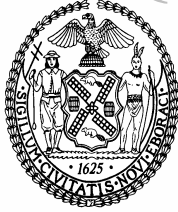


# Quarterly Cash Report

*July-September 2006, First Quarter of FY 2007*



**The City Of New York**

**Office of the Comptroller**

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

## Executive Summary

FY 2007 began with an opening daily cash book balance of \$6.386 billion. During the first quarter of FY 2007, daily cash balances declined by \$222 million to \$6.164 billion, and averaged \$6.293 billion daily. The level of cash during the first quarter of FY 2007 was lower throughout the period compared with the first quarter of FY 2006. During the first quarter of FY 2006, the average daily cash balance was \$7.738 billion, and cash-on-hand increased by \$466 million to \$7.296 billion.

Cash receipts totaled \$15.170 billion and averaged \$241 million daily during the first quarter of FY 2007. Cash receipts in the first quarter of FY 2007 were \$1.367 billion less than during the first quarter of FY 2006. Real property tax collections fell \$1.474 billion and intergovernmental aid declined by \$163 million. These decreases were offset by higher other taxes of \$819 million, higher federal and state aid of \$167 million, and higher miscellaneous revenue of \$264 million. Major individual receipts included a general corporation tax audit of \$382 million, STAR aid of \$333 million, State reimbursement resulting from a cap on Medicaid expenditures of \$84 million, and NYS revenue sharing of \$63 million.

Cash expenditures, including capital, totaled \$15.392 billion and averaged \$244 million daily during the first quarter of FY 2007. Personal Service expenditures declined by \$368 million in the first quarter of FY 2007 compared with the first quarter of FY 2006. During the first quarter of FY 2007, there were six bi-weekly payrolls. The first quarter of FY 2006 had seven bi-weekly payrolls and retroactive collective bargaining payments for police officers and members of District Council 37. The first quarter of FY 2007 included \$180 million in Health and Hospitals Corporation medical assistance payments above the regular level. Tax rebates to property owners of approximately \$250 million occurred in both the first quarters of FY 2006 and FY 2007.

Capital expenditures of \$1.499 billion during July-September 2006 were 9.7 percent of total expenditures. City-funded capital expenditures were \$639 million less in the first quarter of FY 2007 than in the first quarter of FY 2006. City-funded capital expenditures exceeded reimbursements in each month of the first quarter of FY 2007, decreasing cash balances by \$148 million during the quarter. Beginning in FY 2007, capital expenditures for education are no longer part of City-funded expenditures financed by General Obligation debt. In August 2006, the City paid the School Construction Authority \$400 million for education capital expenditures that will be reimbursed from Transitional Finance Authority or Dormitory Authority of the State of New York debt proceeds.

The City issued \$850 million in General Obligation debt in August 2006 to refund outstanding debt and provide \$59 million in budget savings over the life of the bonds.

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

## A. OVERVIEW

New York City’s Central Treasury had a FY 2007 opening book balance of \$6.386 billion. This was \$444 million less than the opening balance for FY 2006. During the first quarter (Q1) of FY 2007, expenditures were \$222 million greater than revenues. During the same time frame in FY 2006, revenues were greater than expenditures by \$466 million. By the close of the Q1 of FY 2007 the cash balance was \$6.164 billion, \$1.132 billion or 15.5 percent less in cash-on-hand than the close of the Q1 of FY 2006. Table 1 and Chart 1 show the five year history of the City’s cash position during the first quarters of FY 2003-FY 2007.

**Table 1. Q1 Five Year Trend of the Overview of the City’s Cash Position**

(\$ in millions)

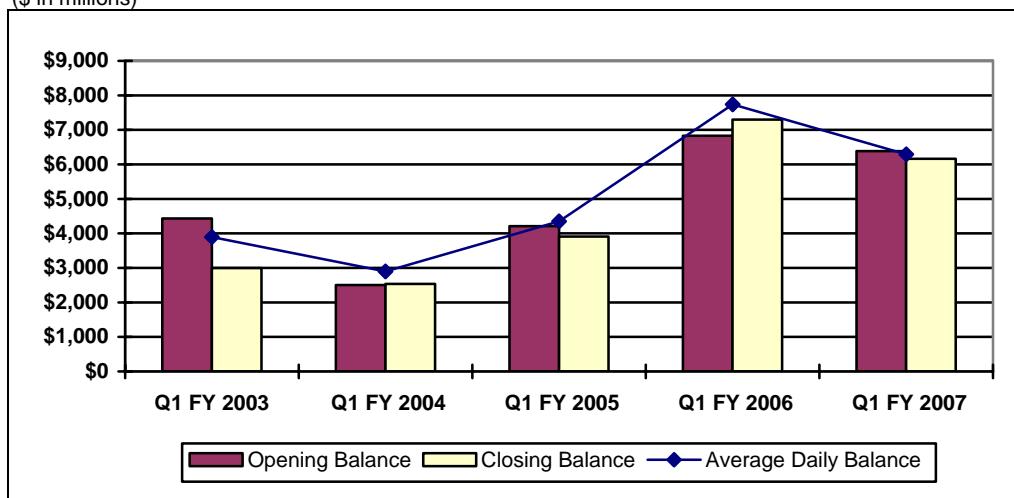
Central Treasury	Q1 FY 2003	Q1 FY 2004	Q1 FY 2005	Q1 FY 2006	Q1 FY 2007
Opening Balance <sup>a</sup>	\$ 4,433	\$ 2,502	\$ 4,208	\$ 6,830	\$ 6,386
Total Receipts	13,628	14,144	14,575	16,537	15,170
Total Expenditures <sup>b</sup>	15,066	14,108	14,873	16,071	15,392
Closing Balance	\$ 2,995	\$ 2,538	\$ 3,910	\$ 7,296	\$ 6,164

a. Opening balances are before City Audits.

b. Total expenditures include capital expenditures.

**Chart 1. Q1 Five Year Trend of the City’s Cash Position**

(\$ in millions)



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 NYC Comptroller. Receipts are reported based on cash receipts and the analysis of bank deposits. Receipts and expenditures are net of debt service funding. Expenditures are reported on warrants issued.

As shown in Table 2, the average daily balance for each month during the quarter and during the full quarter in FY 2007 exceeded the average daily balances in the same periods from FY 2003 to FY 2005, but were below balances in the same time frames in FY 2006.

**Table 2. Q1 Five Year Trend of Average Daily Balances**

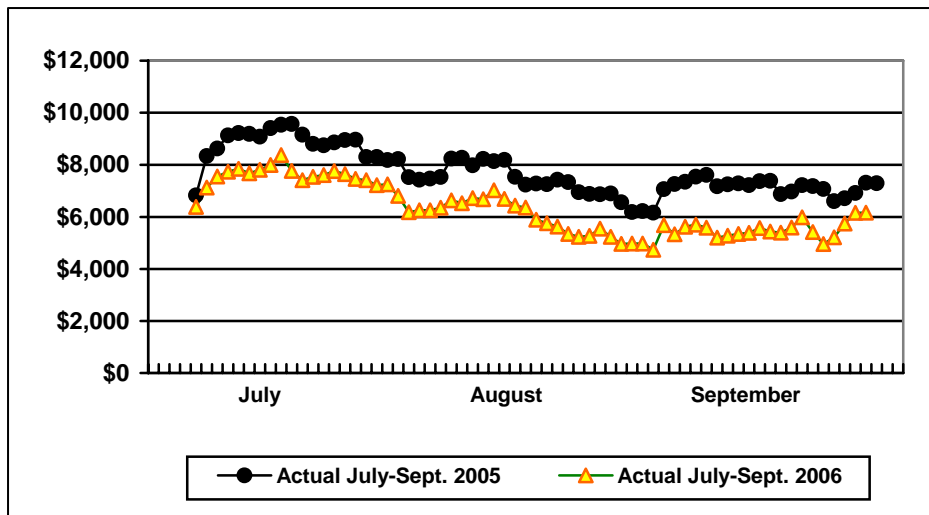
(\$ in millions)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
July	\$4,748	\$3,270	\$5,233	\$8,809	\$7,509
August	3,549	2,507	3,939	7,319	5,891
September	3,330	2,904	3,891	7,177	5,539
<b>Q1 Total</b>	<b>\$3,893</b>	<b>\$2,900</b>	<b>\$4,348</b>	<b>\$7,738</b>	<b>\$6,293</b>

The highest cash balance during July-September 2005 was \$9.573 billion, on July 14, 2005, and the lowest was \$6.162 billion, on August 31, 2005. Cash balances during July-September 2006 followed a similar pattern at a lower level. The highest balance was \$8.375 billion, on July 13, 2006, and the lowest was \$4.734 billion, on August 31, 2006. Chart 2 depicts the daily cash balances in the first quarters of FY 2006 and FY 2007. Daily cash balances averaged over \$1.4 billion less in the Q1 of FY 2007 than in the Q1 of FY 2006. The daily cash balances in FY 2006 were higher every day in FY 2006 compared with FY 2007.

**Chart 2. Q1 Daily Cash Balances for FY 2006 and FY 2007**

(\$ in millions)



## B. CASH RECEIPTS

Cash receipts totaled \$15.170 billion during the Q1 of FY 2007, \$1.367 billion less than the level of cash receipts during the same period in FY 2006, and \$1.542 billion more than in the Q1 of FY 2003. Table 3 shows total receipts and average daily cash receipts for the first quarters of FY 2003-FY 2007.

**Table 3. Q1 Five Year Trend of Total and Average Daily Cash Receipts**

(\$ in millions)

	Total Receipts					Average Daily Receipts				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
July	\$ 5,200	\$ 5,457	\$ 5,893	\$ 6,683	\$ 5,484	\$236	\$248	\$281	\$334	\$274
August	2,899	4,177	2,968	3,787	3,364	132	199	135	165	146
September	5,529	4,510	5,714	6,067	6,322	276	215	272	289	316
<b>Q1 Total</b>	<b>\$13,628</b>	<b>\$14,144</b>	<b>\$14,575</b>	<b>\$16,537</b>	<b>\$15,170</b>	<b>\$213</b>	<b>\$221</b>	<b>\$228</b>	<b>\$258</b>	<b>\$241</b>

Table 4 shows monthly Q1 cash receipts during FY 2006 and FY 2007 by major category. Lower real property tax collections and intergovernmental aid receipts were offset by greater receipts for other taxes, federal and state aid, and miscellaneous revenue.

**Table 4. Q1 Cash Receipts by Category for FY 2006 and FY 2007**

(\$ in millions)

Receipts	July 2005	August 2005	Sept. 2005	Q1 06 Total	July 2006	August 2006	Sept. 2006	Q1 07 Total	Diff.Q1 Total FY 06/07
Real Property Tax	\$4,187	\$ 138	\$ 565	\$ 4,890	\$2,716	\$ 129	\$ 571	\$ 3,416	\$(1,474)
Other Taxes	902	1,171	2,434	4,507	950	1,159	3,217	5,326	819
Federal and State Aid	471	860	1,805	3,136	649	1,037	1,617	3,303	167
Debt Service Funding	(0)	(0)	(0)	(0)	(0)	(64)	(217)	(281)	(281)
Miscellaneous	479	405	340	1,224	528	517	443	1,488	264
Intergovernmental Aid	70	4	152	226	0	0	63	63	(163)
Other	574	1,209	771	2,554	641	586	628	1,855	(699)
<b>Total</b>	<b>\$6,683</b>	<b>\$3,787</b>	<b>\$6,067</b>	<b>\$16,537</b>	<b>\$5,484</b>	<b>\$3,364</b>	<b>\$6,322</b>	<b>\$15,170</b>	<b>\$(1,367)</b>

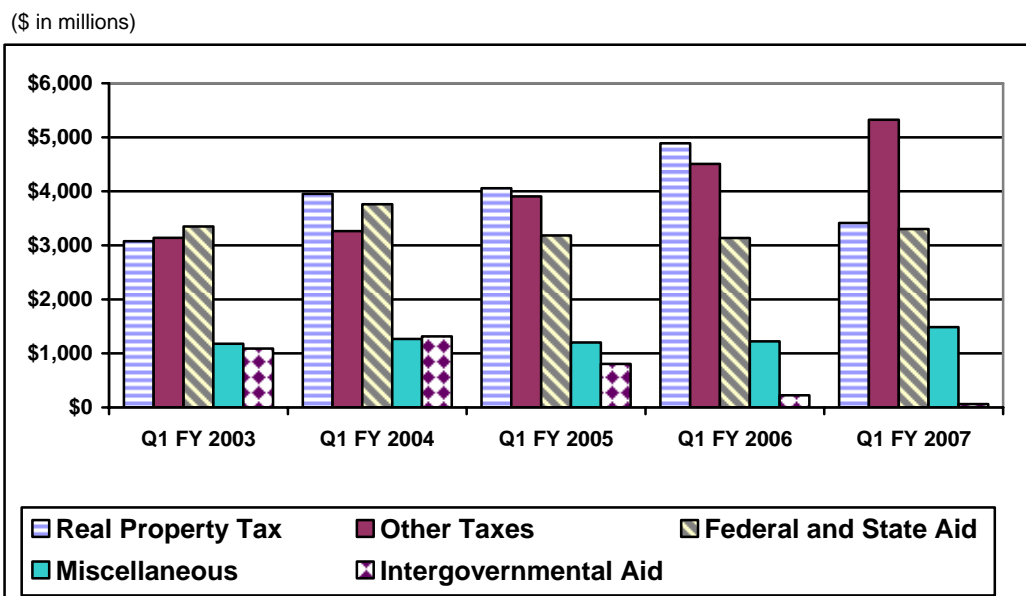
Table 5 and Chart 3 display the five year trend in Q1 receipts for these categories.

**Table 5. Q1 Five Year Trend by Cash Receipt Category**

(\$ in millions)

	Q1 FY 2003	Q1 FY 2004	Q1 FY 2005	Q1 FY 2006	Q1 FY 2007
Real Property Tax	\$ 3,078	\$ 3,954	\$ 4,057	\$ 4,890	\$ 3,416
Other Taxes	3,139	3,263	3,905	4,507	5,326
Federal and State Aid	3,350	3,762	3,184	3,136	3,303
Debt Service Funding	(1,036)	(1,402)	(663)	(0)	(281)
Miscellaneous	1,178	1,268	1,202	1,224	1,488
Intergovernmental Aid	1,089	1,316	805	226	63
Other	2,830	1,983	2,085	2,554	1,855
<b>Total</b>	<b>\$13,628</b>	<b>\$14,144</b>	<b>\$14,575</b>	<b>\$16,537</b>	<b>\$15,170</b>

**Chart 3. Q1 Five Year Trend by Cash Receipt Category**



Tax receipts<sup>2</sup> totaled \$8.742 billion during the Q1 of FY 2007. This was 7 percent less than the \$9.397 billion in tax receipts during the Q1 of FY 2006.

The timing of real property tax collections during the Q1 of FY 2007 resulted in a \$1.474 billion decline in real property tax receipts from the same period of FY 2006. Tax lien sales totaled \$29 million during the Q1 of FY 2007 and \$62 million during the Q1 of FY 2006.

Tax collections, excluding real property tax, increased by \$819 million during the Q1 of FY 2007 compared with the Q1 of FY 2006, offsetting the decline in real property collections. During July-September 2006, personal income tax (PIT)<sup>3</sup> was \$52 million greater, general corporation tax (GCT) was \$559 million greater, unincorporated business tax (UBT) was \$63 million greater, and financial corporation tax (FCT) was \$55 million greater than during July-September 2005. The large increase in GCT was partially the result of the collection of \$382 million from an audit. School Tax Relief (STAR) aid was \$333 million in September 2006 and \$198 million in September 2005.

Federal aid totaled \$1.112 billion and State aid totaled \$2.191 billion during the Q1 of FY 2007, \$167 million more than the \$1.273 billion in federal aid and \$1.863 billion in State aid in the same period in FY 2006. NYS education aid accounted for a significant portion of these receipts in both fiscal years. The City received NYS education aid of \$1.209 billion during the Q1 of FY 2007 and \$1.221 billion during the Q1 of FY 2006. In September 2006,

2. In this report, tax cash 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.

3. During the Q1 of FY 2007, PIT of \$281 million was withheld for Transitional Finance Authority debt service funding.

NYS education aid included \$516 million in lottery aid, \$299 million in general aid, \$56 million in excess cost aid, and \$67 million in sound basic education aid. During the Q1 of FY 2007, the City also received \$195 million in NYS higher education aid. State aid in the Q1 of FY 2007 includes \$84 million from the State cap on Medicaid from the reconciliation of expenditures during January-June 2006.

Miscellaneous receipts increased by \$264 million during July-September 2006 over July-September 2005. Interest income was \$30 million greater and reimbursements from the Health and Hospitals Corporation (HHC) for malpractice and debt service were \$68 million greater.

Intergovernmental aid decreased by \$163 million during the Q1 of FY 2007 from the Q1 of FY 2006. Long-term care (LTC) aid was \$70 million in July 2005 and intergovernmental transfers (IGTs) from the Health and Hospitals Corporation (HHC) totaled \$120 million in September 2005. NYS revenue sharing cash receipts increased to \$63 million in September 2006 from \$32 million in September 2005.<sup>4</sup>

Table 6 shows the major monthly cash sources during the Q1 of FY 2007.

**Table 6. Q1 Major Cash Sources in FY 2007**

(\$ in millions)

<b>July 2006</b>		<b>August 2006</b>		<b>September 2006</b>	
Real Property Tax	\$2,715	Personal Income Tax	\$340	NYS Education	\$1,006
Personal Income Tax	429	Sales Tax	329	General Corporation Tax	993
Water and Sewer Fees	256	NYS Welfare	251	Personal Income Tax	634
Sales Tax	161	Federal Welfare	170	Real Property Tax	570
Federal Education	179	NYS Higher Education	155	STAR	333
Federal Welfare	125	NYS Education	144	Sales Tax	313
General Corporation Tax	71	General Corporation Tax	119	Unincorporated Business Tax	292
NYS Education	59	Water and Sewer Fees	112	Federal Welfare	253
Fines and Forfeitures	58	Real Property Tax	102	Financial Corporation Tax	177
Tax Lien Sales	1	NYS Medicaid Cap	84	NYS Welfare	166
		Fines and Forfeitures	67	Commercial Rent Tax	112
		Licenses, etc.	61	Hotel Tax	74
		Tax Lien Sales	27	NYS Revenue Sharing	63
				Water and Sewer Fees	62
				Fines and Forfeitures	60
				Tax Lien Sales	1

4. NYS Revenue Sharing revenue was \$63 million in both September 2005 and September 2006. In September 2005, \$35 million was withheld by the State for rent stabilization reducing the cash received. In October 2006, the state did not withhold any funds from the revenue sharing payment, however \$28 million was included in cash expenditures for rent stabilization.

Table 7 portrays the five year trend for selected cash receipts during the first quarters of FY 2003-FY 2007. Cash receipts during the first quarters of FY 2003-FY 2004 include 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 and funds for balancing the budget from Transitional Finance Authority (TFA) Recovery Notes in FY 2003. During the five year period, real property tax averaged \$3.879 billion and was 26 percent of total first quarter cash receipts, NYS education averaged \$1.288 billion and was 9 percent, PIT averaged \$1.217 billion and was 8 percent, sales tax averaged \$695 million and was 5 percent, federal welfare averaged \$643 million and was 4 percent, and GCT averaged \$626 million and was 4 percent of total first quarter receipts.

**Table 7. Q1 Five Year Trend and Average for Selected Cash Receipts**

(\$ in millions)

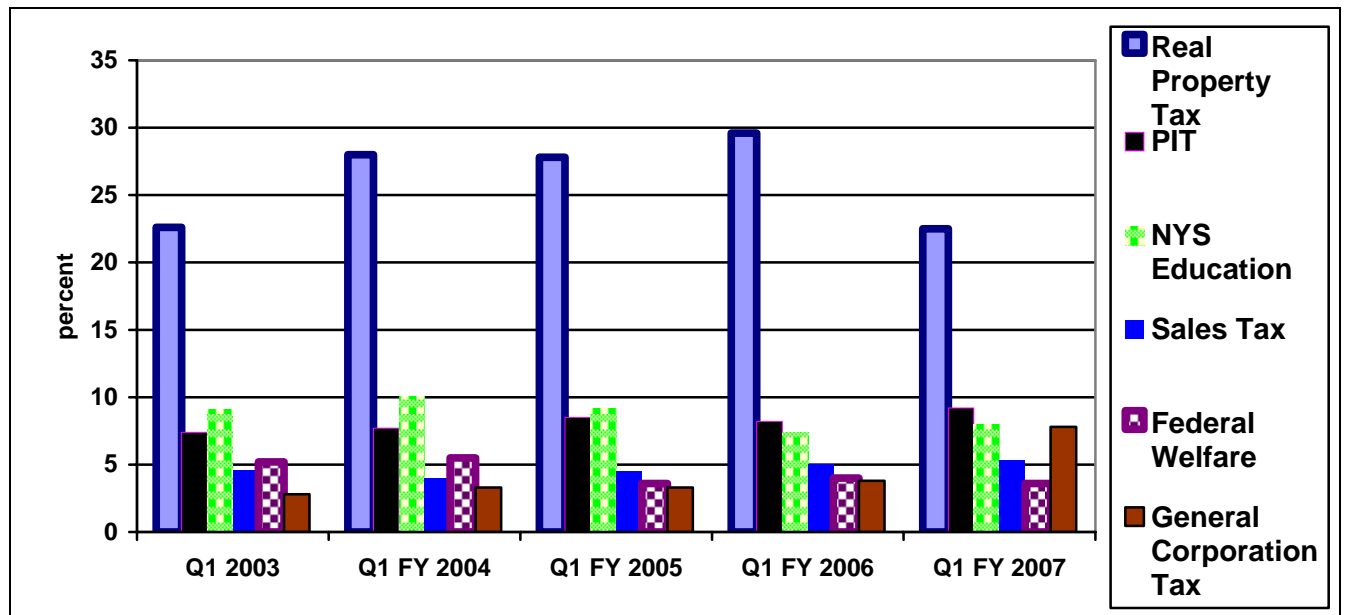
	Q1 FY 2003	Q1 FY 2004	Q1 FY 2005	Q1 FY 2006	Q1 FY 2007	Q1 Average FY03-FY07
Real Property Tax <sup>a</sup>	\$3,078	\$3,954	\$4,057	\$4,890	\$3,416	\$3,879
NYS Education	1,234	1,434	1,343	1,221	1,209	1,288
Personal Income Tax	1,005	1,094	1,233	1,351	1,403	1,217
Federal Welfare	703	780	519	665	548	643
Sales Tax	621	568	658	826	803	695
NYS Welfare	373	553	534	418	538	483
General Corporation Tax	385	463	476	624	1,184	626
Water and Sewer Fees	388	356	402	424	430	400
TFA Recovery Notes	1,500	0	0	0	0	300
FEMA	379	932	2	9	9	266
Unincorporated Business Tax	186	194	210	261	324	235
Federal Education	134	253	151	312	235	217
STAR	180	180	187	198	333	216
NYS Revenue Sharing	63	39	37	32	63	47

a. Includes tax lien sales

Chart 4 shows Q1 receipts for the six largest categories as a percent of total receipts in each quarter. Real property tax was 22.5 percent in the Q1 of FY 2007 compared with 29.6 percent in the Q1 of FY 2006. PIT was 9.2 percent in the Q1 of FY 2007 up from 8.2 percent in the Q1 of FY 2006, NYS education was 8 percent up from 7.4 percent in the Q1 of FY 2006, GCT was 7.8 percent up from 3.8 percent in the Q1 of FY 2006, sales tax was 5.3 percent up from 5 percent in the Q1 of FY 2006, and federal welfare was 3.6 percent down from 4 percent in the Q1 of FY 2006.



**Chart 4. Q1 Five Year Trend for Selected Receipts as a Percent of Q1 Total Cash Receipts**



Cash receipts during the Q1 of FY 2007, net of capital reimbursements, totaled \$14.345 billion and averaged \$228 million daily. During the Q1 of FY 2006, net cash receipts were \$15.064 billion and averaged \$235 million daily. Table 8 shows the difference between net cash receipts in the first quarters of FY 2006 and FY 2007.

**Table 8. Q1 Cash Receipts (net of capital reimbursements) for FY 2006 and FY 2007**

(\$ in millions)

	FY 2006	FY 2007	Diff. FY 2006/ FY 2007
July	\$ 6,478	\$ 5,229	\$(1,249)
August	2,954	3,011	57
September	5,632	6,105	473
<b>Q1 Total</b>	<b>\$15,064</b>	<b>\$14,345</b>	<b>\$ (719)</b>

## C. CASH EXPENDITURES

Cash expenditures, including capital, totaled \$15.392 billion during the Q1 of FY 2007 and averaged \$244 million daily. As shown in Table 9, total expenditures and average daily expenditures in FY 2007 followed a pattern similar to cash receipts. Cash expenditures fell by \$679 million in the Q1 of FY 2007 and averaged \$7 million less than during the Q1 of FY 2006.

**Table 9. Q1 Five Year Trend in Total and Average Daily Cash Expenditures**

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
July	\$ 5,114	\$ 4,973	\$ 5,581	\$ 5,982	\$ 5,692	\$232	\$226	\$266	\$299	\$285
August	4,364	4,461	4,624	5,156	4,808	198	212	210	224	209
September	5,588	4,674	4,668	4,933	4,892	279	223	222	235	245
<b>Q1 Total</b>	<b>\$15,066</b>	<b>\$14,108</b>	<b>\$14,873</b>	<b>\$16,071</b>	<b>\$15,392</b>	<b>\$235</b>	<b>\$220</b>	<b>\$232</b>	<b>\$251</b>	<b>\$244</b>

Table 10 indicates monthly expenditures in major categories during the first quarters of FY 2006 and FY 2007.

**Table 10. Q1 Cash Expenditures by Category for FY 2006 and FY 2007**

(\$ in millions)

Expenditures	July 2005	August 2005	Sept. 2005	Q1 06 Total	July 2006	August 2006	Sept. 2006	Q1 07 Total	Diff.Q1 Total FY 06/07
Gross Payroll	\$2,065	\$1,806	\$1,459	\$ 5,330	\$1,793	\$1,589	\$1,660	\$ 5,042	\$(288)
Other Personal Services	945	884	670	2,499	938	760	721	2,419	(80)
Public Assistance	289	214	193	696	233	179	181	593	(103)
Medical Assistance	308	375	402	1,085	407	350	337	1,094	9
Other Social Services	296	119	174	589	326	133	191	650	61
Vendor and Other	1,169	1,037	918	3,124	1,264	987	922	3,173	49
All Other including Capital	910	721	1,117	2,748	731	810	880	2,421	(327)
<b>Total</b>	<b>\$5,982</b>	<b>\$5,156</b>	<b>\$4,933</b>	<b>\$16,071</b>	<b>\$5,692</b>	<b>\$4,808</b>	<b>\$4,892</b>	<b>\$15,392</b>	<b>\$(679)</b>

Personal Service (PS) expenditures are comprised of gross payroll and other personal services, including pensions, social security, and health benefits. PS totaled \$7.829 billion during the first quarter of FY 2006 and \$7.461 billion during the first quarter of FY 2007. The Q1 of FY 2006 had seven bi-weekly payrolls and the Q1 of FY 2007 had six. Additionally, during July and August of FY 2006, the City's payroll included retroactive expenditures related to collective bargaining agreements with District Council 37 and the Patrolmen's Benevolent Association (PBA).

Cash expenditures in July 2005 included \$118 million for Medicare Part B and \$67 million for holiday pay. During July 2006, Medicare Part B totaled \$142 million. Holiday pay totaled \$73 million during July 2006. The agencies with the largest payments for holiday pay in July 2006 were the Police Department (\$44 million), the Fire Department (\$15 million), and the Department of Correction (\$11 million).

Other Than Personal Service (OTPS) expenditures for public assistance, medical assistance (excluding HHC), other social services, and vendor and other payments totaled \$5.494 billion in the Q1 of FY 2006, and \$5.510 billion in the Q1 of FY 2007. All other expenditures included \$360 million in tax refunds (including \$249 million in real property tax rebates) during the Q1 of FY 2006 and \$322 million (including \$244 million in real property tax rebates) during the Q1 of FY 2007. In September 2006, all other contains a payment for HHC medical assistance of \$180 million in addition to the regular weekly payments.

Table 11 and Chart 5 show the five year trend in PS and major OTPS expenditures during the first quarters of FY 2003-FY 2007.

**Table 11. Q1 Five Year Trend by Cash Expenditure Category**

(\$ in millions)

	Q1 FY 2003	Q1 FY 2004	Q1 FY 2005	Q1 FY 2006	Q1 FY 2007
Gross Payroll	\$5,561	\$4,756	\$4,901	\$5,330	\$5,042
Other Personal Service	1,726	1,856	2,104	2,499	2,419
<b>Total PS</b>	<b>\$7,287</b>	<b>\$6,612</b>	<b>\$7,005</b>	<b>\$7,829</b>	<b>\$7,461</b>
Public Assistance	696	781	751	696	593
Medical Assistance	882	906	1,128	1,085	1,094
Other Social Services	638	537	567	589	650
Vendor and Other	2,538	2,452	2,835	3,124	3,173
<b>Total OTPS</b>	<b>\$4,754</b>	<b>\$4,676</b>	<b>\$5,281</b>	<b>\$5,494</b>	<b>\$5,510</b>

**Chart 5. Q1 Five Year Trend by Cash Expenditure Category**

(\$ in millions)

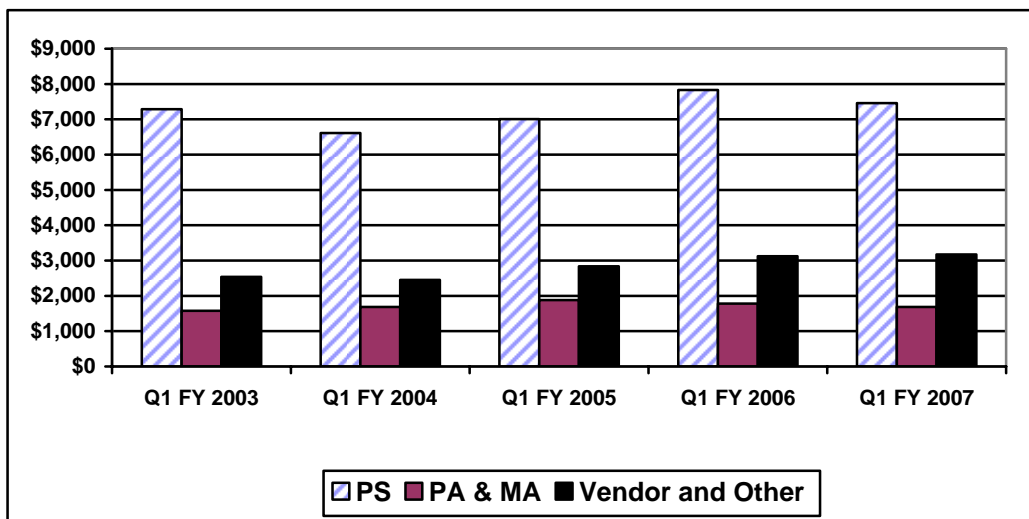


Table 12 compares expenditures, net of capital expenditures, during the first quarters in FY 2006 and FY 2007. Expenditures, net of capital, totaled \$14.341 billion and averaged \$224 million daily during the Q1 of FY 2006. Net expenditures decreased by \$448 million during the Q1 of FY 2007 and the daily average declined by \$3 million.

**Table 12. Q1 Cash Expenditures (net of capital expenditures) for FY 2006 and FY 2007**

(\$ in millions)

	<b>FY 2006</b>	<b>FY 2007</b>	<b>Diff. FY 2006/ FY 2007</b>
July	\$ 5,302	\$ 5,288	\$ (14)
August	4,762	4,016	(746)
September	4,277	4,589	312
<b>Q1 Total</b>	<b>\$14,341</b>	<b>\$13,893</b>	<b>\$(448)</b>

## II. Capital Expenditures

Capital expenditures totaling \$1.499 billion during the Q1 of FY 2007 were 9.7 percent of total expenditures. This was a decrease of \$231 million from capital expenditures during the Q1 of FY 2006. Table 13 compares capital expenditures in the first quarters of FY 2006 and FY 2007. City-funded capital expenditures of \$973 million were \$639 million less during July-September 2006 than in the same period in FY 2006.

Beginning in FY 2007, capital expenditures for education are not included in City-funded capital expenditures financed by General Obligation (GO) debt. These expenditures are funded from Transitional Finance Authority and Dormitory Authority of the State of New York proceeds and are classified as non-City capital expenditures. In the Q1 of FY 2007, the City paid the School Construction Authority (SCA) \$400 million in non-City capital expenditures for education. During the Q1 of FY 2006, the City paid the SCA \$596 million in City-funded capital expenditures and \$4 million in non-City funded capital expenditures. The City paid the SCA \$300 million in City-funded capital expenditures in the Q1 of FY 2005, \$300 million in City-funded capital expenditures in the Q1 of FY 2004, and \$525 million in City-funded capital expenditures in the Q1 of FY 2003.

**Table 13. Q1 Capital Expenditures for FY 2006 and FY 2007**

(\$ in millions)

	FY 2006		FY 2007		Diff. FY 2006/FY 2007	
	Total Capital	City-funded Capital	Total Capital	City-funded Capital	Total Capital	City-funded Capital
July	\$ 680	\$ 650	\$ 404	\$334	\$(276)	\$(316)
August	394	357	792	362	398	5
September	656	605	303	277	(353)	(328)
<b>Q1 Total</b>	<b>\$1,730</b>	<b>\$1,612</b>	<b>\$1,499</b>	<b>\$973</b>	<b>\$(231)</b>	<b>\$(639)</b>

**Chart 6. Q1 Five Year Trend of Capital Expenditures as a Percent of Total Expenditures**

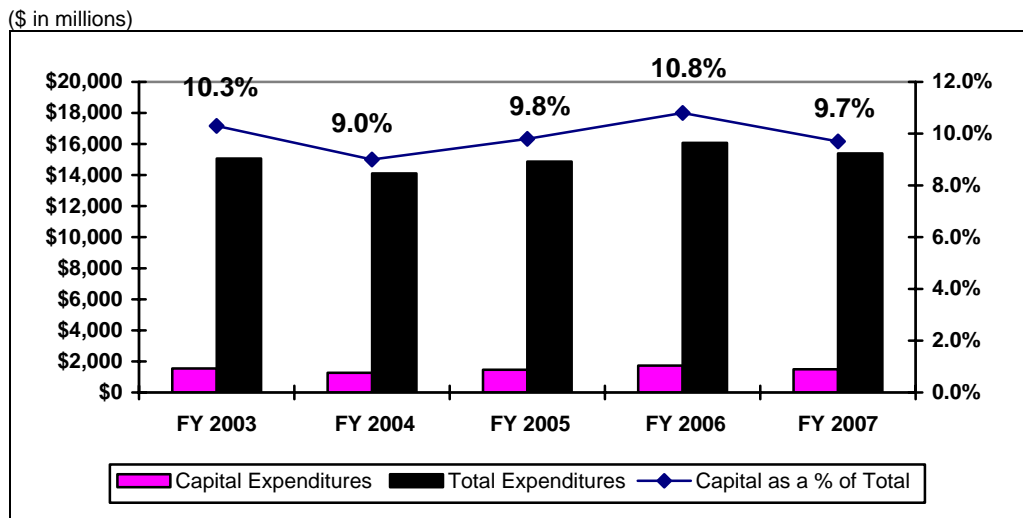


Table 14 shows the five year trend for total capital expenditures and average daily total capital expenditures during each month in the first quarters of FY 2003-FY 2007. Table 15 shows the same information for City-funded capital expenditures.

**Table 14. Q1 Five Year Trend for Total Capital Expenditures and Average Daily Total Capital Expenditures**

(\$ in millions)

	Total Capital Expenditures					Average Daily Total Capital Expenditures				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
July	\$ 561	\$ 634	\$ 380	\$ 680	\$ 404	\$26	\$29	\$18	\$34	\$20
August	289	331	392	394	792	13	16	18	17	34
September	700	299	690	656	303	35	14	33	31	15
<b>Q1 Total</b>	<b>\$1,550</b>	<b>\$1,264</b>	<b>\$1,462</b>	<b>\$1,730</b>	<b>\$1,499</b>	<b>\$24</b>	<b>\$20</b>	<b>\$23</b>	<b>\$27</b>	<b>\$24</b>

**Table 15. Q1 Five Year Trend for City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures**

(\$ in millions)

	City-funded Capital Expenditures					Average Daily City-funded Capital Expenditures				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
July	\$ 530	\$ 606	\$ 345	\$ 650	\$334	\$24	\$28	\$16	\$32	\$17
August	263	306	356	357	362	12	15	16	16	16
September	674	262	648	605	277	34	12	31	29	14
<b>Q1 Total</b>	<b>\$1,467</b>	<b>\$1,174</b>	<b>\$1,349</b>	<b>\$1,612</b>	<b>\$973</b>	<b>\$23</b>	<b>\$18</b>	<b>\$21</b>	<b>\$25</b>	<b>\$15</b>

During the Q1 of FY 2007, City-funded capital expenditures were financed from the proceeds of GO and Water and Sewer debt. City-funded capital expenditures are initially paid from the City's Central Treasury. Table 16 shows the reimbursements during July-September 2006 to the Central Treasury from the proceeds of these financings.

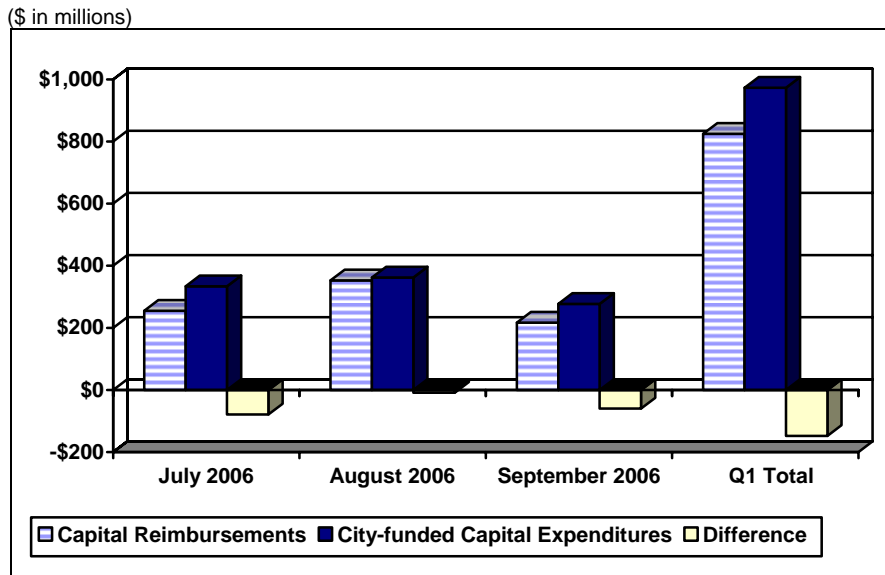
**Table 16. Q1 Reimbursements to the Central Treasury from Capital Proceeds in FY 2007**

(\$ in millions)

	July 2006	Aug. 2006	Sept. 2006	Total
General Obligation	\$131	\$165	\$ 56	\$352
Water and Sewer	124	188	161	473
Other	0	0	0	0
<b>Total</b>	<b>\$255</b>	<b>\$353</b>	<b>\$217</b>	<b>\$825</b>

Chart 7 displays reimbursements compared with City-funded capital expenditures during July-September 2006. During the Q1 of FY 2007, City-funded capital expenditures exceeded reimbursements each month, decreasing the City's cash balances by \$148 million for the quarter.

**Chart 7. Q1 Capital Reimbursements Compared to City-Funded Capital Expenditures in FY 2007**



As shown in Table 17 and Chart 8, reimbursements were at the lowest level of any first quarter, except the Q1 of FY 2003, in the last five years. The change in the treatment of education capital expenditures affected the level of reimbursements. The City's Central Treasury was not reimbursed for the \$400 million payment to the SCA in the Q1 of FY 2007 and the balance of \$285 million in capital expenditures for education from FY 2006. Reimbursement for education capital expenditures is expected to come from Transitional Finance Authority or Dormitory Authority of the State of New York proceeds beginning in November 2006.

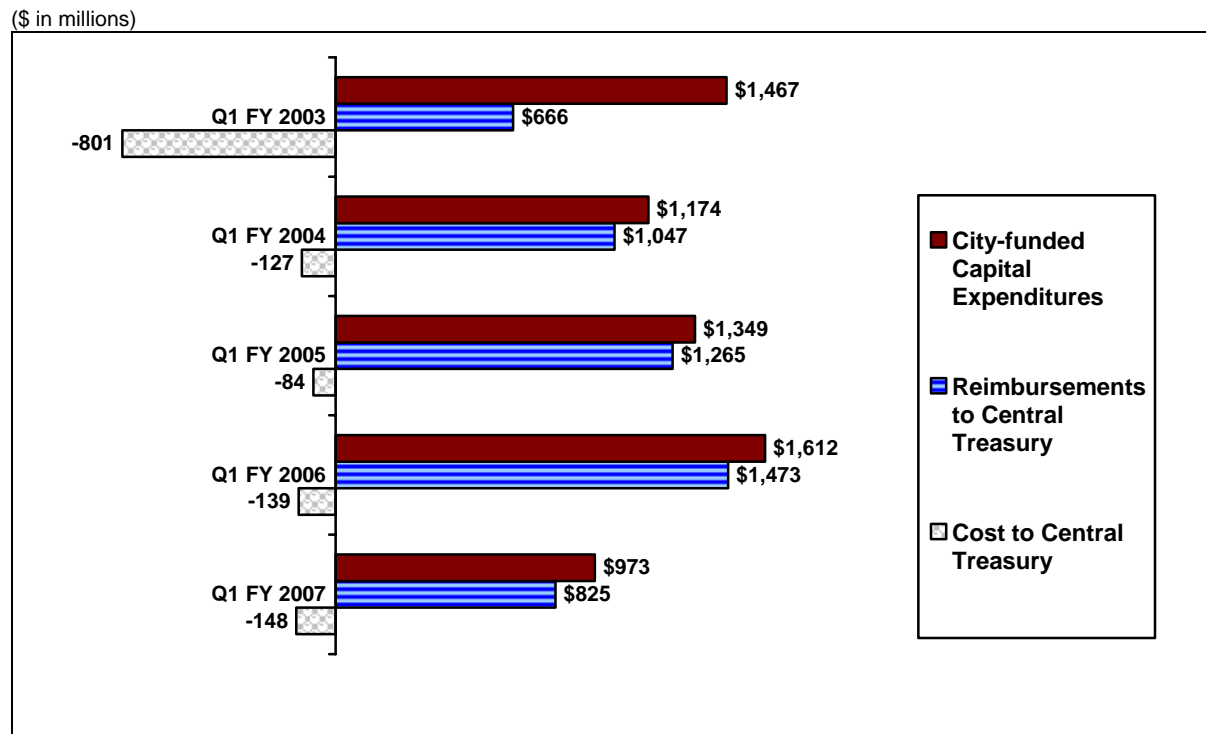
**Table 17. Q1 Five Year Trend in Reimbursements to the Central Treasury**

(\$ in millions)

	Q1 FY 2003	Q1 FY 2004	Q1 FY 2005	Q1 FY 2006	Q1 FY 2007
General Obligation	\$204	\$ 487	\$ 777	\$1,230	\$352
Water and Sewer	311	323	470	243	473
TFA	1	229	0	0	0
Other	150	8	18	0	0
<b>Total</b>	<b>\$666</b>	<b>\$1,047</b>	<b>\$1,265</b>	<b>\$1,473</b>	<b>\$825</b>

In the past five years, the City’s Q1 City-funded capital expenditures have exceeded Q1 reimbursements, resulting in an outflow of cash from the Central Treasury. Chart 8 shows the five year trend in reimbursements compared to City-funded capital expenditures.

**Chart 8. Q1 Five Year Trend in Reimbursements Compared to City-funded Capital Expenditures**





### III. Financing

Table 18 shows the \$850 million in General Obligation (GO) bonds issued by the City during the Q1 of FY 2007 and the \$2.257 billion issued in the Q1 of FY 2006.

**Table 18. Q1 GO Bond Issues in FY 2006 and FY 2007**

(\$ in millions)

	FY 2006			FY 2007		
	Tax-Exempt	Taxable	Total	Tax-Exempt	Taxable	Total
July	\$ 0	\$ 0	\$ 0	\$ 0	\$0	\$ 0
August	1,397	70	1,467	850	0	850
September	750	40	790	0	0	0
<b>Q1 Total</b>	<b>\$2,147</b>	<b>\$110</b>	<b>\$2,257</b>	<b>\$850</b>	<b>\$0</b>	<b>\$850</b>

The \$850 million in tax-exempt GO debt sold in the Q1 of FY 2007 refunded outstanding debt, providing \$59 billion in budget savings over the life of the bonds. During the Q1 of FY 2006, \$572 million of tax-exempt sales refunded outstanding debt and yielded \$35 million in budget savings. The balance of the bonds, \$1.685 billion, funded the City's capital program. This debt funding for the capital program totaled \$1.125 billion of fixed rate and tax-exempt bonds, \$450 million of variable and adjustable rate and tax-exempt bonds, and \$110 million of taxable and fixed rate bonds.

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