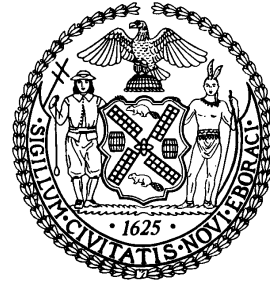


**The City Of New York
Office of the Comptroller
William C. Thompson, Jr.,
Comptroller**



QUARTERLY CASH REPORT

October-December 2008
Second Quarter of FY 2009

February 2009

Summary

Overview

- During the second quarter of FY 2009, daily cash balances in the New York City Central Treasury withstood financial and economic troubles, payment of tax refunds and the \$400 real property tax rebate, delay in real property tax bills, and declining tax receipts.
- The opening balance of \$6.370 billion for the second quarter of FY 2009 was the second highest second quarter opening balance in ten years. It was over 5 times the opening cash balance of the second quarter of FY 2000, more than 1.5 times the opening balance of the second quarter of FY 2005, and \$684 million greater than the opening balance of the second quarter of FY 2008. The average daily cash balance for the second quarter of FY 2009 was \$388 million more than the average daily balance for the second quarter of FY 2008, \$1.356 billion more than the average daily balance for the second quarter of FY 2005, and \$3.656 billion greater than the average daily balance in the second quarter of FY 2000.
- Typically, the second quarter of a fiscal year has the lowest daily cash balance. In the second quarter of FY 2009, the lowest daily cash balance was \$2.173 billion on December 26, 2008. Daily cash balances in the second quarter of FY 2009 began to fall below levels of recent years in mid-December after real property tax bills for the second half of FY 2009 were delayed. The closing balance for the second quarter of FY 2009 of \$2.820 billion was the lowest closing balance since the second quarter of FY 2003 and the first time since the second quarter of FY 2003 that the closing balance for the second quarter declined from the opening balance for the second quarter. The decline in cash balances during the second quarter of FY 2009 was the steepest for a second quarter in the last ten years.
- The average daily cash balance of \$5.412 billion during the first half of FY 2009 was the highest since the first half of FY 2006. The City was able to maintain operating cash without issuing notes for the fifth consecutive year.

Cash Receipts

- Cash receipts totaled \$15.061 billion and averaged \$247 million daily during the second quarter of FY 2009, the lowest levels during a second quarter in the last five years. Total cash receipts in the second quarter of FY 2009 decreased \$430 million and \$3.651 billion and average daily expenditures fell \$11 million and \$60 million compared with the same quarters in FY 2005 and FY 2008. In the second quarter of FY 2009, real property tax was \$2.273 billion less, other taxes were \$1.035 billion less, and miscellaneous revenue was \$669 million less than in the second quarter of FY 2008. The large decline in real property tax was mostly the result of the timing in billing for the second half and third quarter of FY 2009. The delayed bills extended the deadline for payments without interest by fifteen days. The lower collections of other taxes reflected worsening economic conditions. Personal income tax decreased \$114 million, general corporation tax \$142 million, sales tax \$5 million, and the mortgage and real property taxes \$301 million. The decline in total taxes accounted for 91 percent of the decrease in total receipts.
- Cash receipts for the first half of FY 2009 increased 16 percent over the first half of FY 2005 and decreased 2 percent from the first half of FY 2008. The steep decline in second quarter cash receipts in FY 2009 compared with the second quarter in FY 2008 more than offset the growth in receipts between the first quarter of FY 2008 and the first quarter of FY 2009. Real property tax, personal income tax, NYS education aid, sales tax, general corporation tax, federal welfare, and NYS welfare were the most important sources of receipts in the first half of the last five years. The five year first half average of these seven receipts was 56 percent of the five year average of total receipts.

Cash Expenditures

- Cash expenditures, including capital expenditures, totaled \$18.611 billion and averaged \$305 million daily during the second quarter of FY 2009. Cash expenditures increased \$4.169 billion and \$963 million and average daily expenditures grew \$64 million and \$16 million compared with the second quarters of FY 2005 and FY 2008. Personal service expenditures increased \$405 million in the second quarter of FY 2009 over the second quarter of FY 2008. Other-than-personal-service expenditures rose \$92 million in the same time frame. During the second quarter of FY 2009, gross payroll increased 29 percent and 6 percent, and other personal service expenditures increased 46 percent and 3 percent from the second quarters of FY 2005 and FY 2008, respectively. The City has current collective bargaining agreements with all major unions. In November 2008, police officers received approximately \$175 million in retroactive pay associated with 4 percent increases effective August 1, 2006, August 1, 2007, and August 1, 2008. Public assistance increased 9 percent and 18 percent, medical assistance increased 8 percent and decreased 1 percent, other social services increased 16 percent and decreased 3 percent, and vendor and other payments increased 27 percent and .4 percent in the second quarter of FY 2009 from the second quarters of FY 2005 and FY 2008. Tax refunds were \$355 million higher in the second quarter of FY 2009 than during the second quarter of FY 2008, reflecting economic conditions and payment of the \$400 real property tax rebate.
- During the first halves of FY 2005-FY 2009, personal service expenditures averaged 49 percent of total expenditures and grew 31 percent and other-than-personal-service expenditures averaged 34 percent of total expenditures and increased 19 percent. Daily expenditures were 7 percent of daily cash balances during the first half of FY 2009, 1 percentage point above the first half of FY 2008, the same as in the first half of FY 2005, and 19 percentage points less than in the first half of FY 2000.

Capital Expenditures and Reimbursements

- Capital expenditures totaling \$2.458 billion were 13 percent of total expenditures during the second quarter of FY 2009. This was the highest level of capital expenditures as a percent of total expenditures during the second quarter in the last ten years. Capital expenditures were \$1.018 billion more in the second quarter of FY 2009 than in the second quarter of FY 2005 and \$401 million more than during the second quarter of FY 2008. The City-funded portion of capital expenditures was \$226 million and \$342 million more during the second quarter of FY 2009 than during the second quarters of FY 2005 and FY 2008. Payments to the School Construction Authority totaled \$300 million in the second quarter of FY 2005, and \$800 million in the second quarter of both FY 2008 and FY 2009.
- In the first half of FY 2009, total capital expenditures were \$1.147 billion greater than in the first half of FY 2008 and have grown 64 percent over the first half of FY 2005. The City paid the School Construction Authority \$723 million, or 35 percent of capital expenditures, in the first half of FY 2000, \$600 million, or 21 percent of capital expenditures, in the first half of FY 2005, \$1.2 billion, or 33 percent of capital expenditures, in the first half of FY 2008, and \$1.6 billion, or 34 percent of capital expenditures during the first half of FY 2009. During the first halves of FY 2000-FY 2009, payments to the School Construction Authority averaged 29 percent of total capital expenditures.
- Capital expenditures are paid from the New York City Central Treasury and the Central Treasury is reimbursed mostly from the proceeds of general obligation, Transitional Finance Authority, water and sewer, and the Dormitory Authority of the State of New York financings. During the second quarter of FY 2009, reimbursements totaled \$2.724 billion. General obligation bond proceeds funded \$1.412 billion, water and sewer financings \$659 million, and the Transitional Finance Authority \$2 million of the \$2.724 billion in

reimbursements. The Transitional Finance Authority funded an additional \$610 million from Building Aid bonds, and the Dormitory Authority of the State of New York funded \$41 million for education capital expenditures. Reimbursements in the second quarters of FY 2000-FY 2009 were 18 percent of total receipts and 118 percent of reimbursable capital expenditures. During the second quarters of FY 2000-FY 2009, general obligation bonds funded 48 percent, water and sewer debt 22 percent, Transitional Finance Authority debt 17 percent, and Transitional Finance Authority Building Aid bonds and the Dormitory Authority of the State of New York 12 percent of reimbursements. During the first half of FY 2009, reimbursements were \$612 million more than reimbursable expenditures. This catch-up in reimbursements, which previously lagged behind expenditures, helped the City maintain its cash position in the face of growing financial difficulties.

Financing

- Due to turmoil in the credit markets, the City has decided to market smaller sales more frequently to achieve its issuance goals.
- The City sold \$1.283 billion in general obligation bonds during the second quarter of FY 2009. During the first half of FY 2009, general obligation bond issuances totaled \$3.496 billion, of which \$250 million refunded outstanding debt, yielding \$19 million of budget relief over the life of the bonds.
- The Transitional Finance Authority issued \$620 million in Building Aid bonds during the second quarter of FY 2009.

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I. Cash Balances¹

A. OVERVIEW

October-December 2008, Second Quarter of FY 2009 (2QFY09)

Notwithstanding the financial crisis facing New York City, daily cash book balances in the Central Treasury during the 2QFY09 endured falling tax receipts, tax refunds, delay in real property tax bills, and payment of the \$400 real property tax rebate. The payment of the rebate was not included in the City's November 2008 Financial Plan.

Table 1 shows the City's cash position during the 2QFY00-2QFY09. The opening balance for the 2QFY09 was the second highest opening balance in the ten year period. It was over 5 times the 2QFY00 opening cash balance, more than 1.5 times the 2QFY05 opening balance, and \$684 million greater than the 2QFY08 opening balance. Receipts were greater than expenditures by \$221 million in the 2QFY00, \$1.604 billion in the 2QFY04, \$1.049 billion in the 2QFY05, \$449 million in the 2QFY06, \$692 million in the 2QFY07, and \$1.064 billion in the 2QFY08. Expenditures exceeded receipts by \$1 million during the 2QFY01, \$241 million during the 2QFY02, \$276 million during the 2QFY03, and \$3.550 billion during the 2QFY09.

The 2Q closing cash balance has declined since the 2QFY06, which had the highest 2Q closing balance in the last ten years. The 2QFY09 closing balance was \$4.925 billion less than the 2QFY06 closing balance and \$3.930 billion less than at the close of the 2QFY08. The timing of real property tax receipts caused the steepest decline from the opening balance in the 2QFY09 to the closing balance in the last ten years. Total receipts grew 46 percent from the 2QFY00 to the 2QFY08 and declined 20 percent between the 2QFY08 and the 2QFY09, reflecting delayed billing of the semi-annual and third quarter real property tax revenue as discussed in the cash receipts section of this report. Total expenditures grew 40 percent from the 2QFY00 to the 2QFY08 and 5 percent between the 2QFY08 and the 2QFY09.

Table 1. Cash Position in the New York City Central Treasury, 2QFY00-2QFY09

(\$ in millions)

Central Treasury	2QFY00	2QFY01	2QFY02	2QFY03	2QFY04	2QFY05	2QFY06	2QFY07	2QFY08	2QFY09
Opening Balance	\$ 1,185	\$ 1,796	\$ 2,009	\$ 2,995	\$ 2,538	\$ 3,910	\$ 7,296	\$ 6,164	\$ 5,686	\$ 6,370
Total Receipts	12,804	11,257	12,220	12,630	13,996	15,491	15,464	16,545	18,712	15,061
Total Expenditures ^a	12,583	11,258	12,461	12,906	12,392	14,442	15,015	15,853	17,648	18,611
Closing Balance	\$ 1,406	\$ 1,795	\$ 1,768	\$ 2,719	\$ 4,142	\$ 4,959	\$ 7,745	\$ 6,856	\$ 6,750	\$ 2,820

a. Total expenditures include capital expenditures.

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

As shown in Table 2, the average daily cash balance during the 2QFY09 was \$3.656 billion greater than during the 2QFY00, \$1.356 billion greater than during the 2QFY05, and \$388 million greater than during the 2QFY08. The higher average daily balances in the months of October and November 2008 than during the months of October and November 2007 offset the decline in the average daily cash balance in December 2008 compared with December 2007.

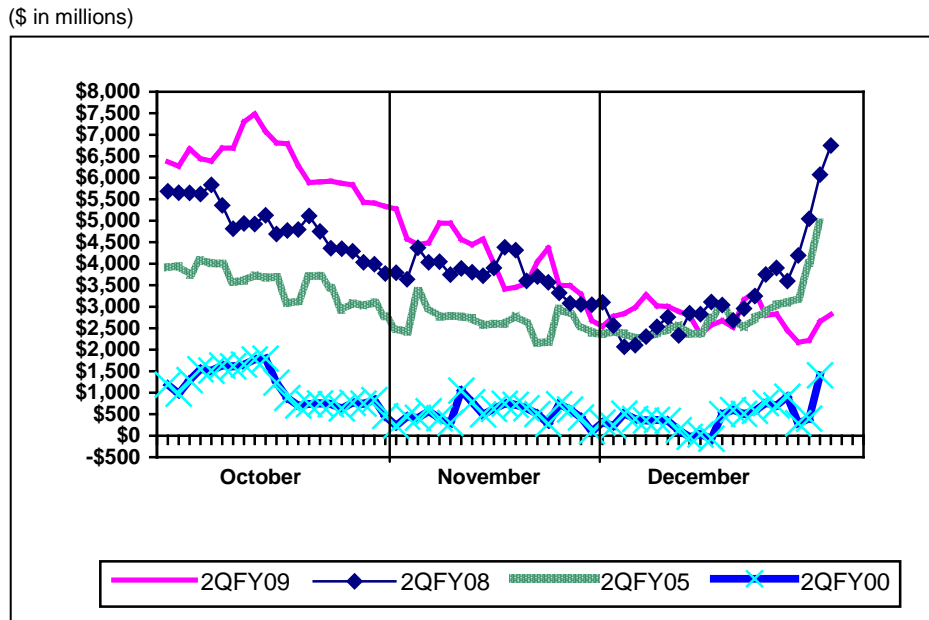
Table 2. Average Daily Cash Balances in the New York City Central Treasury, 2QFY00-2QFY09

(\$ in millions)

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
October	\$1,113	\$1,414	\$1,665	\$3,689	\$3,390	\$3,508	\$7,156	\$5,293	\$4,739	\$6,198
November	529	997	1,988	2,513	2,805	2,660	5,410	3,712	3,645	4,010
December	439	969	1,463	1,476	2,268	2,802	4,934	4,047	3,404	2,760
2Q Total	\$ 692	\$1,134	\$1,700	\$2,580	\$2,822	\$2,992	\$5,825	\$4,377	\$3,960	\$4,348

The lowest daily cash balances typically occur in the 2QFY. Chart 1 depicts cash-on-hand in the 2QFY00, 2QFY05, 2QFY08, and 2QFY09. The lowest daily cash book balances were negative \$67 million on December 15, 1999 (FY00), \$2.161 billion on November 22, 2004 (FY05), \$2.068 billion on December 3, 2007 (FY08), and \$2.173 billion on December 26, 2008 (FY09). Cash balances varied by \$1.860 billion, \$2.798 billion, \$4.683 billion, and \$5.312 billion during the 2QFY00, the 2QFY05, the 2QFY08, and the 2QFY09, respectively. Since the 2QFY03, only the 2QFY09 closed with less cash than it began.

Chart 1. Daily Cash Balances in the New York City Central Treasury, 2QFY00, 2QFY05, 2QFY08, and 2QFY09



July-December 2008, First Half of FY 2009 (1HFY09)

Tables 3 and 4 show the cash position in the Central Treasury during the 1HFY00-1HFY09. Cash-on-hand increased \$128 million and \$342 million in the 1HFY00 and the 1HFY01 and \$1.640 billion, \$751 million, \$915 million, \$470 million, and \$2.277 billion during the 1HFY04-1HFY08. Expenditures were greater than receipts by \$1.298 billion in the 1HFY02, \$1.714 billion in the 1HFY03, and \$2.168 billion in the 1HFY09. During the ten year period, total receipts increased 44 percent and total expenditures rose 54 percent. Total receipts rose 47 percent between the 1HFY00 and the 1HFY08 and fell 2 percent from the 1HFY08 to the 1HFY09.

Table 3. Cash Position in the New York City Central Treasury, 1HFY00-1HFY09

(\$ in millions)

Central Treasury	1HFY00	1HFY01	1HFY02	1HFY03	1HFY04	1HFY05	1HFY06	1HFY07	1HFY08	1HFY09
Opening Balance ^a	\$ 1,278	\$ 1,453	\$ 3,066	\$ 4,433	\$ 2,502	\$ 4,208	\$ 6,830	\$ 6,386	\$ 4,473	\$ 4,988
Total Receipts	24,125	23,583	23,564	26,258	28,141	30,067	32,001	31,715	35,533	34,811
Total Expenditures ^b	23,997	23,241	24,862	27,972	26,501	29,316	31,086	31,245	33,256	36,979
Closing Balance	\$ 1,406	\$ 1,795	\$ 1,768	\$ 2,719	\$ 4,142	\$ 4,959	\$ 7,745	\$ 6,856	\$ 6,750	\$ 2,820

a. Opening balances are before City audits.

b. Total expenditures include capital expenditures.

The average daily cash balance for the 1HFY09 was the highest since the 1HFY06.

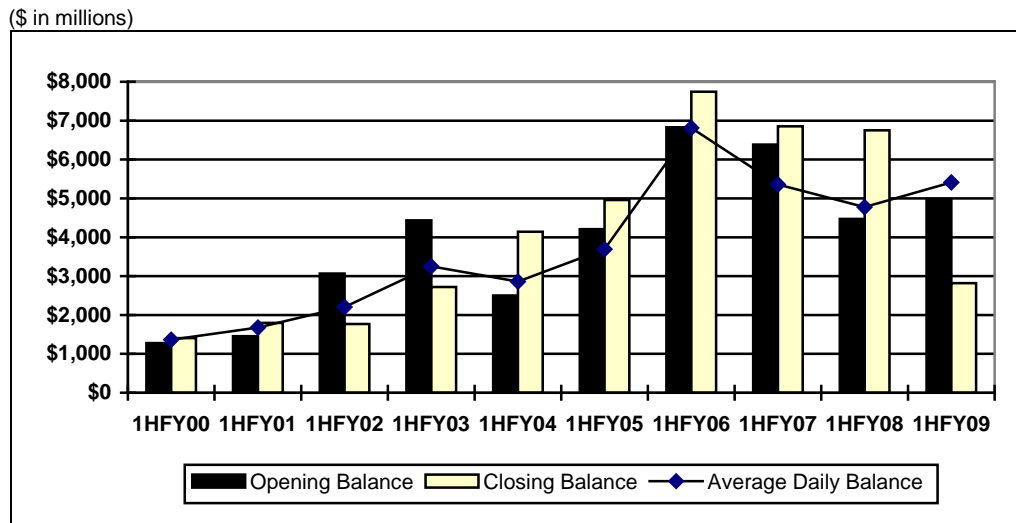
Table 4. Average Daily Cash Balances in the New York City Central Treasury, 1HFY00-1HFY09

(\$ in millions)

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
1Q Total	\$1,994	\$2,197	\$2,696	\$3,893	\$2,900	\$4,348	\$7,738	\$6,293	\$5,567	\$6,426
2Q Total	692	1,134	1,700	2,580	2,822	2,992	5,825	4,377	3,960	4,348
1H Total	\$1,364	\$1,678	\$2,206	\$3,252	\$2,862	\$3,692	\$6,812	\$5,358	\$4,777	\$5,412

Chart 2 summarizes the City's cash position during the 1HFY00-1HFY09. Beginning in FY05, the City's cash position was strong enough to maintain sufficient cash for operations without issuing short-term notes. The City sold \$500 million in notes in the 1HFY99, \$750 million in the 1HFY00, \$750 million in the 1HFY01, \$1.5 billion in the 1HFY02, \$1.5 billion in the 1HFY03, and \$1.5 billion in the 1HFY04. During the 1HFY02, after the attack on the World Trade Center, the City also sold \$1 billion in Recovery Notes. During the 1HFY06, the City's balances reached their best level during the 1HFY00-1HFY09. The City maintained high but decreasing levels of cash-on-hand in the 1HFY07 and the 1HFY08 and showed a slight improvement until mid-December in the 1HFY09.

Chart 2. Cash Position in the New York City Central Treasury, 1HFY00-1HFY09



B. CASH RECEIPTS

October-December 2008, 2QFY09

Table 5 shows total cash receipts and average daily cash receipts during the 2QFY05-2QFY09. Total receipts and average daily receipts for the 2QFY09 were the lowest during the five year period.

Table 5. Total and Average Daily Cash Receipts, 2QFY05-2QFY09

(\$ in millions)

	Total Receipts					Average Daily Receipts				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
October	\$ 3,559	\$ 3,506	\$ 3,400	\$ 4,167	\$ 4,404	\$178	\$175	\$162	\$189	\$200
November	4,208	3,293	4,609	4,764	3,959	221	173	243	251	233
December	7,724	8,665	8,536	9,781	6,698	368	413	427	489	304
2Q Total	\$15,491	\$15,464	\$16,545	\$18,712	\$15,061	\$258	\$258	\$276	\$307	\$247

Table 6 shows monthly receipts during the 2QFY08 and the 2QFY09 by category. Cash receipts were \$3.651 billion less during the 2QFY09 than during the 2QFY08. From year-to-year, decreases of \$3.083 billion occurred in December 2008 compared with December 2007 and \$805 million in November 2008 compared with November 2007. Receipts in October 2008 were \$237 million greater than in October 2007.

Table 6. Cash Receipts by Category, 2QFY08 and 2QFY09

(\$ in millions)

Receipts	Oct. 2007	Nov. 2007	Dec. 2007	Total 2QFY08	Oct. 2008	Nov. 2008	Dec. 2008	Total 2QFY09	Diff. Total 2QFY08/09
Real Property Tax	\$ 366	\$ 73	\$3,295	\$ 3,734	\$ 254	\$ 51	\$1,156	\$ 1,461	\$(2,273)
Other Taxes	1,446	1,544	3,153	6,143	1,414	1,188	2,506	5,108	(1,035)
Federal and State Aid	635	1,267	1,437	3,339	877	1,317	1,413	3,607	268
Miscellaneous	369	472	855	1,696	375	367	285	1,027	(669)
Intergovernmental Aid	0	0	4	4	0	0	165	165	161
Other	1,351	1,408	1,037	3,796	1,484	1,036	1,173	3,693	(103)
Total	\$4,167	\$4,764	\$9,781	\$18,712	\$4,404	\$3,959	\$6,698	\$15,061	\$(3,651)

Table 7 displays cash receipts by major category during the 2QFY00-2QFY09.

Table 7. Cash Receipts by Category, 2QFY00-2QFY09

(\$ in millions)

	2QFY00	2QFY01	2QFY02	2QFY03	2QFY04	2QFY05	2QFY06	2QFY07	2QFY08	2QFY09
Real Property Tax	\$ 1,999	\$ 1,438	\$ 1,112	\$ 1,912	\$ 2,749	\$ 2,227	\$ 3,688	\$ 3,608	\$ 3,734	\$ 1,461
Other Taxes	3,775	3,886	3,679	3,611	3,861	4,995	5,437	5,968	6,143	5,108
Federal and State Aid	2,270	2,350	2,711	2,748	2,830	2,829	2,566	2,837	3,339	3,607
Less: Debt Funding	(16)	(7)	(65)	(216)	(185)	(425)	(1)	(147)	0	0
Miscellaneous	816	949	818	897	922	2,411	1,112	1,200	1,696	1,027
Intergovernmental Aid	247	364	308	516	477	1,242	383	265	4	165
Other	3,713	2,277	3,657	3,162	3,342	2,212	2,279	2,814	3,796	3,693
Total	\$12,804	\$11,257	\$12,220	\$12,630	\$13,996	\$15,491	\$15,464	\$16,545	\$18,712	\$15,061

Tax receipts² totaled \$6.569 billion during the 2QFY09. This was 33 percent less than the \$9.877 billion in tax receipts collected during the 2QFY08. The decline in tax receipts accounted for 91 percent of the decrease in total receipts in the 2QFY09 compared with the 2QFY08.

Real property tax collections during the 2QFY09 were \$2.273 billion less than in the 2QFY08, accounting for 69 percent of the decrease in total tax receipts. The lower real property tax collections were primarily the result of the timing of bills for the 2HFY09 and the 3QFY09. The delayed bills extended the deadline for quarterly payments by fifteen days to January 30, 2009 and for semi-annual payments to January 16, 2009, without interest.

Tax collections, excluding real property tax, increased 63 percent from the 2QFY00 to the 2QFY08. Reflective of worsening economic conditions, collections declined by \$1.035 billion during the 2QFY09. Table 8 shows the growth in major tax receipts, in the 2QFY00, the 2QFY05, the 2QFY08, and the 2QFY09. These taxes all increased between the 2QFY00 and the 2QFY09, and only the mortgage and real property transfer taxes declined between the 2QFY05 and the 2QFY09. From the 2QFY08 to the 2QFY09,

2. In this report, tax receipts, with the exception of personal income tax, are gross of refunds. Real property tax and personal income tax are gross of any debt service funding. Sales tax includes the state distribution, the local share, and interest income less debt service funding, if any. The state distribution of Municipal Assistance Corporation (MAC) sales tax expired in the 2QFY09, after all MAC debt was defeased and was replaced with an equal amount of City sales tax by the state legislature.

general corporation tax (GCT) decreased \$142 million, the mortgage and real property transfer taxes \$301 million, personal income tax (PIT) \$114 million, and sales tax \$5 million. In the same time frame, the unincorporated business tax (UBT) increased \$22 million and the banking corporation tax (BCT) \$23 million.

Table 8. Major Tax Receipts, 2QFY00, 2QFY05, 2QFY08, and 2QFY09

(\$ in millions)

	2QFY00	2QFY05	2QFY08	2QFY09	% Change 2QFY00/ 2QFY09	% Change 2QFY05/ 2QFY09	% Change 2QFY08/ 2QFY09
Personal Income Tax	\$1,288	\$1,510	\$1,821	\$1,707	33%	13%	(6)%
General Corporation Tax	489	591	953	811	66	37	(15)
Unincorporated Business Tax	73	123	187	209	186	70	12
Banking Corporation Tax	113	147	161	184	63	25	14
Sales Tax	993	1,249	1,406	1,401	41	12	(4)
Mortgage and Real Property Transfer Taxes	253	594	678	377	49	(37)	(44)

The timing in the receipt of School Tax Relief (STAR) aid, which is included in all other taxes, has been changed by the state. During the 2QFY09, no STAR aid was received compared with \$160 million received in the 2QFY00, \$410 million in the 2QFY05, and \$504 million in the 2QFY08.

Federal aid totaled \$1.205 billion and NYS aid totaled \$2.402 billion during the 2QFY09, increases of \$189 million and \$79 million over federal and NYS aid in the 2QFY08. NYS education aid of \$1.166 billion accounted for 50 percent of NYS aid in the 2QFY08. NYS education aid totaled \$1.350 billion and was 56 percent of NYS aid in the 2QFY09. During the 2QFY09, NYS education aid included general aid of \$507 million, excess cost aid of \$304 million, building aid of \$83 million, and video lottery terminal (VLT) aid of \$133 million. The City received NYS higher education aid in November 2007 of \$313 million and in November 2008 of \$332 million.

Miscellaneous revenue during the 2QFY09 was \$669 million lower than during the 2QFY08. The decrease was in large part due to the receipt of \$419 million in tobacco settlement funds in December 2007 and lower reimbursements from the Health and Hospitals Corporation.

The City received \$161 million more in NYS revenue sharing during the 2QFY09 than during the 2QFY08.

Table 9 shows the major sources of cash each month during the 2QFY09.

Table 9. Major Cash Sources by Month, 2QFY09

(\$ in millions)

October 2008		November 2008		December 2008	
Sales Tax	\$522	Personal Income Tax	\$556	Real Property Tax	\$1,156
Personal Income Tax	514	NYS Education	432	NYS Education	730
Federal Welfare	272	Sales Tax	364	General Corporation Tax	650
Real Property Tax	254	NYS Higher Education	332	Personal Income Tax	637
NYS Welfare	241	Federal Welfare	139	Sales Tax	515
NYS Education	188	NYS Welfare	101	Federal Education	223
General Corporation Tax	82	General Corporation Tax	79	Banking Corporation Tax	172
Fines and Forfeitures	80	Licenses, etc.	76	NYS Revenue Sharing	165
Health Settlements	78	Federal Education	75	Commercial Rent Tax	135
Water and Sewer Fees	75	Fines and Forfeitures	68	Unincorporated Business Tax	124
Unincorporated Business Tax	66	Water and Sewer Fees	59	Federal Welfare	121
Federal Education	45	Real Property Tax	51	Hotel Tax	101
		NYS Health	45	Fines and Forfeitures	81
				Water and Sewer Fees	65
				Health Settlements	61
				Utility Tax	54
				NYS Welfare	50

Selected cash receipts during the 2QFY05-2QFY09 are shown in Table 10.

Table 10. Selected Cash Receipts, 2QFY05-2QFY09

(\$ in millions)

	2QFY05	2QFY06	2QFY07	2QFY08	2QFY09	5 Year Average	% Change 2QFY05/2QFY09
Real Property Tax	\$2,227	\$3,688	\$3,608	\$3,734	\$1,461	\$2,944	(34)%
Personal Income Tax	1,510	1,767	1,789	1,821	1,707	1,719	13
Sales Tax	1,249	1,267	1,360	1,406	1,401	1,337	12
NYS Education	642	685	869	1,166	1,350	942	110
General Corporation Tax	591	576	853	953	811	757	37
Federal Welfare	544	637	518	439	532	534	(2)
NYS Welfare	600	319	286	581	392	436	(35)
NYS Higher Education	197	225	190	313	332	251	69
NYS Revenue Sharing	245	241	265	4	165	184	(33)
Banking Corporation Tax	147	225	383	161	184	220	25
Unincorporated Business Tax	123	149	176	187	209	169	70
Commercial Rent Tax	119	116	137	136	144	130	21
Federal Education	321	261	484	212	343	324	7
Fines and Forfeitures	206	180	191	227	229	207	11
Long-Term Care	134	142	0	0	0	55	(100)
Water and Sewer Fees	139	171	178	191	199	176	43
STAR	410	364	165	504	0	289	(100)
Tobacco Settlement	0	0	0	419	0	84	-
Airport Rent	782	0	0	0	0	156	(100)
MAC Reimbursement	631	0	0	0	0	126	(100)
Return of Escrow	0	49	0	0	0	10	-

July-December 2008, 1HFY09

Tables 11 and 12 show total and average daily cash receipts and selected cash receipts during the 1HFY05-1HFY09. Total receipts increased 18 percent and average daily receipts \$45 million between the 1HFY05 and the 1HFY08 and then decreased 2 percent and \$9 million in the 1HFY09 from the 1HFY08. The steep decline in the 2QFY09 compared with the 2QFY08 more than offset the growth in receipts between the 1QFY08 and the 1QFY09.

The main sources of cash receipts in the 1HFY05-1HFY09 were real property tax, PIT, NYS education aid, sales tax, GCT, federal welfare, and NYS welfare. These seven sources comprised 54 percent, 59 percent, 58 percent, 56 percent, and 52 percent of total receipts in the 1HFY05, the 1HFY06, the 1HFY07, the 1HFY08, and the 1HFY09, respectively. The five year averages of these seven sources as a percentage of the five year average of total receipts was 56 percent.

Table 11. Total and Average Daily Cash Receipts, 1HFY05-1HFY09

(\$ in millions)

	Total Receipts					Average Daily Receipts				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
1Q Total	\$14,576	\$16,537	\$15,170	\$16,821	\$19,750	\$228	\$258	\$241	\$267	\$309
2Q Total	15,491	15,464	16,545	18,712	15,061	258	258	276	307	247
1H Total	\$30,067	\$32,001	\$31,715	\$35,533	\$34,811	\$242	\$258	\$258	\$287	\$278

Table 12. Selected Cash Receipts, 1HFY05-1HFY09

(\$ in millions)

	1HFY05	1HFY06	1HFY07	1HFY08	1HFY09	% Change 1HFY05/ 1HFY09	5 Year Average	5 Yr. Aver. as a % of Aver. Total Receipts 1HFY05/ 1HFY09
Real Property Tax	\$6,284	\$8,578	\$7,024	\$7,978	\$6,467	3%	\$7,266	22%
Personal Income Tax	2,743	3,118	3,192	3,371	3,356	22	3,156	10
NYS Education	1,985	1,906	2,078	2,332	2,604	31	2,181	7
Sales Tax	1,907	2,092	2,163	2,316	2,356	24	2,167	7
General Corporation Tax	1,067	1,200	2,037	1,729	1,563	46	1,519	5
Federal Welfare	1,063	1,302	1,066	989	1,068	-	1,098	3
NYS Welfare	1,134	737	824	1,038	820	(28)	911	3
Water and Sewer Fees	541	595	608	652	711	31	621	2
Federal Education	472	573	719	468	720	53	590	2
Unincorporated Business Tax	333	410	500	597	600	80	488	1
STAR	597	562	498	866	343	(43)	573	2
NYS Revenue Sharing	282	273	328	4	228	(19)	223	1

Table 13 shows cash receipts, net of reimbursements for capital expenditures, during the 1HFY08 and the 1HFY09.

Table 13. Cash Receipts, Net of Reimbursements for Capital Expenditures, 1HFY08 and 1HFY09

(\$ in millions)

	FY08	FY09	Diff. FY08/ FY09
July	\$ 6,391	\$ 7,588	\$1,197
August	3,274	2,968	(306)
September	5,874	6,838	964
1Q Total	15,539	17,394	1,855
October	3,371	3,283	(88)
November	3,584	3,013	(571)
December	9,227	6,041	(3,186)
2Q Total	16,182	12,337	(3,845)
1H Total	\$31,721	\$29,731	\$(1,990)

C. CASH EXPENDITURES

October-December 2008, 2QFY09

Table 14 shows total expenditures and average daily cash expenditures, including capital expenditures, during the 2QFY05-2QFY09. Total cash expenditures increased by \$4.169 billion and average daily expenditures grew \$64 million during the five year period.

Table 14. Total and Average Daily Cash Expenditures, 2QFY05-2QFY09

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
October	\$ 4,695	\$ 4,669	\$ 5,307	\$ 6,214	\$ 6,193	\$235	\$233	\$253	\$282	\$281
November	4,587	5,025	5,374	5,840	5,861	241	265	283	307	345
December	5,160	5,321	5,172	5,594	6,557	246	253	259	280	298
2Q Total	\$14,442	\$15,015	\$15,853	\$17,648	\$18,611	\$241	\$250	\$264	\$289	\$305

Table 15 shows monthly cash expenditures during the 2QFY08 and the 2QFY09 by category. Cash expenditures during the 2QFY09 increased by \$963 million over the 2QFY08. On a year-over-year basis, the increase in expenditures was \$963 million between December 2007 and December 2008. Cash expenditures fell \$21 million between October 2007 and October 2008, offset by the same increase between November 2007 and November 2008. During the 2QFY09, the growth in gross payroll accounted for 34 percent and the growth in all other and capital accounted for 48 percent of the total increase over the 2QFY08.

Table 15. Cash Expenditures by Category, 2QFY08 and 2QFY09

(\$ in millions)

Expenditures	Oct. 2007	Nov. 2007	Dec. 2007	Total 2QFY08	Oct. 2008	Nov. 2008	Dec. 2008	Total 2QFY09	Diff. Total 2QFY08/09
Gross Payroll	\$1,870	\$2,045	\$1,884	\$ 5,799	\$2,124	\$2,055	\$1,945	\$ 6,124	\$325
Other Personal Service	991	874	941	2,806	1,057	811	1,018	2,886	80
Public Assistance	158	166	219	543	264	180	199	643	100
Medical Assistance	432	342	398	1,172	354	386	426	1,166	(6)
Other Social Services	162	207	231	600	162	195	228	585	(15)
Vendor and Other	1,149	1,026	1,206	3,381	1,185	1,120	1,089	3,394	13
All Other and Capital	1,452	1,180	715	3,347	1,047	1,114	1,652	3,813	466
Total	\$6,214	\$5,840	\$5,594	\$17,648	\$6,193	\$5,861	\$6,557	\$18,611	\$963

Personal service (PS) expenditures are comprised of gross payroll, social security, health benefits, pensions, and other fringe benefits. Table 16 shows PS cash expenditures and headcount during the 2QFY00-2QFY09. PS increased \$405 million from the 2QFY08 to the 2QFY09 and has grown 34 percent since the 2QFY05, and 61 percent from the 2QFY00.

Gross payroll accounted for 78 percent of total PS costs in the 2QFY00, 71 percent in the 2QFY05, and 68 percent in the 2QFY09. Gross payroll increased 41 percent between the 2QFY00 and the 2QFY09, 29 percent from the 2QFY05 to the 2QFY09, and 6 percent from the 2QFY08 to the 2QFY09.

Table 16. PS Cash Expenditures and Headcount, 2QFY00-2QFY09

(\$ in millions)

	2QFY00	2QFY01	2QFY02	2QFY03	2QFY04	2QFY05	2QFY06	2QFY07	2QFY08	2QFY09
Gross Payroll	\$4,353	\$4,189	\$4,446	\$4,741	\$4,307	\$4,755	\$5,397	\$5,330	\$5,799	\$6,124
Other Personal Service	1,257	982	1,346	1,662	1,839	1,982	2,383	2,423	2,806	2,886
Total PS	\$5,610	\$5,171	\$5,792	\$6,403	\$6,146	\$6,737	\$7,780	\$7,753	\$8,605	\$9,010
Opening Headcount	246,950	251,000	252,266	248,812	256,519	264,660	266,109	270,334	274,983	282,437
# of Bi-weekly Payrolls	7	6	6	6	6	7	7	7	7	7

The 2QFY01-2QFY04 had six bi-weekly payrolls. The 2QFY00 and the 2QFY05-2QFY09 each had seven bi-weekly payrolls. The number of employees has grown 35,487 since the 2QFY00 to 282,437 at the start of the 2QFY09. The City has current collective bargaining agreements with all major unions. In November 2008, police officers received approximately \$175 million in retroactive pay associated with 4 percent increases effective August 1, 2006, August 1, 2007, and August 1, 2008.

In the 2QFY, mainly in the month of December, payments are made for uniform allowances. Uniform allowances were \$60 million, \$59 million, \$62 million, \$64 million, and \$64 million in December 2004, December 2005, December 2006, December 2007, and December 2008, respectively. Uniform allowances paid in December 2008 included \$40 million in the Police Department, \$10 million in the Correction Department, \$7 million in the Sanitation Department, and \$6 million in the Fire Department.

Other personal service expenditures have grown much faster than gross payroll, increasing by 130 percent over the ten years, 46 percent from the 2QFY05 to the 2QFY09, and 3 percent from the 2QFY08 to the 2QFY09. Other personal service expenditures were \$80 million greater in the 2QFY09 than the 2QFY08, \$904 million more than in the 2QFY05, and \$1.629 billion higher than in the 2QFY00. Pensions, social security, and health plan payments are included in other personal services. Pension payments increased \$99 million in the 2QFY09 from the 2QFY08 and almost doubled since the 2QFY05. Social security payments rose \$5 million and \$63 million in the 2QFY09 compared with the 2QFY08 and the 2QFY05. Health plan payments increased \$119 million during the 2QFY09 from the 2QFY05. Health plan payments in the 2QFY09 decreased \$25 million compared with the 2QFY08. The 2QFY08 included \$99 million in deposits to the Retiree Health Benefits Trust Fund.

As shown in Table 17, other-than-personal-service (OTPS) expenditures increased \$92 million during the 2QFY09 over the 2QFY08 and have grown 63 percent since the 2QFY00 and 19 percent from the 2QFY05. In the last ten years, public assistance (PA) was highest during the 2QFY09. The increase of \$100 million in PA in the 2QFY09 over the 2QFY08 was the main component of the change in total OTPS. Medical assistance (MA) decreased \$6 million, other social services fell \$15 million, and vendor and other rose \$13 million in the 2QFY09 from the 2QFY08. Over the last ten years, PA has fallen from 15 percent of total OTPS expenditures in the 2QFY00 to 11 percent in the 2QFY09, and other social services fell from 14 percent to 10 percent. MA increased from 19 percent of total OTPS in the 2QFY00 to 20 percent in the 2QFY09, and vendor and other was 52 percent of total OTPS in the 2QFY00 and 59 percent in the 2QFY09.

Table 17. OTPS Cash Expenditure, 2QFY00-2QFY09

(\$ in millions)

	2QFY00	2QFY01	2QFY02	2QFY03	2QFY04	2QFY05	2QFY06	2QFY07	2QFY08	2QFY09
Public Assistance	\$545	\$483	\$593	\$529	\$573	\$592	\$603	\$519	\$543	\$643
# of Cash Recipients* ¹	647,679	556,087	463,603	421,783	424,862	433,471	413,737	382,896	349,936	334,329
Medical Assistance	\$671	\$693	\$811	\$858	\$936	\$1,083	\$1,083	\$1,065	\$1,172	\$1,166
# of Medicaid Enrollees*	1,637,420	1,605,472	1,617,392	2,077,650	2,321,278	2,506,314	2,639,955	2,582,171	2,587,153	2,596,233
Other Social Services	\$488	\$546	\$486	\$460	\$459	\$504	\$458	\$610	\$600	\$585
Vendor and Other	\$1,840	\$1,948	\$2,400	\$2,269	\$2,323	\$2,672	\$2,906	\$3,212	\$3,381	\$3,394
Total OTPS	\$3,544	\$3,670	\$4,290	\$4,116	\$4,291	\$4,851	\$5,050	\$5,406	\$5,696	\$5,788

*Source: NYC Human Resources Administration as of the start of the quarter. 1. Beginning January 1999 all figures are unduplicated counts.

During the 2QFY09 compared with the 2QFY00, the 2QFY05, and the 2QFY08, PA increased 18 percent, 9 percent, and 18 percent, MA increased 74 percent and 8 percent and decreased 1 percent, other social services increased 20 percent and 16 percent, and decreased 3 percent, and vendor and other payments increased 84 percent, 27 percent, and .4 percent.

The \$355 million increase in tax refunds in the 2QFY09 compared with the 2QFY08 accounted for 76 percent of the rise in all other and capital expenditures. The 2QFY09 included \$220 million for payment of the \$400 real property tax rebate. The balance of the increase in tax refunds reflects economic conditions.

July-December 2008, 1HFY09

Table 18 shows cash expenditures during the 1HFY05-1HFY09. Cash expenditures for the 1HFY09 increased 11 percent over the 1HFY08 and 26 percent compared with the 1HFY05.

Table 18. Total and Average Daily Cash Expenditures, 1HFY05-1HFY09

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
1Q Total	\$14,874	\$16,071	\$15,392	\$15,608	\$18,368	\$232	\$251	\$244	\$248	\$287
2Q Total	14,442	15,015	15,853	17,648	18,611	241	250	264	289	305
1H Total	\$29,316	\$31,086	\$31,245	\$33,256	\$36,979	\$236	\$251	\$254	\$268	\$296

Table 19 and Chart 3 show the ten year trend of daily expenditures as a percent of daily cash balances. The relationship between the City’s expenditures and daily cash balances during a fiscal year improved steadily between the 1HFY00 and the 1HFY06, falling by 22 percentage points. Expenditures, although remaining below the 1HFY00-1HFY04 percentages, have increased to 7 percent of daily cash balances during the 1HFY09, the same level as in the 1HFY05.

Table 19. Daily Expenditures as a Percent of Daily Cash Balances, 1HFY00-1HFY09

Daily Expenditures as a Percent of Daily Cash Balances									
1HFY00	1HFY01	1HFY02	1HFY03	1HFY04	1HFY05	1HFY06	1HFY07	1HFY08	1HFY09
26%	17%	11%	9%	8%	7%	4%	5%	6%	7%

Chart 3. Daily Expenditures as a Percent of Daily Cash Balances, 1HFY00-1HFY09

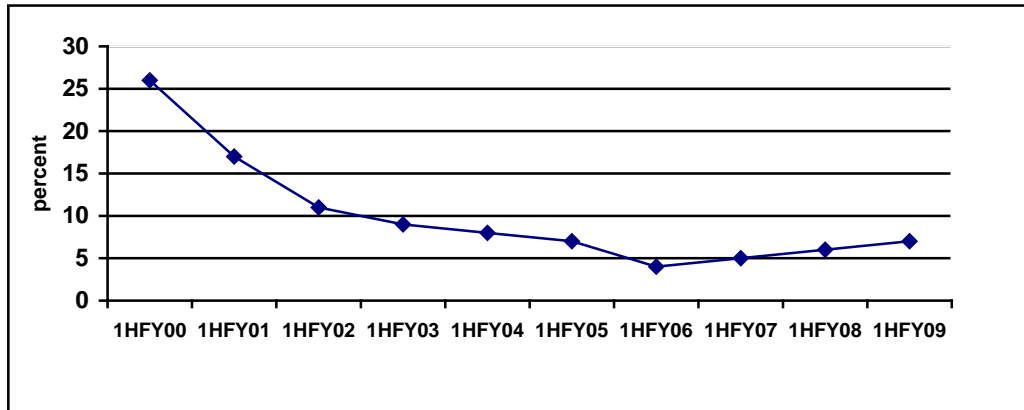


Table 20 and Chart 4 show PS and OTPS expenditures during the 1HFY05-1HFY09. PS expenditures averaged 49 percent of total expenditures over the five years. PS grew 31 percent between the 1HFY05 and the 1HFY09 and ranged from a low of 47 percent of total expenditures during the 1HFY05 to a high of 50 percent of total expenditures during the 1HFY06. OTPS increased 19 percent between the 1HFY05 and the 1HFY09. OTPS averaged 34 percent of total expenditures during the last five years and ranged from a low of 33 percent during the 1HFY09 to a high of 35 percent in the 1HFY07.

Table 20. PS and OTPS Expenditures, 1HFY05-1HFY09

(\$ in millions)

	1HFY05	1HFY06	1HFY07	1HFY08	1HFY09	Average Percent of Total Expenditures 1HFY05-1HFY09
PS	\$13,742	\$15,609	\$15,214	\$16,291	\$17,963	49%
OTPS	10,132	10,544	10,916	11,348	12,021	34

Chart 4. PS and OTPS as a Percent of Total Expenditures, 1HFY05-1HFY09

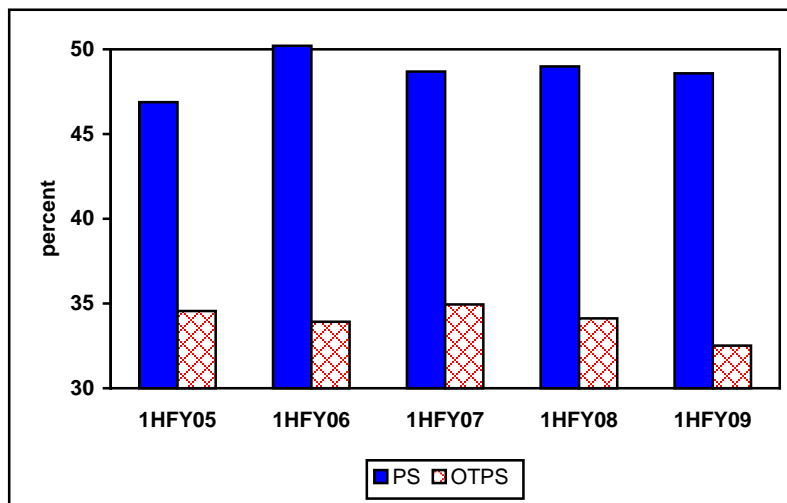


Table 21 compares expenditures, net of capital expenditures, during the 1HFY08 and the 1HFY09.

Table 21. Cash Expenditures, Net of Capital Expenditures, 1HFY08 and 1HFY09

(\$ in millions)

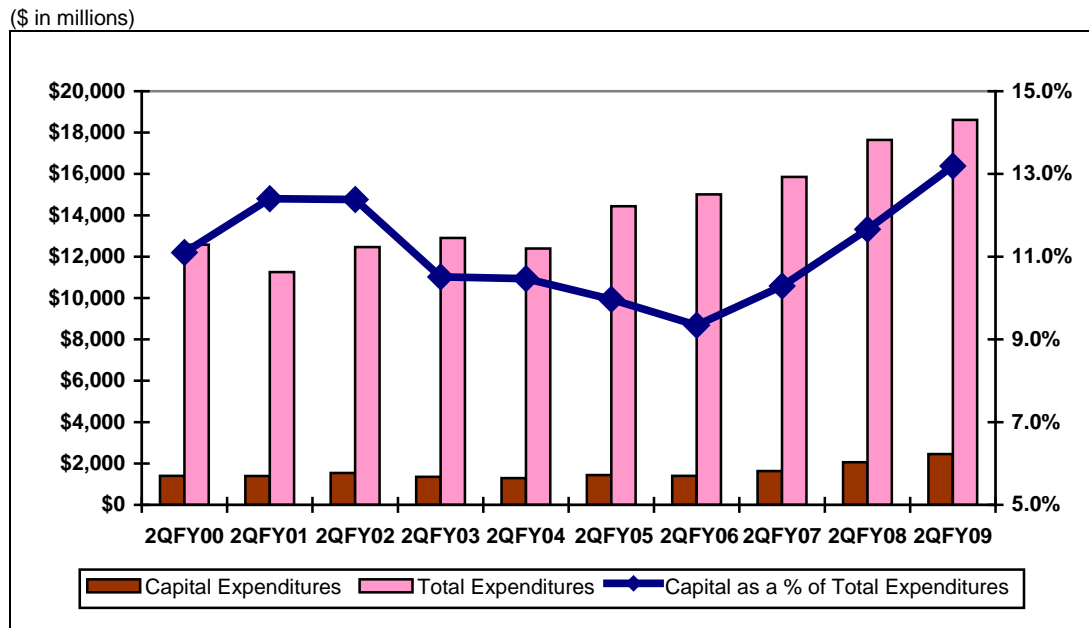
	FY08	FY09	Diff. FY08/ FY09
July	\$ 5,018	\$ 5,587	\$ 569
August	4,680	5,531	851
September	4,348	4,942	594
1Q Total	14,046	16,060	2,014
October	5,386	5,659	273
November	5,044	5,005	(39)
December	5,161	5,489	328
2Q Total	15,591	16,153	562
1H Total	\$29,637	\$32,213	\$2,576

II. Capital Expenditures

October-December 2008, 2QFY09

Total capital expenditures were \$2.458 billion, or 13 percent of total cash expenditures during the 2QFY09. As shown in Chart 5, this was the highest level of capital expenditures as a percent of total expenditures during the 2Q in the last ten years. The 13 percent was 1.5 percentage points greater than capital as a percent of total expenditures in the 2QFY08. In the 2QFY05, capital expenditures were 10 percent of total expenditures and during the 2QFY00, capital expenditures were 11 percent of total expenditures.

Chart 5. Total Capital Expenditures as a Percent of Total Expenditures, 2QFY00-2QFY09



Tables 22 and 23 show total and City-funded capital expenditures and average daily total and City-funded capital expenditures during the 2QFY05-2QFY09. Total capital expenditures were \$401 million greater during the 2QFY09 than in the 2QFY08 and 71 percent greater than in the 2QFY05. City-funded capital expenditures were \$342 million greater in the 2QFY09 than in the 2QFY08 and 17 percent more than in the 2QFY05.

Table 22. Total Capital Expenditures and Average Daily Total Capital Expenditures, 2QFY05-2QFY09

(\$ in millions)

	Total Capital Expenditures					Average Daily Total Capital Expenditures				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
October	\$ 386	\$ 298	\$ 431	\$ 828	\$ 534	\$19	\$15	\$21	\$38	\$24
November	335	766	796	796	856	18	40	42	42	50
December	719	338	407	433	1,068	34	16	20	22	49
2Q Total	\$1,440	\$1,402	\$1,634	\$2,057	\$2,458	\$24	\$23	\$27	\$34	\$40

Table 23. City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures, 2QFY05-2QFY09

(\$ in millions)

	City-funded Capital Expenditures					Average Daily City-funded Capital Expenditures				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
October	\$ 345	\$ 270	\$ 385	\$ 429	\$ 494	\$17	\$14	\$18	\$20	\$22
November	309	711	396	380	449	16	37	21	20	26
December	667	303	343	396	604	32	14	17	20	27
2Q Total	\$1,321	\$1,284	\$1,124	\$1,205	\$1,547	\$22	\$21	\$19	\$20	\$25

Beginning in FY07, City-funded capital expenditures reflect the change in the designation and funding of capital expenditures in the City's Five-Year Educational Facilities Capital Plan from City to non City-funded expenditures. Table 24 shows the payments by the City to the School Construction Authority (SCA) for capital expenditures for education during the 2QFY00-2QFY09.

Table 24. Payments to the SCA, 2QFY00-2QFY09

(\$ in millions)

	SCA Capital Expenditures									
	2QFY00	2QFY01	2QFY02	2QFY03	2QFY04	2QFY05	2QFY06	2QFY07	2QFY08	2QFY09
City-funded	\$723	\$534	\$600	\$300	\$249	\$296	\$400	\$ 31	\$ 35	\$ 30
TFA & DASNY	0	0	0	0	0	0	0	369	763	756
Other	0	0	0	0	51	4	0	0	2	14
Total	\$723	\$534	\$600	\$300	\$300	\$300	\$400	\$400	\$800	\$800

City-funded capital expenditures are primarily financed from the proceeds of general obligation (GO), New York City Transitional Finance Authority (TFA), and water and sewer debt. Beginning in the 2QFY07, non City-funded capital expenditures for education are financed mostly by TFA Building Aid bonds and Expanding Our Children's Education and Learning (EXCEL) capital grant funding from the Dormitory Authority of the State of New York (DASNY).

Capital expenditures are initially paid from the Central Treasury. Table 25 shows the reimbursements during the 2QFY09 to the Central Treasury from the proceeds of financings. Total reimbursements were \$2.724 billion. GO proceeds funded \$1.412 billion, water and sewer financings \$659 million, and the TFA \$2 million of reimbursements. The TFA funded an additional \$610 million from Building Aid bonds, and DASNY funded \$41 million for education capital expenditures.

Table 25. Reimbursements to the New York City Central Treasury for Capital Expenditures, 2QFY09

(\$ in millions)

	Oct. 2008	Nov. 2008	Dec. 2008	Total 2QFY09
GO	\$ 708	\$331	\$373	\$1,412
Water and Sewer	95	299	265	659
TFA	1	0	1	2
Sub-total	804	630	639	2,073
TFA Building Aid	294	316	0	610
DASNY	23	0	18	41
Sub-total	317	316	18	651
Total	\$1,121	\$946	\$657	\$2,724

Table 26 shows reimbursements during the 2QFY00-2QFY09. In this time frame, GO debt funded 48 percent, water and sewer debt 22 percent, TFA debt 17 percent, and TFA Building Aid bonds and DASNY 12 percent of the reimbursements of capital expenditures. The 2QFY07 had the first reimbursement of education expenditures from TFA Building Aid bonds and DASNY, and the first reimbursement since FY04 for City-funded capital expenditures from TFA debt. During the 2QFY09, reimbursements to the Central Treasury were \$421 million more than reimbursable expenditures and made up 18 percent of total receipts. In the ten year period, reimbursable expenditures exceeded reimbursements by \$238 million and accounted for 10 percent of total receipts.

Table 26. Reimbursements to the New York City Central Treasury for Capital Expenditures, 2QFY00-2QFY09

(\$ in millions)

	2QFY00	2QFY01	2QFY02	2QFY03	2QFY04	2QFY05	2QFY06	2QFY07	2QFY08	2QFY09	Total
GO	\$210	\$523	\$ 962	\$ 22	\$ 765	\$1,032	\$ 836	\$ 40	\$1,144	\$1,412	\$ 6,946
Water and Sewer	115	165	225	192	265	328	361	219	674	659	3,203
TFA	413	203	249	515	53	0	0	761	208	2	2,404
Sub-total	738	891	1,436	729	1,083	1,360	1,197	1,020	2,026	2,073	12,553
TFA Building Aid	0	0	0	0	0	0	0	300	372	610	1,282
DASNY	0	0	0	0	0	0	0	213	132	41	386
Sub-total	0	0	0	0	0	0	0	513	504	651	1,668
Other	10	0	56	153	24	13	0	0	0	0	256
Total	\$748	\$891	\$1,492	\$882	\$1,107	\$1,373	\$1,197	\$1,533	\$2,530	\$2,724	\$14,477
Reimbursable Capital Expenditures	\$1,311	\$1,162	\$1,467	\$1,254	\$1,152	\$1,321	\$1,284	\$1,493	\$1,968	\$2,303	\$14,715
Reimbursements as a % of Reimbursable Capital Expenditures	57.1%	76.7%	101.7%	70.3%	96.1%	103.9%	93.2%	102.7%	128.6%	118.3%	98.4%
Reimbursements as a % of Total Receipts	5.8%	7.9%	12.2%	7.0%	7.9%	8.9%	7.7%	9.3%	13.5%	18.1%	10.0%

July-December 2008, 1HFY09

Table 27 summarizes capital expenditures during the 1HFY08 and the 1HFY09.

Table 27. Capital Expenditures, 1HFY08 and 1HFY09

(\$ in millions)

	FY08		FY09		Diff. FY08/FY09	
	Total Capital	City-funded Capital	Total Capital	City-funded Capital	Total Capital	City-funded Capital
July	\$ 809	\$ 406	\$ 935	\$ 480	\$ 126	\$ 74
August	401	373	506	479	105	106
September	352	328	867	453	515	125
1Q	1,562	1,107	2,308	1,412	746	305
October	828	429	534	494	(294)	65
November	796	380	856	449	60	69
December	433	396	1,068	604	635	208
2Q	2,057	1,205	2,458	1,547	401	342
1H	\$3,619	\$2,312	\$4,766	\$2,959	\$1,147	\$647

Tables 28 and 29 show total and City-funded capital expenditures and average daily expenditures during the 1HFY05-1HFY09.

Table 28. Total Capital Expenditures and Average Daily Total Capital Expenditures, 1HFY05-1HFY09

(\$ in millions)

	Total Capital Expenditures					Average Daily Total Capital Expenditures				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
1Q Total	\$1,462	\$1,730	\$1,499	\$1,562	\$2,308	\$23	\$27	\$24	\$25	\$36
2Q Total	1,440	1,402	1,634	2,057	2,458	24	23	27	34	40
1H Total	\$2,902	\$3,132	\$3,133	\$3,619	\$4,766	\$23	\$25	\$25	\$29	\$38

Table 29. City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures, 1HFY05-1HFY09

(\$ in millions)

	City-funded Capital Expenditures					Average Daily City-funded Capital Expenditures				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
1Q Total	\$1,349	\$1,612	\$ 973	\$1,107	\$1,412	\$21	\$25	\$15	\$18	\$22
2Q Total	1,321	1,284	1,124	1,205	1,547	22	21	19	20	25
1H Total	\$2,670	\$2,896	\$2,097	\$2,312	\$2,959	\$22	\$23	\$17	\$19	\$24

Table 30 shows payments to the SCA for the 1HFY00-1HFY09. These payments have averaged 29 percent of total capital expenditures during the ten year time frame.

Table 30. Payments to the SCA, 1HFY00-1HFY09

(\$ in millions)

	SCA Capital Expenditures									
	1HFY00	1HFY01	1HFY02	1HFY03	1HFY04	1HFY05	1HFY06	1HFY07	1HFY08	1HFY09
City-funded	\$723	\$685	\$900	\$825	\$549	\$596	\$ 996	\$ 31	\$ 57	\$ 59
TFA & DASNY	0	0	0	0	0	0	0	769	1,141	1,507
Other	0	0	0	0	51	4	4	0	2	34
Total	\$723	\$685	\$900	\$825	\$600	\$600	\$1,000	\$800	\$1,200	\$1,600
% of 1H Total Capital Expenditures	35%	29%	33%	28%	23%	21%	32%	26%	33%	34%

Table 31 shows reimbursements to the Central Treasury for capital expenditures totaling \$26 billion during the 1HFY00-1HFY09.

Table 31. Reimbursements to the New York City Central Treasury, 1HFY00-1HFY09

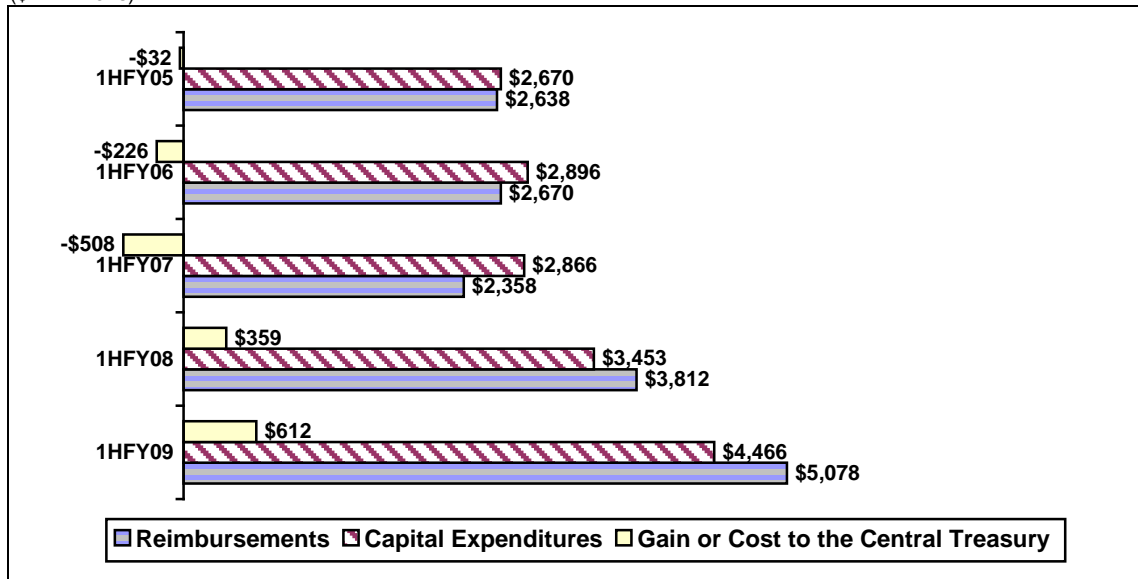
(\$ in millions)

	1HFY00	1HFY01	1HFY02	1HFY03	1HFY04	1HFY05	1HFY06	1HFY07	1HFY08	1HFY09	Total
GO	\$ 268	\$ 741	\$1,057	\$ 227	\$1,252	\$1,809	\$2,066	\$ 392	\$1,426	\$2,541	\$11,779
Water and Sewer	115	420	441	504	589	798	604	692	922	1,343	6,428
TFA	806	591	1,013	516	281	0	0	761	494	7	4,469
Sub-total	1,189	1,752	2,511	1,247	2,122	2,607	2,670	1,845	2,842	3,891	22,676
TFA Building Aid	0	0	0	0	0	0	0	300	650	820	1,770
DASNY	0	0	0	0	0	0	0	213	320	367	900
Sub-total	0	0	0	0	0	0	0	513	970	1,187	2,670
Other	11	35	72	302	32	31	0	0	0	0	483
Total	\$1,200	\$1,787	\$2,583	\$1,549	\$2,154	\$2,638	\$2,670	\$2,358	\$3,812	\$5,078	\$25,829

Chart 6 compares reimbursements to the Central Treasury during the 1HFY05-1HFY09 for City-funded and non City-funded SCA capital expenditures reimbursed by TFA and DASNY proceeds. Capital expenditures were a drain on cash in the 1HFY05-1HFY07. During the 1HFY08 and the 1HFY09, reimbursements were \$359 million and \$612 million more than reimbursable capital expenditures. The catch-up in reimbursements in the 1HFY08 and the 1HFY09 helped the City maintain its cash position.

Chart 6. Reimbursements for City-funded Capital Expenditures and State-funded SCA Expenditures, 1HFY05-1HFY09

(\$ in millions)



III. Financing

As a result of turmoil in the credit markets in the 2QFY09, the City has decided to market smaller amounts of debt more frequently to achieve its issuance goals.

GO

Table 32 shows GO debt issuances during the 1HFY08 and the 1HFY09. The City sold approximately the same amount of GO debt in both time frames.

Table 32. GO Bond Issues, 1HFY08 and 1HFY09

(\$ in millions)

Month Sale Closed	FY08			FY09		
	Tax-Exempt	Taxable	Total	Tax-Exempt	Taxable	Total
July	\$ 0	\$ 0	\$ 0	\$ 75	\$ 0	\$ 75
August	1,245	0	1,245	833	165	998
September	0	0	0	1,050	90	1,140
1Q Total	1,245	0	1,245	1,958	255	2,213
October	800	250	1,050	500	50	550
November	0	0	0	400	25	425
December	1,050	125	1,175	300	8	308
2Q Total	1,850	375	2,225	1,200	83	1,283
1H Total	\$3,095	\$375	\$3,470	\$3,158	\$338	\$3,496

During the 2QFY09, GO debt of \$1.283 billion funded the capital program bringing the total new money sales for the 1HFY09 to \$3.138 billion and refundings of outstanding debt totaled \$250 million. Table 33 compares the budget savings over the life of the bonds from GO refunding sales during the 1HFY05-1HFY09. The refunding sales in the 1HFY09 yielded \$19 million in budget savings over the life of the bonds, \$111 million less than from the refunding sales during the 1HFY08. During the 1HFY05-1HFY09, refundings have provided \$426 million in budget savings over the life of the debt.

Table 33. Budget Savings from GO Refundings, 1HFY05-1HFY09

(\$ in millions)

	1HFY05	1HFY06	1HFY07	1HFY08	1HFY09	Total
Budget Savings	\$ 105	\$ 113	\$ 59	\$ 130	\$ 19	\$ 426
GO Refundings	1,797	1,422	850	1,596	250	5,915

TFA

The TFA issued \$620 million in Building Aid bonds during the 2QFY09. From the 2QFY07-2QFY09, \$2.620 billion in Building Aid bonds have been sold.