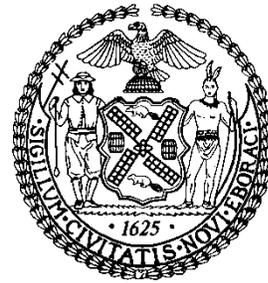


**The City Of New York
Office of the Comptroller
John C. Liu,
Comptroller**



QUARTERLY CASH REPORT

April - June 2013
Fourth Quarter of FY 2013

August 2013

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Summary

Cash Balances

4Q13 Results

Cash balances for the fourth quarter of Fiscal Year 2013 (hereafter, 4Q13) mirrored, nearly step-for-step, the trail established by last year's balances. The salient difference between 4Q13 and 4Q12 is an approximately \$1 billion gap in favor of the current year. This gap, which has been persistent throughout Fiscal Year 2013 (hereafter, FY13), had its start in the annual prepayment made by the City at the end of FY12.

The City usually dedicates any year-end budgetary surplus to prepayment of the next year's expenses. This transaction is typically conducted as a single, large cash transfer (mostly to debt service) on or near the last day of the fiscal year. The small size of the FY12 prepayment (compared to recent years) contributed to relatively higher FY13 balances. The difference between 4Q13 and 4Q12 balances represents the remainder of the lead established at the end of FY12, when the prepayment of FY13 expenses declined \$1.3 billion versus the FY11 prepayment of FY12 expenses.

Also of note, a new process for the receipt of CUNY tuition and fees remittances has been abandoned. In the 2Q13 Quarterly Cash Report, we mentioned the unwieldy new protocol, which required the City to write a check to itself as part of the process of receiving reimbursement from CUNY. As a result of the extra step, both inflows and outflows were artificially inflated to a modest extent. During 4Q13, the City reverted back to the old process, which does not require that the City issue a check to itself.

FY13 Prepayment

This year's prepayment (of next year's expenses) was made in two parts totaling \$2.791 billion. The first installment, made on June 25, totaled \$1.085 billion, while the remaining \$1.706 billion prepayment was executed on June 28. Aside from \$64 million in FY14 library funding, the FY13 prepayment was dedicated exclusively to FY14 general obligation (GO) debt service payments, rather than shared between GO and Transitional Finance Authority (TFA) debt service as in some previous years. We project that the prepayment will satisfy the FY14 GO debt service retention requirement through December 2013.

FY13 Results

The City recorded a FY13 closing cash balance of \$7.944 billion, the highest year-end closing balance on record, up \$1.647 billion versus year-ago. The FY13 average cash balance of \$5.959 billion exceeded the year-ago mark by \$813 million, reflecting the advantage conferred by a relatively smaller prepayment at the end of FY12. Total receipts for FY13 rose 2.1%, to a new record of \$82.877 billion. Expenditures also rose to a new record, up 1.7% versus year-ago.

After Superstorm Sandy, the fiscal cliff, and sequestration, it seems anticlimactic to note that the largest event impacting the City's FY13 cash flow was the FY12 prepayment. At the end of FY12, the annual contribution to the coming year's expenses totaled \$2.439 billion, down from \$3.738 billion in FY11. This difference contributed to a \$1.256 billion cash balance advantage for the start of FY13 (versus FY12). This head-start was largely preserved throughout FY13 and forms the basis for any narrative about the year. FY13 and FY12 cash balance fluctuations were otherwise very similar.

For the eighth consecutive year, the City funded all operations without the use of short-term borrowing vehicles such as Revenue Anticipation Notes (RANs) or Tax Anticipation Notes (TANs).

Superstorm Sandy

Superstorm Sandy, which hit New York City on October 29, 2012, is the costliest natural disaster in City history. The first installment of FEMA aid for Sandy-related expenses was delivered exactly three months after the Superstorm, on January 29, 2013. Through the end of FY13 the City recorded Sandy-related aid in the amount of \$356 million, against \$463 million of emergency expenditures. Since the storm, the City has been reimbursed at the rate of 77.0%. As mentioned in the previous Quarterly Cash Report, the Mayor's Office expects 100% reimbursement. However, it may take years to approach this level, since the City is constantly processing new expenditures and reimbursements.

Cash Receipts

4Q13 Results

Total receipts in 4Q13 were the highest 4Q inflows on record. Total cash receipts for the quarter increased 3.0% versus year-ago to \$22.752 billion, driven mainly by strong tax collections.

Total 4Q13 tax inflows rose 13.3% year-over-year. Every major category of tax exhibited growth during the quarter, with the exception of banking corporation tax, which declined 12.6%. General corporation and personal income taxes were particularly strong, accounting for 65.3% of the gain in the total tax receipts.

The combined 4Q13 total of Federal and State aid increased 15.4% year-over-year, mainly due to the timely arrival of the higher education aid payment of \$470 million on June 24, 2013. Last year, \$354 million of State higher education aid originally scheduled to be remitted in June arrived a few days late, and the amount was not counted in the 4Q12 total. Also during June 2013, New York State followed through on its promise to penalize the City for its failure to reach an agreement with the United Federation of Teachers on a teacher evaluation plan, by deducting \$278 million from the City's share of education aid.

Net of reimbursements for capital expenditures (hereafter, CapEx), 4Q13 cash receipts rose 5.8% versus year-ago.

FY13 Results

During FY13 cash receipts totaled \$82.877 billion, a jump of \$1.725 billion dollars, or 2.1%, from the previous year. The five largest sources of cash in FY13 were real property tax, personal income tax, NYS education aid, sales tax, and general corporation tax. These leading sources of cash accounted for 55.9% of the total cash receipts in FY13.

The negative category of receipts titled “Debt Service Funding” (Tables 3 and 6) includes retention of personal income and real property taxes for GO and TFA PIT debt service payments, and offsets the total cash receipts figure. FY13 retention was significantly higher than in FY12 because of the much smaller prepayment of FY13 debt service discussed earlier. Prepayments of FY12 GO debt service totaled \$2.8 billion, versus \$1.3 billion of FY13 prepayments. As a result, FY12 real estate tax retention for GO debt service did not start until January, 2012, while FY13 real estate tax retention began at the beginning of the fiscal year on July 3, 2012.

All taxes showed gains in FY13, consistent with a strengthening local economy. Tax receipts for the whole of FY13 totaled \$46.718 billion, an increase of 7.2% from the previous year. The fastest growing categories were mortgage and real property transfer tax (up 26.5%), followed by personal income tax (up 15.0%), and general corporation tax (up 14.6%).

Net of reimbursements for CapEx, FY13 cash receipts rose 2.9% versus year-ago.

Cash Expenditures

4Q13 Results

At \$23.562 billion, 4Q13 cash expenditures appear virtually unchanged compared to 4Q12. However, we note that the added expense of a pension cost adjustment in the year-ago period distorts the comparison with 4Q13. Adjusting for this fact, we consider 4Q13 cash expenditures to have risen by 2.7%. Personnel Service (PS) expenditures, which include payroll, pensions, health plan, social security, and supplemental (union-related) welfare benefits, declined 2.9%, but rose 2.5% if we remove the pension cost adjustment from 4Q12 spending. Other Than Personnel Services (OTPS) expenditures rose 1.1%. Nationwide, municipalities reported flat expenditure growth during the same period.¹

FY13 Results

FY13 total expenditures rose 1.7% versus year-ago to \$81.231 billion. PS expenditures rose 0.8% to \$39.243 billion. OTPS spending rose 2.6%, driven by increased spending on vendor services. Over the same time period, municipalities nationwide reported total expenditure growth of 1.5%.²

¹ U.S. Dept. of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1>, Table 3.3.

² *Ibid.*

Total expenditures, net of CapEx, grew 2.2% in FY13, in-line with 2.1% net expenditure growth nationwide.³ Netting out both CapEx and prepayments from total expenditures, FY13 expenditures grew 1.8% versus year-ago.

Capital Expenditures (CapEx)

4Q13 Results

Total 4Q13 CapEx declined 6.0% versus year-ago, driven by a drop in non-City component. City-funded CapEx was essentially flat.

FY13 Results

Total CapEx measured \$8.003 billion in FY13, well below the all-time-high of \$10.047 billion recorded in FY10. The third annual decline in CapEx traces to a drop in the non-City component.

FY13 reimbursements for CapEx totaled \$7.696 billion and accounted for 9.3% of total cash receipts. Reimbursements exceeded reimbursable expenditures, increasing the cash balance by \$374 million. Over time, reimbursements and CapEx should offset each other.

Financings⁴

4Q13 Results

NYC had a busy bond issuance calendar in 4Q13. The City issued \$1.55 billion in new-money TFA PIT (personal income tax) debt. The City also refunded \$949 million of GO bonds and \$250 million of TFA PIT bonds. The GO refunding produced over \$99 million of budget savings for the City over the life of the bonds while the TFA transaction achieved over \$24 million in budgetary savings.

FY13 Results

In FY13 New York City issued \$10.08 billion in new-money and refunding bonds, versus \$9.11 billion in FY12. High issuance volume in FY13 was the result of record-low interest rates that allowed the City to refinance \$4.67 billion in GO and TFA bonds.

FY13 refundings produced \$672 million in budget relief over the life of the bonds, or \$615 million on a present value basis. The refunding activity in FY13 was highly efficient relative to the City's recent experience in the fixed-income markets.

³ *Ibid.*

⁴ We gratefully acknowledge the assistance of the Public Finance Division (NYC Comptroller's Office) in the preparation of the Financings section of this report.

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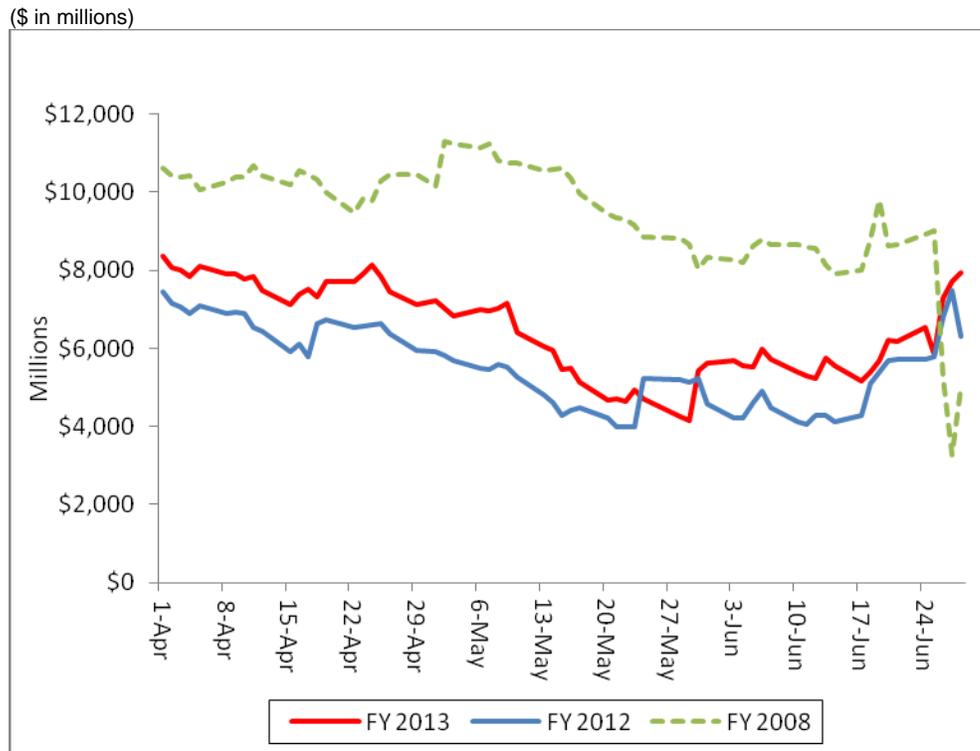
Rounding of Large Numbers in the Quarterly Cash Report

When dealing with numbers as large as those considered in this report, it becomes necessary, for conservation of space, to round representative figures to the nearest tenths, hundredths, or thousandths. Adding such a series of rounded figures often leads to a circumstance whereby components, when added together, appear not to equal the given total. Examples occur throughout this report and are the result of rounding, not miscalculation.

I. Cash Balances ⁵

April 2013 – June 2013 (4Q13)

Chart 1. Daily Cash Balances of the NYC Central Treasury, 4Q08, 4Q12, and 4Q13



Cash balances for 4Q13 mirrored, nearly step-for-step, the trail established by last year's balances. The salient difference between 4Q13 and 4Q12 is an approximately \$1 billion gap in favor of the current year. This gap, which has been persistent throughout FY13, had its start in the annual prepayment made by the City at the end of FY12.

The City usually dedicates its year-end budgetary surplus to prepayment of the next year's expenses. This transaction is often conducted as a single, large cash transfer (mostly to debt service) on or near the last day of the fiscal year. The small size of the FY12 prepayment compared to recent years contributed to relatively higher FY13 balances. The difference between 4Q13 and 4Q12 balances represents the remainder of the lead established at the end of FY12, when the prepayment of FY13 expenses declined \$1.3 billion versus the FY11 prepayment of FY12 expenses.

⁵ 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 on warrants issued. Receipts and expenditures are net of debt service and funding for RANs and TANs.

Table 1. Cash Position of the NYC Central Treasury, 4Q, FY04 - FY13

(\$ in millions)

	4Q04	4Q05	4Q06	4Q07	4Q08	4Q09	4Q10	4Q11	4Q12	4Q13
Opening Balance	\$ 5,056	\$ 8,350	\$ 8,622	\$10,934	\$10,057	\$ 7,762	\$ 6,188	\$ 8,101	\$ 7,742	\$ 8,754
Total Receipts	13,916	15,616	18,190	19,037	20,504	20,119	21,738	20,671	22,081	22,752
Total Expenditures ^a	14,764	17,136	20,426	25,498	25,573	22,042	23,322	23,731	23,526	23,562
Closing Balance ^b	\$ 4,208	\$ 6,830	\$ 6,386	\$ 4,473	\$ 4,988	\$ 5,839	\$ 4,604	\$ 5,041	\$ 6,297	\$ 7,944
Avg. Daily Balance	\$ 4,341	\$ 8,206	\$ 7,924	\$ 9,755	\$ 9,440	\$ 6,273	\$ 5,506	\$ 6,362	\$ 5,534	\$ 6,520

a. Total expenditures include capital expenditures.

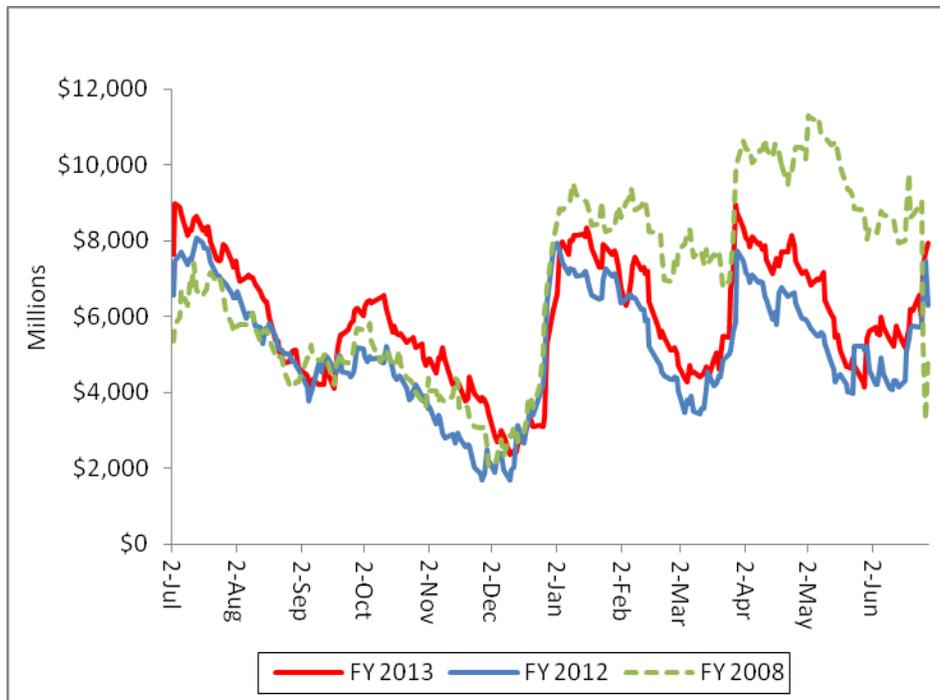
b. Before City audits

The City recorded a FY13 closing cash balance of \$7.944 billion, the highest year-end closing balance on record, up \$1.647 billion versus year-ago. The 4Q13 average balance exceeded the year-ago mark by \$986 million. Total receipts in the quarter rose 3.0%, while expenditures were little-changed.

July 2012 - June 2013 (FY13)

Chart 2. Daily Cash Balances of the NYC Central Treasury, FY08, FY12, and FY13

(\$ in millions)



After Superstorm Sandy, the fiscal cliff, and sequestration, it seems anticlimactic to note that the largest event impacting the City's FY13 cash flow was the FY12 prepayment of FY13 expenses. At the end of FY12, the annual contribution to the coming year's

expenses (from budget surplus) totaled \$2.439 billion, down from \$3.738 billion in FY11. This difference contributed to a \$1.256 billion cash balance advantage for the start of FY13 (versus FY12). This head-start was largely preserved throughout FY13 and forms the basis for any narrative about the year. FY13 and FY12 cash balance fluctuations were otherwise very similar.

Table 2. Cash Position of the NYC Central Treasury, FY04 - FY13

(\$ in millions)

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Opening Balance ^a	\$ 2,502	\$ 4,208	\$ 6,830	\$ 6,386	\$ 4,473	\$ 4,988	\$ 5,839	\$ 4,604	\$ 5,041	\$ 6,297
Total Receipts	57,063	62,887	66,570	70,782	76,576	77,422	76,742	80,310	81,152	82,877
Total Expenditures ^b	55,357	60,265	67,014	72,696	76,061	76,571	77,977	79,874	79,895	81,231
Closing Balance ^a	\$ 4,208	\$ 6,830	\$ 6,386	\$ 4,473	\$ 4,988	\$ 5,839	\$ 4,604	\$ 5,041	\$ 6,297	\$ 7,944
Avg. Daily Balance	\$ 3,689	\$ 5,439	\$ 7,149	\$ 7,293	\$ 6,849	\$ 5,663	\$ 5,102	\$ 5,053	\$ 5,146	\$ 5,959

a. Opening and closing balances are before City audits.

b. Total expenditures include capital expenditures.

Total receipts for FY13 rose 2.1%, to a new record of \$82.877 billion. Expenditures also rose to a new record, up 1.7% versus year-ago. The FY13 average cash balance exceeded the year-ago mark by \$813 million, reflecting the advantage conferred by a relatively smaller prepayment at the end of FY12.

II. Cash Receipts

April 2013 – June 2013 (4Q13)

Receipts at a Glance

Table 3. Cash Receipts by Category, 4Q, FY04 - FY13

(\$ in millions)

	4Q04	4Q05	4Q06	4Q07	4Q08	4Q09	4Q10	4Q11	4Q12	4Q13
Real Property Tax	\$ 2,264	\$ 2,649	\$ 3,714	\$ 2,805	\$ 3,152	\$ 4,807	\$ 4,747	\$ 4,850	\$ 5,443	\$ 5,708
Other Taxes	4,709	5,998	6,573	7,095	7,560	5,806	5,920	7,090	7,014	8,408
Total Taxes	6,973	8,647	10,287	9,900	10,712	10,613	10,667	11,940	12,457	14,116
Federal and State Aid	3,359	3,669	3,744	4,623	4,256	4,471	5,316	4,627	4,486	5,179
Miscellaneous	1,575	1,447	2,070	1,807	1,888	1,610	2,180	1,874	2,385	804
Intergovernmental Aid	87	10	0	0	0	0	0	0	6	0
Other	2,200	2,206	2,735	2,873	3,899	3,707	3,882	2,845	3,281	3,354
Less Debt Service Funding	(278)	(363)	(646)	(166)	(251)	(282)	(307)	(615)	(534)	(701)
Total	\$13,916	\$15,616	\$18,190	\$19,037	\$20,504	\$20,119	\$21,738	\$20,671	\$22,081	\$22,752

Total receipts in 4Q13 were the highest 4Q inflows on record. Total cash receipts for the quarter increased 3.0% versus year-ago, driven largely by strong tax collections.

Taxes ⁶

Table 4. Tax Receipts, 4Q08, 4Q12, and 4Q13

(\$ in millions)

	4Q08	4Q12	4Q13	% Change 4Q13/ 4Q08	% Change 4Q13/ 4Q12
Real Property Tax	\$ 3,152	\$ 5,443	\$ 5,708	81.1%	4.9%
Personal Income Tax	2,758	2,158	2,911	5.5	34.9
Sales Tax	1,520	1,591	1,695	11.5	6.5
General Corporation Tax	719	728	1,058	47.1	45.3
Unincorporated Business Tax	843	727	836	(0.8)	15.0
Mortgage and Real Property Transfer Taxes	495	367	448	(9.5)	22.1
Banking Corporation Tax	163	405	354	117.2	(12.6)
Commercial Rent Tax	154	168	176	14.3	4.8
Utility Tax	130	87	106	(18.5)	21.8
Other Taxes	776	783	824	6.2	5.2
4Q Total	\$10,710	\$12,457	\$14,116	31.8%	13.3%

Total 4Q13 tax inflows rose 13.3% year-over-year. Every major category of tax exhibited growth during the quarter, with the exception of banking corporation tax, which declined 12.6%. Collections of general corporation and personal income taxes were particularly strong, accounting for 65.3% of the gain in the total tax receipts.

⁶ In this report, tax receipts, with the exception of PIT, are gross of refunds. Real property tax and PIT are gross of debt service funding.

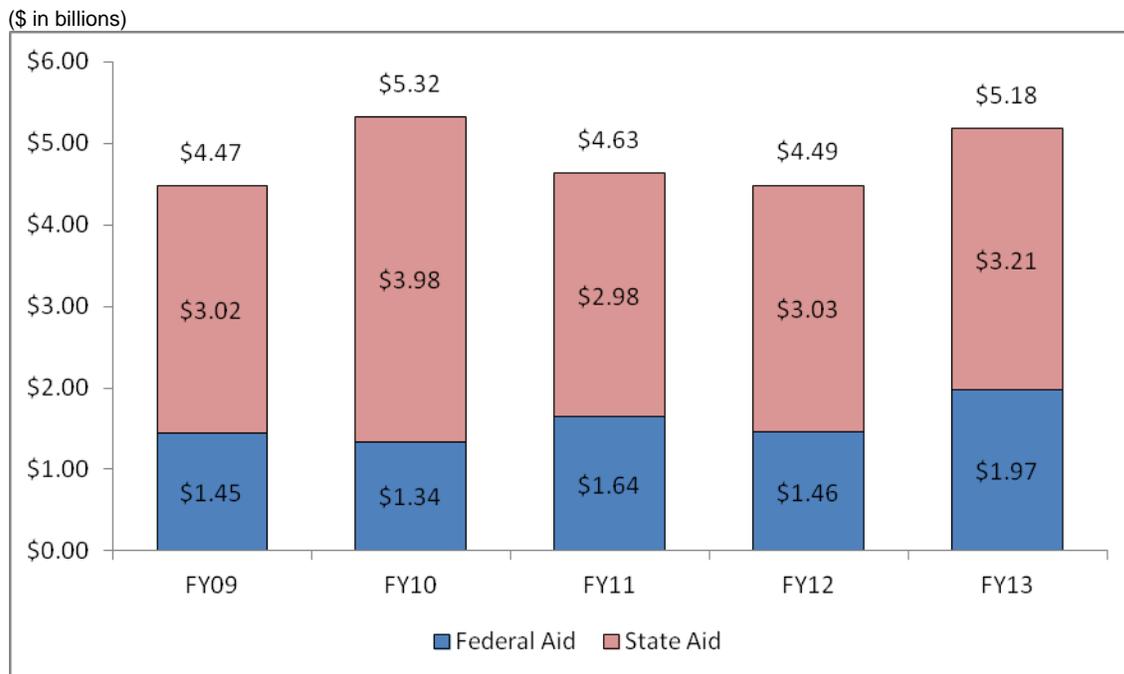
Table 5. Selected Cash Receipts, 4Q, FY09 - FY13

(\$ in millions)

	4Q09	4Q10	4Q11	4Q12	4Q13
Real Property Tax	\$4,807	\$4,747	\$4,850	\$5,443	\$5,708
Personal Income Tax	1,141	1,485	2,159	2,158	2,911
NYS Education Aid	2,668	3,261	2,096	2,355	2,087
Sales Tax	1,209	1,426	1,546	1,591	1,695
General Corporation Tax	650	642	780	728	1,058
Federal Education Aid	482	782	1,107	568	879
Unincorporated Business Tax	733	648	763	727	836
Federal Welfare	566	84	56	400	517
NYS Welfare	200	81	425	489	483
NYS Higher Education Aid	0	479	349	0	470
Mortgage and Real Property Transfer Taxes	200	241	305	367	448
STAR	696	497	392	400	422
Banking Corporation Tax	561	367	497	405	354
Senior College Fees	145	395	402	250	255
Fines and Forfeitures	225	242	253	285	222

Federal and State Aid

Chart 3. Federal & State Aid to NYC, 4Q, FY09 - FY13



The combined 4Q13 total of Federal and State aid increased 15.4% year-over-year, mainly due the timely arrival of the higher education aid payment of \$470 million on June 24, 2013. Last year \$354 million of State higher education aid, originally scheduled to be remitted in June, arrived a few days late, and the amount was not counted in the 4Q12 total. Also during June 2013, New York State followed through on its promise to penalize the City for its failure to reach an agreement with the United Federation of Teachers on a teacher evaluation plan, by deducting \$278 million from the City’s share of education aid.

Chart 4. Federal & State Aid as % of Total Revenue, 4Q, FY09 - FY13

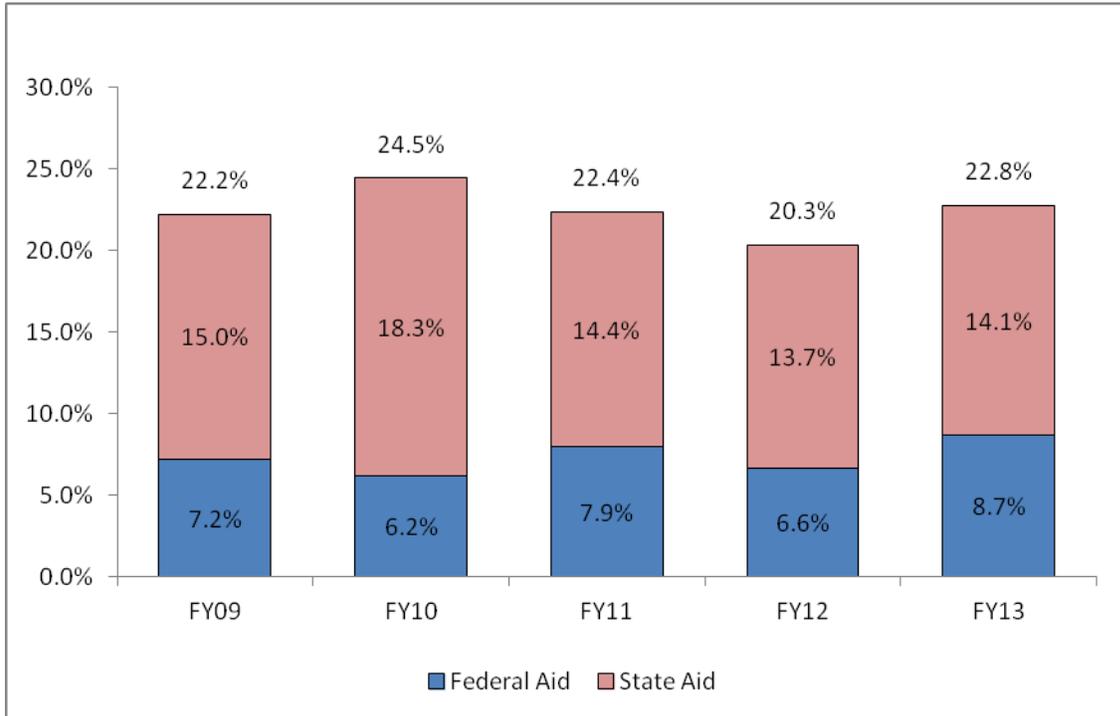


Chart 5. Components of State Aid, 4Q, FY09 - FY13

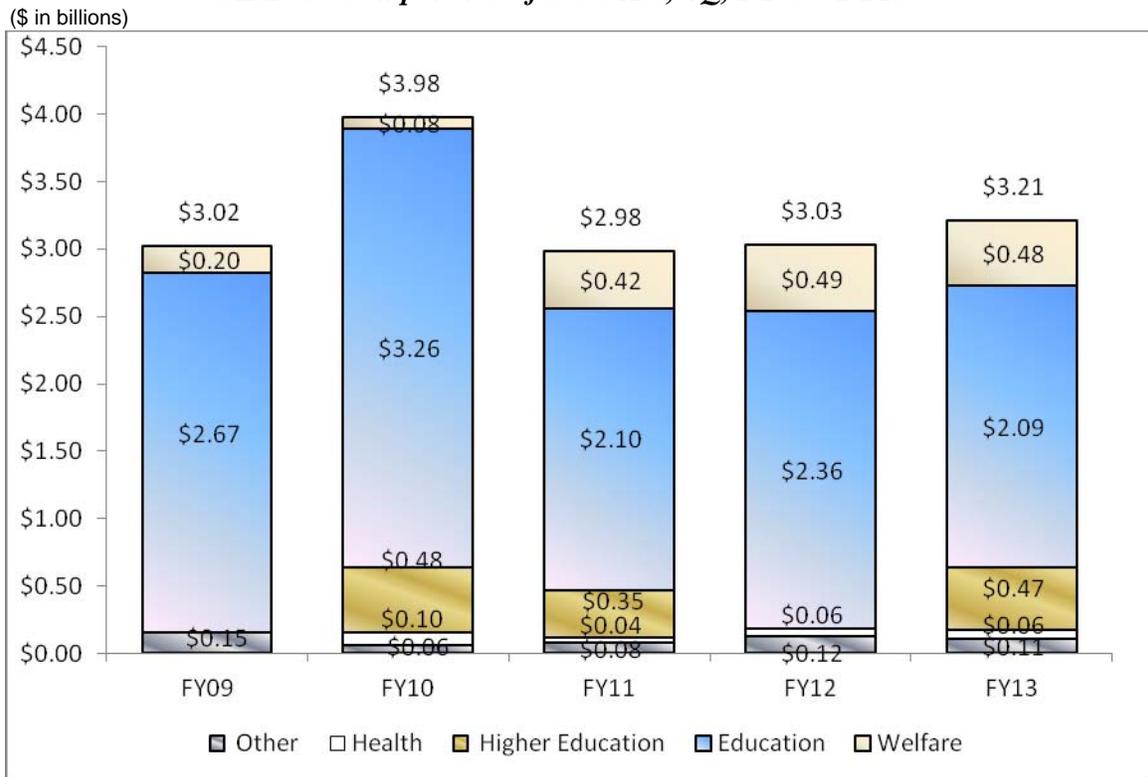
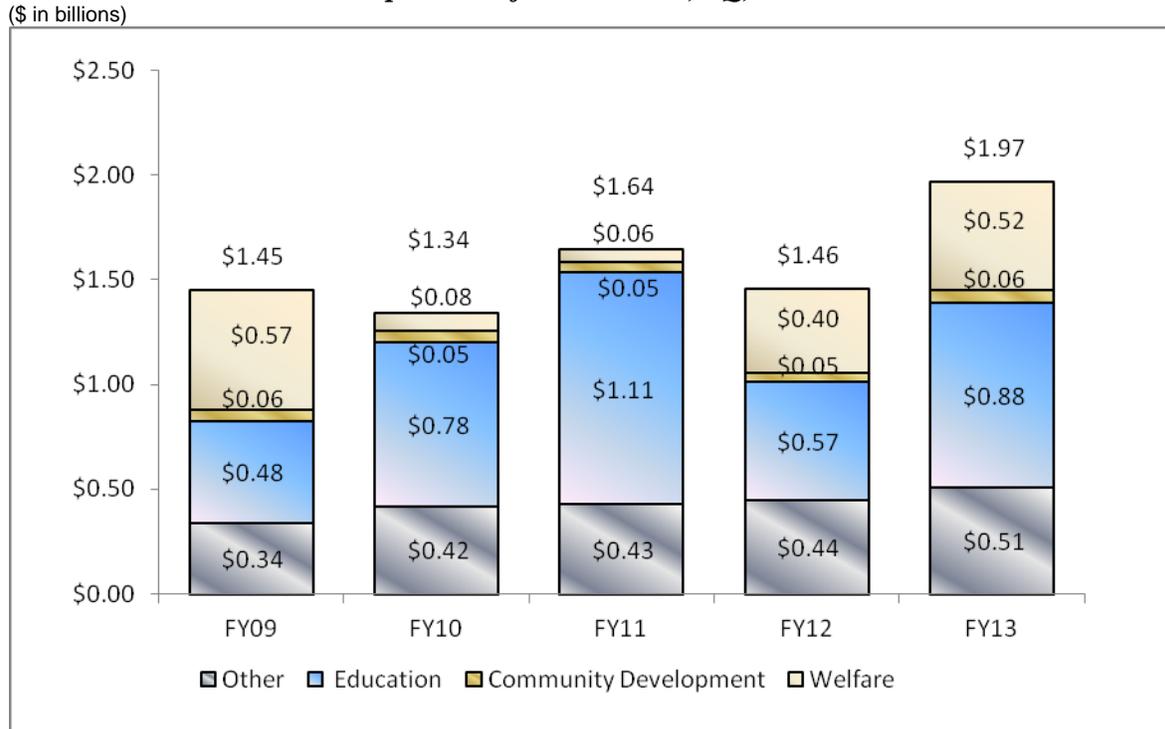


Chart 6. Components of Federal Aid, 4Q, FY09 - FY13



July 2012 - June 2013 (FY13)

Receipts at a Glance

Table 6. Cash Receipts by Category, FY04 - FY13

(\$ in millions)

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Real Property Tax	\$12,070	\$12,523	\$14,413	\$12,649	\$13,867	\$16,427	\$16,313	\$17,272	\$18,862	\$19,252
Other Taxes	16,383	20,151	22,413	25,797	26,674	22,666	21,607	23,969	24,710	27,466
Total Taxes	28,453	32,674	36,826	38,446	40,541	39,093	37,920	41,241	43,572	46,718
Federal and State Aid	15,361	15,427	15,471	16,657	17,153	18,105	18,753	20,520	19,305	20,059
Miscellaneous	4,813	6,414	5,489	5,888	6,439	6,007	6,901	6,486	7,123	5,779
Intergovernmental Aid	2,641	2,259	609	328	10	228	280	14	7	1
Other	9,865	8,515	9,499	10,203	12,688	14,302	13,195	13,580	12,732	13,805
Less Debt Service Funding	(4,070)	(2,402)	(1,324)	(740)	(255)	(313)	(307)	(1,531)	(1,587)	(3,485)
Total Cash Receipts	\$57,063	\$62,887	\$66,570	\$70,782	\$76,576	\$77,422	\$76,742	\$80,310	\$81,152	\$82,877

During FY13 total cash receipts reached \$82.877 billion, an increase of \$1.725 billion dollars from the previous year. The five largest sources of cash in FY13 were real property tax, personal income tax, NYS education aid, sales tax, and general corporation tax. These leading sources of cash accounted for 55.9% of the total cash receipts in FY13. “Debt Service Funding” includes retention of personal income and real property taxes for GO and TFA PIT debt service payments. It offsets the total cash receipts figure. FY13 retention was significantly higher than in FY12 because of the much smaller prepayment

of FY13 debt service discussed earlier. Prepayments of FY12 GO debt service totaled \$2.8 billion, versus \$1.3 billion for FY13 prepayments. As a result, in FY12 real estate tax retention for GO debt service did not start until January, 2012, while FY13 real estate tax retention began right at the beginning of the fiscal year, on July 3, 2012.

Taxes

Table 7. Tax Receipts, FY08, FY12, and FY13

(\$ in millions)

	FY08	FY12	FY13	% Change FY13/ FY08	% Change FY13/ FY12
Real Property Tax	\$13,867	\$18,862	\$19,252	38.8%	2.1%
Personal Income Tax	8,836	8,000	9,200	4.1	15.0
Sales Tax	4,891	5,830	6,109	24.9	4.8
General Corporation Tax	4,077	3,277	3,756	(7.9)	14.6
Unincorporated Business Tax	1,974	1,780	1,974	-	10.9
Mortgage and Real Property Transfer Taxes	2,708	1,457	1,843	(31.9)	26.5
Banking Corporation Tax	1,009	1,476	1,595	58.1	8.1
Commercial Rent Tax	567	673	715	26.1	6.2
Utility Tax	385	413	414	7.5	0.2
Other Taxes	2,225	1,804	1,860	(16.4)	3.1
Total	\$40,539	\$43,572	\$46,718	15.2%	7.2%

All major taxes showed gains in FY13, reflecting the strength in the City's economy. Tax receipts for the whole of FY13 totaled \$46.718 billion, an increase of 7.2% from the previous year. The fastest growing tax categories included mortgage and real property transfer taxes (up 26.5%), personal income tax (up 15.0%), and general corporation tax (up 14.6%).

Table 8. Selected Cash Receipts, FY09 - FY13

(\$ in millions)

	FY09	FY10	FY11	FY12	FY13
Real Property Tax	\$16,427	\$16,313	\$17,272	\$18,862	\$19,252
Personal Income Tax	6,614	6,851	7,619	8,000	9,200
NYS Education Aid	8,459	7,861	7,974	8,289	7,981
Sales Tax	4,585	4,911	5,575	5,830	6,109
General Corporation Tax	3,393	2,953	3,396	3,277	3,756
Federal Welfare	2,505	2,091	2,769	2,749	3,440
Unincorporated Business Tax	1,944	1,682	1,814	1,780	1,974
Mortgage and Real Property Transfer Taxes	1,188	904	712	1,457	1,843
Federal Education Aid	1,782	2,381	2,965	1,923	1,705
NYS Higher Education Aid	956	1,538	1,564	853	1,689
Banking Corporation Tax	1,616	1,457	1,622	1,476	1,595
NYS Welfare	1,717	1,930	2,229	2,190	1,556
Water and Sewer Charges	1,274	1,607	1,243	1,399	1,452
Fines and Forfeitures	923	963	979	1,064	1,005
Senior College Fees	615	958	782	857	904

Net Cash Receipts

Table 9. Cash Receipts, Net of Reimbursements for CapEx, FY09 - FY13

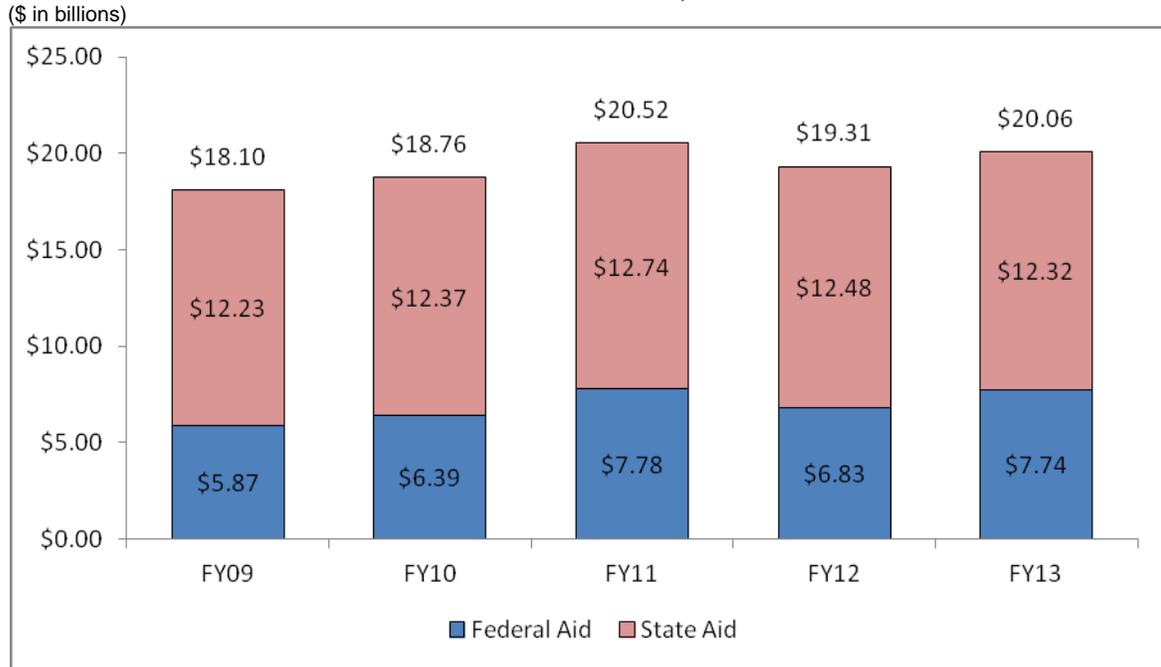
(\$ in millions)

	FY09	FY10	FY11	FY12	FY13
July	\$ 7,588	\$ 6,968	\$ 6,510	\$ 7,222	\$ 6,537
August	2,968	2,899	3,728	3,980	3,493
September	6,838	5,525	6,789	6,230	6,368
1Q	17,394	15,392	17,027	17,432	16,398
October	3,283	4,140	3,501	4,217	4,190
November	3,013	3,109	3,234	3,572	3,814
December	6,041	8,863	9,566	9,311	9,423
2Q	12,337	16,112	16,301	17,100	17,427
1H	29,731	31,504	33,328	34,532	33,825
January	8,139	6,209	6,383	6,102	7,096
February	3,112	3,009	2,739	2,861	3,434
March	8,790	7,880	9,461	9,517	9,566
3Q	20,041	17,098	18,583	18,480	20,096
April	3,642	4,166	4,183	3,544	4,561
May	3,497	3,456	4,121	5,094	4,972
June	10,029	11,192	10,635	11,448	11,725
4Q	17,168	18,814	18,939	20,086	21,258
2H	37,209	35,912	37,522	38,566	41,354
FY Total	\$66,940	\$67,416	\$70,850	\$73,098	\$75,179

The above table removes the effect of capital transfers (reimbursements for CapEx), revealing that net cash receipts for FY13 were up 2.9% versus year-ago.

Federal and State Aid

Chart 7. Federal & State Aid to NYC, FY09 - FY13



The combined total of Federal and State aid increased 3.9% in FY13 to \$20.06 billion. Federal aid rose \$910 million boosted by the receipt of \$356 million in aid for Superstorm Sandy disaster recovery.

Chart 8. Federal & State Aid as % of Total Revenue, FY09 - FY13

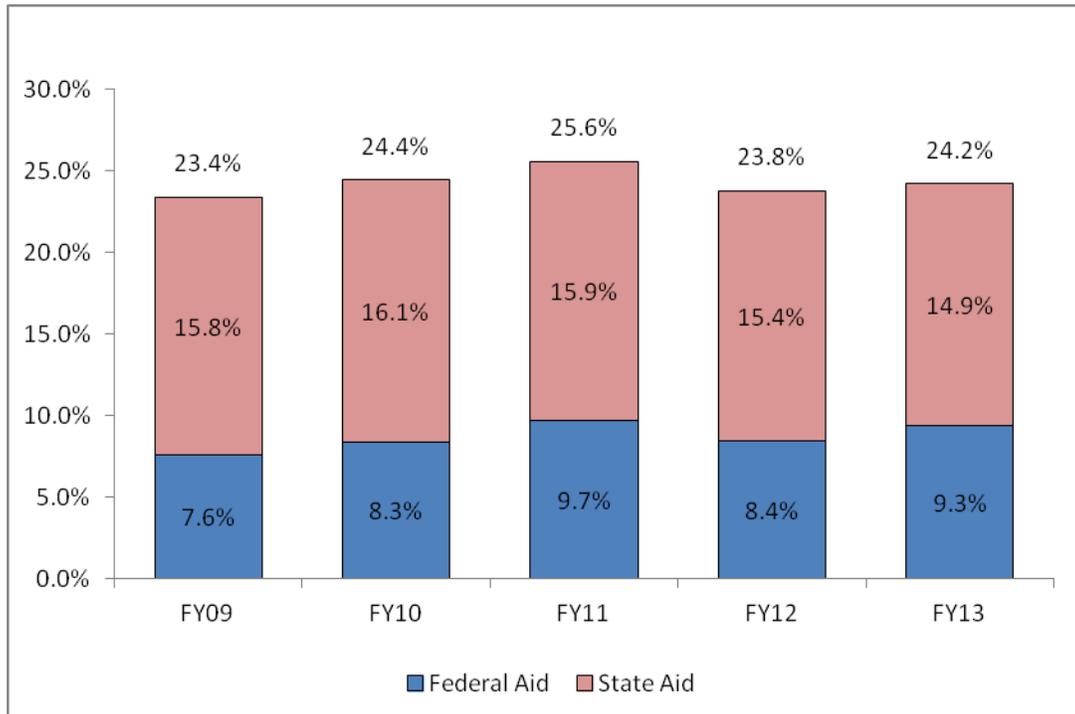


Chart 9. Components of State Aid, FY09 - FY13

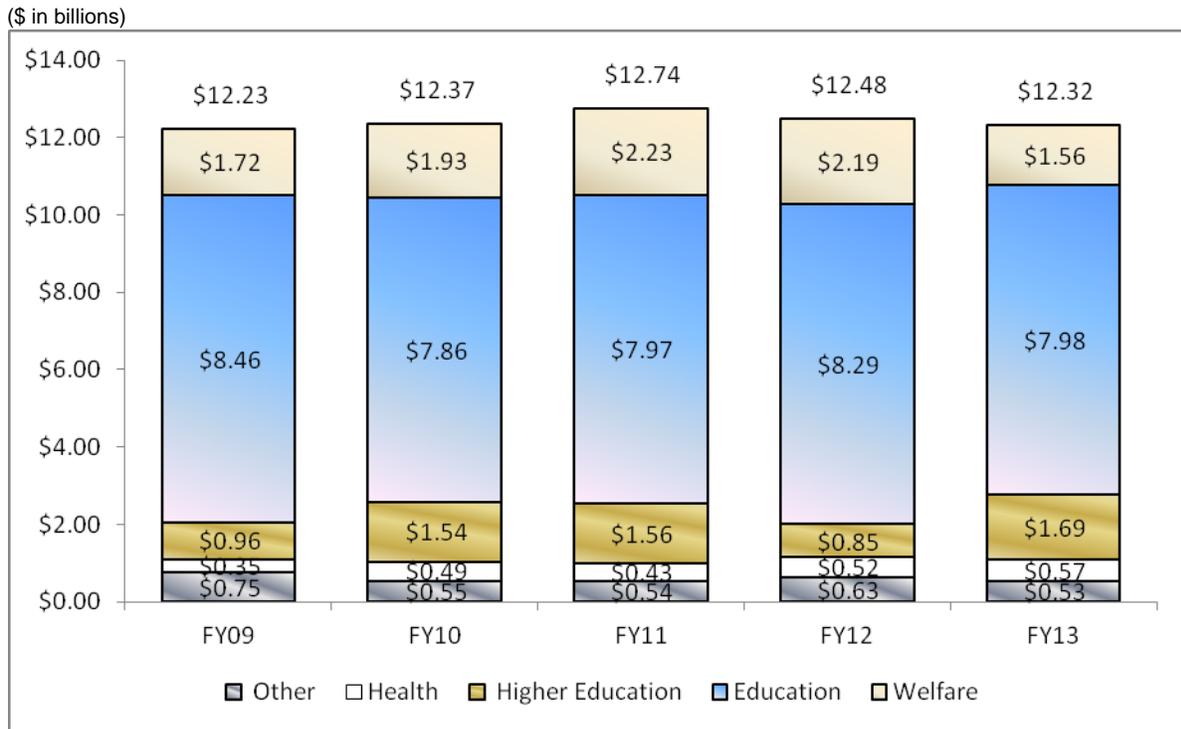


Chart 10. Components of Federal Aid, FY09 - FY13

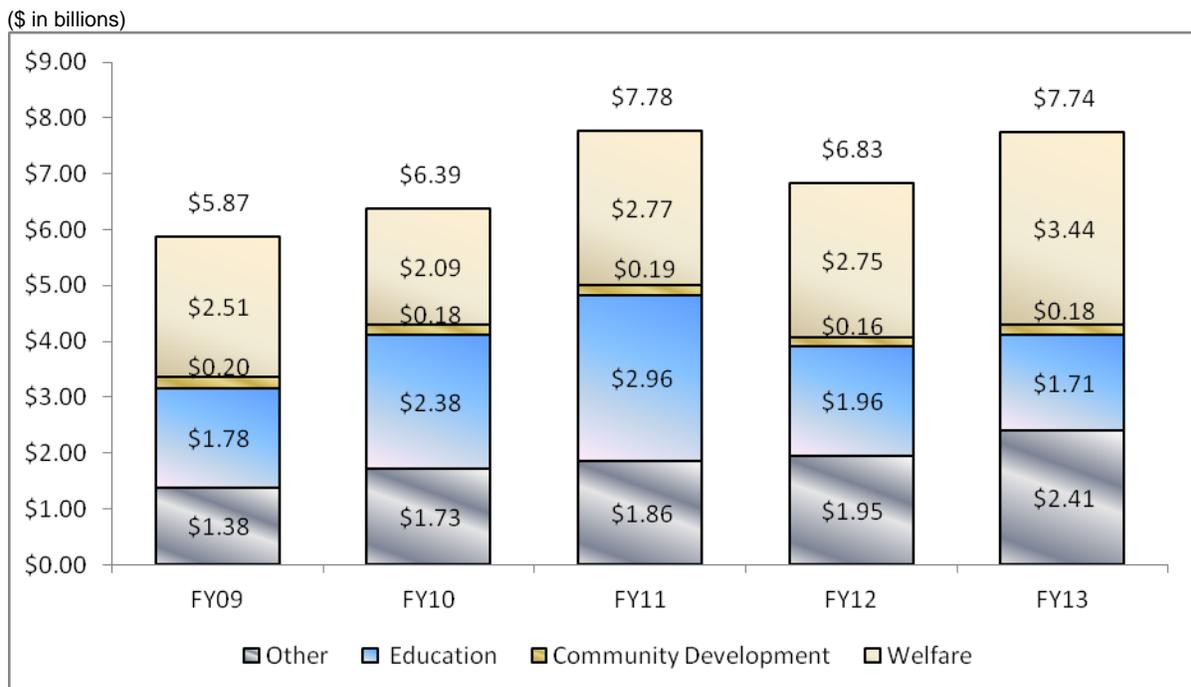


Table 10. Sandy Expenditures and Reimbursements, FY 2013

(\$ in millions)

	Sandy Expenditures	Sandy Reimbursements
Dec-12	\$120.48	\$ -
Jan-13	52.42	136.93
Feb-13	158.00	101.35
Mar-13	30.76	45.39
Apr-13	56.76	48.78
May-13	26.74	23.19
Jun-13	17.90	0.72
Total	\$463.06	\$356.36

Since Superstorm Sandy, the City has been reimbursed at the rate of 77.0%. As mentioned in the previous Quarterly Cash Report, the Mayor's Office expects 100% reimbursement for Superstorm Sandy expenses. However, it may take years to approach this level, since the City is constantly processing new expenditures and reimbursements.

III. Cash Expenditures (Including Capital)

April 2013 – June 2013 (4Q13)

Cash Expenditures at a Glance

Table 11. PS & OTPS, 4Q, FY04 - FY13

(\$ in millions)

	4Q04	4Q05	4Q06	4Q07	4Q08	4Q09	4Q10	4Q11	4Q12	4Q13
Gross Payroll	\$ 4,311	\$ 4,354	\$ 5,198	\$ 5,402	\$ 5,484	\$ 5,704	\$ 6,077	\$ 5,952	\$ 5,783	\$ 5,835
Other PS	1,639	2,246	3,550	5,334	4,180	4,201	4,509	4,737	5,271	4,904
Total PS	\$ 5,950	\$ 6,600	\$ 8,748	\$10,736	\$ 9,664	\$ 9,905	\$10,586	\$10,689	\$11,054	\$10,739
% of 4Q Total Exp	40%	39%	43%	42%	38%	45%	45%	45%	47%	46%
# of Bi-weekly Payrolls	6	6	7	7	7	7	7	7	6	6
Public Assistance	\$484	\$533	\$582	\$529	\$552	\$568	\$591	\$584	\$588	\$599
Medical Assistance	1,020	1,142	1,108	1,140	1,030	971	1,177	1,340	1,537	1,660
Other Social Services	396	376	426	629	501	538	575	564	584	563
Vendor and Other	2,650	2,957	3,281	3,753	3,603	3,446	3,378	3,901	4,481	4,450
Total OTPS	\$ 4,550	\$ 5,008	\$ 5,397	\$ 6,051	\$ 5,686	\$ 5,523	\$ 5,721	\$ 6,389	\$ 7,190	\$ 7,272
% of 4Q Total Exp	31%	29%	26%	24%	22%	25%	25%	27%	31%	31%
All Other	\$ 4,264	\$ 5,528	\$ 6,281	\$ 8,711	\$10,223	\$ 6,614	\$ 7,015	\$ 6,653	\$ 5,282	\$ 5,551
% of Total Exp	29%	32%	31%	34%	40%	30%	30%	28%	22%	23%
Total Expenditures	\$14,764	\$17,136	\$20,426	\$25,498	\$25,573	\$22,042	\$23,322	\$23,731	\$23,526	\$23,562

At \$23.562 billion, 4Q13 cash expenditures appear virtually unchanged compared to 4Q12. However, we note that the added expense of a pension cost adjustment in the year-ago period distorts the comparison with 4Q13. Adjusting for this fact, we consider 4Q13 cash expenditures to have risen by 2.7%. Personnel Service (PS) expenditures declined 2.9% (but rose 2.5% when we remove the pension cost adjustment from 4Q12 spending). Other Than Personnel Services (OTPS) expenditures rose 1.1%. Nationwide, municipalities reported flat expenditure growth during the same period.⁷

⁷ U.S. Dept. of Commerce, *Op. cit.*

“All Other” Spending

Table 12. Major Components of “All Other” Spending, 4Q12 & 4Q13

(\$ in millions)

	4Q12	4Q13	Difference
Transit Authority	\$ 32	\$ 32	\$ 0
Lump Sum Payments	552	615	63
HHC	171	172	1
Refunds	244	167	(77)
City-Funded Capital	1,634	1,662	28
Non-City Funded Capital	331	185	(146)
F-700 Adjustment	346	(72)	(418)
Prepayment of expenses for next FY	2,439	2,791	352

Table 13. Cash Payments of Future Years’ Expenditures, 4Q, FY09 - FY13

(\$ in millions)

	4Q09	4Q10	4Q11	4Q12	4Q13
General Obligation Debt Service	\$1,287	\$2,888	\$2,784	\$1,341	\$2,727
NYC TFA Debt Service	646	371	790	708	0
Lease Payments	110	0	0	155	0
Payments to the Transit Authority	137	137	0	0	0
Payments to the Metropolitan Transportation Authority	156	82	0	0	0
Payments to the Libraries	264	164	164	65	64
Payments to the Health and Hospitals Corporation	85	0	0	0	0
Prepayments of Outstanding Debt	0	0	0	0	0
Defeasance of Debt	0	0	0	170	0
Payments to the Retiree Health Benefits Trust Fund	225	0	0	0	0
Total	\$2,910	\$3,642	\$3,738	\$2,439	\$2,791

This year’s prepayment (of next year’s expenses) was made in two parts. The first installment, made on June 25, totaled \$1.085 billion, and the second installment of \$1.706 billion was executed on June 28, bringing the total to \$2.791 billion. Aside from \$64 million in FY14 library funding, the FY13 prepayment was dedicated exclusively to FY14 GO debt service payments, rather than shared between GO and TFA debt service. We project that the prepayment will satisfy the FY14 GO debt service retention requirement through December 2013.

July 2012 - June 2013 (FY13)

Cash Expenditures at a Glance

Table 14. PS and OTPS, FY09 - FY13

(\$ in millions)

	FY09	FY10	FY11	FY12	FY13
Gross Payroll	\$23,813	\$23,510	\$23,820	\$23,693	\$23,894
Other PS	12,756	13,821	14,346	15,230	15,349
FY Total PS	\$36,569	\$37,331	\$38,166	\$38,923	\$39,243
% of Total FY Expenditures	47.8%	47.9%	47.8%	48.7%	48.3%
Public Assistance	\$ 2,337	\$ 2,594	\$ 2,496	\$ 2,394	\$ 2,392
Medical Assistance	4,660	4,652	4,912	5,936	5,987
Other Social Services	2,415	2,456	2,426	2,359	2,404
Vendor and Other	13,977	13,668	15,157	15,973	16,577
FY Total OTPS	\$23,389	\$23,370	\$24,991	\$26,662	\$27,360
% of Total FY Expenditures	30.5%	30.0%	31.3%	33.4%	33.7%
All Other	\$16,613	\$17,296	\$16,715	\$14,310	\$14,627
% of Total FY Expenditures	21.7%	22.2%	20.9%	17.9%	18.0%
FY Total Expenditures	\$76,571	\$77,977	\$79,874	\$79,895	\$81,231

Total expenditures in FY13 rose 1.7% versus year-ago. PS expenditures, which include payroll, pensions, health plan, social security, and supplemental (union-related) welfare benefits, rose 0.8% to \$39.2 billion. OTPS spending rose 2.6%, driven by the increased spending on vendor services and social services. Over the same time period, municipalities nationwide reported total expenditure growth of 1.5%.⁸

⁸ *Ibid.*

Net Cash Expenditures

Table 15. Cash Expenditures, Net of Capital Expenditures, FY09 - FY13

(\$ in millions)

	FY09	FY10	FY11	FY12	FY13
July	\$5,587	\$5,602	\$6,088	\$5,752	\$5,715
August	5,531	5,371	5,235	5,764	5,858
September	4,942	5,074	4,945	5,828	5,363
1Q	16,060	16,047	16,268	17,344	16,936
October	5,659	5,516	5,388	5,338	5,630
November	5,005	5,264	5,472	5,408	5,068
December	5,489	5,257	5,009	5,517	6,484
2Q	16,153	16,037	15,869	16,263	17,182
1H	32,213	32,084	32,137	33,607	34,118
January	4,953	4,538	5,960	5,366	6,043
February	5,322	4,931	5,592	5,445	5,677
March	5,333	5,614	5,124	5,674	5,676
3Q	15,608	15,083	16,676	16,485	17,396
April	4,958	5,418	5,759	5,656	6,125
May	4,766	4,721	5,227	6,250	6,241
June	9,593	10,624	10,906	9,655	9,350
4Q	19,317	20,763	21,892	21,561	21,716
2H	34,925	35,846	38,568	38,046	39,112
FY Total	\$67,138	\$67,930	\$70,705	\$71,653	\$73,230

Total expenditures, net of CapEx, grew 2.2% in FY13, in-line with 2.1% net expenditure growth nationwide.⁹ Netting out both CapEx and prepayments from total expenditures, FY13 expenditures grew 1.8% versus year-ago.

⁹ *Ibid.*

“All Other” Spending

Table 16. Major Components of “All Other” Spending, FY12 & FY13

(\$ in millions)

	FY12	FY13	Difference
Transit Authority	\$336	\$327	\$(9)
Housing Authority	1	1	0
Lump Sum Payments	1,932	2,115	183
HHC	714	739	25
Refunds	855	836	(19)
City-Funded Capital	6,454	6,494	40
Non-City Funded Capital	1,789	1,508	(281)
F-700 Adjustment	255	(182)	(437)
Prepayment of expenses for next FY	2,439	2,791	352

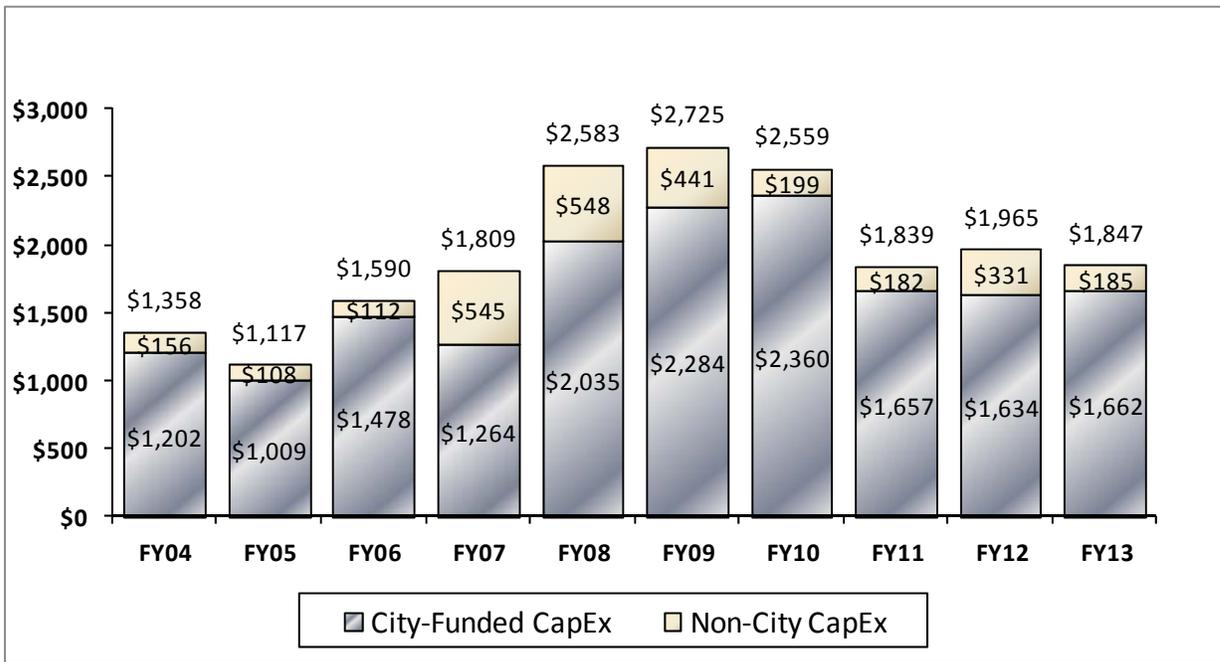
IV. Capital Expenditures

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 the 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 NYC central treasury and then reimbursed from various capital accounts and State sources.

April - June 2013 (4Q13)

Chart 11. Total CapEx and City-Funded CapEx, 4Q, FY04 - FY13

(\$ in millions)



Total 4Q13 CapEx declined 6.0% versus year-ago, driven by a decrease in the non-city component. City-funded CapEx was essentially flat.

Chart 12. Total CapEx as % of Total Expenditures, 4Q, FY04 - FY13

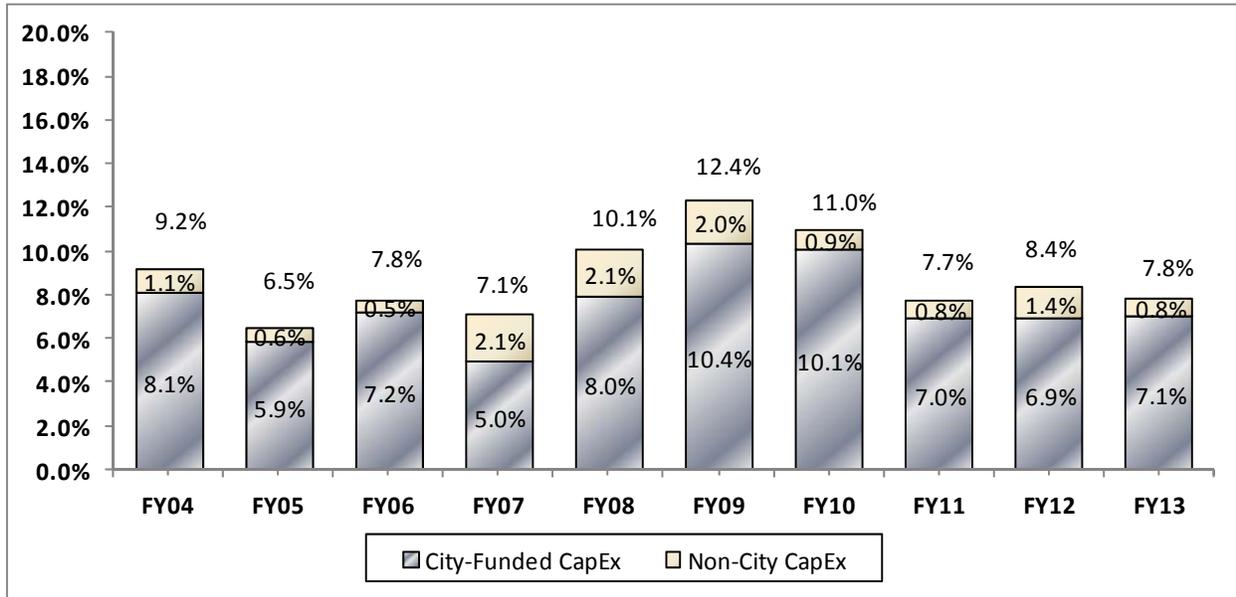


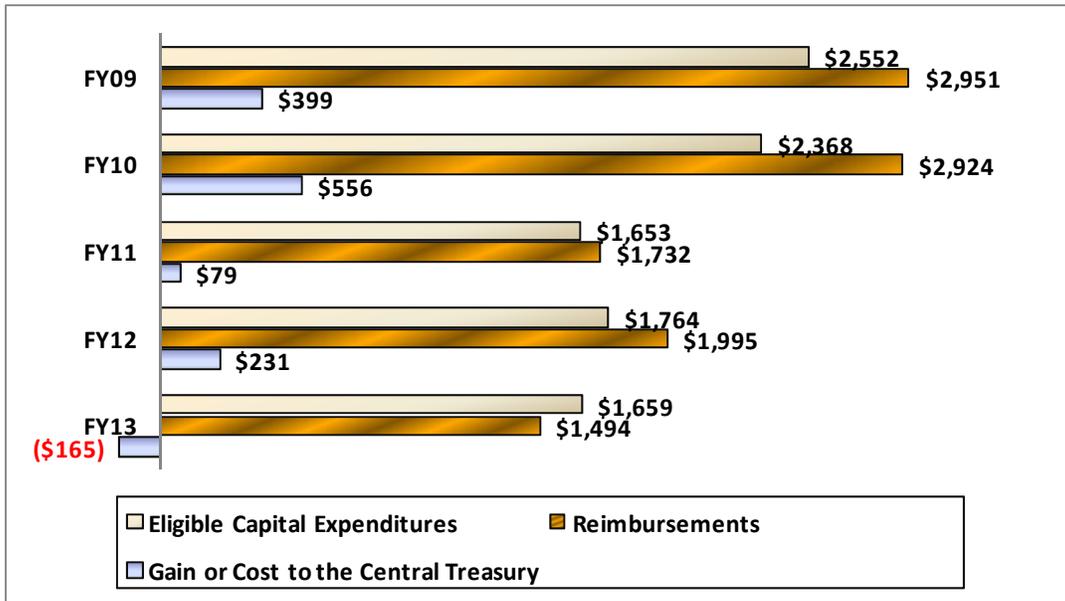
Table 17. Reimbursements to the NYC Central Treasury for CapEx, 4Q, FY04 - FY13

(\$ in millions)

	4Q04	4Q05	4Q06	4Q07	4Q08	4Q09	4Q10	4Q11	4Q12	4Q13	Total
GO	\$1,007	\$718	\$1,219	\$389	\$1,160	\$1,745	\$1,049	\$228	\$914	\$689	\$9,118
NY Water	376	598	645	955	690	581	670	687	577	420	6,199
TFA	0	0	0	272	7	0	1,205	817	478	385	15,317
<i>Sub-total</i>	<i>1,383</i>	<i>1,316</i>	<i>1,864</i>	<i>1,616</i>	<i>1,857</i>	<i>2,326</i>	<i>2,924</i>	<i>1,732</i>	<i>1,969</i>	<i>1,494</i>	<i>18,481</i>
TFA Building Aid	0	0	0	87	490	622	0	0	26	0	1,225
DASNY	0	0	0	173	487	3	0	0	0	0	663
<i>Sub-total</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>260</i>	<i>977</i>	<i>625</i>	<i>0</i>	<i>0</i>	<i>26</i>	<i>0</i>	<i>1,888</i>
Other	42	9	11	0	0	0	0	0	0	0	62
Total	\$1,425	\$1,325	\$1,875	\$1,876	\$2,834	\$2,951	\$2,924	\$1,732	\$1,995	\$1,494	\$20,431
4Q Reimbursable Capital Expenditures	\$1,195	\$1,005	\$1,475	\$1,646	\$2,418	\$2,552	\$2,368	\$1,653	\$1,764	\$1,659	\$17,737
4Q Reimbursements Less 4Q Reimbursable Capital Expenditures	\$230	\$320	\$400	\$230	\$416	\$399	\$556	\$79	\$231	(\$165)	\$2,694
4Q Reimbursements as a % of 4Q Reimbursable Capital Expenditures	119.2%	131.8%	127.1%	113.9%	117.2%	115.6%	123.5%	104.8%	113.1%	90.1%	115.2%
4Q Reimbursements as a % of 4Q Total Receipts	10.2%	8.5%	10.3%	9.9%	13.8%	14.7%	13.5%	8.4%	9.0%	6.6%	10.5%

Chart 13. Bond-Funded Reimbursements for Eligible CapEx, 4Q, FY09 - FY13

(\$ in millions)



Reimbursements for CapEx in the 4Q13 were lower than reimbursable expenditures, reducing cash balances by \$165 million.

Payments to the School Construction Authority (SCA)

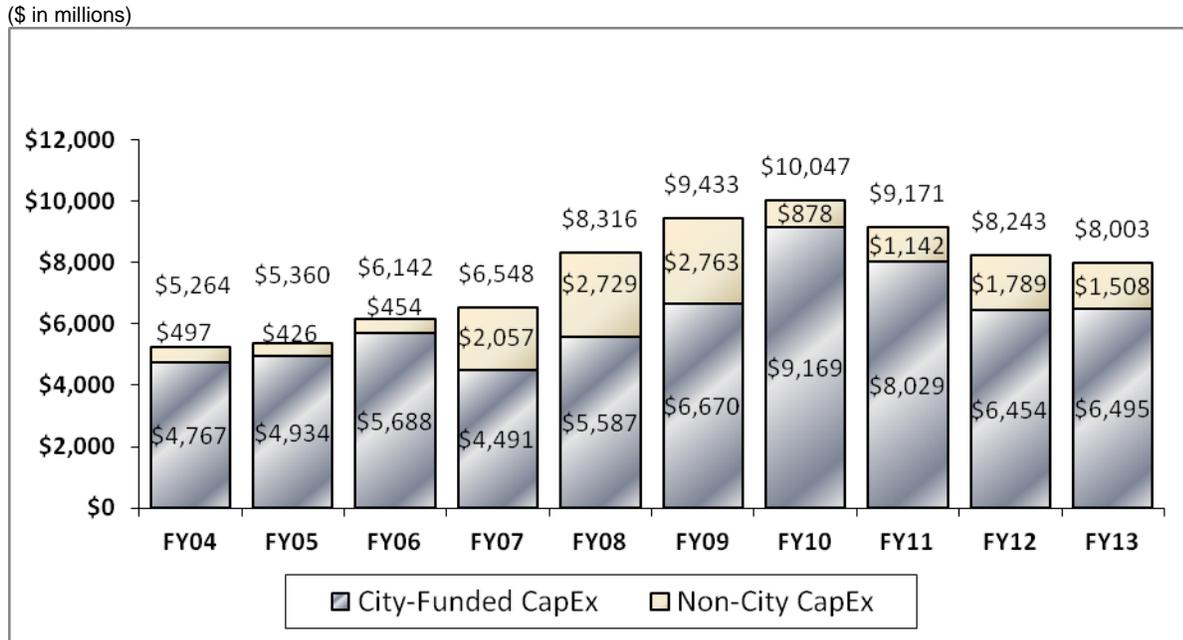
Table 18. Payments to the School Construction Authority, 4Q04 - 4Q13

(\$ in millions)

	4Q04	4Q05	4Q06	4Q07	4Q08	4Q09	4Q10	4Q11	4Q12	4Q13
City-funded	\$263	\$0	\$400	\$ 15	\$ 16	\$523	\$755	\$200	\$176	\$294
TFA Building Aid & DASNY	0	0	0	385	384	269	42	0	137	0
Other	37	0	0	0	0	8	3	0	1	0
Total	\$300	\$0	\$400	\$400	\$400	\$800	\$800	\$200	\$314	\$294
4Q SCA as a % of 4Q Total Capital Expenditures	22.1%	0.0%	25.2%	22.1%	15.5%	29.4%	31.3%	10.9%	15.8%	15.9%

July 2012 - June 2013 (FY13)

Chart 14. Total CapEx and City-Funded CapEx, FY04 - FY13



Total CapEx equaled \$8.003 billion in FY13 compared to the all-time-high of \$10.047 billion in FY10. The third annual decline in CapEx traces to a decrease in the non-City component.

Chart 15. Total CapEx as % of Total Expenditures, FY04 - FY13

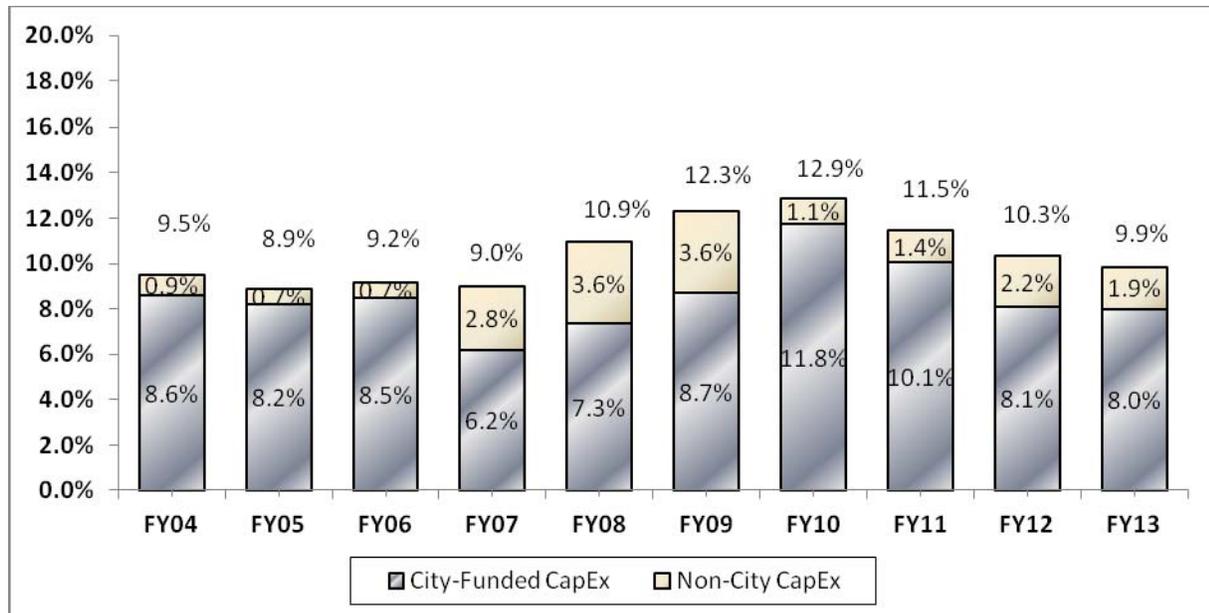


Table 19. Reimbursements to the NYC Central Treasury for CapEx, FY04 - FY13

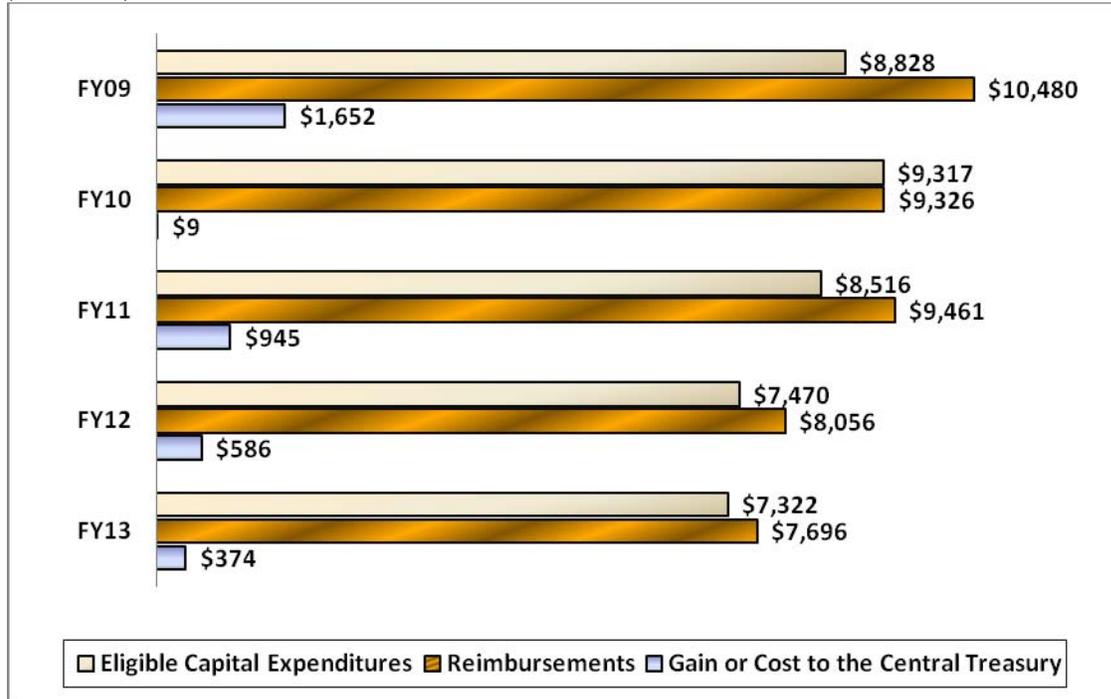
(\$ in millions)

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	Total
GO	\$3,342	\$3,385	\$3,832	\$1,059	\$3,339	\$ 5,254	\$3,305	\$2,799	\$2,636	\$1,587	\$30,538
NY Water	1,238	1,697	1,653	1,866	2,149	2,571	2,689	2,965	2,268	1,858	20,954
TFA	281	0	0	1,513	532	14	3,144	3,345	2,147	3,294	14,270
Other	87	64	13	0	0	0	0	0	0	0	164
<i>Sub-total</i>	<i>4,948</i>	<i>5,146</i>	<i>5,498</i>	<i>4,438</i>	<i>6,020</i>	<i>7,839</i>	<i>9,138</i>	<i>9,109</i>	<i>7,051</i>	<i>6,739</i>	<i>65,926</i>
TFA Building Aid	0	0	0	621	1,230	2,270	182	352	1,005	957	6,617
DASNY	0	0	0	470	953	371	6	0	0	0	1,800
<i>Sub-total</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,091</i>	<i>2,183</i>	<i>2,641</i>	<i>188</i>	<i>352</i>	<i>1,005</i>	<i>957</i>	<i>8,417</i>
Total	\$4,948	\$5,146	\$5,498	\$5,529	\$8,203	\$10,480	\$9,326	\$9,461	\$8,056	\$7,696	\$74,343
FY Reimbursable Capital Expenditures	\$4,736	\$4,921	\$5,679	\$5,969	\$7,867	\$8,828	\$9,317	\$8,516	\$7,470	\$7,322	\$70,623
FY Reimbursements Less FY Reimbursable Capital Expenditures	\$212	\$225	(\$181)	(\$440)	\$336	\$1,652	\$9	\$945	\$586	\$374	\$3,719
FY Reimbursements as a % of FY Reimbursable Capital Expenditures	104.5%	104.6%	96.8%	92.6%	104.3%	118.7%	100.1%	111.1%	107.8%	105.1%	105.3%
FY Reimbursements as a % of FY Total Receipts	8.7%	8.2%	8.3%	7.8%	10.7%	13.5%	12.2%	11.8%	9.9%	9.3%	10.2%

FY13 reimbursements for CapEx totaled \$7.696 billion and accounted for 9.3% of total cash receipts. Reimbursements exceeded reimbursable expenditures, increasing the cash balance by \$374 million. Over time, reimbursements and CapEx should offset each other.

Chart 16. Bond-Funded Reimbursements for Eligible CapEx, FY09 – FY13

(\$ in millions)



Payments to the School Construction Authority (SCA)

Table 20. Payments to the SCA, FY04 - FY13

(\$ in millions)

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
City-funded	\$1,112	\$896	\$1,796	\$ 83	\$ 89	\$ 593	\$2,766	\$1,676	\$1,070	\$1,228
TFA Building Aid & DASNY	0	0	0	1,487	2,289	2,161	269	520	1,056	847
Other	88	4	4	30	22	46	15	4	13	5
Total	\$1,200	\$900	\$1,800	\$1,600	\$2,400	\$2,800	\$3,050	\$2,200	\$2,139	\$2,080
SCA as a % of FY Total Capital Expenditures	22.8%	16.8%	29.3%	24.4%	28.9%	29.7%	30.4%	24.0%	25.9%	26.0%

Over the past 10 years, payments to the SCA have constituted 27.1% of total CapEx.

V. Financings ¹⁰

Table 21. GO, TFA PIT, and TFA BARBs Bond Issuance, 4Q13

(\$ in millions)

Closing Date	Deal	Purpose	TE Fixed	TX Fixed	TE Variable	QSCBs*	Total Par
4/18/2013	TFA PIT 2013 F	New-money	\$ 650	\$ 0	\$ 0	** \$ 100	\$ 750
4/18/2013	TFA PIT 2013 GH	Refunding	250	0	0	0	250
6/11/2013	GO 2013 IJ	Refunding	949	0	0	0	949
6/20/2013	TFA PIT	New-money	800	0	0	0	800

The table excludes conversions or re-offerings.

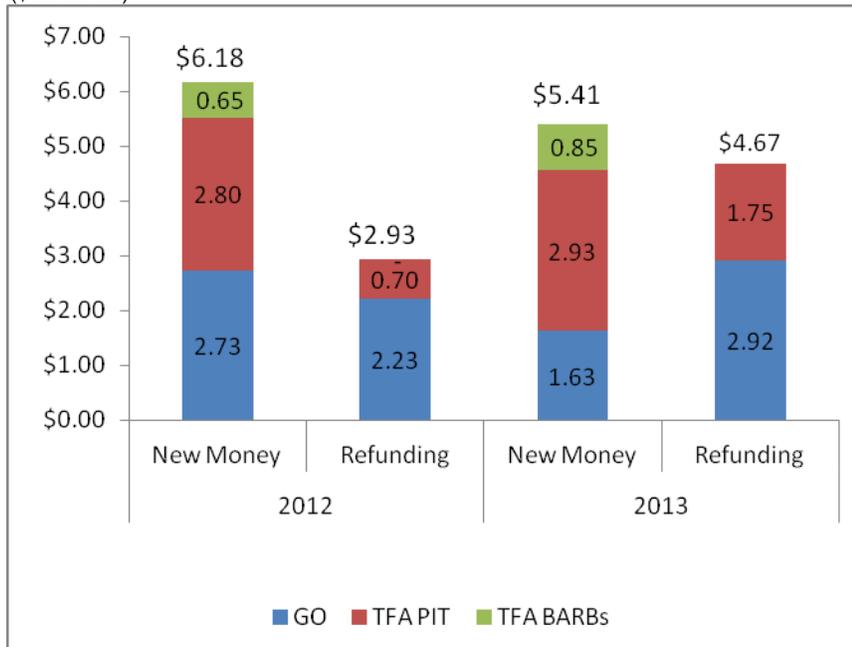
* Interest on Qualified School Construction Bonds is 100% subsidized by the Federal government, unless impacted by Federal sequestration.

** Designates a series of bonds that were sold via competitive sale

Three transactions closed in 4Q13. In April, TFA sold \$1 billion in new-money and refunding bonds, which included \$900 million in tax-exempt fixed rate bonds and \$100 million in taxable Qualified School Construction Bonds (“QSCBs”). The TFA refunding achieved budgetary savings of more than \$24 million on a present-value basis. In June the City sold \$949 million in tax-exempt refunding GO bonds, achieving budgetary savings of more than \$99 million on a present-value basis. Also in June, TFA sold \$800 million of tax-exempt new-money bonds. In addition, in 4Q13 the City re-offered \$275 million of GO bonds as adjustable rate bonds.

Chart 17. GO, TFA PIT, and TFA BARBs Issues, FY12 and FY13

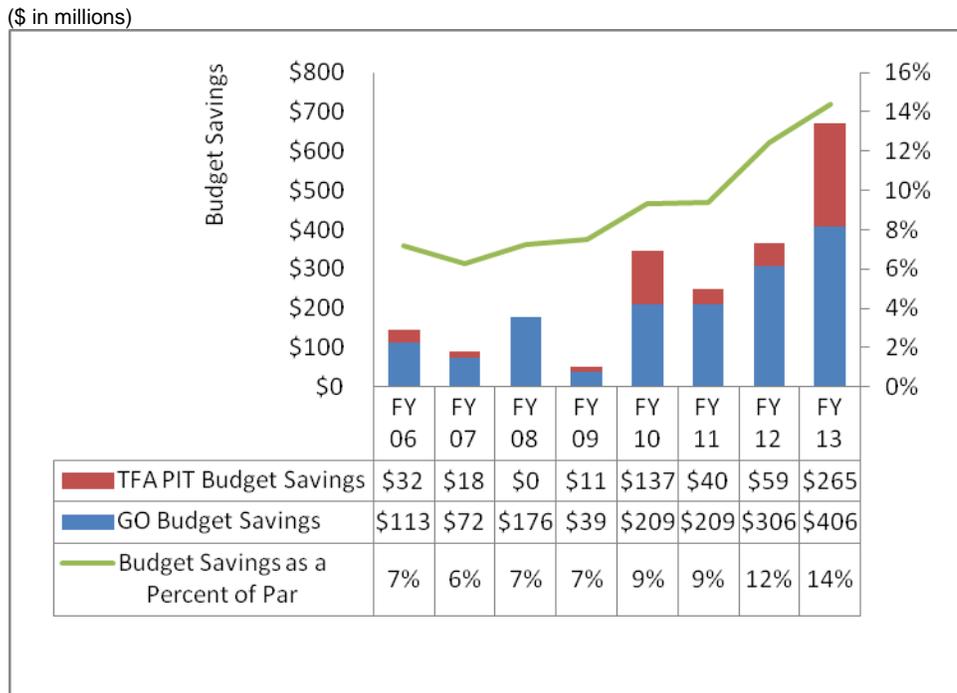
(\$ in billions)



¹⁰ We gratefully acknowledge the assistance of the Public Finance Division (NYC Comptroller’s Office) in the preparation of the Financings section of this report.

As shown in the above chart, in FY13 New York City and TFA issued a combined total of \$10.08 billion in new-money and refunding bonds, versus \$9.11 billion in FY12. High issuance volume in FY 2013 is the result of record-low interest rates that allowed the City to refinance \$4.67 billion in GO and TFA bonds.

Chart 18. Budget Savings from GO and TFA PIT Refundings, FY06 - FY13



FY13 refundings produced \$672 million in budget relief over the life of the bonds, or \$615 million on a present value basis. As shown in the chart above, in FY13 the City achieved 14% budget savings, as a percentage of the refunding par. In other words, the refunding activity in FY13 was highly efficient relative to the City's recent experience in the fixed-income market.

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