



Office of the  
New York City Comptroller  
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Bureau of Budget  
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# QUARTERLY CASH REPORT

October - December 2016  
Second Quarter of Fiscal Year 2017

March 2017

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## Summary

### Cash Balances

At the end of the second quarter of FY17 (hereafter 2Q17), the City recorded an unrestricted cash balance of \$10.349 billion, down \$1.255 billion compared to last year. The average daily balance in the second quarter measured \$8.234 billion versus \$8.831 billion a year ago. However, the city's liquidity position continues to be strong.

Expenditures exceeded receipts by \$69 million during the quarter, in part due to lower capital transfers from the Capital Fund to the General Fund. About every two weeks the City receives large infusions of cash from bond sales, which finance the City's spending on infrastructure and other capital assets. Capital transfers in 2Q17 totaled \$1.529 billion, versus \$1.910 billion in 2Q16.

Typically, the lowest daily cash balance of a fiscal year occurs during the second quarter. This year's seasonal low occurred on December 5, 2016, and measured \$5.421 billion. Last year's low occurred on December 14, 2015, and measured \$7.086 billion. This is the first time in 6 years that the low point in annual cash balance has declined from the prior year.

This year, as in most years past, balances recovered sharply in the second half of December due to incoming real estate tax receipts.

The 1H17 daily cash balance averaged \$9.332 billion, compared to \$9.448 billion during the same period last year. For the thirteenth consecutive year, the City maintained sufficient operating cash without issuing short-term notes.

### Cash Receipts

Total cash receipts in 2Q17 declined 9.8% versus a year ago. In 2Q17, the City received \$1.528 billion in reimbursements for capital expenditures, versus \$1.910 billion in 2Q16. Removing the effect of capital transfers, receipts declined 9.0%. The weakening in cash receipts is also attributable to a 23.1% decrease in miscellaneous revenues and to a 6.1% decrease in federal and state aid. The drop in miscellaneous revenues stems from lower receipts from water and sewer charges, fines and forfeitures, senior college tuition and fees, restitution and other non-recurring reimbursements. Also impacting receipts was debt service funding. In 1Q17, debt service funding decreased total cash revenues by \$305 million. In contrast, in 1Q16 debt service funding increased total cash revenues by \$658 million.

Tax collections in 2Q17 were nearly unchanged compared to last year. The real property tax was up 1.8%, and the personal income tax increased 2.2%. The sales tax was flat versus a year ago, in part due to the State intercept of sales tax revenue to recoup savings from refinancing the State-backed Sales Tax Asset Receivable Corporation (STARC) bonds. The State's FY 2016-17 Adopted Budget included a provision that authorizes a three-year sales tax revenue intercept to recapture benefits accrued to the City from refinancing STARC bonds. Beginning in May 2016, the State is authorized to retain \$16.7 million from the City's sales tax each month, for a total of \$50 million per quarter. The banking corporation tax was down 33.5%, while the general

corporation tax was up 9.5%. Beginning in tax year 2015, the general corporation tax and the banking corporation tax merged. All New York City C-corporations are now taxed under the general corporation tax. Other hard hit taxes were mortgage and real property transfer taxes (down 12%) and the unincorporated business tax (down 5%).

Total cash receipts for 1H17 declined 7.1% versus a year ago. The cash receipts include the retention of real property and personal income tax revenues for GO and TFA PIT debt service payments. Debt service funding is usually counted as a negative inflow (rather than a positive expense). In 1H17, debt service funding decreased total cash revenues by \$943 million. In comparison, in 1H16 funding for debt service showed a net positive inflow of \$1.128 billion. In 1H16, the Office of the State Comptroller released \$1.186 billion back to the City because it had over-retained \$2.3 billion in real estate revenue for debt service payments through October 2015.

Also impacting receipts was a \$524 million increase in capital transfers (represented within the “Other” category). Removing the impact of capital transfers, 1H17 cash receipts decreased 8.9% compared to 1H16.

Tax receipts in 1H17 increased only 0.9% compared to 1H16, driven by continued growth in real property and personal income taxes. Property tax revenue remained strong, increasing 3.9% versus a year ago. Personal income tax revenue grew a modest 1.4%. However, sales tax revenue fell 4%. The recent tax revenue growth slowdown points toward a potential economic slowdown in NYC.

The combined 1H17 total of Federal and State aid fell 9.8% compared to the same period last year, mostly due to lower funds received from the Federal government for educational purposes.

### **Cash Expenditures**

Cash expenditures, including capital, totaled \$22.306 billion in 2Q17, averaging \$365.7 million daily. During the same period last year, cash expenditures totaled \$22.553 billion and averaged \$363.8 million daily. Gross payroll decreased 4.5%, while fringe benefits rose 7.5%. Fringe benefits include pension, social security, and health insurance payments. Other than personal service expenditures grew 2.8%, due to increases in public assistance, other social services, and vendor-related spending. Outlays in the “All Other” category fell 11%, due to decreased capital spending and a negative Fund 700 adjustment.

Cash expenditures for 1H17 were flat compared to the same period last year. Personal service expenditures grew 1.6%, driven by consistent increases in spending on fringe benefits. Other than personal service expenditures increased 5.2%. Outlays for public assistance jumped 10.3%, followed by vendor and other payments (up 8.3%) and other social services disbursements (up 7.1%). Medical assistance disbursements were down 8.6%. Outlays considered “All Other” fell 13.6%, mostly due to the outflow of cash from the restricted Fund 700 account.

## **Capital Expenditures (CapEx)**

Total 2Q17 CapEx decreased 9.8% versus a year ago. Non-City-funded CapEx dropped 29.2% while City-funded CapEx fell by 3.5%.

Reimbursements to the Central Treasury for CapEx exceeded reimbursable expenditures during 2Q17. CapEx is initially paid from the City Treasury and then reimbursed from bond proceeds as appropriate. Over the long term, CapEx and reimbursements should balance. However, from quarter to quarter, the lag between an expenditure and the offsetting reimbursement can result in a gain or loss to the Central Treasury. In 2Q17, this dynamic resulted in a gain of \$33 million.

Total CapEx equaled \$4.012 billion in 1H17 compared to \$3.975 billion during the same period last year. The increase was due to a 7.8% jump in City-Funded CapEx.

1H17 reimbursements exceeded eligible spending, resulting in an \$833 million gain to the Central Treasury during 1H17. Over the past ten years, 1H reimbursements have exceeded eligible spending by 11.6%.

## **Financings**

In FY17, the City plans to issue \$5.5 billion in new money GO and TFA PIT bonds for capital purposes. The City issued \$4.5 billion of new money debt in 1H17, leaving \$1 billion of issuance planned for the remainder of the current fiscal year.

In 2Q17, the City of New York sold \$850 million in new money GO bonds. The transaction included \$650 million of tax-exempt fixed rate bonds and \$200 million of taxable fixed rate bonds. In addition, the sale included a conversion of \$154.3 million of existing index rate bonds to fixed-rate bonds.

The pace of bond issuance in 1H17 exceeded last year's pace. In 1H17, the City issued \$4.5 billion in new money bonds. Over the same period last year, the City issued \$2.2 billion in new money bonds and \$750 million in refunding bonds.

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## Rounding of Large Numbers in the Quarterly Cash Report

When dealing with numbers as large as those in this report, for conservation of space, numbers are rounded to the nearest tenths, hundredths, or thousandths. Because of rounding, some components appear not to equal the given total when added together. Examples occur throughout this report and are the result of rounding, not miscalculation.

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

## October 2016 - December 2016 (2Q17)

Chart 1. Daily Cash Balances in the NYC Central Treasury, 2Q12, 2Q16, & 2Q17

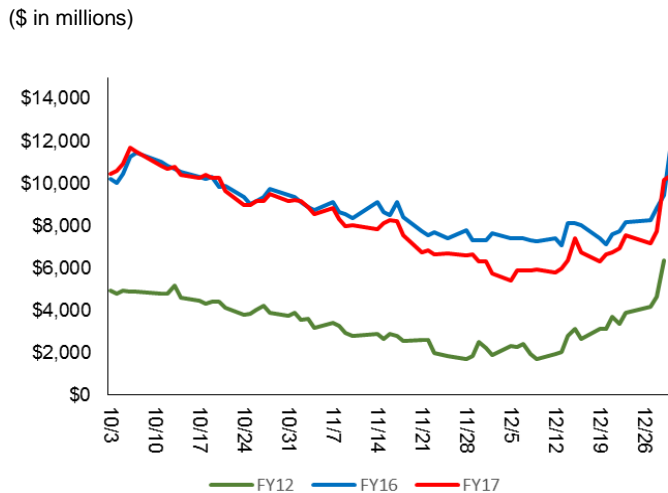
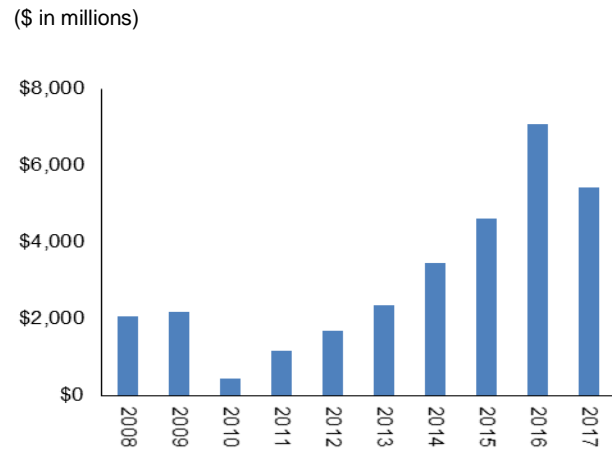


Chart 2. NYC Cash Balance Lows, FY08 - FY17



At the end of 2Q17 (December 31, 2016), the City recorded an unrestricted cash balance of \$10.349 billion, down \$1.255 billion compared to last year. The average daily balance in the second quarter measured \$8.234 billion versus \$8.831 billion a year ago. However, the city's liquidity position continues to be strong.

Expenditures exceeded receipts by \$69 million during the quarter, in part due to lower capital transfers from the Capital Fund to the General Fund. About every two weeks the City receives large infusions of cash from bond sales, which finance the City's spending on infrastructure and other capital assets. Capital transfers in 2Q17 totaled \$1.529 billion, versus \$1.910 billion in 2Q16.

Typically, the lowest daily cash balance of a fiscal year occurs during the second quarter. This year's seasonal low occurred on December 5, 2016, and measured \$5.421 billion. Last year's low occurred on December 14, 2015, and measured \$7.086 billion. This is the first time in 6 years that the low point in annual cash balance has declined from prior year.

This year, as in most years past, balances recovered sharply in the second half of December due to incoming real estate tax receipts.

<sup>1</sup> 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. Expenditures are reported based on warrants issued.

**Table 1. Cash Position in the NYC Central Treasury, 2Q, FY08 - FY17**

(\$ in millions)

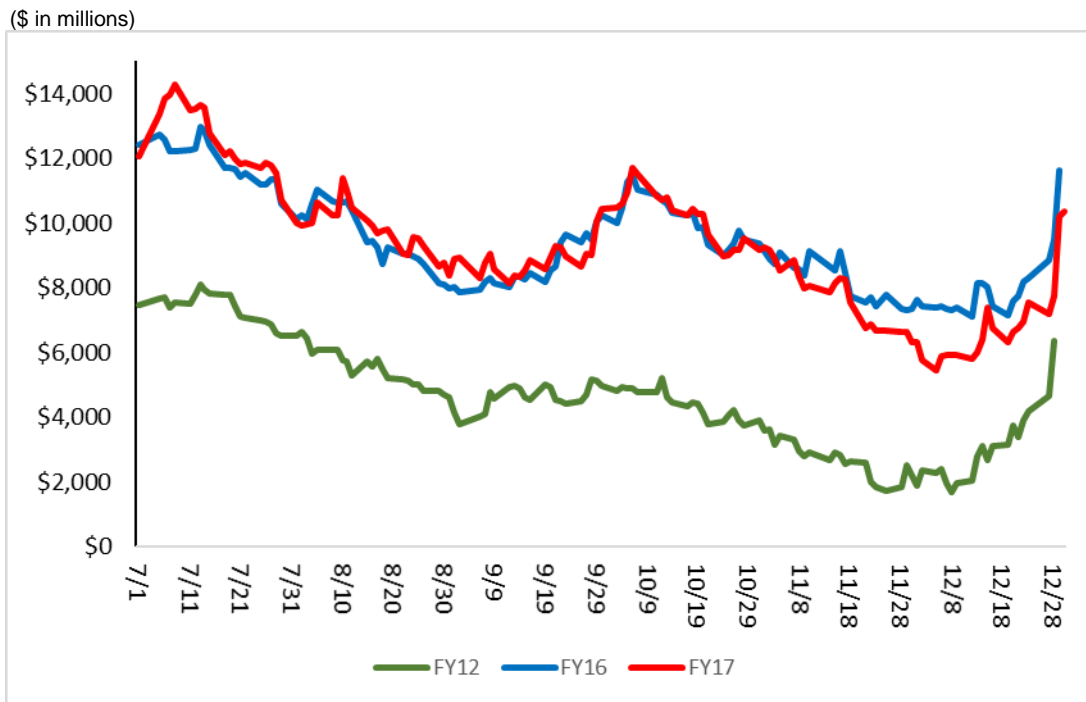
Central Treasury	2Q08	2Q09	2Q10	2Q11	2Q12	2Q13	2Q14	2Q15	2Q16	2Q17
Opening Balance <sup>a</sup>	\$5,686	\$6,370	\$4,596	\$5,350	\$5,135	\$6,235	\$5,773	\$9,011	\$9,491	\$10,418
Total Receipts	18,712	15,061	19,233	18,761	19,753	18,923	22,301	20,423	24,666	22,237
Total Expenditures <sup>b</sup>	17,648	18,611	18,737	17,967	18,534	18,962	19,537	20,235	22,553	22,306
Closing Balance <sup>a</sup>	\$6,750	\$2,820	\$5,092	\$6,144	\$6,354	\$6,196	\$8,537	\$9,199	\$11,604	\$10,349
<b>Avg. Daily Balance</b>	<b>\$3,960</b>	<b>\$4,348</b>	<b>\$3,046</b>	<b>\$3,331</b>	<b>\$3,408</b>	<b>\$4,440</b>	<b>\$5,206</b>	<b>\$6,766</b>	<b>\$8,831</b>	<b>\$8,234</b>

a. Balances as measured before City audits

b. Total expenditures include capital expenditures.

**July 2016 - December 2016 (1H17)**

**Chart 3. Cash Position in the NYC Central Treasury, 1H12, 1H16, & 1H17**



The 1H17 daily cash balance averaged \$9.332 billion, compared to \$9.448 billion during the same period last year. For the thirteenth consecutive year, the City maintained sufficient operating cash without issuing short-term notes.



**Table 2. Cash Position in the NYC Central Treasury, 1H, FY08 - FY17**

(\$ in millions)

<b>Central Treasury</b>	<b>1H08</b>	<b>1H09</b>	<b>1H10</b>	<b>1H11</b>	<b>1H12</b>	<b>1H13</b>	<b>1H14</b>	<b>1H15</b>	<b>1H16</b>	<b>1H17</b>
Opening Balance <sup>a</sup>	\$4,473	\$4,988	\$5,839	\$4,604	\$5,041	\$6,297	\$7,944	\$9,858	\$9,502	\$11,719
Total Receipts	35,533	34,811	36,565	38,672	39,068	37,946	41,662	40,326	47,672	44,285
Total Expenditures <sup>b</sup>	33,256	36,979	37,312	37,132	37,755	38,048	41,068	40,985	45,570	45,655
Closing Balance <sup>a</sup>	\$6,750	\$2,820	\$5,092	\$6,144	\$6,354	\$6,196	\$8,537	\$9,199	\$11,604	\$10,349
<b>Avg. Daily Balance</b>	<b>\$4,777</b>	<b>\$5,412</b>	<b>\$4,737</b>	<b>\$4,000</b>	<b>\$4,665</b>	<b>\$5,426</b>	<b>\$6,256</b>	<b>\$8,126</b>	<b>\$9,448</b>	<b>\$9,332</b>

a. Balances as measured before City audits

b. Total expenditures include capital expenditures.

## II. Cash Receipts

### October 2016 - December 2016 (2Q17)

#### Receipts at a Glance

**Table 3. Cash Receipts by Category, 2Q, FY08 - FY17**

(\$ in millions)

	2Q08	2Q09	2Q10	2Q11	2Q12	2Q13	2Q14	2Q15	2Q16	2Q17
Real Property Tax	\$3,734	\$1,461	\$4,612	\$4,489	\$4,866	\$5,116	\$5,377	\$5,861	\$6,497	\$6,611
Other Taxes	6,143	5,108	4,923	5,231	5,517	5,763	6,222	7,000	7,498	7,427
<i>Total taxes</i>	<i>9,877</i>	<i>6,569</i>	<i>9,535</i>	<i>9,720</i>	<i>10,383</i>	<i>10,879</i>	<i>11,599</i>	<i>12,861</i>	<i>13,995</i>	<i>14,038</i>
Federal and State Aid	3,339	3,607	3,900	4,152	4,314	4,207	4,232	3,836	4,359	4,091
Debt Service Funding	0	0	0	(158)	(146)	(652)	(134)	(1,054)	658	(305)
Miscellaneous	1,696	1,027	1,463	1,459	1,305	1,361	1,902	1,778	1,843	1,418
Intergovernmental Aid	4	165	193	0	1	1	0	0	4	57
Other	3,796	3,693	4,142	3,588	3,896	3,127	4,702	3,002	3,807	2,938
<b>Total</b>	<b>\$18,712</b>	<b>\$15,061</b>	<b>\$19,233</b>	<b>\$18,761</b>	<b>\$19,753</b>	<b>\$18,923</b>	<b>\$22,301</b>	<b>\$20,423</b>	<b>\$24,666</b>	<b>\$22,237</b>
<b>Total, Net of Reimbursement for CapEx</b>	<b>\$16,182</b>	<b>\$12,337</b>	<b>\$16,112</b>	<b>\$16,301</b>	<b>\$17,100</b>	<b>\$17,427</b>	<b>\$19,679</b>	<b>\$19,085</b>	<b>\$22,756</b>	<b>\$20,708</b>

Total cash receipts in 2Q17 declined 9.8% versus a year ago. In 2Q17, the City received \$1.528 billion in reimbursements for capital expenditures, versus \$1.910 billion in 2Q16. Removing the effect of capital transfers, receipts declined 9.0%. The weakening in cash receipts is also attributable to a 23.1% decrease in miscellaneous revenues and to a 6.1% decrease in federal and state aid. The drop in miscellaneous revenues stems from lower receipts from water and sewer charges, fines and forfeitures, senior college tuition and fees, restitution and other non-recurring reimbursements. Also impacting receipts was debt service funding. In 1Q17, debt service funding decreased total cash revenues by \$305 million. In contrast, in 1Q16 debt service funding increased total cash revenues by \$658 million.

#### Taxes<sup>2</sup>

**Table 4. Tax Receipts, 2Q12, 2Q16, & 2Q17**

(\$ in millions)

	2Q12	2Q16	2Q17	% Change 2Q17/ 2Q12	% Change 2Q17/ 2Q16
Real Property Tax	\$4,866	\$6,497	\$6,611	36%	2%
Personal Income Tax	1,780	2,458	2,512	41	2
Sales Tax	1,600	2,047	2,050	28	0
General Corporation Tax	756	982	1,075	42	9
Mortgage and Real Property Transfer Taxes	302	736	648	115	(12)
Banking Corporation Tax	387	424	282	(27)	(33)
Unincorporated Business Tax	205	301	286	40	(5)
Commercial Rent Tax	154	214	217	41	1
Hotel Occupancy Tax	145	163	171	18	5
All Other Taxes	188	173	186	(1)	8
<b>Total</b>	<b>\$10,383</b>	<b>\$13,995</b>	<b>\$14,038</b>	<b>35%</b>	<b>0%</b>

<sup>2</sup> 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 debt service funding.

Tax collections in 2Q17 were nearly unchanged compared to last year. The real property tax was up 1.8%, and the personal income tax increased 2.2%. The sales tax was flat versus a year ago, in part due to the State intercept of sales tax revenue to recoup savings from refinancing the State-backed Sales Tax Asset Receivable Corporation (STARC) bonds. The State's FY 2016-17 Adopted Budget included a provision that authorizes a three-year sales tax revenue intercept to recapture benefits accrued to the City from refinancing STARC bonds. Beginning in May 2016, the State is authorized to retain \$16.7 million from the City's sales tax each month, for a total of \$50 million per quarter. The banking corporation tax was down 33.5%, while the general corporation tax was up 9.5%. Beginning in tax year 2015, the general corporation tax and the banking corporation tax merged. All New York City C-corporations are now taxed under the general corporation tax. Other hard hit taxes were mortgage and real property transfer taxes (down 12%) and the unincorporated business tax (down 5%).

### Selected Cash Receipts

**Table 5. Selected Cash Receipts, 2Q, FY13 - FY17**

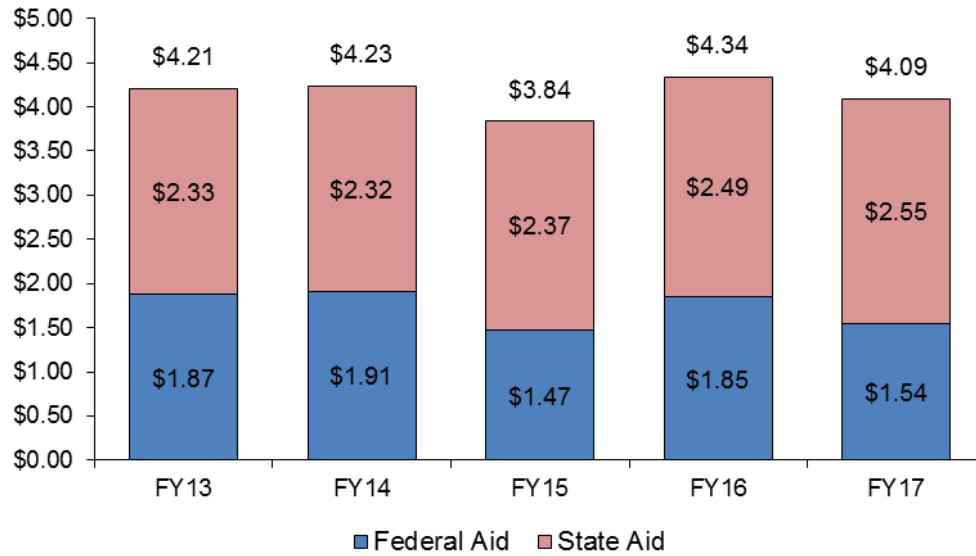
(\$ in millions)

	2Q13	2Q14	2Q15	2Q16	2Q17
Real Property Tax	\$5,116	\$5,377	\$5,861	\$6,497	\$6,611
Personal Income Tax	1,847	2,088	2,241	2,458	2,512
Sales Tax	1,651	1,753	1,849	2,047	2,050
NYS Education Aid	1,416	1,488	1,499	1,647	1,757
General Corporation Tax	839	727	833	982	1,075
Federal Welfare Aid	823	789	625	623	692
Mortgage and Real Property Transfer Taxes	427	637	692	736	648
Water and Sewer Fees	295	465	673	567	332
NYS Higher Education Aid	292	294	306	312	310
Fines and Forfeitures	288	243	261	332	293
Unincorporated Business Tax	210	199	274	301	286
Banking Corporation Tax	298	320	578	424	282
NYS Welfare Aid	360	295	299	311	242
Commercial Rent Tax	173	173	188	214	217
Hotel Occupancy Tax	147	156	170	163	171
Federal Education Aid	433	327	101	605	162
Senior College Fees	170	182	174	212	147

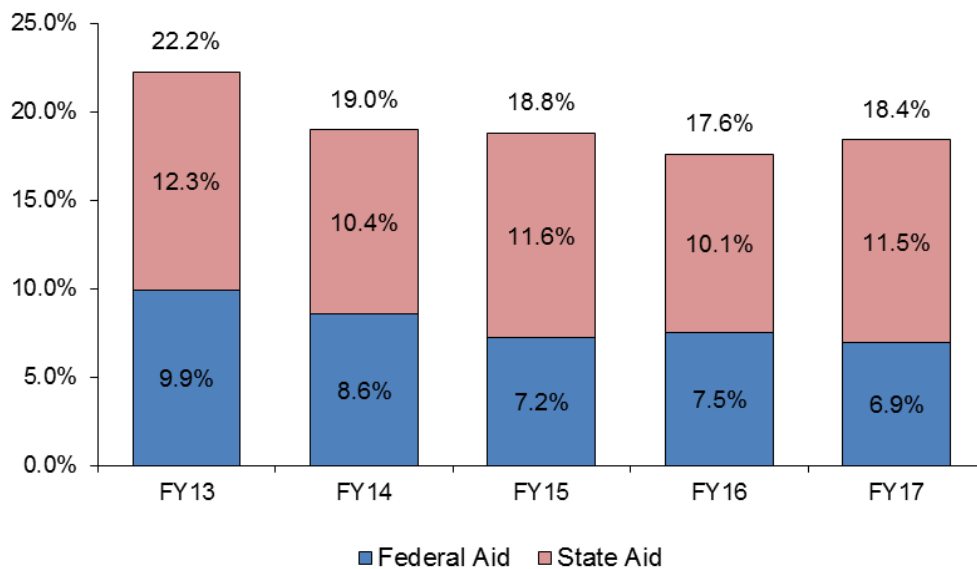
## Federal and State Aid

**Chart 4. Federal & State Aid to NYC, 2Q, FY13 - FY17**

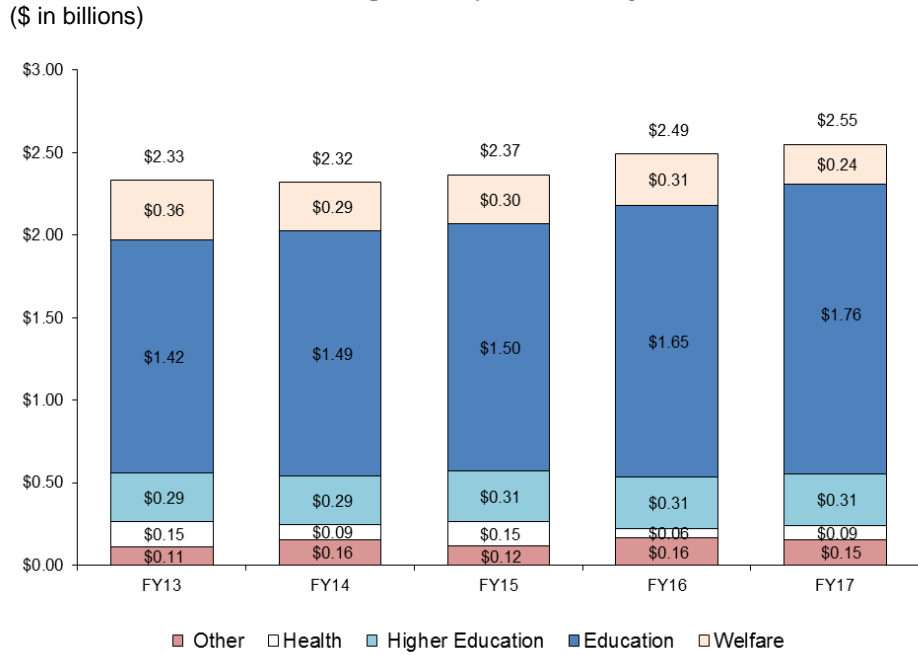
(\$ in billions)



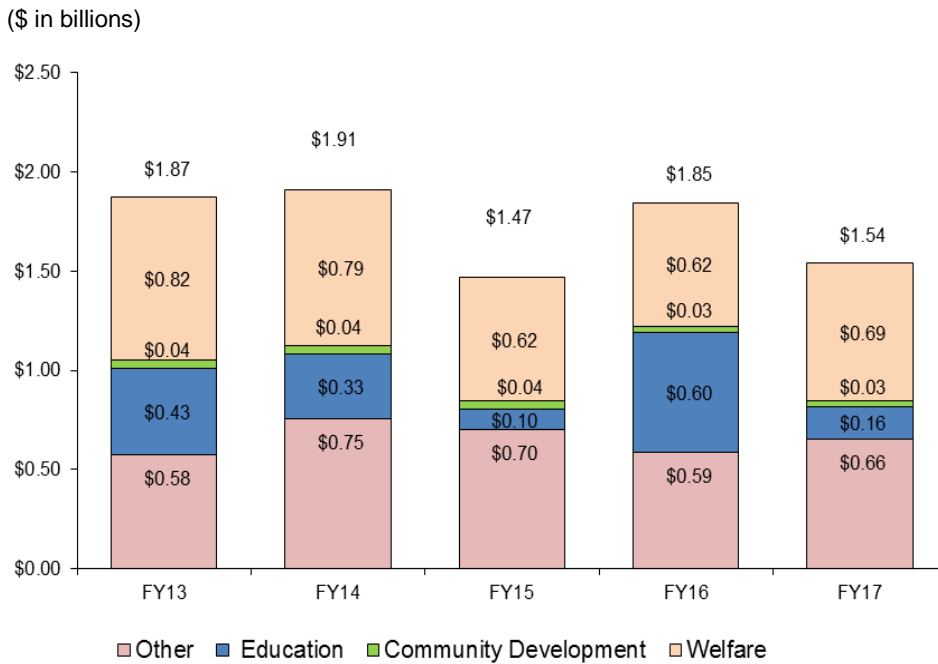
**Chart 5. Federal & State Aid as % of Total Cash Receipts, 2Q, FY13 - FY17**



**Chart 6. Components of State Aid, 2Q, FY13 - FY17**



**Chart 7. Components of Federal Aid, 2Q, FY13 - FY17**



**July 2016 - December 2016 (1H17)**

**Receipts at a Glance**

**Table 6. Cash Receipts by Category, 1H, FY08 - FY17**

(\$ in millions)

	1H08	1H09	1H10	1H11	1H12	1H13	1H14	1H15	1H16	1H17
Real Property Tax	\$7,978	\$6,467	\$8,390	\$9,127	\$10,020	\$9,901	\$10,950	\$11,273	\$12,084	\$12,561
Other Taxes	11,783	10,664	9,429	10,422	11,060	11,444	12,272	13,595	14,363	14,123
<i>Total taxes</i>	<i>19,761</i>	<i>17,131</i>	<i>17,819</i>	<i>19,549</i>	<i>21,080</i>	<i>21,345</i>	<i>23,222</i>	<i>24,868</i>	<i>26,447</i>	<i>26,684</i>
Federal and State Aid	6,329	7,319	8,179	8,872	8,204	8,395	8,183	8,469	8,615	7,774
Debt Service Funding	0	0	0	(266)	(146)	(1,657)	(1,025)	(2,737)	1,128	(943)
Miscellaneous	3,134	2,828	3,259	3,087	3,012	3,030	3,395	3,327	3,870	3,220
Intergovernmental Aid	10	228	256	0	1	1	0	0	4	59
Other	6,299	7,305	7,052	7,430	6,917	6,832	7,887	6,400	7,608	7,491
<b>Total</b>	<b>\$35,533</b>	<b>\$34,811</b>	<b>\$36,565</b>	<b>\$38,672</b>	<b>\$39,068</b>	<b>\$37,946</b>	<b>\$41,662</b>	<b>\$40,327</b>	<b>\$47,672</b>	<b>\$44,285</b>
<b>Total, Net of Reimbursement for CapEx</b>	<b>\$31,721</b>	<b>\$29,731</b>	<b>\$31,504</b>	<b>\$33,328</b>	<b>\$34,532</b>	<b>\$33,825</b>	<b>\$37,339</b>	<b>\$37,343</b>	<b>\$43,837</b>	<b>\$39,925</b>

Total cash receipts for 1H17 declined 7.1% versus a year ago. The cash receipts include the retention of real property and personal income tax revenues for GO and TFA PIT debt service payments. Debt service funding is usually counted as a negative inflow (rather than a positive expense). In 1H17, debt service funding decreased total cash revenues by \$943 million. In comparison, in 1H16 funding for debt service showed a net positive inflow of \$1.128 billion. In 1H16, the Office of the State Comptroller released \$1.186 billion back to the City because it had over-retained \$2.3 billion in real estate revenue for debt service payments through October 2015.

Also impacting receipts was a \$524 million increase in capital transfers (represented within the “Other” category). Removing the impact of capital transfers, 1H17 cash receipts decreased 8.9% compared to 1H16.

## Taxes<sup>3</sup>

**Table 7. Major Tax Receipts, 1H12, 1H16, & 1H17**

(\$ in millions)

	1H12	1H16	1H17	% Change 1H17/ 1H12	% Change 1H17/ 1H16
Real Property Tax	\$10,020	\$12,084	\$12,561	25%	4%
Personal Income Tax	3,484	4,694	4,761	37	1
Sales Tax	2,879	3,606	3,461	20	(4)
General Corporation Tax	1,484	1,882	2,133	44	13
Mortgage and Real Property Transfer Taxes	752	1,476	1,366	82	(7)
Unincorporated Business Tax	609	772	765	26	(1)
Commercial Rent Tax	322	430	425	32	(1)
Banking Corporation Tax	699	639	381	(45)	(40)
Hotel Occupancy Tax	260	313	312	20	0
STAR	178	187	108	(39)	(42)
All Other Taxes	393	364	411	5	13
<b>Total Taxes</b>	<b>\$21,080</b>	<b>\$26,447</b>	<b>\$26,684</b>	<b>27%</b>	<b>1%</b>

Tax receipts in 1H17 increased only 0.9% compared to 1H16, driven by continued growth in real property and personal income taxes. Property tax revenue remained strong, increasing 3.9% versus a year ago. Personal income tax revenue grew a modest 1.4%. However, sales tax revenue fell 4%. The recent tax revenue slowdown points toward a potential economic slowdown in NYC.

## Selected Cash Receipts

**Table 8. Selected Cash Receipts, 1H13 - 1H17**

(\$ in millions)

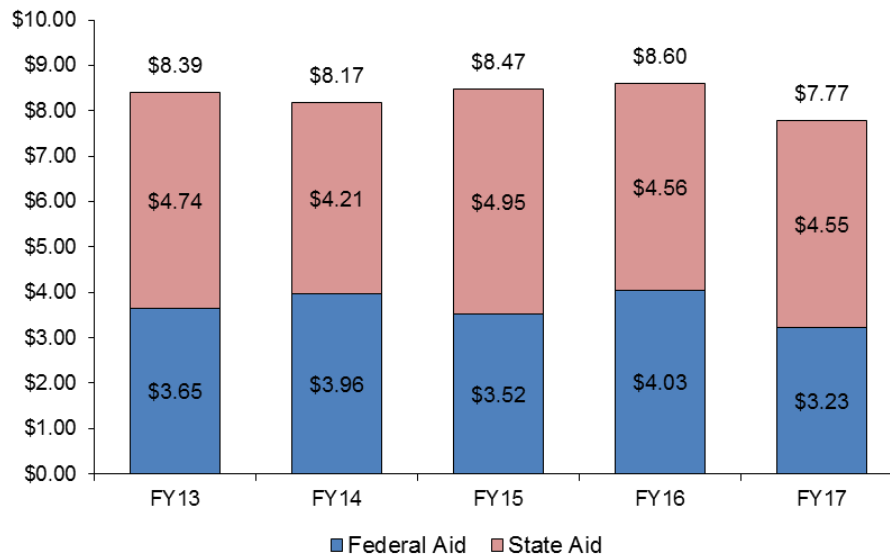
	1H13	1H14	1H15	1H16	1H17
Real Property Tax	\$9,901	\$10,950	\$11,273	\$12,084	\$12,561
Personal Income Tax	3,568	3,949	4,267	4,694	4,761
Sales Tax	2,968	3,178	3,331	3,606	3,461
NYS Education Aid	2,740	2,739	3,137	3,011	3,116
General Corporation Tax	1,508	1,441	1,551	1,882	2,133
Federal Welfare Aid	1,846	1,741	1,886	1,764	1,614
Mortgage and Real Property Transfer Taxes	848	1,138	1,382	1,476	1,366
Water and Sewer Fees	925	1,123	1,393	1,397	1,226
Unincorporated Business Tax	621	634	780	772	765
NYS Welfare Aid	715	641	578	752	685
Fines and Forfeitures	577	468	511	613	531
Commercial Rent Tax	347	361	404	430	425
Banking Corporation Tax	760	743	1,012	639	381
Federal Education Aid	574	719	347	932	331
Hotel Occupancy Tax	265	289	299	313	312
NYS Higher Education Aid	646	294	688	312	310

<sup>3</sup> 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 debt service funding.

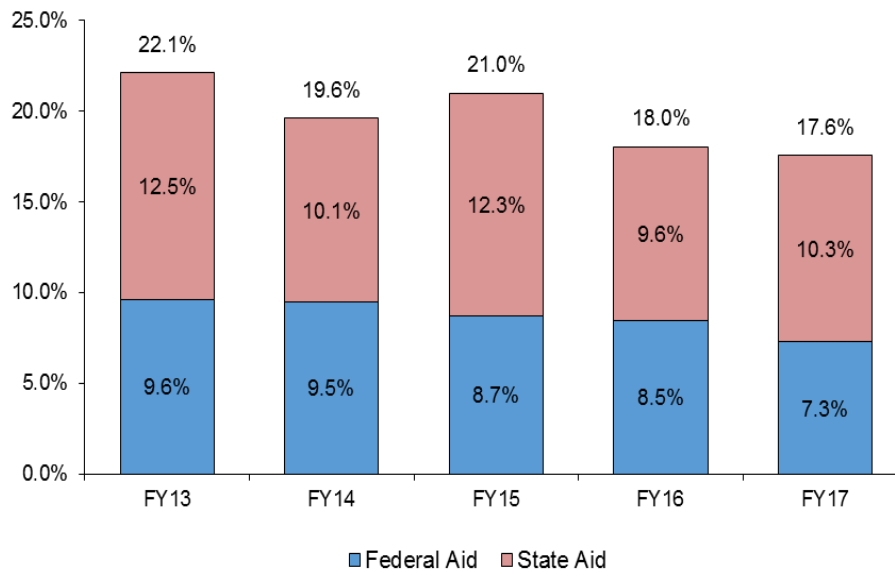
## Federal and State Aid

**Chart 8. Federal & State Aid to NYC, 1H, FY13 - FY17**

(\$ in billions)

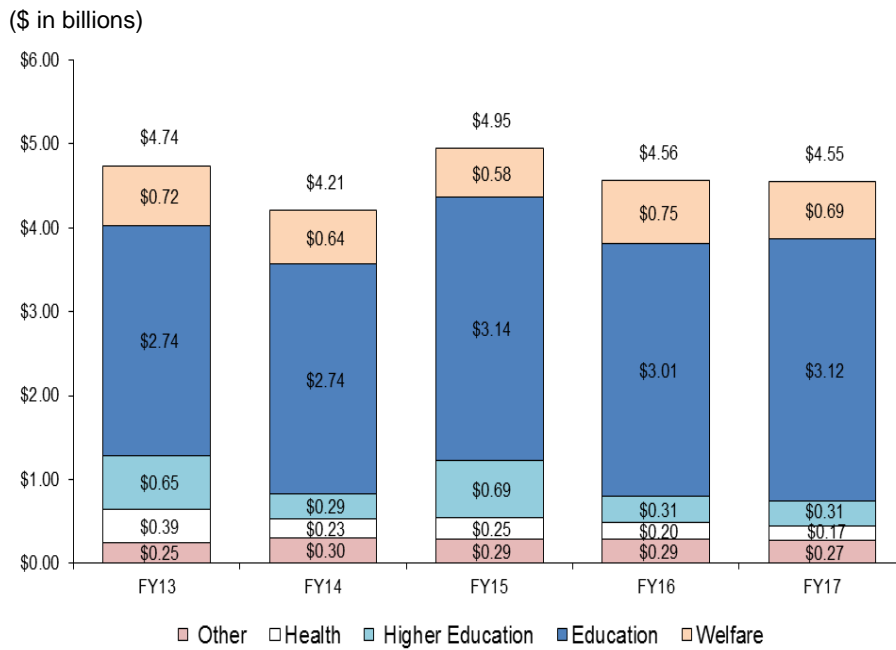


**Chart 9. Federal & State Aid as % of Total Revenue, 1H, FY13 - FY17**

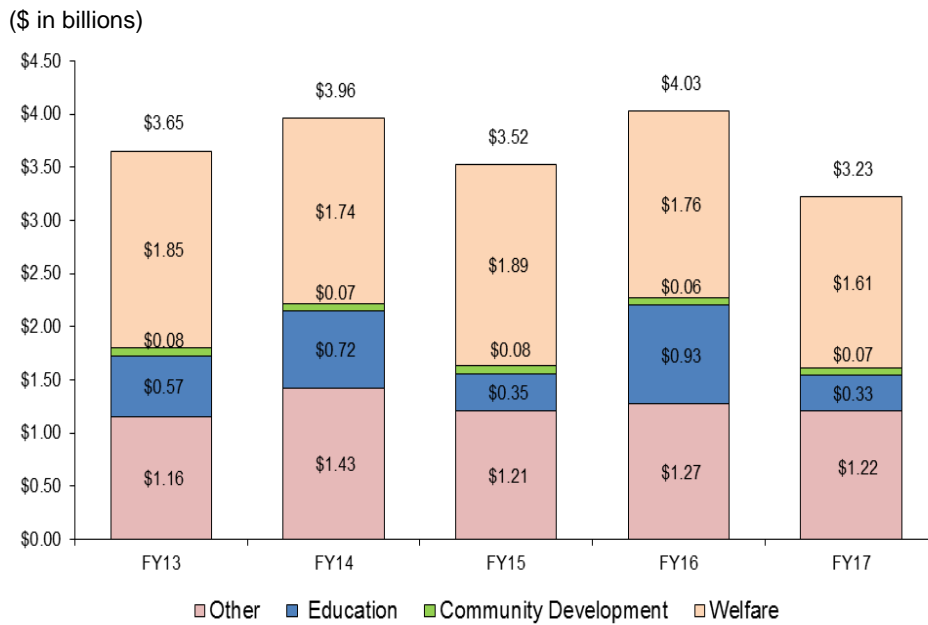




**Chart 10. Components of State Aid, 1H, FY13 - FY17**



**Chart 11. Components of Federal Aid, 1H, FY13 - FY17**



The combined 1H17 total of Federal and State aid fell 9.8% compared to the same period last year, mostly due to lower funds received from the Federal government for educational purposes.

### III. Cash Expenditures (Including Capital)

**October 2016 - December 2016 (2Q17)**

#### Cash Expenditures at a Glance

**Table 9. PS & OTPS, 2Q, FY08 - FY17**

(\$ in millions)

	2Q08	2Q09	2Q10	2Q11	2Q12	2Q13	2Q14	2Q15	2Q16	2Q17
Gross Payroll	\$5,799	\$6,124	\$6,071	\$6,154	\$5,775	\$5,953	\$5,961	\$6,333	\$7,284	\$6,955
Fringe and Other	2,806	2,886	3,289	2,821	3,402	3,600	3,573	3,715	3,897	4,190
<b>Total PS</b>	<b>\$8,605</b>	<b>\$9,010</b>	<b>\$9,360</b>	<b>\$8,975</b>	<b>\$9,177</b>	<b>\$9,553</b>	<b>\$9,534</b>	<b>\$10,048</b>	<b>\$11,181</b>	<b>\$11,145</b>
% of 2Q Total Exp	49%	48%	50%	50%	50%	50%	49%	50%	50%	50%
# of Bi-weekly Payrolls	7	7	7	7	6	6	6	6	7	7
Public Assistance	\$543	\$643	\$646	\$629	\$591	\$610	\$629	\$634	\$673	\$750
Medical Assistance	1,172	1,166	1,066	1,330	1,262	1,466	1,386	1,524	1,431	1,266
Other Social Services	600	585	742	595	621	557	584	649	644	703
Vendor and Other	3,381	3,394	3,330	3,399	3,701	3,909	4,244	4,530	4,782	5,022
<b>Total OTPS</b>	<b>\$5,696</b>	<b>\$5,788</b>	<b>\$5,784</b>	<b>\$5,953</b>	<b>\$6,175</b>	<b>\$6,542</b>	<b>\$6,843</b>	<b>\$7,337</b>	<b>\$7,530</b>	<b>\$7,741</b>
% of 2Q Total Exp	32%	31%	31%	33%	33%	35%	35%	36%	33%	35%
<b>All Other</b>	<b>\$3,347</b>	<b>\$3,813</b>	<b>\$3,593</b>	<b>\$3,039</b>	<b>\$3,182</b>	<b>\$2,868</b>	<b>\$3,160</b>	<b>\$2,850</b>	<b>\$3,842</b>	<b>\$3,420</b>
% of 2Q Total Exp	19%	20%	19%	17%	17%	15%	16%	14%	17%	15%
<b>Total Expenditures</b>	<b>\$17,648</b>	<b>\$18,611</b>	<b>\$18,737</b>	<b>\$17,967</b>	<b>\$18,534</b>	<b>\$18,963</b>	<b>\$19,537</b>	<b>\$20,235</b>	<b>\$22,553</b>	<b>\$22,306</b>
<b>Total Expenditures Net of CapEx</b>	<b>\$15,591</b>	<b>\$16,153</b>	<b>\$16,037</b>	<b>\$15,869</b>	<b>\$16,263</b>	<b>\$17,182</b>	<b>\$17,632</b>	<b>\$18,684</b>	<b>\$20,648</b>	<b>\$20,588</b>

Cash expenditures, including capital, totaled \$22.306 billion in 2Q17, averaging \$365.7 million daily. During the same period last year, cash expenditures totaled \$22.553 billion and averaged \$363.8 million daily. Gross payroll decreased 4.5%, while fringe benefits rose 7.5%. Fringe benefits include pension, social security, and health insurance payments. Other than personal service expenditures grew 2.8%, due to increases in public assistance, other social services, and vendor-related spending. Outlays in the “All Other” category fell 11%, due to decreased capital spending and a negative Fund 700 adjustment.<sup>4</sup>

<sup>4</sup> Certain bookkeeping procedures within the City’s financial management system serve as a mechanism through which City agencies give notice of upcoming expenditures or of funds held in trust on behalf of non-City entities. Such entries are collectively captured in the Fund 700 adjustment and are deducted from our calculation of the unrestricted cash balance. As the City’s business proceeds throughout the year, the Fund 700 adjustment may be reflected as a positive expense (more cash excluded from the unrestricted balance) or as a negative expense (as previously disclosed Fund 700 obligations are satisfied).

**“All Other” Spending**

**Table 10. Major Components of “All Other” Spending, 2Q16 & 2Q17**

(\$ in millions)

	2Q16	2Q17	Difference
Transit Authority	\$35	\$35	\$0
Housing Authority	45	2	(43)
Lump Sum Payments	686	1,108	422
HHC	68	434	366
Refunds	290	244	(46)
City-Funded Capital	1,438	1,388	(50)
Non-City Funded Capital	466	330	(136)
F-700 Adjustment	843	(92)	(935)

**July 2016 - December 2016 (1H17)**

**Cash Expenditures at a Glance**

**Table 11. PS & OTPS, 1H, FY08 - FY17**

(\$ in millions)

	1H08	1H09	1H10	1H11	1H12	1H13	1H14	1H15	1H16	1H17
Gross Payroll	\$10,999	\$12,285	\$11,830	\$12,121	\$11,951	\$12,012	\$12,095	\$12,758	\$14,320	\$14,061
Fringe and Other	5,292	5,678	6,329	6,029	6,694	6,966	7,233	7,611	7,853	8,469
<b>Total PS</b>	<b>\$16,291</b>	<b>\$17,963</b>	<b>\$18,159</b>	<b>\$18,150</b>	<b>\$18,645</b>	<b>\$18,978</b>	<b>\$19,328</b>	<b>\$20,369</b>	<b>\$22,173</b>	<b>\$22,530</b>
% of Total Exp	49%	49%	49%	49%	49%	50%	47%	50%	48%	49%
Public Assistance	\$1,104	\$1,209	\$1,413	\$1,282	\$1,223	\$1,190	\$1,269	\$1,283	\$1,379	\$1,521
Medical Assistance	2,284	2,380	2,438	2,511	2,912	3,088	2,763	2,877	2,883	2,634
Other Social Services	1,170	1,310	1,423	1,250	1,182	1,195	1,236	1,274	1,307	1,400
Vendor and Other	6,790	7,122	6,984	7,219	7,735	7,726	8,769	9,566	9,910	10,729
<b>Total OTPS</b>	<b>\$11,348</b>	<b>\$12,021</b>	<b>\$12,258</b>	<b>\$12,262</b>	<b>\$13,052</b>	<b>\$13,199</b>	<b>\$14,037</b>	<b>\$15,000</b>	<b>\$15,479</b>	<b>\$16,284</b>
% of Total Exp	34%	33%	33%	33%	35%	35%	34%	36%	35%	36%
<b>All Other</b>	<b>\$5,617</b>	<b>\$6,995</b>	<b>\$6,895</b>	<b>\$6,720</b>	<b>\$6,058</b>	<b>\$5,871</b>	<b>\$7,703</b>	<b>\$5,616</b>	<b>\$7,918</b>	<b>\$6,841</b>
% of Total Exp	17%	19%	18%	18%	16%	15%	19%	14%	17%	15%
<b>Total Expenditures</b>	<b>\$33,256</b>	<b>\$36,979</b>	<b>\$37,312</b>	<b>\$37,132</b>	<b>\$37,755</b>	<b>\$38,048</b>	<b>\$41,068</b>	<b>\$40,985</b>	<b>\$45,570</b>	<b>\$45,655</b>
<b>Total Expenditures Net of CapEx</b>	<b>\$29,637</b>	<b>\$32,213</b>	<b>\$32,084</b>	<b>\$32,137</b>	<b>\$33,607</b>	<b>\$34,118</b>	<b>\$36,790</b>	<b>\$37,414</b>	<b>\$41,594</b>	<b>\$41,643</b>

Cash expenditures for 1H17 were flat compared to the same period last year. Personal service expenditures grew 1.6%, driven by consistent increases in spending on fringe benefits. Other than personal service expenditures increased 5.2%. Outlays for public assistance jumped 10.3%, followed by vendor and other payments (up 8.3%) and other social services disbursements (up 7.1%). Medical assistance disbursements were down 8.6%. Outlays considered “All Other” fell 13.6%, mostly due to the outflow of cash from the restricted Fund 700 account.

**“All Other” Spending**

**Table 12. Major Components of “All Other” Spending, 1H16 & 1H17**

(\$ in millions)

	<b>1H16</b>	<b>1H17</b>	<b>Difference</b>
<b>Transit Authority</b>	\$264	\$251	(\$13)
<b>Housing Authority</b>	63	35	(28)
<b>Lump Sum Payments</b>	1,375	1,771	396
<b>HHC</b>	560	650	90
<b>Refunds</b>	499	486	(13)
<b>City-Funded Capital</b>	2,974	3,205	231
<b>Non-City Funded Capital</b>	1,001	807	(194)
<b>F-700 Adjustment</b>	1,158	(333)	(1,491)

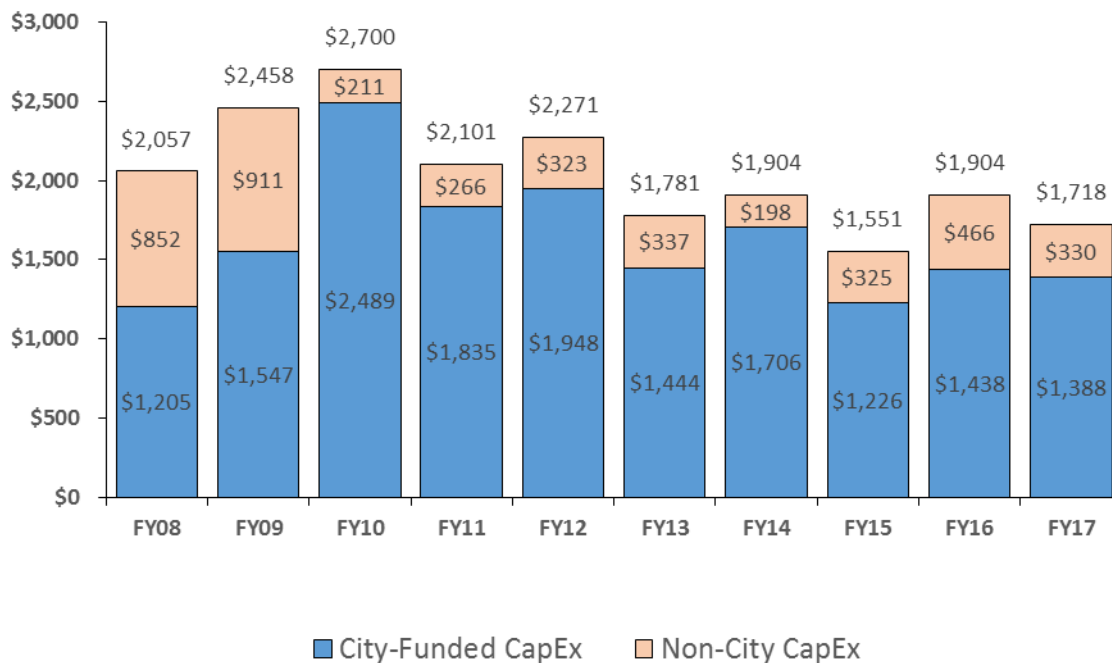
## IV. Capital Expenditures

City-funded capital expenditures are primarily financed from the proceeds of General Obligation (GO), New York City Transitional Finance Authority (TFA), and New York City Municipal Water Finance Authority (NY Water) debt. Beginning in 2Q07, non-City-funded capital expenditures for education were financed 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 New York City Central Treasury and then reimbursed from various capital accounts and State sources.

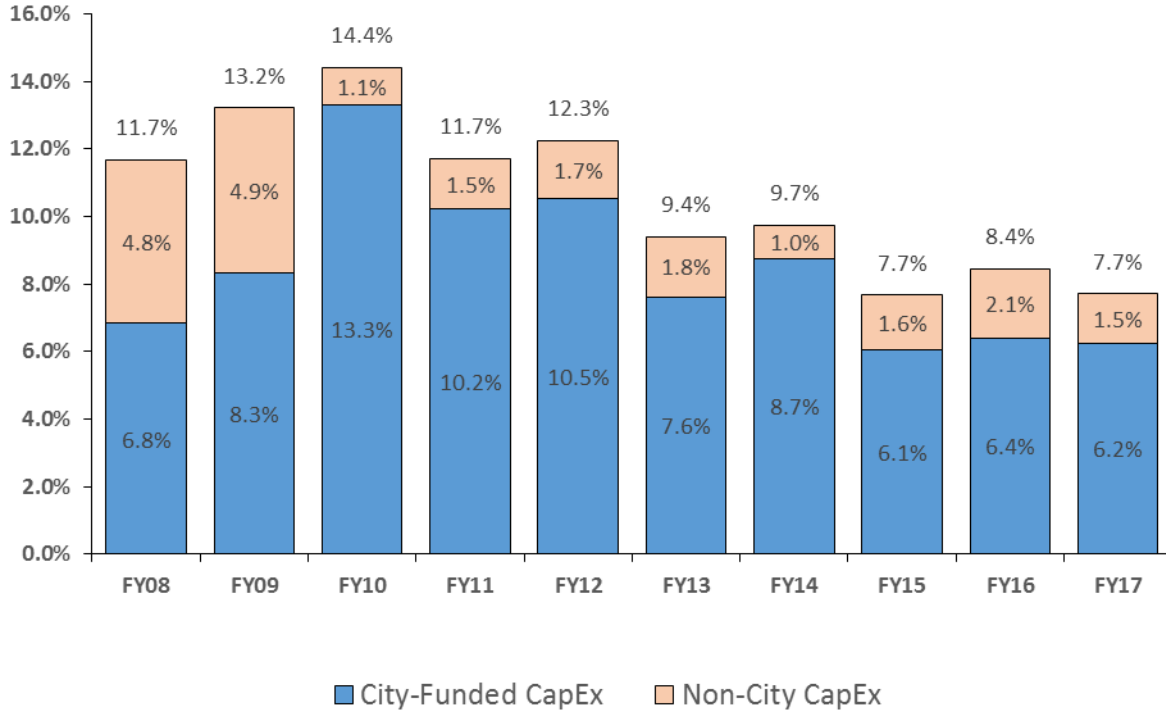
### October 2016 - December 2016 (2Q17)

**Chart 12. Total CapEx, 2Q, FY08 - FY17**

(\$ in millions)



**Chart 13. Total CapEx as % of Total Expenditures, 2Q, FY08 - FY17**



Total 2Q17 CapEx decreased 9.8% versus a year ago. Non-City-funded CapEx dropped 29.2% while City-funded CapEx fell by 3.5%.

**Table 13. Reimbursements to the NYC Central Treasury for CapEx, 2Q, FY08 - FY17**

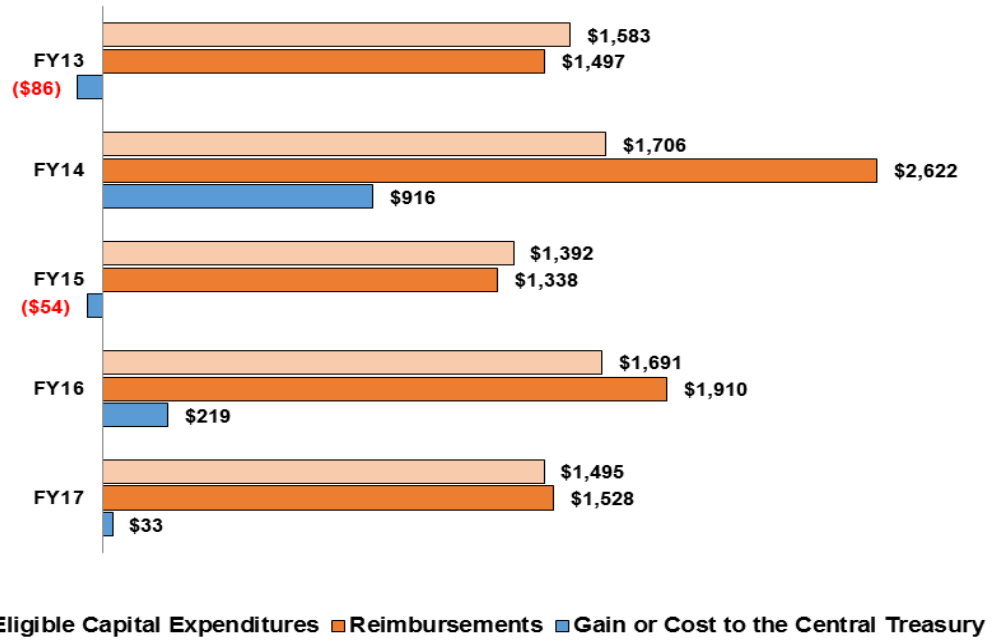
(\$ in millions)

	2Q08	2Q09	2Q10	2Q11	2Q12	2Q13	2Q14	2Q15	2Q16	2Q17	Total
GO	\$1,144	\$1,412	\$1,399	\$885	\$977	\$127	\$901	\$24	\$47	\$244	\$7,160
NY Water	674	659	785	693	582	470	397	315	334	409	5,318
TFA	208	2	937	613	797	768	1,324	999	1,529	875	8,052
<b>City-Funded Sub-Total</b>	<b>\$2,026</b>	<b>\$2,073</b>	<b>\$3,121</b>	<b>\$2,191</b>	<b>\$2,356</b>	<b>\$1,365</b>	<b>\$2,622</b>	<b>\$1,338</b>	<b>\$1,910</b>	<b>\$1,528</b>	<b>\$20,530</b>
TFA Building Aid	372	610	0	269	297	132	0	0	0	0	1,680
DASNY	132	41	0	0	0	0	0	0	0	0	173
<b>Non-City Sub-Total</b>	<b>\$504</b>	<b>\$651</b>	<b>\$0</b>	<b>\$269</b>	<b>\$297</b>	<b>\$132</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,853</b>
<b>Total</b>	<b>\$2,530</b>	<b>\$2,724</b>	<b>\$3,121</b>	<b>\$2,460</b>	<b>\$2,653</b>	<b>\$1,497</b>	<b>\$2,622</b>	<b>\$1,338</b>	<b>\$1,910</b>	<b>\$1,528</b>	<b>\$22,383</b>
2Q Reimbursable Capital Expenditures	\$1,964	\$2,303	\$2,442	\$1,962	\$2,105	\$1,583	\$1,706	\$1,392	\$1,691	\$1,495	\$18,643
2Q Reimbursements Less 2Q Reimbursable Capital Expenditures	\$566	\$421	\$679	\$498	\$548	(\$86)	\$916	(\$54)	\$219	\$33	\$3,740
2Q Reimbursements as a % of 2Q Reimbursable Capital Expenditures	128.8%	118.3%	127.8%	125.4%	126.0%	94.6%	153.7%	96.1%	113.0%	102.2%	120.1%
2Q Reimbursements as a % of 2Q Total Receipts	13.5%	18.1%	16.2%	13.1%	13.4%	7.9%	11.8%	6.6%	7.7%	6.9%	11.2%

Reimbursements to the Central Treasury for CapEx exceeded reimbursable expenditures during 2Q17. CapEx is initially paid from the City Treasury and then reimbursed from bond proceeds as appropriate. Over the long term, CapEx and reimbursements should balance. However, from quarter to quarter, the lag between an expenditure and the offsetting reimbursement can result in a gain or loss to the Central Treasury. In 2Q17, this dynamic resulted in a gain of \$33 million.

**Chart 14. Bond-Funded Reimbursements for Eligible CapEx, 2Q, FY13 - FY17**

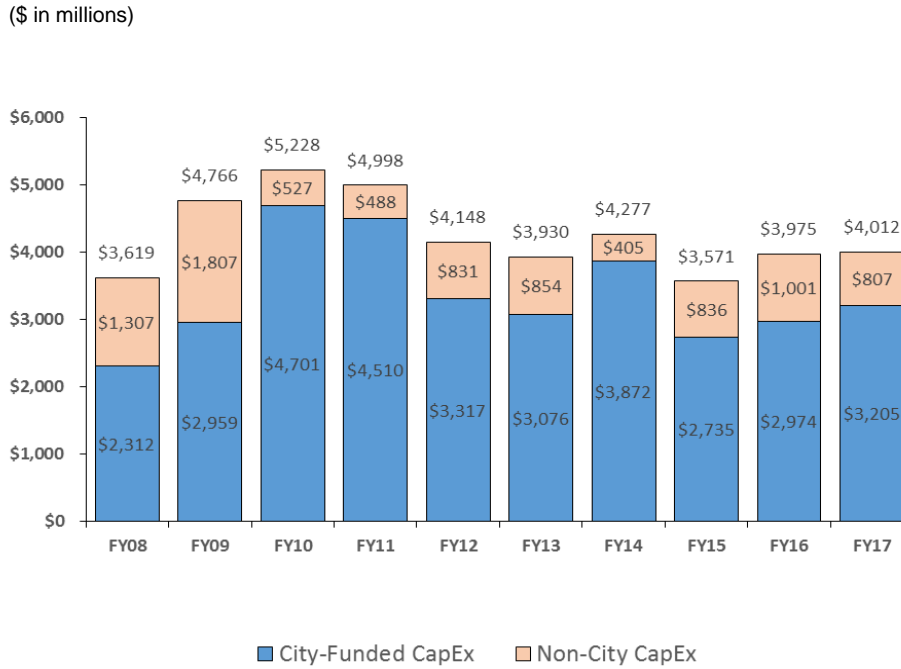
(\$ in millions)



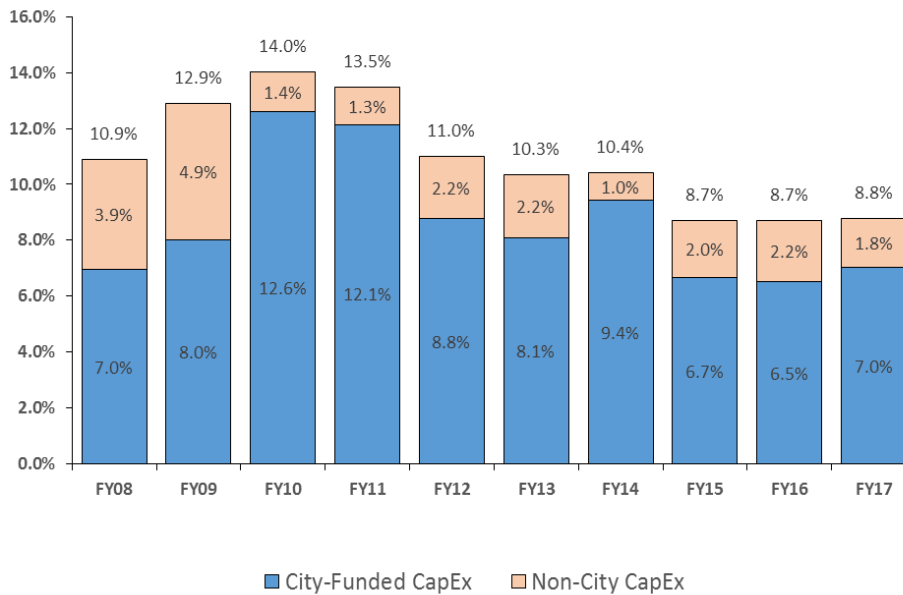


**July 2016 - December 2016 (1H17)**

**Chart 15. Total CapEx, 1H, FY08 - FY17**



**Chart 16. Total CapEx as % of Total Expenditures, 1H, FY08 - FY17**



Total CapEx equaled \$4.012 billion in 1H17 compared to \$3.975 billion during the same period last year. The increase was due to a 7.8% jump in City-Funded CapEx.

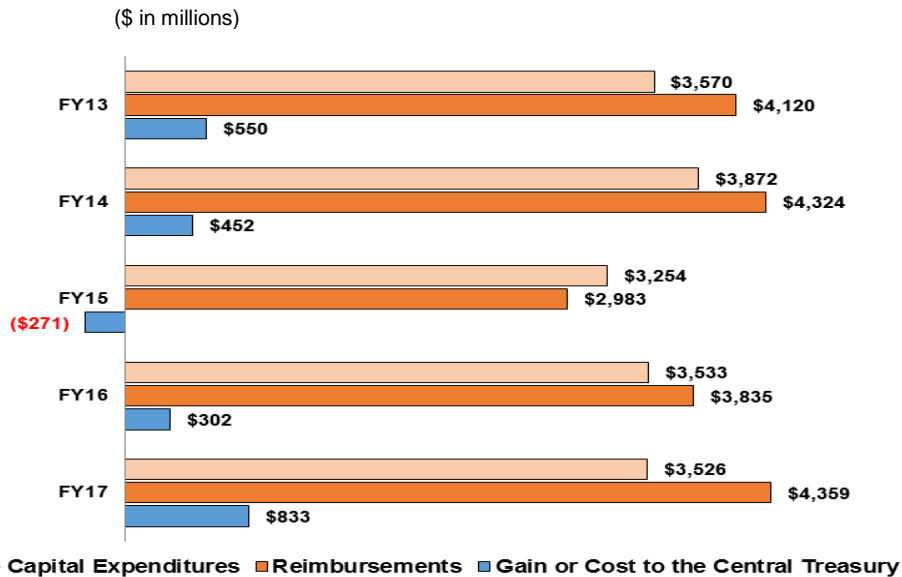
**Table 14. Reimbursements to the NYC Central Treasury, 1H, FY08 - FY17**

(\$ in millions)

	1H08	1H09	1H10	1H11	1H12	1H13	1H14	1H15	1H16	1H17	Total
GO	\$1,426	\$2,541	\$1,932	\$1,644	\$1,433	\$422	\$1,372	\$357	\$609	\$1,532	\$13,267
NY Water	922	1,343	1,396	1,648	1,157	986	817	673	687	732	10,361
TFA	494	7	1,545	1,783	1,369	1,982	2,135	1,953	1,707	2,095	15,071
<b>City-Funded Sub-Total</b>	<b>\$2,842</b>	<b>\$3,891</b>	<b>\$4,873</b>	<b>\$5,075</b>	<b>\$3,959</b>	<b>\$3,390</b>	<b>\$4,324</b>	<b>\$2,983</b>	<b>\$3,003</b>	<b>\$4,359</b>	<b>\$38,699</b>
TFA Building Aid	650	820	182	269	577	730	0	0	832	0	4,061
DASNY	320	367	6	0	0	0	0	0	0	0	694
<b>Non-City Sub-Total</b>	<b>\$970</b>	<b>\$1,187</b>	<b>\$188</b>	<b>\$269</b>	<b>\$577</b>	<b>\$730</b>	<b>\$0</b>	<b>\$0</b>	<b>\$832</b>	<b>\$0</b>	<b>\$4,755</b>
<b>Total</b>	<b>\$3,812</b>	<b>\$5,078</b>	<b>\$5,061</b>	<b>\$5,344</b>	<b>\$4,536</b>	<b>\$4,120</b>	<b>\$4,324</b>	<b>\$2,983</b>	<b>\$3,835</b>	<b>\$4,359</b>	<b>\$43,454</b>
1H Reimbursable Capital Expenditures	\$3,446	\$4,465	\$4,823	\$4,683	\$3,757	\$3,570	\$3,872	\$3,254	\$3,533	\$3,526	\$38,928
1H Reimbursements Less 1H Reimbursable Capital Expenditures	\$366	\$613	\$238	\$661	\$779	\$550	\$452	(\$271)	\$302	\$833	\$4,526
1H Reimbursements as a % of 1H Reimbursable Capital Expenditures	110.6%	113.7%	104.9%	114.1%	120.8%	115.4%	111.7%	91.7%	108.5%	123.6%	111.6%
1H Reimbursements as a % of 1H Total Receipts	10.7%	14.6%	13.8%	13.8%	11.6%	10.9%	10.4%	7.4%	8.0%	9.8%	11.0%

1H17 reimbursements exceeded eligible spending, resulting in an \$833 million gain to the Central Treasury during 1H17. Over the past ten years, 1H reimbursements have exceeded eligible spending by 11.6%.

**Chart 17. Bond-Funded Reimbursements for Eligible CapEx, 1H13 - 1H17**



## V. Financings<sup>5</sup>

**Table 15. FY 2017 Projected vs. 1H17 Actual GO, TFA PIT, and TFA BARBs Issuance**

(\$ in billions)

	FY17 Projected Issuance	1H17 Issuance	Remaining Issuance
GO	\$2.3	\$2.3	\$0
TFA PIT	3.2	2.2	1.0
Total	\$5.5	\$4.5	\$1.0

Projected bond issuance is based on the OMB's January 2017 Financial Plan.

In FY17, the City plans to issue \$5.5 billion in new money GO and TFA PIT bonds for capital purposes. The City issued \$4.5 billion of new money debt in 1H17, leaving \$1 billion of issuance planned for the remainder of the current fiscal year.

**Table 16. GO and TFA PIT Bond Issuance, 1H17**

(\$ in millions)

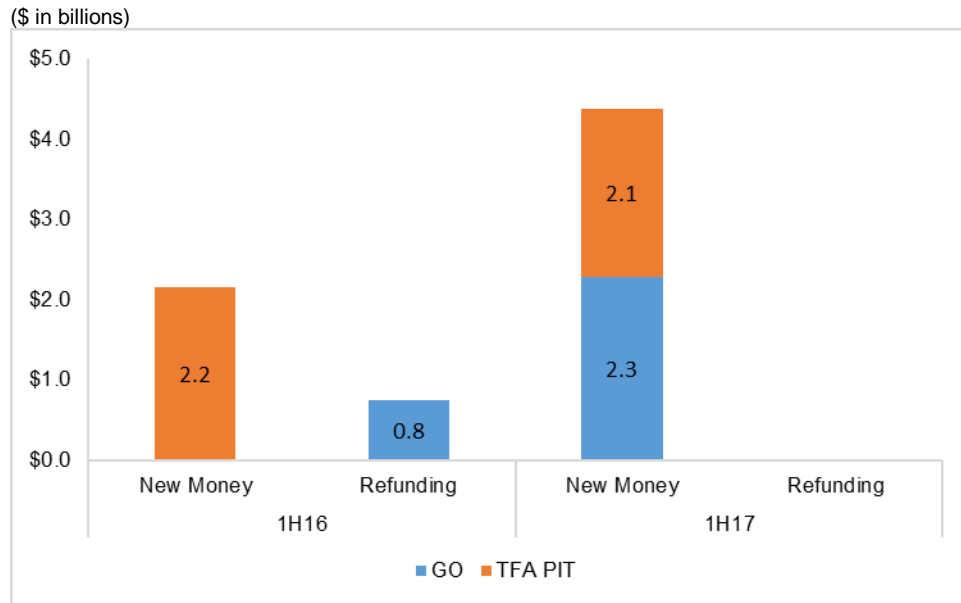
Closing Date	Deal	Purpose	TE Fixed	TX Fixed*	TE Variable	TE Index	Total Par
7/28/2016	TFA 2017 A	New Money	\$800	\$250	\$0	\$0	\$1,050
8/18/2016	GO 2017 A	New Money	\$800	\$250	\$381	\$0	\$1,431
9/22/2016	TFA 2017 B	New Money	\$800	\$250	\$0	\$100	\$1,150
12/20/2016	GO 2017 B	New Money	\$650	\$200	\$0	\$0	\$850

\*Designates series of bonds that were sold via competitive sale  
The table excludes conversions and re-offerings.

In 2Q17, the City of New York sold \$850 million in new money GO bonds. The transaction included \$650 million of tax-exempt fixed rate bonds and \$200 million of taxable fixed rate bonds. In addition, the sale included a conversion of \$154.3 million of existing index rate bonds to fixed-rate bonds.

<sup>5</sup> We gratefully acknowledge the assistance of the Public Finance Division (NYC Comptroller's Office) in the preparation of the Financings section of this report.

**Chart 18. GO, TFA PIT, and TFA BARBs Issues, 1H16 & 1H17**



The pace of bond issuance in 1H17 exceeded last year's pace. In 1H17, the City issued \$4.5 billion in new money bonds. Over the same period last year, the City issued \$2.2 billion in new money bonds and \$750 million in refunding bonds.

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