.640 billion, \$751 million, and \$915 million during the first halves of FY 2004, FY 2005, and FY 2006. The City’s cash position reflects the City’s recovery from the World Trade Center attacks on September 11, 2001, during the first half of FY 2002, and the improvement in the City’s economy and budget condition.

Table 3. H1 Five Year Trend Overview of Cash Position

(\$ in millions)

Central Treasury	H1 FY 2002	H1 FY 2003	H1 FY 2004	H1 FY 2005	H1 FY 2006
Opening Balance ^a	\$ 3,066	\$ 4,433	\$ 2,502	\$ 4,208	\$ 6,830
Total Receipts	23,563	26,258	28,141	30,067	32,001
Total Expenditures ^b	24,861	27,972	26,501	29,316	31,086
Closing Balance	\$ 1,768	\$ 2,719	\$ 4,142	\$ 4,959	\$ 7,745

a. Opening balances are before City Audits.

b. Total expenditures include capital expenditures.

The average daily balance for the H1 of the fiscal year increased by \$4.606 billion in FY 2006 compared with FY 2002 and by \$3.120 billion over FY 2005.

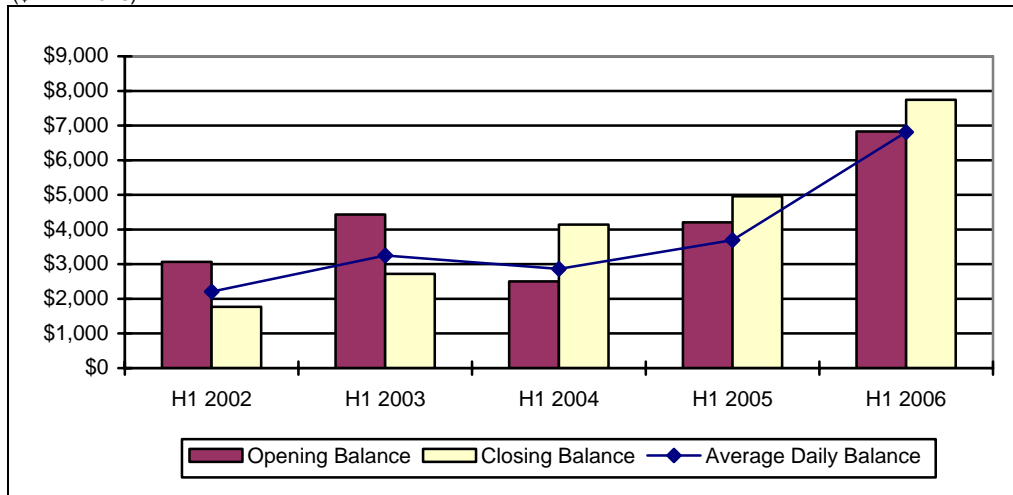
Table 4. H1 Five Year Trend Average Daily Balances

(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Q1 Total	\$2,696	\$3,893	\$2,900	\$4,348	\$7,738
Q2 Total	1,700	2,580	2,822	2,992	5,825
H1 Total	\$2,206	\$3,252	\$2,862	\$3,692	\$6,812

Chart 2. H1 Five Year Trend in the City's Cash Position

(\$ in millions)



B. CASH RECEIPTS

October-December 2005, Second Quarter of FY 2006

Cash receipts totaled \$15.464 billion during the Q2 of FY 2006, \$27 million less in cash receipts than during the same period in FY 2005, and \$3.244 billion more than in the Q2 of FY 2002. Table 5 shows total receipts and average daily cash receipts for the second quarters of FY 2002-FY 2006.

Table 5. Q2 Five Year Trend Total and Average Daily Cash Receipts

(\$ in millions)

	Total Receipts					Average Daily Receipts				
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
October	\$ 4,366	\$ 4,550	\$ 4,886	\$ 3,559	\$ 3,506	\$198	\$207	\$222	\$178	\$175
November	3,132	2,596	2,452	4,208	3,293	165	144	144	221	173
December	4,722	5,484	6,658	7,724	8,665	236	261	303	368	413
Q2 Total	\$12,220	\$12,630	\$13,996	\$15,491	\$15,464	\$200	\$207	\$229	\$258	\$258

Table 6 shows monthly Q2 cash receipts during FY 2005 and FY 2006 by major category. Total receipts were \$27 million less in the Q2 of FY 2006 than in the Q2 of FY 2005. Declines in miscellaneous revenue and intergovernmental aid were mostly offset by growth in tax receipts. Table 7 and Chart 3 display the five year trend in Q2 receipts for these categories.

Table 6. Q2 Cash Receipts by Category FY 2005 and FY 2006

(\$ in millions)

Receipts	Oct. 2004	Nov. 2004	Dec. 2004	Q2 05 Total	Oct. 2005	Nov. 2005	Dec. 2005	Q2 06 Total	Diff. Q2 Total FY 05/06
Real Property Tax	\$ 307	\$ 65	\$1,855	\$ 2,227	\$ 341	\$ 79	\$3,268	\$ 3,688	\$1,461
Other Taxes	1,270	1,130	2,595	4,995	1,272	1,317	2,848	5,437	442
Federal and State Aid	805	680	1,344	2,829	895	564	1,107	2,566	(263)
Less: Debt Funding	(249)	(63)	(113)	(425)	(0)	(1)	(0)	(1)	424
Miscellaneous	281	1,775	355	2,411	330	440	342	1,112	(1,299)
Intergovernmental Aid	694	90	458	1,242	70	72	241	383	(859)
Other ^a	451	531	1,230	2,212	598	822	859	2,279	67
Total	\$3,559	\$4,208	\$7,724	\$15,491	\$3,506	\$3,293	\$8,665	\$15,464	\$ (27)

a. Other receipts include capital proceeds transfers of \$124 million in October 2004, \$322 million in November 2004, \$927 million in December 2004, \$292 million in October 2005, \$408 million in November 2005, and \$497 million in December 2005.

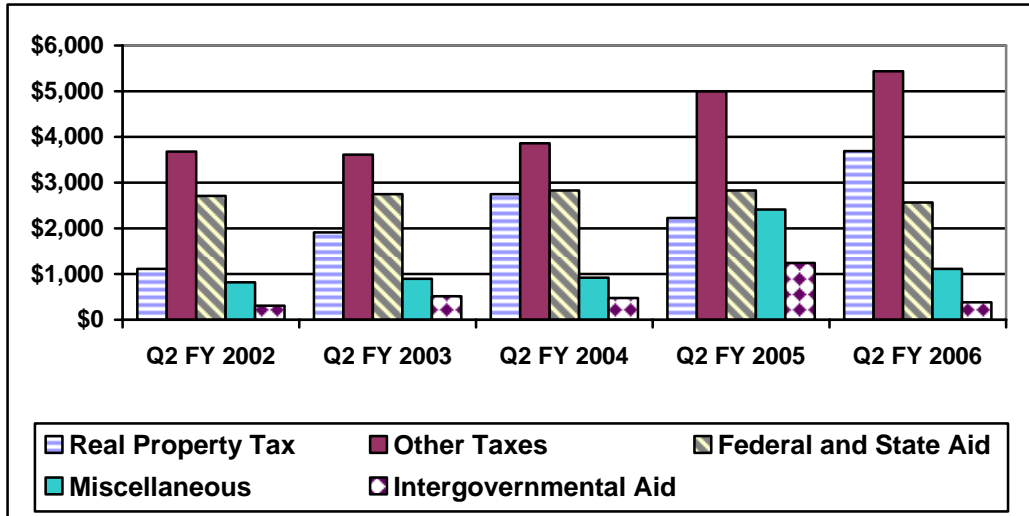
Table 7. Q2 Five Year Trend by Cash Receipt Category

(\$ in millions)

	Q2 FY 2002	Q2 FY 2003	Q2 FY 2004	Q2 FY 2005	Q2 FY 2006
Real Property Tax	\$ 1,112	\$ 1,912	\$ 2,749	\$ 2,227	\$ 3,688
Other Taxes	3,679	3,611	3,861	4,995	5,437
Federal and State Aid	2,711	2,748	2,830	2,829	2,566
Less: Debt Funding	(65)	(216)	(185)	(425)	(1)
Miscellaneous	818	897	922	2,411	1,112
Intergovernmental Aid	308	516	477	1,242	383
Other	3,657	3,162	3,342	2,212	2,279
Total	\$12,220	\$12,630	\$13,996	\$15,491	\$15,464

Chart 3. Q2 Five Year Trend by Cash Receipt Category

(\$ in millions)



Tax receipts⁴ totaled \$9.125 billion during the Q2 of FY 2006. This was 26 percent greater than the \$7.222 billion in tax receipts during the Q2 of FY 2005.

Real property tax collections of \$3.688 billion during the Q2 of FY 2006 were 40 percent of total tax receipts and accounted for 77 percent of the \$1.903 billion increase in total taxes compared with the Q2 of FY 2005. Real property tax collections include tax lien sales of \$3 million during the Q2 of FY 2005 and \$20 million during the Q2 of FY 2006. The large growth over FY 2005 occurred in December when collections increased by \$1.413 billion during FY 2006. This is primarily due to the timing in collections from taxpayers who are prepaying their January tax bills.

4. In this report, tax cash receipts, with the exception of personal income tax, are gross of refunds. Real property tax and PIT are gross of any debt funding. In October 2004, debt funding of \$249 million was withheld from real property tax and in November 2005, \$1 million was withheld. In November and December 2004, PIT debt funding totaled \$176 million. Sales tax includes the State distribution, the local share, and interest income less debt funding, if any.

Tax collections, excluding real property tax, were \$442 million greater during the Q2 of FY 2006 than during the Q2 of FY 2005. During October-December 2005, personal income tax (PIT) was \$257 million greater, general corporation tax (GCT) was \$16 million less, unincorporated business tax (UBT) was \$26 million greater, and financial corporation tax (FCT) was \$78 million greater than during October-December 2004. The City received School Tax Relief (STAR) aid of \$410 million in the Q2 of FY 2005 and \$364 million in the Q2 of FY 2006.

Federal aid totaled \$1.230 billion and State aid totaled \$1.336 billion during the Q2 of FY 2006, compared with \$1.130 billion in Federal aid and \$1.699 billion in State aid in the same period in FY 2005. NYS Education aid of \$641 million accounted for 38 percent of State aid in the Q2 of FY 2005, and during the Q2 of FY 2006, \$685 million in NYS Education aid was 51 percent of State aid.

Miscellaneous revenue declined by \$1.299 billion during October-December 2005 compared with October-December 2004. One-time receipts from airport rental of \$782 million and Municipal Assistance Corporation (MAC) debt funding reimbursement of \$631 million were received in the Q2 of FY 2005. In the Q2 of FY 2006, \$49 million was received as a result of the return of funds held in escrow for debt service.

Intergovernmental aid decreased by \$859 million during the Q2 of FY 2006 from the Q2 of FY 2005. Intergovernmental Transfers (IGTs) from the Health and Hospitals Corporation (HHC) were \$863 million less, NYS Revenue Sharing was \$4 million less, and Long-Term Care was \$8 million greater.

Table 8 shows the major monthly cash sources during the Q2 of FY 2006.

Table 8. Q2 Major Cash Sources FY 2006

(\$ in millions)

October 2005		November 2005		December 2005	
Sales Tax	\$470	Personal Income Tax	\$536	Real Property Tax	\$3,267
Personal Income Tax	375	Sales Tax	303	Personal Income Tax	856
Real Property Tax	332	Federal Welfare	163	NYS Education	537
Federal Welfare	281	STAR	119	Sales Tax	493
NYS Higher Education	225	NYS Welfare	104	General Corporation Tax	459
NYS Welfare	114	NYS Education	79	STAR	245
Health Settlements	107	Long-Term Care	72	NYS Revenue Sharing	241
Federal Education	88	Real Property Tax	69	Financial Corporation Tax	197
Long-Term Care	70	Licenses, etc.	63	Federal Welfare	193
NYS Education	69	Water and Sewer Fees	62	Federal Education	119
General Corporation Tax	63	Fines and Forfeitures	61	Unincorporated Business Tax	105
Fines and Forfeitures	61	Federal Education	54	Commercial Rent Tax	105
Water and Sewer Fees	60	General Corporation Tax	54	NYS Welfare	101
Tax Lien Sales	9	Return of Escrow	49	Hotel Tax	83
		Tax Lien Sales	10	Fines and Forfeitures	58
				Community College Fees	56
				Health Settlements	52
				Water and Sewer Fees	49
				Tax Lien Sales	1

Table 9 portrays the five year trend for selected cash receipts during the second quarters of FY 2002-FY 2006. During FY 2002-FY 2004, the City issued short-term notes for seasonal financing needs of \$1.5 billion in each year. In FY 2003, real property tax replaced PIT as the leading cash source other than notes.

Table 9. Q2 Five Year Trend for Selected Cash Receipts

(\$ in millions)

	Q2 FY 2002	Q2 FY 2003	Q2 FY 2004	Q2 FY 2005	Q2 FY 2006
Short-Term Notes	\$1,506	\$1,514	\$1,519	\$ 0	\$ 0
Personal Income Tax	1,303	1,095	1,266	1,510	1,767
Real Property Tax ^a	1,112	1,912	2,749	2,227	3,688
Sales Tax	995	961	1,015	1,249	1,266
NYS Education	748	612	1,032	642	685
General Corporation Tax	518	409	479	591	576
Federal Welfare	421	747	565	544	637
NYS Welfare	418	469	413	600	319
FEMA	251	108	17	1,002 ^b	0
NYS Higher Education	182	273	172	197	225
NYS Revenue Sharing	166	166	25	245	241
Financial Corporation Tax	144	117	166	147	225
Unincorporated Business Tax	130	93	116	123	149
Commercial Rent Tax	123	100	113	119	116
Federal Education	120	64	136	321	261
Fines and Forfeitures	118	134	175	206	180
Intergovernmental Transfers	83	288	119	863	0
Long-Term Care	0	61	131	134	142
Water and Sewer Fees	111	146	149	139	171
STAR	80	292	137	410	364
Land Fill Costs	0	90	0	0	0
Municipal Bond Bank	0	0	431	0	0
Tobacco Settlement	0	90	0	0	0
Airport Rent	0	0	0	782	0
MAC Reimbursement	0	0	0	631	0
Return of Escrow	0	0	0	0	49

a. Includes tax lien sales

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

July-December 2005, First Half of FY 2006

Tables 10 and 11 and Chart 4 show the five year trends for cash receipts in the first halves of FY 2002-FY2006. The three highest sources of cash receipts, excluding any seasonal borrowing, were real property tax, PIT, and NYS Education aid. As a percentage of total receipts they were 22 percent, 9 percent, and 7 percent, respectively.

Table 10. H1 Five Year Trend Total and Average Daily Receipts

(\$ in millions)

	Total Receipts					Average Daily Receipts				
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Q1 Total	\$11,343	\$13,628	\$14,145	\$14,576	\$16,537	\$180	\$213	\$221	\$228	\$258
Q2 Total	12,220	12,630	13,996	15,491	15,464	200	207	229	258	258
H1 Total	\$23,563	\$26,258	\$28,141	\$30,067	\$32,001	\$190	\$210	\$225	\$242	\$258

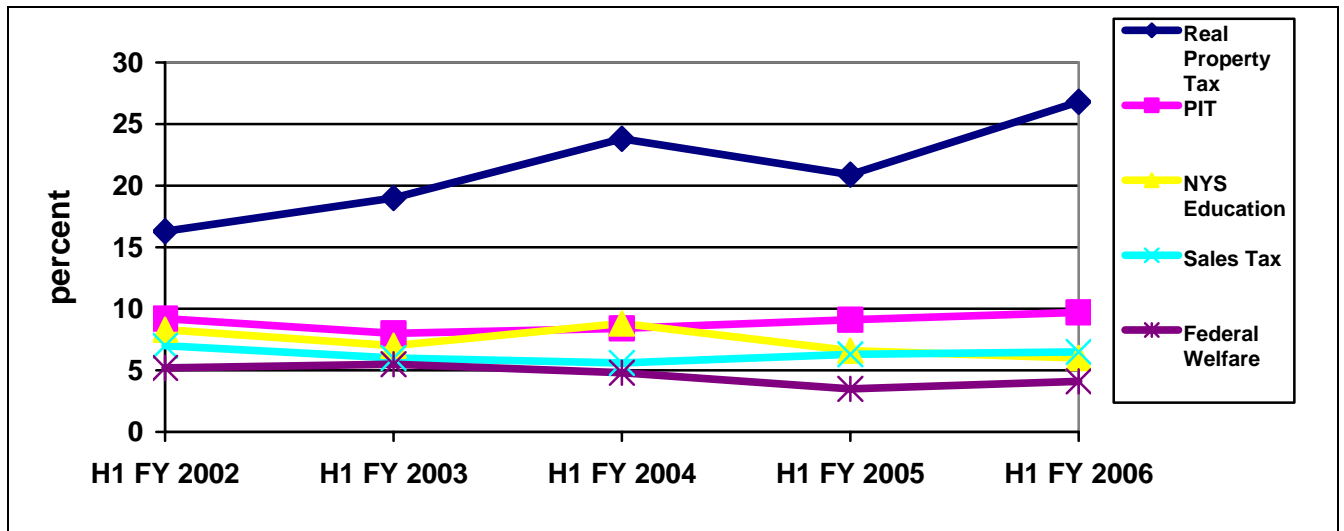
Table 11. H1 Five Year Total and Percent of Total Receipts for Selected Cash Receipts

(\$ in millions)

	H1 FY 2002	H1 FY 2003	H1 FY 2004	H1 FY 2005	H1 FY 2006	Percent of Total H1 Receipts FY 2002 - FY 2006
Real Property Tax ^a	\$3,840	\$4,990	\$6,703	\$6,284	\$8,578	22%
Personal Income Tax	2,164	2,100	2,360	2,743	3,118	9
NYS Education	1,950	1,846	2,466	1,985	1,906	7
Sales Tax	1,650	1,582	1,583	1,907	2,092	6
Federal Welfare	1,226	1,450	1,345	1,063	1,302	5
General Corporation Tax	885	794	942	1,067	1,200	3
NYS Welfare	667	842	966	1,134	737	3
Water and Sewer Fees	446	534	505	541	595	2
Unincorporated Bus. Tax	277	279	310	333	410	1
STAR	267	472	317	597	562	2

a. Includes tax lien sales

Chart 4. H1 Five Year Trend for Selected Receipts as a Percent of Total Receipts



During the H1 of FY 2006, cash receipts, net of capital reimbursements, totaled \$29.331 billion and averaged \$237 million daily. Net cash receipts were \$27.428 billion and averaged \$221 million daily during the H1 of FY 2005. Table 12 depicts the difference between net cash receipts in the first halves of FY 2005 and FY 2006.

Table 12. Cash Receipts (net of capital reimbursements) FY 2005 and FY 2006

(\$ in millions)

	FY 2005	FY 2006	Diff. FY 2005/ FY 2006
July	\$ 5,667	\$ 6,478	\$ 811
August	2,717	2,954	237
September	4,926	5,632	706
Q1 Total	13,310	15,064	1,754
October	3,435	3,214	(221)
November	3,886	2,885	(1,001)
December	6,797	8,168	1,371
Q2 Total	14,118	14,267	149
H1 Total	\$27,428	\$29,331	\$1,903

C. CASH EXPENDITURES

October-December 2005, Second Quarter of FY 2006

Cash expenditures, including capital, totaled \$15.015 billion during the Q2 of FY 2006 and averaged \$250 million daily. As shown in Table 13, total expenditures and average daily expenditures in FY 2006 were the highest in the past five years.

Table 13. Q2 Five Year Trend Total and Average Daily Cash Expenditures

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
October	\$ 4,358	\$ 4,109	\$ 3,756	\$ 4,695	\$ 4,669	\$198	\$187	\$171	\$235	\$233
November	3,547	4,587	4,190	4,587	5,025	187	255	246	241	265
December	4,556	4,210	4,446	5,160	5,321	228	201	202	246	253
Q2Total	\$12,461	\$12,906	\$12,392	\$14,442	\$15,015	\$204	\$212	\$203	\$241	\$250

Table 14 indicates monthly expenditures in major categories during the second quarters of FY 2005 and FY 2006.

Table 14. Q2 Cash Expenditures by Category FY 2005 and FY 2006

(\$ in millions)

Expenditures	Oct. 2004	Nov. 2004	Dec. 2004	Q2 05 Total	Oct. 2005	Nov. 2005	Dec. 2005	Q2 06 Total	Diff Q2 Total FY 05/06
Gross Payroll	\$1,483	\$1,481	\$1,791	\$ 4,755	\$1,537	\$1,449	\$2,411	\$ 5,397	\$642
Other Personal Services	570	745	667	1,982	764	769	850	2,383	401
Public Assistance	189	196	207	592	194	181	228	603	11
Medical Assistance (excluding HHC)	351	394	338	1,083	442	371	270	1,083	0
Other Social Services	161	165	178	504	150	148	160	458	(46)
Vendor and Other Payments	827	921	924	2,672	963	973	970	2,906	234
All Other, including Capital ^a	1,114	685	1,055	2,854	619	1,134	432	2,185	(669)
Total	\$4,695	\$4,587	\$5,160	\$14,442	\$4,669	\$5,025	\$5,321	\$15,015	\$573

a. Capital expenditures included in All Other are \$386 million in October 2004, \$335 million in November 2004, \$719 million in December 2004, \$298 million in October 2005, \$766 million in November 2005, and \$338 million in December 2005.

PS expenditures are comprised primarily of gross payroll. PS totaled \$7.780 billion during October-December 2005, an increase of \$1.043 billion over the \$6.737 billion in PS expenditures during October-December 2004. The Q2 of FY 2006 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. December 2004 and 2005 included uniform allowances of \$60 million and \$59 million.

Other Than Personal Service (OTPS) expenditures for public assistance, medical assistance, other social services, and vendor and other payments totaled \$5.050 billion in the Q2 of FY 2006, and \$4.851 billion in the Q2 of FY 2005. All Other expenditures include \$184 million in tax refunds during the Q2 of FY 2006, and \$260 million during the Q2 of FY 2005.

Table 15 and Chart 5 show the five year trend in PS and major OTPS expenditures during the second quarters of FY 2002-FY 2006. PS expenditures have increased faster than OTPS growing 34 percent over the period, while in the same time frame OTPS grew 18 percent.

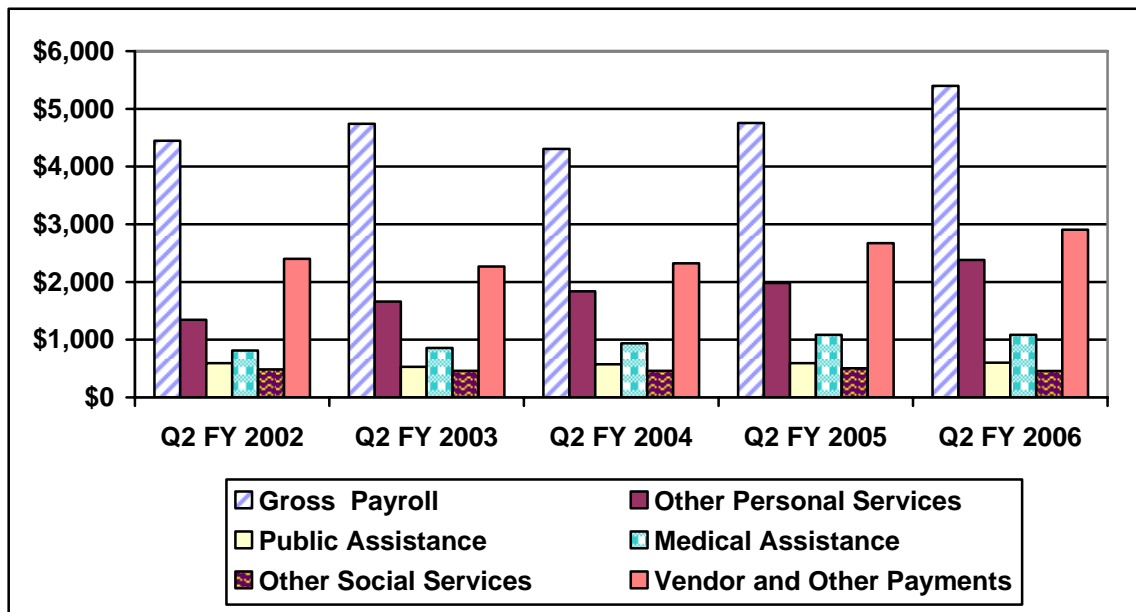
Table 15. Q2 Five Year Trend by Cash Expenditure Category

(\$ in millions)

	Q2 FY 2002	Q2 FY 2003	Q2 FY 2004	Q2 FY 2005	Q2 FY 2006
Gross Payroll	\$4,446	\$4,741	\$4,307	\$4,755	\$5,397
Other Personal Services	1,346	1,662	1,839	1,982	2,383
Total PS	\$5,792	\$6,403	\$6,146	\$6,737	\$7,780
Public Assistance	593	529	573	592	603
Medical Assistance	811	858	936	1,083	1,083
Other Social Services	486	460	459	504	458
Vendor and Other Payments	2,400	2,269	2,323	2,672	2,906
Total OTPS	\$4,290	\$4,116	\$4,291	\$4,851	\$5,050

Chart 5. Q2 Five Year Trend by Cash Expenditure Category

(\$ in millions)



July-December 2005, First Half of FY 2006

Table 16 shows cash expenditures in the first six months of the five fiscal years FY 2002-FY 2006. Total expenditures grew 25 percent over the past five years. Table 17 and Chart 6 show the five year trend in expenditures for PS and OTPS. PS totaling \$68.087 billion increased 27 percent between FY 2002 and FY 2006 and accounted for 49 percent of the total five years' expenditures. OTPS increased 22 percent over the last five years and were 34 percent of the five years' total expenditures.

Table 16. H1 Five Year Trend Total and Average Daily Cash Expenditures

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Q1 Total	\$12,400	\$15,066	\$14,109	\$14,874	\$16,071	\$197	\$235	\$220	\$232	\$251
Q2 Total	12,461	12,906	12,392	14,442	15,015	204	212	203	241	250
H1 Total	\$24,861	\$27,972	\$26,501	\$29,316	\$31,086	\$200	\$224	\$212	\$236	\$251

Table 17. H1 Five Year Trend in PS and OTPS Cash Expenditures

(\$ in millions)

	H1 FY 2002	H1 FY 2003	H1 FY 2004	H1 FY 2005	H1 FY 2006	Percent of Total H1 Expenditures FY 2002-FY 2006
PS	\$12,288	\$13,690	\$12,758	\$13,742	\$15,609	49%
OTPS	8,630	8,870	8,967	10,132	10,544	34

Chart 6. H1 Five Year Trend in PS and OTPS Cash Expenditures

(\$ in millions)

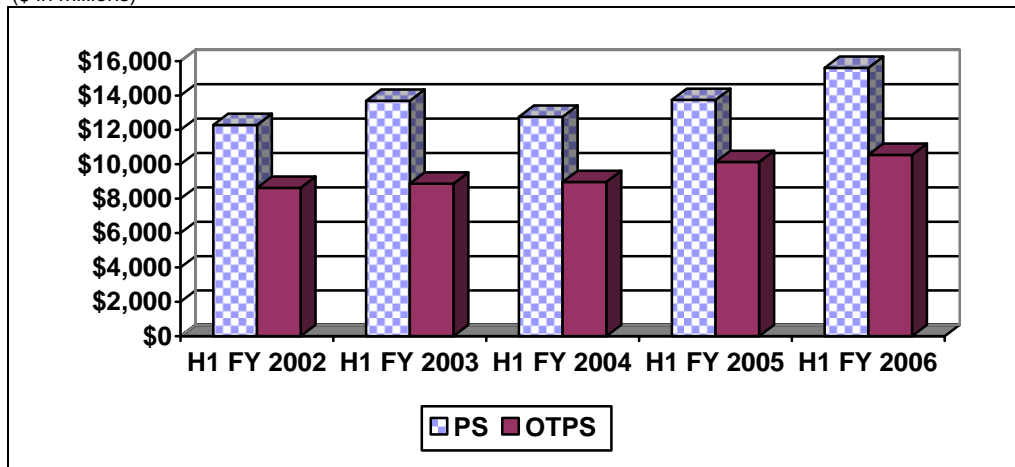


Table 18 compares expenditures, net of capital expenditures, during the first six months in FY 2005 and FY 2006. Expenditures, net of capital, totaled \$1.541 billion more during the H1 of FY 2006 than in the H1 of FY 2005.

Table 18. Cash Expenditures (net of capital expenditures) FY 2005 and FY 2006

(\$ in millions)

	FY 2005	FY 2006	Diff. FY 2005/ FY 2006
July	\$ 5,201	\$ 5,302	\$ 101
August	4,232	4,762	530
September	3,978	4,277	299
Q1 Total	13,411	14,341	930
October	4,309	4,371	62
November	4,252	4,259	7
December	4,441	4,983	542
Q2 Total	13,002	13,613	611
H1 Total	\$26,413	\$27,954	\$1,541

II. Capital Expenditures

Total capital expenditures, including City-funded capital expenditures, were \$1.402 billion, or 9 percent of all expenditures, during the Q2 of FY 2006. In the first six months of FY 2006, total capital expenditures were 10 percent of the City's total expenditures. Table 19 compares capital expenditures in FY 2005 and FY 2006.

Table 19. Capital Expenditures FY 2005 and FY 2006

(\$ in millions)

	FY 2005		FY 2006		Diff. FY 2005/FY 2006	
	Total Capital	City-funded Capital	Total Capital	City-funded Capital	Total Capital	City-funded Capital
July	\$ 380	\$ 345	\$ 680	\$ 650	\$300	\$305
August	392	356	394	357	2	1
September	690	648	656	605	(34)	(43)
Q1 Total	1,462	1,349	1,730	1,612	268	263
October	386	345	298	270	(88)	(75)
November	335	309	766	711	431	402
December	719	667	338	303	(381)	(364)
Q2 Total	1,440	1,321	1,402	1,284	(38)	(37)
H1 Total	\$2,902	\$2,670	\$3,132	\$2,896	\$230	\$226

October-December 2005, Second Quarter of FY 2006

Tables 20 and 21 show the five year trends for total and City-funded capital expenditures and average daily capital expenditures during each month in the second quarters of FY 2002-FY 2006.

Table 20. Q2 Five Year Trend Total Capital Expenditures and Average Daily Total Capital Expenditures

(\$ in millions)

	Total Capital Expenditures					Average Daily Total Capital Expenditures				
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
October	\$ 604	\$ 427	\$ 354	\$ 386	\$ 298	\$27	\$19	\$16	\$19	\$15
November	259	616	620	335	766	14	34	36	18	40
December	680	314	323	719	338	34	15	15	34	16
Q2 Total	\$1,543	\$1,357	\$1,297	\$1,440	\$1,402	\$25	\$22	\$21	\$24	\$23

Table 21. Q2 Five Year Trend City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures

(\$ in millions)

	City-funded Capital Expenditures					Average Daily City-funded Capital Expenditures				
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
October	\$ 582	\$ 392	\$ 326	\$ 345	\$ 270	\$26	\$18	\$15	\$17	\$14
November	240	579	535	309	711	13	32	31	16	37
December	645	283	291	667	303	32	13	13	32	14
Q2 Total	\$1,467	\$1,254	\$1,152	\$1,321	\$1,284	\$24	\$21	\$19	\$22	\$21

Capital (mostly City-funded) expenditures include payments to the School Construction Authority (SCA). During the second quarters of FY 2002, FY 2003, FY 2004, FY 2005, and FY 2006 the payments to the SCA were \$600 million, \$300 million, \$300 million (\$249 million was City-funded), \$300 million (\$297 million was City-funded), and \$400 million, respectively.

City-funded capital expenditures are primarily financed from the proceeds of GO and Water and Sewer debt, and are initially paid from the City's Central Treasury. Table 22 shows the reimbursements during October-December 2005 to the Central Treasury from the proceeds of these financings. Total reimbursements for the quarter were \$1.197 billion. GO bond proceeds provided \$836 million and water and sewer financings provided \$361 million in funding.

Table 22. Q2 Reimbursements to the Central Treasury from Capital Proceeds FY 2006

(\$ in millions)

	October 2005	November 2005	December 2005	Total
General Obligation	\$292	\$ 47	\$497	\$ 836
Water and Sewer	0	361	0	361
Tobacco Settlement (TIFIA)	0	0	0	0
Other	0	0	0	0
Total	\$292	\$408	\$497	\$1,197

Table 23 and Chart 7 show the reimbursements during the second quarters of the last five years. In the five year time frame, GO debt provided 60 percent and water and sewer debt 23 percent of the reimbursement of capital expenditures during the Q2. During the last two years, the NYCTFA was not a source of capital project funding.

Table 23. Q2 Five Year Trend in Reimbursements to the Central Treasury

(\$ in millions)

	Q2 FY 2002	Q2 FY 2003	Q2 FY 2004	Q2 FY 2005	Q2 FY 2006	Total Q2 FY 2002- FY 2006
General Obligation	\$ 962	\$ 22	\$ 765	\$1,032	\$ 836	\$3,617
Water and Sewer	225	192	265	328	361	1,371
NYCTFA	249	515	53	0	0	817
Other	56	153	24	13	0	246
Total	\$1,492	\$882	\$1,107	\$1,373	\$1,197	\$6,051

Chart 7. Q2 Five Year Trend in Reimbursements to the Central Treasury

(\$ in millions)

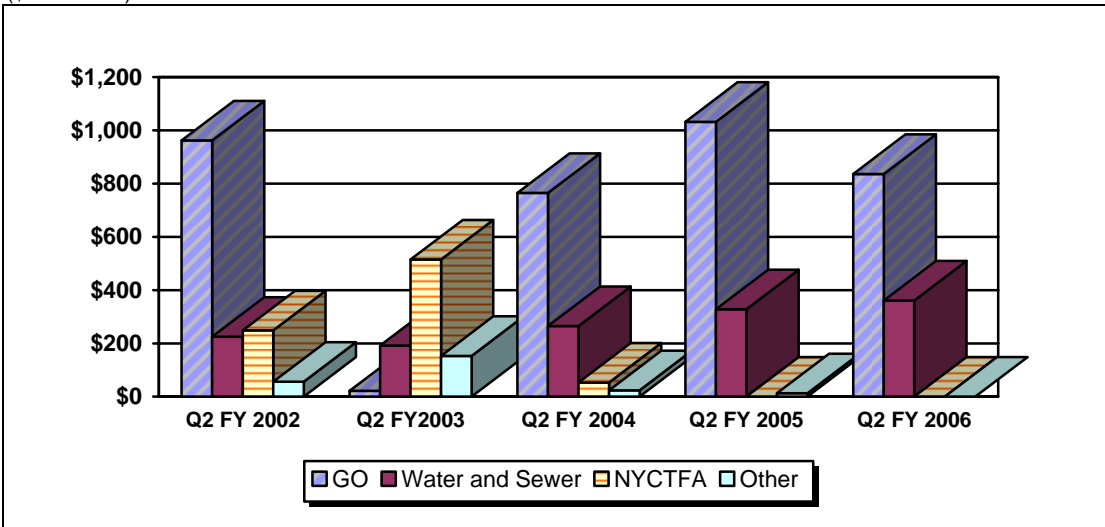
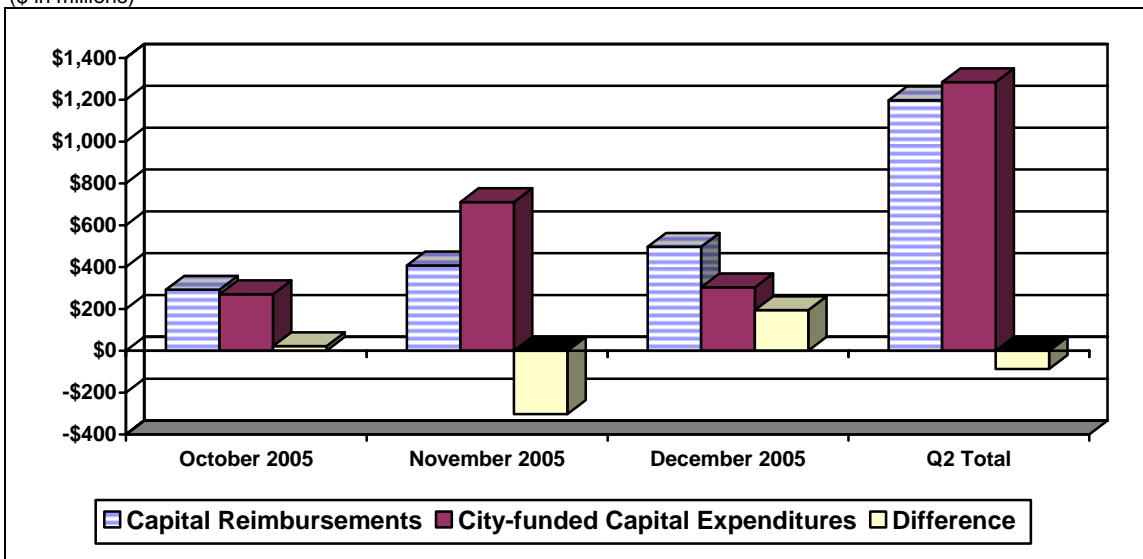


Chart 8 displays reimbursements compared with City-funded capital expenditures during October-December 2005. During the Q2 of FY 2006, City-funded capital expenditures exceeded reimbursements, decreasing the City's cash balances by \$87 million.

Chart 8. Q2 Capital Reimbursements Compared to City-Funded Capital Expenditures FY 2006

(\$ in millions)



July-December 2005, First Half of FY 2006

The H1 of FY 2006 had the highest level of total and City-funded capital expenditures in the past five years. Tables 24 and 25 show the five year trends for the first halves of FY 2002-FY 2006. Capital expenditures included \$900 million, \$825 million, \$600 million, \$600 million, and \$1 billion in payments to the SCA in July-December of FY 2002, FY 2003, FY 2004, FY 2005, and FY 2006.

Table 24. H1 Five Year Trend Total Capital Expenditures and Average Daily Total Capital Expenditures

(\$ in millions)

	Total Capital Expenditures					Average Daily Total Capital Expenditures				
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Q1 Total	\$1,148	\$1,550	\$1,264	\$1,462	\$1,730	\$18	\$24	\$20	\$23	\$27
Q2 Total	1,543	1,357	1,297	1,440	1,402	25	22	21	24	23
H1 Total	\$2,691	\$2,907	\$2,561	\$2,902	\$3,132	\$22	\$23	\$20	\$23	\$25

Table 25. H1 Five Year Trend City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures

(\$ in millions)

	City-funded Capital Expenditures					Average Daily City-funded Capital Expenditures				
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Q1 Total	\$1,077	\$1,467	\$1,174	\$1,349	\$1,612	\$17	\$23	\$18	\$21	\$25
Q2 Total	1,467	1,254	1,152	1,321	1,284	24	21	19	22	21
H1 Total	\$2,544	\$2,721	\$2,326	\$2,670	\$2,896	\$21	\$22	\$19	\$22	\$23

Table 26 shows reimbursements totaling \$11.593 billion to the City's Central Treasury during the H1 of the last five fiscal years for capital expenditures.

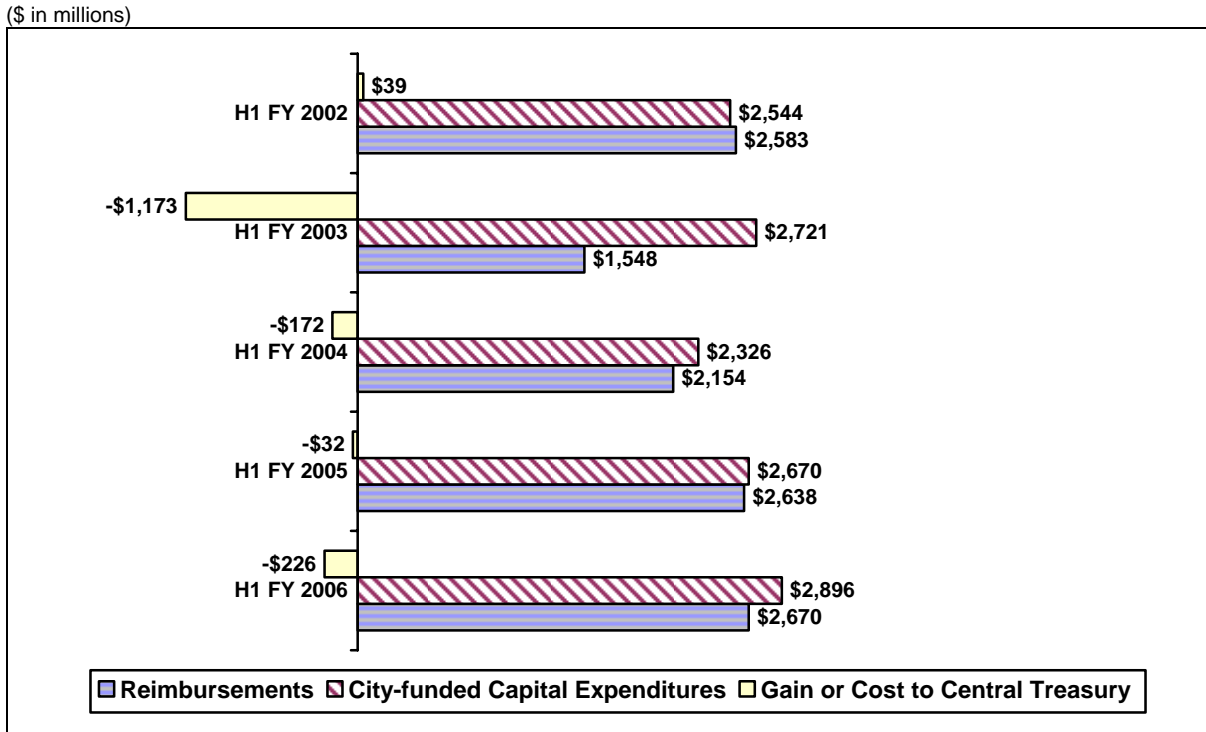
Table 26. H1 Five Year Trend in Reimbursements to the Central Treasury

(\$ in millions)

	H1 FY 2002	H1 FY 2003	H1 FY 2004	H1 FY 2005	H1 FY 2006
General Obligation	\$1,057	\$ 227	\$1,252	\$1,809	\$2,066
Water and Sewer	441	503	589	798	604
NYCTFA	1,013	516	281	0	0
Other	72	302	32	31	0
Total	\$2,583	\$1,548	\$2,154	\$2,638	\$2,670

Chart 9 compares the five years of reimbursements to City-funded capital expenditures, as shown in tables 25 and 26 above, during the same time period. City-funded expenditures of \$13.157 billion exceeded reimbursements in the five year period, which resulted in a \$1.564 billion drain of cash.

Chart 9. H1 Five Year Trend in Reimbursements Compared to City-funded Capital Expenditures



III. Financing

During the Q2 of FY 2006, the City issued \$850 million in GO bonds. Table 27 shows GO debt issuances in the first halves of FY 2005 and FY 2006. Total GO bonds sold declined by \$620 million in the H1 of FY 2006 compared with the H1 of FY 2005.

Table 27. GO Bond Issues FY 2005 and FY 2006

(\$ in millions)

	FY 2005			FY 2006		
	Tax-Exempt	Taxable	Total	Tax-Exempt	Taxable	Total
July	\$ 551	\$ 36	\$ 587	\$ 0	\$ 0	\$ 0
August	650	80	730	1,397	70	1,467
September	0	0	0	750	40	790
Q1 Total	\$1,201	\$116	\$1,317	\$2,147	\$110	\$2,257
October	0	0	0	0	0	0
November	1,162	100	1,262	0	0	0
December	1,148	0	1,148	850	0	850
Q2 Total	2,310	100	2,410	850	0	850
H1 Total	\$3,511	\$216	\$3,727	\$2,997	\$110	\$3,107

Purposes of GO Debt Issuances

The proceeds from the \$850 million in GO bonds issued in the Q2 of FY 2006 refunded outstanding debt, providing \$78 million in budget savings over the life of the bonds.⁵ Chart 10 shows the amount of GO proceeds which funded the capital program and the level of refundings in the first halves of FY 2005 and FY 2006. In the H1 of FY 2005, 52 percent of the proceeds were for capital needs compared with 54 percent in the H1 of FY 2006.

Chart 10. H1 Purposes of GO Debt FY 2005 and FY 2006

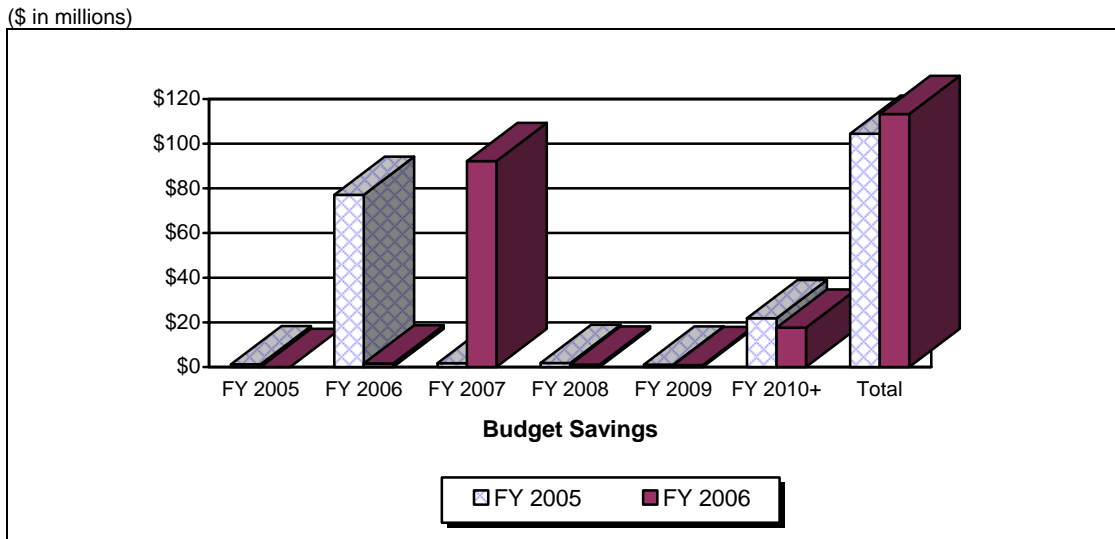
(\$ in millions)



5. The City made an equity payment of \$810,000.

Chart 11 compares the budget savings over the life of the GO refunding issuances in the first halves of FY 2005 and FY 2006. Budget savings over the life of the bonds total \$105 million from the sales in the H1 of FY 2005 and \$113 million in the H1 of FY 2006. The sales in FY 2005 yielded the greatest savings in FY 2006 of \$77 million. The bonds in FY 2006 yield \$92 million of savings in FY 2007.

Chart 11. H1 Net GO Debt Budget Savings From Refundings FY 2005 and FY 2006



New York City Transitional Finance Authority

The New York City Transitional Finance Authority sold \$597 million of revenue bonds in November 2005 to refund outstanding debt. The budget savings over the life of the bonds are \$32 million.