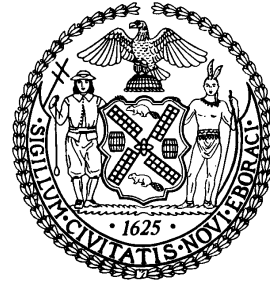


**The City Of New York
Office of the Comptroller**

**John C. Liu
Comptroller**



QUARTERLY CASH REPORT

October-December 2011
Second Quarter of FY 2012

February 2012

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Summary

Cash Balances

During the second quarter of fiscal year 2012 (October 2011 – December 2011, hereafter 2Q12), cash (book) balances in the New York City central treasury averaged \$3.408 billion. This mark was roughly in-line with year-ago, up 2.3%. For most of the quarter, daily cash balance readings paired very closely with their year-ago counterparts.

The second quarter of any fiscal year is always of particular interest to the City because it is during this period that the City sees its seasonal low balance. This year's seasonal low occurred on December 12, 2011, and measured \$1.696 billion. This reading, which we anticipate will represent the low for FY12, compares favorably to last year's mark of \$1.156 billion. This difference, however, is explained by the relatively earlier receipt of December capital transfers in FY12. Adjusting for this factor, the 2Q12 low should be considered in-line with year-ago.

For the first half of FY12 (hereafter 1H12), the average balance rose 16.6% versus year-ago. On this point it is important to refer to the charts in the Cash Balances section of this report. As we mentioned in last quarter's report, 1Q12 was oddly constructed in that cash balances maintained a significant lead over 1Q11, except for at the very beginning and very end of the period. Though 1Q12 balances began and ended very near to their year-ago comparisons, the intervening cash balance readings gave the appearance of a very strong quarter. When we calculate the average balance for 1H12, the 1Q12 measurements skew the half-year results. Taking all factors into account, 1H12 cash balances are most appropriately considered to be in-line with year-ago.

Cash Receipts

Cash receipts for 2Q12 rose 5.3% versus year-ago, to a new 2Q record high of \$19.753 billion. All categories of inflow saw increases, except for the group of small items referred to collectively as "miscellaneous", which declined 12.4%, or \$181 million. The dominant story is the breadth of the advance among the other categories.

Particularly notable in this area are the strong tax inflows. In cash terms, 2Q12 total taxes rose 6.8%, led by real estate tax (up 8.4%), and personal income tax (up 17.7%). Banking corporation tax and hotel occupancy tax receipts were also very strong. The largest drag on tax receipts was general corporation tax, which slipped 17.0% versus year-ago.

Aid from the State of New York rose 3.0%, and 2Q12 Federal aid rose 5.5% versus year-ago. Total aid from both sources grew by 3.9%.

Half-year results were less impressive, due mainly to declines in both State and Federal aid during 1Q12. Total receipts for 1H12 rose 1.0% versus year ago. Tax receipts for the past 6 months have been consistently strong, up 7.8%. Again, real estate tax and personal income tax were the major drivers of growth.

Cash Expenditures

Although total 2Q12 cash expenditures rose 3.2% versus year-ago, outlays were still contained to levels lower than those seen in 2Q09. This most recent quarter delivered the lowest 2Q gross payroll outlay since 2Q07. Fringe benefits and vendor-related spending were the fastest growing 2Q12 expenses, up 21% and 9% respectively. Municipalities nationwide have reported a 0.6% decline in expenditures for the same period of time.¹

Total expenditures for 1H12 grew 1.7% versus year ago, influenced by the very low expenditure growth in 1Q12. Gross payroll outlays for the half-year approximate the levels seen in 1H10. Fringe benefits, however, rose 11.0%. Medical assistance and vendor-related expenditures also rose in 1H12, up 16.0% and 7.2% respectively.

Aside from the containment of payroll outlays, the key factor acting to control 1H12 expenditures was a 17.0% drop in capital spending. If we remove the impact of capital spending, the resulting 1H12 net expenditures actually grew 4.6% versus year-ago.

Capital Expenditures (CapEx)

CapEx for 2Q12 rose 8.1% versus year-ago but, at \$2.271 billion, still trailed the level seen in 2Q09. Reimbursements to the central treasury for 2Q CapEx exceeded eligible expenditures, resulting in a net gain of \$536 million.

As a result of the steep decline in CapEx during 1Q12, the 1H12 total reflects a drop of 17.0% versus 1H11. At \$4.148 billion, 1H12 CapEx represents the lowest 1H measure since 1H08. Reimbursements exceeded eligible expenditures, resulting in a 1H12 net gain of \$752 million.

Financings

New-money general obligation offerings during 2Q12 totaled \$720 million. This figure does not include refundings or re-offerings. Of the total, \$655 million was attributable to tax-exempt bonds, and \$65 million to taxable offerings.

Total GO issuance for 1H12 was \$1.495 billion, of which \$1.345 billion was tax-exempt. In the past six months, the City executed \$200 million of refundings, resulting in a budgetary savings of \$14 million.

As there were no new-money offerings from the Transitional Finance Authority (TFA) in 1Q12, the 2Q12 TFA activity also represents the total for 1H12. During 2Q12, new-money TFA offerings totaled \$900 million, of which \$600 million was tax-exempt. TFA refundings for 1H12 amounted to \$700 million, resulting in a budgetary savings of \$59 million.

¹US Dept of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/itable/itable.cfm?ReqID=9&step=1>, Table 3.3, ignoring effect of depreciation.

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I. Cash Balances²

October 2011 – December 2011 (2Q12)

Chart 1. Daily Cash Balances in the NYC Central Treasury, 2Q07, 2Q11, and 2Q12

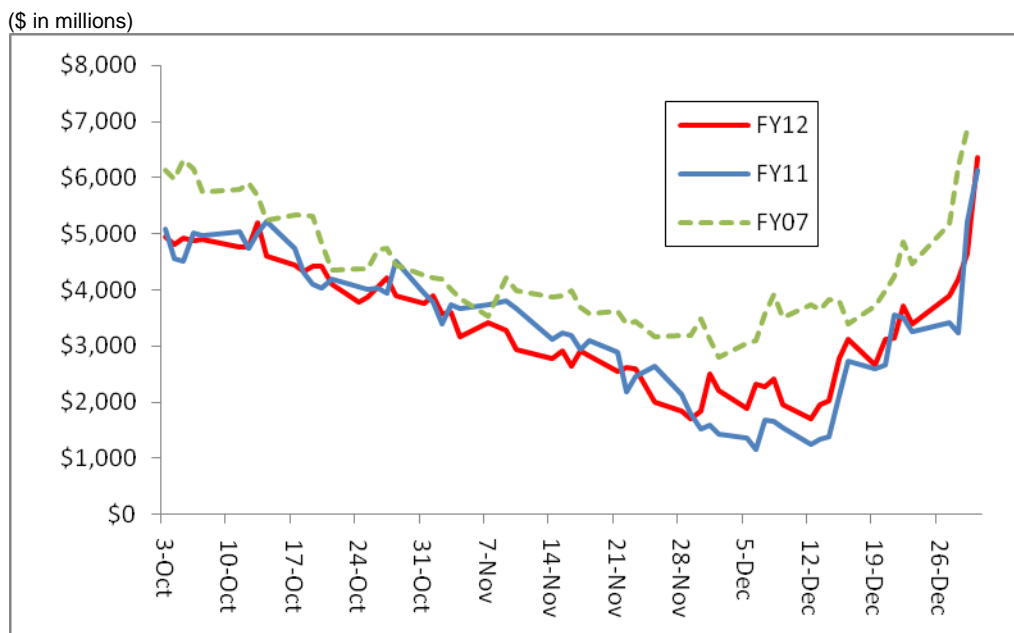


Table 1. Cash Position in the NYC Central Treasury, 2Q, FY03-FY12

(\$ in millions)

Central Treasury	2Q03	2Q04	2Q05	2Q06	2Q07	2Q08	2Q09	2Q10	2Q11	2Q12
Opening Balance ^a	\$ 2,995	\$ 2,538	\$ 3,910	\$ 7,296	\$ 6,164	\$ 5,686	\$ 6,370	\$ 4,596	\$ 5,350	\$ 5,135
Total Receipts	12,630	13,996	15,491	15,464	16,545	18,712	15,061	19,233	18,761	19,753
Total Expenditures ^b	12,906	12,392	14,442	15,015	15,853	17,648	18,611	18,737	17,967	18,534
Closing Balance	\$ 2,719	\$ 4,142	\$ 4,959	\$ 7,745	\$ 6,856	\$ 6,750	\$ 2,820	\$ 5,092	\$ 6,144	\$ 6,354

a. Opening balances as measured before City audits

b. Total expenditures include capital expenditures.

Cash balances during 2Q12 hovered very near to year-ago comparisons, averaging \$3.408 billion versus \$3.331 billion in 2Q11. Cash receipts rose 5.3%, outpacing the growth in expenditures, which rose 3.2%. Interestingly, receipts reached a new record high, while expenditures were roughly equal to 2Q09 levels.

Cash balances during 2Q are always of particular interest, as the City typically sees its lowest balance for any given fiscal year during this time. This year's 2Q low occurred on December 12, 2011, and measured \$1.696 billion, which compares favorably to last year's mark of \$1.156 billion. This

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

difference, however, is explained by the relatively earlier receipt of December capital transfers. Adjusting for this factor, the 2Q12 low should be considered in-line with year-ago.

Table 2. Average Daily Cash Balances, 2Q, FY03-FY12

(\$ in millions)

	2Q03	2Q04	2Q05	2Q06	2Q07	2Q08	2Q09	2Q10	2Q11	2Q12
October	\$3,689	\$3,390	\$3,508	\$7,156	\$5,293	\$4,739	\$6,198	\$4,253	\$4,502	\$4,457
November	2,513	2,805	2,660	5,410	3,712	3,645	4,010	2,927	2,999	2,795
December	1,476	2,268	2,802	4,934	4,047	3,404	2,760	1,992	2,516	2,965
2Q Total	\$2,580	\$2,822	\$2,992	\$5,825	\$4,377	\$3,960	\$4,348	\$3,046	\$3,331	\$3,408

July 2011 - December 2011 (1H12)

Chart 2. Cash Position in the New York City Central Treasury, 1H07, 1H11, 1H12

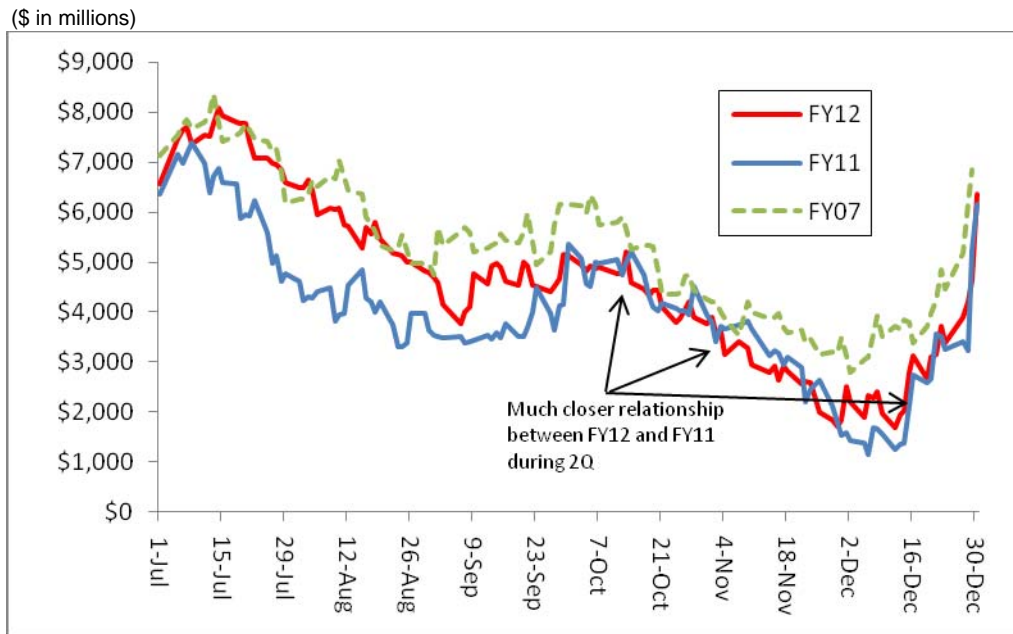


Chart 2, above, illustrates how the relationship between the FY12 and FY11 cash balances differed from 1Q to 2Q. Note that 1Q12 seems oddly constructed, in that only near the beginning and near the end of the period were the 1Q12 cash balances in line with year-ago levels. At all other times, 1Q12 sustained a significant lead over year-ago. This feature is reflected in the visible gap between the red (FY12) and blue (FY11) lines during the July - September period. The persistent 1Q gap stands in contrast to the much closer relationship between the two lines during 2Q, the October - December period.

Table 3. Cash Position in the NYC Central Treasury, 1H, FY03-FY12

(\$ in millions)

Central Treasury	1H03	1H04	1H05	1H06	1H07	1H08	1H09	1H10	1H11	1H12
Opening Balance ^a	\$ 4,433	\$ 2,502	\$ 4,208	\$ 6,830	\$ 6,386	\$ 4,473	\$ 4,988	\$ 5,839	\$ 4,604	\$ 5,041
Total Receipts	26,258	28,141	30,067	32,001	31,715	35,533	34,811	36,565	38,672	39,068
Total Expenditures ^b	27,972	26,501	29,316	31,086	31,245	33,256	36,979	37,312	37,132	37,755
Closing Balance	\$ 2,719	\$ 4,142	\$ 4,959	\$ 7,745	\$ 6,856	\$ 6,750	\$ 2,820	\$ 5,092	\$ 6,144	\$ 6,354

a. Opening balances as measured before City audits

b. Total expenditures include capital expenditures.

Growth in total expenditures during 1H has been relatively flat since FY09. The items that have been most impactful in bolstering the City's 1H cash balance since FY09 have included reductions in cash outlays for CapEx, payroll, public assistance, and other social services.

Table 4. Average Daily Cash Balances, 1H, FY03-FY12

(\$ in millions)

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
1Q Total	\$3,893	\$2,900	\$4,348	\$7,738	\$6,293	\$5,567	\$6,426	\$6,348	\$4,628	\$5,843
2Q Total	2,580	2,822	2,992	5,825	4,377	3,960	4,348	3,046	3,331	3,408
1H Total	\$3,252	\$2,862	\$3,692	\$6,812	\$5,358	\$4,777	\$5,412	\$4,737	\$4,000	\$4,665

The 1H12 average daily balance reflects an improvement of 16.6% versus year-ago. However, the year-ago figure was impacted by the delay of New York State education aid during September of 2010. After adjusting for this delay, the 1H12 average balance is 13% greater than the 1H11 average balance.

II. Cash Receipts

October 2011 – December 2011 (2Q12)

Receipts at a Glance

Table 5. Total and Average Daily Cash Receipts, 2Q, FY08-FY12

(\$ in millions)

	2Q Total Receipts					2Q Average Daily Receipts				
	FY08	FY09	FY10	FY11	FY12	FY08	FY09	FY10	FY11	FY12
October	\$ 4,167	\$ 4,404	\$ 5,184	\$ 4,518	\$ 4,933	\$189	\$200	\$247	\$226	\$247
November	4,764	3,959	4,135	4,058	4,293	251	233	230	214	226
December	9,781	6,698	9,914	10,185	10,527	489	304	451	485	501
2Q Total	\$18,712	\$15,061	\$19,233	\$18,761	\$19,753	\$307	\$247	\$315	\$313	\$329

Table 6. Cash Receipts by Category, 2Q11 and 2Q12

(\$ in millions)

Receipts	Oct. 2010	Nov. 2010	Dec. 2010	Total 2Q11	Oct. 2011	Nov. 2011	Dec. 2011	Total 2Q12	Diff. Total 2Q12/11
Real Property Tax	\$ 430	\$ 84	\$3,975	\$ 4,489	\$ 471	\$ 172	\$ 4,223	\$ 4,866	\$ 377
Other Taxes	1,290	1,075	2,866	5,231	1,580	1,225	2,712	5,517	286
Federal and State Aid	873	1,313	1,966	4,152	1,337	1,307	1,670	4,314	162
Less Debt Service Funding	0	(52)	(106)	(158)	0	(12)	(134)	(146)	12
Miscellaneous	574	439	446	1,459	499	439	340	1,278	(181)
Intergovernmental Aid	0	0	0	0	0	1	0	1	1
Other	1,351	1,199	1,038	3,588	1,046	1,161	1,716	3,923	335
Total	\$4,518	\$4,058	\$10,185	\$18,761	\$4,933	\$4,293	\$10,527	\$19,753	\$ 992

Cash receipts for 2Q12 rose 5.3% to a new record high, driven by gains in real estate tax, personal income tax, and reimbursement for CapEx.

Table 7. Cash Receipts by Category, 2Q, FY03 - FY12

(\$ in millions)

	2Q03	2Q04	2Q05	2Q06	2Q07	2Q08	2Q09	2Q10	2Q11	2Q12
Real Property Tax	\$ 1,912	\$ 2,749	\$ 2,227	\$ 3,688	\$ 3,608	\$ 3,734	\$ 1,461	\$ 4,612	\$ 4,489	\$ 4,866
Other Taxes	3,611	3,861	4,995	5,437	5,968	6,143	5,108	4,923	5,231	5,517
<i>Total taxes</i>	<i>5,523</i>	<i>6,610</i>	<i>7,222</i>	<i>9,125</i>	<i>9,576</i>	<i>9,877</i>	<i>6,569</i>	<i>9,535</i>	<i>9,720</i>	<i>10,383</i>
Federal and State Aid	2,748	2,830	2,829	2,566	2,837	3,339	3,607	3,900	4,152	4,314
Debt Service Funding	(216)	(185)	(425)	(1)	(147)	0	0	0	(158)	(146)
Miscellaneous	897	922	2,411	1,112	1,200	1,696	1,027	1,463	1,459	1,278
Intergovernmental Aid	516	477	1,242	383	265	4	165	193	0	1
Other	3,162	3,342	2,212	2,279	2,814	3,796	3,693	4,142	3,588	3,923
Total	\$12,630	\$13,996	\$15,491	\$15,464	\$16,545	\$18,712	\$15,061	\$19,233	\$18,761	\$19,753

Taxes³

Table 8. Major Tax Receipts, 2Q07, 2Q11, and 2Q12

(\$ in millions)

	2Q07	2Q11	2Q12	% Change 2Q12/ 2Q07	% Change 2Q12/ 2Q11
Real Property Tax	\$ 3,608	\$ 4,489	\$ 4,866	35%	8%
Personal Income Tax	1,789	1,512	1,780	(1)	18
Sales Tax	1,360	1,542	1,600	18	4
General Corporation Tax	853	911	756	(11)	(17)
Banking Corporation Tax	383	309	387	1	25
Mortgage and Real Property Transfer Taxes	838	270	302	(64)	12
Unincorporated Business Tax	176	244	205	16	(16)
Commercial Rent Tax	137	161	154	12	(4)
Hotel Occupancy Tax	98	123	145	48	18
Utility Tax	79	88	104	32	18
All Other Taxes	255	72	84	(67)	18
Total	\$9,576	\$9,721	\$10,383	8%	7%

Though 2Q12 real estate tax rose 8% versus year-ago, we take particular note of gains in personal income tax, sales tax, and banking corporation tax, which are closely watched as indicators of trends in the local economy.

Selected Cash Receipts

Table 9. Selected Cash Receipts, 2Q, FY08 - FY12

(\$ in millions)

	2Q08	2Q09	2Q10	2Q11	2Q12
NYS Education Aid	\$1,166	\$1,350	\$1,332	\$1,286	\$1,289
Federal Welfare Aid	439	532	686	1,038	975
NYS Welfare Aid	581	392	534	559	539
Federal Education Aid	212	343	240	290	378
NYS Higher Education Aid	313	332	347	321	288
Fines and Forfeitures	227	229	237	248	259
Water and Sewer Fees	191	199	200	229	245
AIM	4	165	193	0	0

3. In this report, tax receipts, with the exception of personal income tax, are gross of refunds. Real property tax and personal income tax are gross of any debt service funding.

Federal and State Aid

Chart 3. Federal & State Aid to NYC, 2Q, FY08 - FY12

(\$ in billions)

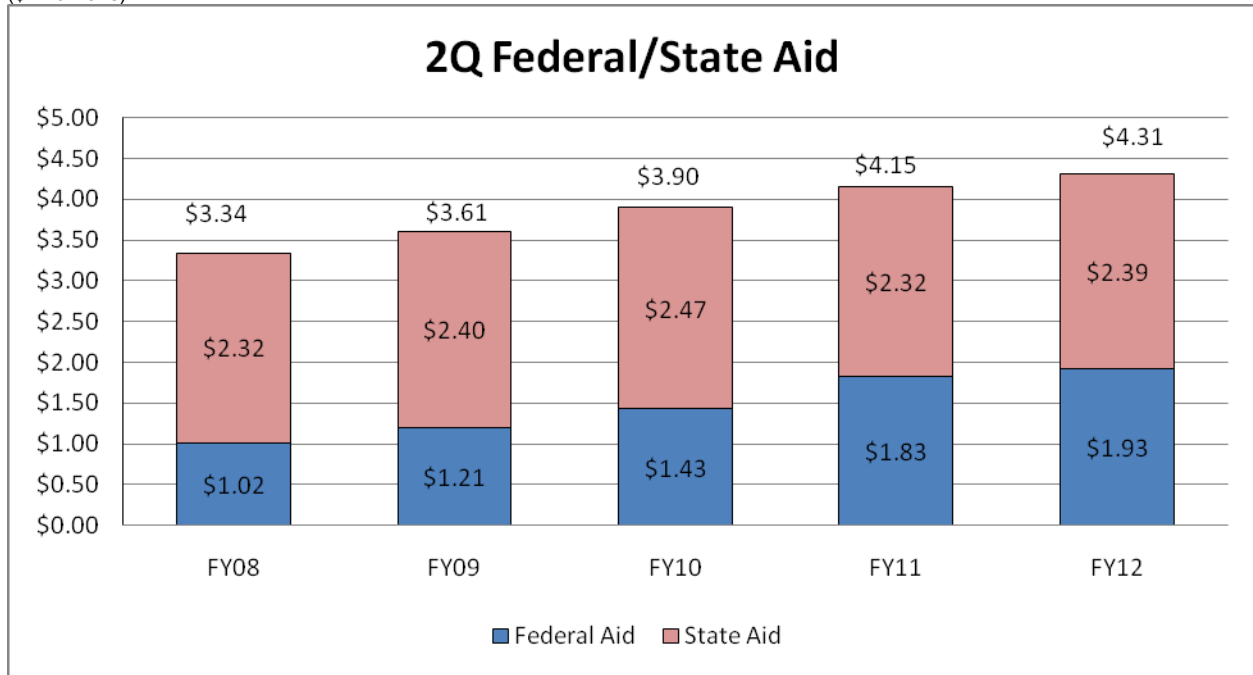


Chart 4. Federal & State Aid as % of Total Cash Receipts, 2Q, FY08 - FY12

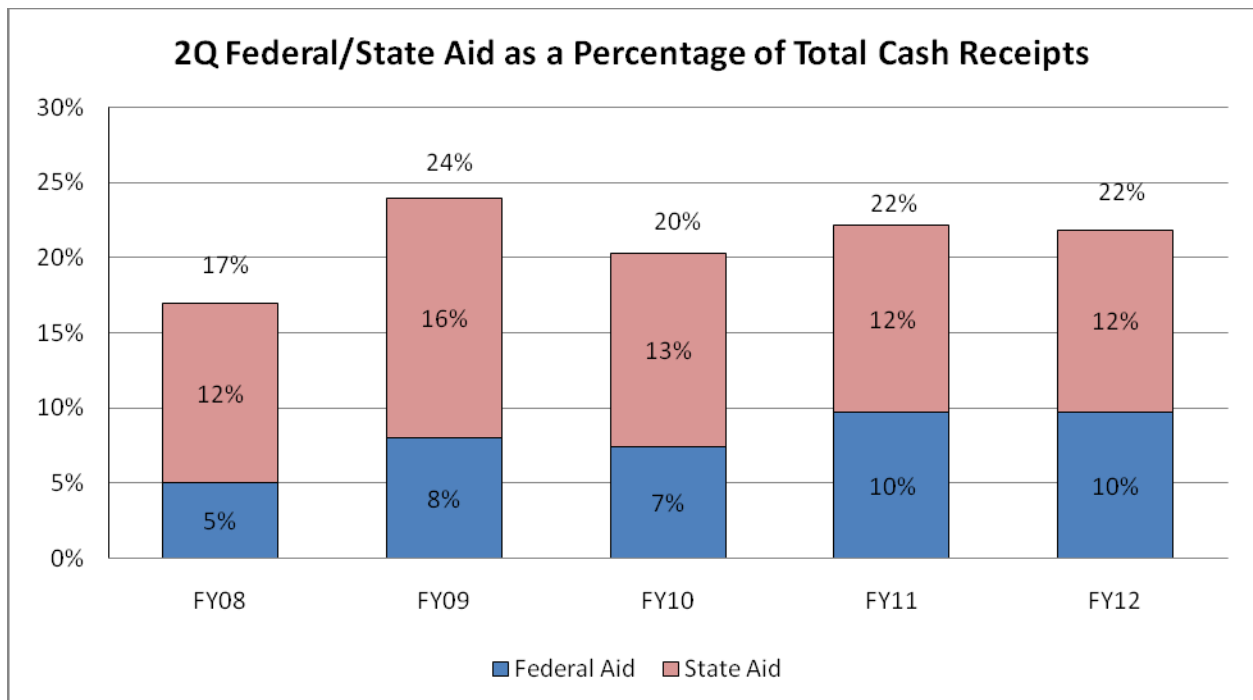
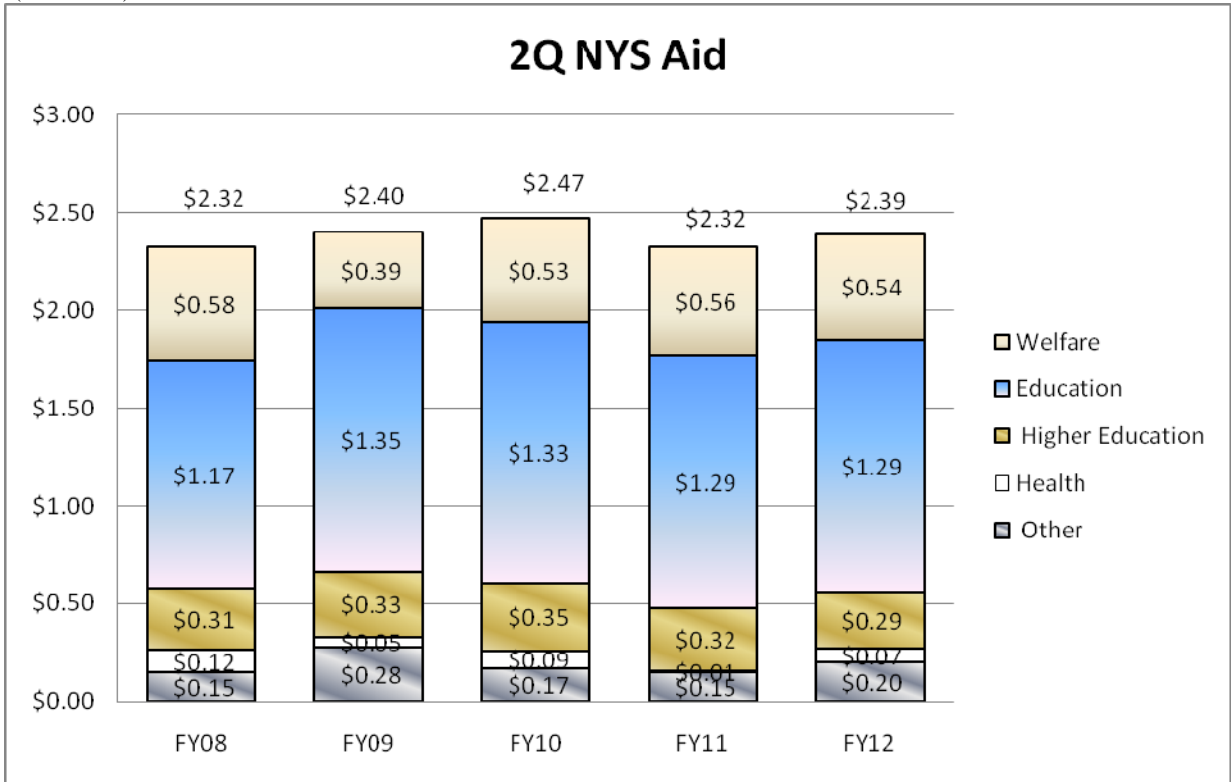


Chart 5. Components of State Aid, 2Q, FY08 - FY12

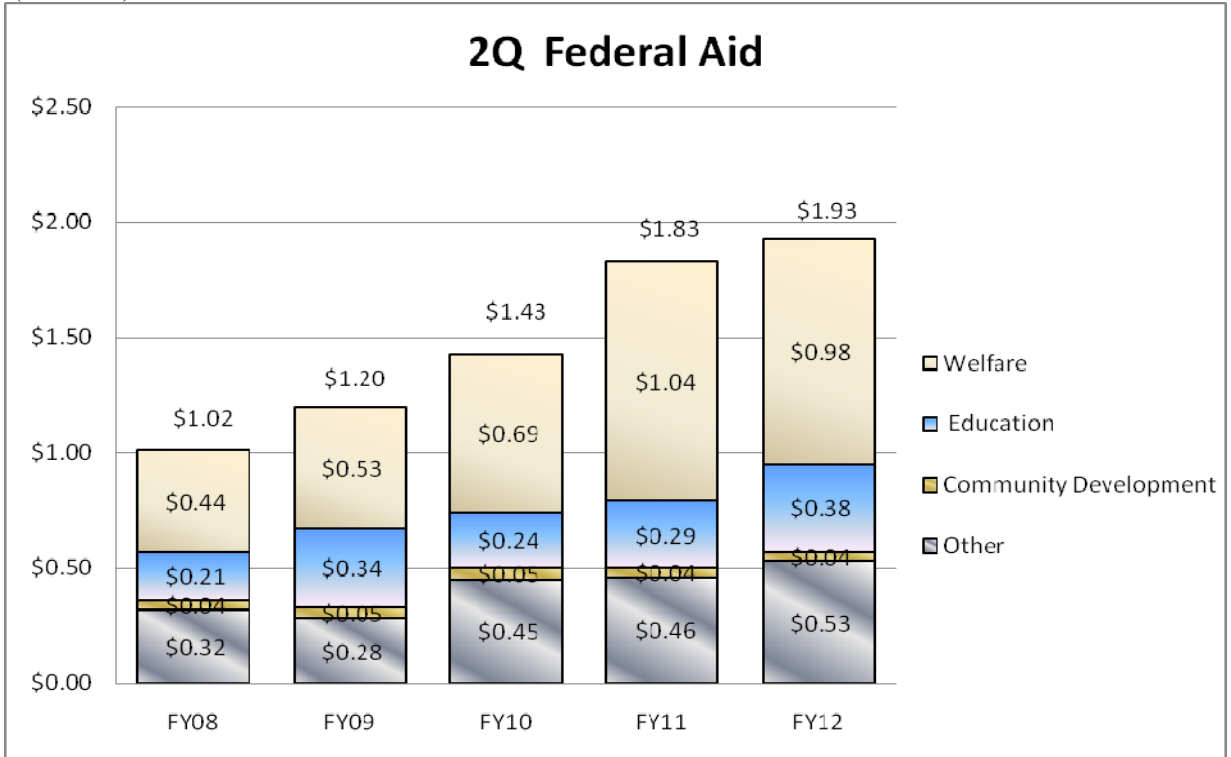
(\$ in billions)



Components may not sum to total due to rounding.

Chart 6. Components of Federal Aid, 2Q, FY08 - FY12

(\$ in billions)



Components may not sum to total due to rounding.

July 2011 - December 2011 (1H12)

Receipts at a Glance

Table 10. Total and Average Daily Cash Receipts, 1H, FY08 - FY12

(\$ in millions)

	Total Receipts					Average Daily Receipts					
	1H08	1H09	1H10	1H11	1H12	1H08	1H09	1H10	1H11	1H12	1H08-1H12
1Q Total	\$16,821	\$19,750	\$17,332	\$19,911	\$19,315	\$267	\$309	\$271	\$311	\$302	\$292
2Q Total	18,712	15,061	19,233	18,761	19,753	307	247	315	313	329	302
1H Total	\$35,533	\$34,811	\$36,565	\$38,672	\$39,068	\$287	\$278	\$293	\$312	\$315	\$297

Table 11. Cash Receipts by Category, 1H, FY03 - FY12

(\$ in millions)

	1H03	1H04	1H05	1H06	1H07	1H08	1H09	1H10	1H11	1H12
Real Property Tax	\$ 4,990	\$ 6,703	\$ 6,284	\$ 8,578	\$ 7,024	\$ 7,978	\$ 6,467	\$ 8,390	\$ 9,127	\$10,020
Other Taxes	6,750	7,124	8,900	9,944	11,294	11,783	10,664	9,429	10,422	11,060
<i>Total taxes</i>	<i>11,740</i>	<i>13,827</i>	<i>15,184</i>	<i>18,522</i>	<i>18,318</i>	<i>19,761</i>	<i>17,131</i>	<i>17,819</i>	<i>19,549</i>	<i>21,080</i>
Federal and State Aid	6,098	6,592	6,013	5,702	6,140	6,329	7,319	8,179	8,872	8,204
Debt Service Funding	(1,252)	(1,587)	(1,088)	(1)	(428)	0	0	0	(266)	(146)
Miscellaneous	2,075	2,190	3,613	2,336	2,688	3,134	2,828	3,259	3,087	3,012
Intergovernmental Aid	1,605	1,793	2,047	609	328	10	228	256	0	1
Other	5,992	5,326	4,298	4,833	4,669	6,299	7,305	7,052	7,430	6,917
Total	\$26,258	\$28,141	\$30,067	\$32,001	\$31,715	\$35,533	\$34,811	\$36,565	\$38,672	\$39,068

In spite of declines in total aid and CapEx reimbursements during 1H12, total cash receipts held steady, up 1%, behind an 8% gain in total taxes. Real estate tax and personal income tax drove 1H12 total tax gains.

Taxes⁴

Table 12. Major Tax Receipts, 1H07, 1H11, and 1H12

(\$ in millions)

	1H07	1H11	1H12	% Change 1H12/ 2Q07	% Change 1H12/ 1H11
Real Property Tax	\$ 7,024	\$ 9,127	\$ 10,020	43%	10%
Personal Income Tax	3,192	2,992	3,484	9	16
Sales Tax	2,163	2,735	2,879	33	5
General Corporation Tax	2,037	1,595	1,494	(27)	(6)
Mortgage and Real Property Transfer Taxes	1,528	550	752	(51)	37
Unincorporated Business Tax	500	626	609	22	(3)
Banking Corporation Tax	585	846	699	19	(17)
Commercial Rent Tax	262	319	322	23	1
Hotel Occupancy Tax	174	229	260	49	14
STAR	498	102	178	(162)	75
All Other Taxes	116	429	386	233	(10)
Total Taxes	\$18,079	\$19,550	\$21,080	17%	8%

4. In this report, tax receipts, with the exception of personal income tax, are gross of refunds. Real property tax and personal income tax are gross of any debt service funding.

Selected Cash Receipts

Table 13. Selected Cash Receipts, 1H08 - 1H12

(\$ in millions)

	1H08	1H09	1H10	1H11	1H12
NYS Education Aid	\$2,332	\$2,604	\$2,630	\$2,782	\$2,600
Federal Welfare Aid	989	1,068	1,402	2,117	1,845
NYS Welfare Aid	1,038	820	1,104	1,044	1,121
Water and Sewer Fees	652	711	750	771	831
Federal Education Aid	468	720	468	718	636
Fines and Forfeitures	453	467	470	491	502
NYS Higher Education Aid	313	620	970	651	288

Cash receipts for NYS Higher Education aid in 1H12 were 56% lower than in 1H11, due to the fact that there were no receipts of this kind during 1Q12. Though this absence of payment was in-line with the published schedule of appropriations from the State, the last quarter to experience zero NYS Higher Education aid cash receipts was 4Q09. We expect that the shortfall will be partially recouped in 3Q12.

Net Cash Receipts

Table 14. Cash Receipts, Net of Reimbursements for CapEx, 1H11 & 1H12

(\$ in millions)

	1H11	1H12	Diff. 1H12/ 1H11
July	\$ 6,510	\$ 7,222	\$ 712
August	3,728	3,980	252
September	6,789	6,230	(559)
1Q Total	\$17,027	\$17,432	\$405
October	3,501	4,217	716
November	3,234	3,572	338
December	9,566	9,311	(255)
2Q Total	\$16,301	\$17,100	\$ 799
1H Total	\$33,328	\$34,532	\$1,204

Net of reimbursements for CapEx, 1H12 cash receipts rose 3.6% versus year-ago. This statistic reflects what we consider to be a measure of the organic growth in receipts. It removes the impact of capital transfers, which should be offset by corresponding CapEx outflows over the long term.

Federal and State Aid

Chart 7. Federal & State Aid to NYC, 1H, FY08 - FY12

(\$ in billions)

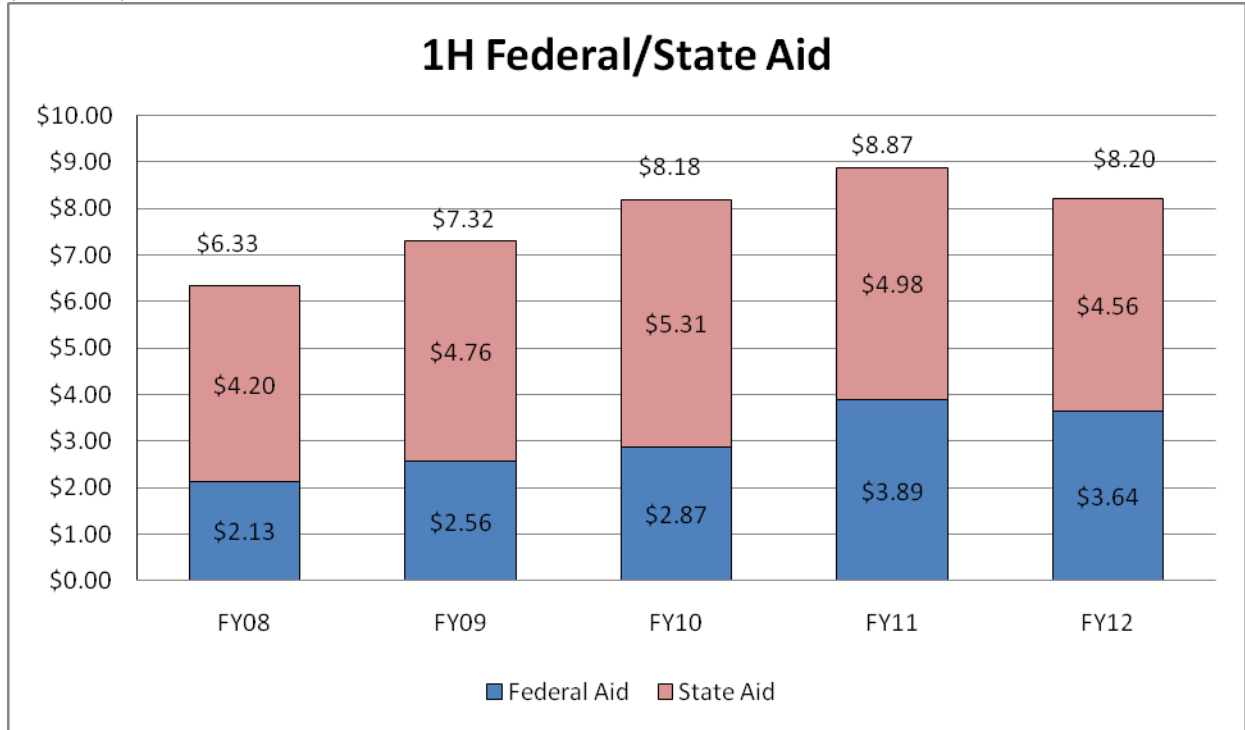


Chart 8. Federal & State Aid as % of Total Revenue, 1H, FY08 - FY12

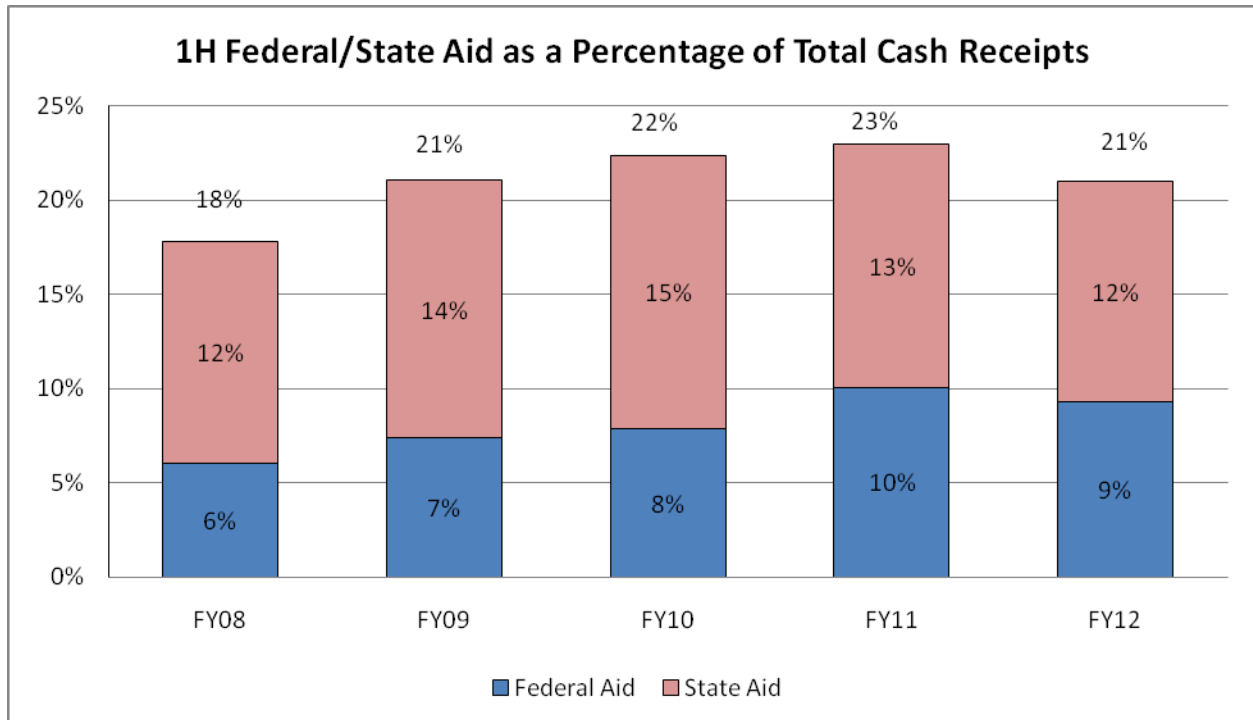
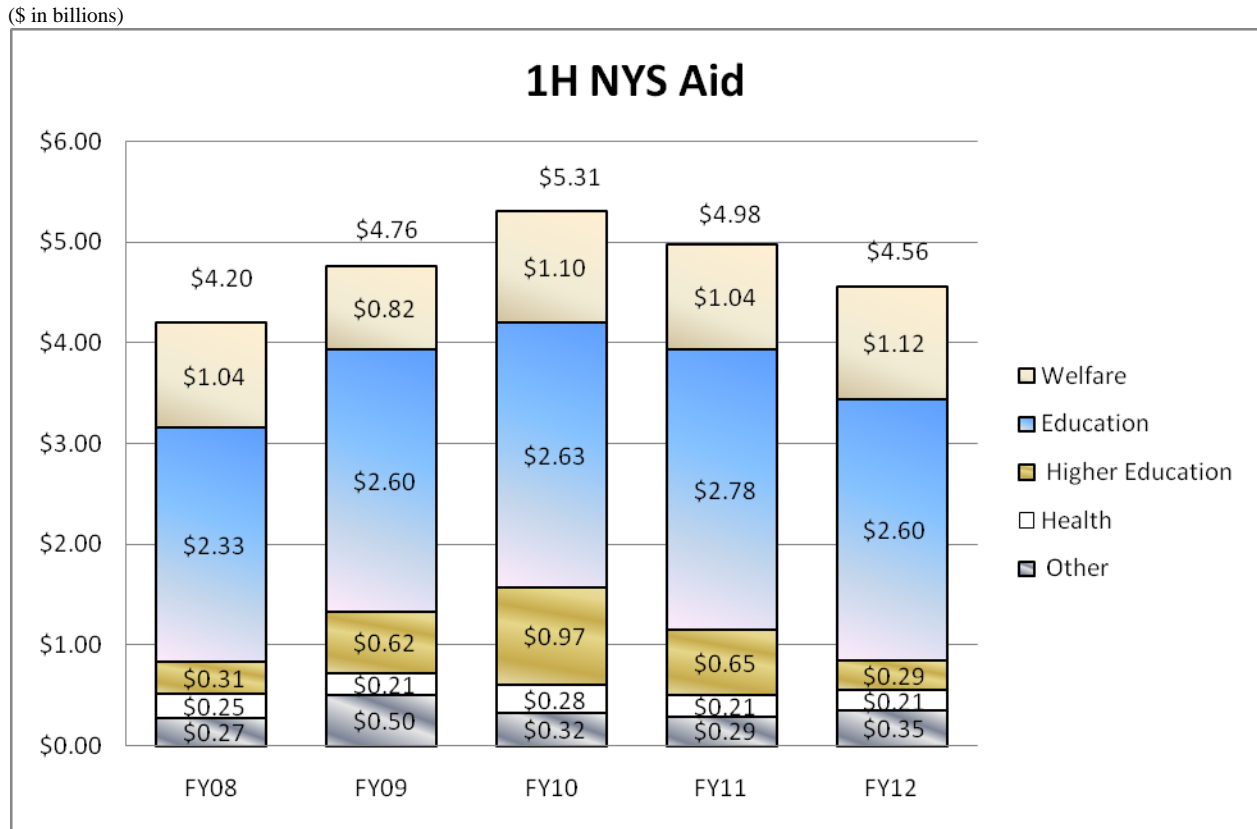
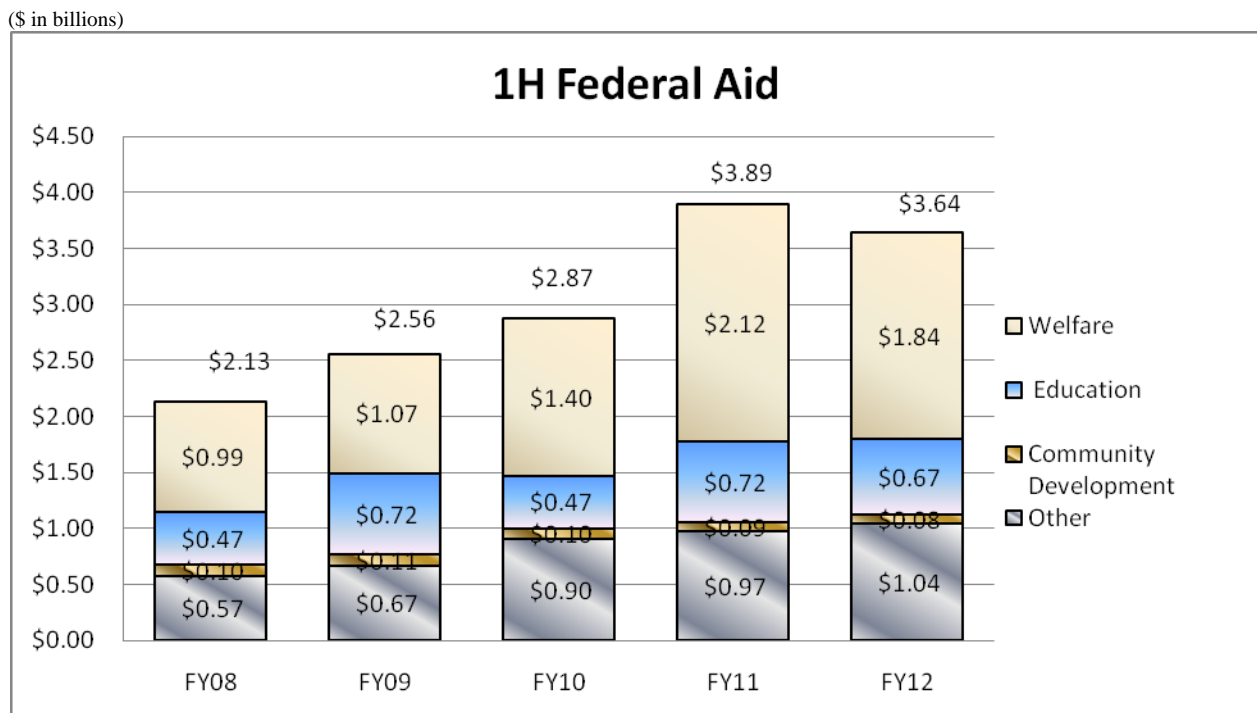


Chart 9. Components of State Aid, 1H, FY08 - FY12



Components may not sum to total due to rounding.

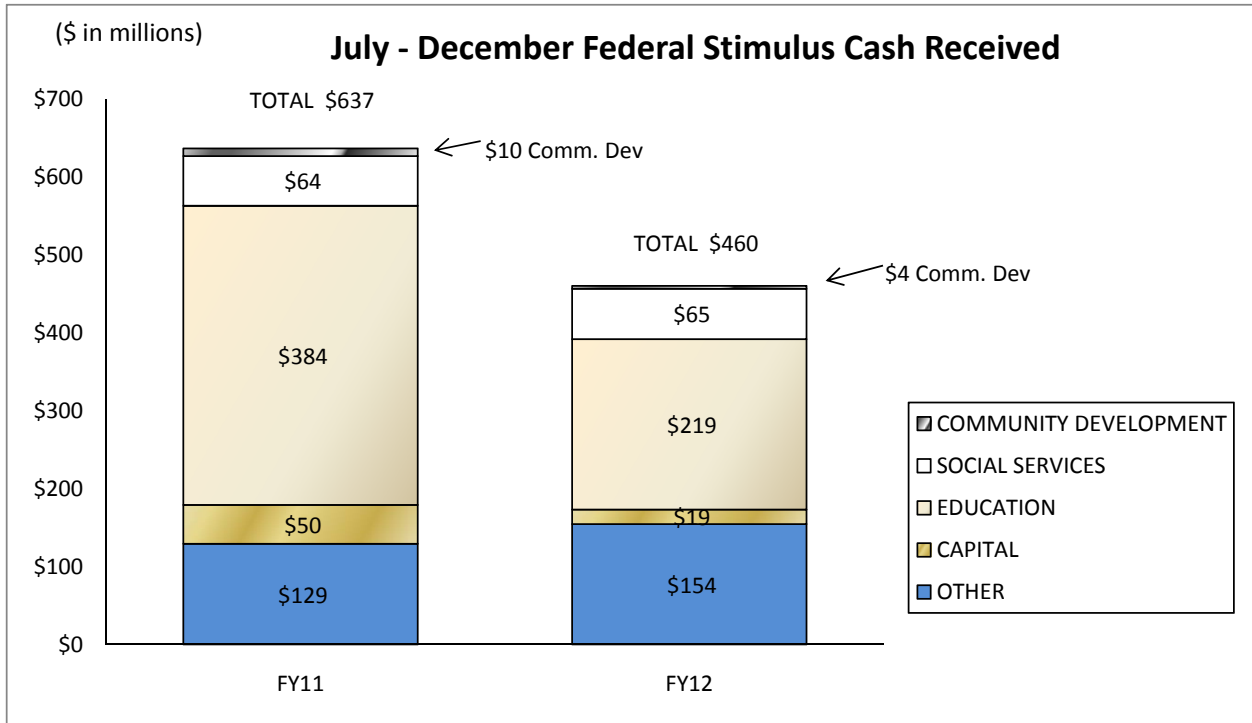
Chart 10. Components of Federal Aid, 1H, FY08 - FY12



Components may not sum to total due to rounding.

Federal Stimulus Receipts

Chart 11. Receipts Related to Federal Stimulus, 1H11 and 1H12



III. Cash Expenditures (Including Capital)

October 2011 - December 2011 (2Q12)

Cash Expenditures at a Glance

Table 15. Total and Average Daily Cash Expenditures, 2Q, FY08-FY12

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	2Q08	2Q09	2Q10	2Q11	2Q12	2Q08	2Q09	2Q10	2Q11	2Q12
October	\$6,214	\$6,193	\$6,439	\$5,916	\$6,311	\$282	\$281	\$307	\$296	\$316
November	5,840	5,861	6,052	6,485	6,206	307	345	336	341	327
December	5,594	6,557	6,246	5,566	6,017	280	298	284	265	287
2Q Total	\$17,648	\$18,611	\$18,737	\$17,967	\$18,534	\$289	\$305	\$307	\$299	\$309

Table 16. Cash Expenditures by Category, 2Q11 and 2Q12

(\$ in millions)

Expenditures	Oct. 2010	Nov. 2010	Dec. 2010	Total 2Q11	Oct. 2011	Nov. 2011	Dec. 2011	Total 2Q12	Diff. Total 2Q12/11
Gross Payroll	\$2,206	\$1,957	\$1,991	\$ 6,154	\$1,856	\$1,951	\$1,968	\$5,775	(\$379)
Fringe Benefits	1,053	1,146	622	2,821	1,149	1,156	1,097	3,402	581
Public Assistance	198	218	213	629	192	198	201	591	(38)
Medical Assistance	364	300	666	1,330	414	468	380	1,262	(68)
Other Social Services	229	185	181	595	235	184	202	621	26
Vendor and Other	963	1,404	1,032	3,399	1,178	1,228	1,295	3,701	302
All Other	903	1,275	861	3,039	1,287	1,021	873	3,182	143
Total	\$5,916	\$6,485	\$5,566	\$17,967	\$6,311	\$6,206	\$6,016	\$18,534	\$567

Although total 2Q12 cash expenditures rose 3.2% versus year-ago, outlays were still contained to levels lower than those seen in 2Q09. Fringe benefits and vendor-related spending were the fastest growing expenses, up 21% and 9% respectively.

Chart 12. Daily Expenditures as % of Daily Cash Balances, 2Q, FY03 - FY12

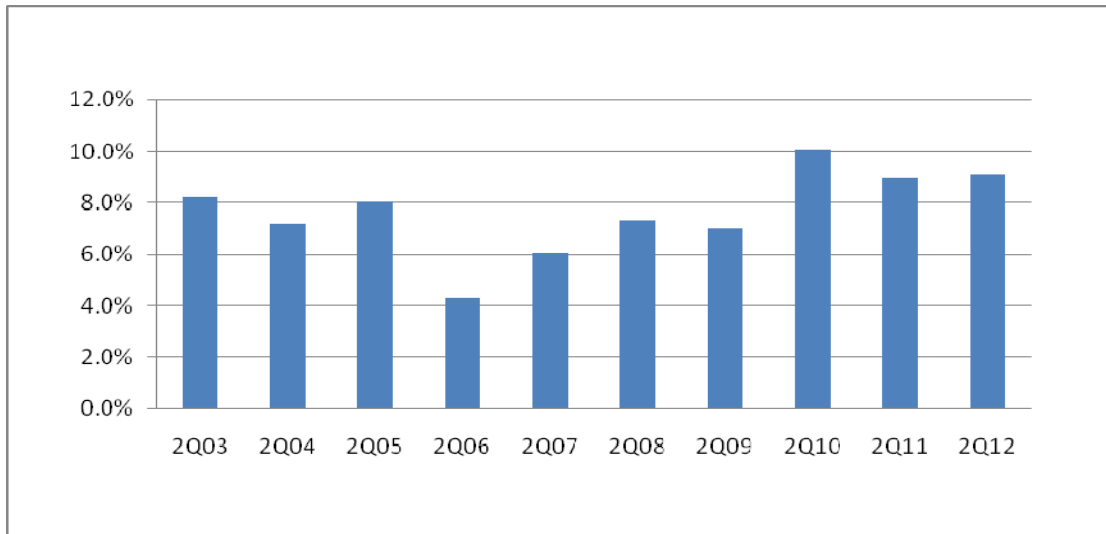


Table 17. PS & OTPS, 2Q, FY03 - FY12

(\$ in millions)

	2Q03	2Q04	2Q05	2Q06	2Q07	2Q08	2Q09	2Q10	2Q11	2Q12
Gross Payroll	\$4,741	\$4,307	\$4,755	\$5,397	\$5,330	\$5,799	\$6,124	\$6,071	\$6,154	\$5,775
Other Personnel Services	1,662	1,839	1,982	2,383	2,423	2,806	2,886	3,289	2,821	3,402
Total PS	\$6,403	\$6,146	\$6,737	\$7,780	\$7,753	\$8,605	\$9,010	\$9,360	\$8,975	\$9,177
% of 2Q Total Exp	50%	50%	47%	52%	49%	49%	48%	50%	50%	50%
Public Assistance	529	573	592	603	519	543	643	646	629	591
Medical Assistance	858	936	1,083	1,083	1,065	1,172	1,166	1,066	1,330	1,262
Other Social Services	460	459	504	458	610	600	585	742	595	621
Vendor and Other	2,269	2,323	2,672	2,906	3,212	3,381	3,394	3,330	3,399	3,701
Total OTPS	\$4,116	\$4,291	\$4,851	\$5,050	\$5,406	\$5,696	\$5,788	\$5,784	\$5,953	\$6,175
% of 2Q Total Exp	32%	35%	34%	34%	34%	32%	31%	31%	33%	33%
All Other	\$2,387	\$1,955	\$2,854	\$2,185	\$2,694	\$3,347	\$3,813	\$3,593	\$3,039	\$3,182
% of 2Q Total Exp	18%	16%	20%	15%	17%	19%	20%	19%	17%	17%
Total Expenditures	\$12,906	\$12,392	\$14,442	\$15,015	\$15,853	\$17,648	\$18,611	\$18,737	\$17,967	\$18,534

“All Other” Spending

Table 18. Major Components of “All Other” Spending, 2Q11 & 2Q12

(\$ in millions)

	2Q11	2Q12	Difference
Transit Authority	\$15	\$50	\$35
Housing Authority	0	1	1
Lump Sum Payments	349	448	99
HHC	187	176	(11)
Refunds	364	195	(169)
City-Funded Capital	1,835	1,948	113
Non-City Funded Capital	263	323	60
F-700 Adjustment	27	40	13

July-December 2011, 1H12

Cash Expenditures at a Glance

Table 19. Total and Average Daily Cash Expenditures, 1H, FY08-FY12

(\$ in millions)

	Total Expenditures					Average Daily Expenditures				
	FY08	FY09	FY10	FY11	FY12	FY08	FY09	FY10	FY11	FY12
1Q Total	\$15,608	\$18,368	\$18,575	\$19,165	\$19,221	\$248	\$287	\$290	\$299	\$300
2Q Total	17,648	18,611	18,737	17,967	18,534	289	305	307	299	309
1H Total	\$33,256	\$36,979	\$37,312	\$37,132	\$37,755	\$268	\$296	\$298	\$299	\$304

Total 1H12 cash expenditures rose 1.7% versus year-ago. While this level does constitute a new record high, we note that 1H expenditures have risen only 2.1% since FY09.

Chart 13. Daily Expenditures as % of Daily Cash Balances, 1H, FY03-FY12

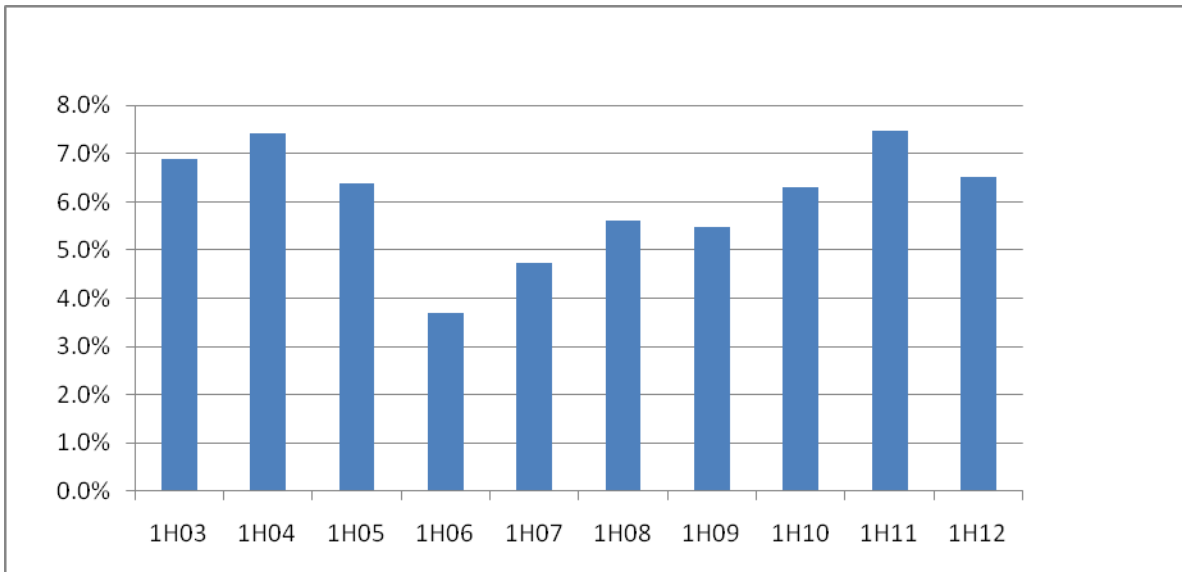


Table 20. PS & OTPS, 1H, FY03 - FY12

(\$ in millions)

	1H03	1H04	1H05	1H06	1H07	1H08	1H09	1H10	1H11	1H12
Gross Payroll	\$10,302	\$9,063	\$9,656	\$10,727	\$10,372	\$10,999	\$12,285	\$11,830	\$12,121	\$11,951
Other Personnel Services	3,388	3,695	4,086	4,882	4,842	5,292	5,678	6,329	6,029	6,694
Total PS	\$13,690	\$12,758	\$13,742	\$15,609	\$15,214	\$16,291	\$17,963	\$18,159	\$18,150	\$18,645
% of 1Q Total Exp	49%	48%	47%	50%	49%	49%	49%	49%	49%	49%
Public Assistance	\$1,225	\$1,354	\$1,343	\$1,299	\$1,112	\$1,104	\$1,209	\$1,413	\$1,282	\$1,223
Medical Assistance	1,740	1,842	2,211	2,168	2,159	2,284	2,380	2,438	2,511	2,912
Other Social Services	1,098	996	1,071	1,047	1,260	1,170	1,310	1,423	1,250	1,182
Vendor and Other	4,807	4,775	5,507	6,030	6,385	6,790	7,122	6,984	7,219	7,735
Total OTPS	\$8,870	\$8,967	\$10,132	\$10,544	\$10,916	\$11,348	\$12,021	\$12,258	\$12,262	\$13,052
% of 1Q Total Exp	32%	34%	35%	34%	35%	34%	33%	33%	33%	35%
All Other	\$5,412	\$4,775	\$5,441	\$4,933	\$5,115	\$5,617	\$6,995	\$6,895	\$6,720	\$6,058
% of Total Exp	19%	18%	19%	16%	16%	17%	19%	18%	18%	16%
Total Expenditures	\$27,972	\$26,500	\$29,315	\$31,086	\$31,245	\$33,256	\$36,979	\$37,312	\$37,132	\$37,755

Key drivers in 1H12 expenditure growth were Other Personnel Services (up 11%), Vendor-related spending (up 7%), and Medical Assistance (up 16%). Gross Payroll, the City's largest category of cash expenditure, was lower during 1H12 than it was during 1H09.

Net Cash Expenditures

Table 21. Cash Expenditures, Net of Capital Expenditures, 1H, FY08 - FY12

(\$ in millions)

	1H08	1H09	1H10	1H11	1H12
July	\$5,018	\$5,587	\$5,602	\$6,088	\$5,752
August	4,680	5,531	5,371	5,235	5,764
September	4,348	4,942	5,074	4,945	5,828
1Q Total	14,046	16,060	16,047	16,268	17,344
October	5,386	5,659	5,516	5,388	5,338
November	5,044	5,005	5,264	5,472	5,408
December	5,161	5,489	5,257	5,009	5,517
2Q Total	15,591	16,153	16,037	15,869	16,263
1H Total	\$29,637	\$32,213	\$32,084	\$32,137	\$33,607

Removing the effect of an \$850 million drop in 1H12 CapEx (see Capital Expenditures section of this report), we note that net expenditures rose 4.6%.

“All Other” Spending

Table 22. Major Components of “All Other” Spending, 1H11 & 1H12

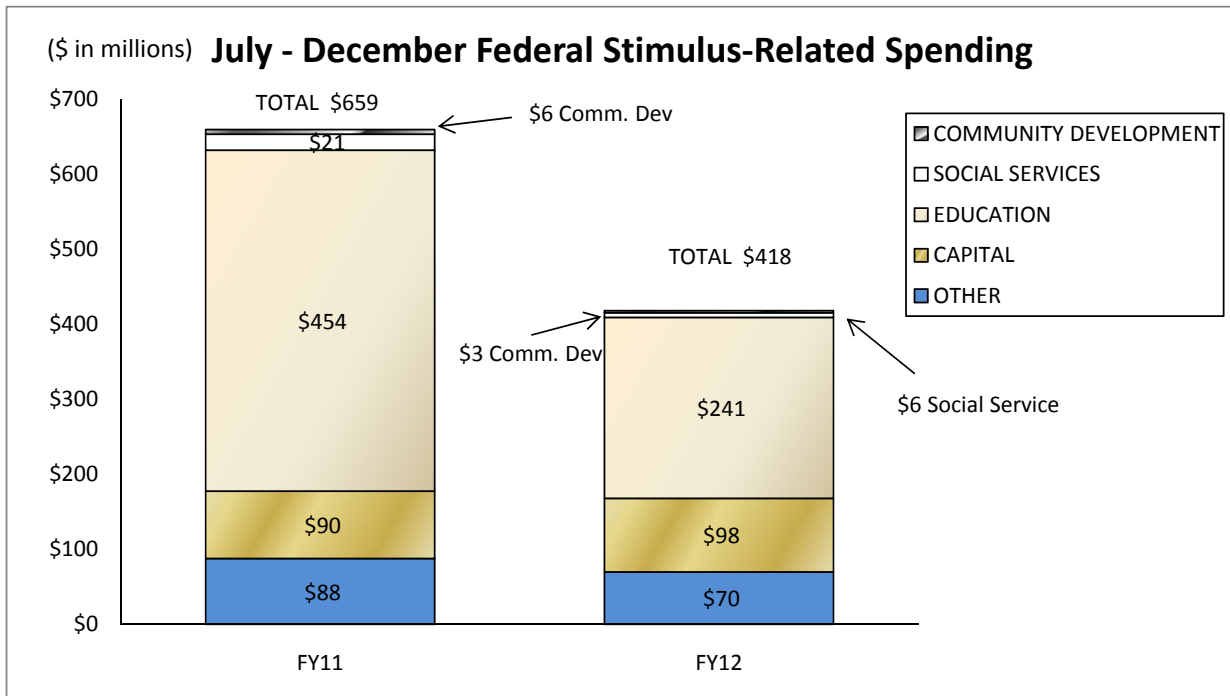
(\$ in millions)

	1H11	1H12	Difference
Transit Authority	\$15	\$304	\$289
Housing Authority	0	1	1
Lump Sum Payments	757	928	171
HHC	385	361	(24)
Refunds	605	406	(199)
City-Funded Capital	4,510	3,317	(1,193)
Non-City Funded Capital	485	831	346
F-700 Adjustment	(37)	(93)	(56)

Most notable among the “All Other” spending items are the increase in disbursements to the Transit Authority and the decrease City-Funded capital.

Federal Stimulus Expenditures

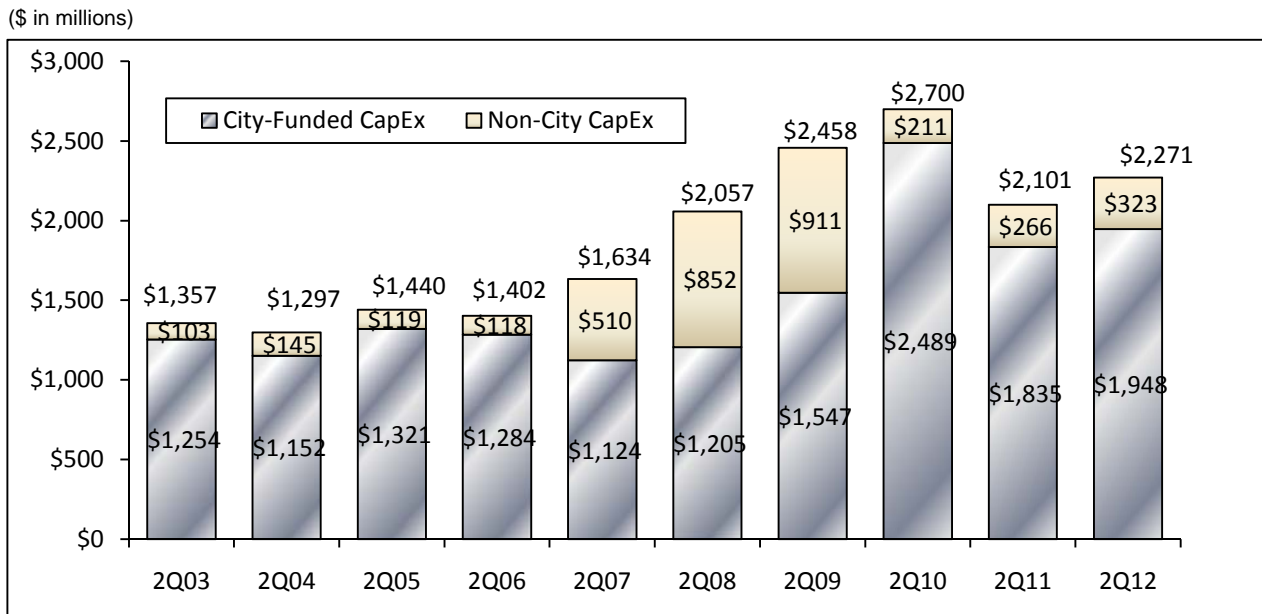
Chart 14. Expenditures Related to Federal Stimulus, 1H11 and 1H12



IV. Capital Expenditures

October 2011 - December 2011 (2Q12)

Chart 15. Total CapEx, 2Q, FY03-FY12



After a 22% drop last year, 2Q CapEx rebounded slightly in FY12, up 8%. Non-City-Funded CapEx for 2Q12 grew 21% versus year ago.

Chart 16. Total CapEx as % of Total Expenditures, 2Q, FY03-FY12

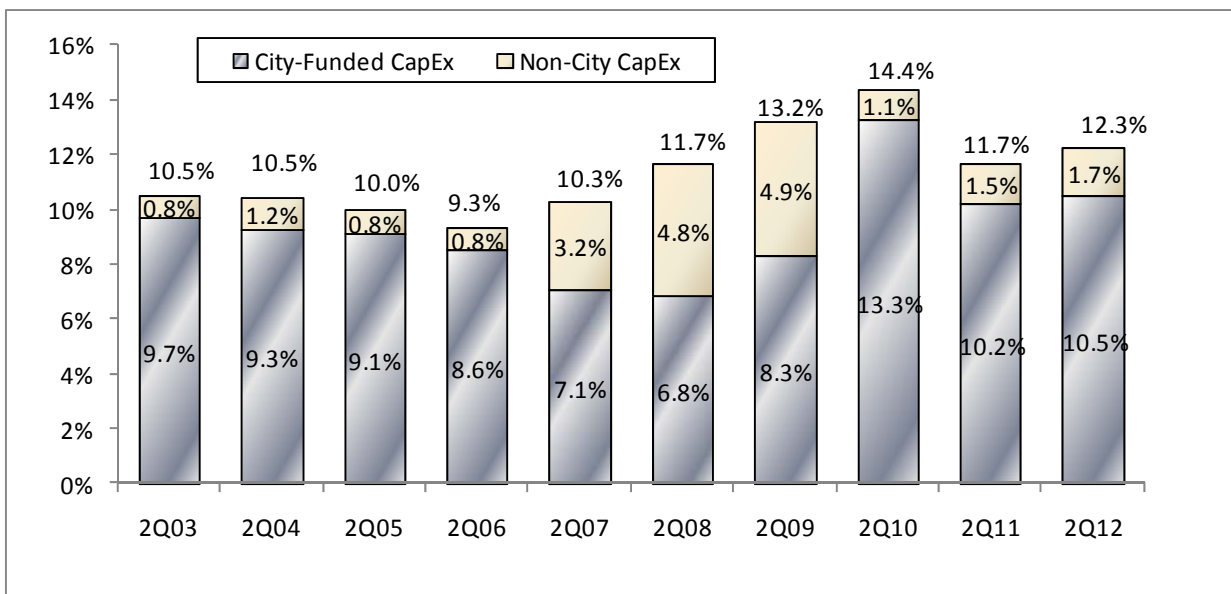


Table 23. Payments to the SCA, 2Q, FY03-FY12

(\$ in millions)

	2Q03	2Q04	2Q05	2Q06	2Q07	2Q08	2Q09	2Q10	2Q11	2Q12
City-funded	\$300	\$249	\$296	\$400	\$ 31	\$ 35	\$ 30	\$642	\$269	\$622
TFA & DASNY	0	0	0	0	369	763	756	0	128	168
Other	0	51	4	0	0	2	14	8	3	10
Total	\$300	\$300	\$300	\$400	\$400	\$800	\$800	\$650	\$400	\$800
2Q SCA as a % of 2Q Total Capital Expenditures	22%	23%	21%	29%	24%	39%	33%	24%	19%	35%

Table 24. Reimbursements to the NYC Central Treasury for CapEx, 2Q, FY03-FY12

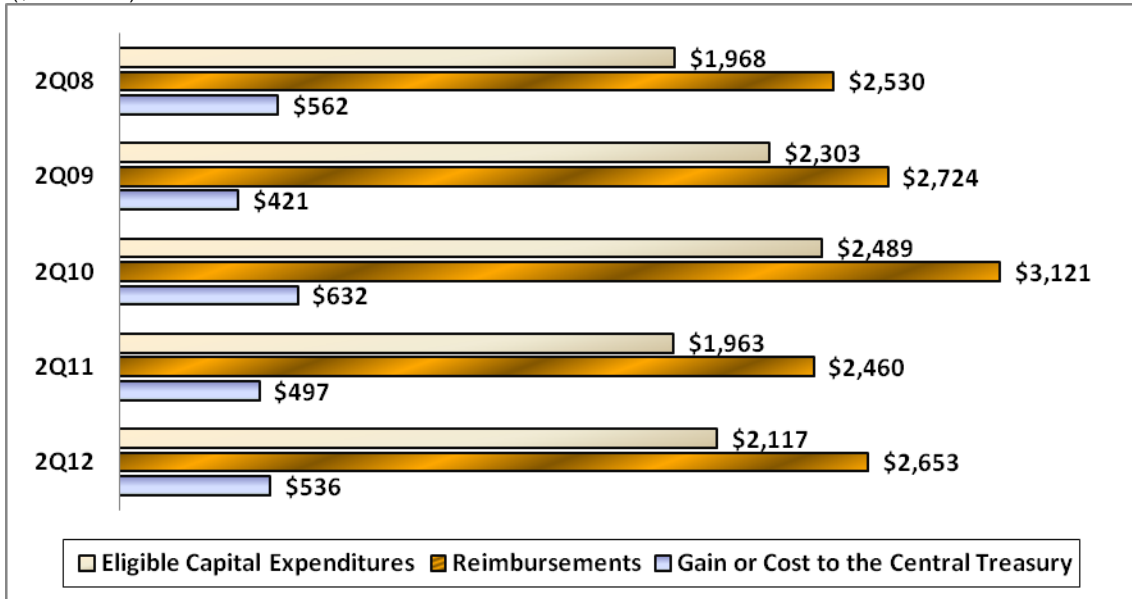
(\$ in millions)

	2Q03	2Q04	2Q05	2Q06	2Q07	2Q08	2Q09	2Q10	2Q11	2Q12	Total
GO	\$ 22	\$ 765	\$ 1,032	\$ 836	\$ 40	\$ 1,144	\$ 1,412	\$1,399	\$ 885	\$ 977	\$ 8,512
NY Water	192	265	328	361	219	674	659	785	693	582	4,758
TFA	515	53	0	0	761	208	2	937	613	797	3,886
Sub-total	729	1,083	1,360	1,197	1,020	2,026	2,073	3,121	2,191	2,356	17,156
TFA Building Aid	0	0	0	0	300	372	610	0	269	297	1,848
DASNY	0	0	0	0	213	132	41	0	0	0	386
Sub-total	0	0	0	0	513	504	651	0	269	297	2,234
Other	153	24	13	0	0	0	0	0	0	0	190
Total	\$882	\$1,107	\$1,373	\$1,197	\$1,533	\$2,530	\$2,724	\$3,121	\$2,460	\$2,653	\$19,580
2Q Reimbursable Capital Expenditures	\$1,254	\$1,152	\$1,321	\$1,284	\$1,493	\$1,968	\$2,303	\$2,489	\$1,963	\$2,117	\$17,344
2Q Reimbursements Less 2Q Reimbursable Capital Expenditures	\$(372)	\$(45)	\$52	\$(87)	\$40	\$562	\$421	\$632	\$497	\$536	\$2,236
2Q Reimbursements as a % of 2Q Reimbursable Capital Expenditures	70.3%	96.1%	103.9%	93.2%	102.7%	128.6%	118.3%	125.4%	125.3%	125.3%	112.9%
2Q Reimbursements as a % of 2Q Total Receipts	7.0%	7.9%	8.9%	7.7%	9.3%	13.5%	18.1%	16.2%	13.1%	13.4%	11.8%

During 2Q12, reimbursements exceeded eligible CapEx by \$536 million, resulting in a gain to the central treasury. Eligible CapEx is composed of City-funded CapEx (funded primarily by GO debt), and CapEx that is funded by TFA Building Aid bonds and DASNY bonds.

Chart 17. Bond-Funded Reimbursements for Eligible CapEx, 2Q, FY08 - FY12

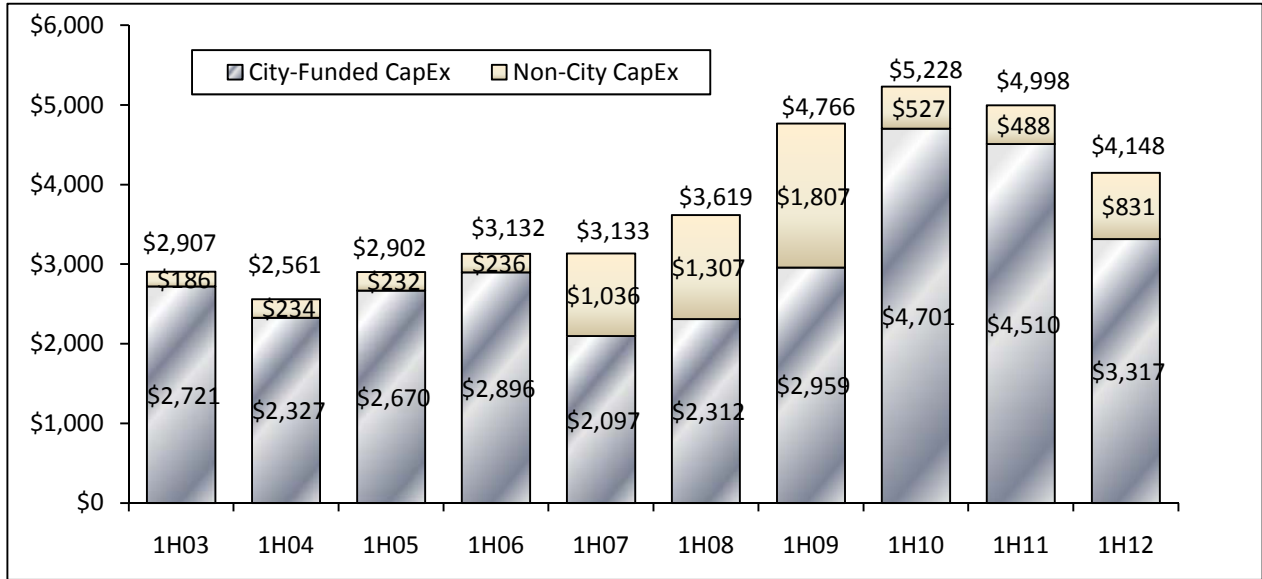
(\$ in millions)



July-December 2011, 1H12

Chart 18. Total CapEx and City-Funded CapEx, 1H, FY03 - FY12

(\$ in millions)



Although 2Q12 CapEx rose \$170 million versus year-ago, it declined by \$1.02 billion in 1Q12, resulting in a total 1H12 decline of \$850 million. This decline was attributable to a contraction of City-Funded CapEx. Non-City CapEx for 1H has grown 70% since FY11.

Chart 19. Total CapEx as % of Total Expenditures, 1H, FY03 - FY12

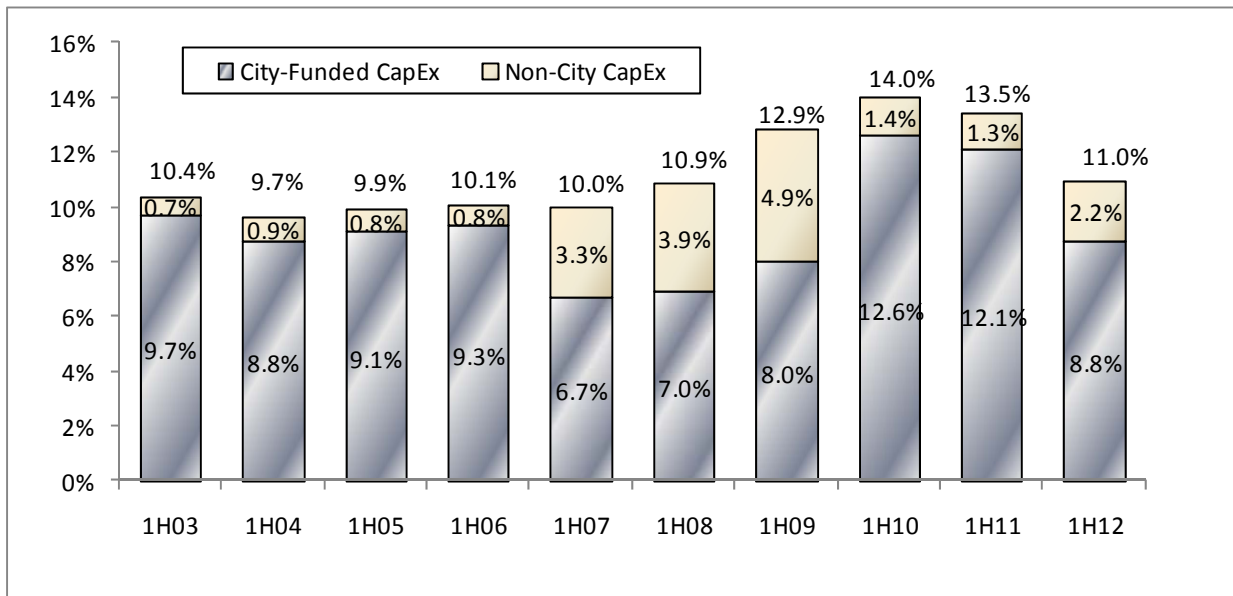


Table 25. Payments to the SCA, 1H, FY03 - FY12

(\$ in millions)

	1H03	1H04	1H05	1H06	1H07	1H08	1H09	1H10	1H11	1H12
City-funded	\$825	\$549	\$596	\$ 996	\$ 31	\$ 57	\$ 59	\$1,268	\$ 995	\$ 674
TFA & DASNY	0	0	0	0	769	1,141	1,507	170	201	466
Other	0	51	4	4	0	2	34	12	4	10
Total	\$825	\$600	\$600	\$1,000	\$800	\$1,200	\$1,600	\$1,450	\$1,200	\$1,150
1H SCA as a % of 1H Total Capital Expenditures	28%	23%	21%	32%	26%	33%	34%	28%	24%	28%

Table 26. Reimbursements to the NYC Central Treasury for Capital Expenditures, 1H12

(\$ in millions)

	July 2011	Aug. 2011	Sept. 2011	Total 1Q12	Oct. 2011	Nov. 2011	Dec. 2011	Total 2Q12	Total 1H12
GO	\$129	\$ 238	\$ 89	\$ 456	\$343	\$541	\$ 93	\$ 977	\$1,433
NY Water	189	180	206	575	196	178	208	582	1,157
TFA	128	271	173	572	154	2	641	797	1,369
Sub-total	446	689	468	1,603	693	721	942	2,356	3,959
TFA Building Aid	159	100	21	280	23	0	274	297	577
DASNY	0	0	0	0	0	0	0	0	0
Sub-total	159	100	21	280	23	0	274	297	577
Total	\$605	\$789	\$489	\$1,883	\$716	\$721	\$1,216	\$2,653	\$4,536

Table 27. Reimbursements to the NYC Central Treasury, 1H, FY03 - FY12

(\$ in millions)

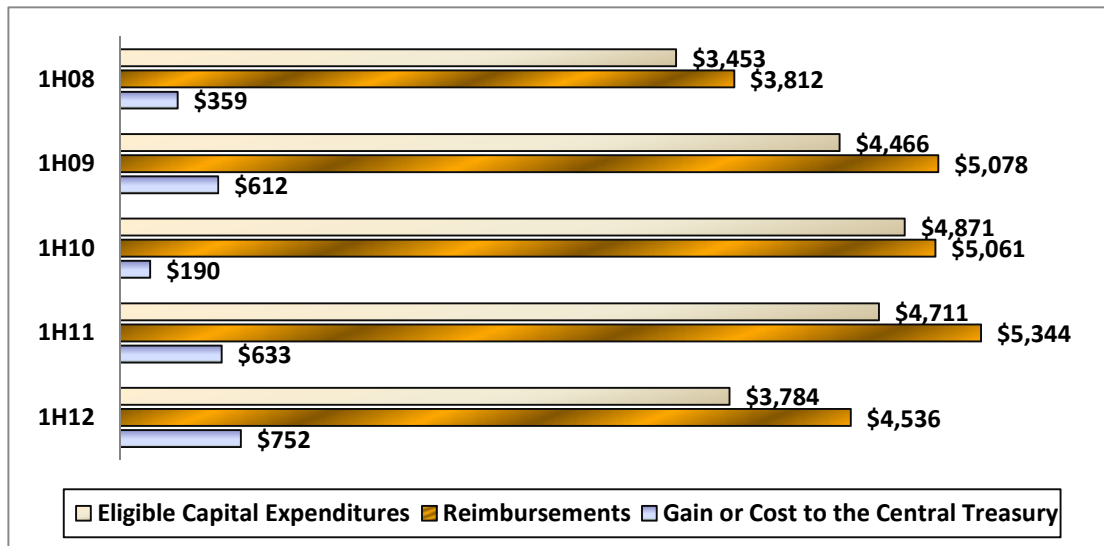
	1H03	1H04	1H05	1H06	1H07	1H08	1H09	1H10	1H11	1H12	Total
GO	\$227	\$1,252	\$1,809	\$2,066	\$392	\$1,426	\$2,541	\$1,932	\$1,644	\$1,433	\$14,722
NY Water	504	589	798	604	692	922	1,343	1,396	1,648	1,157	9,653
TFA	516	281	0	0	761	494	7	1,545	1,783	1,369	6,756
Sub-total	1,247	2,122	2,607	2,670	1,845	2,842	3,891	4,873	5,075	3,959	31,131
TFA Building Aid	0	0	0	0	300	650	820	182	269	577	2,798
DASNY	0	0	0	0	213	320	367	6	0	0	906
Sub-total	0	0	0	0	513	970	1,187	188	269	577	3,704
Other	302	32	31	0	0	0	0	0	0	0	437
Total	\$1,549	\$2,154	\$2,638	\$2,670	\$2,358	\$3,812	\$5,078	\$5,061	\$5,344	\$4,536	\$35,200

1H Reimbursable Capital Expenditures	\$2,721	\$2,327	\$2,670	\$2,896	\$2,866	\$3,453	\$4,466	\$4,871	\$4,711	\$3,784	\$34,765
1H Reimbursements Less 1H Reimbursable Capital Expenditures	(\$1,172)	(\$173)	(\$32)	(\$226)	(\$508)	\$359	\$612	\$190	\$633	\$752	\$435
1H Reimbursements as a % of 1H Reimbursable Capital Expenditures	56.9%	92.6%	98.8%	92.2%	82.3%	110.4%	113.7%	103.9%	113.4%	119.9%	101.3%
1H Reimbursements as a % of 1H Total Receipts	5.9%	7.7%	8.8%	8.3%	7.4%	10.7%	14.6%	13.8%	13.8%	11.6%	10.6%

For all of 1H12, reimbursements exceeded eligible CapEx by \$752 million, resulting in a gain to the central treasury. Eligible CapEx is composed of City-funded CapEx (funded primarily by GO debt), and CapEx that is funded by TFA Building Aid bonds and DASNY bonds.

Chart 20. Bond-Funded Reimbursements for Eligible CapEx, 1H08 - 1H12

(\$ in millions)



V. Financings ⁵

General Obligation

Table 28. GO Bond Issues, 1H11 & 1H12

(\$ in millions)

Month Sale Closed	FY11			FY12		
	Tax-Exempt	Taxable	Total	Tax-Exempt	Taxable	Total
July	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
August	963	0	963	690	85	775
September	0	0	0	0	0	0
1Q Total	963	0	963	690	85	775
October	389	925	1,314	655	65	720
November	0	0	0	0	0	0
December	75	1,050	1,125	0	0	0
2Q Total	464	1,975	2,439	655	65	720
1H Total	\$1,427	\$1,975	\$3,402	\$1,345	\$150	\$1,495

The table above accounts only for "new money" issuance. No refundings or re-offerings are included.

Table 29. Budget Savings from GO Refundings, 1H08 - 1H12

(\$ in millions)

	1H08	1H09	1H10	1H11	1H12	Total
Budget Savings	\$ 130	\$ 19	\$ 209	\$ 118	\$ 14	\$ 490
GO Refundings	1,596	250	2,000	1,263	200	5,309

The above table represents the savings attributed to GO debt refundings performed during each referenced time period.

Transitional Finance Authority

Table 30. TFA (PIT-Based) Revenue Bonds, 1H11 - 1H12

(\$ in millions)

Month of Closing	FY11			FY12		
	Tax-Exempt	Taxable	Total	Tax-Exempt	Taxable	Total
July	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
August	139	761	900	0	0	0
September	0	0	0	0	0	0
1Q Total	\$139	\$761	\$900	\$ 0	\$ 0	\$ 0
October	0	0	0	0	0	0
November	50	800	850	600	300	900
December	0	0	0	0	0	0
2Q Total	50	800	850	600	300	900
1H Total	\$189	\$1,561	\$1,750	\$600	\$300	\$900

The table above accounts only for "new money" issuance. No refundings or re-offerings are included.

Of note, the \$300 million of TFA taxable issuance during November 2011 includes \$100 million of Qualified School Construction Bonds, which carry a 100% interest subsidy from the Federal government. Proceeds of these sales must be used for the construction of schools.

⁵ We gratefully acknowledge the assistance of the Bureau of Public Finance in the construction of this section.

Table 31. Budget Savings from TFA Refundings, 1H, FY08 - FY12

(\$ in millions)

	1H08	1H09	1H10	1H11	1H12	Total
TFA Refundings	\$0	\$0	\$800	\$0	\$700	\$1,500
Budget Savings	0	0	66	0	59	125

The above table represents the bond-lifetime savings attributed to TFA debt refundings performed during each referenced time period.

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