

Kirk Parks
BUREAU CHIEF

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF FINANCIAL ANALYSIS
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

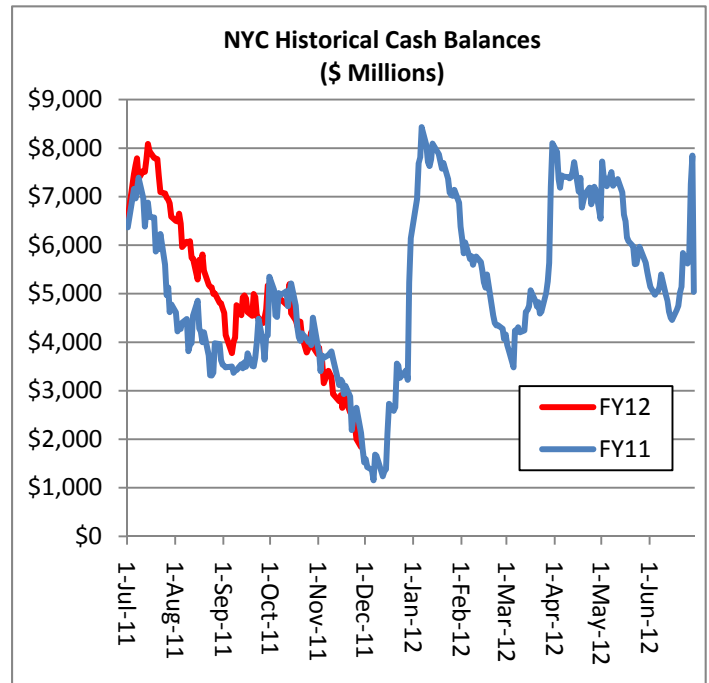
JOHN C. LIU
COMPTROLLER

(212) 669-4993
kparks@comptroller.nyc.gov

To: Distribution
From: Kirk Parks, Bureau Chief, Financial Analysis
Subject: NYC Cash Balance Projection (December 2011 – May 2012)
Date: November 30, 2011

Since publication of the last cash letter, where FY12 balances significantly exceeded those from FY11, current-year balances have converged on their year-ago counterparts. For the moment, cash balances hover very near to year-ago marks. As FY12 balances were so strong early in the year and are now in-line with year-ago levels, it is only natural to suspect that a downward crossover is in progress.

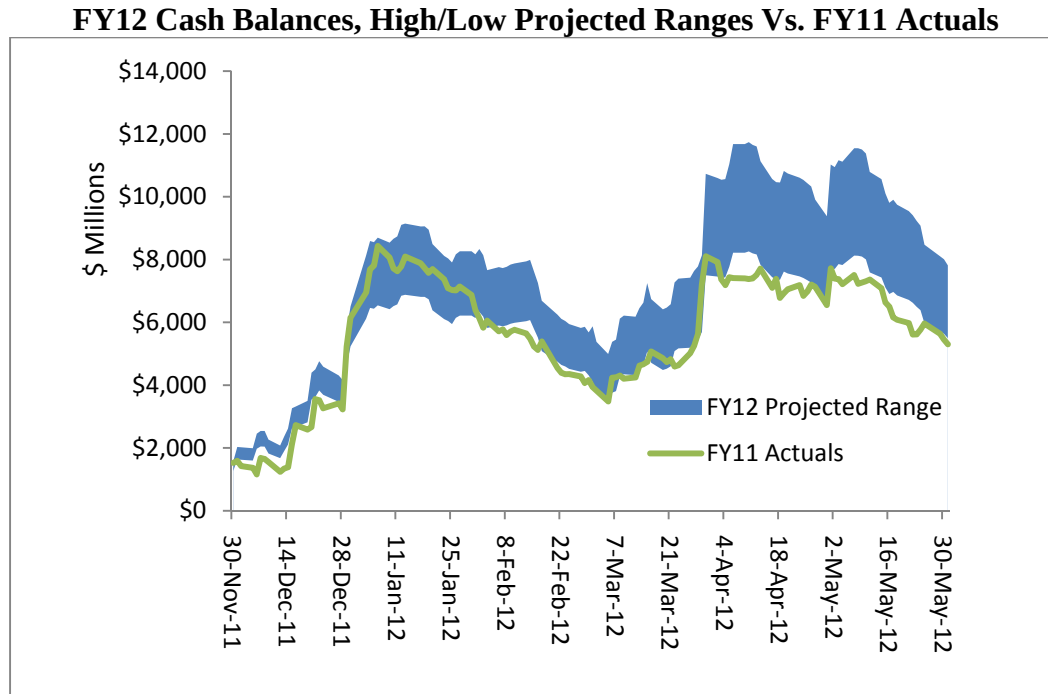
As expected, the fast pace of prior-year aid delivery recorded in July has abated, to the point where fiscal year-to-date prior aid receipts through September trail FY11 levels by \$735 million, or 24%. However, since prior-year aid items generally diminish in the January – July period, we see only limited downside risk from this source in the months ahead.



Tax revenues are generally strong, with total 1Q tax inflows up 8.8% versus year-ago. As declines in both capital inflows and capital outflows largely offset each other, the remaining dominant influences affecting FY12 cash balance performance trace to increased spending related to medical assistance, payroll, and city vendors.

The accompanying updated projection outlines expected cash (book) balances in the NYC treasury from November 30, 2011 to May 31, 2012. It incorporates most growth assumptions found in the November modification of the FY12 adopted budget. We assume that implementation of any pension adjustments to be recommended by the Office of the Actuary will not occur until very late in FY12. No impact from this event is reflected as occurring before May 31.

This projection begins on November 30, near what we expect will be the low-balance point of FY12. Accounting for data gathered as of the close of business on November 25, we anticipate that this low point will measure \$1.2 to \$1.6 billion.



As illustrated by the chart above, our projection indicates that FY12 cash balances are expected to trend at or above year-ago levels. Our data implies that the downward crossover hinted at by the chart of historical balances does not establish itself and that FY12 balances will continue to demonstrate strength. As the New York City economy is sensitive to national economic trends, we continue to monitor major inflows for any signs of weakness.

In October, the Office of the State Comptroller issued a report outlining risks to tax revenue streams associated with Wall Street firms.¹ It warned that the City faces possible shortfalls of unspecified dimension in personal income tax and business tax inflows. While 1Q12 banking corporation tax was indeed down 42% versus year-ago, we note that this most recent quarter is compared to an unusually strong 1Q11. Almost all of the other major tax receipt categories reflected strong growth. We have not yet seen declines in other tax streams indicated by the OSC, but we will remain watchful of those items that could be impacted by adverse developments in the financial sector. The next update of this projection is scheduled for publication in February.

¹ <http://www.osc.state.ny.us/osdc/rpt12-2012.pdf>

NYC Cash Balance Projected Ranges
(\$ Millions)

	<u>High</u>	<u>Low</u>	<u>Baseline</u>
30-Nov-11	1574	1267	1420
01-Dec-11	2034	1637	1836
02-Dec-11	2022	1628	1825
05-Dec-11	1990	1602	1796
06-Dec-11	2455	1977	2216
07-Dec-11	2545	2049	2297
08-Dec-11	2541	2046	2294
09-Dec-11	2268	1826	2047
12-Dec-11	2081	1675	1878
13-Dec-11	2363	1902	2132
14-Dec-11	2621	2110	2366
15-Dec-11	3267	2630	2948
16-Dec-11	3323	2675	2999
19-Dec-11	3503	2820	3161
20-Dec-11	4396	3539	3968
21-Dec-11	4505	3627	4066
22-Dec-11	4762	3834	4298
23-Dec-11	4592	3697	4144
27-Dec-11	4310	3470	3890
28-Dec-11	4165	3353	3759
29-Dec-11	5747	4627	5187
30-Dec-11	6510	5241	5875
03-Jan-12	8129	6113	6718
04-Jan-12	8590	6460	7099
05-Jan-12	8556	6435	7071
06-Jan-12	8698	6541	7188
09-Jan-12	8540	6423	7058
10-Jan-12	8664	6516	7160
11-Jan-12	8738	6572	7222
12-Jan-12	9104	6847	7524
13-Jan-12	9148	6880	7560
17-Jan-12	9056	6811	7485
18-Jan-12	9062	6815	7489
19-Jan-12	8954	6734	7400
20-Jan-12	8493	6387	7019
23-Jan-12	8119	6106	6710
24-Jan-12	8035	6043	6641
25-Jan-12	7909	5948	6536
26-Jan-12	8169	6144	6751
27-Jan-12	8266	6217	6832
30-Jan-12	8264	6215	6830
31-Jan-12	8168	6143	6750

	<u>High</u>	<u>Low</u>	<u>Baseline</u>
01-Feb-12	8334	6334	6668
02-Feb-12	8141	6187	6513
03-Feb-12	7662	5823	6129
06-Feb-12	7762	5899	6210
07-Feb-12	7730	5875	6184
08-Feb-12	7770	5905	6216
09-Feb-12	7840	5958	6272
10-Feb-12	7879	5988	6303
13-Feb-12	7944	6037	6355
14-Feb-12	7991	6073	6393
15-Feb-12	7613	5786	6090
16-Feb-12	7256	5514	5805
17-Feb-12	6693	5086	5354
21-Feb-12	6247	4748	4998
22-Feb-12	6114	4646	4891
23-Feb-12	6046	4595	4836
24-Feb-12	5946	4519	4757
27-Feb-12	5826	4428	4661
28-Feb-12	5862	4455	4690
29-Feb-12	5682	4319	4546
01-Mar-12	5875	4108	4417
02-Mar-12	5382	3763	4047
05-Mar-12	4991	3490	3753
06-Mar-12	5381	3762	4046
07-Mar-12	5451	3812	4099
08-Mar-12	6118	4278	4600
09-Mar-12	6215	4346	4673
12-Mar-12	6180	4322	4647
13-Mar-12	6451	4511	4850
14-Mar-12	6629	4635	4984
15-Mar-12	7250	5069	5451
16-Mar-12	6742	4714	5069
19-Mar-12	6415	4486	4823
20-Mar-12	6471	4525	4865
21-Mar-12	6581	4602	4948
22-Mar-12	7270	5084	5467
23-Mar-12	7393	5170	5559
26-Mar-12	7424	5191	5582
27-Mar-12	7637	5340	5742
28-Mar-12	7781	5441	5851
29-Mar-12	8140	5692	6120
30-Mar-12	10731	7503	8068

	<u>High</u>	<u>Low</u>	<u>Baseline</u>
02-Apr-12	10598	7458	7850
03-Apr-12	10542	7418	7809
04-Apr-12	10564	7434	7825
05-Apr-12	11042	7770	8179
06-Apr-12	11677	8217	8649
09-Apr-12	11680	8219	8652
10-Apr-12	11741	8262	8697
11-Apr-12	11654	8201	8632
12-Apr-12	11602	8164	8594
13-Apr-12	11133	7834	8246
16-Apr-12	10570	7438	7830
17-Apr-12	10469	7367	7754
18-Apr-12	10457	7359	7746
19-Apr-12	10826	7618	8019
20-Apr-12	10742	7559	7957
23-Apr-12	10610	7466	7859
24-Apr-12	10537	7415	7805
25-Apr-12	10431	7341	7727
26-Apr-12	10327	7267	7650
27-Apr-12	9911	6974	7341
30-Apr-12	9383	6603	6950
01-May-12	11027	7760	8168
02-May-12	10945	7702	8107
03-May-12	11163	7855	8269
04-May-12	11120	7825	8237
07-May-12	11548	8126	8554
08-May-12	11546	8125	8553
09-May-12	11507	8098	8524
10-May-12	11377	8006	8427
11-May-12	10791	7594	7993
14-May-12	10561	7432	7823
15-May-12	10104	7110	7484
16-May-12	9811	6904	7268
17-May-12	9904	6969	7336
18-May-12	9746	6858	7219
21-May-12	9545	6717	7071
22-May-12	9413	6624	6973
23-May-12	9233	6497	6839
24-May-12	9082	6391	6727
25-May-12	8476	5965	6279
29-May-12	8106	5704	6005
30-May-12	8009	5636	5933
31-May-12	7816	5500	5790

Cash Balance Monthly Detail

	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Total</u>
Opening Balance	1420.40	5875.45	6750.41	4545.84	8068.05	6950.25	1420.40
Sales Tax	610.00	451.00	501.00	403.00	599.00	477.00	3041.00
Utility Tax	30.00	39.00	34.00	50.00	37.00	33.00	223.00
Commercial Rent Tax	150.00	8.00	3.00	150.00	9.03	9.02	329.05
Personal Income Tax	766.50	1450.00	590.00	605.00	1228.50	198.00	4838.00
General Corporation Tax	903.02	117.00	82.00	1009.04	124.95	126.94	2362.95
Banking Tax	188.00	14.00	4.00	227.00	18.06	31.02	482.08
Unincorporated Business Tax	210.00	380.00	40.00	33.00	388.50	22.00	1073.50
Real Property Tax	3928.44	2342.97	86.20	883.78	543.26	64.79	7849.44
Other Taxes	245.00	392.00	140.00	189.00	119.00	161.00	1246.00
Less Refunds All Taxes	-147.00	-60.00	-120.00	-82.50	-136.50	-37.40	-583.40
Total Taxes	6883.96	5133.97	1360.20	3467.32	2930.80	1085.37	20861.62
Federal Welfare	425.04	19.00	83.00	441.98	26.04	5.94	1001.00
Federal Education	74.97	73.00	362.00	181.06	220.08	196.02	1107.13
Federal Community Development	7.98	18.00	13.00	9.90	13.02	20.02	81.92
Federal Other	142.60	182.01	75.99	121.78	105.00	104.98	732.36
Total Federal Aid	650.59	292.01	533.99	754.72	364.14	326.96	2922.41
NYS Welfare	92.40	88.00	88.00	96.80	92.40	96.80	554.40
NYS Health	0.00	68.00	0.00	44.00	0.00	0.00	112.00
NYS Education	708.00	45.90	53.70	2884.30	138.70	1369.80	5200.40
NYS Higher Education	0.00	0.00	261.80	261.80	0.00	0.00	523.60
NYS Other	63.00	30.00	20.00	77.00	15.75	14.30	220.05
Total New York State Aid	863.40	231.90	423.50	3363.90	246.85	1480.90	6610.45
NYS Revenue Sharing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Intergovernmental Aid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Intergovernmental	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water Board	68.04	68.00	60.00	69.96	120.96	210.10	597.06
Interest Income	2.10	3.00	5.00	4.40	3.15	3.30	20.95
Fines and Forfeitures	80.01	69.00	75.00	94.60	84.00	85.80	488.41
Miscellaneous Revenue	291.90	147.00	213.00	391.60	149.94	319.00	1512.44
Senior College Tuition and Fees	0.00	0.00	0.00	231.00	178.50	0.00	409.50
Capital Interest	0.07	0.07	0.07	0.07	0.07	0.07	0.42
Housing Revenue	2.25	2.25	2.25	2.25	2.25	2.25	13.50
Total Miscellaneous	444.37	289.32	355.32	793.88	538.87	620.52	3042.28
Prior Federal Aid	93.03	35.60	216.00	99.88	25.62	17.38	487.51
Prior NYS Aid	81.48	107.20	40.80	118.80	2.73	0.88	351.89
Total Federal And NYS Prior Aid	174.51	142.80	256.80	218.68	28.35	18.26	839.40
Balance Sheet Inflows	12.60	12.00	12.00	13.20	12.60	13.20	75.60
Federal/State Capital	56.91	450.00	120.00	73.92	45.99	344.08	1090.90
Transfers from Capital Proceeds	930.81	506.00	210.00	1042.00	830.00	560.00	4078.81
Payroll Taxes Inflows	146.00	143.50	143.50	148.50	146.00	148.50	876.00
Seasonal Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Inflow	287.70	260.00	170.00	220.00	220.50	198.00	1356.20
Total Other Inflows	1434.02	1371.50	655.50	1497.62	1255.09	1263.78	7477.51
Total Inflows	10450.85	7461.50	3585.31	10096.12	5364.10	4795.79	41753.67

	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Total</u>
Payroll	1227.00	1217.60	1217.60	1586.50	1219.10	1220.60	7688.40
Pensions	622.30	622.30	632.80	611.80	617.75	610.40	3717.35
Social Security	123.47	124.12	123.32	123.61	125.30	158.86	778.68
Health Plan	251.30	251.30	284.80	251.30	333.30	251.30	1623.30
Other PS	64.00	95.00	80.00	80.00	115.00	88.00	522.00
Total PS	2288.07	2310.32	2338.52	2653.21	2410.45	2329.16	14329.73
PA	205.80	220.00	200.00	191.40	210.00	167.20	1194.40
MA	734.00	360.00	352.00	415.00	360.00	320.00	2541.00
Other DOSS	177.00	192.50	197.00	204.40	153.00	186.00	1109.90
HHC	80.00	25.00	40.00	108.00	85.00	56.00	394.00
TA	15.00	35.00	0.00	0.00	0.00	0.00	50.00
HA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lump Sum	156.00	156.00	156.00	156.00	156.00	156.00	936.00
Vendor Payments	979.23	1235.60	1065.60	1199.44	1237.74	1181.18	6898.79
Other OTPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total OTPS	2347.03	2224.10	2010.60	2274.24	2201.74	2066.38	13124.09
City Capital	556.08	722.00	525.00	586.96	706.02	738.10	3834.16
Other Outflow Capital	76.02	288.00	76.00	155.10	48.93	58.08	702.13
GO Debt Service Funding	0.00	439.18	86.20	140.51	343.80	29.47	1039.16
NYCTFA Debt Service Funding	128.80	0.00	154.50	154.50	0.00	134.40	572.20
Other Debt Service Funding	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repay Seasonal Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payroll Taxes Outflow	599.80	602.94	599.06	609.39	770.96	600.54	3782.69
Other Outflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Outflows	1360.70	2052.12	1440.76	1646.46	1869.71	1560.59	9930.34
Total Outflows	5995.80	6586.54	5789.88	6573.91	6481.90	5956.13	37384.16
Net Flow	4455.05	874.96	-2204.57	3522.21	-1117.80	-1160.34	4369.51
Ending Balance	5875.45	6750.41	4545.84	8068.05	6950.25	5789.91	5789.91