

Kirk Parks
BUREAU CHIEF

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF FINANCIAL ANALYSIS
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

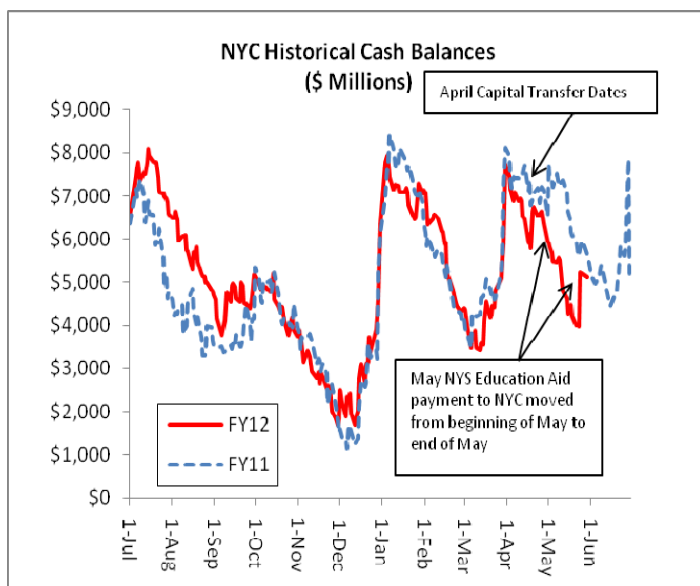
JOHN C. LIU
COMPTROLLER

(212) 669-4993
kparks@comptroller.nyc.gov

To: Distribution
From: Kirk Parks, Bureau Chief, Financial Analysis
Subject: NYC Cash Balance Projection (June 2012 – November 2012)
Date: May 31, 2012

As of May 29, 2012, the NYC cash (book) balance stands at \$5.129 billion. At \$5.157 billion, the fiscal year-to-date average balance exceeds the year-ago mark by 2.6%. This advantage, however, owes to strong FY12 performance in the beginning of the fiscal year. Through the middle portion of FY12 balances closely tracked year-ago levels, but since April the relationship to year-ago balances necessitates some explanation.

A gap between FY12 and FY11 balances emerged in April and expanded in May due to the timing of cash receipts. Specifically, receipts of capital transfers and of State education aid were arranged differently on the FY12 calendar.



Periodically, the City reimburses itself (from GO, TFA, and Water bond proceeds) for capital expenditures. These reimbursements (covered extensively in the Quarterly Cash Report¹), known as capital transfers, are generally executed twice per month, and the transfers are usually, if not uniform, at least of the same order of magnitude. April was an unusual month. Although the total dollar amount transferred during the month was in-line with expectations, the distribution of the funds between the April transfer dates was lopsided: \$33.6 million on April 5 and \$838.2 million on April 19. This distribution contributed to the temporary emergence of a gap between FY12 and FY11 balances. After execution of the April 19 transfer, FY12 and FY11 balances converged.

Of larger, but still temporary, impact was the change in the schedule for the delivery to NYC of New York State education aid. Specifically, a \$1.3 billion formula-aid payment (also known as 3609 aid, after the section of State law) was moved this year from the beginning of May to the end of May. As a result, for much of May, daily balances were much lower than year-ago levels, which benefitted from aid delivery in the beginning of May 2011. We expect to see a similar pattern in June, as again the monthly payment date has been moved to the end of the month. By the end of the fiscal year, however, the FY12 cash balances should have recovered to year-ago levels, all else being equal.

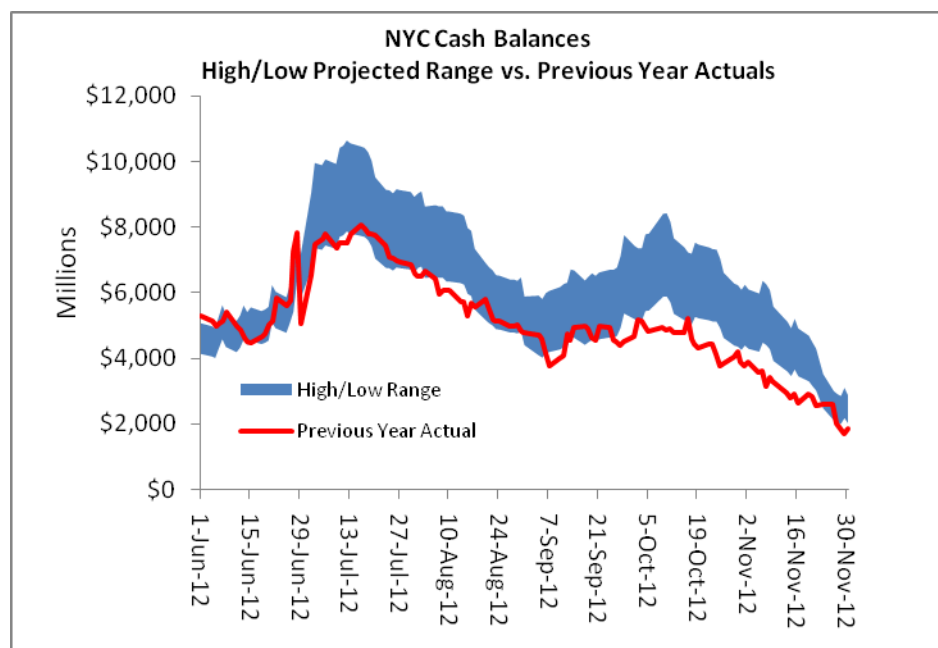
¹ http://www.comptroller.nyc.gov/bureaus/bfa/cash_reports.shtml

In April the State of New York activated its new Statewide Financial System, a vendor management portal that now handles the State's payments to outside parties. The rollout was not as smooth as expected, resulting in delays in payments to the City. We believe that these delays are just recently being remedied. Fortunately, our cash flow projection expected only light receipts from the State during this time. We do not expect any lasting impact.

Overall, the City's cash receipts remain fundamentally strong. Through March 2012, total cash receipts were down less than 1% versus the all-time high established in the year-ago period. Tax receipts were up 6.2%, led by gains in real estate tax receipts. Personal income tax inflows rose 7.0% in the June 2011 – March 2012 period but did soften noticeably in Jan – March, down 4.5% versus 3Q11. The real drag on total receipts came from reduced capital transfers. Capital transfers are offset by capital expenditures in the long run, so a better measure of inflow is cash receipts net of capital expenditures, or net cash receipts. Net cash receipts during the first three quarters of FY12 rose 2.1% versus year-ago.

Total cash outlays through March were broadly well controlled, up 0.4% versus year-ago. Net cash expenditures, which remove the effect of capital expenditures, rose 2.6%. Outflows related to medical assistance stood out, up 23.1% so far this year.

The accompanying updated projection outlines expected cash balances in the NYC central treasury from June 1 to November 30, 2012, and incorporates guidance provided in the Executive Budget. It presents our first look into FY13, which begins on July 1.



Our projection indicates a fiscal year-end (June 29, 2012) closing balance in the range of \$5.8 to \$7.2 billion, compared to \$5.0 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. We would tend to favor the lower end of the projected range.

Although progress is uncertain with regards to the adoption of the Chief Actuary's recommendations for adjustments to pension assumptions and methodologies, this projection is conservative in assuming that the City will disburse \$575 million during the month of June to cover the costs of the pension adjustments. Three of the five pension boards have approved the Actuary's proposal, but the police and fire department pensions have yet to give their endorsements.

We have modeled a prepayment of debt in the amount of \$1.7 billion. Of this total, about \$400 million will be disbursed before June 29 (as the City puts to use funds received from the CityTime settlement), and the remainder will be released on the last day of the fiscal year, as usual.

The chart above shows that the FY13 projected ranges follow a familiar pattern, hugging the trend established in previous years. Early indications suggest that the City's cash balance position will gradually strengthen as we move deeper into FY13. As this chart represents our first encounter with FY13 cash flows, it should be treated as preliminary. Modest downward revisions in future months would not be surprising. Events that cannot be predicted, such as labor settlements, could impact the projection.

Detailed projection elements are available in the ensuing pages of this document. The next Cash Letter is scheduled for publication in September, unless events require an update before then.

NYC Cash Balance Projected Ranges
(\$ Millions)

	<u>High</u>	<u>Low</u>	<u>Baseline</u>
1-Jun-12	5083	4142	4707
4-Jun-12	4994	4069	4624
5-Jun-12	4935	4021	4569
6-Jun-12	5284	4305	4892
7-Jun-12	5633	4590	5216
8-Jun-12	5347	4357	4951
11-Jun-12	5153	4199	4772
12-Jun-12	5321	4336	4927
13-Jun-12	5623	4582	5206
14-Jun-12	5422	4418	5020
15-Jun-12	5569	4537	5156
18-Jun-12	5455	4444	5051
19-Jun-12	5502	4483	5094
20-Jun-12	5586	4551	5172
21-Jun-12	6243	5087	5781
22-Jun-12	6044	4925	5596
25-Jun-12	5876	4788	5441
26-Jun-12	6236	5081	5774
27-Jun-12	6661	5427	6167
28-Jun-12	7800	6355	7222
29-Jun-12	7155	5830	6625
2-Jul-12	9054	6692	7873
3-Jul-12	9964	7365	8665
5-Jul-12	9895	7314	8604
6-Jul-12	10070	7443	8757
9-Jul-12	9933	7342	8637
10-Jul-12	10424	7705	9064
11-Jul-12	10489	7753	9121
12-Jul-12	10646	7869	9257
13-Jul-12	10561	7806	9184
16-Jul-12	10464	7734	9099
17-Jul-12	10424	7705	9064
18-Jul-12	10288	7604	8946
19-Jul-12	10031	7414	8723
20-Jul-12	9529	7043	8286
23-Jul-12	9149	6762	7956
24-Jul-12	9131	6749	7940
25-Jul-12	9038	6681	7860
26-Jul-12	9166	6775	7971
27-Jul-12	9136	6753	7944
30-Jul-12	9080	6712	7896
31-Jul-12	8931	6601	7766

	<u>High</u>	<u>Low</u>	<u>Baseline</u>
1-Aug-12	9034	6757	7592
2-Aug-12	9098	6804	7645
3-Aug-12	8635	6458	7256
6-Aug-12	8677	6490	7292
7-Aug-12	8638	6461	7259
8-Aug-12	8644	6465	7264
9-Aug-12	8491	6350	7135
10-Aug-12	8482	6344	7128
13-Aug-12	8423	6300	7078
14-Aug-12	8357	6250	7023
15-Aug-12	7987	5973	6712
16-Aug-12	7895	5904	6634
17-Aug-12	7349	5496	6175
20-Aug-12	6927	5180	5821
21-Aug-12	6791	5079	5707
22-Aug-12	6700	5011	5630
23-Aug-12	6547	4896	5501
24-Aug-12	6531	4885	5489
27-Aug-12	6412	4796	5388
28-Aug-12	6416	4799	5392
29-Aug-12	6375	4767	5357
30-Aug-12	6477	4844	5443
31-Aug-12	5896	4410	4955
4-Sep-12	5923	4100	4556
5-Sep-12	5822	4031	4479
6-Sep-12	6001	4155	4616
7-Sep-12	6070	4202	4669
10-Sep-12	6185	4282	4757
11-Sep-12	6275	4344	4827
12-Sep-12	6319	4374	4860
13-Sep-12	6721	4653	5170
14-Sep-12	6690	4632	5146
17-Sep-12	6385	4421	4912
18-Sep-12	6504	4503	5003
19-Sep-12	6604	4572	5080
20-Sep-12	6526	4518	5020
21-Sep-12	6631	4591	5101
24-Sep-12	6713	4647	5164
25-Sep-12	6710	4645	5161
26-Sep-12	6778	4693	5214
27-Sep-12	7122	4931	5478
28-Sep-12	7764	5375	5973

	<u>High</u>	<u>Low</u>	<u>Baseline</u>
1-Oct-12	7435	5199	5590
2-Oct-12	7362	5148	5535
3-Oct-12	7371	5154	5542
4-Oct-12	7789	5446	5856
5-Oct-12	7812	5462	5873
9-Oct-12	8417	5886	6329
10-Oct-12	8428	5894	6337
11-Oct-12	8181	5720	6151
12-Oct-12	7671	5364	5768
15-Oct-12	7392	5169	5558
16-Oct-12	7238	5061	5442
17-Oct-12	7204	5037	5416
18-Oct-12	7537	5270	5667
19-Oct-12	7476	5228	5621
22-Oct-12	7388	5166	5555
23-Oct-12	7335	5129	5515
24-Oct-12	7330	5125	5511
25-Oct-12	7062	4938	5310
26-Oct-12	6623	4631	4979
29-Oct-12	6288	4397	4728
30-Oct-12	6244	4366	4695
31-Oct-12	6101	4266	4587
1-Nov-12	6254	4401	4633
2-Nov-12	6113	4302	4528
5-Nov-12	5988	4214	4435
6-Nov-12	6375	4486	4722
7-Nov-12	6273	4415	4647
8-Nov-12	6094	4288	4514
9-Nov-12	5590	3934	4141
13-Nov-12	5123	3605	3795
14-Nov-12	4931	3470	3653
15-Nov-12	5218	3672	3865
16-Nov-12	4925	3465	3648
19-Nov-12	4702	3309	3483
20-Nov-12	4496	3164	3330
21-Nov-12	4315	3036	3196
23-Nov-12	3536	2488	2619
26-Nov-12	3016	2122	2234
27-Nov-12	2928	2060	2169
28-Nov-12	2867	2017	2124
29-Nov-12	3117	2193	2309
30-Nov-12	2890	2034	2141

Cash Balance Monthly Detail

	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>
Opening Balance	4817.00	6625.10	7766.09	4954.96	5972.57	4587.40
Sales Tax	596.00	454.87	441.00	433.00	580.00	459.93
Utility Tax	21.00	34.02	33.00	20.00	43.00	26.00
Commercial Rent Tax	142.00	7.00	6.00	159.00	6.00	5.02
Personal Income Tax	707.91	515.00	502.09	795.00	654.06	496.00
General Corporation Tax	525.96	77.07	104.00	564.98	115.06	130.00
Banking Tax	366.00	24.00	18.00	252.00	62.04	11.00
Unincorporated Business Tax	307.02	22.05	35.00	388.00	49.06	23.00
Real Property Tax	4623.01	4030.38	172.15	1025.31	544.22	182.18
Other Taxes	910.00	224.00	154.00	518.00	140.00	133.00
Less Refunds All Taxes	-55.02	-35.49	-103.04	-124.64	-101.42	-85.20
Total Taxes	8143.88	5352.90	1362.20	4030.65	2092.02	1380.93
Federal Welfare	21.00	17.22	43.70	43.51	66.00	62.20
Federal Education	170.10	12.18	3.68	8.74	13.64	17.00
Federal Community Development	18.90	2.52	11.73	8.17	11.00	13.60
Federal Other	115.00	51.24	53.13	58.14	61.16	77.20
Total Federal Aid	325.00	83.16	112.24	118.56	151.80	170.00
NYS Welfare	95.13	15.96	76.13	13.87	78.10	55.40
NYS Health	13.02	0.42	2.53	59.66	23.54	0.40
NYS Education	725.30	29.60	3.60	889.30	129.90	317.40
NYS Higher Education	261.87	0.00	0.00	0.00	279.84	0.00
NYS Other	12.60	28.56	37.72	61.75	15.62	41.00
Total New York State Aid	1107.92	74.54	119.98	1024.58	527.00	414.20
NYS Revenue Sharing	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
Total Intergovernmental	0.00	0.00	0.00	0.00	0.00	0.00
Water Board	0.00	375.69	148.58	79.23	79.20	89.00
Interest Income	5.25	2.10	3.00	2.09	2.00	3.00
Fines and Forfeitures	84.00	76.02	81.00	81.00	86.02	82.00
Miscellaneous Revenue	441.00	217.00	226.09	389.00	162.00	260.00
Senior College Tuition and Fees	237.09	0.00	1.00	1.00	188.10	0.00
Capital Interest	0.07	0.00	0.00	0.00	0.00	0.00
Housing Revenue	2.25	2.10	2.07	3.04	3.08	2.00
Total Miscellaneous	769.66	672.91	461.74	555.36	520.40	436.00
Prior Federal Aid	16.80	665.07	777.00	585.01	504.02	210.00
Prior NYS Aid	3.78	92.00	165.00	181.07	134.00	40.00
Total Federal And NYS Prior Aid	20.58	757.07	942.00	766.08	638.02	250.00
Balance Sheet Inflows	12.60	21.00	14.03	12.00	16.06	42.00
Federal/State Capital	56.91	57.00	67.00	38.00	53.02	45.00
Transfers from Capital Proceeds	870.00	516.00	711.00	602.00	850.00	897.00
Payroll Taxes Inflows	146.00	148.90	140.70	173.50	137.10	136.50
Seasonal Borrowing	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Inflow	384.93	310.00	368.00	235.03	231.00	230.00
Total Other Inflows	1470.44	1052.90	1300.73	1060.53	1287.18	1350.50
Total Inflows	11837.48	7993.48	4298.89	7555.76	5216.42	4001.63

	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>
Payroll	1259.50	1346.27	1723.05	1320.96	1320.36	1318.34
Pensions	631.40	680.00	648.00	648.00	560.00	728.00
Social Security	132.66	142.83	143.84	139.85	178.85	138.76
Health Plan	251.30	272.61	309.01	272.61	361.51	272.61
Other PS	76.00	97.75	73.04	62.76	107.60	65.24
Total PS	2350.86	2539.46	2896.94	2444.18	2528.32	2522.95
PA	201.60	202.44	198.95	189.05	179.30	184.80
MA	780.00	461.40	536.90	552.00	462.16	448.15
Other DOSS	171.00	245.73	144.78	157.00	229.41	179.18
HHC	60.00	77.68	42.75	63.92	83.12	44.55
TA	34.00	0.00	0.00	0.00	0.00	0.00
HA	0.00	0.00	0.00	0.00	0.00	0.00
Lump Sum	156.00	160.70	160.70	160.70	160.70	160.70
Vendor Payments	1201.20	1311.03	1326.00	1042.00	1060.00	1238.00
Other OTPS	0.00	0.00	0.00	0.00	0.00	0.00
Total OTPS	2603.80	2458.98	2410.08	2164.67	2174.69	2255.38
City Capital	897.96	592.00	509.00	688.00	527.00	567.00
Other Outflow Capital	93.03	235.00	135.01	153.00	94.00	191.00
GO Debt Service Funding	0.00	145.56	172.15	142.81	370.49	80.90
NYCTFA Debt Service Funding	129.81	0.00	169.49	169.48	0.00	104.38
Other Debt Service Funding	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
Payroll Taxes Outflow	627.92	652.49	660.26	635.98	805.01	630.40
Other Outflows	3326.00	229.00	157.09	140.03	102.08	96.00
Total Other Outflows	5074.72	1854.05	1803.00	1929.30	1898.58	1669.68
Total Outflows	10029.38	6852.49	7110.02	6538.15	6601.59	6448.01
Net Flow	1808.10	1140.99	-2811.13	1017.61	-1385.17	-2446.38
Ending Balance	6625.10	7766.09	4954.96	5972.57	4587.40	2141.02