

# Quarterly Cash Report

*July-September 2005, First Quarter of FY 2006*

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

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- New York City's cash-on-hand during July-September 2005, the first quarter (Q1) of FY 2006, significantly exceeded levels of previous fiscal years. The average daily balance for the period of \$7.738 billion was \$3.39 billion above the average daily balance during July-September 2004, and \$5.042 billion more when compared with five years ago.
- Cash receipts totaled \$16.537 billion during July-September 2005, \$1.962 billion greater than the first quarter of FY 2005. Receipts have grown 46 percent since the first quarter of FY 2002. Real property tax receipts increased \$833 million in the first quarter of FY 2006 over the first quarter of FY 2005. The calculation of the discount offered by the City for early payment of real property tax was simplified and the rate changed to 1.5 percent. This encouraged many taxpayers to pay the full annual amount of real property tax at the start of the fiscal year. All other taxes during July-September 2005 grew \$602 million over the first quarter of FY 2005.
- Cash expenditures, net of capital expenditures, totaled \$14.341 billion during the first quarter of FY 2006, an increase of \$930 million compared with the first quarter of FY 2005. Personal Service (PS) expenditures in FY 2006 included the impact of a 10 percent salary increase awarded members of the Patrolmen's Benevolent Association (PBA), including retroactive pay beginning in August 2005, and a one percent increase agreed to with District Council 37 (DC 37) beginning in July 2005. Tax refunds included \$249 million for real property tax rebates in September 2005 and \$150 million in September 2004.
- Capital expenditures of \$1.73 billion were greater in the first quarter of FY 2006 than the \$1.462 billion of capital expenditures in the comparable period in FY 2005. City-funded expenditures included \$600 million in payments to the School Construction Authority (SCA), an increase of \$300 million over the first quarter of FY 2005. City-funded capital expenditures were greater than the \$1.473 billion of reimbursements to the Central Treasury for capital expenditures in the first quarter of FY 2006, decreasing cash balances by \$139 million.
- The City sold \$2.257 billion in General Obligation (GO) debt during the first quarter of FY 2006. The sales provided \$1.685 billion in funding for the City's capital program. Refundings of outstanding debt totaled \$572 million and provided \$35 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 began FY 2006 with \$6.83 billion in cash-on-hand in its central treasury. Cash balances increased by \$466 million during the first quarter. Table 1 shows the five year history of the City's cash position during the first quarters of FY 2002-FY 2006. The first quarter of FY 2006 closed with \$7.296 billion, 87 percent more in cash than the first quarter of FY 2005, and 263 percent more than the first quarter of FY 2002.<sup>2</sup> As shown in Table 2, the average daily balance in each month of the quarter and for the quarter in FY 2006 exceeded the average daily balances in the same periods since FY 2002.

**Table 1. Q1 Five Year Trend Overview of Cash Position**

(\$ in millions)

| Central Treasury                | Q1 FY 2002 | Q1 FY 2003 | Q1 FY 2004 | Q1 FY 2005 | Q1 FY 2006 |
|---------------------------------|------------|------------|------------|------------|------------|
| Opening Balance <sup>a</sup>    | \$ 3,066   | \$ 4,433   | \$ 2,502   | \$ 4,208   | \$ 6,830   |
| Total Receipts                  | 11,343     | 13,628     | 14,144     | 14,575     | 16,537     |
| Total Expenditures <sup>b</sup> | 12,400     | 15,066     | 14,108     | 14,873     | 16,071     |
| Closing Balance                 | \$ 2,009   | \$ 2,995   | \$ 2,538   | \$ 3,910   | \$ 7,296   |

a. Opening balances are before City Audits.

b. Total expenditures include capital expenditures.

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

(\$ in millions)

|                 | FY 2002        | FY 2003        | FY 2004        | FY 2005        | FY 2006        |
|-----------------|----------------|----------------|----------------|----------------|----------------|
| July            | \$3,457        | \$4,748        | \$3,270        | \$5,233        | \$8,809        |
| August          | 2,318          | 3,549          | 2,507          | 3,939          | 7,319          |
| September       | 2,314          | 3,330          | 2,904          | 3,891          | 7,177          |
| <b>Q1 Total</b> | <b>\$2,696</b> | <b>\$3,893</b> | <b>\$2,900</b> | <b>\$4,348</b> | <b>\$7,738</b> |

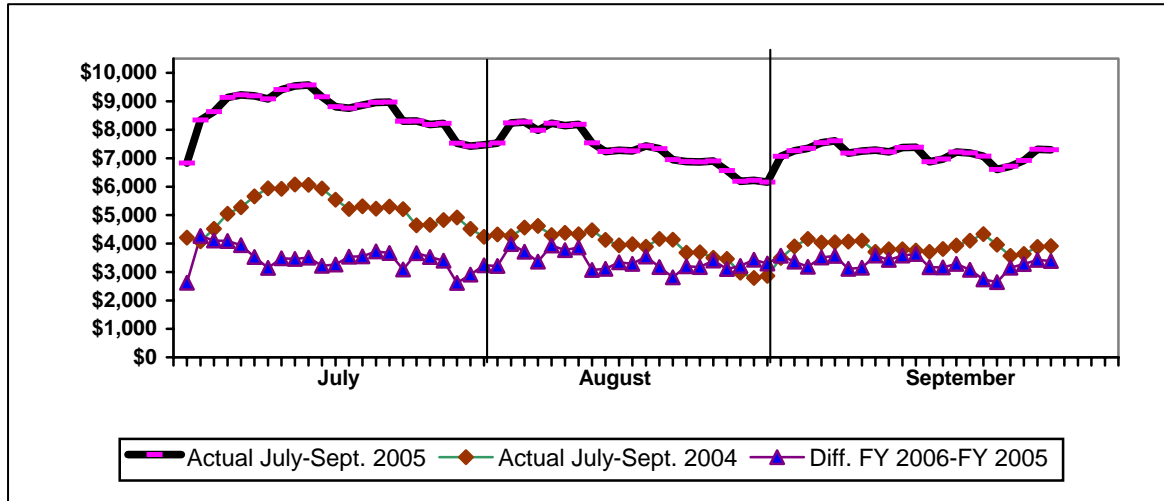
The highest cash balance during July-September 2005 was \$9.573 billion, on July 14, 2005, and the lowest was \$6.162 billion, on August 31, 2005. Cash balances during July-September 2004 followed the same pattern but at significantly lower levels. The highest balance was \$6.076 billion, on July 13, 2004, and the lowest was \$2.792 billion, on August 30, 2004. Chart 1 depicts the differences between the daily cash balances in the first quarters of FY 2006 and FY 2005, which averaged over \$3.3 billion.

1. 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. 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.

2. The first quarter of FY 2002 includes the initial impact on the City's finances of the attack on the World Trade Center on September 11, 2001.

**Chart 1. Q1 Daily Cash Balances FY 2005 and FY 2006**

(\$ in millions)



## B. CASH RECEIPTS

Cash receipts totaled \$16.537 billion during the first quarter of FY 2006, \$1.962 billion more in cash receipts than during the same period in FY 2005, and \$5.194 billion more than in the first quarter of FY 2002. Table 3 shows total receipts and average daily cash receipts for the first quarters of FY 2002-FY 2006.

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

(\$ in millions)

|                 | Total Receipts  |                 |                 |                 |                 | Average Daily Receipts |              |              |              |              |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------------|--------------|--------------|--------------|--------------|
|                 | FY 2002         | FY 2003         | FY 2004         | FY 2005         | FY 2006         | FY 2002                | FY 2003      | FY 2004      | FY 2005      | FY 2006      |
| July            | \$ 4,526        | \$ 5,200        | \$ 5,457        | \$ 5,893        | \$ 6,683        | \$216                  | \$236        | \$ 248       | \$281        | \$334        |
| August          | 3,023           | 2,899           | 4,177           | 2,968           | 3,787           | 131                    | 132          | 199          | 135          | 165          |
| September       | 3,794           | 5,529           | 4,510           | 5,714           | 6,067           | 200                    | 276          | 215          | 272          | 289          |
| <b>Q1 Total</b> | <b>\$11,343</b> | <b>\$13,628</b> | <b>\$14,144</b> | <b>\$14,575</b> | <b>\$16,537</b> | <b>\$180</b>           | <b>\$213</b> | <b>\$221</b> | <b>\$228</b> | <b>\$258</b> |

Table 4 shows monthly first quarter cash receipts during FY 2005 and FY 2006 by major category. Table 5 and Chart 2 display the five year trend in first quarter receipts for these categories.

**Table 4. Q1 Cash Receipts by Category FY 2005 and FY 2006**

(\$ in millions)

| Receipts              | July 2004      | August 2004    | Sept. 2004     | Q1 05 Total     | July 2005      | August 2005    | Sept. 2005     | Q1 06 Total     | Diff. Q1 Total FY 06/05 |
|-----------------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|-----------------|-------------------------|
| Real Property Tax     | \$3,456        | \$ 151         | \$ 450         | \$ 4,057        | \$4,187        | \$ 138         | \$ 565         | \$ 4,890        | \$ 833                  |
| Other Taxes           | 747            | 946            | 2,212          | 3,905           | 902            | 1,171          | 2,434          | 4,507           | 602                     |
| Federal and State Aid | 893            | 1,043          | 1,248          | 3,184           | 471            | 860            | 1,805          | 3,136           | (48)                    |
| Less: Debt Funding    | (594)          | (69)           | (0)            | (663)           | (0)            | (0)            | (0)            | (0)             | 663                     |
| Miscellaneous         | 414            | 442            | 346            | 1,202           | 479            | 405            | 340            | 1,224           | 22                      |
| Intergovernmental Aid | 312            | 0              | 493            | 805             | 70             | 4              | 152            | 226             | (579)                   |
| Other <sup>a</sup>    | 665            | 455            | 965            | 2,085           | 574            | 1,209          | 771            | 2,554           | 469                     |
| <b>Total</b>          | <b>\$5,893</b> | <b>\$2,968</b> | <b>\$5,714</b> | <b>\$14,575</b> | <b>\$6,683</b> | <b>\$3,787</b> | <b>\$6,067</b> | <b>\$16,537</b> | <b>\$1,962</b>          |

a. Other receipts include capital proceeds transfers of \$226 million in July 2004, \$251 million in August 2004, \$788 million in September 2004, \$205 million in July 2005, \$833 million in August 2005, and \$435 million in September 2005.

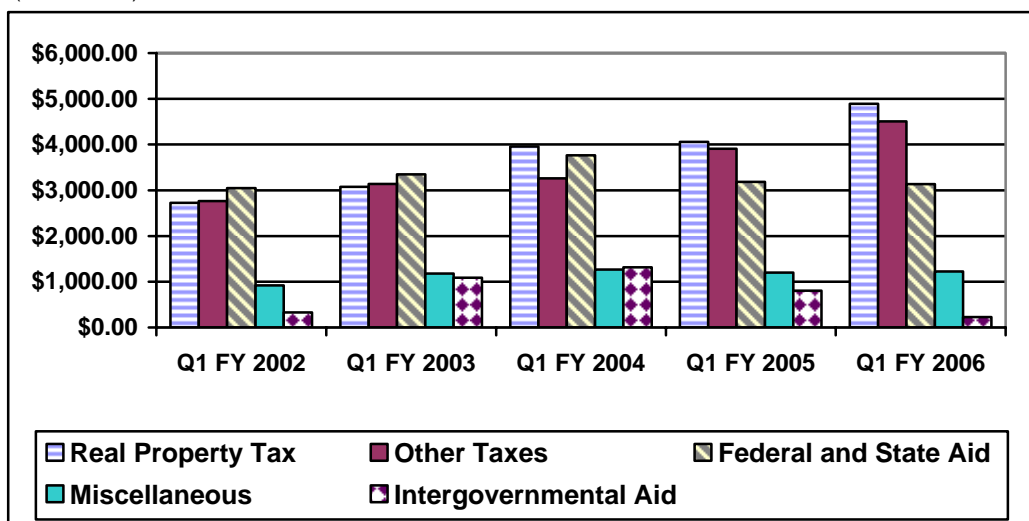
**Table 5. Q1 Five Year Trend by Cash Receipt Category**

(\$ in millions)

|                       | Q1 FY 2002      | Q1 FY 2003      | Q1 FY 2004      | Q1 FY 2005      | Q1 FY 2006      |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Real Property Tax     | \$ 2,728        | \$ 3,078        | \$ 3,954        | \$ 4,057        | \$ 4,890        |
| Other Taxes           | 2,764           | 3,139           | 3,263           | 3,905           | 4,507           |
| Federal and State Aid | 3,048           | 3,350           | 3,762           | 3,184           | 3,136           |
| Less: Debt Funding    | (179)           | (1,036)         | (1,402)         | (663)           | (0)             |
| Miscellaneous         | 919             | 1,178           | 1,268           | 1,202           | 1,224           |
| Intergovernmental Aid | 328             | 1,089           | 1,316           | 805             | 226             |
| Other                 | 1,735           | 2,830           | 1,983           | 2,085           | 2,554           |
| <b>Total</b>          | <b>\$11,343</b> | <b>\$13,628</b> | <b>\$14,144</b> | <b>\$14,575</b> | <b>\$16,537</b> |

**Chart 2. Q1 Five Year Trend by Cash Receipt Category**

(\$ in millions)



Tax receipts<sup>3</sup> totaled \$9.397 billion during the first quarter of FY 2006. This was 18 percent greater than the \$7.962 billion in tax receipts during the first quarter of FY 2005.

Real property tax collections during the first quarter of FY 2006 were \$833 million more than real property tax collections in the same period of FY 2005. This accounted for 58 percent of the \$1.435 billion increase in total taxes. The calculation of the discount offered by the City for early payment of real property tax was simplified and the rate changed to 1.5 percent. This encouraged many taxpayers to pay the full annual amount of real property tax at the start of the fiscal year. Tax lien sales totaled \$62 million during the first quarter of FY 2006 and \$41 million during the first quarter of FY 2005.

Tax collections, excluding real property tax, were \$602 million greater during the first quarter of FY 2006 than during the first quarter of FY 2005. Sales tax, net of Municipal Assistance Corporation (MAC) debt service funding, was \$168 million more in the first quarter in FY 2006 than in the same period of FY 2005. MAC debt service funding was \$5 million in FY 2006 and \$120 million in FY 2005. During July-September 2005, personal income tax (PIT) was \$118 million greater, general corporation tax (GCT) was \$148 million greater, unincorporated business tax (UBT) was \$50 million greater, and financial corporation tax (FCT) was \$38 million less than during July-September 2004. The City received \$39 million in payment in lieu of taxes (PILOTs) from the Industrial Development Agency (IDA) in August 2005. School Tax Relief (STAR) aid was \$198 million in September 2005 and \$187 million in September 2004.

Federal aid totaled \$1.273 billion and State aid totaled \$1.863 billion during the first quarter of FY 2006, compared with \$1.014 billion in Federal aid and \$2.17 billion in State aid in the same period in FY 2005. NYS education aid accounted for a significant portion of these receipts in both fiscal years. The City received NYS education aid of \$1.221 billion during the first quarter of FY 2006 and \$1.343 billion during the first quarter of FY 2005.

Intergovernmental aid decreased during the first quarter of FY 2006 from the first quarter of FY 2005. Intergovernmental Transfers (IGTs) from the Health and Hospitals Corporation (HHC) were \$647 million less offset by the receipt of Long-Term Care (LTC) aid of \$70 million in July 2005.

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3. 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.

Table 6 shows the major monthly cash sources during the first quarter of FY 2006.

**Table 6. Q1 Major Cash Sources FY 2006**

(\$ in millions)

| July 2005               |         | August 2005             |       | September 2005              |         |
|-------------------------|---------|-------------------------|-------|-----------------------------|---------|
| Real Property Tax       | \$4,161 | Capital Transfers       | \$833 | NYS Education               | \$1,076 |
| Personal Income Tax     | 357     | Personal Income Tax     | 424   | Personal Income Tax         | 570     |
| Capital Transfers       | 205     | Sales Tax               | 328   | Real Property Tax           | 554     |
| Water and Sewer Fees    | 193     | Federal Welfare         | 223   | General Corporation Tax     | 489     |
| Sales Tax               | 191     | NYS Welfare             | 192   | Capital Transfers           | 435     |
| Federal Welfare         | 187     | Water and Sewer Fees    | 172   | Sales Tax                   | 307     |
| NYS Welfare             | 119     | NYS Education           | 134   | Federal Welfare             | 255     |
| Long-Term Care          | 70      | Real Property Tax       | 114   | Unincorporated Business Tax | 229     |
| Fines and Forfeitures   | 63      | General Corporation Tax | 83    | Federal Education           | 204     |
| General Corporation Tax | 52      | Fines and Forfeitures   | 69    | STAR                        | 198     |
| Tax Lien Sales          | 26      | Federal Education       | 64    | Financial Corporation Tax   | 129     |
|                         |         | IDA PILOT               | 39    | Intergovernmental Transfers | 120     |
|                         |         | Tax Lien Sales          | 24    | Commercial Rent Tax         | 115     |
|                         |         |                         |       | NYS Welfare                 | 107     |
|                         |         |                         |       | Hotel Tax                   | 68      |
|                         |         |                         |       | Fines and Forfeitures       | 63      |
|                         |         |                         |       | Water and Sewer Fees        | 59      |
|                         |         |                         |       | NYS Revenue Sharing         | 32      |
|                         |         |                         |       | Tax Lien Sales              | 11      |

Table 7 portrays the five year trend for selected cash receipts during the first quarters of FY 2002-FY 2006. As a percent of total receipts, real property tax was 30 percent in FY 2006 compared with 24 percent in FY 2002. The increase includes the impact of the 18.5 percent real property tax increase in January 2003. For FY 2002-FY 2006, real property tax was 27 percent of total receipts, NYS education aid was 9 percent and PIT was 8 percent. Cash receipts during FY 2002-FY 2004 include 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.

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

(\$ in millions)

|                                | Q1 FY 2002 | Q1 FY 2003 | Q1 FY 2004 | Q1 FY 2005 | Q1 FY 2006 | Total    |
|--------------------------------|------------|------------|------------|------------|------------|----------|
| Real Property Tax <sup>a</sup> | \$2,728    | \$3,078    | \$3,954    | \$4,057    | \$4,890    | \$18,707 |
| NYS Education                  | 1,202      | 1,234      | 1,434      | 1,343      | 1,221      | 6,434    |
| Personal Income Tax            | 861        | 1,005      | 1,094      | 1,233      | 1,351      | 5,544    |
| Federal Welfare                | 805        | 703        | 780        | 519        | 665        | 3,472    |
| Sales Tax                      | 655        | 621        | 568        | 658        | 826        | 3,328    |
| NYS Welfare                    | 249        | 373        | 553        | 534        | 418        | 2,127    |
| General Corporation Tax        | 367        | 385        | 463        | 476        | 624        | 2,315    |
| Water and Sewer Fees           | 335        | 388        | 356        | 402        | 424        | 1,905    |
| TFA Recovery Notes             | 0          | 1,500      | 0          | 0          | 0          | 1,500    |
| FEMA                           | 126        | 379        | 932        | 0          | 0          | 1,437    |
| Unincorporated Business Tax    | 147        | 186        | 194        | 210        | 261        | 998      |
| STAR                           | 187        | 180        | 180        | 187        | 198        | 932      |
| NYS Revenue Sharing            | 63         | 63         | 39         | 37         | 32         | 234      |

a. Includes tax lien sales

Cash receipts during the first quarter of FY 2006, net of capital reimbursements, totaled \$15.064 billion and averaged \$235 million daily compared with net cash receipts of \$13.31 billion and daily average net receipts of \$208 million during the first quarter of FY 2005. Table 8 depicts the difference between net cash receipts in the first quarters of FY 2005 and FY 2006.

**Table 8. Q1 Cash Receipts (net of capital reimbursements) FY 2005 and FY 2006**

(\$ in millions)

|                 | FY 2005         | FY 2006         | Diff. FY 2006/<br>FY 2005 |
|-----------------|-----------------|-----------------|---------------------------|
| July            | \$ 5,667        | \$ 6,478        | \$ 811                    |
| August          | 2,717           | 2,954           | 237                       |
| September       | 4,926           | 5,632           | 706                       |
| <b>Q1 Total</b> | <b>\$13,310</b> | <b>\$15,064</b> | <b>\$1,754</b>            |

## C. CASH EXPENDITURES

Cash expenditures, including capital, totaled \$16.071 billion during the first quarter of FY 2006 and averaged \$251 million daily. As shown in Table 9, total expenditures and the average daily expenditures in FY 2006 were the highest in the past five years.

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

(\$ in millions)

|                 | Total Expenditures |                 |                 |                 |                 | Average Daily Expenditures |              |              |              |              |
|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|----------------------------|--------------|--------------|--------------|--------------|
|                 | FY 2002            | FY 2003         | FY 2004         | FY 2005         | FY 2006         | FY 2002                    | FY 2003      | FY 2004      | FY 2005      | FY 2006      |
| July            | \$ 4,799           | \$ 5,114        | \$ 4,973        | \$ 5,581        | \$ 5,982        | \$229                      | \$232        | \$226        | \$266        | \$299        |
| August          | 4,038              | 4,364           | 4,461           | 4,624           | 5,156           | 176                        | 198          | 212          | 210          | 224          |
| September       | 3,564              | 5,588           | 4,674           | 4,668           | 4,933           | 188                        | 279          | 223          | 222          | 235          |
| <b>Q1 Total</b> | <b>\$12,401</b>    | <b>\$15,066</b> | <b>\$14,108</b> | <b>\$14,873</b> | <b>\$16,071</b> | <b>\$197</b>               | <b>\$235</b> | <b>\$220</b> | <b>\$232</b> | <b>\$251</b> |

Table 10 indicates monthly expenditures in major categories during the first quarters of FY 2005 and FY 2006.

**Table 10. Q1 Cash Expenditures by Category FY 2005 and FY 2006**

(\$ in millions)

| <b>Expenditures</b>                       | <b>July 2004</b> | <b>August 2004</b> | <b>Sept. 2004</b> | <b>Q1 05 Total</b> | <b>July 2005</b> | <b>August 2005</b> | <b>Sept. 2005</b> | <b>Q1 06 Total</b> | <b>Diff.Q1 Total FY 06/05</b> |
|---|------------------|--------------------|-------------------|--------------------|------------------|--------------------|-------------------|--------------------|-------------------------------|
| Gross Payroll                             | \$1,846          | \$1,661            | \$1,394           | \$ 4,901           | \$2,065          | \$1,806            | \$1,459           | \$ 5,330           | \$ 429                        |
| Other Personal Services                   | 749              | 777                | 578               | 2,104              | 945              | 884                | 670               | 2,499              | 395                           |
| Public Assistance                         | 306              | 234                | 211               | 751                | 289              | 214                | 193               | 696                | (55)                          |
| Medical Assistance (excluding HHC)        | 338              | 436                | 354               | 1,128              | 308              | 375                | 402               | 1,085              | (43)                          |
| Other Social Services                     | 264              | 150                | 153               | 567                | 296              | 119                | 174               | 589                | 22                            |
| Vendor and Other Payments                 | 1,093            | 915                | 827               | 2,835              | 1,169            | 1,037              | 918               | 3,124              | 289                           |
| All Other, including Capital <sup>a</sup> | 985              | 451                | 1,151             | 2,587              | 910              | 721                | 1,117             | 2,748              | 161                           |
| <b>Total</b>                              | <b>\$5,581</b>   | <b>\$4,624</b>     | <b>\$4,668</b>    | <b>\$14,873</b>    | <b>\$5,982</b>   | <b>\$5,156</b>     | <b>\$4,933</b>    | <b>\$16,071</b>    | <b>\$1,198</b>                |

a. Capital expenditures included in All Other are \$380 million in July 2004, \$392 million in August 2004, \$690 million in September 2004, \$680 million in July 2005, \$394 million in August 2005, and \$656 million in September 2005.

PS expenditures are comprised of gross payroll and other personal services. PS totaled \$7.829 billion during July-September 2005 and \$7.005 billion during July-September 2004. In July and August of FY 2006, the City's payroll included expenditures related to two collective bargaining agreements. The City and DC 37 agreed on the final one percent increase in its current contract and payment for back pay was made in July 2005. The Public Employment Relations Board (PERB) issued a binding agreement for the City and the PBA for retroactive increases of 10 percent. These retroactive payments were made in August 2005.

July 2005 included \$118 million in health plan payments for Medicare Part B. July 2005 also included \$67 million for holiday pay in uniformed agencies. The largest payment for holiday pay during the first quarter of FY 2006 was \$42 million in the Police Department. September 2005 included the increased ongoing payroll related expenditures from the collective bargaining settlements.

Other Than Personal Service (OTPS) expenditures for public assistance, medical assistance, other social services, and vendor and other payments totaled \$5.494 billion in the first quarter of FY 2006, and \$5.281 billion in the first quarter of FY 2005. All Other expenditures include \$360 million in tax refunds (including \$249 million in real property tax rebates) during the first quarter of FY 2006 and \$273 million (including \$150 million in real property tax rebates) during the first quarter of FY 2005.

Table 11 and Chart 3 show the five year trend in PS and major OTPS expenditures during the first quarters of FY 2002-FY 2006. FY 2002, FY 2003, and FY 2004 include expenditures related to the attack on the World Trade Center of \$123 million, \$117 million, and \$45 million, respectively.

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

(\$ in millions)

|                        | Q1 FY 2002     | Q1 FY 2003     | Q1 FY 2004     | Q1 FY 2005     | Q1 FY 2006     |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| Gross Payroll          | \$4,916        | \$5,561        | \$4,756        | \$4,901        | \$5,330        |
| Other Personal Service | 1,580          | 1,726          | 1,856          | 2,104          | 2,499          |
| <b>Total PS</b>        | <b>\$6,496</b> | <b>\$7,287</b> | <b>\$6,612</b> | <b>\$7,005</b> | <b>\$7,829</b> |
| Public Assistance      | 635            | 696            | 781            | 751            | 696            |
| Medical Assistance     | 767            | 882            | 906            | 1,128          | 1,085          |
| Other Social Services  | 582            | 638            | 537            | 567            | 589            |
| Vendor and Other       | 2,356          | 2,538          | 2,452          | 2,835          | 3,124          |
| <b>Total OTPS</b>      | <b>\$4,340</b> | <b>\$4,754</b> | <b>\$4,676</b> | <b>\$5,281</b> | <b>\$5,494</b> |

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

(\$ in millions)

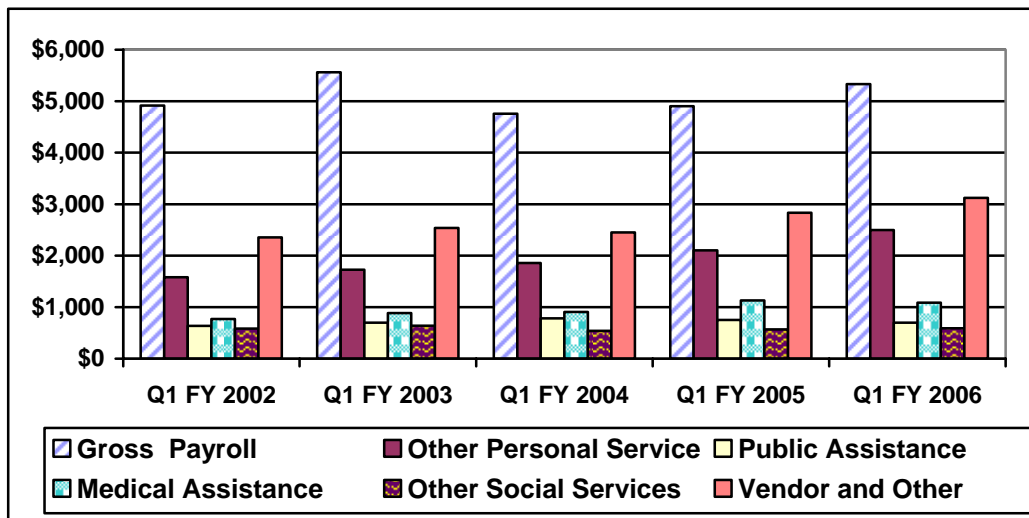


Table 12 compares expenditures, net of capital expenditures, during the first quarters in FY 2005 and FY 2006. Expenditures, net of capital, totaled \$14.341 billion during the first quarter of FY 2006, an increase of \$930 million over the first quarter of FY 2005.

**Table 12. Q1 Cash Expenditures (net of capital expenditures) FY 2005 and FY 2006**

(\$ in millions)

|                 | <b>FY 2005</b>  | <b>FY 2006</b>  | <b>Diff. FY 2006/<br/>FY 2005</b> |
|-----------------|-----------------|-----------------|-----------------------------------|
| July            | \$ 5,201        | \$ 5,302        | \$101                             |
| August          | 4,232           | 4,762           | 530                               |
| September       | 3,978           | 4,277           | 299                               |
| <b>Q1 Total</b> | <b>\$13,411</b> | <b>\$14,341</b> | <b>\$930</b>                      |

## II. Capital Expenditures

Capital expenditures, including City-funded capital expenditures, totaled \$1.73 billion during the first quarter of FY 2006, equaling 10.8 percent of all expenditures. This was an increase of \$268 million over capital expenditures during July-September 2004. City-funded capital expenditures of \$1.612 billion were \$263 million greater during July-September 2005 than in the same period in FY 2005. Table 13 compares capital expenditures in the first quarters of FY 2005 and FY 2006.

**Table 13. Q1 Capital Expenditures FY 2005 and FY 2006**

(\$ in millions)

|                 | FY 2005        |                     | FY 2006        |                     | Diff. FY 2006/FY 2005 |                     |
|-----------------|----------------|---------------------|----------------|---------------------|-----------------------|---------------------|
|                 | Total Capital  | City-funded Capital | Total Capital  | City-funded Capital | Total Capital         | City-funded Capital |
| July            | \$ 380         | \$ 345              | \$ 680         | \$ 650              | \$300                 | \$305               |
| August          | 392            | 356                 | 394            | 357                 | 2                     | 1                   |
| September       | 690            | 648                 | 656            | 605                 | (34)                  | (43)                |
| <b>Q1 Total</b> | <b>\$1,462</b> | <b>\$1,349</b>      | <b>\$1,730</b> | <b>\$1,612</b>      | <b>\$268</b>          | <b>\$263</b>        |

Table 14 shows the five year trend in total capital expenditures and average daily total capital expenditures during each month in the first quarters of FY 2002-FY 2006. Table 15 shows the same information for City-funded capital expenditures. During the first quarter of FY 2006, payments to the SCA were \$600 million compared with \$300 million, \$525 million, \$300 million, and \$300 million in the first quarters of FY 2002, FY 2003, FY 2004, and FY 2005.

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

(\$ in millions)

|                 | Total Capital Expenditures |                |                |                |                | Average Daily Total Capital Expenditures |                |                |                |                |
|-----------------|----------------------------|----------------|----------------|----------------|----------------|--|----------------|----------------|----------------|----------------|
|                 | FY 2002                    | FY 2003        | FY 2004        | FY 2005        | FY 2006        | FY 2002                                  | FY 2003        | FY 2004        | FY 2005        | FY 2006        |
| July            | \$ 632                     | \$ 561         | \$ 634         | \$ 380         | \$ 680         | \$30.11                                  | \$25.52        | \$28.82        | \$18.11        | \$33.99        |
| August          | 312                        | 289            | 331            | 392            | 394            | 13.56                                    | 13.14          | 15.74          | 17.84          | 17.12          |
| September       | 204                        | 700            | 299            | 690            | 656            | 10.76                                    | 34.98          | 14.24          | 32.83          | 31.23          |
| <b>Q1 Total</b> | <b>\$1,148</b>             | <b>\$1,550</b> | <b>\$1,264</b> | <b>\$1,462</b> | <b>\$1,730</b> | <b>\$18.22</b>                           | <b>\$24.22</b> | <b>\$19.74</b> | <b>\$22.85</b> | <b>\$27.02</b> |

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

(\$ in millions)

|                 | City-funded Capital Expenditures |                |                |                |                | Average Daily City-funded Capital Expenditures |                |                |                |                |
|-----------------|----------------------------------|----------------|----------------|----------------|----------------|--|----------------|----------------|----------------|----------------|
|                 | FY 2002                          | FY 2003        | FY 2004        | FY 2005        | FY 2006        | FY 2002  | FY 2003        | FY 2004        | FY 2005        | FY 2006        |
| July            | \$ 591                           | \$ 530         | \$ 606         | \$ 345         | \$ 650         | \$28.15  | \$ 24.12       | \$27.56        | \$16.45        | \$32.48        |
| August          | 292                              | 263            | 306            | 356            | 357            | 12.70  | 11.94          | 14.58          | 16.17          | 15.51          |
| September       | 194                              | 674            | 262            | 648            | 605            | 10.19  | 33.71          | 12.48          | 30.85          | 28.79          |
| <b>Q1 Total</b> | <b>\$1,077</b>                   | <b>\$1,467</b> | <b>\$1,174</b> | <b>\$1,349</b> | <b>\$1,612</b> | <b>\$17.10</b>                                 | <b>\$22.92</b> | <b>\$18.35</b> | <b>\$21.08</b> | <b>\$25.17</b> |

City-funded capital expenditures are primarily 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 2005 to the Central Treasury from the proceeds of these financings. GO bond proceeds provided \$1.23 billion and water and sewer financings made available \$243 million in funding.

**Table 16. Q1 Reimbursements to the Central Treasury from Capital Proceeds FY 2006**

(\$ in millions)

|                            | July 2005    | August 2005  | September 2005 | Total          |
|----------------------------|--------------|--------------|----------------|----------------|
| General Obligation         | \$ 75        | \$772        | \$383          | \$1,230        |
| Water and Sewer            | 130          | 61           | 52             | 243            |
| Tobacco Settlement (TIFIA) | 0            | 0            | 0              | 0              |
| Other                      | 0            | 0            | 0              | 0              |
| <b>Total</b>               | <b>\$205</b> | <b>\$833</b> | <b>\$435</b>   | <b>\$1,473</b> |

As shown in Table 17 and Chart 4, reimbursements were at the highest level of any first quarter in the last five years. During the last two years, the NYCTFA was not a source of capital project funding.

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

(\$ in millions)

|                    | Q1 FY 2002     | Q1 FY 2003   | Q1 FY 2004     | Q1 FY 2005     | Q1 FY 2006     |
|--------------------|----------------|--------------|----------------|----------------|----------------|
| General Obligation | \$ 95          | \$204        | \$ 487         | \$ 777         | \$1,230        |
| Water and Sewer    | 216            | 311          | 323            | 470            | 243            |
| NYCTFA             | 765            | 1            | 229            | 0              | 0              |
| Other              | 15             | 150          | 8              | 18             | 0              |
| <b>Total</b>       | <b>\$1,091</b> | <b>\$666</b> | <b>\$1,047</b> | <b>\$1,265</b> | <b>\$1,473</b> |

**Chart 4. Q1 Five Year Trend in Reimbursements to the Central Treasury**

(\$ in millions)

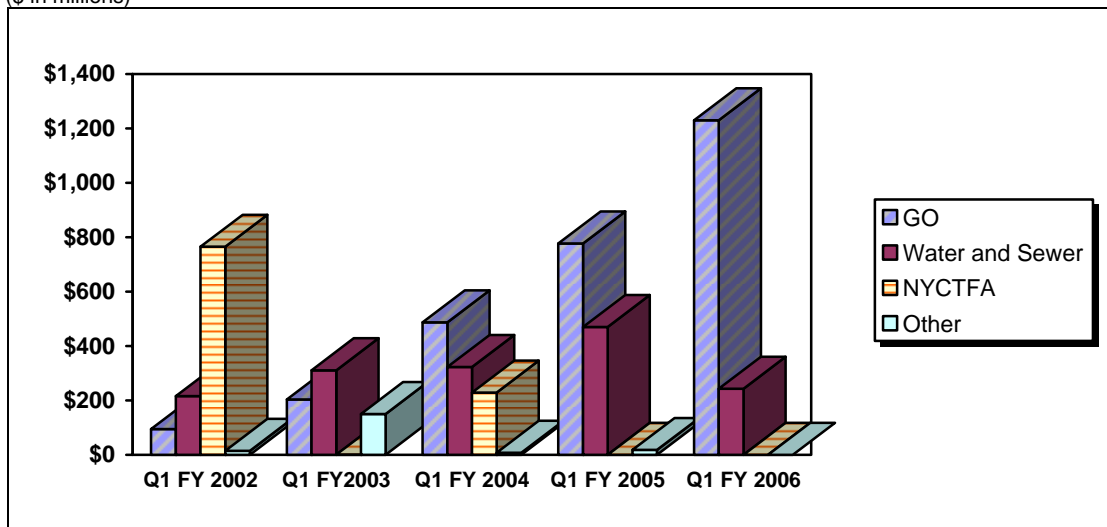
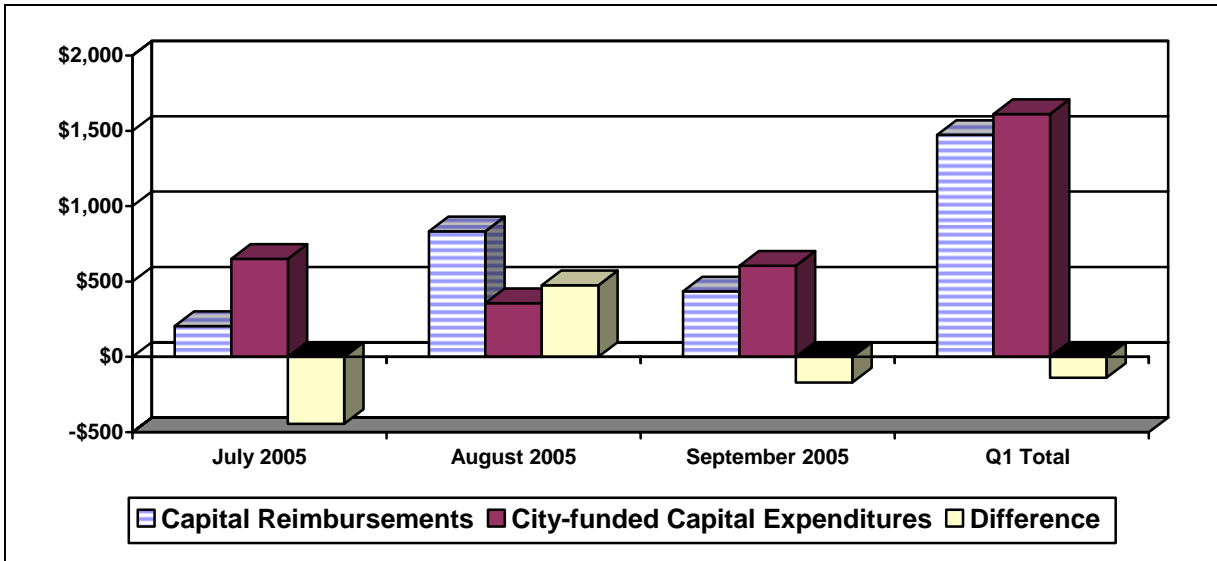


Chart 5 displays reimbursements compared with City-funded capital expenditures during July-September 2005. During the first quarter of FY 2006, City-funded capital expenditures exceeded reimbursements, decreasing the City's cash balances by \$139 million.

**Chart 5. Q1 Capital Reimbursements Compared to City-Funded Capital Expenditures FY 2006**

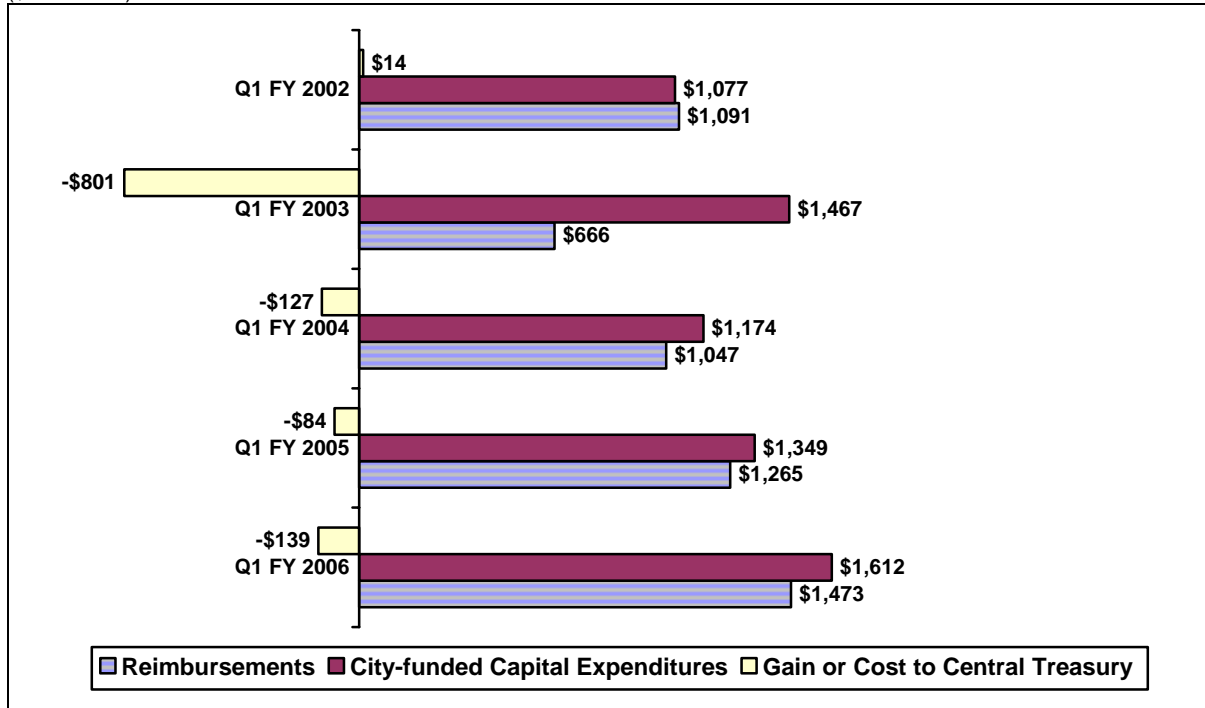
(\$ in millions)



In the past four years, the City's first quarter City-funded capital expenditures have exceeded first quarter reimbursements, resulting in an outflow of cash from the Central Treasury. The loss of cash was the least in FY 2005 at \$84 million and the greatest in FY 2003 at \$801 million. The first quarter of FY 2002 had a \$14 million gain. Chart 6 shows the five year trend in reimbursements compared to City-funded capital expenditures.

**Chart 6. Q1 Five Year Trend in Reimbursements Compared to City-funded Capital Expenditures**

(\$ in millions)



### III. Financing

The City issued \$2.147 billion of tax-exempt and \$110 million in taxable GO debt during the first quarter of FY 2006. Table 18 shows the \$2.257 billion in total FY 2006 sales and the \$1.317 billion in GO bonds sold in the first quarter of FY 2005.

**Table 18. Q1 GO Bond Issues FY 2005 and FY 2006**

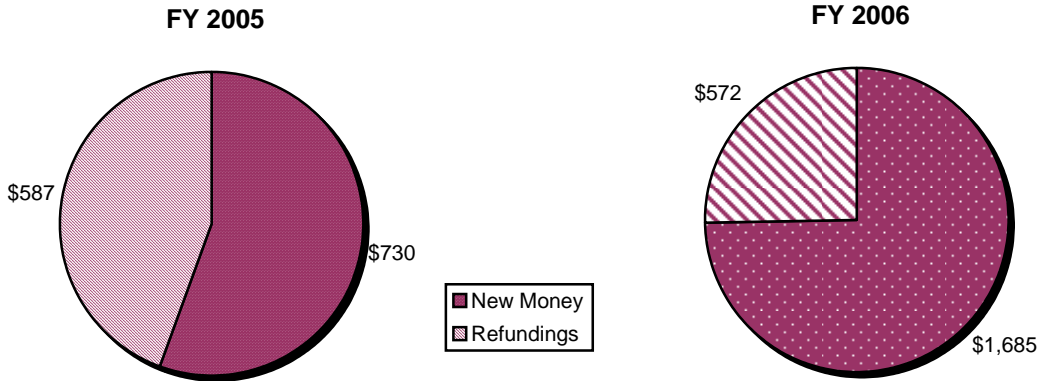
(\$ in millions)

|                 | FY 2005        |              |                | FY 2006        |              |                |
|-----------------|----------------|--------------|----------------|----------------|--------------|----------------|
|                 | Tax-Exempt     | Taxable      | Total          | Tax-Exempt     | Taxable      | Total          |
| July            | \$ 551         | \$ 36        | \$ 587         | \$ 0           | \$ 0         | \$ 0           |
| August          | 650            | 80           | 730            | 1,397          | 70           | 1,467          |
| September       | 0              | 0            | 0              | 750            | 40           | 790            |
| <b>Q1 Total</b> | <b>\$1,201</b> | <b>\$116</b> | <b>\$1,317</b> | <b>\$2,147</b> | <b>\$110</b> | <b>\$2,257</b> |

Proceeds from the GO bonds provided \$1.685 billion for the City’s capital program during the first quarter of FY 2006 and refundings totaled \$572 million. These refundings resulted in \$35 million in budget savings over the life of the bonds. Chart 7 depicts the purposes of Q1 debt in FY 2005 and FY 2006 and Chart 8 details the refunding savings.

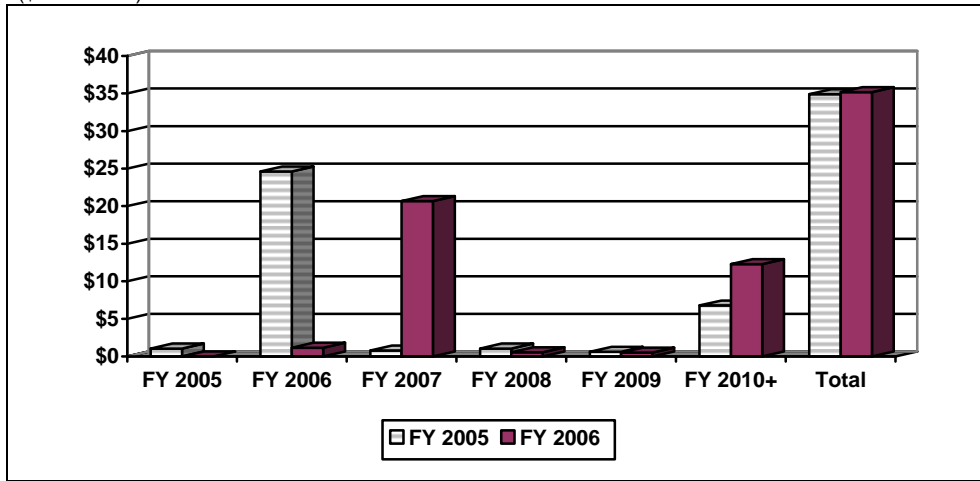
**Chart 7. Q1 Purposes of GO Debt FY 2005 and FY 2006**

(\$ in millions)



**Chart 8. Q1 Net GO Debt Refunding Savings FY 2005 and FY 2006**

(\$ in millions)



Refundings were 25 percent of debt in the first quarter of FY 2006 compared with 45 percent in FY 2005. However each year's refundings yielded a similar level of budget savings – nearly \$35 million – over the life of the bonds. The FY 2005 sale had the greatest budget savings in FY 2006, and the FY 2006 sale yielded the greatest budget savings in FY 2007.

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