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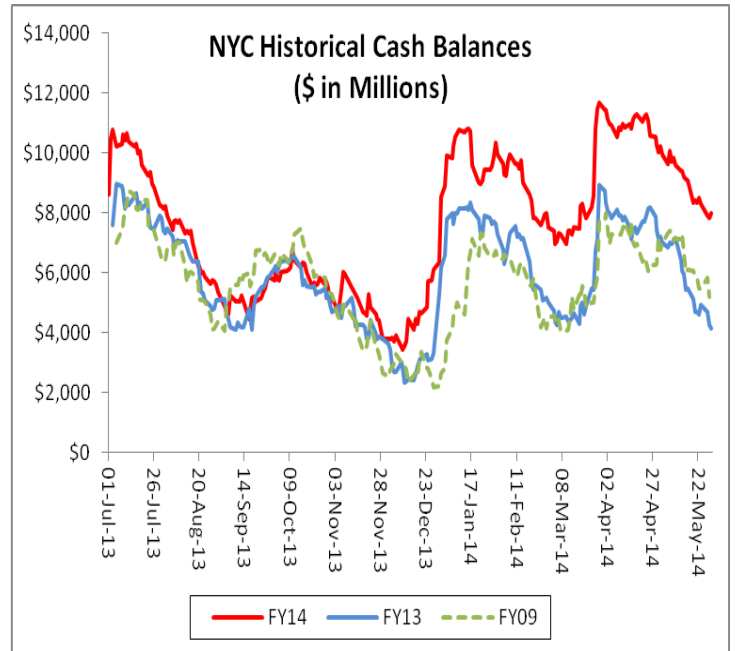
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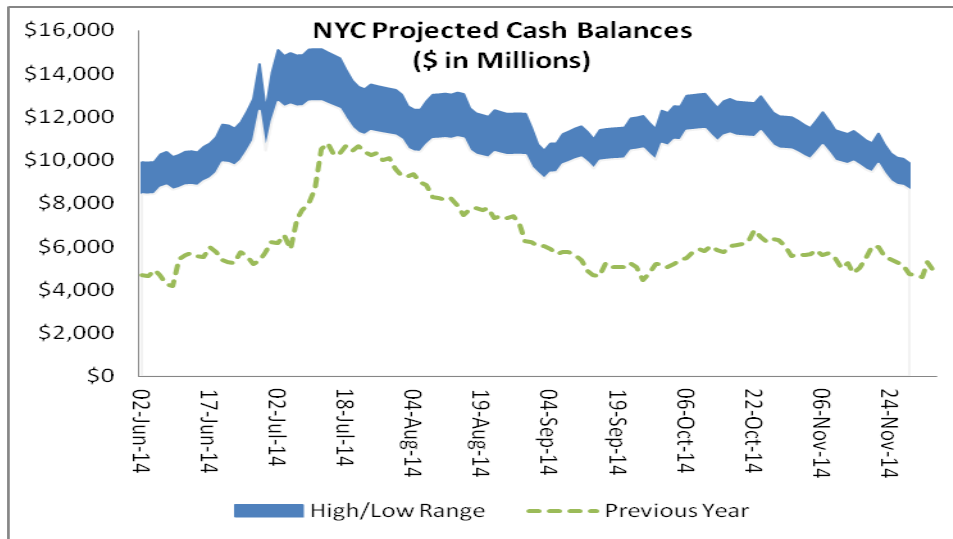
To: Distribution
From: Irina Livshits, Division Chief, Financial Analysis
Subject: NYC Cash Balance Projection (June 2014 - November 2014)
Date: June 2, 2014

On December, 2013 (at the end of the 2Q14), the City recorded an unrestricted cash balance of \$8.537 billion, exceeding the year-ago figure by \$2.341 billion. This was the highest 2Q close on record. Since then, the gap between FY13 and FY14 balances remained high. As of May 29, 2014 the New York City unrestricted cash balance stands at \$8.009 billion, compared to \$4.152 billion on May 29, 2013. At \$7.685 billion, the fiscal year-to-date average balance exceeds the year-ago mark by 28%. During the first three quarters of FY 2014, receipts rose 6.5%, outpacing the growth in expenditures, which rose 5%. Total tax inflow increased 8.9% versus year-ago, reflecting the strength in NYC economy. The fastest growing tax categories were mortgage and real property transfer taxes (up 28.6%), general corporation tax (up 13.2%), and personal income tax (up 10.0%).



This year's balances also benefited from the higher prepayment of debt at the end of FY13. This year the prepayment satisfied the FY14 GO debt service retention requirement through December 2013. By contrast, last year's real property tax (GO) retention reduced July-December 2012 balances by \$1.3 billion. March 2014, the combined debt service funding (real estate tax retention and PIT retention) fell by \$793 million, compared to the same period last year.

The main message of the new projection is that balances will continue to be very strong. The forecast that follows incorporates guidance from the recently released Executive Budget and outlines expected cash (book) balances in the New York City Treasury from June 1, 2014 to November 30, 2014. It presents our first look into FY15, which begins on July 1.



Our projection indicates a fiscal year-end (June 30, 2014) closing balance in the range of \$12.3 to \$10.4 billion, compared to \$7.9 billion last year. We caution, however, that the fiscal year-end is the single most difficult day of the year to predict. Certain year-end disbursement item amounts are still not finalized.

The biggest uncertainty to the cash balance projection pose a tentative agreement with the UFT and unsettled labor agreements with other municipal unions. The City recently reached a tentative agreement with the UFT on a nine-year labor contract covering the period from November 1, 2009 to October 31, 2018. Under the tentative agreement, UFT members will receive two four percent wage increases that were awarded to other municipal employees in the 2008-2010 round of collective bargaining. The two four percent wage increases will be granted in 2 percent increments from 2015 to 2018, additional UFT members will receive future lump sum payments calculated based on the salary and wages they did not receive in the old round. For the current round 2011-2018, the teachers will get a cumulative ten percent raise, in a series of increases, from 2013 through 2018. Lastly, members who are on payroll on the date of contract ratification will receive a \$1,000 ratification bonus. The City assumes that the economic substance of the UFT tentative agreement will apply to all municipal labor unions that did not reach an agreement with the City in the 2008-2010 round of collective bargaining. For those municipal labor unions which settled with the City in the 2008-2010 round of collective bargaining, the City assumes that the current round of collective bargaining will be patterned after the 10% increases from the latter seven years of the tentative agreement with the UFT.

The projection assumes that the City will pay out \$1,000 ratification bonuses and the retroactive payments for May 1, 2013 and May 1, 2014 one percent annual raises before June 30, 2014. The total cost to the City is estimated at \$250 million. The projection also assumes that the City will pay out lump sum retroactive payments to the retired members of the UFT on August 29, 2014. The cost of these retroactive payments is estimated at \$180 million. These two payments pose no concern from a cash flow perspective.

This forecast extends only through the end of November, and the likelihood of any substantial labor-related cash impact within this window is small. However, the dialogue between the City and the various unions is ongoing, and it is not entirely inconceivable that additional settlement payments could emerge.

Projection details are contained in the following pages of this document. Our next Cash Letter is scheduled for publication in September, unless projection revisions are required sooner.

For a complete discussion of NYC cash flows, please visit our Quarterly Cash Report at <http://comptroller.nyc.gov/reports/cash-reports/>.

**NYC Projected Cash Balances
(\$ Millions)**

	<u>High</u>	<u>Low</u>	<u>Baseline</u>
02-Jun-14	9896	8413	9154
03-Jun-14	9888	8406	9147
04-Jun-14	9908	8423	9166
05-Jun-14	10265	8727	9496
06-Jun-14	10377	8821	9599
09-Jun-14	10142	8622	9382
10-Jun-14	10236	8702	9469
11-Jun-14	10383	8827	9605
12-Jun-14	10406	8847	9627
13-Jun-14	10354	8803	9579
16-Jun-14	10614	9023	9819
17-Jun-14	10769	9155	9962
18-Jun-14	11052	9396	10224
19-Jun-14	11640	9896	10768
20-Jun-14	11601	9862	10731
23-Jun-14	11456	9739	10597
24-Jun-14	11744	9984	10864
25-Jun-14	12247	10412	11329
26-Jun-14	12823	10901	11862
27-Jun-14	14440	12276	13358
30-Jun-14	12275	10435	11355
01-Jul-14	14037	11797	12917
02-Jul-14	15094	12685	13890
03-Jul-14	14815	12451	13633
07-Jul-14	14952	12566	13759
08-Jul-14	14842	12473	13657
09-Jul-14	14854	12484	13669
10-Jul-14	15118	12706	13912
11-Jul-14	15132	12717	13925
14-Jul-14	15133	12718	13926
15-Jul-14	14986	12595	13790
16-Jul-14	14850	12480	13665
17-Jul-14	14710	12363	13537
18-Jul-14	14165	11905	13035
21-Jul-14	13674	11492	12583
22-Jul-14	13386	11250	12318
23-Jul-14	13273	11155	12214
24-Jul-14	13498	11344	12421
25-Jul-14	13423	11281	12352
28-Jul-14	13363	11230	12297
29-Jul-14	13303	11180	12242
30-Jul-14	13247	11133	12190
31-Jul-14	13028	10949	11989

	<u>High</u>	<u>Low</u>	<u>Baseline</u>
01-Aug-14	12486	10519	11503
04-Aug-14	12330	10388	11359
05-Aug-14	12324	10382	11353
06-Aug-14	12727	10722	11724
07-Aug-14	13020	10969	11995
08-Aug-14	13042	10987	12015
11-Aug-14	13073	11014	12043
12-Aug-14	13030	10977	12004
13-Aug-14	13123	11056	12090
14-Aug-14	13055	10999	12027
15-Aug-14	12392	10440	11416
18-Aug-14	12162	10246	11204
19-Aug-14	12082	10178	11130
20-Aug-14	12001	10111	11056
21-Aug-14	12308	10369	11339
22-Aug-14	12219	10294	11256
25-Aug-14	12138	10226	11182
26-Aug-14	12149	10235	11192
27-Aug-14	12154	10240	11197
28-Aug-14	12140	10227	11184
29-Aug-14	11468	9661	10565
02-Sep-14	10714	9379	10047
03-Sep-14	10432	9132	9782
04-Sep-14	10762	9420	10091
05-Sep-14	10773	9430	10102
08-Sep-14	11200	9804	10502
09-Sep-14	11322	9911	10617
10-Sep-14	11460	10032	10746
11-Sep-14	11562	10121	10841
12-Sep-14	11297	9889	10593
15-Sep-14	10963	9596	10280
16-Sep-14	11391	9971	10681
17-Sep-14	11432	10007	10720
18-Sep-14	11463	10034	10749
19-Sep-14	11482	10051	10766
22-Sep-14	11506	10072	10789
23-Sep-14	11930	10443	11187
24-Sep-14	11972	10480	11226
25-Sep-14	12038	10538	11288
26-Sep-14	11712	10252	10982
29-Sep-14	11434	10009	10721
30-Sep-14	12281	10750	11515

	<u>High</u>	<u>Low</u>	<u>Baseline</u>
01-Oct-14	12177	10660	11418
02-Oct-14	12492	10936	11714
03-Oct-14	12474	10919	11697
06-Oct-14	12976	11359	12168
07-Oct-14	13006	11385	12196
08-Oct-14	13041	11416	12228
09-Oct-14	13066	11438	12252
10-Oct-14	12718	11133	11925
14-Oct-14	12409	10863	11636
15-Oct-14	12721	11136	11928
16-Oct-14	12825	11227	12026
17-Oct-14	12706	11123	11915
20-Oct-14	12681	11101	11891
21-Oct-14	12657	11080	11869
22-Oct-14	12636	11062	11849
23-Oct-14	12953	11339	12146
24-Oct-14	12561	10996	11779
27-Oct-14	12190	10671	11431
28-Oct-14	12026	10528	11277
29-Oct-14	12005	10509	11257
30-Oct-14	11979	10486	11232
31-Oct-14	11819	10346	11083
03-Nov-14	11629	10180	10904
04-Nov-14	11477	10047	10762
05-Nov-14	11834	10359	11097
06-Nov-14	12217	10695	11456
07-Nov-14	11826	10352	11089
10-Nov-14	11387	9968	10678
12-Nov-14	11294	9887	10590
13-Nov-14	11206	9810	10508
14-Nov-14	11345	9931	10638
17-Nov-14	11136	9748	10442
18-Nov-14	10908	9549	10228
19-Nov-14	10778	9435	10106
20-Nov-14	11229	9830	10530
21-Nov-14	10711	9376	10043
24-Nov-14	10309	9024	9666
25-Nov-14	10113	8852	9483
26-Nov-14	10061	8807	9434
28-Nov-14	9858	8630	9244

NYC Cash Balance Monthly Detail
(\$ Millions)

	<u>Jun-14</u>	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Total</u>
Opening Balance	9256.91	11355.02	11988.93	10564.58	11515.38	11082.75	9256.91
Sales Tax	666.47	505.75	502.76	503.39	640.85	522.18	3341.40
Utility Tax	40.36	36.52	38.64	32.76	33.88	27.00	209.16
Commercial Rent Tax	165.79	16.72	10.71	169.89	11.44	7.20	381.75
Personal Income Tax	850.80	551.54	560.49	925.89	854.48	462.24	4205.44
General Corporation Tax	577.50	85.58	81.06	533.40	97.68	59.76	1434.98
Banking Tax	249.89	62.92	18.90	307.44	68.42	20.70	728.27
Unincorporated Business Tax	353.40	28.60	29.40	402.15	38.50	38.34	890.39
Real Property Tax	5517.70	4548.63	232.17	1220.70	546.32	121.99	12187.51
Other Taxes	1023.13	201.88	239.61	601.23	261.03	337.54	2664.42
Less Refunds All Taxes	-30.45	-76.12	-76.02	-76.02	-76.12	-75.96	-410.69
Total Taxes	9414.59	5962.02	1637.72	4620.83	2476.48	1520.99	25632.63
Federal Welfare	171.67	15.92	73.14	54.53	130.24	122.22	567.72
Federal Education	166.32	6.82	27.30	6.93	24.42	23.94	255.73
Federal Community Development	23.31	1.10	9.24	9.03	11.66	8.64	62.98
Federal Other	290.64	73.04	71.82	93.03	97.02	128.88	754.43
Total Federal Aid	651.94	96.88	181.50	163.52	263.34	283.68	1640.86
NYS Welfare	286.44	5.72	0.42	0.21	62.48	85.68	440.95
NYS Health	6.51	29.70	55.23	16.38	45.98	9.36	163.16
NYS Education	712.53	0.22	36.96	891.20	59.30	440.90	2141.11
NYS Higher Education	508.62	0.00	0.00	0.00	350.34	0.00	858.96
NYS Other	76.47	20.68	34.65	46.62	20.68	37.98	237.08
Total New York State Aid	1590.57	56.32	127.26	954.41	538.78	573.92	3841.26
NYS Revenue Sharing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Intergovernmental Aid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Intergovernmental	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water Board	0.00	434.94	138.81	84.63	105.16	146.16	909.70
Interest Income	1.68	1.76	1.68	1.68	1.76	1.80	10.36
Fines and Forfeitures	77.15	77.00	77.07	77.07	77.00	77.04	462.33
Miscellaneous Revenue	275.31	230.56	254.52	176.40	322.52	383.04	1642.35
Senior College Tuition and Fees	273.91	0.22	0.21	0.21	196.46	0.18	471.19
Capital Interest	0.00	0.04	0.03	0.08	0.08	0.00	0.23
Housing Revenue	3.36	3.30	3.36	3.36	3.30	3.24	19.92
Total Miscellaneous	631.41	747.82	475.68	343.43	706.28	611.46	3516.08
Prior Federal Aid	22.27	476.30	727.86	318.36	405.02	232.92	2182.73
Prior NYS Aid	55.44	258.06	544.53	292.32	200.86	79.56	1430.77
Total Federal And NYS Prior Aid	77.71	734.36	1272.39	610.68	605.88	312.48	3613.50
Balance Sheet Inflows	14.58	14.52	14.49	14.49	14.52	14.58	87.18
Federal/State Capital	75.21	76.12	76.23	76.23	76.12	76.14	456.05
Transfers from Capital Proceeds	600.00	601.37	617.66	728.38	816.00	929.00	4292.41
Payroll Taxes Inflows	146.96	158.09	188.60	138.76	145.84	145.85	924.10
Seasonal Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Inflow	334.54	441.32	441.42	441.42	441.32	441.36	2541.38
Total Other Inflows	1171.29	1291.42	1338.40	1399.28	1493.80	1606.93	8301.12
Total Inflows	13537.51	8888.82	5032.95	8092.15	6084.56	4909.46	46545.45

NYC Cash Balance Monthly Detail
(\$ Millions)

	<u>Jun-14</u>	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Total</u>
Payroll	1507.40	1301.74	1806.44	1241.25	1245.18	1261.96	8363.97
Pensions	844.40	723.04	683.20	688.00	687.06	685.53	4311.23
Social Security	146.26	459.86	0.94	705.01	472.86	474.71	2259.64
Health Plan	298.00	276.06	276.06	414.09	276.06	276.06	1816.33
Other PS	80.01	82.72	74.97	71.40	89.32	94.50	492.92
Total PS	2876.07	2843.42	2841.61	3119.75	2770.48	2792.76	17244.09
PA	159.00	253.88	203.91	191.10	203.50	225.00	1236.39
MA	389.00	386.32	496.23	478.38	480.70	490.14	2720.77
Other DOSS	171.00	247.94	181.23	182.07	187.66	204.84	1174.74
HHC	51.03	68.86	67.41	82.95	70.18	38.34	378.77
TA	31.72	123.86	104.58	0.00	0.00	0.00	260.16
HA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lump Sum	210.00	209.66	209.79	209.79	209.66	209.70	1258.60
Vendor Payments	1275.12	1632.62	1257.27	1013.67	1208.02	1156.32	7543.02
Other OTPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total OTPS	2286.87	2923.14	2520.42	2157.96	2359.72	2324.34	14572.45
City Capital	792.00	893.42	539.28	733.32	438.90	701.28	4098.20
Other Outflow Capital	56.07	95.70	61.11	50.40	69.96	52.20	385.44
GO Debt Service Funding	0.00	468.60	175.48	0.00	146.57	51.86	842.51
NYCTFA Debt Service Funding	137.40	0.00	0.00	0.00	0.00	0.00	137.40
Other Debt Service Funding	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repay Seasonal Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payroll Taxes Outflow	665.23	818.11	129.56	929.56	654.34	656.13	3852.93
Other Outflows	4625.76	212.52	189.84	150.36	77.22	169.56	5425.26
Total Other Outflows	6276.46	2488.35	1095.27	1863.64	1386.99	1631.03	14741.74
Total Outflows	11439.40	8254.91	6457.30	7141.35	6517.19	6748.13	46558.28
Net Flow	2098.11	633.91	-1424.35	950.80	-432.63	-1838.67	-12.83
Ending Balance	11355.02	11988.93	10564.58	11515.38	11082.75	9244.08	9244.08