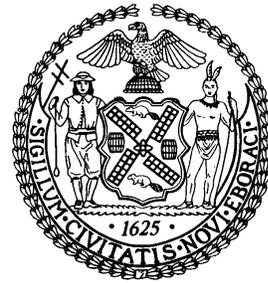


**The City Of New York  
Office of the Comptroller  
William C. Thompson, Jr.,  
Comptroller**

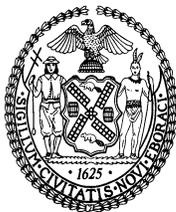


# QUARTERLY CASH REPORT

April-June 2007  
Fourth Quarter of FY 2007

August 2007

# Quarterly Cash Report



*April-June 2007, Fourth Quarter of FY 2007*

**The City Of New York**

Office of the Comptroller

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

## Summary

In the fourth quarter of FY 2007, the City's Treasury had the highest cash balance (\$12.1 billion in May 2007) in the City's history. Throughout FY 2007, the City's economy fueled tax revenues, increasing cash-on-hand and producing a record budget surplus. The City's average daily cash balance in the fourth quarter of FY 2007 exceeded the average daily cash balance during the fourth quarter of FY 2006 by \$1.831 billion and the fourth quarter of FY 2003, a five year comparison, by \$7.926 billion. During FY 2007, the average daily cash balance was \$144 million more than during FY 2006 and \$4.459 billion more than during FY 2003. The City made \$6.461 billion more in payments than it received in cash in the fourth quarter of FY 2007 and expenditures were \$1.914 billion greater than receipts during FY 2007 than in FY 2006. The closing balance for the fourth quarter, the end of FY 2007, was \$4.473 billion. The timing in the collection of the next year's real property tax, costs associated with collective bargaining increases, and the delay in reimbursement of the Central Treasury for capital expenditures were major factors in the decline from the \$6.386 billion of cash-on-hand at the end of FY 2006.

Cash receipts totaled \$19.037 billion in the fourth quarter of FY 2007 and were \$847 million more than during the fourth quarter of FY 2006. Increases in other taxes of \$522 million, in federal and state aid of \$879 million, and lower debt service funding of \$480 million were offset by decreases in real property taxes of \$909 million and miscellaneous revenue of \$263 million. In the fourth quarter of FY 2007, real property tax decreased 24 percent compared to the fourth quarter of FY 2006. In the same time frame, other taxes increased 8 percent, federal and state aid increased 23 percent, and miscellaneous revenue decreased 13 percent. Cash receipts totaled \$70.782 billion in FY 2007, increasing by \$4.212 billion since FY 2006 and by \$17.959 billion since FY 2003. For the five year period, the five greatest sources of cash receipts were real property tax, NYS education aid, personal income tax, sales tax, and general corporation tax.

Cash expenditures, including capital, totaled \$25.498 billion in the fourth quarter of FY 2007 and \$72.696 billion in FY 2007. The increase of \$5.072 billion for the fourth quarter over the fourth quarter of FY 2006 accounted for 89 percent of the full fiscal year increase of \$5.682 billion. During June, when there is a budget surplus, expenditures include cash prepayments of future years' expenditures. Cash prepayments were \$3.751 billion in FY 2006 and \$4.663 billion in FY 2007. The City also paid \$718 million to defease Transitional Finance Authority outstanding debt, \$536 million to call general obligation debt, \$500 million to fund the Retiree Health Benefits Trust Fund, and \$1.3 billion for FY 2007 expenditures to the Retiree Health Benefits Trust Fund in June 2007. The City also paid \$1 billion to fund the Retiree Health Benefits Trust Fund in May 2007. Primarily because of payments to the Retiree Health Benefits Trust Fund,

personal service expenditures increased by \$1.988 billion during the fourth quarter of FY 2007 compared with the fourth quarter of FY 2006. Public assistance and medical assistance expenditures were \$21 million less and other social service expenditures and vendor and other payments were \$203 million and \$472 million greater in the fourth quarter of FY 2007 than in the fourth quarter of FY 2006. Personal service expenditures increased 30 percent between FY 2003 and FY 2007 and accounted for an average of 46 percent of the total five years' expenditures. Other than personal service expenditures increased 27 percent over the last five years and averaged 32 percent of total expenditures.

Capital expenditures totaled \$1.809 billion, 7 percent of total expenditures, during the fourth quarter of FY 2007, and \$6.548 billion, 9 percent of total expenditures, in FY 2007. The City-funded portion of capital expenditures has fallen as a result of the reclassification of education capital expenditures in the City's Five-Year Educational Facilities Capital Plan from City to non City-funded. City-funded capital expenditures were \$214 million less in the fourth quarter of FY 2007 compared with the fourth quarter of FY 2006 and \$1.197 billion less for the full fiscal year. Payments to the School Construction Authority for education projects totaled \$400 million in the fourth quarter of FY 2007 and \$1.6 billion in FY 2007.

The City pays all capital expenditures from its Central Treasury. The proceeds from general obligation, water and sewer, and Transitional Finance Authority revenue and Building Aid debt and Dormitory Authority of the State of New York funding reimburse the Central Treasury for City-funded and School Construction Authority non City-funded Five-Year Educational Facilities Capital Plan capital expenditures. During the fourth quarter of FY 2007, reimbursements totaled \$1.876 billion, \$227 million more than expenditures. In FY 2007, reimbursements were \$479 million less than expenditures.

In June 2007, Standard & Poor's Rating Services upgraded its credit rating on general obligation bonds from AA- to AA and Fitch, Inc. raised its rating to AA-. In July 2007, Moody's Investors Service raised its rating of general obligation debt to Aa3. In FY 2007, the City issued less in general obligation bonds than in each of the last ten years except FY 2000. This lower level of general obligation debt was offset by the use of Transitional Finance Authority debt to fund capital projects for the first time since FY 2004. During the fourth quarter of FY 2007, no general obligation debt was sold. The City issued \$1.948 billion in general obligation bonds in FY 2007. Bonds sold to refund outstanding debt totaled 58 percent of the fiscal year sales of \$1.948 billion, and provided \$72 million in budget savings over the life of the bonds. In the fourth quarter of FY 2007, the Transitional Finance Authority sold \$589 million of revenue bonds to refund the Bond Anticipation Notes sold in November 2006. In FY 2007, the Transitional Finance Authority sold \$600 million in Bond Anticipation Notes, \$1.2 billion in tax-exempt bonds, and \$200 million in taxable bonds for capital projects; and \$300 million to refund outstanding long-term debt; and \$589 million in revenue bonds to fund the maturing Bond Anticipation Notes. The FY 2007 refundings yielded \$18 million in budget savings over the life of the bonds. Additionally in FY 2007, the Transitional Finance Authority began selling Building Aid bonds, which are backed by state education building aid. The Transitional Finance Authority sold \$1.3 billion of these bonds providing funding for the Five-Year Educational Facilities Capital Plan.

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

## A. OVERVIEW

### April-June 2007, Fourth Quarter of FY 2007 (4QFY07)

Tables 1 and 2 show the five year history of the City's overall cash position and trend in average daily cash balances during the 4Qs of FY 2003-FY 2007. The opening balance for the 4QFY07 was \$2.312 billion more than the balance at the start of the 4QFY06. The levels of receipts and expenditures during the 4QFY07 were the highest in the last five years. Receipts increased \$847 million and expenditures were \$5.072 billion greater in the 4QFY07 than in the 4QFY06. Expenditures were greater than receipts by \$99 million, \$848 million, \$1.520 billion, and \$2.236 billion during the 4QFY03, the 4QFY04, the 4QFY05, and the 4QFY06, respectively. The excess of expenditures over receipts increased to \$6.461 billion during the 4QFY07. This offset the higher opening balance in the 4QFY07 and resulted in a closing balance of \$4.473 billion for the 4QFY07 compared with the \$6.386 billion closing balance for the 4QFY06.

**Table 1. Five Year Trend of the City's Cash Position, 4Q**

(\$ in millions)

Central Treasury	4QFY03	4QFY04	4QFY05	4QFY06	4QFY07
Opening Balance	\$ 2,601	\$ 5,056	\$ 8,350	\$ 8,622	\$10,934
Total Receipts	13,917	13,916	15,616	18,190	19,037
Total Expenditures <sup>a</sup>	14,016	14,764	17,136	20,426	25,498
Closing Balance <sup>b</sup>	\$ 2,502	\$ 4,208	\$ 6,830	\$ 6,386	\$ 4,473

- a. Total expenditures include capital expenditures.  
 b. Before City audits

Average daily cash balances for the 4QFY07 and for each month in the 4QFY07 were higher than the average daily cash balances for the 4QFY06 and for each month in the 4QFY06. The average daily cash balance increased over 400 percent since the 4QFY03 and was 23 percent more than during the 4QFY06.

**Table 2. Five Year Trend of Average Daily Cash Balances, 4Q**

(\$ in millions)

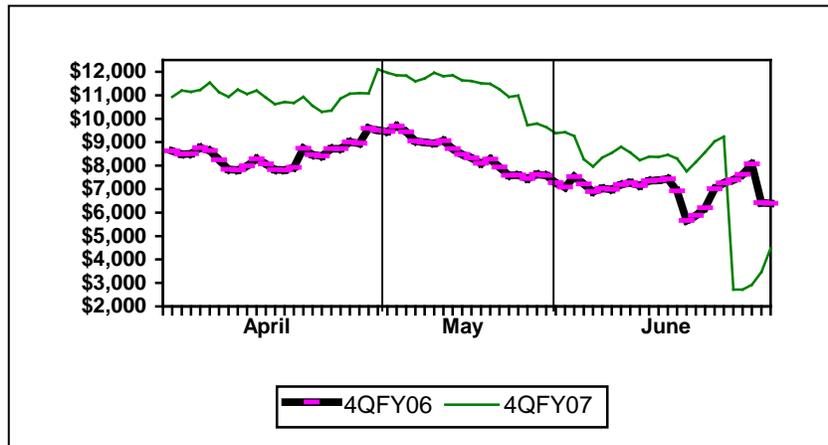
	4QFY03	4QFY04	4QFY05	4QFY06	4QFY07
April	\$2,743	\$4,777	\$8,075	\$8,360	\$10,942
May	1,400	4,724	8,426	8,442	11,057
June	1,301	3,555	8,122	7,010	7,204
<b>4Q</b>	<b>\$1,829</b>	<b>\$4,341</b>	<b>\$8,206</b>	<b>\$7,924</b>	<b>\$ 9,755</b>

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 New York City Comptroller. Receipts are reported based on the date of deposit of cash receipts and the analysis of bank deposits. Total receipts and expenditures are net of debt service and note funding. Expenditures are reported on warrants issued.

Chart 1 compares the daily cash balances during the 4QFY06 and the 4QFY07. Daily cash balances followed the same general pattern in both time frames. The 4QFY07 was more volatile than the 4QFY06. The difference in the lowest closing balance and the highest closing balance during the 4QFY07 was \$9.383 billion while the difference between the highest and the lowest closing balances during the 4QFY06 was \$4.022 billion. The steep decline in the last week of June 2007 reflects the payment by the City of large year-end expenditures, including prepayments of FY 2008 expenditures, the call of general obligation (GO) debt, and the defeasance of Transitional Finance Authority (TFA) debt.

**Chart 1. Daily Cash Balances During the 4QFY06 and the 4QFY07**

(\$ in millions)



**July 2006-June 2007, FY 2007 (FY07)**

Tables 3 and 4 show the trends in the City’s cash-on-hand during the last five fiscal years. The overall cash position has improved considerably along with the City’s budget position and the City’s economy. Tax collections are projected to increase by \$14.6 billion between FY 2003 and FY 2007. The City’s operating budget in the same time frame is forecast to increase by \$15.3 billion and the budget surplus has grown by \$3.4 billion. The cash balance reached a record high in FY 2007, topping \$12 billion on May 1, 2007. Cash receipts increased 34 percent and expenditures 33 percent over the five years. Total expenditures exceeded total receipts in FY 2003, FY 2006, and FY 2007, decreasing daily balances from the fiscal year opening balance by \$1.931 billion, \$444 million, and \$1.914 billion. During FY 2004 and FY 2005, receipts were greater than expenditures by \$1.706 billion and \$2.622 billion, respectively.

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

(\$ in millions)

Central Treasury	FY03	FY04	FY05	FY06	FY07
Opening Balance <sup>a</sup>	\$ 4,433	\$ 2,502	\$ 4,208	\$ 6,830	\$ 6,386
Total Receipts	52,823	57,063	62,887	66,570	70,782
Total Expenditures <sup>b</sup>	54,754	55,357	60,265	67,014	72,696
Closing Balance <sup>a, c</sup>	\$ 2,502	\$ 4,208	\$ 6,830	\$ 6,386	\$ 4,473

- a. Opening and closing balances are before City audits.
- b. Total expenditures include capital expenditures.
- c. Data may not add due to rounding.

During FY 2007, the average daily balance was \$7.293 billion, \$4.459 billion greater than in FY 2003 and \$144 million greater than in FY 2006. As shown in Table 4, the increase in average daily balances in FY 2007 over FY 2006 occurred in the second half of the fiscal year. For the first half of the fiscal year, the average daily balance was \$5.358 billion in FY 2007, a decline of \$1.454 billion from \$6.812 billion in the first half of FY 2006. During the second half of FY 2007, the average daily cash balance was \$9.181 billion, an increase of \$1.701 billion over the second half of FY 2006.

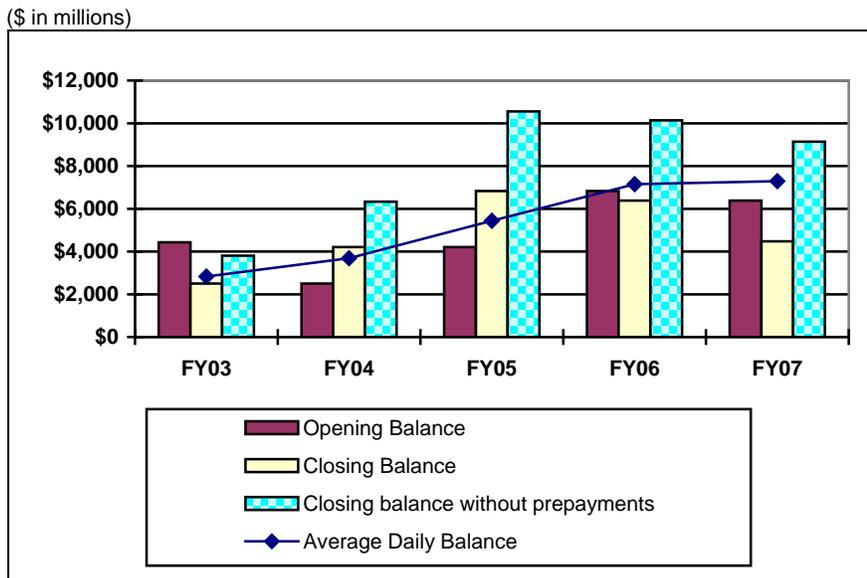
**Table 4. Five Year Trend of Average Daily Balances**

(\$ in millions)

	FY03	FY04	FY05	FY06	FY07
1Q	\$3,893	\$2,900	\$4,348	\$7,738	\$6,293
2Q	2,580	2,822	2,992	5,825	4,377
3Q	3,032	4,684	6,077	7,021	8,588
4Q	1,829	4,341	8,206	7,924	9,755
<b>FY</b>	<b>\$2,834</b>	<b>\$3,689</b>	<b>\$5,439</b>	<b>\$7,149</b>	<b>\$7,293</b>

Chart 2 depicts the levels of cash-on-hand and the rise in average daily balances during FY 2003-FY 2007.<sup>2</sup> Without prepayments the City would have ended FY 2007 with over \$9 billion. The closing balance was lower in FY 2007 than for FY 2006 mainly due to the timing in the collection of real property tax for the next fiscal year, costs associated with collective bargaining increases, and the delay in reimbursement of the Central Treasury for capital expenditures.

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



2. FY 2007 was the third consecutive year without any short-term financing. Short-term financing totaled \$1.5 billion on October 9, 2002 in FY 2003 and \$1.5 billion on October 16, 2003 in FY 2004.

## B. CASH RECEIPTS

### April-June 2007, (4QFY07)

Cash receipts totaled \$19.037 billion during the 4QFY07 and averaged \$297 million daily. Table 5 shows total receipts and average daily cash receipts for the 4Qs of FY 2003-FY 2007. Total receipts and average daily receipts in the 4QFY07 were the highest in the past five years. Total receipts were 37 percent greater than in the 4QFY03 and 5 percent greater than during the 4QFY06.

**Table 5. Five Year Trend of Total and Average Daily Cash Receipts, 4Q**

(\$ in millions)

	Total Receipts					Average Daily Receipts				
	FY03	FY04	FY05	FY06	FY07	FY03	FY04	FY05	FY06	FY07
April	\$ 3,783	\$ 3,457	\$ 4,055	\$ 4,587	\$ 5,400	\$172	\$157	\$193	\$229	\$257
May	2,914	3,403	4,119	3,772	4,479	139	170	196	171	204
June	7,220	7,056	7,442	9,831	9,158	344	321	338	447	436
<b>4Q</b>	<b>\$13,917</b>	<b>\$13,916</b>	<b>\$15,616</b>	<b>\$18,190</b>	<b>\$19,037</b>	<b>\$217</b>	<b>\$217</b>	<b>\$244</b>	<b>\$284</b>	<b>\$297</b>

Table 6 shows cash receipts for each month during the 4QFY06 and 4QFY07 by major category. The combined receipts for April 2007 and May 2007 were \$1.520 billion more than the combined receipts for April 2006 and May 2006. This offsets the \$673 million decline in total receipts in June 2007 compared with June 2006. Total receipts in June 2007 had \$991 million less in real property tax collections than in June 2006. Real property tax and miscellaneous revenue were the only major categories to have lower collections in the 4QFY07 than during the 4QFY06.

**Table 6. Cash Receipts by Major Category in the 4QFY06 and the 4QFY07**

(\$ in millions)

Receipts	April 2006	May 2006	June 2006	4QFY06 Total	April 2007	May 2007	June 2007	4QFY07 Total	Diff. 4Q Total FY06/07
Real Property Tax	\$ 234	\$ 57	\$3,423	\$ 3,714	\$ 332	\$ 41	\$2,432	\$ 2,805	\$(909)
Other Taxes	2,586	1,070	2,917	6,573	2,570	1,129	3,396	7,095	522
Federal and State Aid	507	1,727	1,510	3,744	746	1,927	1,950	4,623	879
Debt Service Funding <sup>3</sup>	(262)	(381)	(3)	(646)	(5)	(93)	(68)	(166)	480
Miscellaneous	544	430	1,096	2,070	456	579	772	1,807	(263)
Other	978	869	888	2,735	1,301	896	676	2,873	138
<b>Total</b>	<b>\$4,587</b>	<b>\$3,772</b>	<b>\$9,831</b>	<b>\$18,190</b>	<b>\$5,400</b>	<b>\$4,479</b>	<b>\$9,158</b>	<b>\$19,037</b>	<b>\$ 847</b>

3. Does not include debt service on TFA Building Aid bonds

Table 7 displays the five year trend in 4Q receipts by major categories.

**Table 7. Five Year Trend by Major Cash Receipt Category, 4Q**

(\$ in millions)

	4QFY03	4QFY04	4QFY05	4QFY06	4QFY07
Real Property Tax	\$ 2,064	\$ 2,264	\$ 2,649	\$ 3,714	\$ 2,805
Other Taxes	3,998	4,709	5,998	6,573	7,095
Federal and State Aid	4,222	3,359	3,669	3,744	4,623
Debt and Note Funding	(719)	(278)	(363)	(646)	(166)
Miscellaneous	1,398	1,575	1,447	2,070	1,807
Intergovernmental Aid	143	87	10	0	0
Other	2,811	2,200	2,206	2,735	2,873
<b>Total</b>	<b>\$13,917</b>	<b>\$13,916</b>	<b>\$15,616</b>	<b>\$18,190</b>	<b>\$19,037</b>

Tax receipts<sup>4</sup> totaled \$9.9 billion during the 4QFY07. During the 4QFY07, the lower collection of real property tax was offset by \$522 million more in other taxes. Table 8 shows the growth in taxes, other than real property tax, since the 4QFY03. The only decrease was for personal income tax (PIT) between the 4QFY06 and the 4QFY07.

**Table 8. Growth in Major Tax Receipts During the 4QFY03, the 4QFY06, and the 4QFY07**

(\$ in millions)

	4QFY03	4QFY06	4QFY07	% change 4QFY03/ 4QFY07	% change 4QFY06/ 4QFY07
Personal Income Tax	\$1,013	\$2,244	\$2,091	106.4%	(6.8)%
General Corporation Tax	432	650	746	72.7	14.8
Unincorporated Business Tax	421	668	795	88.8	19.0
Banking Corporation Tax	197	281	387	96.4	37.7
Sales Tax <sup>5</sup>	1,003	1,381	1,413	40.8	2.2
Mortgage and Real Property Transfer Taxes	242	717	795	228.5	10.9
Total Other Taxes	\$3,998	\$6,573	\$7,095	77.5%	7.9%

Other taxes included payments in lieu of taxes (PILOTs) in both the 4QFY06 and the 4QFY07. PILOTs were received from the Industrial Development Authority (IDA) of \$78 million in June 2006 and \$58 million in June 2007 and from the Battery Park City Authority (BPCA) of \$107 million in June 2006 and \$111 million in June 2007. During the 4QFY07 other taxes included \$232 million in STAR aid.

GO debt service of \$296 million was withheld from real property tax in the 4QFY06 and \$58 million was withheld in the 4QFY07. TFA debt service is withheld from PIT. During the 4QFY06, \$350 million of PIT was withheld to fund the defeasance of debt. In the 4QFY07, \$108 million was withheld from PIT for debt service. In total for the 4QFY07, \$480 million less was withheld from taxes compared with the 4QFY06.

4. In this report, tax cash receipts, with the exception of PIT, are gross of refunds. Real property tax and PIT are before debt service funding. Sales tax includes the state distribution, the local share, and interest income less debt funding, if any.

5. The exemption on sales tax on clothing under \$110 was repealed from June 1, 2003 through May 31, 2005 and was reinstated effective September 1, 2005.

Federal aid totaled \$1.162 billion and state aid totaled \$2.582 billion during the 4QFY06. During the 4QFY07, federal aid was \$1.197 billion and state aid was \$3.426 billion. NYS education aid was 64 percent of state aid in the 4QFY07. In the 4QFY07, NYS education aid of \$2.208 billion included \$1.4 billion in general aid, \$156 million in sound basic education aid, \$141 million in building aid, and \$149 million in excess cost aid. Additionally, \$62 million of building aid was withheld for debt service on TFA Building Aid bonds. NYS higher education aid in the 4QFY07 was \$566 million, \$536 million more than received in the 4QFY06.

Miscellaneous revenue was \$263 million less during the 4QFY07 than collected during the 4QFY06. The receipt of community college and senior college fees was \$224 million lower, payments from HHC were \$140 million less, and payments from HHC for medical malpractice were \$93 million less in the 4QFY07 than in the 4QFY06. These lower receipts were offset by greater interest income of \$47 million and water and sewer fees of \$145 million. In June 2006, the City received \$50 million and in April 2007, \$68 million from the franchise for street furniture.

Table 9 shows the major monthly cash sources during the 4QFY07.

**Table 9. Major Cash Sources During the 4QFY07**

(\$ in millions)

April 2007		May 2007		June 2007	
Personal Income Tax	\$1,150	NYS Education	\$1,304	Real Property Tax	\$2,428
Unincorporated Business Tax	445	Sales Tax	346	NYS Education	837
NYS Higher Education	428	Personal Income Tax	315	Sales Tax	649
Sales Tax	418	Federal Education	242	Personal Income Tax	626
Real Property Tax	332	NYS Welfare	171	General Corporation Tax	533
Water and Sewer Fees	106	Senior College Fees	133	Banking Corporation Tax	322
General Corporation Tax	105	Water and Sewer Fees	116	Federal Welfare	321
Fines and Forfeitures	73	General Corporation Tax	108	Unincorporated Business Tax	315
Street Furniture	68	Federal Welfare	87	NYS Welfare	311
NYS Education	68	Fines and Forfeitures	81	STAR Aid	232
Licenses, Privileges etc.	54	Interest Income	48	Senior College Fees	165
Banking Corporation Tax	49	Community College Fees	47	Federal Education	147
Utility Tax	42	Real Property Tax	40	NYS Higher Education	138
Indigent Legal Services	40	Tax Lien Sales	1	Commercial Rent Tax	131
				BPCA PILOT	111
				Water and Sewer Fees	100
				Interest Income	87
				Hotel Tax	77
				Fines and Forfeitures	73
				IDA PILOT	58
				Community College Fees	56
				HHC Payments	49
				HHC Malpractice	38
				Tax Lien Sales	4

Table 10 shows the five year trend for selected cash receipts during the 4Qs of FY 2003-FY 2007.

**Table 10. Five Year Trend of Selected Cash Receipts, 4Q**

(\$ in millions)

	4QFY03	4QFY04	4QFY05	4QFY06	4QFY07
Real Property Tax <sup>a</sup>	\$2,064	\$2,264	\$2,649	\$3,714	\$2,805
Personal Income Tax	1,013	1,443	1,822	2,245	2,091
NYS Education	1,767	1,575	1,835	1,983	2,208
Sales Tax	1,003	1,167	1,404	1,381	1,413
General Corporation Tax	432	455	732	650	746
Federal Welfare	517	475	425	354	414
NYS Higher Education	349	0	100	30	566
Federal Education	679	498	484	492	422
NYS Welfare	314	234	257	319	485
NYS Health	33	85	126	152	21
Unincorporated Business Tax	421	437	528	668	795
FEMA <sup>b</sup>	141	71	13	0	3
Water and Sewer Fees	109	161	162	178	322
Banking Corporation Tax	197	191	255	281	387
Fines and Forfeitures	157	193	197	202	227
Commercial Rent Tax	127	135	142	138	175
Senior College Fees	281	417	257	510	299
Community College Fees	74	76	92	118	105
Tobacco Settlement	150	61	65	0	0
HHC Malpractice	43	114	43	132	38
BPCA PILOT	54	151	101	107	111
IDA PILOT	50	39	0	78	58
Hotel Tax	49	60	74	80	80
Homeland Security	0	98	0	0	0
Long-Term Care	120	64	0	0	0
Licenses etc.	93	94	106	112	116
STAR	180	0	0	0	232
TFA Recovery Notes	65	0	0	0	0
TFA (return of debt retention)	475	0	0	0	0

a. Includes tax lien sales

b. FEMA in FY 2004 was used as an offset to debt service and not included in the daily balances.

**July 2006-June 2007, (FY07)**

Table 11 shows the upward trend for total cash receipts and average daily receipts during FY 2003-FY 2007. Receipts increased steadily, rising by 34 percent and average daily receipts increased by \$73 million over the five years. Total receipts in FY 2007 were 6 percent greater than in FY 2006. Receipts in the 1QFY07 declined by \$1.367 billion. Receipts increased by \$1.081 billion, \$3.653 billion, and \$847 million in the 2QFY07, the 3QFY07, and the 4QFY07 compared with the same quarters in FY 2006.

**Table 11. Five Year Trend of Total and Average Daily Receipts**

(\$ in millions)

	Total Receipts					Average Daily Receipts				
	FY03	FY04	FY05	FY06	FY07	FY03	FY04	FY05	FY06	FY07
1Q	\$13,628	\$14,145	\$14,576	\$16,537	\$15,170	\$213	\$221	\$228	\$258	\$241
2Q	12,630	13,996	15,491	15,464	16,545	207	229	258	258	276
3Q	12,648	15,006	17,204	16,378	20,031	207	242	277	264	323
4Q	13,917	13,916	15,616	18,190	19,037	217	217	244	284	297
<b>FY</b>	<b>\$52,823</b>	<b>\$57,063</b>	<b>\$62,887</b>	<b>*\$66,570</b>	<b>*\$70,782</b>	<b>\$211</b>	<b>\$227</b>	<b>\$252</b>	<b>\$266</b>	<b>\$284</b>

\*Data may not add due to rounding.

Table 12 shows the five year trend for selected receipts. The five greatest sources of cash receipts were real property tax, NYS education, PIT (gross of TFA debt service), sales tax, and general corporation tax. The five year average for each of these sources as a percent of the average of total receipts for the five years was 20 percent, 10 percent, 10 percent, 6 percent, and 4 percent, respectively.

**Table 12. Five Year Trend of Total and Average Selected Cash Receipts**

(\$ in millions)

	FY03	FY04	FY05	FY06	FY07	Average Receipts FY03-FY07
Real Property Tax <sup>a</sup>	\$10,181	\$12,070	\$12,523	\$14,413	\$12,649	\$12,367
Personal Income Tax	4,505	5,562	6,539	7,330	7,714	6,330
NYS Education	5,515	6,266	6,448	6,687	7,273	6,437
Sales Tax <sup>b</sup>	3,301	3,485	4,252	4,459	4,586	4,017
Federal Welfare	2,484	2,718	2,229	2,393	2,290	2,423
General Corporation Tax	1,814	2,084	2,589	2,859	4,166	2,702
NYS Welfare	1,549	1,745	1,895	1,812	1,895	1,779
Federal Education	1,320	1,553	1,714	1,855	1,859	1,660
Unincorporated Bus. Tax	931	1,020	1,186	1,416	1,775	1,266
Water and Sewer Fees	839	881	936	973	1,093	944
STAR Aid	660	677	784	857	1,093	814
Total FY Receipts	\$52,823	\$57,063	\$62,887	\$66,570	\$70,782	\$62,025

a. The five year trend for real property tax reflects the mid-year 18.5 percent rate increase in FY 2003 and includes tax lien sales.

b. Growth in sales tax was reduced by Municipal Assistance Corporation (MAC) debt service of \$225 million in FY 2003, \$502 million in FY 2004, \$111 million in FY 2005, \$5 million in FY 2006, and \$10 million in FY 2007.

Table 13 compares receipts, net of reimbursements for capital expenditures, during FY 2006 and FY 2007. Net receipts totaled \$4.185 billion more in FY 2007 than during FY 2006.

**Table 13. Cash Receipts (net of reimbursements for capital expenditures) During FY06 and FY07**

(\$ in millions)

	FY06	FY07	Diff. FY06/FY07
July	\$ 6,478	\$ 5,229	(1,249)
August	2,954	3,011	57
September	5,632	6,105	473
<b>1Q</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</b>	<b>14,267</b>	<b>15,012</b>	<b>745</b>
<b>1H</b>	<b>29,331</b>	<b>29,357</b>	<b>26</b>
January	4,527	6,740	2,213
February	2,910	3,409	499
March	7,988	8,589	601
<b>3Q</b>	<b>15,425</b>	<b>18,738</b>	<b>3,313</b>
April	3,824	4,288	464
May	3,199	3,991	792
June	9,292	8,882	(410)
<b>4Q</b>	<b>16,315</b>	<b>17,161</b>	<b>846</b>
<b>FY</b>	<b>\$61,071</b>	<b>\$65,256</b>	<b>\$4,185</b>

## C. CASH EXPENDITURES

### April-June 2007, (4QFY07)

Cash expenditures, including capital, totaled \$25.498 billion during the 4QFY07 and averaged \$398 million daily. As shown in Table 14, total expenditures and average daily expenditures in the 4QFY07 were the highest of the last five years. Total expenditures and average daily expenditures were 82 percent greater than in the 4QFY03 and 25 percent greater than in the 4QFY06.

**Table 14. Five Year Trend of Total and Average Daily Cash Expenditures, 4Q**

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	FY03	FY04	FY05	FY06	FY07	FY03	FY04	FY05	FY06	FY07
April	\$ 4,266	\$ 4,145	\$ 4,372	\$ 4,257	\$ 5,254	\$194	\$188	\$208	\$213	\$250
May	3,993	3,930	4,612	5,642	6,294	190	197	220	256	286
June	5,757	6,689	8,152	10,527	13,950	274	304	371	479	664
<b>4Q</b>	<b>\$14,016</b>	<b>\$14,764</b>	<b>\$17,136</b>	<b>\$20,426</b>	<b>\$25,498</b>	<b>\$219</b>	<b>\$231</b>	<b>\$268</b>	<b>\$319</b>	<b>\$398</b>

Total expenditures during April 2007 were \$997 million greater than during April 2006. About half of the increase (\$497 million) in April 2007 was the result of capital expenditures. Total expenditures in May 2007 were \$652 million greater than during May 2006. The increase in May is mostly attributable to a \$1 billion payment to the Retiree Health Benefits Trust Fund (RHBTF)<sup>6</sup> offset by lower capital expenditures (\$356 million).

When there is a budget surplus, June expenditures include cash prepayments of future years' expenditures. Net of prepayments, June total expenditures would have been \$4.454 billion, \$4.569 billion, \$4.424 billion, \$6.776 billion, and \$9.287 billion in FY 2003, FY 2004, FY 2005, FY 2006, and FY 2007. Table 15 shows the cash prepayments made by the City at the end of each of the last five fiscal years.<sup>7</sup>

**Table 15. Five Year Trend of Cash Prepayments**

(\$ in millions)

	FY03	FY04	FY05	FY06	FY07
GO Debt Service	\$ 293	\$ 969	\$1,848	\$3,204	\$3,313
NYCTFA Debt Service	624	400	947	0	546
Lease Payments	73	71	88	74	165
Payments to the Transit Authority	138	138	138	138	137
Payments to the MTA	68	71	110	110	138
Payments to the Libraries	107	112	225	225	273
Payments to HHC	0	159	172	0	91
Prepayment of Outstanding Debt	0	200	200	0	0
<b>Total</b>	<b>\$1,303</b>	<b>\$2,120</b>	<b>\$3,728</b>	<b>\$3,751</b>	<b>\$4,663</b>

6. On June 19, 2006, the City Council passed Local Law Int. No. 367 authorizing the establishment of the RHBTF to provide for the cost of health and welfare benefits for most retirees.

7. Instead of making a cash prepayment to pay outstanding debt, \$350 million of personal income tax was withheld from the Central Treasury in the 4QFY06. Also journal entries, which did not impact cash, were made for pay-as-you-go capital of \$200 million in June 2006 and \$300 million in June 2007.

Total expenditures in June 2007 were \$3.423 billion greater than during June 2006. The increase in prepayments in June 2007 over June 2006 of \$912 million accounted for approximately 27 percent of the increase in expenditures in June 2007 over June 2006. Payments of \$536 million to call GO debt and \$718 million to defease TFA debt accounted for 37 percent of the increase. Payments to the RHBTF made up 24 percent of the increase.

Table 16 shows monthly expenditures by major category during the 4Qs of FY 2006 and FY 2007.

**Table 16. Cash Expenditures by Category in the 4QFY06 and the 4QFY07**

(\$ in millions)

Expenditures	April 2006	May 2006	June 2006	4QFY06 Total	April 2007	May 2007	June 2007	4QFY07 Total	Diff. 4Q Total FY06/07
Gross Payroll	\$1,463	\$1,735	\$ 2,000	\$ 5,198	\$1,521	\$1,786	\$ 2,095	\$ 5,402	\$ 204
Other Personal Services	793	803	1,954	3,550	779	1,823	2,732	5,334	1,784
Public Assistance	210	192	180	582	180	175	174	529	(53)
Medical Assistance	335	439	334	1,108	338	439	363	1,140	32
Other Social Services	133	200	93	426	185	184	260	629	203
Vendor Payments	1,018	1,217	1,046	3,281	1,253	1,089	1,411	3,753	472
All Other	305	1,056	4,920	6,281	998	798	6,915	8,711	2,430
<b>Total</b>	<b>\$4,257</b>	<b>\$5,642</b>	<b>\$10,527</b>	<b>\$20,426</b>	<b>\$5,254</b>	<b>\$6,294</b>	<b>\$13,950</b>	<b>\$25,498</b>	<b>\$5,072</b>

Personal service (PS) expenditures include payroll, pensions, health plan, social security, and supplemental welfare benefits. PS totaled \$8.748 billion during the 4QFY06 and increased \$1.988 billion to \$10.736 billion during the 4QFY07.

Gross payroll expenditures increased by \$204 million during the 4QFY07 compared with the 4QFY06. There were seven bi-weekly payrolls in both April-June 2006 and April-June 2007. During the 4QFY07, the City implemented new collective bargaining agreements and made retroactive payments to members of the Uniformed Firefighters Association, Teamsters Local 237, and the Council of School Supervisors and Administrators. Members of Locals 376 and 1157 of District Council 37, including laborers and highway staff and supervisors, received back pay and higher hourly rates after the court ruled their pay was below prevailing wage rates.

Other personal services were \$1.784 billion greater in the 4QFY07 than during the 4QFY06. In the 4QFY07, the City paid the RHBTF \$1.5 billion to build the Trust's assets and \$1.327 billion for current retiree health expenses, which included \$1.016 billion for health benefits and \$311 million for other supplemental benefits. These payments to the RHBTF were \$1.827 billion more in the 4QFY07 than in the 4QFY06. The 4QFY06 included \$1 billion to build the Trust's assets and monthly payments to vendors for current retiree health and supplemental benefits

Other than personal service (OTPS) expenditures for public assistance (PA), medical assistance (MA), other social services, and vendor and other payments totaled \$5.397 billion in the 4QFY06 and \$6.051 billion in the 4QFY07. PA and MA expenditures were \$21 million less in the 4QFY07 than during the 4QFY06. Other social services expenditures were \$203 million higher in the 4QFY07 than in the 4QFY06 mostly due to timing of payments between June and July. Vendor and other payments were \$472 million greater during the 4QFY07 than in the 4QFY06.

All other expenditures accounted for 48 percent of the growth in expenditures in the 4QFY07 over the 4QFY06. All other expenditures included \$147 million in tax refunds during the 4QFY06 and \$203 million during the 4QFY07. All other expenditures also included capital, the call of GO debt, the defeasance of TFA debt, and prepayments (see pages 13 and 14).

Table 17 and Chart 3 show the five year trend in PS and major OTPS expenditures during the 4Qs of FY 2003-FY 2007. PS expenditures gained 80 percent and OTPS increased 39 percent over the period. Salaries and benefits increased throughout the period. The number of bi-weekly payrolls was six in FY 2003, FY 2004, and FY 2005 and seven in FY 2006 and FY 2007.

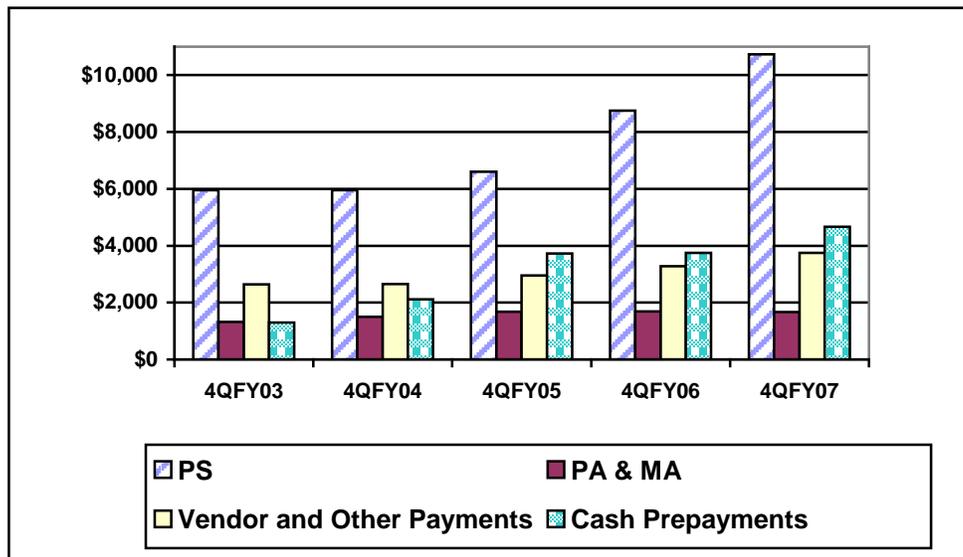
**Table 17. Five Year Trend by Cash Expenditure Category, 4Q**

(\$ in millions)

	4QFY03	4QFY04	4QFY05	4QFY06	4QFY07
Gross Payroll	\$4,462	\$4,311	\$4,354	\$5,198	\$ 5,402
Other Personal Services	1,491	1,639	2,246	3,550	\$ 5,334
<b>Total PS</b>	<b>\$5,953</b>	<b>\$5,950</b>	<b>\$6,600</b>	<b>\$8,748</b>	<b>\$10,736</b>
Public Assistance	419	484	533	582	529
Medical Assistance	903	1,020	1,142	1,108	1,140
Other Social Services	402	396	376	426	629
Vendor and Other Payments	2,642	2,650	2,957	3,281	3,753
<b>Total OTPS</b>	<b>\$4,366</b>	<b>\$4,550</b>	<b>\$5,008</b>	<b>\$5,397</b>	<b>\$6,051</b>

**Chart 3. Five Year Trend by Cash Expenditure Category, 4Q**

(\$ in millions)



**July 2006-June 2007, (FY07)**

Table 18 summarizes cash expenditures during FY 2003-FY 2007. From FY 2003 through FY 2007, total expenditures grew 33 percent and average daily expenditures grew \$73 million. Expenditures in FY 2007 were 8 percent more than expenditures in FY 2006. Almost 90 percent of this increase occurred in the 4Q. Expenditures in the 1Q declined by \$679 million and rose in the 2Q by \$838 million, in the 3Q by \$452 million, and in the 4Q by \$5.072 billion.

**Table 18. Five Year Trend of Total and Average Daily Cash Expenditures**

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	FY03	FY04	FY05	FY06	FY07	FY03	FY04	FY05	FY06	FY07
1Q	\$15,066	\$14,109	\$14,874	\$16,071	\$15,392	\$235	\$220	\$232	\$251	\$244
2Q	12,906	12,392	14,442	15,015	15,853	212	203	241	250	264
3Q	12,766	14,092	13,813	15,501	15,953	209	227	223	250	257
4Q	14,016	14,764	17,136	20,426	25,498	219	231	268	319	398
<b>FY</b>	<b>\$54,754</b>	<b>\$55,357</b>	<b>\$60,265</b>	<b>*\$67,014</b>	<b>\$72,696</b>	<b>\$219</b>	<b>\$221</b>	<b>\$241</b>	<b>\$268</b>	<b>\$292</b>

\*Data may not add due to rounding

The relationship between the City's expenditures and daily cash balances during a fiscal year has improved by 50 percent since FY 2003, but total daily expenditures as a percent of daily cash balances increased in FY 2007. Table 19 shows the five year trend in expenditures compared with daily cash balances.

**Table 19. Five Year Trend of Daily Expenditures as a Percent of Daily Cash Balances**

Daily Expenditures as a Percent of Daily Balances					
	FY03	FY04	FY05	FY06	FY07
4Q	16%	6%	3%	4%	7%
<b>FY</b>	<b>10%</b>	<b>7%</b>	<b>5%</b>	<b>4%</b>	<b>5%</b>

Table 20 shows the five year trend in expenditures for PS and OTPS. PS outlays increased 30 percent between FY 2003 and FY 2007 and accounted for an average of 46 percent of total expenditures. OTPS increased 27 percent over the last five years and averaged 32 percent of total expenditures during FY 2003-FY 2007.<sup>8</sup>

**Table 20. Five Year Trend of PS and OTPS Cash Expenditures**

(\$ in millions)

	FY03	FY04	FY05	FY06	FY07	Average Percent of Total FY Expenditures FY03-FY07
<b>PS</b>	\$25,782	\$25,125	\$26,741	\$32,187	\$33,408	46%
<b>OTPS</b>	17,670	17,925	20,026	21,220	22,443	32

8. During FY 2003 and FY2004, the City had PS and OTPS payments associated with expenditures resulting from the destruction of the World Trade Center (WTC). PS included approximately \$15 million in FY 2003 and under \$5 million in FY 2004. OTPS included \$205 million in FY 2003, and over \$50 million in FY 2004. The City submitted claims to the Federal Emergency Management Agency (FEMA) and received reimbursement for most of these expenditures.

Chart 4 shows the year-to-year percent change for PS, PA and MA, and vendor and other expenditures. PS expenditures declined only in FY 2004 and grew an average of 6.7 percent annually over the five years. Full-time headcount, which is reflected in PS spending, was 247,681 at the opening of FY 2003 and 266,624 at the opening of FY 2007. PS expenditures also include collective bargaining and any associated retroactive payments. There were payments of \$1 billion in FY 2006 and \$1.5 billion in FY 2007 to fund the RHBTF. PA & MA had an annual average increase of 4.1 percent. PA recipients numbered 497,113 during June 2001, 430,419 during June 2002, 421,546 during June 2003, 437,453 during June 2004, 416,164 during June 2005, 393,764 during June 2006, and 360,738 during June 2007. The number of Medicaid enrollees was 1,608,707 in June 2001, increasing to a peak of 2,591,289 in June 2005, and subsequently declining to 2,559,977 in June 2007. Vendor and other expenditures increased an average of 7.3 percent annually.

**Chart 4. Five Year Trend in Year-to-Year Percent Change of PS, PA & MA, and Vendor and Other Expenditures**

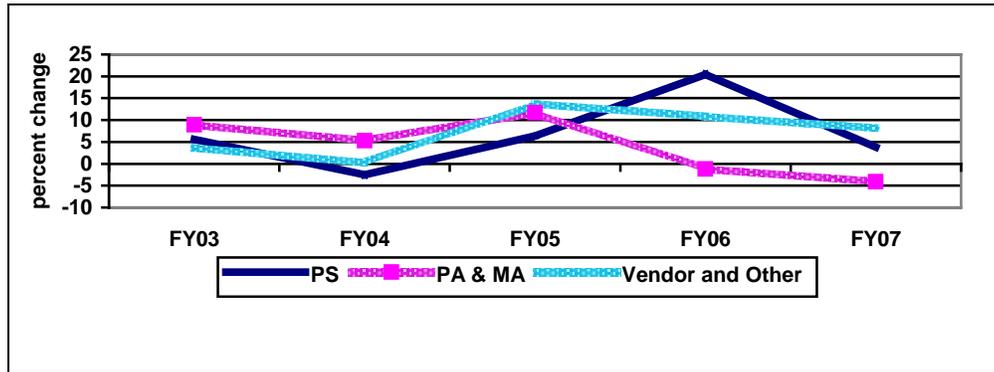


Table 21 compares expenditures, net of capital expenditures, during FY 2006 and FY 2007. Expenditures, net of capital, totaled \$5.277 billion more in FY 2007 than during FY 2006.

**Table 21. Cash Expenditures (net of capital expenditures) During FY06 and FY07**

(\$ in millions)

	FY06	FY07	Diff. FY06/ FY07
July	\$ 5,302	\$ 5,288	\$ (14)
August	4,762	4,016	(746)
September	4,277	4,589	312
<b>1Q</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</b>	<b>13,613</b>	<b>14,219</b>	<b>606</b>
<b>1H</b>	<b>27,954</b>	<b>28,112</b>	<b>158</b>
January	5,003	4,834	(169)
February	4,354	4,407	53
March	4,724	5,106	382
<b>3Q</b>	<b>14,081</b>	<b>14,347</b>	<b>266</b>
April	3,973	4,473	500
May	4,806	5,814	1,008
June	10,057	13,402	3,345
<b>4Q</b>	<b>18,836</b>	<b>23,689</b>	<b>4,853</b>
<b>FY</b>	<b>\$60,871</b>	<b>\$66,148</b>	<b>\$5,277</b>

## II. Capital Expenditures

Capital expenditures are included in total cash expenditures. Table 22 shows capital expenditures during FY 2006 and FY 2007.

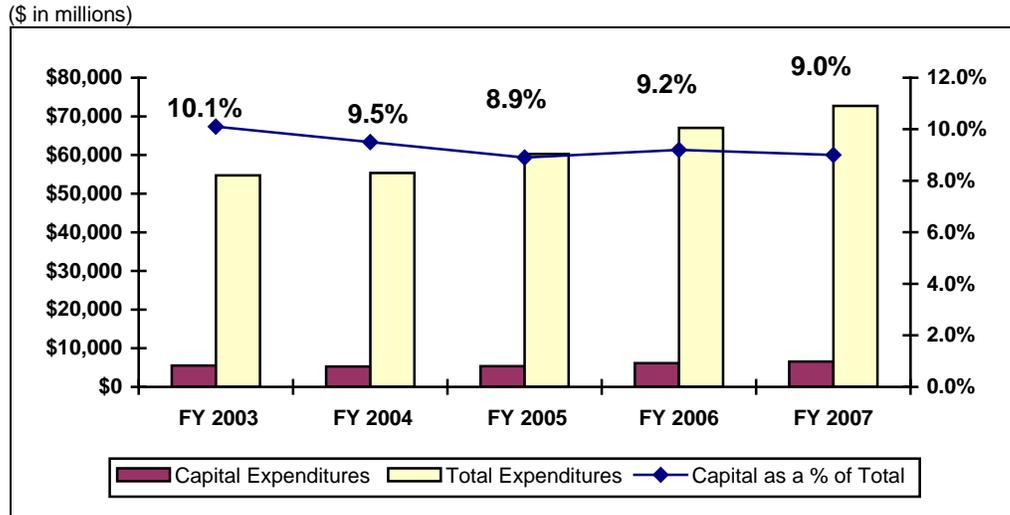
**Table 22. Capital Expenditures During FY06 and FY07**

(\$ in millions)

	FY06		FY07		Diff. FY06/FY07	
	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</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</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</b>	<b>3,132</b>	<b>2,896</b>	<b>3,133</b>	<b>2,097</b>	<b>1</b>	<b>(799)</b>
January	350	306	865	464	515	158
February	756	726	371	325	(385)	(401)
March	314	282	370	341	56	59
<b>3Q</b>	<b>1,420</b>	<b>1,314</b>	<b>1,606</b>	<b>1,130</b>	<b>186</b>	<b>(184)</b>
April	284	253	781	365	497	112
May	836	799	480	440	(356)	(359)
June	470	426	548	459	78	33
<b>4Q</b>	<b>1,590</b>	<b>1,478</b>	<b>1,809</b>	<b>1,264</b>	<b>219</b>	<b>(214)</b>
<b>FY</b>	<b>\$6,142</b>	<b>\$5,688</b>	<b>\$6,548</b>	<b>\$4,491</b>	<b>\$406</b>	<b>\$(1,197)</b>

Chart 5 displays capital expenditures as a percent of total expenditures during the past five years. Capital expenditures have ranged from 8.9 percent of total expenditures in FY 2005 to a high of 10.1 percent in FY 2003. In FY 2007, capital expenditures were 9 percent of total expenditures.

**Chart 5. Five Year Trend of Capital Expenditures as a Percent of Total Expenditures**



**April-June 2007, (4QFY07)**

Tables 23 and 24 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 4Qs of FY 2003-FY 2007.

**Table 23. Five Year Trend of Total Capital Expenditures and Average Daily Total Capital Expenditures, 4Q**

(\$ in millions)

	Total Capital Expenditures					Average Daily Total Capital Expenditures				
	FY03	FY04	FY05	FY06	FY07	FY03	FY04	FY05	FY06	FY07
April	\$ 589	\$ 278	\$ 294	\$ 284	\$ 781	\$27	\$13	\$14	\$14	\$37
May	374	306	448	836	480	18	15	21	38	22
June	453	774	375	470	548	22	35	17	21	26
<b>4Q</b>	<b>\$1,416</b>	<b>\$1,358</b>	<b>\$1,117</b>	<b>\$1,590</b>	<b>\$1,809</b>	<b>\$22</b>	<b>\$21</b>	<b>\$17</b>	<b>\$25</b>	<b>\$28</b>

**Table 24. Five Year Trend of City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures, 4Q**

(\$ in millions)

	City-funded Capital Expenditures					Average Daily City-funded Capital Expenditures				
	FY03	FY04	FY05	FY06	FY07	FY03	FY04	FY05	FY06	FY07
April	\$ 501	\$ 260	\$ 265	\$ 253	\$ 365	\$23	\$12	\$13	\$13	\$17
May	342	273	399	799	440	16	14	19	36	20
June	384	669	345	426	459	18	30	16	19	22
<b>4Q</b>	<b>\$1,227</b>	<b>\$1,202</b>	<b>\$1,009</b>	<b>\$1,478</b>	<b>\$1,264</b>	<b>\$19</b>	<b>\$19</b>	<b>\$16</b>	<b>\$23</b>	<b>\$20</b>

Capital expenditures include payments to the School Construction Authority (SCA). Table 25 shows the payments to the SCA in the 4Qs of the last five years.

**Table 25. Payments to the SCA, 4Q**

(\$ in millions)

	SCA Capital Expenditures				
	4QFY03	4QFY04	4QFY05	4QFY06	4QFY07
City-funded	\$247	\$263	\$0	\$400	\$ 15
Non City-funded	53	37	0	0	385
<b>Total</b>	<b>\$300</b>	<b>\$300</b>	<b>\$0</b>	<b>\$400</b>	<b>\$400</b>

City-funded capital expenditures are financed primarily from the proceeds of GO, water and sewer, and TFA debt. Non City-funded capital expenditures for the Five-Year Educational Facilities Capital Plan are financed from TFA Building Aid bonds and funds from the Dormitory Authority of the State of New York (DASNY). All capital expenditures are initially paid from the City's Central Treasury. Table 26 shows the reimbursements in the 4QFY07 to the Central Treasury from the proceeds of these financings. Total reimbursements for the quarter of \$1.876 billion exceeded the total of City-funded capital expenditures and non City-funded SCA capital expenditures, increasing the City's cash balances by \$227 million.

**Table 26. Reimbursements to the Central Treasury, 4QFY07**

(\$ in millions)

	April 2007	May 2007	June 2007	Total
General Obligation	\$ 193	\$167	\$ 29	\$ 389
Water and Sewer	644	136	175	955
TFA	102	98	72	272
<b>Sub-total</b>	<b>939</b>	<b>401</b>	<b>276</b>	<b>1,616</b>
TFA Building Aid	0	87	0	87
DASNY	173	0	0	173
<b>Sub-total</b>	<b>173</b>	<b>87</b>	<b>0</b>	<b>260</b>
<b>Total</b>	<b>\$1,112</b>	<b>\$488</b>	<b>\$276</b>	<b>\$1,876</b>

Table 27 shows the reimbursements for capital expenditures during the 4Qs of the last five years. In the five year time frame, GO debt provided funding for 49 percent of reimbursed capital expenditures compared with 21 percent in the 4QFY07. Water and sewer debt funded 37 percent of reimbursed capital expenditures in the five years and 51 percent in the 4QFY07.

**Table 27. Five Year Trend of Reimbursements to the Central Treasury, 4Q**

(\$ in millions)

	4QFY03	4QFY04	4QFY05	4QFY06	4QFY07	Total 4QFY03- 4QFY07
General Obligation	\$ 651	\$1,007	\$ 718	\$1,219	\$ 389	\$3,984
Water and Sewer	400	376	598	645	955	2,974
TFA	472	0	0	0	272	744
TFA Building Aid	0	0	0	0	87	87
DASNY	0	0	0	0	173	173
Other	33	42	9	11	0	95
<b>Total</b>	<b>\$1,556</b>	<b>\$1,425</b>	<b>\$1,325</b>	<b>\$1,875</b>	<b>\$1,876</b>	<b>\$8,057</b>

**July 2006-June 2007, (FY07)**

Tables 28 and 29 show the five year capital expenditure trends for FY 2003-FY 2007. FY 2007 had the highest level of total capital expenditures in the past five years. Only FY 2004 had a decline in capital expenditures from the previous year.

**Table 28. Five Year Trend of Total Capital Expenditures and Average Daily Total Capital Expenditures**

(\$ in millions)

	Total Capital Expenditures					Average Daily Total Capital Expenditures				
	FY03	FY04	FY05	FY06	FY07	FY03	FY04	FY05	FY06	FY07
1Q	\$1,550	\$1,264	\$1,462	\$1,730	\$1,499	\$24	\$20	\$23	\$27	\$24
2Q	1,357	1,297	1,440	1,402	1,634	22	21	24	23	27
3Q	1,196	1,345	1,341	1,420	1,606	20	22	22	23	26
4Q	1,416	1,358	1,117	1,590	1,809	22	21	17	25	28
<b>FY</b>	<b>\$5,519</b>	<b>\$5,264</b>	<b>\$5,360</b>	<b>\$6,142</b>	<b>\$6,548</b>	<b>\$22</b>	<b>\$21</b>	<b>\$21</b>	<b>\$25</b>	<b>\$26</b>

City-funded expenditures during FY 2007 were the lowest in the last five years. This reflects the classification of education expenditures in the Five-Year Educational Facilities Capital Plan as non City-funded capital expenditures.

**Table 29. 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				
	FY03	FY04	FY05	FY06	FY07	FY03	FY04	FY05	FY06	FY07
1Q	\$1,467	\$1,174	\$1,349	\$1,612	\$ 973	\$23	\$18	\$21	\$25	\$15
2Q	1,254	1,152	1,321	1,284	1,124	21	19	22	21	19
3Q	1,095	1,238	1,255	1,314	1,130	18	20	20	21	18
4Q	1,227	1,202	1,009	1,478	1,264	19	19	16	23	20
<b>FY</b>	<b>\$5,043</b>	<b>\$4,766</b>	<b>\$4,934</b>	<b>\$5,688</b>	<b>\$4,491</b>	<b>\$20</b>	<b>\$19</b>	<b>\$20</b>	<b>\$23</b>	<b>\$18</b>

Payments by the City to the SCA are shown in Chart 6. Capital expenditures included \$1.4 billion, \$1.2 billion, \$900 million, \$1.8 billion, and \$1.6 billion in payments to the SCA in FY 2003, FY 2004, FY 2005, FY 2006, and FY 2007, respectively.

**Chart 6. SCA Expenditures**

(\$ in millions)

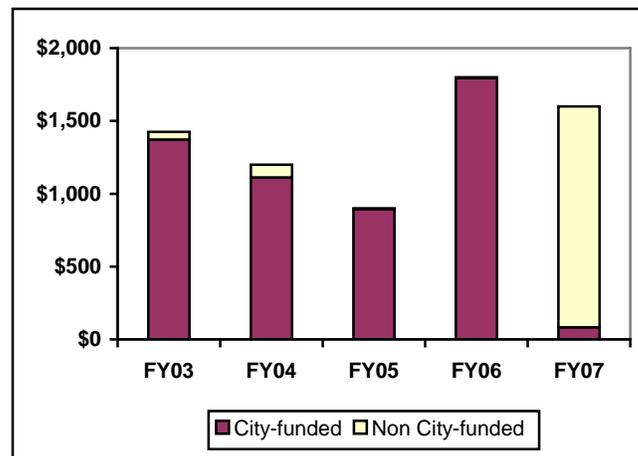


Table 30 shows reimbursements to the City’s Central Treasury during FY 2003-FY 2007 for City-funded and education facilities plan capital expenditures.

**Table 30. Five Year Trend of Reimbursements to the Central Treasury**

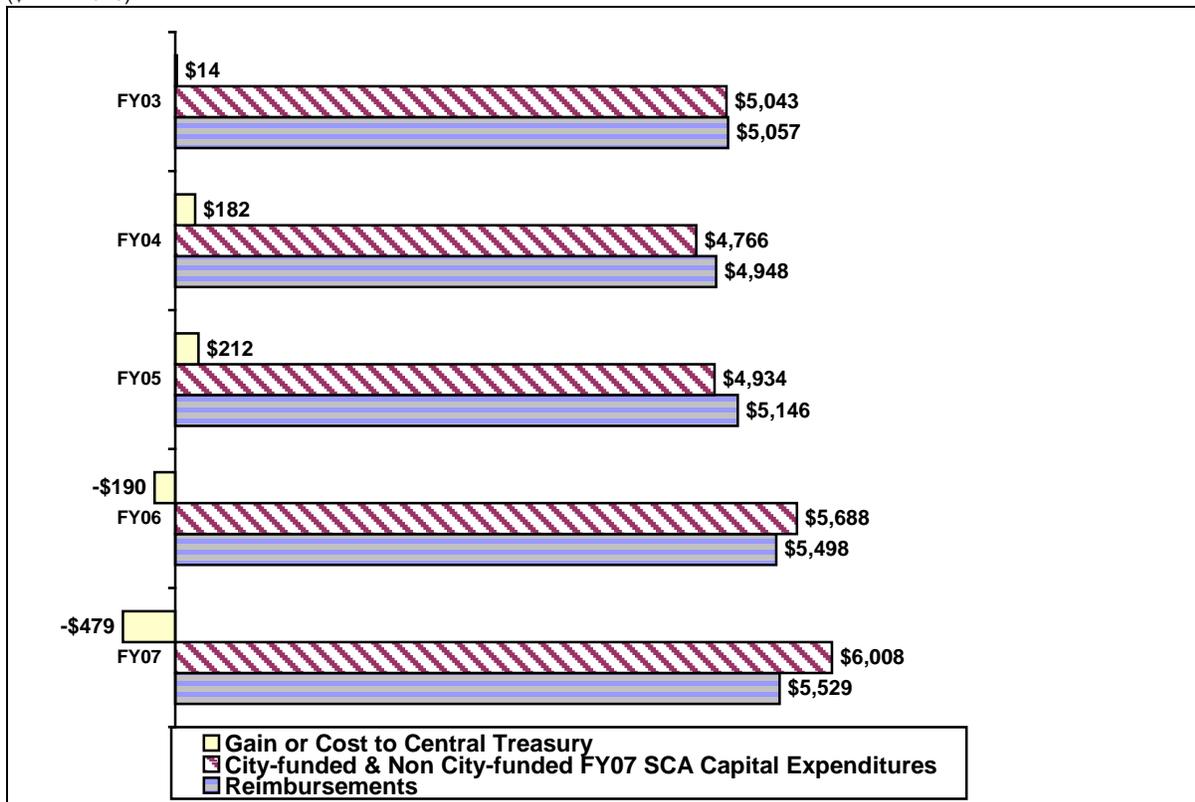
(\$ in millions)

	FY03	FY04	FY05	FY06	FY07	Total FY03-FY07
General Obligation	\$1,882	\$3,342	\$3,385	\$3,832	\$1,059	\$13,500
Water and Sewer	1,218	1,238	1,697	1,653	1,866	7,672
TFA	1,607	281	0	0	1,513	3,401
Other	350	87	64	13	0	514
<b>Sub-total</b>	<b>5,057</b>	<b>4,948</b>	<b>5,146</b>	<b>5,498</b>	<b>4,438</b>	<b>25,087</b>
TFA Building Aid	0	0	0	0	621	621
DASNY	0	0	0	0	470	470
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,091</b>	<b>1,091</b>
<b>Total</b>	<b>\$5,057</b>	<b>\$4,948</b>	<b>\$5,146</b>	<b>\$5,498</b>	<b>\$5,529</b>	<b>\$26,178</b>

Chart 7 compares five years of reimbursements to City-funded capital expenditures and non City-funded FY 2007 educational facilities plan payments to the SCA during FY 2003-FY 2007. During the last five years, these capital expenditures totaled \$26.439 billion and reimbursements totaled \$26.178 billion resulting in a decrease in cash of \$261 million. The largest cost was \$479 million during FY 2007. The impact on cash in the last two years is partially due to the backlog in assigning a bond status to capital expenditures. At the end of FY 2007, there were approximately \$750 million in capital expenditures needing the designation of a bond status in order to allow reimbursement. Also, there were over \$250 million in capital expenditures that have been assigned a taxable bond status awaiting bond proceeds for reimbursement.

**Chart 7. Five Year Trend of Reimbursements Compared to City-funded Capital and non City-funded FY07 SCA Capital Expenditures**

(\$ in millions)



### III. Financing

During the last ten years, the City has sold over \$40 billion in long-term GO debt for the capital program and refunding of outstanding debt and the TFA has issued \$23 billion in bonds and Bond Anticipation Notes (BANs) and \$1 billion in Building Aid bonds. In FY 2007, the City issued less in GO bonds than in any year except FY 2000. This lower level of GO debt was offset by the TFA issuing debt to fund capital projects for the first time since FY 2004. Table 31 shows GO debt for capital and refundings and TFA debt in the last ten years.

**Table 31. GO and TFA Debt Issuance History, FY98-FY07**

(\$ in billions)

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	Total FY98- FY07
GO Capital Program	\$0.5	\$1.6	\$0.6	\$1.2	\$2.7	\$ 2.2	\$3.0	\$3.9	\$3.4	\$0.8	\$19.9
GO Refundings	4.9	1.6	0.1	1.1	1.0	2.7	3.9	2.9	1.4	1.1	20.7
<b>GO Sub-total</b>	<b>5.4</b>	<b>3.2</b>	<b>0.7</b>	<b>2.3</b>	<b>3.7</b>	<b>4.9</b>	<b>6.9</b>	<b>6.8</b>	<b>4.8</b>	<b>1.9</b>	<b>40.6</b>
TFA Bonds & BANs	2.2	2.0	2.9	2.0	2.8	5.2	1.9	0.9	0.6	2.7	23.2
TFA Building Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	1.3
<b>Total</b>	<b>\$7.6</b>	<b>\$5.2</b>	<b>\$3.6</b>	<b>\$4.3</b>	<b>\$6.5</b>	<b>\$10.1</b>	<b>\$8.8</b>	<b>\$7.7</b>	<b>\$5.4</b>	<b>\$5.9</b>	<b>\$65.1</b>

#### GO Debt

As shown in Table 32, GO debt issuances in FY 2007 totaled \$1.948 billion, a decline of \$2.879 billion from the \$4.827 billion of GO debt issued in FY 2006. During the 4QFY07, there was no GO debt sold compared with \$1.57 billion of GO bonds sold in the 4QFY06. In June 2007, Standard & Poor's (S&P) Rating Services upgraded its credit rating on GO bonds from AA- to AA and Fitch, Inc. raised its rating to AA-. In July 2007, Moody's Investors Service increased its rating of GO debt from A1 to Aa3.

**Table 32. GO Bond Issues During FY06 and FY07**

(\$ in millions)

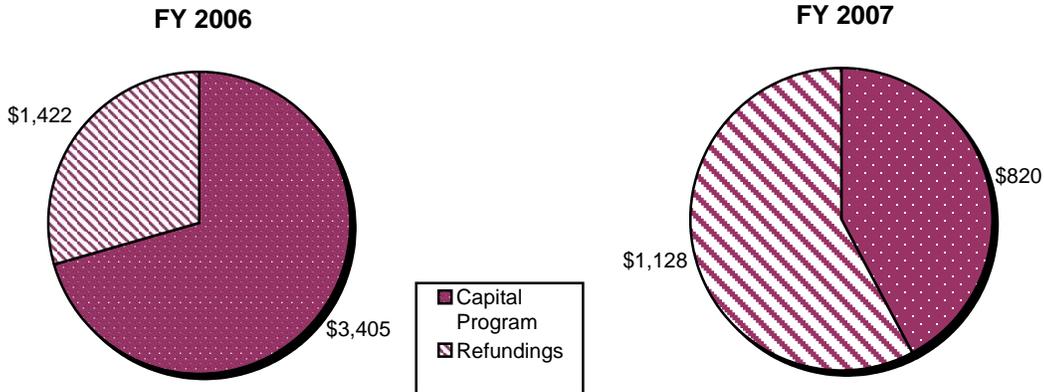
*	FY06			FY07		
	Tax- Exempt	Taxable	Total	Tax- Exempt	Taxable	Total
July	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
August	1,397	70	1,467	850	0	850
September	750	40	790	0	0	0
<b>1Q</b>	<b>2,147</b>	<b>110</b>	<b>2,257</b>	<b>850</b>	<b>0</b>	<b>850</b>
October	0	0	0	0	0	0
November	0	0	0	0	0	0
December	850	0	850	0	0	0
<b>2Q</b>	<b>850</b>	<b>0</b>	<b>850</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1H</b>	<b>2,997</b>	<b>110</b>	<b>3,107</b>	<b>850</b>	<b>0</b>	<b>850</b>
January	150	0	150	1,028	70	1,098
February	0	0	0	0	0	0
March	0	0	0	0	0	0
<b>3Q</b>	<b>150</b>	<b>0</b>	<b>150</b>	<b>1,028</b>	<b>70</b>	<b>1,098</b>
April	800	70	870	0	0	0
May	0	0	0	0	0	0
June	700	0	700	0	0	0
<b>4Q</b>	<b>1,500</b>	<b>70</b>	<b>1,570</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FY</b>	<b>\$4,647</b>	<b>\$180</b>	<b>\$4,827</b>	<b>\$1,878</b>	<b>\$70</b>	<b>\$1,948</b>

\*Month in which sale closed

Chart 8 shows the amount of GO proceeds that funded the capital program and the level of refundings in FY 2006 and FY 2007. In FY 2006, 71 percent of the proceeds were for capital needs compared with 42 percent in FY 2007. During FY 2006 and FY 2007, refundings yielded \$113 million and \$72 million, respectively, in budget savings over the life of the bonds.

**Chart 8. Purposes of GO Debt During FY06 and FY07**

(\$ in millions)



**TFA**

In the 4QFY07, the TFA sold \$589 million of revenue bonds to refund the BANs sold in November 2006. In FY 2007, the TFA sold \$600 million in BANs, \$1.2 billion in tax-exempt bonds, and \$200 million in taxable bonds for capital projects; \$300 million in bonds to refund outstanding long-term debt; and the \$589 million in bonds to fund the maturing BANs. In FY 2006, the TFA sold \$597 million in bonds for refundings. The FY 2006 refundings yielded \$32 million and the FY 2007 refundings yielded \$18 million in budget savings over the life of the bonds.

Additionally in FY 2007, the TFA began selling Building Aid bonds, which are backed by state education building aid. These bonds provide funding for the Five-Year Educational Facilities Capital Plan. The TFA has sold \$1.3 billion in Building Aid bonds.

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