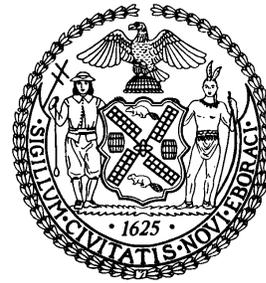


**The City Of New York
Office of the Comptroller
William C. Thompson, Jr.,
Comptroller**



QUARTERLY CASH REPORT

July-September 2008
First Quarter of FY 2009

November 2008

Summary

Overview

- The failure of financial institutions, home foreclosures, job losses, and falling stock prices are adversely affecting the City's economy and budget. Through the first quarter of FY 2009, the City's daily cash balances were not detrimentally affected by the financial crisis. However, bleak economic and budget conditions could foreshadow a weakening of future daily cash balances.
- The City began the first quarter of FY 2009 with \$4.988 billion of cash-on-hand and received \$1.382 billion more than it paid out during the quarter. The average daily cash balance of \$6.426 billion during the first quarter of FY 2009 was the highest average daily cash balance during the first quarter of a fiscal year since FY 2006. The average daily cash balance in each month and for the quarter during the first quarter of FY 2009 was greater than in the same time frames during the first quarter of FY 2008. This reversed a trend where the average daily cash balance was lower in the first quarter of FY 2007 than in the first quarter of FY 2006, and declined again in the first quarter of FY2008 compared with the first quarter of FY 2007.
- The closing balance for the first quarter of FY 2009 was \$6.370 billion, or more than 5 times the level of the first quarter of FY 2000 and more than 1.5 times the level of the first quarter of FY 2005. The closing daily cash balance for the first quarter of FY 2009 was \$684 million more than the closing daily cash balance for the first quarter of FY 2008, and was the highest closing daily cash balance since the first quarter of FY 2006. During the first quarter of FY 2009, real property tax collections, the catch-up of reimbursements for capital expenditures, the non-payment of the \$400 real property tax rebate, and the receipt of State revenue sharing and FICA settlements with the Internal Revenue Service for line of duty injury offset increased payroll costs.

Cash Receipts

- Cash receipts totaled \$19.750 billion and averaged \$309 million daily during the first quarter of FY 2009. Receipts in July and September of FY 2009 were greater than receipts in the same time frames in FY 2008. Receipts during the first quarter of FY 2009 increased 74 percent over the level of receipts in the first quarter of FY 2000, 36 percent from the first quarter of FY 2005, and 17 percent from the first quarter of FY 2008. During the first quarter of FY 2009, real property tax cash receipts were \$762 million more, federal and State aid was \$722 million more, miscellaneous receipts were \$363 million more, intergovernmental aid was \$57 million greater, and other receipts, inclusive of reimbursements for capital expenditures, were \$1.109 billion more than during the first quarter of FY 2008. Taxes, other than real property tax, fell by \$84 million in the first quarter of FY 2009 from the first quarter of FY 2008.
- During the first quarter of the last five years, real property tax, personal income tax, NYS education aid, sales tax, general corporation tax, and federal welfare comprised 55 percent of total receipts. From the first quarter of FY 2005 through the first quarter of FY 2009, real property tax grew 23 percent and comprised 26 percent of the five year average of total first quarter cash receipts. Personal income tax grew 34 percent, NYS education aid declined 7 percent, sales tax grew 45 percent, general corporation tax grew 58 percent, and federal welfare grew 3 percent, while comprising 9, 7, 5, 5, and 3 percent, respectively of the five year average of total first quarter cash receipts. During the first quarter of FY 2009, real property tax made up 25 percent of total receipts followed by personal income tax at 8 percent, NYS education at 6 percent, and sales tax at 5 percent.

Cash Expenditures

- Cash expenditures, including capital expenditures, totaled \$18.368 billion and averaged \$287 million daily during the first quarter of FY 2009. Each month in the first quarter of FY 2009 had greater expenditures than in the same month during the previous year for a total increase in expenditures of \$2.760 billion. Total cash expenditures during the first quarter of FY 2009 increased 61 percent over the level of expenditures in the first quarter of FY 2000. Expenditures have grown 23 percent since the first quarter of FY 2005, with almost 80 percent of the increase occurring between the first quarter of FY 2008 and the first quarter of FY 2009.
- Personal service expenditures were 49 percent of total expenditures in the first quarter of FY 2009. Personal service expenditures grew 16 percent between the first quarter of FY 2008 and the first quarter of FY 2009. Headcount increased by 9,810. The Patrolmen's Benevolent Association members received approximately \$485 million in back pay for their 2004-2006 contract. Other uniform unions were able to reopen their contracts and renegotiate matching terms. During the first quarter of FY 2009, other-than-personal-service expenditures were 34 percent of total expenditures and increased 10 percent over the first quarter of FY 2008. Gross payroll increased 18 percent, other personal service expenditures 12 percent, public assistance 1 percent, medical assistance 9 percent, other social services 27 percent, and vendor payments 9 percent from the first quarter of FY 2008. All other expenditures grew by 40 percent during the first quarter of FY 2009 compared with the first quarter of FY 2008. Capital expenditures accounted for 82 percent of the quarter to quarter increase in all other expenditures. This was partially offset by a decline in tax refunds due to the non-payment of the \$400 real property tax rebate.

Capital Expenditures and Reimbursements

- During the first quarter of FY 2009, capital expenditures totaling \$2.308 billion were 12.6 percent of total cash expenditures compared with 10 percent in the first quarter of FY 2008, 9.8 percent in the first quarter of FY 2005, and 5.7 percent in the first quarter of FY 2000. Capital expenditures were \$746 million more during the first quarter of FY 2009 than during the first quarter of FY 2008, \$846 million greater than in the first quarter of FY 2005, and \$1.663 billion greater than during the first quarter of FY 2000. Payments to the School Construction Authority totaled \$800 million during the first quarter of FY 2009 compared with \$400 million, \$300 million, and zero in the first quarters of FY 2008, FY 2005, and FY 2000, respectively.
- All capital expenditures are initially paid from the New York City Central Treasury and reimbursed mostly from the proceeds of general obligation, Transitional Finance Authority, and water and sewer debt and Expanding Our Children's Education and Learning capital grants from the Dormitory Authority of the State of New York. Reimbursements of \$2.356 billion during the first quarter of FY 2009 were \$193 million more than reimbursable expenditures, or 109 percent of reimbursable capital expenditures and 12 percent of total receipts. During the first quarter, over the last ten years, reimbursements were 86 percent of reimbursable expenditures and 8 percent of total receipts.
- General obligation bonds financed 48 percent of reimbursements in the first quarter of FY 2009, 52 percent in the first quarters of the last five years, and 43 percent in the first quarters of the last ten years. Water and sewer proceeds financed 29 percent of reimbursements in the first quarter of FY 2009, 29 percent in the first quarters of the last

five years, and 28 percent in the first quarters of the last ten years. Transitional Finance Authority proceeds financed less than 1 percent of reimbursements in the first quarter of FY 2009, 4 percent in the first quarters of the last five years, and 18 percent in the first quarters of the last ten years. Transitional Finance Authority Building Aid bonds financed 9 percent of reimbursements in the first quarter of FY 2009, 7 percent in the first quarters of the last five years, and 4 percent of the first quarters of the last ten years. The Dormitory Authority of the State of New York financed 14 percent of reimbursements in the first quarter of FY 2009, 7 percent in the first quarters of the last five years, and 5 percent during the first quarters of the last ten years.

Financing

- During the first quarter of FY 2009, the City issued \$1.855 billion of tax-exempt and taxable general obligation debt to provide funding for the City's capital program and \$250 million of tax-exempt bonds to refund outstanding debt. The refunding yielded \$19 million in budget savings over the life of the bonds. In addition, \$108 million of bonds were sold to convert \$50 million of outstanding adjustable rate debt from a daily interest rate mode to a weekly interest rate mode, \$25 million from a commercial paper rate mode to a daily interest rate mode, and \$33 million from auction rate to fixed rate bonds.

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I. Cash Balances¹

A. OVERVIEW

Table 1 and Chart 1 show ten years of the cash position in the New York City Central Treasury during the first quarter of a fiscal year (FY). The first quarter of FY 2009 (1QFY09) began with the third highest opening balance since the 1QFY00 and \$515 million more than the opening balance for the 1QFY08. The closing balance for the 1QFY09 was the highest since the 1QFY06, which had the highest closing balance in the ten year period. The closing balance for the 1QFY09 was over 5 times the level of the 1QFY00 and more than 1.5 times the level of the 1QFY05. During the 1Qs of FY01, FY04, FY06, FY08, and FY09 receipts were greater than expenditures by \$343 million, \$36 million, \$466 million, \$1.213 billion, and \$1.382 billion, respectively. During the 1Qs of FY00, FY02, FY03, FY05, and FY07 daily cash balances fell by \$93 million, \$1.057 billion, \$1.438 billion, \$298 million, and \$222 million.

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

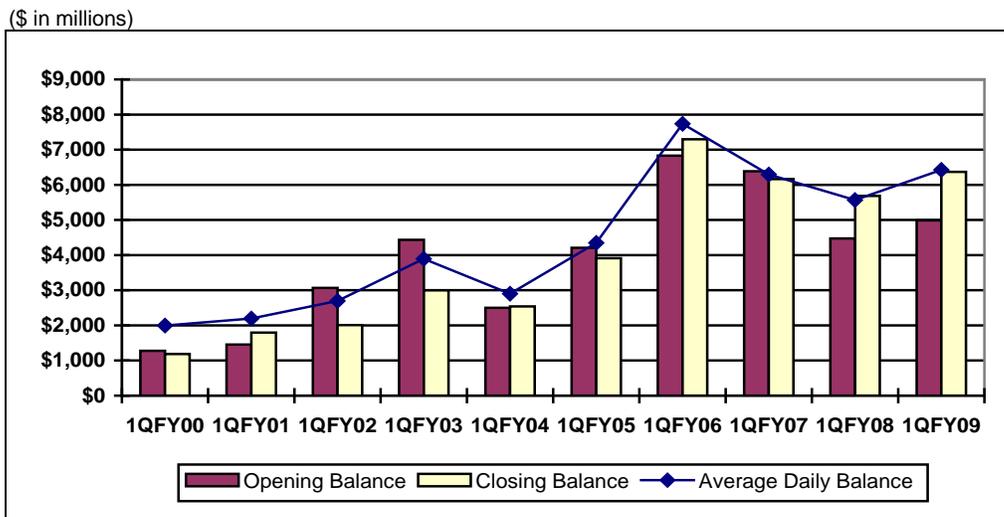
(\$ in millions)

Central Treasury	1QFY00	1QFY01	1QFY02	1QFY03	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08	1QFY09
Opening Balance ^a	\$ 1,278	\$ 1,453	\$ 3,066	\$ 4,433	\$ 2,502	\$ 4,208	\$ 6,830	\$ 6,386	\$ 4,473	\$ 4,988
Total Receipts	11,321	12,326	11,343	13,628	14,144	14,575	16,537	15,170	16,821	19,750
Total Expenditures ^b	11,414	11,983	12,400	15,066	14,108	14,873	16,071	15,392	15,608	18,368
Closing Balance	\$ 1,185	\$ 1,796	\$ 2,009	\$ 2,995	\$ 2,538	\$ 3,910	\$ 7,296	\$ 6,164	\$ 5,686	\$ 6,370

a. Opening balances are before City audits.

b. Total expenditures include capital expenditures.

Chart 1. The Cash Position in the New York City Central Treasury, 1QFY00-1QFY09



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

Daily cash balances during the 1QFY09 were not affected by the turbulence in the financial markets. As shown in Table 2, the average daily cash balance for each month and for the quarter during the 1QFY09 were greater than in the same time frames of the previous year, after falling in the 1QFY07 and the 1QFY08. The average daily balance during the 1QFY09 was the highest since the 1QFY06.

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

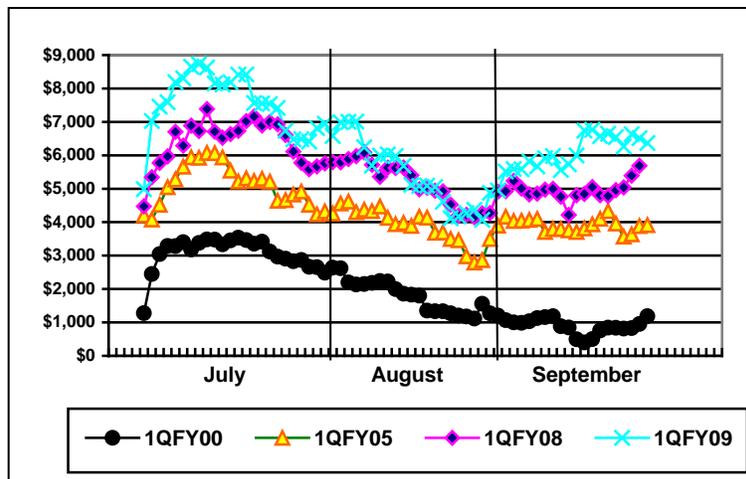
(\$ in millions)

	1QFY00	1QFY01	1QFY02	1QFY03	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08	1QFY09
July	\$3,185	\$2,669	\$3,457	\$4,748	\$3,270	\$5,233	\$8,809	\$7,509	\$6,513	\$7,676
August	1,880	2,184	2,318	3,549	2,507	3,939	7,319	5,891	5,211	5,529
September	923	1,739	2,314	3,330	2,904	3,891	7,177	5,539	4,952	6,012
1Q	\$1,994	\$2,197	\$2,696	\$3,893	\$2,900	\$4,348	\$7,738	\$6,293	\$5,567	\$6,426

Chart 2 depicts daily cash balances during the 1QFY00, the 1QFY05, the 1QFY08, and the 1QFY09. The daily cash balances during 1QFY09 exhibited the greatest spread between its high and low points, \$4.658 billion, with a high daily cash balance of \$8.729 billion on July 10, 2008 and a low daily cash balance of \$4.071 billion on August 29, 2008.

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

(\$ in millions)



Daily cash balances during the 1QFY00 varied by \$3.131 billion with a low daily cash balance of \$402 million on September 20, 1999, and a high daily cash balance of \$3.533 billion on July 19, 1999. During the 1QFY05, daily cash balances varied by \$3.284 billion. The lowest daily cash balance was \$2.792 billion on August 30, 2004, and the highest was \$6.076 billion on July 13, 2004. Daily cash balances during the 1QFY08 ranged from a low daily cash balance of \$4.152 billion on August 29, 2007, to a high daily cash balance of \$7.385 billion on July 12, 2007, a difference of \$3.233 billion.

B. CASH RECEIPTS

Table 3 shows total 1Q cash receipts and average daily cash receipts from FY05 to FY09. Total cash receipts during the 1QFY09 were 36 percent more than in the 1QFY05 and average daily cash receipts increased by \$81 million.

Table 3. Total and Average Daily Cash Receipts, 1QFY05-1QFY09

(\$ in millions)

	Total Receipts					Average Daily Receipts				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
July	\$ 5,893	\$ 6,683	\$ 5,484	\$ 6,937	\$ 8,352	\$281	\$334	\$274	\$330	\$380
August	2,968	3,787	3,364	3,770	3,289	135	165	146	164	157
September	5,714	6,067	6,322	6,114	8,109	272	289	316	322	386
1Q	\$14,575	\$16,537	\$15,170	\$16,821	\$19,750	\$228	\$258	\$241	\$267	\$309

Cash receipts during the 1QFY09 were 17 percent more than cash receipts in the 1QFY08, an increase of \$2.929 billion. During the 1QFY09, only August had lower cash receipts than the same month in the previous year. July 2008 had \$1.415 billion more receipts than July 2007. August 2008 had \$481 million lower receipts than August 2007. September 2008 had \$1.995 billion more receipts than September 2007. Table 4 displays receipts each month by category during the 1QFY08 and the 1QFY09.

Table 4. Cash Receipts by Category, 1QFY08 and 1QFY09

(\$ in millions)

	July 2007	August 2007	Sept. 2007	Total 1QFY08	July 2008	August 2008	Sept. 2008	Total 1QFY09	Diff. Total 1QFY08/09
Real Property Tax	\$3,611	\$ 92	\$ 541	\$ 4,244	\$4,201	\$ 106	\$ 699	\$ 5,006	\$ 762
Other Taxes	1,155	1,281	3,204	5,640	1,043	1,279	3,234	5,556	(84)
Federal and State Aid	534	960	1,496	2,990	979	931	1,802	3,712	722
Miscellaneous	623	517	298	1,438	914	408	479	1,801	363
Intergovernmental Aid	6	0	0	6	0	0	63	63	57
Other	1,008	920	575	2,503	1,215	565	1,832	3,612	1,109
Total	\$6,937	\$3,770	\$6,114	\$16,821	\$8,352	\$3,289	\$8,109	\$19,750	\$2,929

Table 5 displays receipts by category from the 1QFY00 through the 1QFY09.

Table 5. Cash Receipts by Category, 1QFY00-1QFY09

(\$ in millions)

	1QFY00	1QFY01	1QFY02	1QFY03	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08	1QFY09
Real Property Tax	\$ 2,887	\$ 2,416	\$ 2,728	\$ 3,078	\$ 3,954	\$ 4,057	\$ 4,890	\$ 3,416	\$ 4,244	\$ 5,006
Other Taxes	2,680	3,405	2,764	3,139	3,263	3,905	4,507	5,326	5,640	5,556
Total Taxes	5,567	5,821	5,492	6,217	7,217	7,962	9,397	8,742	9,884	10,562
Federal and State Aid	2,149	2,633	3,048	3,350	3,762	3,184	3,136	3,303	2,990	3,712
Debt Service Funding	(101)	(192)	(179)	(1,036)	(1,402)	(663)	0	(281)	0	0
Miscellaneous	973	1,355	919	1,178	1,268	1,202	1,224	1,488	1,438	1,801
Intergovernmental Aid	299	180	328	1,089	1,316	805	226	63	6	63
Other	2,434	2,529	1,735	2,830	1,983	2,085	2,554	1,855	2,503	3,612
Total	\$11,321	\$12,326	\$11,343	\$13,628	\$14,144	\$14,575	\$16,537	\$15,170	\$16,821	\$19,750

Total tax receipts² grew 90 percent from the 1QFY00 through the 1QFY09 and 33 percent between the 1QFY05 and the 1QFY09. Tax receipts increased by 7 percent during the 1QFY09 over the 1QFY08 to \$10.562 billion from \$9.884 billion.

Real property tax was \$762 million more in the 1QFY09 than during the 1QFY08, an increase of 18 percent. The difference was primarily the result of timing of collections between the months of June and July and the receipt of real property revenue due in the 2QFY09 and the 3QFY09. Tax lien sales totaled \$2 million during the 1QFY08 and \$6 million during the 1QFY09. Compared with the 1QFY00 and the 1QFY05, real property tax during the 1QFY09 increased 73 percent and 23 percent, respectively.

Other taxes more than doubled from the 1QFY00-1QFY09 and increased 42 percent from the 1QFY05-1QFY09. Other taxes during the 1QFY09 began to reflect the weak economy, decreasing by \$84 million compared with the 1QFY08. This was the first decrease between 1Qs since the 1QFY02. Table 6 shows the percent change in major taxes during the first quarter of a fiscal year for the last ten years, the last five years, and between the 1QFY08 and the 1QFY09. General corporation tax (GCT) was \$25 million less, unincorporated business tax (UBT) was \$19 million less, and mortgage and real property transfer taxes were \$306 million less than in the 1QFY08. During the 1QFY09, increases in personal income tax (PIT) of \$99 million, banking corporation tax (BCT) of \$96 million, and sales tax of \$46 million from the 1QFY08 did not reflect economic conditions. PIT included the receipt of taxes on the severance pay and bonuses paid to laid off workers. BCT included the receipt of a \$119 million audit. Sales tax included the receipt of clean-up funds from the end of withholding of debt service for the Municipal Assistance Corporation (MAC).

Table 6. Major Tax Receipts, 1QFY00, 1QFY05, 1QFY08, and 1QFY09

(\$ in millions)

	1QFY00	1QFY05	1QFY08	1QFY09	% Change 1QFY00/ 1QFY09	% Change 1QFY05/ 1QFY09	% Change 1QFY08/ 1QFY09
Personal Income Tax	\$1,044	\$1,233	\$1,550	\$1,649	58%	34%	6%
General Corporation Tax	429	476	777	752	75	58	(3)
Unincorporated Business Tax	158	210	410	391	147	86	(5)
Banking Corporation Tax	128	185	311	407	218	120	31
Sales Tax ³	553	659	909	955	73	45	5
Mortgage and Real Property Transfer Taxes	76	592	887	581	664	(2)	(34)
STAR	0	187	362	343	-	83	(5)

2. 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. Sales tax includes the State distribution, the local share, and interest income less debt service funding.

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.

Federal and State aid receipts increased 73 percent from the 1QFY00 to the 1QFY09, 17 percent from the 1QFY05 to the 1QFY09, and 24 percent from the 1QFY08 to the 1QFY09. Federal aid totaled \$1.355 billion and State aid totaled \$2.357 billion during the 1QFY09, \$722 million more than the \$1.116 billion in federal aid and \$1.874 billion in State aid during the 1QFY08. Federal and State aid in the 1QFY09 accounted for 25 percent of the increase in total receipts over the 1QFY08. During the 1QFY09, NYS education aid was 53 percent of NYS aid. NYS education aid included \$787 million in general and lottery aid, \$231 million in excess cost aid, \$88 million in building aid, and \$31 million of video lottery terminal (VLT) aid. In July 2008, NYS aid also included \$247 million in NYS higher education for senior colleges and \$41 million for community colleges.

In the 1QFY09, miscellaneous receipts increased 85 percent from the 1QFY00, 50 percent from the 1QFY05, and 25 percent from the 1QFY08. Miscellaneous increased by \$363 million during the 1QFY09 compared with the 1QFY08. Senior college fees were \$171 million more and community college fees were \$54 million greater in the 1QFY09 than in the 1QFY08. In September 2008, the City received a settlement from the Internal Revenue Service for the refund of FICA payments for line of duty injury in the uniformed services. The City's share of the settlement was \$125 million.

Intergovernmental aid decreased \$236 million in the 1QFY09 compared with the 1QFY00 and \$742 million from the 1QFY05. Intergovernmental aid increased by \$57 million during the 1QFY09 from the 1QFY08. NYS revenue sharing cash receipts totaled \$63 million in the 1QFY09; none was received in the 1QFY08.

Over the last ten years, other cash receipts have ranged from a low of \$1.735 billion in the 1QFY02 to a high of \$3.612 billion in the 1QFY09. The largest portion, 38 percent, of the increase in total receipts between the 1QFY08 and the 1QFY09 was in other receipts and included a \$1.074 billion increase in the reimbursement of capital expenditures.

Table 7 shows the major cash sources during the 1QFY09 in each month.

Table 7. Major Cash Sources by Month, 1QFY09

(\$ in millions)

July 2008		August 2008		September 2008	
Real Property Tax	\$4,201	Personal Income Tax	\$468	NYS Education	\$976
Personal Income Tax	450	Sales Tax	365	Personal Income Tax	732
Water and Sewer Fees	343	Federal Welfare	261	Real Property Tax	699
NYS Higher Education	288	NYS Welfare	213	General Corporation Tax	565
Sales Tax	222	NYS Education	210	Banking Corporation Tax	398
Federal Education	221	General Corporation Tax	120	Sales Tax	368
Senior College Fees	172	Water and Sewer Fees	106	STAR	343
NYS Welfare	136	Real Property Tax	100	Unincorporated Business Tax	336
Federal Welfare	104	Fines and Forfeitures	74	Federal Welfare	172
Fines and Forfeitures	76	Health and Hospitals EMS	43	NYS Health	150
NYS Education	68	Unincorporated Business Tax	39	Commercial Rent Tax	142
General Corporation Tax	67	Tax Lien Sales	6	Federal Education	126
Licenses, etc.	58			FICA Settlement	125
Community College Fees	56			Hotel Tax	96
				Fines and Forfeitures	88
				Health Settlements	86
				NYS Welfare	79
				Water and Sewer Fees	63
				NYS Revenue Sharing	63
				Health and Hospitals EMS	38

Table 8 shows selected 1Q cash receipts from the 1QFY05 to the 1QFY09. During the five year period, real property tax grew 23 percent, averaged \$4.323 billion, and comprised 26 percent of the five year average of total 1Q cash receipts. PIT grew 34 percent, NYS education aid declined 7 percent, sales tax grew 45 percent, GCT grew 58 percent, and federal welfare grew 3 percent, while averaging \$1.437 billion, and comprising 9 percent, \$1.239 billion, and 7 percent, \$830 million, and 5 percent, \$763 million and 5 percent, and \$564 million, and 3 percent, respectively. During the 1QFY09, real property tax was 25 percent of total receipts followed by PIT at 8 percent, NYS education aid at 6 percent, and sales tax at 5 percent.

Table 8. Selected Cash Receipts, 1QFY05-1QFY09

(\$ in millions)

	1QFY05	1QFY06	1QFY07	1QFY08	1QFY09	5 Year Average	% Change 1QFY05/1QFY09
Real Property Tax	\$4,057	\$4,890	\$3,416	\$4,244	\$5,006	\$4,323	23%
NYS Education	1,343	1,221	1,209	1,166	1,254	1,239	(7)
Personal Income Tax	1,233	1,351	1,403	1,550	1,649	1,437	34
Federal Welfare	519	665	548	550	536	564	3
Sales Tax	658	826	803	909	955	830	45
NYS Welfare	534	418	538	457	428	475	(20)
General Corporation Tax	476	624	1,184	777	752	763	58
Water and Sewer Fees	402	424	430	461	512	446	27
Unincorporated Business Tax	210	261	324	410	391	319	86
Federal Education	151	312	235	256	377	266	150
STAR	187	198	333	362	343	285	83
NYS Revenue Sharing	37	32	63	0	63	39	70

Table 9 compares total cash receipts, net of capital reimbursements, during the 1QFY08 and the 1QFY09. Receipts, net of capital reimbursements, totaled \$17.394 billion and averaged \$272 million daily during the 1QFY09. Net receipts increased by \$1.855 billion over the 1QFY08.

Table 9. Cash Receipts, Net of Reimbursements for Capital Expenditures, 1QFY08 and 1QFY09

(\$ in millions)

	FY08	FY09	Diff. FY08/ FY09
July	\$ 6,391	\$ 7,588	\$1,197
August	3,274	2,968	(306)
September	5,874	6,838	964
1Q	\$15,539	\$17,394	\$1,855

C. CASH EXPENDITURES

Table 10 shows total 1Q cash expenditures and average daily cash expenditures from FY05 to FY09. Total cash expenditures during the 1QFY09 were 23 percent higher than in the 1QFY05 and average daily expenditures increased \$55 million. Almost 80 percent of the increase in total cash expenditures occurred between the 1QFY08 and the 1QFY09.

Table 10. Total and Average Daily Cash Expenditures, 1QFY05-1QFY09

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
July	\$ 5,581	\$ 5,982	\$ 5,692	\$ 5,827	\$ 6,522	\$266	\$299	\$285	\$277	\$296
August	4,624	5,156	4,808	5,081	6,037	210	224	209	221	287
September	4,668	4,933	4,892	4,700	5,809	222	235	245	247	277
1Q	\$14,873	\$16,071	\$15,392	\$15,608	\$18,368	\$232	\$251	\$244	\$248	\$287

Cash expenditures during the 1QFY09 were 18 percent more than expenditures in the 1QFY08, an increase of \$2.760 billion. Each month during the 1QFY09 had greater expenditures than the same month in the previous year. July 2008 had \$695 million more expenditures than July 2007. August 2008 had \$956 million more expenditures than August 2007. September 2008 had \$1.109 billion more expenditures than September 2007. Table 11 displays monthly cash expenditures by category during the 1QFY08 and the 1QFY09.

Table 11. Cash Expenditures by Category, 1QFY08 and the 1QFY09

(\$ in millions)

	July 2007	August 2007	Sept. 2007	Total 1QFY08	July 2008	August 2008	Sept. 2008	Total 1QFY09	Diff. Total 1QFY08/09
Gross Payroll	\$1,917	\$1,740	\$1,543	\$ 5,200	\$2,093	\$2,256	\$1,812	\$ 6,161	\$ 961
Other Personal Services	854	845	787	2,486	959	925	908	2,792	306
Public Assistance	179	185	197	561	198	207	161	566	5
Medical Assistance	420	334	358	1,112	426	365	423	1,214	102
Other Social Services	183	210	177	570	271	253	201	725	155
Vendor Payments	1,316	1,097	996	3,409	1,320	1,199	1,209	3,728	319
All Other	958	670	642	2,270	1,255	832	1,095	3,182	912
Total	\$5,827	\$5,081	\$4,700	\$15,608	\$6,522	\$6,037	\$5,809	\$18,368	\$2,760

Personal service (PS) expenditures are comprised of gross payroll and other personal services, including pensions, social security, health benefits, and supplemental welfare benefits.

Table 12 shows PS expenditures, headcount and the number of bi-weekly payrolls from the 1QFY00 to the 1QFY09. PS increased 71 percent between the 1QFY00 and the 1QFY09, and 28 percent between the 1QFY05 and the 1QFY09. PS expenditures were 46 percent of expenditures in the 1QFY00, 47 percent in the 1QFY05, and 49 percent in the 1QFY09.

Table 12. PS Cash Expenditures and Headcount, 1QFY00-1QFY09

(\$ in millions)

	1QFY00	1QFY01	1QFY02	1QFY03	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08	1QFY09
Gross Payroll	\$4,023	\$4,708	\$4,916	\$5,561	\$4,756	\$4,901	\$5,330	\$5,042	\$5,200	\$6,161
Other Personal Services	1,220	1,018	1,580	1,726	1,856	2,104	2,499	2,419	2,486	2,792
Total PS	\$5,243	\$5,726	\$6,496	\$7,287	\$6,612	\$7,005	\$7,829	\$7,461	\$7,686	\$8,953
Opening Headcount	246,754	250,856	249,824	247,681	239,616	262,206	264,061	266,624	270,839	280,649
# of Bi-weekly Payrolls	6	7	7	7	7	7	7	6	6	6

PS totaled \$8.953 billion during the 1QFY09, an increase of 16 percent over the 1QFY08. Both periods had six bi-weekly payrolls. Headcount increased by 9,810 employees from 270,839 at the opening of the 1QFY08 to 280,649 at the opening of the 1QFY09. Holiday pay totaled \$77 million in the 1QFY08 and \$78 million in the 1QFY09. The agencies with the largest amounts of holiday pay during the 1QFY09 were the Police Department (\$45 million), the Fire Department (\$16 million), and the Department of Correction (\$11 million).

The growth in PS in the 1QFY09 reflects the implementation of costs associated with collective bargaining agreements. The Patrolmen's Benevolent Association (PBA) received raises and retroactive payments of approximately \$485 million for the contract period (2004-2006). Under the terms of their contracts other uniform unions were able to reopen their contracts and negotiate matching the terms received by the PBA. Other uniform employees receiving raises, increased benefits, or back pay beginning in September 2008 were the police lieutenants, correction officers, police sergeants, and fire officers.

Other personal services expenditures increased \$306 million during the 1QFY09 compared with the 1QFY08, including a \$125 million increase in pension costs, a \$111 million increase in social security, and a \$43 million increase in health insurance.

As shown in Table 13, other-than-personal-service (OTPS) expenditures for public assistance (PA), medical assistance (MA) excluding Health and Hospitals Corporation (HHC), other social services, and vendor payments increased 80 percent between the 1QFY00 and the 1QFY09, and 18 percent between the 1QFY05 and the 1QFY09. OTPS expenditures were 30 percent of expenditures in the 1QFY00, 36 percent in the 1QFY05, and 34 percent in the 1QFY09.

Table 13. OTPS Cash Expenditures, 1QFY00-1QFY09

(\$ in millions)

	1QFY00	1QFY01	1QFY02	1QFY03	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08	1QFY09
Public Assistance	\$674	\$655	\$635	\$696	\$781	\$751	\$696	\$593	\$561	\$566
# of Cash Recipients*	675,524	572,872	497,113	430,419	421,546	437,453	416,164	393,764	360,738	341,329
Medical Assistance	\$629	\$660	\$767	\$882	\$906	\$1,128	\$1,085	\$1,094	\$1,112	\$1,214
# of Medicaid Enrollees*	1,629,156	1,593,490	1,608,707	2,028,133	2,219,172	2,458,087	2,591,289	2,563,488	2,559,977	2,563,819
Other Social Services	\$488	\$474	\$582	\$638	\$537	\$567	\$589	\$650	\$570	\$725
Vendor Payments	\$1,663	\$2,015	\$2,356	\$2,538	\$2,452	\$2,835	\$3,124	\$3,173	\$3,409	\$3,728
Total OTPS	\$3,454	\$3,804	\$4,340	\$4,754	\$4,676	\$5,281	\$5,494	\$5,510	\$5,652	\$6,233

*Source: New York City Department of Social Services Human Resources Administration, as of the start of the quarter

OTPS totaled \$6.233 billion during the 1QFY09, an increase of 10 percent over the 1QFY08. PA expenditures were flat, although the number of recipients continued to decline. MA increased by \$102 million and enrollees rose by 3,842. Other social services were \$155 million greater and were impacted by the timing of expenditures. Vendor payments represented the category with the largest increase of \$319 million.

All other expenditures grew by \$912 million during the 1QFY09 compared with the 1QFY08. Capital expenditures, which are included in this category, accounted for 82 percent of the quarter to quarter increase. This was partially offset by a decline in tax refunds of \$77 million. Tax refunds included \$250 million for the \$400 real property tax rebate during the 1QFY08.

Table 14 shows the average of daily expenditures as a percent of daily cash balances during the 1QFY00-1QFY09. The relationship between the City's expenditures and daily cash balances improved by 8 percent points between the 1QFY00 and the 1QFY09. It was 1 percentage point below the 1QFY05 and the same as during the 1QFY08.

Table 14. Daily Expenditures as a Percent of Daily Cash Balances, 1QFY00-1QFY09

Daily Expenditures as a Percent of Daily Balances									
1QFY00	1QFY01	1QFY02	1QFY03	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08	1QFY09
13%	9%	8%	7%	8%	6%	3%	4%	5%	5%

Table 15 compares total cash expenditures, net of capital expenditures, during the 1QFY08 and the 1QFY09. Expenditures, net of capital, totaled \$16.060 billion and averaged \$251 million daily during the 1QFY09. Net expenditures increased by \$2.014 billion over the 1QFY08.

Table 15. Cash Expenditures, Net of Capital Expenditures 1QFY08 and 1QFY09

(\$ in millions)

	FY08	FY09	Diff. FY08/ FY09
July	\$ 5,018	\$ 5,587	\$ 569
August	4,680	5,531	851
September	4,348	4,942	594
1Q	\$14,046	\$16,060	\$2,014

II. Capital Expenditures

Table 16 compares capital expenditures in the 1QFY08 and the 1QFY09. Capital expenditures, City and non City-funded, totaled \$2.308 billion during the 1QFY09. This was an increase of \$746 million in total capital expenditures and \$305 million in City-funded capital expenditures over the 1QFY08.

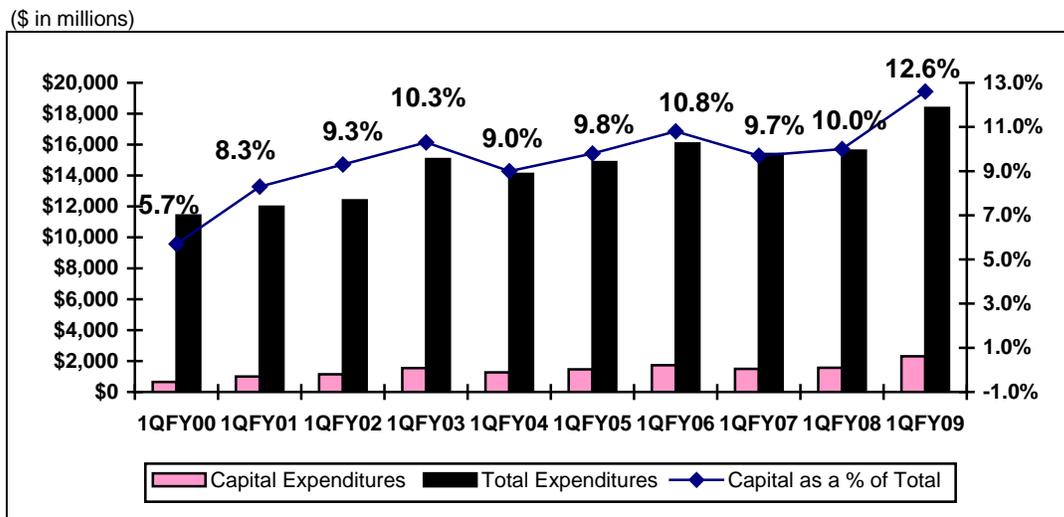
Table 16. Capital Expenditures, 1QFY08 and 1QFY09

(\$ in millions)

	FY08		FY09		Diff. FY08/FY09	
	Total Capital	City-funded Capital	Total Capital	City-funded Capital	Total Capital	City-funded Capital
July	\$ 809	\$ 406	\$ 935	\$ 480	\$126	\$ 74
August	401	373	506	479	105	106
September	352	328	867	453	515	125
1Q	\$1,562	\$1,107	\$2,308	\$1,412	\$746	\$305

Chart 3 shows capital expenditures as a percent of total expenditures from the 1QFY00 to the 1QFY09. Total capital expenditures during the 1QFY09 were the highest percent of total expenditures in the 1Qs of the last ten years. Total capital expenditures as a percent of total expenditures in the 1QFY09 were more than double the level of the 1QFY00, 2.8 percentage points more than in the 1QFY05, and 2.6 percentage points more than in the 1QFY08.

Chart 3. Capital Expenditures as a Percent of Total Expenditures, 1QFY00-1QFY09



Tables 17 and 18 show total and City-funded capital expenditures and average daily total and City-funded capital expenditures from the 1QFY05 to the 1QFY09.

Table 17. Total Capital Expenditures and Average Daily Total Capital Expenditures, 1QFY05-1QFY09

(\$ in millions)

	Total Capital Expenditures					Average Daily Total Capital Expenditures				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
July	\$ 380	\$ 680	\$ 404	\$ 809	\$ 935	\$18	\$34	\$20	\$39	\$43
August	392	394	792	401	506	18	17	34	17	24
September	690	656	303	352	867	33	31	15	19	41
1Q	\$1,462	\$1,730	\$1,499	\$1,562	\$2,308	\$23	\$27	\$24	\$25	\$36

Table 18. City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures, 1QFY05-1QFY09

(\$ in millions)

	City-funded Capital Expenditures					Average Daily City-funded Capital Expenditures				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
July	\$ 345	\$ 650	\$334	\$ 406	\$ 480	\$16	\$32	\$17	\$19	\$22
August	356	357	362	373	479	16	16	16	16	23
September	648	605	277	328	453	31	29	14	17	22
1Q	\$1,349	\$1,612	\$973	\$1,107	\$1,412	\$21	\$25	\$15	\$18	\$22

Capital expenditures in Tables 17 and 18 include payments to the School Construction Authority (SCA). Table 19 shows the payments to the SCA from the 1QFY00 to the 1QFY09. Beginning in FY07, capital expenditures for the Five-Year Educational Facilities Capital Plan are classified as non City-funded State capital expenditures. Payments to the SCA were zero, 15 percent, 26 percent, 34 percent, 24 percent, 21 percent, 35 percent, 27 percent, 26 percent, and 35 percent of total capital expenditures, respectively, during each quarter.

Table 19. Payments to the SCA, 1QFY00-1QFY09

(\$ in millions)

	SCA Capital Expenditures									
	1QFY00	1QFY01	1QFY02	1QFY03	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08	1QFY09
City-funded	\$0	\$151	\$300	\$525	\$300	\$300	\$596	\$ 0	\$ 22	\$ 29
Non City-funded	0	0	0	0	0	0	4	400	378	771
Total	\$0	\$151	\$300	\$525	\$300	\$300	\$600	\$400	\$400	\$800

Capital expenditures are initially paid from the New York City Central Treasury. The Central Treasury is reimbursed for City-funded capital expenditures from the proceeds of general obligation (GO), water and sewer, and Transitional Finance Authority (TFA) debt. State 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 Expanding Our Children's Education and Learning (EXCEL) capital grants from the Dormitory Authority of the State of New York (DASNY). Table 20 shows reimbursements during the 1QFY09.

Table 20. Reimbursements to the New York City Central Treasury for Capital Expenditures, 1QFY09

(\$ in millions)

	July 2008	Aug. 2008	Sept. 2008	Total 1QFY09
GO	\$274	\$102	\$ 753	\$1,129
Water and Sewer	237	6	441	684
TFA	3	2	0	5
Sub-total	514	110	1,194	1,818
TFA Building Aid	0	211	0	211
DASNY	250	0	77	327
Sub-total	250	211	77	538
Total	\$764	\$321	\$1,271	\$2,356

As shown in Table 21, reimbursements during the 1QFY09 were higher than reimbursements in the 1Q from the 1QFY00-1QFY08. Reimbursements during the 1QFY09 were \$1.905 billion greater than in the 1QFY00, \$1.091 billion greater than in the 1QFY05, and \$1.074 billion greater than in the 1QFY08. They were at the highest level as a percent of reimbursable capital expenditures and as a percent of total receipts in the ten year time frame. Over the last ten years reimbursements in the 1Q were 86 percent of reimbursable capital expenditures and 8 percent of total receipts.

Table 21. Reimbursements to the New York City Central Treasury for Capital Expenditures, 1QFY00-1QFY09

(\$ in millions)

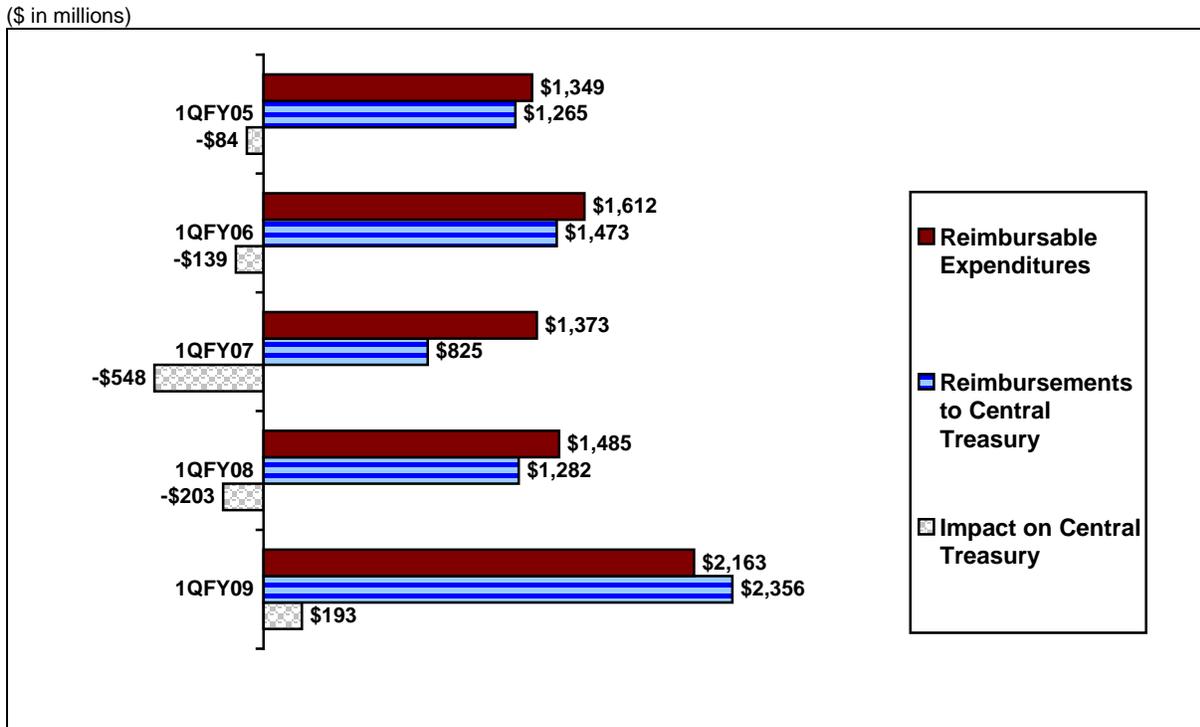
	1QFY00	1QFY01	1QFY02	1QFY03	1QFY04	1QFY05	1QFY06	1QFY07	1QFY08	1QFY09	Total
GO	\$ 58	\$218	\$ 95	\$204	\$ 487	\$ 777	\$1,230	\$352	\$ 282	\$1,129	\$ 4,832
Water and Sewer	0	255	216	311	323	470	243	473	248	684	3,223
TFA	392	388	765	1	229	0	0	0	286	5	2,066
Sub-total	450	861	1,076	516	1,039	1,247	1,473	825	816	1,818	10,121
TFA Building Aid	0	0	0	0	0	0	0	0	278	211	489
DASNY	0	0	0	0	0	0	0	0	188	327	515
Sub-total	0	0	0	0	0	0	0	0	466	538	1,004
Other	1	35	15	150	8	18	0	0	0	0	227
Total	\$451	\$896	\$1,091	\$666	\$1,047	\$1,265	\$1,473	\$825	\$1,282	\$2,356	\$11,352
Reimbursements as a % of Reimbursable Capital Expenditures	81%	103%	101%	45%	89%	94%	91%	60%	86%	109%	86%
Reimbursements as a % of Total Receipts	4%	7%	10%	5%	7%	9%	9%	5%	8%	12%	8%

GO bonds financed 48 percent of reimbursements in the 1QFY09, 52 percent in the 1Qs of the last five years, and 43 percent in the 1Qs of the last ten years. Water and sewer proceeds financed 29 percent of reimbursements in the 1QFY09, 29 percent in the 1Qs of the last five years, and 28 percent in the 1Qs of the last ten years. TFA proceeds financed less than 1 percent of reimbursements in the 1QFY09, 4 percent in the 1Qs of the last five years, and 18 percent in the 1Qs of the last ten years. TFA building aid bonds financed 9 percent of reimbursements in the 1QFY09, 7 percent in the 1Qs of the last five years, and 4 percent in the 1Qs of the last ten years. DASNY financed 14 percent of

reimbursements in the 1QFY09, 7 percent in the 1Qs of the last five years, and 5 percent in the 1Qs of the last ten years.

As shown in Chart 4, for the first time in the last five years, reimbursements have exceeded reimbursable expenditures in the 1Q, increasing cash in the Central Treasury by \$193 million in the 1QFY09.

Chart 4. Reimbursements for City-funded Capital Expenditures and State-funded SCA Capital Expenditures, 1QFY05-1QFY09



III. Financing

Table 22 shows GO bonds issued during the 1QFY08 and the 1QFY09.

Table 22. GO Bond Issues, 1QFY08 and 1QFY09

(\$ in millions)

Month Sale Closed	FY08			FY09		
	Tax- Exempt	Taxable	Total	Tax- Exempt	Taxable	Total
July	\$ 0	\$0	\$ 0	\$ 75	\$ 0	\$ 75
August	1,245	0	1,245	833	165	998
September	0	0	0	1,050	90	1,140
1Q	\$1,245	\$0	\$1,245	\$1,958	\$255	\$2,213

During the 1QFY09, \$1.6 billion of tax-exempt and \$255 million of taxable GO debt provided funds for the City’s capital program. Tax-exempt bonds totaling \$250 million refunded outstanding debt, producing \$19 million in budget savings over the life of the bonds. In addition, \$108 million of bonds were sold to convert \$50 million of outstanding adjustable rate debt from a daily interest rate mode to a weekly interest rate mode, \$25 million from a commercial paper rate mode to a daily interest rate mode, and \$33 million from auction rate to fixed rate bonds. The \$1.245 billion in GO bonds issued during the 1QFY08 refunded outstanding debt yielding \$107 million in budget savings over the life of the bonds.

TFA

The TFA did not issue bonds in either the 1QFY08 or the 1QFY09.