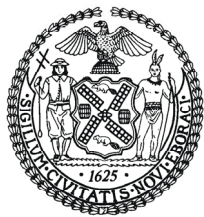


# Quarterly Cash Report

**July-September 2002**



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

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Prepared by the New York City Office of the Comptroller, Bureau of Financial Analysis

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# I. HIGHLIGHTS

- The City began FY 2003 with \$4.433 billion in cash, \$1.367 billion more than in FY 2002. Cash balances averaged \$3.893 billion in the first quarter of FY 2003 compared with \$2.696 billion in the same period in FY 2002. Higher daily balances in FY 2003 reflect the higher opening balance for the fiscal year and transfers during the first quarter of \$1.5 billion of New York City Transitional Finance Authority (TFA) Recovery Note and Bond proceeds to the central treasury as operating budget relief for the City.

Table 1. *Overview of Cash Position, (\$ millions)*

| <i>Central Treasury</i> | <i>July-September 2002</i> | <i>April-June 2002</i> | <i>July-September 2001</i> |
|-------------------------|----------------------------|------------------------|----------------------------|
| Opening Balance         | \$ 4,433 <sup>a</sup>      | \$ 2,766               | \$ 3,066 <sup>a</sup>      |
| Closing Balance         | 2,995                      | 4,433 <sup>a</sup>     | 2,009                      |
| Total Receipts          | 13,628                     | 13,894                 | 11,343                     |
| Total Expenditures      | 15,066                     | 12,227                 | 12,400                     |
| Average Daily Balance   | 3,893                      | 3,234                  | 2,696                      |

The data for this report are based on the City's central treasury book balances as calculated by the Bureau of Financial Analysis, Office of the NYC Comptroller. Expenditures are reported on checks issued and receipts on cash as deposited in the bank. Receipts and expenditures are net of debt-service funding.

<sup>a</sup>Before City Audit.

- Capital expenditures totaled \$1.55 billion in the first quarter of FY 2003, \$402 million greater than in the first quarter of FY 2002. For July-September 2002 there were \$1.467 billion in City-funded capital expenditures compared with \$1.077 billion for July-September 2001. Payments to the School Construction Authority (SCA) totaled \$525 million during the first quarter of FY 2003. Reimbursement to the City's central treasury, from General Obligation (GO), TFA, TSASC, Inc., and Water and Sewer Authority debt, was \$667 million in the first quarter of FY 2003.

Table 2. *Capital Expenditures, (\$ millions)*

|  | <i>July-September 2002</i> | <i>April-June 2002</i> | <i>July-September 2001</i> |
|--|----------------------------|------------------------|----------------------------|
| Capital Expenditures   | \$1,550                    | \$1,369                | \$1,148                    |
| City-funded Capital Expenditures                               | 1,467                      | 1,228                  | 1,077                      |
| Reimbursement to the Central Treasury for Capital Expenditures | 667                        | 1,402                  | 1,091                      |

- A total of \$4.86 billion in debt was issued by the City, TFA, and TSASC, Inc. in the first quarter of FY 2003. The City issued \$1.01 billion in GO debt, the TFA issued \$3.35 billion in debt and the TSASC, Inc. sold \$500 million. The TFA debt included \$ 1 billion in Recovery Bonds for operating budget relief for the City. The TSASC, Inc. sale included \$120 million for closing costs for the Fresh Kills Landfill in the City's operating budget as discussed on page 12.

## II. DAILY CASH BALANCES—JULY-SEPTEMBER 2002

The City began FY 2003 with a \$4.433 billion cash balance and ended the first quarter of the fiscal year with \$2.995 billion.<sup>1</sup> In comparison the City began FY 2002 with \$3.066 billion and ended September 2001 with \$2.009 billion. Chart 1 compares daily balances for the quarter with daily balances in the same quarter last year (July-September 2001). The average daily balance in the quarter was \$3.893 billion, compared with \$2.696 billion in the same quarter last year. Daily cash balances ranged from a low of \$2.532 billion on September 3 to a high of \$5.631 billion on July 12. Daily balances averaged \$4.748 billion in July 2002, \$3.549 billion in August 2002, and \$3.33 billion in September 2002. Daily balances for the quarter exceeded balances every day of the same quarter in FY 2002, mainly due to a higher opening balance and the transfer of TFA Note and Bond proceeds totaling \$1.5 billion to the central treasury, \$1 billion in July 2002, and \$500 million in September 2002.

Chart 1. *Daily Cash Balances, July-September, (\$ millions)*

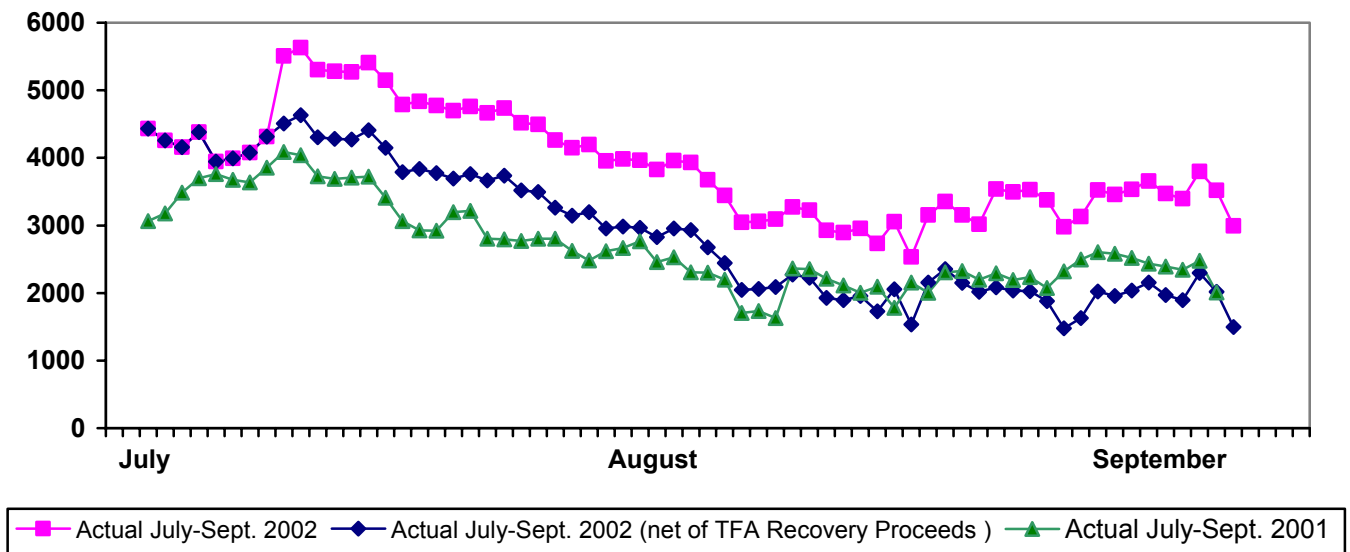
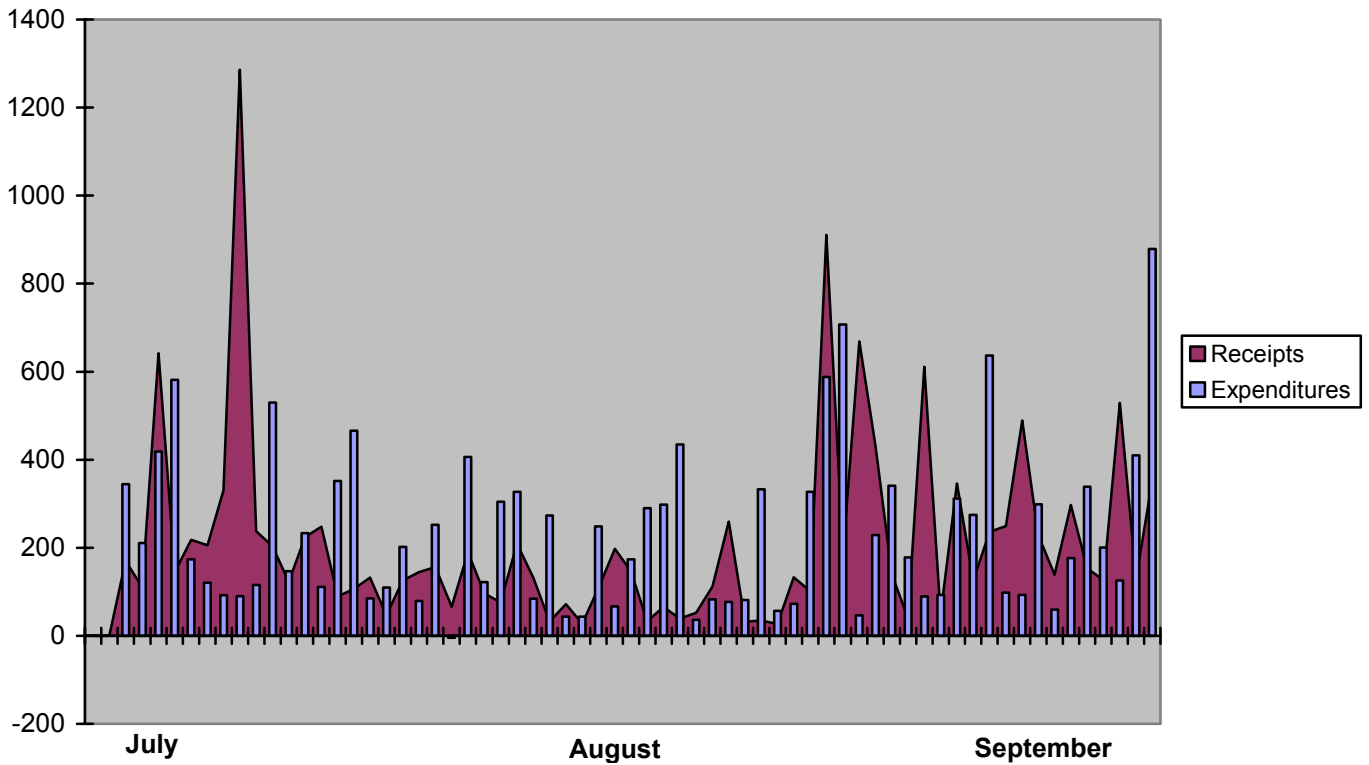


Chart 2 illustrates the level of receipts and expenditures during the quarter. July 11, 2002 and August 30, 2002 had exceptionally large level of receipts. July 11, 2002 receipts included \$1 billion in TFA Note and Bond proceeds and \$66 million in reimbursement for capital expenditures. August 30, 2002 included \$718 million in NYS Education aid. The large level of \$879 million in expenditures on September 30 included \$609 million in PS spending. Retroactive payments for FY 2002, due to teachers as part of their collective bargaining agreement, were part of the PS expenditures.

<sup>1</sup> The fiscal year opening balance is subject to the results of the FY 2002 audit of the City's finances.

Chart 2. *Daily Cash Receipts and Expenditures, July-September 2002, (\$ millions)*



A. Cash Receipts

Cash receipts totaled \$13.628 billion in the first quarter of FY 2003 (July-September 2002), \$2.285 billion greater than \$11.343 billion in the same period last year. Table 3 compares cash receipts in FY 2002 and FY 2003 by major categories. Average daily receipts in the quarter were \$213 million. Daily July cash receipts averaged \$236 million and totaled \$5.2 billion. Average daily August cash receipts were \$132 million and totaled \$2.899 billion. Average daily September cash receipts were \$276 million and totaled \$5.529 billion.

Table 3. *Major Cash Receipts by Category in FY 2002 and FY 2003, (\$ millions)*

| Receipts                | July 2001    | August 2001  | Sept. 2001   | Total         | July 2002    | August 2002  | Sept. 2002   | Total         |
|-------------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|
| Real Estate Tax         | \$2,260      | \$ 289       | \$ 179       | \$ 2,728      | \$2,770      | \$ 207       | \$ 101       | \$ 3,078      |
| Other Taxes             | 652          | 815          | 1,297        | 2,764         | 594          | 750          | 1,795        | 3,139         |
| Less: Debt Service      | (0)          | (89)         | (89)         | (178)         | (788)        | (154)        | (94)         | (1,036)       |
| Federal and State Aid   | 626          | 785          | 1,637        | 3,048         | 851          | 1,260        | 1,239        | 3,350         |
| Miscellaneous and Other | 396          | 351          | 172          | 919           | 397          | 407          | 374          | 1,178         |
| Intergovernmental Aid   | 0            | 0            | 328          | 328           | 3            | 70           | 1,016        | 1,089         |
| Other                   | 592          | 872          | 270          | 1,734         | 1,373        | 359          | 1,098        | 2,830         |
| <b>Total</b>            | <b>4,526</b> | <b>3,023</b> | <b>3,794</b> | <b>11,343</b> | <b>5,200</b> | <b>2,899</b> | <b>5,529</b> | <b>13,628</b> |

During the quarter, tax receipts totaled \$6.217 billion, compared with \$5.492 billion in the same quarter of the prior year.<sup>2</sup> Real estate tax collections totaled \$3.078 billion compared with \$2.728 billion during the same period last year. FY 2003 real estate revenue prepaid in FY 2002 was \$1.3 billion compared with the \$1.452 billion of FY 2002 real estate tax collected in FY 2001. Other taxes totaled \$3.139 billion, up \$2.764 billion in the same period a year ago. In the first quarter of FY 2003, economically sensitive taxes (sales tax, personal income tax, general corporation tax, financial corporation tax, and the unincorporated business tax), generated \$2.305 billion which was 9.54 percent more than the \$2.104 billion received in the same period in FY 2001. However, the distribution of PIT collections from the State in September 2001 was delayed. An unusually large distribution of \$130 million was made on October 1, 2001 compared with the distribution of \$25 million on October 1, 2002. Other tax receipts in September 2002 included \$180 million in STAR payments from the State.

Current and prior Federal and State aid totaled \$3.35 billion in the first quarter of FY 2003 compared with \$3.048 billion in the same period of FY 2002. The first quarter of FY 2003 included \$379 million in FEMA aid associated with the WTC disaster. Miscellaneous and other revenue totaled \$1.178 billion, up over last year by \$259 million. Intergovernmental aid was \$1.089 billion, or \$761 million more than the \$328 million received in the same quarter last year. In July-September 2002, the City received intergovernmental transfers (IGTs) from the Health and Hospital Corporation (HHC) of \$971 million compared with \$185 million received in July-September 2001.<sup>3</sup> IGTs were offset by increased payments of HHC medicaid. Other receipts in the first quarter of FY 2003 include \$1.5 billion in TFA Note and Bond proceeds that were transferred to the City's central treasury.

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2 When making year-to-year comparisons with FY 2002 the impact of 9/11 affected the level and timing of both receipts and expenditures. The City allowed for the extension of filing dates in the months following 9/11.

3 The five residential health care facilities of HHC participate in the Medicaid intergovernmental transfer program. The level of IGTs is driven by payment of enhanced upper payment limit (UPL) funds.

Table 4 shows the major receipts by month for the quarter.

Table 4. *Major Cash Sources, (\$ millions)*

| July 2002                  |         | August 2002                |       | September 2002              |       |
|----------------------------|---------|----------------------------|-------|-----------------------------|-------|
| Real Estate Tax            | \$2,770 | NYS Education              | \$814 | Intergovernmental Transfer  | \$902 |
| TFA Recovery Note Transfer | 1,000   | PIT                        | 337   | TFA Recovery Note Transfer  | 500   |
| PIT                        | 303     | Real Estate Tax            | 207   | Sales Tax                   | 392   |
| Water and Sewer Fees       | 195     | Federal Welfare            | 194   | PIT                         | 365   |
| Federal Welfare            | 189     | Sales Tax                  | 156   | Capital Proceeds Transfer   | 340   |
| NYS Welfare                | 188     | Capital Proceeds Transfer  | 155   | NYS Education               | 322   |
| Capital Proceeds Transfer  | 171     | Water and Sewer Fees       | 151   | Federal Welfare             | 320   |
| WTC Reimbursement          | 114     | Intergovernmental Transfer | 70    | General Corporation Tax     | 287   |
| NYS Education              | 98      | NYS Welfare                | 45    | WTC Reimbursement           | 255   |
| Federal Education          | 93      | Utility Tax                | 44    | STAR                        | 180   |
| Sales Tax                  | 73      | Fines and Forfeitures      | 42    | Unincorporated Business Tax | 157   |
| Fines and Forfeitures      | 46      | Licenses, Franchises, etc. | 42    | NYS Welfare                 | 140   |
| General Corporation Tax    | 43      |                            |       | Real Estate Tax             | 101   |
|                            |         |                            |       | Financial Corporation Tax   | 100   |
|                            |         |                            |       | Commercial Rent Tax         | 95    |
|                            |         |                            |       | NYS Health                  | 65    |
|                            |         |                            |       | Health Plan Settlements     | 65    |
|                            |         |                            |       | NYS Revenue Sharing         | 63    |
|                            |         |                            |       | Fraud and Abuse Aid         | 51    |
|                            |         |                            |       | Hotel Tax                   | 47    |
|                            |         |                            |       | Water and Sewer Fees        | 42    |

Real estate tax is gross of debt service; PIT is gross of debt service; and Sales tax is net of Municipal Assistance Corporation (MAC) debt service (if any) plus interest and the local share.

## B. Cash Expenditures

Cash expenditures totaled \$15.066 billion the first quarter of FY 2003, averaging \$235 million daily. During the same period last year, cash expenditures totaled \$12.4 billion and averaged \$197 million daily. Expenditures were \$5.114 billion in July 2002, \$4.364 billion in August 2002, and \$5.588 billion in September 2002. The daily average expenditure was highest during September at \$279 million and lowest during August at \$198 million. The average daily expenditure in July was \$232 million.

Major expenditures for the quarter reflect the impact of budgetary changes and timing differences. Table 5 shows monthly expenditures in major categories in the first quarters of FY 2002 and FY 2003.

*Table 5. Cash Expenditures by Major Category in FY 2002 and FY 2003, (\$millions)*

|                                       | <b>July<br/>2001</b> | <b>August<br/>2001</b> | <b>September<br/>2001</b> | <b>Total</b>  | <b>July<br/>2002</b> | <b>August<br/>2002</b> | <b>September<br/>2002</b> | <b>Total</b>  |
|---------------------------------------|----------------------|------------------------|---------------------------|---------------|----------------------|------------------------|---------------------------|---------------|
| Gross Payroll                         | \$1,567              | \$1,926                | \$1,423                   | \$ 4,916      | \$1,611              | \$2,060                | \$1,890                   | \$ 5,561      |
| Other Personal Services               | 662                  | 498                    | 420                       | 1,580         | 606                  | 536                    | 584                       | 1,726         |
| Public Assistance                     | 285                  | 179                    | 171                       | 635           | 369                  | 166                    | 161                       | 696           |
| Medical Assistance<br>(excluding HHC) | 279                  | 241                    | 247                       | 767           | 312                  | 244                    | 326                       | 882           |
| Other Social Services                 | 276                  | 139                    | 167                       | 582           | 327                  | 148                    | 163                       | 638           |
| Vendor and Other<br>Payments          | 946                  | 742                    | 668                       | 2,356         | 979                  | 768                    | 791                       | 2,538         |
| All Other, including<br>Capital       | 784                  | 313                    | 468                       | 1,565         | 910                  | 442                    | 1,673                     | 3,025         |
| <b>Total</b>                          | <b>4,799</b>         | <b>4,038</b>           | <b>3,564</b>              | <b>12,401</b> | <b>5,114</b>         | <b>4,364</b>           | <b>5,588</b>              | <b>15,066</b> |

Gross Payroll, at \$5.561 billion, was \$645 million higher in FY 2002 than during the same period last year. Retroactive pay due from the new collective bargaining agreement with Teachers was paid in August and September 2002. Police officers will receive their retroactive payments in November 2002. Police sergeants and detectives and firefighters have not yet agreed to new collective bargaining agreements. July 2002 disbursements also included \$65.3 million in holiday pay. Tables 6 and 7 breakdown the components of the City's major bi-weekly payrolls and the teachers' payrolls for the first quarter of FY 2003 based on information in the City's financial management system (FMS). There were three bi-weekly payrolls in August 2002 and two in both July and September 2002. Teachers are paid twice a month. Uniform sanitation workers are not included as they are paid weekly. Other personal services were \$1.726 billion, up \$146 million compared with the same period last year. September 2002 expenditures included \$81.3 million for Medicare Part B payments.

Table 6. *Bi-Weekly Payroll Analysis, (\$ millions)*

|                                    | <b>July 2002</b> | <b>August 2002</b> | <b>September 2002</b> | <b>Total</b>    |
|------------------------------------|------------------|--------------------|-----------------------|-----------------|
| Full-time Regular                  | \$289.34         | \$ 450.60          | \$285.42              | \$1,025.36      |
| Full-time Uniform                  | 240.35           | 364.40             | 240.56                | 845.31          |
| Part-time                          | 3.47             | 4.97               | 3.15                  | 11.59           |
| Longevity                          | 23.49            | 35.27              | 22.58                 | 81.34           |
| Holiday Pay                        | 64.97            | 0.41               | 2.15                  | 67.53           |
| Overtime                           | 58.65            | 85.66              | 67.12                 | 211.43          |
| Social Security<br>and Health Plan | 112.82           | 160.40             | 105.70                | 378.92          |
| Other                              | 66.65            | 105.33             | 69.75                 | 241.73          |
| <b>Total</b>                       | <b>859.74</b>    | <b>1,207.04</b>    | <b>796.43</b>         | <b>2,863.21</b> |

Table 7. *Teachers' Payroll Analysis, (\$ millions)*

|                                    | <b>July 2002</b> | <b>August 2002</b> | <b>September 2002</b> | <b>Total</b>    |
|------------------------------------|------------------|--------------------|-----------------------|-----------------|
| Full-time                          | \$400.64         | \$401.40           | \$528.15              | \$1,330.19      |
| Part-time                          | 29.75            | 29.74              | 38.95                 | 98.44           |
| Back-pay <sup>b</sup>              | 0.00             | 142.47             | 275.33                | 417.80          |
| Social Security<br>and Health Plan | 71.61            | 82.12              | 100.34                | 254.07          |
| Other                              | 0.04             | 0.04               | 1.12                  | 1.20            |
| <b>Total</b>                       | <b>502.04</b>    | <b>655.77</b>      | <b>943.89</b>         | <b>2,101.70</b> |

<sup>b</sup> A portion of retroactive pay is included in the other categories. The total for the quarter is \$605 million.

Public assistance spending, totaling \$696 million in the quarter, was higher this fiscal year by \$61 million compared with FY 2002. Medical assistance spending was \$882 million, or \$115 million above the first quarter of the last fiscal year. Other social service expenditures totaled \$638 million compared with \$582 million in the first quarter of FY 2002. Vendor and other payments were \$2.538 billion in July-September 2002 compared with \$2.356 billion in the same period last year. Other expenditures during the quarter included refunds of tax revenue of \$129 million. See Section III for a discussion of capital expenditures.

### C. Cash Receipts and Expenditures Related to the World Trade Center Attack

In FY 2002 the City received approximately \$784 million from FEMA as reimbursement for expenditures related to the WTC disaster. In the first three months of FY 2003 \$379 million has been received. In addition to WTC reimbursements, in FY 2003 the City transferred \$1.5 billion in proceeds of TFA Recovery Notes and Bonds to the City's central treasury to cover costs resulting from 9/11 for which the City will not be reimbursed. Transfers from proceeds of \$1 billion occurred in July 2002 and \$500 million in September 2002. Table 8 shows when the FEMA and TFA funds were received.

Table 8. *WTC Reimbursements and Transfers (\$ millions)*

| <b>Date</b>    | <b>FEMA</b>     | <b>TFA Notes</b> |
|----------------|-----------------|------------------|
| FY 2002        | \$ 783.79       | \$ 457.00        |
| July 2002      | 114.13          | 1,000.00         |
| August 2002    | 10.20           | 0.00             |
| September 2002 | 255.05          | 500.00           |
| FYTD FY 2003   | 379.38          | 1,500.00         |
| <b>Total</b>   | <b>1,163.17</b> | <b>1,957.00</b>  |

The City created special budget categories that allow it to trace expenditures resulting from the WTC disaster. As shown in Table 9, there were \$1.074 billion in identified expenditures in FY 2002 and \$117 million in the first quarter of FY 2003 for a total of \$1.191 billion in direct 9/11 related expenditures.

Table 9. *WTC Expenditures, (\$ millions)*

|                                     | <b>Personal Service</b> | <b>Other Than Personal Service</b> | <b>Total PS and OTPS</b> | <b>Capital</b> | <b>Grand Total</b> |
|-------------------------------------|-------------------------|------------------------------------|--------------------------|----------------|--------------------|
| FY 2002 total                       | \$405.32                | \$650.05                           | \$1,055.37               | \$19.02        | \$1,074.39         |
| July 2002                           | 4.02                    | 36.79                              | 40.81                    | 9.92           | 50.73              |
| August 2002                         | 3.43                    | 29.05                              | 32.48                    | 3.17           | 35.65              |
| September 2002                      | 2.31                    | 15.61                              | 17.92                    | 12.26          | 30.18              |
| <b>1<sup>st</sup> Quarter total</b> | <b>9.76</b>             | <b>81.45</b>                       | <b>91.21</b>             | <b>25.35</b>   | <b>116.56</b>      |
| <b>Total</b>                        | <b>415.08</b>           | <b>731.50</b>                      | <b>1,146.58</b>          | <b>44.37</b>   | <b>1,190.95</b>    |

### III. CAPITAL EXPENDITURES

Capital expenditures totaled \$1.55 billion during the first quarter of FY 2003, \$402 million more than in the same quarter last year. The average daily expenditure was \$24.22 million, up from a daily average of \$18.22 million for the first quarter of FY 2002. Expenditures of \$561 million for July 2002 averaged \$25.52 million daily. August 2002 expenditures of \$289 million averaged \$13.14 million daily, and September 2002 expenditures of \$700 million averaged \$34.98 million daily.

Capital expenditures, which are financed by issuing debt, primarily GO, TFA, TSASC, Inc., Water and Sewer and Dormitory Authority debt, are City-funded expenditures. City-funded capital expenditures, averaging \$22.92 million daily, were \$1.467 billion for this quarter, compared with \$1.077 billion in the same period last year. City-funded expenditures were \$531 million in July 2002, \$263 million in August 2002, and \$674 million in September 2002. They averaged \$24.12 million daily, \$11.94 million daily, and \$33.71 million daily in July, August, and September, respectively.

Payments of \$525 million were made to the School Construction Authority (SCA) in the first quarter of FY 2003, \$225 million in July 2002 and \$300 million in September 2002. In the first quarter of FY 2002 there were \$300 million in payments to the SCA. Chart 3 compares quarterly City-funded capital expenditures in July-September 2002, April-June 2002, and July-September 2001.

Chart 3. *Quarterly City-funded Capital Expenditures, (\$ millions)*

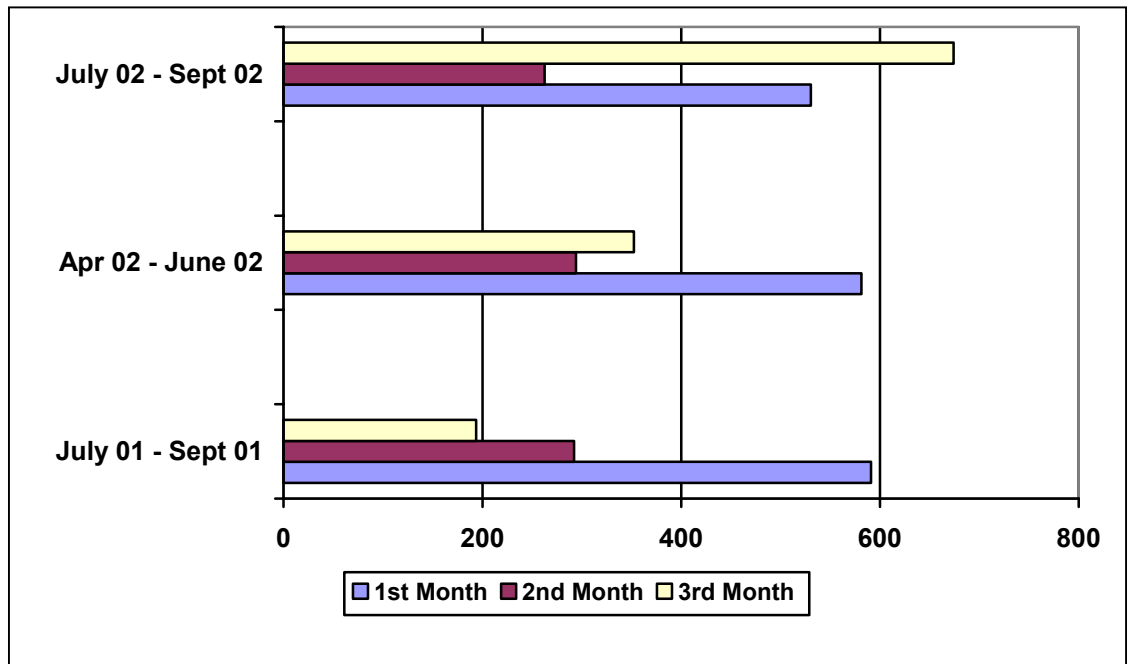


Table 10 compares capital expenditures in FY 2002 and FY 2003. City-funded capital expenditures were 36.2% larger in FY 2003.

Table 10. *Capital Expenditures for FY 2002 and FY 2003, (\$ millions)*

| <b>FY 2002</b> | <b>Total Capital</b> | <b>City-funded Capital</b> | <b>FY 2003</b> | <b>Total Capital</b> | <b>City-Funded Capital</b> |
|----------------|----------------------|----------------------------|----------------|----------------------|----------------------------|
| First quarter  | \$1,148              | \$1,077                    | First quarter  | \$1,550              | \$1,467                    |

Table 11 displays City-funded capital expenditures for the quarter by bonding status. Bonding status classifies City-funded capital expenditures into categories. These categories indicate whether the general fund may be reimbursed for these expenditures out of certain bond proceeds.

Table 11. *City-funded Capital Expenditures by Bonding Status, (\$ millions)*

|                                 | <b>July 2002</b> | <b>August 2002</b> | <b>September 2002</b> | <b>Total</b>    |
|---------------------------------|------------------|--------------------|-----------------------|-----------------|
| Approved-Tax Exempt             | \$373.98         | \$136.53           | \$429.03              | \$ 939.54       |
| Water and Sewer                 | 75.55            | 75.24              | 62.67                 | 213.46          |
| Taxable                         | 45.43            | 24.02              | 28.96                 | 98.41           |
| <b>All City-funded Spending</b> | <b>530.53</b>    | <b>262.60</b>      | <b>674.25</b>         | <b>1,467.38</b> |

All capital expenditures are paid from the City's central treasury. Bonds and BANs are issued to reimburse the central treasury. The timely transfer of funds to the central treasury eliminates the potential of any negative impact on operating cash balances. During the first quarter of FY 2003, \$667 million of City-funded capital expenditures, which were previously paid out of the central treasury, were reimbursed from bond proceeds as shown in Table 12. In the same time frame in FY 2002 there were \$1.091 billion of transfers.

Table 12. *Reimbursement to the Central Treasury From Bond Proceeds, (\$ millions)*

|  | <b>July<br/>2002</b> | <b>August<br/>2002</b> | <b>September<br/>2002</b> | <b>Total</b>  |
|--|----------------------|------------------------|---------------------------|---------------|
| General Obligation Bonds                         | \$ 77.21             | \$ 0.00                | \$127.28                  | \$204.49      |
| Water and Sewer Bonds                            | 93.99                | 155.30                 | 62.10                     | 311.39        |
| Transitional Finance Authority<br>Bonds and BANs | 0.00                 | 0.00                   | 0.79                      | 0.79          |
| Tobacco Settlement                               | 0.00                 | 0.00                   | 150.05                    | 150.05        |
| <i>Sub-total</i>                                 | <i>171.20</i>        | <i>155.30</i>          | <i>340.22</i>             | <i>666.72</i> |
| Other  | 0.00                 | 0.00                   | 0.00                      | 0.00          |
| <b>Total</b>                                     | <b>171.20</b>        | <b>155.30</b>          | <b>340.22</b>             | <b>666.72</b> |

## IV. FINANCING AND DEBT SERVICE

In the first quarter of FY 2003, the City sold \$1.010 billion in General Obligation (GO) bonds to refund outstanding debt. The sale was comprised of \$998.63 million of current interest tax-exempt bonds and \$11.19 million of capital appreciation tax-exempt bonds. No GO debt was issued in the first quarter of FY 2002.

The Transitional Finance Authority (TFA) sold over \$3.3 billion in various types of debt in the first quarter of FY 2003. In order to refund outstanding debt \$1.839 billion of current interest tax-exempt, \$76.17 million of current interest taxable, and \$112.37 million of capital appreciation tax-exempt were sold. The TFA re-offered \$322.5 million in Revenue bonds to convert existing debt to fixed rate bonds. The TFA also sold \$1 billion in Recovery Bonds to give the City operating budget relief in FY 2003. In the first quarter of FY 2002 the TFA sold \$750 million in bonds and BANs to fund the City's capital program and \$1 billion in NYC Recovery Notes for City budget relief.

TSASC, Inc. issued \$500 million in Tobacco Settlement Asset-Backed Bonds in the first quarter of FY 2003. A portion of these proceeds will pay for City capital expenditures and \$120 million will cover some of the cost of closing the Fresh Kills Landfill in Staten Island in the City's operating budget. The City is authorized to use TSASC, Inc. bonds for the landfill costs pursuant to State law. There were no TSASC, Inc. revenue bond sales in FY 2002.

Table 13 shows the total of \$4.86 billion in debt issued by the City, the TFA, and TSASC, Inc. in the first quarter of FY 2003.

Table 13. *Bond and BAN Issues During FY 2003, (\$ millions)*

|                            | NYC GO Debt       |             | TFA Debt          |                | TSASC, Inc.     | Total             |
|----------------------------|-------------------|-------------|-------------------|----------------|-----------------|-------------------|
|                            | Tax-Exempt        | Taxable     | Tax-Exempt        | Taxable        | Tax-Exempt      |                   |
| July 2002                  | \$ 0.00           | \$0.00      | \$2,079.77        | \$ 0.00        | \$ 0.00         | \$ 2,079.77       |
| August 2002                | 1,009.81          | 0.00        | 673.83            | 76.17          | 500.00          | 2,259.81          |
| September 2002             | 0.00              | 0.00        | 520.00            | 0.00           | 0.00            | 520.00            |
| <b>First Quarter Total</b> | <b>\$1,009.81</b> | <b>0.00</b> | <b>\$3,273.60</b> | <b>\$76.17</b> | <b>\$500.00</b> | <b>\$4,859.58</b> |

The City and the TFA fund debt service payments in advance of the actual payment dates to holders of these securities. In the July-September 2002 period, GO debt service funding was \$844 million compared with zero in July-September 2001. GO debt service is normally funded by real estate tax withheld by the State Comptroller in a segregated bank account. The first quarter of FY 2002 was funded in June 2001 from the FY 2001 budget surplus. In the first quarter of FY 2003, actual payments to holders of GO bonds were \$1.47 billion. During the quarter PIT of \$194 million was withheld by the TFA for November 2002 payments of debt service compared with \$179 million in the same period last year. The City's cash receipts of real estate tax and PIT are net of debt service funding. TSASC, Inc. debt service is paid from tobacco settlement money due to the City. After debt service for the fiscal year is funded any additional funds to be received as part of the agreement are released to the City during the year.

## **V. GLOSSARY OF ACRONYMS**

|             |                                     |
|-------------|-------------------------------------|
| <b>BANs</b> | Bond Anticipation Notes             |
| <b>FEMA</b> | Federal Emergency Management Agency |
| <b>FMS</b>  | Financial Management System         |
| <b>FY</b>   | Fiscal Year                         |
| <b>GO</b>   | General Obligation                  |
| <b>HHC</b>  | Health and Hospital Corporation     |
| <b>IGT</b>  | Intergovernmental Transfer          |
| <b>MAC</b>  | Municipal Assistance Corporation    |
| <b>NYC</b>  | New York City                       |
| <b>NYS</b>  | New York State                      |
| <b>OTPS</b> | Other than Personal Service         |
| <b>PIT</b>  | Personal Income Tax                 |
| <b>PS</b>   | Personal Service                    |
| <b>SCA</b>  | School Construction Authority       |
| <b>STAR</b> | School Tax Relief                   |
| <b>TFA</b>  | Transitional Finance Authority      |
| <b>WTC</b>  | World Trade Center                  |