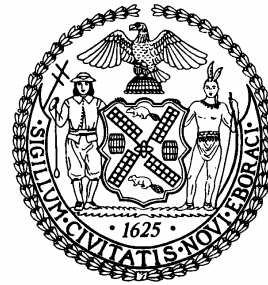


**The City Of New York  
Office of the Comptroller  
William C. Thompson, Jr.,  
Comptroller**



# QUARTERLY CASH REPORT

July-September 2007  
First Quarter of FY 2008

November 2007

# Quarterly Cash Report



*July-September 2007, First Quarter of FY 2008*

**The City Of New York**

Office of the Comptroller

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

## Summary

The average daily cash balance during the first quarter of FY 2008 was \$2.171 billion and \$726 million less than the average daily cash balance in the first quarters of FY 2006 and FY 2007, respectively. This decline in the level of cash-on-hand reflects the implementation of nearly all collective bargaining agreements with the exception of police, the cumulative impact of the timing in reimbursing the Central Treasury for capital expenditures eligible for financing, the creation of the Retiree Health Benefits Trust Fund, and the defeasance and call of outstanding debt.

The opening balance for the first quarter of FY 2008 of \$4.473 billion was the lowest fiscal year opening balance since FY 2005. The higher level of receipts during the first quarter of FY 2008 did not offset the lower opening balances and change in expenditures compared with the first quarters of FY 2006 and FY 2007. The result was a closing balance of \$5.686 billion and an average daily cash balance of \$5.567 billion in the first quarter of FY 2008. The first quarters of FY2006 and FY 2007 had closing balances of \$7.296 billion and \$6.164 billion and average daily cash balances of \$7.738 billion and \$6.293 billion, respectively.

Cash receipts totaled \$16.821 billion in the first quarter of FY 2008 and averaged \$267 million per day. Total cash receipts were \$1.651 billion, or 10.9 percent, more than during the first quarter of FY 2007; real property tax increased \$828 million, other taxes rose \$314 million, and debt funding was \$281 million less, offset by declines of \$313 million in federal and state aid and \$50 million in miscellaneous revenue. The five greatest sources of cash receipts during the first quarters of the last five years were real property tax, personal income tax, NYS education, sales tax, and general corporation tax, making up 26.6 percent, 8.6 percent, 8.3 percent, 4.9 percent, and 4.6 percent, respectively, of the average of total cash receipts during that time frame.

Cash expenditures, including capital, totaled \$15.608 billion in the first quarter of FY 2008, for a daily average of \$248 million. Cash expenditures in the first quarter of FY 2008 increased at a slower pace than cash receipts in the first quarters of FY 2004 and FY 2007, growing by 10.6 percent and 1.4 percent, respectively. Personal service expenditures in the first quarter of FY 2008 totaled \$7.686 billion, an increase of \$225 million from the first quarter of FY 2007, and \$1.074 billion more than in the first quarter of FY 2004. Personal service expenditures have accounted for an average of 48.1 percent of total first quarter expenditures in the last five years. Major other-than-personal-service expenditures in the first quarter of FY 2008 totaled \$5.652 billion, an increase of \$142 million from the first quarter of FY 2007 and \$976 million more than the first quarter of FY 2004. Other-than-personal-service expenditures have accounted for an average of 35 percent of total first quarter expenditures in the last five years. Tax refunds for the \$400 real property tax rebate occurred during the first quarters of FY 2005, FY 2006, FY 2007, and FY 2008.

Capital expenditures were 10 percent of total expenditures during the first quarter of FY 2008. Capital expenditures totaled \$1.562 billion including \$1.107 billion of City-funded capital expenditures. The City paid \$400 million to the School Construction Authority (\$378 million in non City-funds) in the first quarter of FY 2008.

All capital expenditures are paid from the Central Treasury. The proceeds from general obligation, water and sewer, and Transitional Finance Authority revenue and Building Aid debt, and Dormitory Authority of the State of New York funding reimburse the Central Treasury for City-funded capital expenditures and starting in FY 2007, School Construction Authority non City-funded Five-Year Educational Facilities Capital Plan expenditures. During the first quarter of FY 2008, reimbursements totaled \$1.282 billion, \$203 million less than reimbursable expenditures.

In July 2007, Moody's Investors Service raised its rating of the City's general obligation debt to Aa3. During the first quarter of FY 2008, the City issued \$1.245 billion in general obligation debt to refund outstanding obligations. This refunding yielded \$107 million in budget savings over the life of the bonds. The Transitional Finance Authority did not issue any bonds in the first quarter of FY 2008.

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

## A. OVERVIEW

FY 2008 began with \$1.913 billion less cash-on-hand in the City's Central Treasury than the start of FY 2007. During the first quarter of FY 2008 (1QFY08), receipts were \$1.213 billion greater than expenditures. In the first quarter of FY 2007 (1QFY07), expenditures exceeded receipts by \$222 million. The 1QFY08 had higher receipts than the 1QFY07 due primarily to the timing of the collection of real property tax between June and July. Greater receipts were not enough to offset the increase in expenditures and lower opening balance for the 1QFY08 compared with the 1QFY07. The result was a lower ending cash balance at the close of the 1QFY08 than at the close of the 1QFY07.

Table 1 and Chart 1 show the five year history of the City's cash position in the Central Treasury during the 1QFY04-1QFY08. The overall decline in the last two years in the level of cash-on-hand reflects the implementation of current collective bargaining agreements with the exception of police, the cumulative impact of the timing in reimbursing the Central Treasury for capital expenditures eligible for financing, the creation of the Retiree Health Benefits Trust Fund, and the defeasance and call of outstanding debt.

**Table 1. *The City's Cash Position in the Central Treasury During the 1QFY04-1QFY08***

(\$ in millions)

<b>Central Treasury</b>	<b>1QFY04</b>	<b>1QFY05</b>	<b>1QFY06</b>	<b>1QFY07</b>	<b>1QFY08</b>
Opening Balance <sup>a</sup>	\$ 2,502	\$ 4,208	\$ 6,830	\$ 6,386	\$ 4,473
Total Receipts	14,144	14,575	16,537	15,170	16,821
Total Expenditures <sup>b</sup>	14,108	14,873	16,071	15,392	15,608
Closing Balance	\$ 2,538	\$ 3,910	\$ 7,296	\$ 6,164	\$ 5,686

a. Opening balances are before City Audits.

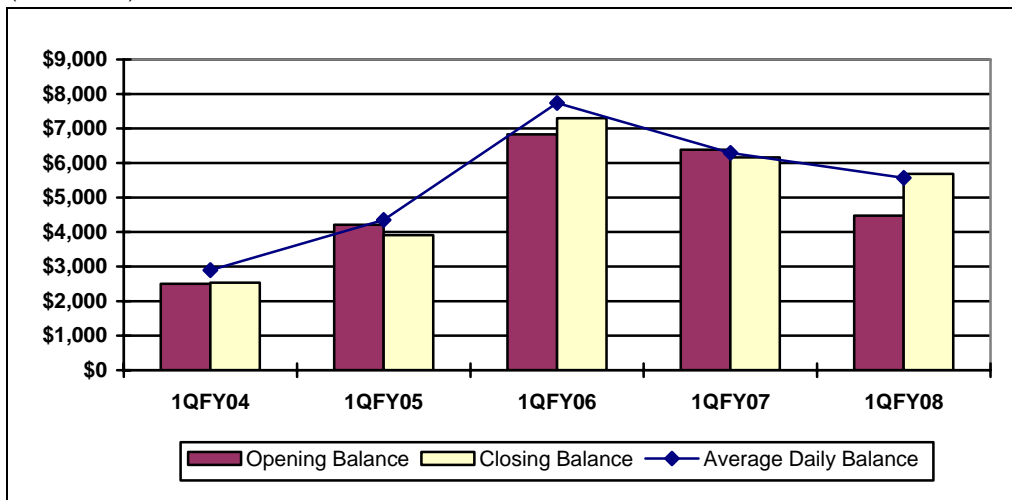
b. Total expenditures include capital expenditures.

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

**Chart 1. Five Year Trend of the City's Cash Position in the Central Treasury, 1Q**

(\$ in millions)



As shown in Table 2, the average daily cash balance for each month and for the quarter during the 1QFY08 was less than that in the same time frames of the previous two years. The average daily balance during the 1QFY08 was \$2.667 billion greater than in the 1QFY04, but was \$2.171 billion less than during the 1QFY06 and \$726 million less than in the 1QFY07.

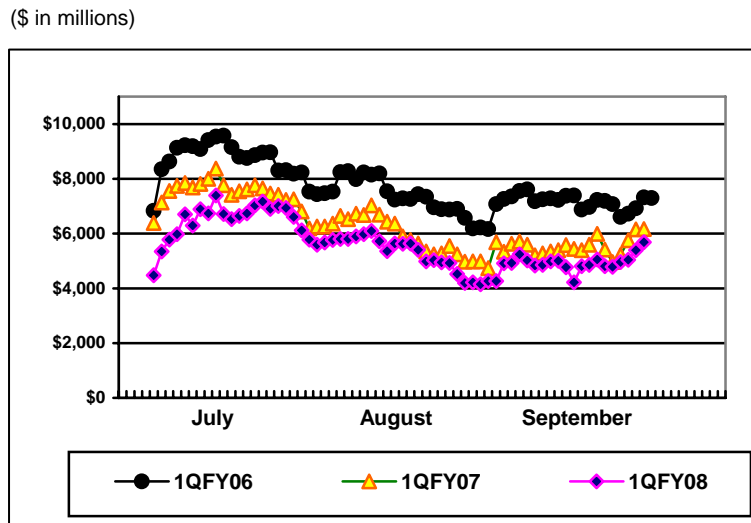
**Table 2. Five Year Trend of the Average Daily Cash Balance in the Central Treasury, 1Q**

(\$ in millions)

	FY04	FY05	FY06	FY07	FY08
July	\$3,270	\$5,233	\$8,809	\$7,509	\$6,513
August	2,507	3,939	7,319	5,891	5,211
September	2,904	3,891	7,177	5,539	4,952
<b>1Q</b>	<b>\$2,900</b>	<b>\$4,348</b>	<b>\$7,738</b>	<b>\$6,293</b>	<b>\$5,567</b>

Chart 2 depicts the daily cash balances during the 1QFY06, the 1QFY07, and the 1QFY08. Daily balances followed the same pattern in all three years, but at lower levels in each subsequent year.

**Chart 2. Daily Cash Balances in the Central Treasury During the 1QFY06, the 1QFY07, and the 1QFY08**



Within the 1Q of each fiscal year, cash balances exhibited similar volatility. Daily cash balances during the 1QFY08 ranged from a low of \$4.152 billion on August 29, 2007 to a high of \$7.385 billion on July 12, 2007, a difference of \$3.233 billion. Daily cash balances during the 1QFY07 had a low of \$4.734 billion on August 31, 2006 and a high of \$8.375 billion on July 13, 2006, the largest difference of the three years at \$3.641 billion. During the 1QFY06, daily cash balances varied by \$3.411 billion, the lowest cash balance was \$6.162 billion on August 31, 2005 and the highest was \$9.573 billion on July 14, 2005.

## B. CASH RECEIPTS

Cash receipts totaled \$16.821 billion during the 1QFY08, \$1.651 billion more than cash receipts during the 1QFY07. Table 3 shows total receipts and average daily cash receipts for the 1Qs of FY04-FY08. Total cash receipts during the 1Q have grown 18.9 percent since FY 2004 and average daily receipts increased by \$46 million.

**Table 3. Five Year Trend of Total and Average Daily Cash Receipts, 1Q**

(\$ in millions)

	Total Receipts					Average Daily Receipts				
	FY04	FY05	FY06	FY07	FY08	FY04	FY05	FY06	FY07	FY08
July	\$ 5,457	\$ 5,893	\$ 6,683	\$ 5,484	\$ 6,937	\$248	\$281	\$334	\$274	\$330
August	4,177	2,968	3,787	3,364	3,770	199	135	165	146	164
September	4,510	5,714	6,067	6,322	6,114	215	272	289	316	322
<b>1Q</b>	<b>\$14,144</b>	<b>\$14,575</b>	<b>\$16,537</b>	<b>\$15,170</b>	<b>\$16,821</b>	<b>\$221</b>	<b>\$228</b>	<b>\$258</b>	<b>\$241</b>	<b>\$267</b>

Table 4 shows monthly cash receipts during the 1QFY07 and the 1QFY08 by category.

**Table 4. Cash Receipts by Category During the 1QFY07 and the 1QFY08**

(\$ in millions)

Receipts	July 2006	August 2006	Sept. 2006	Total 1QFY07	July 2007	August 2007	Sept. 2007	Total 1QFY08	Diff. Total 1QFY07/08
Real Property Tax	\$2,716	\$ 129	\$ 571	\$ 3,416	\$3,611	\$ 92	\$ 541	\$ 4,244	\$ 828
Other Taxes	950	1,159	3,217	5,326	1,155	1,281	3,204	5,640	314
Federal and State Aid	649	1,037	1,617	3,303	534	960	1,496	2,990	(313)
Debt Service Funding	0	(64)	(217)	(281)	0	0	0	0	281
Miscellaneous	528	517	443	1,488	623	517	298	1,438	(50)
Intergovernmental Aid	0	0	63	63	6	0	0	6	(57)
Other	641	586	628	1,855	1,008	920	575	2,503	648
<b>Total</b>	<b>\$5,484</b>	<b>\$3,364</b>	<b>\$6,322</b>	<b>\$15,170</b>	<b>\$6,937</b>	<b>\$3,770</b>	<b>\$6,114</b>	<b>\$16,821</b>	<b>\$1,651</b>

Table 5 displays the five year trend in 1Q receipts by category.

**Table 5. Five Year Trend by Cash Receipt Category, 1Q**

(\$ in millions)

	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08
Real Property Tax	\$ 3,954	\$ 4,057	\$ 4,890	\$ 3,416	\$ 4,244
Other Taxes	3,263	3,905	4,507	5,326	5,640
Federal and State Aid	3,762	3,184	3,136	3,303	2,990
Debt Service Funding	(1,402)	(663)	0	(281)	0
Miscellaneous	1,268	1,202	1,224	1,488	1,438
Intergovernmental Aid	1,316	805	226	63	6
Other	1,983	2,085	2,554	1,855	2,503
<b>Total</b>	<b>\$14,144</b>	<b>\$14,575</b>	<b>\$16,537</b>	<b>\$15,170</b>	<b>\$16,821</b>

Total tax receipts<sup>2</sup> increased by 13.1 percent during the 1QFY08 over the 1QFY07 to \$9.884 billion from \$8.742 billion. The increase in real property tax of \$828 million accounted for 72.5 percent of this change and was primarily the result of timing in real property tax collections between the months of June and July. Tax lien sales totaled \$29 million during the 1QFY07 and \$2 million during the 1QFY08.

Other taxes increased by \$314 million during the 1QFY08 compared with the 1QFY07. During the 1QFY08, personal income tax (PIT) was \$147 million greater, unincorporated business tax (UBT) was \$86 million greater, banking corporation tax (BCT) was \$109 million greater, sales tax was \$106 million greater, mortgage and real property transfer taxes were \$197 million greater, and School Tax Relief (STAR) aid was \$29 million greater than in the 1QFY07. General corporation tax (GCT) declined by \$407 million in the same time frames. The 1QFY07 included \$382 million from a GCT audit. Table 6 shows the percent change in major taxes for the 1QFY04, the 1QFY07, and the 1QFY08. Since the 1QFY04, total other taxes have increased by 72.8 percent and grew by 5.9 percent between the 1QFY07 and the 1QFY08.

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



**Table 6. Growth in Major Tax Receipts During the 1QFY04, the 1QFY07, and the 1QFY08**

(\$ in millions)

	1QFY04	1QFY07	1QFY08	% Change 1QFY04/ 1QFY08	% Change 1QFY07/ 1QFY08
Personal Income Tax	\$1,094	\$1,403	\$1,550	41.7%	10.5%
General Corporation Tax	462	1,184	777	68.2	(34.4)
Unincorporated Business Tax	195	324	410	110.3	26.5
Banking Corporation Tax	113	202	311	175.2	54.0
Sales Tax <sup>3</sup>	568	803	909	60.0	13.2
Mortgage and Real Property Transfer Taxes	302	690	887	193.7	28.6
STAR	180	333	362	101.1	8.7
Total Other Taxes*	\$3,263	\$5,326	\$5,640	72.8%	5.9%

\*Total other taxes include mortgage and real property transfer taxes and STAR.

Federal aid totaled \$1.116 billion and state aid totaled \$1.874 billion during the 1QFY08, \$313 million less than the \$1.112 billion in federal aid and \$2.191 billion in state aid in the same period in FY 2007. During the 1QFY07, the City received \$195 million in NYS higher education aid and \$84 million from the state cap on medicaid from the reconciliation of expenditures during January-June 2006. There were no funds received from these sources in the 1QFY08. NYS education aid accounted for 62.2 percent of 1QFY08 state aid compared with 55.2 percent in the 1QFY07. During the 1QFY08, NYS education aid included \$573 million in lottery aid, \$250 million in general aid, \$184 million in excess cost aid, \$80 million in building aid, and \$14 million of video lottery terminal (VLT) aid.

There was no debt service funding in the 1QFY08 compared with \$281 million of PIT withheld for funding Transitional Finance Authority (TFA) revenue bonds in the 1QFY07.

Miscellaneous receipts decreased by \$50 million during the 1QFY08 compared with the 1QFY07. The City received \$48 million from litigation concerning asbestos in July 2007.

Intergovernmental aid decreased by \$57 million during the 1QFY08 from the 1QFY07. NYS revenue sharing cash receipts totaled \$63 million in the 1QFY07; none was received in the 1QFY08.

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3. From June 2003-May 2005 the New York City sales tax on clothing and footwear under \$110 was 4.125 percent. From June 2005-August 2005 the New York City sales tax on clothing and footwear under \$110 was 4 percent. From September 2005-August 2007 clothing and footwear under \$110 was exempt from the New York City sales tax. Effective September 1, 2007, all clothing and footwear are exempt from the New York City sales tax.

Table 7 shows the major cash sources during the 1QFY08 in each month.

**Table 7. Major Cash Sources During the 1QFY08**

(\$ in millions)

July 2007		August 2007		September 2007	
Real Property Tax	\$3,611	Personal Income Tax	\$467	NYS Education	\$974
Personal Income Tax	420	Sales Tax	353	Personal Income Tax	662
Water and Sewer Fees	261	Federal Welfare	320	General Corporation Tax	639
Sales Tax	212	NYS Welfare	229	Real Property Tax	541
Federal Education	192	NYS Education	164	STAR	362
NYS Welfare	76	Water and Sewer Fees	146	Unincorporated Business Tax	359
Federal Welfare	72	Real Property Tax	92	Sales Tax	344
Fines and Forfeitures	71	Fines and Forfeitures	84	Banking Corporation Tax	268
General Corporation Tax	69	General Corporation Tax	69	Health Settlements	199
Asbestos Settlement	48	Federal Education	60	Federal Welfare	158
		Licenses, etc.	57	NYS Welfare	152
		Interest Income	41	Commercial Rent Tax	135
				Hotel Tax	88
				NYS Health	86
				Fines and Forfeitures	71
				Water and Sewer Fees	54

Table 8 portrays the five year trend for selected cash receipts during the 1Qs of FY 2004-FY 2008. Cash receipts during the 1QFY04 included large reimbursements from the Federal Emergency Management Agency (FEMA) for expenditures incurred as a result of the attack on the World Trade Center in September of FY 2002. During the five year period, real property tax averaged \$4.112 billion and comprised 26.6 percent, PIT averaged \$1.326 billion and comprised 8.6 percent, NYS education averaged \$1.275 billion and accounted for 8.3 percent, sales tax averaged \$753 million and made up 4.9 percent, GCT averaged \$705 million and was 4.6 percent, and federal welfare averaged \$612 million and was 4 percent of the five year average of total 1Q cash receipts.

**Table 8. Five Year Trend of Selected Cash Receipts, 1Q**

(\$ in millions)

	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08
Real Property Tax	\$3,954	\$4,057	\$4,890	\$3,416	\$4,244
NYS Education	1,434	1,343	1,221	1,209	1,166
Personal Income Tax	1,094	1,233	1,351	1,403	1,550
Federal Welfare	780	519	665	548	550
Sales Tax	568	658	826	803	909
NYS Welfare	553	534	418	538	457
General Corporation Tax	463	476	624	1,184	777
Water and Sewer Fees	356	402	424	430	461
FEMA	932	2	9	9	6
Unincorporated Business Tax	194	210	261	324	410
Federal Education	253	151	312	235	256
STAR	180	187	198	333	362
NYS Revenue Sharing	39	37	32	63	0

Cash receipts during the 1QFY08, net of capital reimbursements, totaled \$15.539 billion and averaged \$247 million daily. During the 1QFY07, net cash receipts were \$14.345 billion and averaged \$228 million daily. Table 9 shows the difference between net cash receipts in the 1Qs of FY 2007 and FY 2008.

**Table 9. Cash Receipts, Net of Reimbursements for Capital Expenditures, During the 1QFY07 and the 1QFY08**

(\$ in millions)

	FY07	FY08	Diff. FY07/ FY08
July	\$ 5,229	\$ 6,391	\$1,162
August	3,011	3,274	263
September	6,105	5,874	(231)
<b>1Q</b>	<b>\$14,345</b>	<b>\$15,539</b>	<b>\$1,194</b>

## C. CASH EXPENDITURES

Cash expenditures, including capital expenditures, totaled \$15.608 billion during the 1QFY08, \$216 million more than expenditures during the 1QFY07. Table 10 shows total expenditures and average daily expenditures for the 1Qs of FY 2004-FY 2008. Total expenditures during the 1Q have grown 10.6 percent since FY 2004 and average daily expenditures increased by \$28 million. The 1QFY06 had the highest level of total expenditures and average daily expenditures in part due to seven bi-weekly payrolls and expenditures related to collective bargaining agreements with District Council 37 and the Patrolmen's Benevolent Association.

**Table 10. Five Year Trend of Total and Average Daily Cash Expenditures, 1Q**

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	FY04	FY05	FY06	FY07	FY08	FY04	FY05	FY06	FY07	FY08
July	\$ 4,973	\$ 5,581	\$ 5,982	\$ 5,692	\$ 5,827	\$226	\$266	\$299	\$285	\$277
August	4,461	4,624	5,156	4,808	5,081	212	210	224	209	221
September	4,674	4,668	4,933	4,892	4,700	223	222	235	245	247
<b>1Q</b>	<b>\$14,108</b>	<b>\$14,873</b>	<b>\$16,071</b>	<b>\$15,392</b>	<b>\$15,608</b>	<b>\$220</b>	<b>\$232</b>	<b>\$251</b>	<b>\$244</b>	<b>\$248</b>

Table 11 indicates monthly expenditures by category during the 1QFY07 and the 1QFY08.

**Table 11. Cash Expenditures by Category During the 1QFY07 and the 1QFY08**

(\$ in millions)

Expenditures	July 2006	August 2006	Sept. 2006	Total 1QFY07	July 2007	August 2007	Sept. 2007	Total 1QFY08	Diff. Total 1QFY07/08
Gross Payroll	\$1,793	\$1,589	\$1,660	\$ 5,042	\$1,917	\$1,740	\$1,543	\$ 5,200	\$158
Other Personal Services	938	760	721	2,419	854	845	787	2,486	67
Public Assistance	233	179	181	593	179	185	197	561	(32)
Medical Assistance	407	350	337	1,094	420	334	358	1,112	18
Other Social Services	326	133	191	650	183	210	177	570	(80)
Vendor Payments	1,264	987	922	3,173	1,316	1,097	996	3,409	236
All Other	731	810	880	2,421	958	670	642	2,270	(151)
<b>Total</b>	<b>\$5,692</b>	<b>\$4,808</b>	<b>\$4,892</b>	<b>\$15,392</b>	<b>\$5,827</b>	<b>\$5,081</b>	<b>\$4,700</b>	<b>\$15,608</b>	<b>\$216</b>

Personal Service (PS) expenditures are comprised of gross payroll and other personal services, including pensions, social security, health benefits, and supplemental welfare benefits. PS totaled \$7.461 billion during the 1QFY07 and \$7.686 billion during the 1QFY08. Both quarters had six bi-weekly payrolls. The growth in payroll resulted from the implementation of collective bargaining agreements and increase in full-time headcount by 4,215 employees at the beginning of the quarters from 266,624 to 270,839. During July 2006, Medicare Part B payment to retirees totaled \$142 million. There was no Medicare Part B in the 1QFY08 from the Central Treasury. (The Medicare Part B payment for FY 2007 made in the 1QFY08 was paid from the Retiree Health Benefits Trust Fund.) Holiday pay totaled \$76 million in the 1QFY07 and \$77 million in the 1QFY08. The agencies with the largest payments for holiday pay in the 1QFY08 were the Police Department (\$45 million), the Fire Department (\$16 million), and the Department of Correction (\$11 million).

Other-than-personal-service (OTPS) expenditures for public assistance (PA), medical assistance (MA) excluding HHC, other social services, and vendor and other payments totaled \$5.510 billion in the 1QFY07 and \$5.652 billion in the 1QFY08. PA and other social services declined \$32 million and \$80 million, respectively. PA caseload was 8.4 percent lower at the start of the 1QFY08 than at the start of the 1QFY07. MA increased by \$18 million and vendor and other payments was the category with the largest increase of \$236 million.

All other expenditures included \$322 million in tax refunds, including \$244 million for the \$400 real property tax rebates, during the 1QFY07 and \$371 million in tax refunds, including \$250 million for the \$400 real property tax rebate during the 1QFY08. Tax refunds for the \$400 real property tax rebate were included in expenditures in the first quarters of FY 2005, FY 2006, FY 2007, and FY 2008.

Table 12 shows the five year trend in PS and major OTPS cash expenditures during the 1Qs of FY 2004-FY 2008. PS outlays increased 16.2 percent between the 1QFY04 and the 1QFY08 and OTPS increased 20.9 percent.

**Table 12. Five Year Trend of PS and OTPS Cash Expenditures, 1Q**

(\$ in millions)

	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08
Gross Payroll	\$4,756	\$4,901	\$5,330	\$5,042	\$5,200
Other Personal Services	1,856	2,104	2,499	2,419	2,486
<b>Total PS</b>	<b>\$6,612</b>	<b>\$7,005</b>	<b>\$7,829</b>	<b>\$7,461</b>	<b>\$7,686</b>
Public Assistance	781	751	696	593	561
Medical Assistance	906	1,128	1,085	1,094	1,112
Other Social Services	537	567	589	650	570
Vendor and Other	2,452	2,835	3,124	3,173	3,409
<b>Total OTPS</b>	<b>\$4,676</b>	<b>\$5,281</b>	<b>\$5,494</b>	<b>\$5,510</b>	<b>\$5,652</b>

As shown in Table 13 and Chart 3, since the 1QFY04, total PS increased as a percent of total 1Q expenditures. The growth was primarily in other personal services, which increased from 13.2 percent in the 1QFY04 to 15.9 percent of total expenditures during the 1QFY08. OTPS has also increased, mainly due to the growth in vendor and other payments from 17.4 percent of total expenditures in the 1QFY04 to 21.8 percent of total expenditures in the 1QFY08.

**Table 13. Five Year Trend of PS and OTPS Cash Expenditures as a Percent of Total 1Q Expenditures**

	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08	Five Year Average
Gross Payroll	33.71%	32.95%	33.17%	32.76%	33.32%	33.17%
Other Personal Services	13.16	14.15	15.55	15.72	15.93	14.94
<b>Total PS</b>	<b>46.87</b>	<b>47.10</b>	<b>48.72</b>	<b>48.47</b>	<b>49.24</b>	<b>48.12</b>
Public Assistance	5.54	5.05	4.33	3.85	3.59	4.45
Medical Assistance	6.42	7.58	6.75	7.11	7.12	7.00
Other Social Services	3.81	3.81	3.66	4.22	3.65	3.83
Vendor and Other	17.38	19.06	19.44	20.61	21.84	19.71
<b>Total OTPS</b>	<b>33.14%</b>	<b>35.51%</b>	<b>34.19%</b>	<b>35.80%</b>	<b>36.21%</b>	<b>34.99%</b>

**Chart 3. Five Year Trend in PS and OTPS Cash Expenditures as a Percent of Total Expenditures, 1Q**

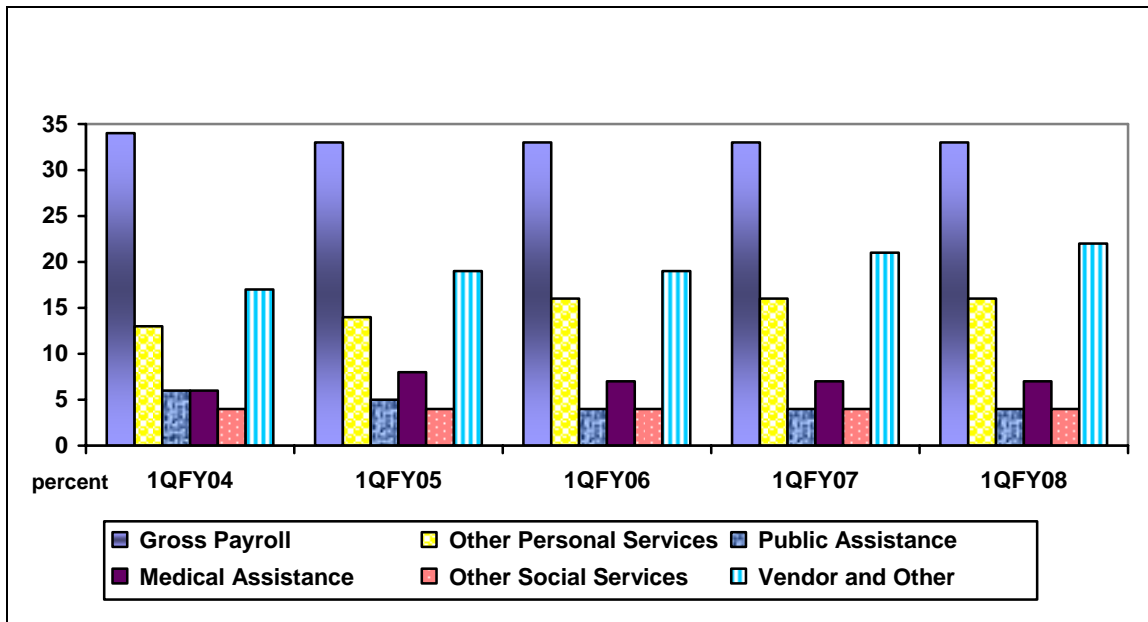


Table 14 shows the five year trend in daily expenditures as a percent of daily cash balances. The relationship between the City's expenditures and daily cash balances during a fiscal year improved by over 62 percent between the 1QFY04 and the 1QFY06 and then increased since the 1QFY06.

**Table 14. Five Year Trend of Daily Expenditures as a Percent of Daily Cash Balances, 1Q**

Daily Expenditures as a Percent of Daily Balances				
1QFY04	1QFY05	1QFY06	1QFY07	1QFY08
8%	6%	3%	4%	5%

Table 15 compares total expenditures, net of capital expenditures, during the 1QFY07 and the 1QFY08. Expenditures, net of capital, totaled \$13.893 billion and averaged \$221 million daily during the 1QFY07. Net expenditures increased by \$153 million during the 1QFY08 to \$14.046 billion and the daily average was \$223 million.

**Table 15. Cash Expenditures, Net of Capital Expenditures, During the 1QFY07 and the 1QFY08**

(\$ in millions)

	FY07	FY08	Diff. FY07/ FY08
July	\$ 5,288	\$ 5,018	\$(270)
August	4,016	4,680	664
September	4,589	4,348	(241)
<b>1Q</b>	<b>\$13,893</b>	<b>\$14,046</b>	<b>\$ 153</b>

## II. Capital Expenditures

Table 16 compares capital expenditures in the 1Qs of FY 2007 and FY 2008. Capital expenditures, City and non City-funded, totaled \$1.562 billion during the 1QFY08. This was an increase of \$63 million in total capital expenditures and \$134 million in City-funded capital expenditures over the 1QFY07.

**Table 16. Capital Expenditures During the 1QFY07 and the 1QFY08**

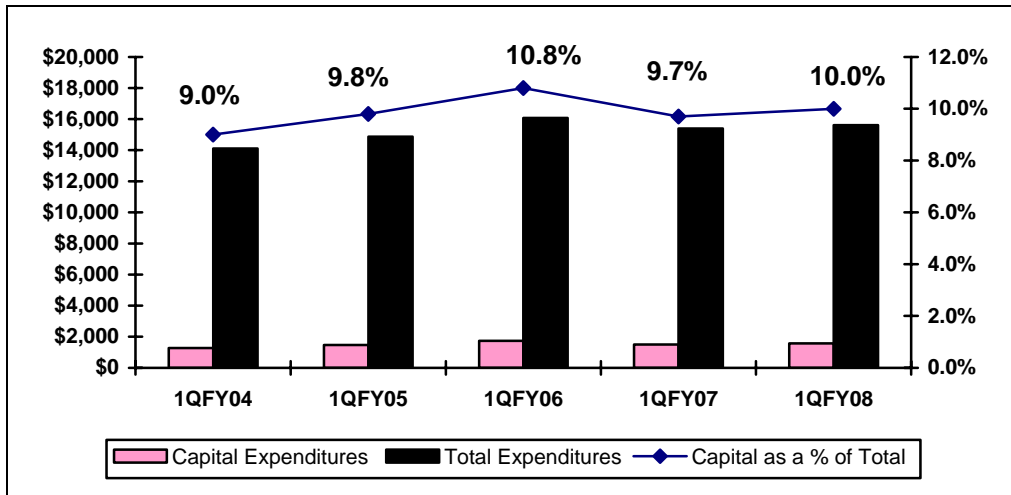
(\$ in millions)

	FY07		FY08		Diff. FY07/FY08	
	Total Capital	City-funded Capital	Total Capital	City-funded Capital	Total Capital	City-funded Capital
July	\$ 404	\$334	\$ 809	\$ 406	\$405	\$ 72
August	792	362	401	373	(391)	11
September	303	277	352	328	49	51
<b>1Q</b>	<b>\$1,499</b>	<b>\$973</b>	<b>\$1,562</b>	<b>\$1,107</b>	<b>\$ 63</b>	<b>\$134</b>

Total capital expenditures were 10 percent of total expenditures in the 1QFY08. Chart 4 shows capital expenditures as a percent of total expenditures in the 1Qs of the last five years.

**Chart 4. Five Year Trend of Capital Expenditures as a Percent of Total Expenditures, 1Q**

(\$ in millions)



Tables 17 and 18 show total and City-funded capital expenditures and average daily total and City-funded capital expenditures during each month and for the 1Qs of FY 2004-FY 2008.

**Table 17. Five Year Trend of Total Capital Expenditures and Average Daily Total Capital Expenditures, 1Q**

(\$ in millions)

	Total Capital Expenditures					Average Daily Total Capital Expenditures				
	FY04	FY05	FY06	FY07	FY08	FY04	FY05	FY06	FY07	FY08
July	\$ 634	\$ 380	\$ 680	\$ 404	\$ 809	\$29	\$18	\$34	\$20	\$39
August	331	392	394	792	401	16	18	17	34	17
September	299	690	656	303	352	14	33	31	15	19
<b>1Q</b>	<b>\$1,264</b>	<b>\$1,462</b>	<b>\$1,730</b>	<b>\$1,499</b>	<b>\$1,562</b>	<b>\$20</b>	<b>\$23</b>	<b>\$27</b>	<b>\$24</b>	<b>\$25</b>

**Table 18. Five Year Trend of City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures, 1Q**

(\$ in millions)

	City-funded Capital Expenditures					Average Daily City-funded Capital Expenditures				
	FY04	FY05	FY06	FY07	FY08	FY04	FY05	FY06	FY07	FY08
July	\$ 606	\$ 345	\$ 650	\$334	\$ 406	\$28	\$16	\$32	\$17	\$19
August	306	356	357	362	373	15	16	16	16	16
September	262	648	605	277	328	12	31	29	14	17
<b>1Q</b>	<b>\$1,174</b>	<b>\$1,349</b>	<b>\$1,612</b>	<b>\$973</b>	<b>\$1,107</b>	<b>\$18</b>	<b>\$21</b>	<b>\$25</b>	<b>\$15</b>	<b>\$18</b>

Capital expenditures in Tables 17 and 18 include payments to the School Construction Authority (SCA). Table 19 shows the payments to the SCA in the 1Qs of the last five years. Beginning in FY 2007, capital expenditures for the Five-Year Educational Facilities Capital Plan are classified as non City-funded capital expenditures.

**Table 19. Payments to the SCA, 1Q**

(\$ in millions)

	SCA Capital Expenditures				
	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08
City-funded	\$300	\$300	\$596	\$ 0	\$ 22
Non City-funded	0	0	4	400	378
<b>Total</b>	<b>\$300</b>	<b>\$300</b>	<b>\$600</b>	<b>\$400</b>	<b>\$400</b>



Capital expenditures are initially paid from the Central Treasury. The Central Treasury is then reimbursed for City-funded capital expenditures from the proceeds of general obligation (GO), water and sewer, and TFA debt. Non City-funded expenditures for the Five-Year Educational Facilities Capital Plan are reimbursed from the proceeds of TFA Building Aid debt and funding from the Dormitory Authority of the State of New York (DASNY). Table 20 shows reimbursements during the 1QFY08.

**Table 20. Reimbursements to the Central Treasury from Capital Proceeds, 1QFY08**

(\$ in millions)

	July 2007	Aug. 2007	Sept. 2007	Total 1QFY08
General Obligation	\$ 73	\$153	\$ 56	\$ 282
Water and Sewer	83	154	11	248
TFA	154	40	92	286
<b>Sub-total</b>	<b>310</b>	<b>347</b>	<b>159</b>	<b>816</b>
TFA Building Aid	127	84	67	278
DASNY	109	65	14	188
<b>Sub-total</b>	<b>236</b>	<b>149</b>	<b>81</b>	<b>466</b>
<b>Total</b>	<b>\$546</b>	<b>\$496</b>	<b>\$240</b>	<b>\$1,282</b>

As shown in Table 21, reimbursements during the 1QFY08 were \$235 million greater than in the 1QFY04, \$17 million greater than in the 1QFY05, \$191 million less than in the 1QFY06, and \$457 million greater than in the 1QFY07. The 1QFY08 included reimbursement for the Five-Year Educational Facilities Capital Plan from TFA Building Aid bonds and DASNY funding. These reimbursements began in the 2QFY07.

**Table 21. Five Year Trend of Reimbursements to the Central Treasury, 1Q**

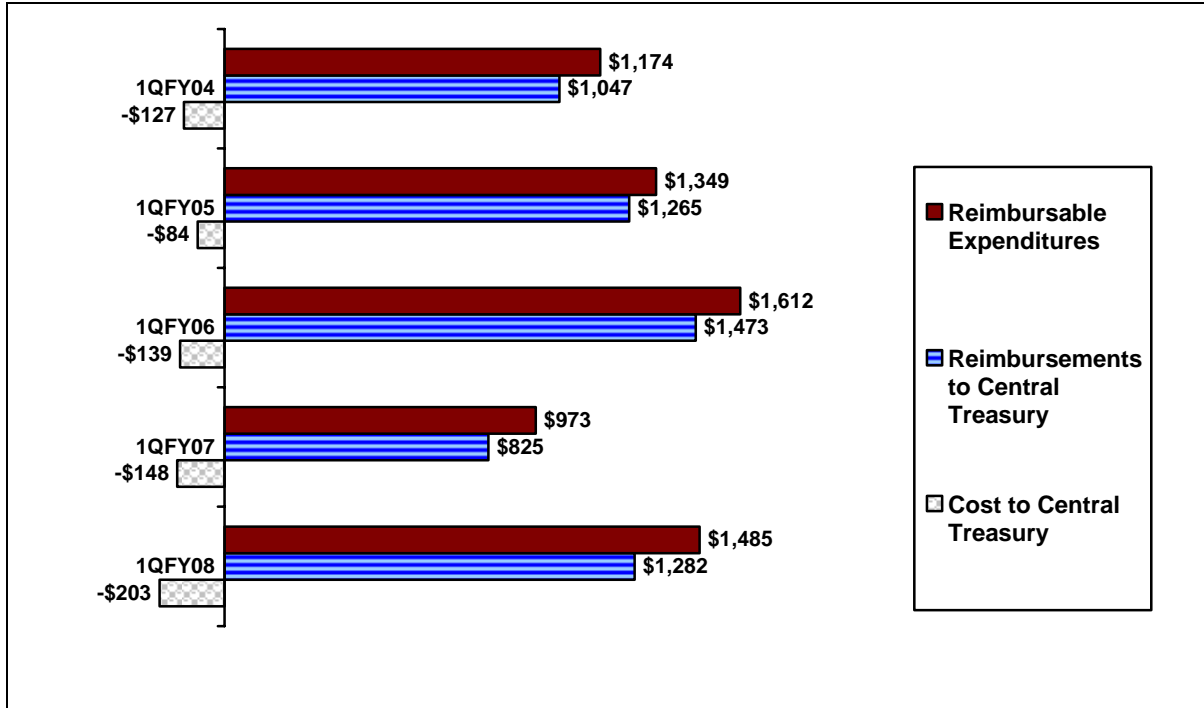
(\$ in millions)

	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08
General Obligation	\$ 487	\$ 777	\$1,230	\$352	\$ 282
Water and Sewer	323	470	243	473	248
TFA	229	0	0	0	286
<b>Sub-total</b>	<b>1,039</b>	<b>1,247</b>	<b>1,473</b>	<b>825</b>	<b>816</b>
TFA Building Aid	0	0	0	0	278
DASNY	0	0	0	0	188
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>466</b>
Other	8	18	0	0	0
<b>Total</b>	<b>\$1,047</b>	<b>\$1,265</b>	<b>\$1,473</b>	<b>\$825</b>	<b>\$1,282</b>

As shown in Chart 5, during the past five years, the City's 1Q reimbursable expenditures have exceeded 1Q reimbursements, decreasing cash in the 1Q of each year.

**Chart 5. Five Year Trend of Reimbursements Compared to City-funded Capital Expenditures and non City-funded FY07 and FY08 SCA Capital Expenditures, 1Q**

(\$ in millions)



### III. Financing

In July 2007, Moody’s Investors Service raised its rating of the City’s GO debt to Aa3. Table 22 shows GO bonds issued during the 1QFY07 and the 1QFY08.

**Table 22. GO Bond Issues During the 1QFY07 and the 1QFY08**

(\$ in millions)

*	FY07			FY08		
	Tax-Exempt	Taxable	Total	Tax-Exempt	Taxable	Total
July	\$ 0	\$0	\$ 0	\$ 0	\$0	\$ 0
August	850	0	850	1,245	0	1,245
September	0	0	0	0	0	0
<b>1Q</b>	<b>\$850</b>	<b>\$0</b>	<b>\$850</b>	<b>\$1,245</b>	<b>\$0</b>	<b>\$1,245</b>

\*month in which sale closed

During August 2006 in the 1QFY07, the City issued \$850 million in tax-exempt fixed rate GO bonds to refund outstanding debt. In August 2007 in the 1QFY08, there were \$931 million in GO tax-exempt fixed rate and \$314 million of tax-exempt auction rate bonds sold to refund outstanding debt. The FY 2007 GO sale produced \$59 million in budget savings over the life of the bonds, the majority of which, \$38 million, occurs in FY 2008. The FY 2008 GO sale yielded \$107 million in budget savings over the life of the bonds, inclusive of a cost in FY 2008, and the largest savings occur in FY 2010 and beyond.

#### **TFA**

The TFA did not issue bonds in either the 1QFY07 or the 1QFY08.