

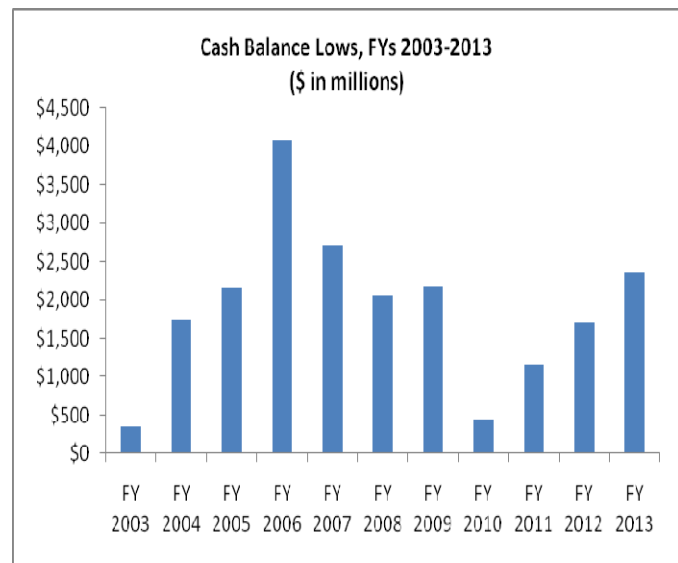
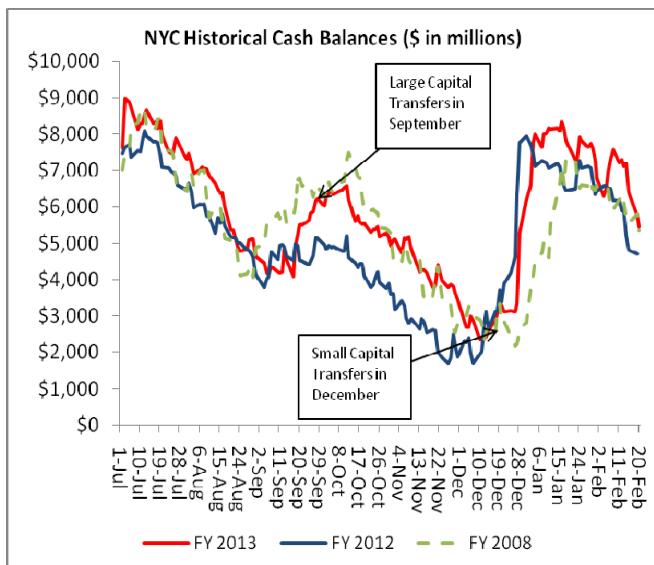
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To: Distribution
From: Kirk Parks, Bureau Chief, Financial Analysis
Subject: NYC Cash Balance Projection (March 2013 – May 2013)
Date: February 22, 2013



When we last commented on the City's cash balances, our focus was centered on the impact of Superstorm Sandy. The counterintuitive immediate result of the storm was a short term spike in cash balances relative to our previous projections. As some agencies were for a time denied access to their offices, they were unable to submit expense vouchers to the City's financial management system. Effectively, they could not spend money. A backlog of expenditures developed during November, approximating \$600 million. As we expected, this backlog was digested during the month of December. As expenditures returned to normal, cash balances returned to expected ranges.

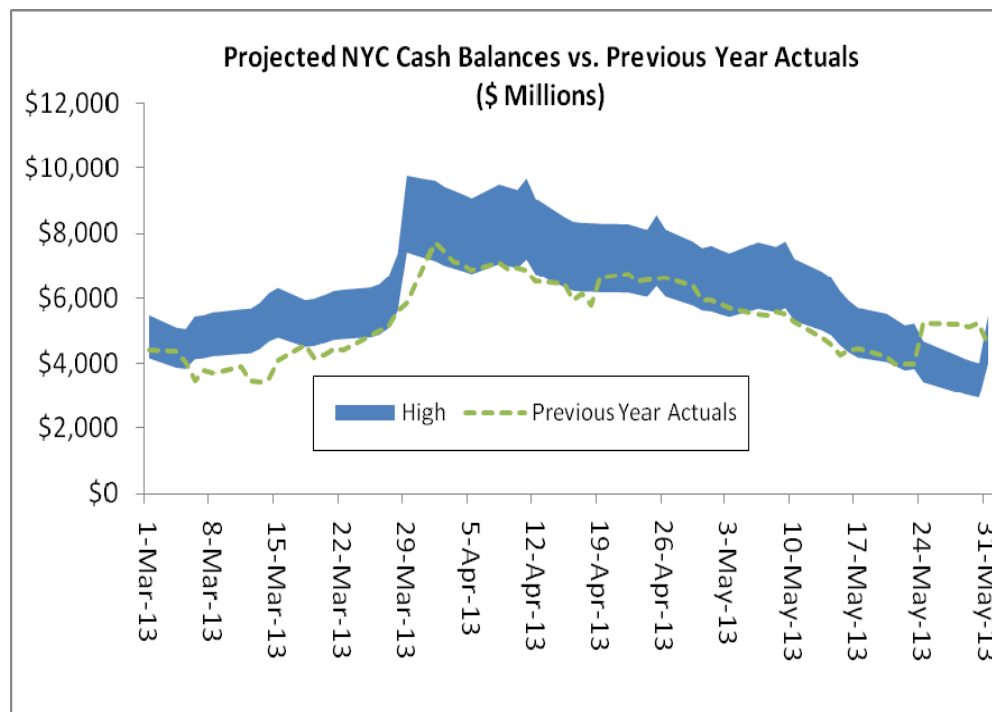
The new surprise is the relatively small impact on the City treasury of Sandy-related emergency expenditures. As of February 22, the City records Sandy cash expenditures approximating \$308 million, versus \$237 million in FEMA reimbursements. Net, the City is out of pocket just less than \$71 million, a much lower total than we expected. The figures for Sandy expenditures should be taken as indicative only. City agencies are working to ensure that all Sandy expenditures are categorized as such in the financial management system, but it is probable that a significant number of items yet remain to be properly classified.

As of February 20, the unrestricted book balance stands at \$5.442 billion, versus \$4.698 billion in the year-ago period. As Sandy has not yet produced any significant impact on the City's cash flow, a chart of fiscal-year-to-date historical balances (above) reflects a familiar pattern of cash balances. The dominating factors are once again the magnitude and timing of capital transfers. For example, during September we saw very large capital transfers amounting to \$1.4 billion. The FY13 and FY12 lines diverged as a result. In December we saw very small transfers amounting to only

\$336 million. The lines converged once more. Except where the trend has been disrupted by larger or smaller transfers, current-year and prior-year balances have been closely paired.

The most remarkable feature of the second quarter of the fiscal year is the expected occurrence of the annual cash balance low. This year, what we expect will be the FY13 low point occurred on December 10, and measured \$2.351 billion, versus \$1.696 in the year-ago period. We always caution against putting too much emphasis on any one day. However, the trend of annual cash balance lows is consistent with overall strengthening of the City's cash position since FY10.

The following pages contain our updated projection of cash balances through the end of May 2013. Upon release of the Executive Budget we will have a better understanding of the final month of the fiscal year. At that time we will be able to provide a clearer picture of the fiscal year-end cash balances.



We expect that current year balances will modestly exceed year-ago levels for the next three months. That said, the fitful timing of FEMA reimbursements for Sandy expenditures could cause balances to exceed projection from time to time. As Sandy expenditures and reimbursements so far are reasonably close, our cash flow model treats the two items as a wash. Of course, we will monitor this assumption in the coming weeks and adjust where necessary. The next Cash Letter will be published in May, unless events require an update before then.

NYC Cash Balance Projected Ranges
(\$ Millions)

	<u>Baseline</u>	<u>High</u>	<u>Low</u>	<u>Range</u>
1-Mar-13	4746	5463	4152	1311
4-Mar-13	4416	5083	3863	1220
5-Mar-13	4383	5046	3835	1211
6-Mar-13	4714	5426	4124	1302
7-Mar-13	4749	5467	4155	1312
8-Mar-13	4823	5552	4220	1333
11-Mar-13	4903	5644	4289	1354
12-Mar-13	4921	5665	4305	1359
13-Mar-13	5071	5837	4436	1401
14-Mar-13	5332	6138	4665	1473
15-Mar-13	5468	6294	4784	1511
18-Mar-13	5146	5923	4502	1422
19-Mar-13	5181	5965	4533	1431
20-Mar-13	5281	6079	4620	1459
21-Mar-13	5387	6202	4713	1488
22-Mar-13	5420	6239	4742	1497
25-Mar-13	5483	6312	4797	1515
26-Mar-13	5570	6412	4873	1539
27-Mar-13	5797	6674	5072	1602
28-Mar-13	6396	7363	5596	1767
29-Mar-13	8466	9746	7407	2339
1-Apr-13	7952	9590	7140	2451
2-Apr-13	7799	9405	7002	2403
3-Apr-13	7706	9293	6918	2375
4-Apr-13	7613	9181	6835	2346
5-Apr-13	7510	9057	6742	2314
8-Apr-13	7859	9478	7056	2422
9-Apr-13	7789	9393	6993	2400
10-Apr-13	7720	9310	6931	2379
11-Apr-13	8011	9661	7193	2469
12-Apr-13	7493	9037	6728	2309
15-Apr-13	7041	8491	6322	2170
16-Apr-13	6918	8343	6211	2132
17-Apr-13	6890	8309	6186	2123
18-Apr-13	6885	8304	6182	2122
19-Apr-13	6870	8285	6168	2117
22-Apr-13	6859	8272	6158	2114
23-Apr-13	6790	8188	6096	2092
24-Apr-13	6718	8102	6032	2070
25-Apr-13	7086	8545	6362	2184
26-Apr-13	6721	8105	6034	2071
29-Apr-13	6417	7738	5761	1977
30-Apr-13	6251	7539	5613	1926

	<u>Baseline</u>	<u>High</u>	<u>Low</u>	<u>Range</u>
1-May-13	6071	7612	5582	2029
2-May-13	5972	7487	5491	1996
3-May-13	5886	7380	5412	1967
6-May-13	6154	7716	5659	2057
7-May-13	6100	7648	5609	2039
8-May-13	6045	7579	5558	2021
9-May-13	6176	7743	5679	2064
10-May-13	5753	7213	5290	1923
13-May-13	5441	6822	5003	1819
14-May-13	5288	6630	4862	1768
15-May-13	4949	6205	4551	1654
16-May-13	4703	5897	4324	1572
17-May-13	4532	5683	4168	1515
20-May-13	4392	5507	4038	1468
21-May-13	4252	5331	3910	1421
22-May-13	4112	5156	3781	1375
23-May-13	4158	5213	3823	1390
24-May-13	3725	4671	3425	1245
28-May-13	3352	4203	3083	1121
29-May-13	3253	4079	2991	1087
30-May-13	3191	4001	2934	1067
31-May-13	4354	5459	4004	1455

Cash Balance Monthly Detail
(\$ Millions)

	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Total</u>
Opening Balance	5220.50	8466.37	6251.34	5220.50
Sales Tax	434.05	563.35	465.67	1463.07
Utility Tax	63.00	32.00	30.00	125.00
Commercial Rent Tax	166.00	7.04	7.04	180.08
Personal Income Tax	523.00	1056.00	356.00	1935.00
General Corporation Tax	784.97	106.04	128.04	1019.05
Banking Tax	363.00	30.00	3.08	396.08
Unincorporated Business Tax	44.10	391.02	30.00	465.12
Real Property Tax	1048.25	464.79	69.38	1582.42
Other Taxes	212.66	170.73	146.51	529.90
Less Refunds All Taxes	-64.00	-139.92	-44.00	-247.92
Total Taxes	3575.03	2681.05	1191.72	7447.80
Federal Welfare	441.00	72.00	85.00	598.00
Federal Education	282.03	190.08	230.00	702.11
Federal Community Development	9.03	11.00	11.00	31.03
Federal Other	123.06	88.00	136.00	347.06
Total Federal Aid	855.12	361.08	462.00	1678.20
NYS Welfare	486.00	115.06	104.06	705.12
NYS Health	43.05	4.00	2.00	49.05
NYS Education	2923.70	4.70	1374.10	4302.50
NYS Higher Education	337.05	1.10	0.00	338.15
NYS Other	137.00	57.00	46.00	240.00
Total New York State Aid	3926.80	181.86	1526.16	5634.82
NYS Revenue Sharing	0.00	0.00	0.00	0.00
Other Intergovernmental Aid	0.00	0.00	0.00	0.00
Total Intergovernmental	0.00	0.00	0.00	0.00
Water Board	183.00	217.00	0.00	400.00
Interest Income	2.10	2.00	2.00	6.10
Fines and Forfeitures	118.02	109.00	110.00	337.02
Miscellaneous Revenue	292.00	117.04	307.00	716.04
Senior College Tuition and Fees	239.00	1.10	5.06	245.16
Capital Interest	0.00	0.00	0.00	0.00
Housing Revenue	2.10	1.60	2.20	5.90
Total Miscellaneous	836.22	447.74	426.26	1710.22
Prior Federal Aid	112.00	36.08	28.00	176.08
Prior NYS Aid	303.03	3.08	40.04	346.15
Total Federal And NYS Prior Aid	415.03	39.16	68.04	522.23
Balance Sheet Inflows	15.00	15.00	15.00	45.00
Federal/State Capital	42.00	42.02	42.02	126.04
Transfers from Capital Proceeds	461.36	749.36	399.76	1610.48
Payroll Taxes Inflows	166.20	128.10	127.90	422.20
Seasonal Borrowing	0.00	0.00	0.00	0.00
Other Operating Inflow	215.04	223.08	407.00	845.12
Total Other Inflows	899.60	1157.56	991.68	3048.84
Total Inflows	10507.80	4868.45	4665.86	20042.11

	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Total</u>
Payroll	1665.24	1305.16	1314.84	4285.24
Pensions	700.02	702.00	700.02	2102.04
Social Security	133.72	173.02	134.10	440.84
Health Plan	268.00	402.00	268.00	938.00
Other PS	76.02	123.00	71.06	270.08
Total PS	2843.00	2705.18	2488.02	8036.20
PA	184.00	188.10	206.00	578.10
MA	638.00	457.00	567.00	1662.00
Other DOSS	204.00	201.08	220.00	625.08
HHC	109.00	78.10	40.04	227.14
TA	0.10	0.07	0.00	0.17
HA	0.00	0.00	0.00	0.00
Lump Sum	170.10	170.06	170.06	510.22
Vendor Payments	1038.03	1242.00	1024.10	3304.13
Other OTPS	0.00	0.00	0.00	0.00
Total OTPS	2343.23	2336.41	2227.20	6906.84
City Capital	728.07	649.00	693.00	2070.07
Other Outflow Capital	263.00	51.04	250.00	564.04
GO Debt Service Funding	114.15	386.31	0.00	500.46
NYCTFA Debt Service Funding	186.11	0.00	126.02	312.13
Other Debt Service Funding	0.00	0.00	0.00	0.00
Repay Seasonal Borrowing	0.00	0.00	0.00	0.00
Payroll Taxes Outflow	639.37	810.54	633.88	2083.79
Other Outflows	145.00	145.00	145.00	435.00
Total Other Outflows	2075.70	2041.89	1847.90	5965.49
Total Outflows	7261.93	7083.48	6563.12	20908.53
Net Flow	3245.87	-2215.03	-1897.26	-866.42
Ending Balance	8466.37	6251.34	4354.08	4354.08