

# Quarterly Cash Report

**January - March 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

- Daily cash balances averaged \$2.907 billion in the third quarter of FY 2002 compared with \$2.942 billion in the third quarter of FY 2001. However, by the end of the quarter, the closing balance was over \$2 billion lower in FY 2002 than in FY 2001.
- Through the third quarter of FY 2002 the City paid \$876 million in expenditures related to the World Trade Center (WTC) disaster and received \$532 million from the Federal Emergency Management Agency (FEMA).
- Capital expenditures totaled \$1.205 billion in the third quarter of FY 2002, of which \$1.11 billion were City-funded. Payments to the School Construction Authority (SCA) totaled \$300 million during the third quarter. Reimbursement to the City's central treasury for capital expenditures was \$1.774 billion.
- In the third quarter of FY 2002 the City issued \$500 million in General Obligation (GO) debt the Transitional Finance Authority (TFA) issued \$600 million in Bond Anticipation Notes (BANs) to finance the capital program.
- The City used \$471 million in State education aid to partially fund the payment of its \$1.5 billion in Revenue Anticipation Notes (RANs) maturing in April 2002.

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

<i>Central Treasury</i>	<i>January-March 2002</i>	<i>October-December 2001</i>	<i>January-March 2001</i>
Opening Balance	\$ 1,768	\$ 2,009	\$ 1,795
Closing Balance	2,766	1,768	4,820
Total Receipts	13,035	12,220	14,121
Total Expenditures	12,037	12,461	11,096
Average Daily Balance	2,907	1,700	2,942
<i>Capital Funds</i>	<i>January-March 2002</i>	<i>October-December 2001</i>	<i>January-March 2001</i>
Capital Expenditures	\$1,205	\$1,543	\$1,251
City-funded Capital Expenditures	1,110	1,467	1,102
Reimbursement to the Central Treasury for Capital Expenditures	1,774	1,492	1,448
Debt-Service Funding:			
General Obligation	481	0	106
TFA	161	65	142
Equity Payment*	0	0	31

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. \*The City made an equity contribution to improve the efficiency of refunding certain General Obligation bonds.

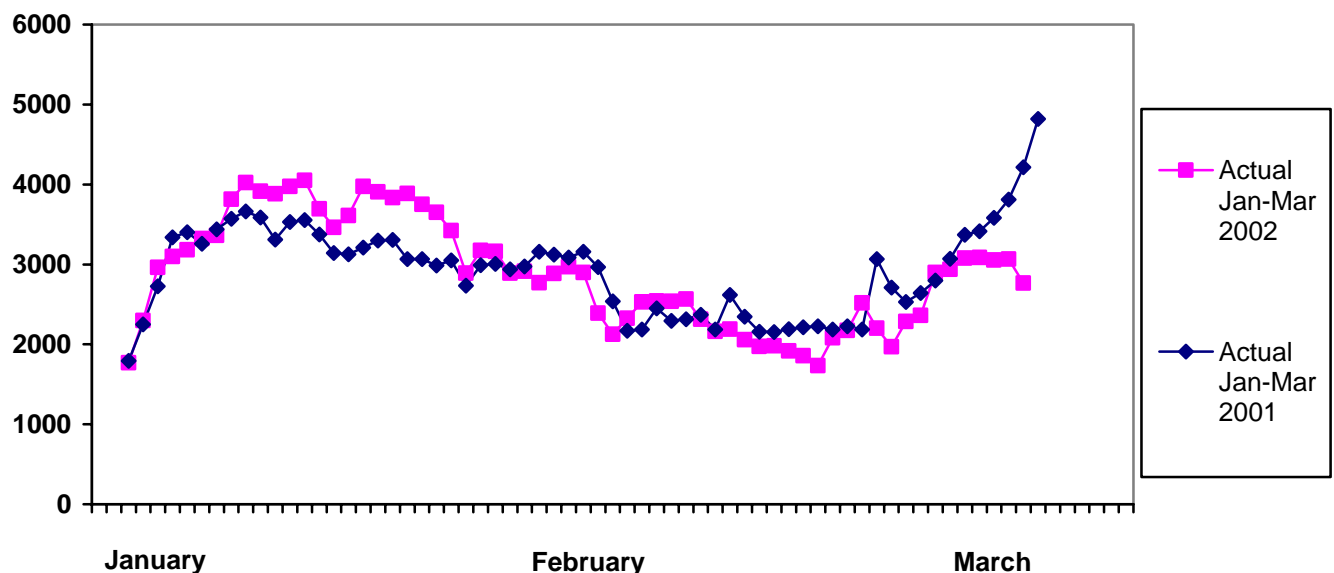
## II. DAILY CASH BALANCES—JANUARY-MARCH 2002

The City began the third quarter of FY 2002 with \$1.768 billion in cash, including \$1.5 billion in outstanding Revenue Anticipation Notes (RANs). In FY 2001 the City had about the same level of cash, but only \$750 million in notes. During the third quarter the highest level of receipts occur in March. These receipts include third quarter tax collections and State education and higher education aid. The State typically prepays aid due in June at the end of its fiscal year March 31. In March 2002, the City received \$420 million in June advances. By the end of the quarter the City had \$2.766 billion in cash and \$1.029 billion remaining RANs to be funded in April 2002. This was significantly lower than the \$4.82 billion in FY 2001, which included no funds from notes. This lower level of cash on hand is a reflection of the tighter budget condition of the City in FY 2002, which has resulted in a lower anticipated surplus roll of \$322 million compared with the actual surplus roll of \$2.9 billion from FY 2001 into FY 2002. The City's Executive Budget projects a possible Note borrowing in FY 2003 of \$3 billion.

Daily cash balances ranged from a low of \$1.732 billion on March 11 to a high of \$4.051 billion on January 17. Daily balances averaged \$3.602 billion in January 2002, \$2.709 billion in February 2002, and \$2.39 billion in March 2002. Daily balances averaged \$2.907 billion during the quarter compared with \$2.942 billion in the same period last year.

Chart 1 compares daily balances for the quarter with daily balances in the same quarter last year (January through March 2001).

Chart 1. *Daily Cash Balances, January-March, (\$ millions)*



## A. Cash Receipts

Cash receipts totaled \$13.035 billion in the third quarter of FY 2002 (January through March 2002) compared with \$14.121 billion in the same period last year. Average daily receipts were \$214 million. Daily January cash receipts averaged \$272 million and totaled \$5.719 billion. Average daily February cash receipts were \$130 million and totaled \$2.476 billion. Average daily March cash receipts were \$230 million and totaled \$4.84 billion.

During the quarter, the real estate tax totaled \$3.111 billion compared with \$2.558 billion during the same period last year. The increase is in large part due to the lower prepayment of third quarter taxes in December 2001 compared with December 2000. December 2000 collections of the real estate tax were \$1.024 billion, or \$343 million, more than the \$681 million collected in December 2001. Other taxes totaled \$3.814 billion, down from \$4.304 billion in the same period a year ago. In the third quarter of FY 2002 economically sensitive taxes (sales tax, personal income tax (PIT), general corporation tax, financial corporation tax, and the unincorporated business tax) of \$3.05 billion were 15.3% below the \$3.6 billion received in the same period in FY 2001. In March 2002 sales tax was reduced by \$35 million reflecting an adjustment for an overpayment by the State in September 2001. Other taxes included \$356 million in STAR aid from the State in FY 2002 compared with \$180 million in FY 2001.

Current and prior Federal and State aid amounted to \$3.641 billion in the third quarter of FY 2002 compared with \$5.374 billion in the same period of FY 2001. The level of State aid was affected by the timing of the receipt of NYS Education Aid. FY 2002 included \$155 million in aid from the Federal Emergency Management Agency (FEMA) associated with the WTC disaster. Miscellaneous and other revenue totaled \$884 million, almost the same as the \$885 million last year. Intergovernmental aid was \$337 million, up over the \$66 million received in the same quarter last year. In FY 2002 the City received intergovernmental transfers from the Health and Hospital Corporation (HHC) of \$150 million, Long-term Mentally Disabled (LTMD) funds of \$102 million and \$30 million in Fraud and Abuse aid. NYS Revenue Sharing of \$54 million was received in FY 2002, compared with \$57 million in FY 2001.

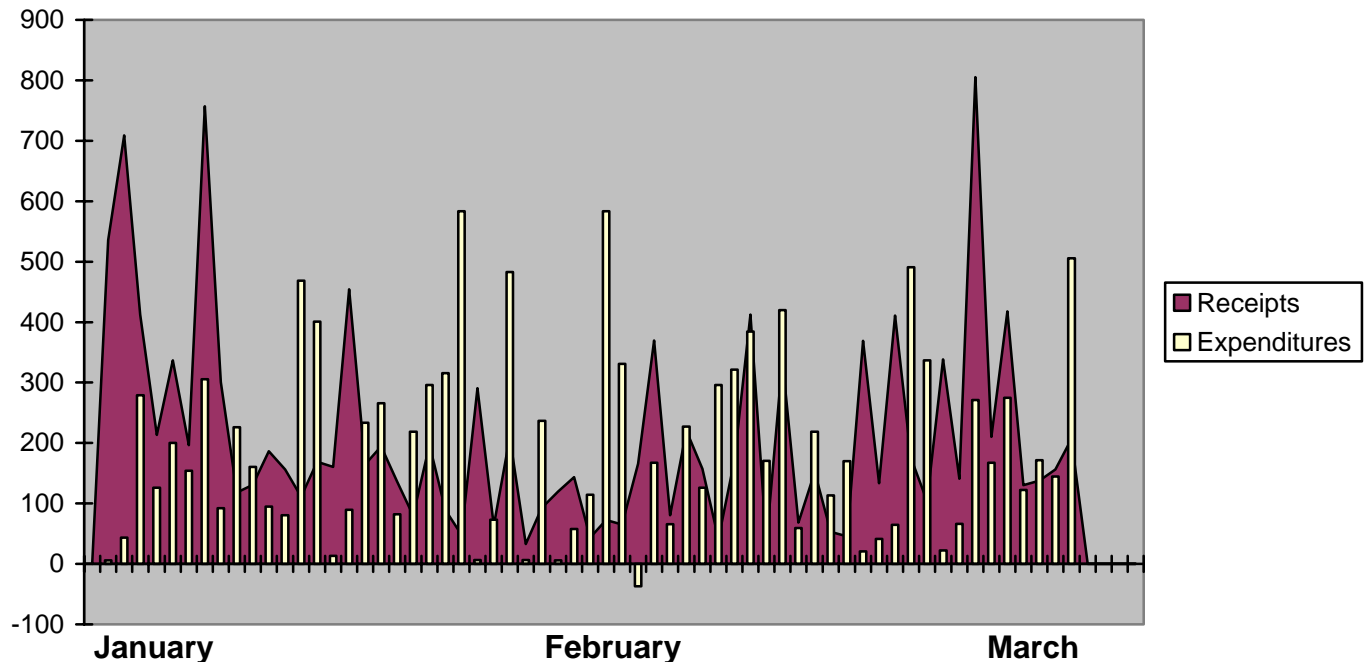
Table 2 on page 4 shows the major receipts by month for the quarter. Chart 2 on page 5 illustrates the level of receipts and expenditures during the quarter.

Table 2. *Major Cash Receipts, (\$ millions)*

January 2002		February 2002		March 2002	
Real Estate Tax	\$2,649	PIT	\$395	NYS Education	\$970
Capital Proceeds Transfer	918	Sales Tax	343	Capital Proceeds Transfer	690
PIT	737	Federal Education	251	General Corporation Tax	497
Federal Welfare	205	Real Estate Tax	248	NYS Higher Education	274
Unincorporated Business Tax	192	NYS Higher Education	182	Sales Tax	243
STAR Aid	189	Capital Proceeds Transfer	166	Real Estate Tax	214
Sales Tax	152	Federal Welfare	126	Federal Welfare	200
NYS Welfare	101	NYS Health	111	PIT	185
General Corporation Tax	83	NYS Welfare	68	NYS Welfare	175
NYS Health	82	NYS Education	65	STAR Aid	167
Water and Sewer Fees	46	General Corporation Tax	64	FEMA	155
Fines and Forfeitures	40			Intergovernmental Transfer	150
				Financial Corporation Tax	118
				Federal Education	107
				LTMD	102
				Water and Sewer Fees	73
				Commercial Rent Tax	71
				NYS Revenue Sharing	54
				NYS Health	48
				Fraud and Abuse	30

Real estate tax is gross of debt service; PIT is gross of debt service; NYS Education is gross of Note funding; and sales tax is net of Municipal Assistance Corporation debt service (if any) plus interest and the local share.

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



#### B. Cash Expenditures

Cash expenditures totaled \$12.037 billion in the third quarter of FY 2002, averaging \$197 million daily. During the same period last year, cash expenditures totaled \$11.096 billion and averaged \$179 million daily. Expenditures were \$3.837 billion in January 2002, \$3.964 billion in February 2002, and \$4.237 billion in March 2002. The daily average expenditure was highest during February at \$209 million and lowest during January at \$183 million. The daily average expenditure in March was \$202 million.

Major expenditures for the quarter reflect the impact of budgetary changes, expenditures associated with the WTC disaster, and timing differences. At \$4.918 billion, gross payroll was \$324 million higher in FY 2002 than during the same period last year. In January 2002, payroll included \$80 million in holiday pay. New collective bargaining agreements are in place with the exception of teachers, police officers, police sergeants, police detectives and firefighters. Payment for back-pay and salary increases began in June 2001 for DC 37 members and September 2001 for police captains and lieutenants. In the second quarter of the fiscal year new contracts were implemented for Correction officers, captains and wardens, Fire superior officers and Sanitation workers and superior officers. Other personal services were \$1.409 billion, up \$322 million compared with the same period last year. Pension payments were \$246 million lower in FY 2001. Pension payments for FY 2001 were paid at the end of FY 2000. Public assistance spending was lower this fiscal year by \$99 million totaling \$498 million. Medical assistance spending was \$786 million, or \$99 million above the last fiscal year. Other social



service expenditures totaled \$482 million compared with \$411 million in the last fiscal year. Vendor and other payments were \$2.368 billion compared with \$2.181 billion last fiscal year. Other expenditures during the quarter included refunds of tax revenue of \$219 million. Table 3 shows monthly major expenditures in the quarter.

Table 3. *Major Cash Expenditures, (\$ millions)*

	<b>January 2002</b>	<b>February 2002</b>	<b>March 2002</b>	<b>Total</b>
Gross Payroll	\$1,564	\$1,473	\$1,881	\$4,918
Other Personal Services	498	446	465	1,409
Public Assistance	157	169	172	498
Medical Assistance (excluding HHC)	249	253	284	786
Other Social Services	174	145	163	482
Vendor and Other Payments	760	749	859	2,368

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

Between September 17, 2001 and March 31, 2002, the City received \$532 million from FEMA for expenditures related to the WTC disaster. Table 4 shows when these funds were received.

Table 4. *World Trade Center Reimbursements from FEMA, (\$ millions)*

<b>Date</b>	<b>Amount</b>
Sept. 17, 2001	\$ 25.00
Sept. 18, 2001	100.66
<b>Total Sept. 2001</b>	<b>\$125.66</b>
Oct. 24, 2001	\$146.26
Nov. 13, 2001	57.80
Nov. 14, 2001	.04
Dec. 31, 2001	46.80
<b>Total Oct.-Dec. 2001</b>	<b>\$250.90</b>
Jan 10, 2002	\$ .15
March 1, 2002	141.99
March 5, 2002	5.98
March 13, 2002	.09
March 22, 2002	.79
March 28, 2002	6.04
<b>Total Jan.-Mar. 2002</b>	<b>\$155.04</b>
<b>Total FY-to-date</b>	<b>\$531.60</b>

The City created special budget categories that will allow it to trace personal service and other-than-personal expenditures related to the WTC disaster. In September 2001 there were \$123 million of such expenditures, and in the second quarter of the fiscal year there were \$494 million of expenditures. Third quarter expenditures totaled \$259 million, for a fiscal year-to-date total of \$876 million as shown in Table 5.

Table 5. *World Trade Center Expenditures, (\$ millions)*

	<b>Personal Service</b>	<b>Other Than Personal Service</b>	<b>Total</b>
September 2001	\$ 43.26	\$ 80.00	\$123.26
<b>1<sup>st</sup> quarter total</b>	<b>\$ 43.26</b>	<b>\$ 80.00</b>	<b>\$123.26</b>
October 2001	\$152.08	\$ 66.85	\$218.93
November 2001	67.79	41.74	109.53
December 2001	58.45	\$106.78	165.23
<b>2<sup>nd</sup> quarter total</b>	<b>\$278.32</b>	<b>\$215.37</b>	<b>\$493.69</b>
January 2002	\$ 34.56	\$ 92.95	\$127.51
February 2002	22.41	49.11	71.52
March 2002	13.80	45.93	59.73
<b>3rd quarter total</b>	<b>\$ 70.77</b>	<b>\$187.99</b>	<b>\$258.76</b>
<b>Total FY-to-date</b>	<b>\$392.35</b>	<b>\$483.36</b>	<b>\$875.71</b>

Table 6 shows overtime expenditures for uniformed employees related to the WTC disaster. Through March, Police accounted for 74 percent of overtime expenditures, followed by Fire at 16.6 percent. Civilian employees earned \$33.5 million in WTC related overtime. Total WTC related overtime through March 2002 was \$359.6 million.

Table 6. *WTC Uniformed Overtime, (\$ millions)*

	<b>Police</b>	<b>Fire</b>	<b>Sanitation</b>	<b>Correction</b>	<b>Total</b>
September 2001	\$ 31.19	\$ 5.54	\$ 2.41	\$ .00	\$ 39.14
October 2001	106.69	25.26	4.07	.29	136.31
November 2001	42.99	10.56	6.95	.87	61.37
December 2001	25.75	6.64	7.19	.86	40.44
January 2002	15.56	2.67	4.22	.71	23.16
February 2002	10.44	1.79	1.31	.84	14.38
March 2002	8.77	1.63	.79	.08	11.27
<b>Total</b>	<b>\$241.39</b>	<b>\$54.09</b>	<b>\$26.94</b>	<b>\$3.65</b>	<b>\$326.07</b>

### III. CAPITAL EXPENDITURES

Capital expenditures totaled \$1.205 billion during the third quarter of FY 2002, \$46 million less than in the same quarter last year. The average daily expenditure in the second quarter of FY 2002 was \$19.75 million. Expenditures of \$270 million for January averaged \$12.84 million daily. February expenditures of \$642 million averaged \$33.78 million daily, and March expenditures of \$293 million averaged \$13.95 million daily.

City-funded capital expenditures, averaging \$18.19 million daily, were \$1.110 billion for this quarter. City-funded expenditures were \$243 million in January, \$601 million in February, and \$266 million in March. They averaged \$11.59 million daily in January, \$31.63 million daily in February, and \$12.65 million daily in March.

Payments of \$300 million were made to the School Construction Authority (SCA) in the February 2002 of this quarter. In the third quarter of FY 2001 there were \$400 million in payments to the SCA.

Chart 3 compares quarterly City-funded capital expenditures in January-March 2002, October-December 2001 and January-March 2001.

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

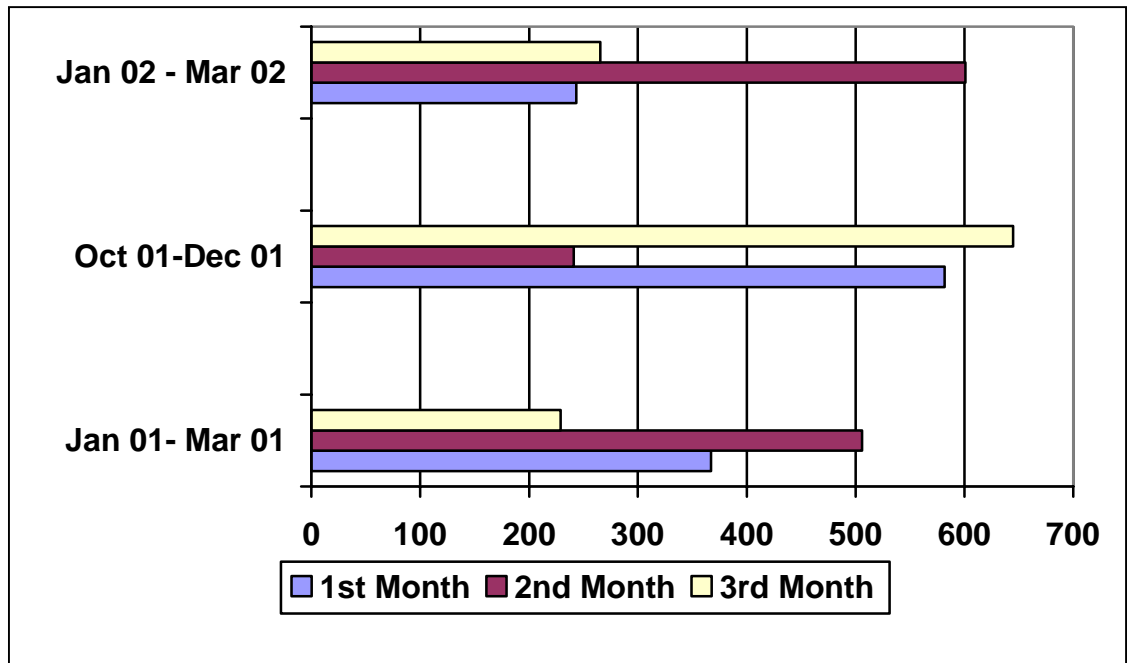


Table 7 compares capital expenditures in FY 2001 and FY 2002. City-funded capital expenditures were 16.5 percent larger in the first three-quarters of this year than in the same period last year.

Table 7. *Capital Expenditures for FY 2001 and FY 2002, (\$ millions)*

<b>FY 2001</b>	<b>Total Capital</b>	<b>City-funded Capital</b>	<b>FY 2002</b>	<b>Total Capital</b>	<b>City-Funded Capital</b>
1 <sup>st</sup> quarter	\$ 997	\$ 872	1 <sup>st</sup> quarter	\$1,148	\$1,077
2 <sup>nd</sup> quarter	1,398	1,162	2 <sup>nd</sup> quarter	1,543	1,467
3 <sup>rd</sup> quarter	1,251	1,102	3 <sup>rd</sup> quarter	1,205	1,110
<b>Year-to-date</b>	<b>\$3,646</b>	<b>\$3,136</b>	<b>Year-to-date</b>	<b>\$3,896</b>	<b>\$3,654</b>

Table 8 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 8. *City-funded Capital Expenditures by Bonding Status, (\$ millions)*

	<b>January 2002</b>	<b>February 2002</b>	<b>March 2002</b>	<b>Total</b>
Approved-Tax Exempt	\$158.15	\$439.77	\$118.07	\$ 715.99
Water and Sewer	60.37	75.48	68.67	204.52
Taxable	11.07	61.22	57.37	129.66
<b>All City-funded Spending</b>	<b>\$243.29</b>	<b>\$600.89</b>	<b>\$265.59</b>	<b>\$1,109.77</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 third quarter of FY 2002, \$1.774 billion of City-funded capital expenditures, which were previously paid out of the central treasury, were reimbursed from bond proceeds as shown in Table 9. Thus far in FY 2002 reimbursements total \$4.357 billion compared with \$3.235 billion in the first three-quarters of FY 2001.

Table 9. *Reimbursement to the Central Treasury From Bond Proceeds, (\$ millions)*

	<b>January 2002</b>	<b>February 2002</b>	<b>March 2002</b>	<b>Total</b>
General Obligation Bonds	\$514.84	\$ 53.02	\$ 52.54	\$ 620.40
Water and Sewer Bonds	44.76	110.46	61.34	216.56
Transitional Finance Authority Bonds	357.97	0.00	576.11	934.08
Tobacco Settlement	0.00	2.49	0.00	2.49
<i>Sub-total</i>	<i>\$917.57</i>	<i>\$165.97</i>	<i>\$689.99</i>	<i>\$1,773.53</i>
Other	0.00	0.00	0.00	0.00
<b>Total</b>	<b>\$917.57</b>	<b>\$165.97</b>	<b>\$689.99</b>	<b>\$1,773.53</b>

## IV. FINANCING AND DEBT SERVICE

In the third quarter of FY 2002 the City sold \$500 million in General Obligation (GO) bonds and the Transitional Finance Authority (TFA) sold \$600 million in Bond Anticipation Notes (BANs), for a total of \$1.1 billion in debt to fund the City's capital program. Table 10 shows the composition of \$4.7 billion in debt issued thus far this fiscal year.

Table 10. *Bond and BAN Issues During FY 2002, (\$ millions)*

	NYC GO Debt		TFA Debt		
	Tax-Exempt	Taxable	Tax-Exempt	Taxable	Total
July	\$ 0.00	\$ 0.00	\$ 150.00	\$ 0.00	\$ 150.00
August	0.00	0.00	400.00	200.00	600.00
September	0.00	0.00	0.00	0.00	0.00
<b>First Quarter Total</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 550.00</b>	<b>\$200.00</b>	<b>\$ 750.00</b>
October	\$ 900.00	\$200.00	\$ 0.00	\$ 0.00	\$1,100.00
November	0.00	0.00	1,019.24	200.95	1,220.19
December	518.60	31.40	0.00	0.00	550.00
<b>Second Quarter Total</b>	<b>\$1,418.60</b>	<b>\$231.40</b>	<b>\$1,019.24</b>	<b>\$200.95</b>	<b>\$2,870.19</b>
January	0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
February	0.00	0.00	0.00	0.00	0.00
March	500.00	0.00	500.00	100.00	1,100.00
<b>Third Quarter Total</b>	<b>\$ 500.00</b>	<b>\$ 0.00</b>	<b>\$ 500.00</b>	<b>\$100.00</b>	<b>\$1,100.00</b>
<b>Fiscal Year Total</b>	<b>\$1,918.60</b>	<b>\$231.40</b>	<b>\$2,069.24</b>	<b>\$500.95</b>	<b>\$4,720.19</b>

In addition, on October 4, 2001, the TFA issued \$1 billion in New York City Recovery Notes due October 2, 2002. The Notes were issued to pay costs associated with the WTC disaster. Through the end of March 2002 the funds remained available to the City. These Notes will be payable from the future issuance by the TFA of New York City Recovery Bonds.

In the January - March 2002 period, debt service funding was \$481 million. General Obligation (GO) debt service is funded by the real estate tax. Actual payments to holders of General Obligation (GO) bonds were \$757 million. Personal income tax (PIT) of \$161 million was withheld for February payments of TFA debt service during the quarter.

In March 2002 \$471 million in State education aid was withheld to partially fund payment of \$1.5 billion in Revenue Anticipation Notes (RANs) due in April 2002. The balance of the funding, \$1.029 billion, occurred on April 1, 2002.

## V. APPENDIX

### A. Quarterly Timetable of Events

January 15	The Department of Finance released the tentative valuation of real estate for FY 2003. The tentative amount of \$93.9 billion is a 6.4% increase over last year's final assessments. Market values of real estate rose by 9.1% to \$430 billion.
January 22	Governor Pataki released the State executive budget for fiscal year 2002-2003, which begins April 1, 2002. The \$88.6 billion executive budget increases spending by 4.7% and includes \$300 million in previously approved tax cuts.
January 30	The State of the City address was made by Mayor Bloomberg. The address called for the abolishment of the Board of Education, tort reform, capping judgement and claims costs and rebuilding lower Manhattan.
February 14	The Mayor presented the FY 2003 preliminary budget. The budget closes a \$4.8 billion deficit by cutting all City agencies, suspending recycling, raising cigarette taxes and receiving \$800 million from the Federal and State governments. Capital construction would be reduced by 20%.
February 14	The City released the second quarter financial plan modification. The plan has balanced budgets for FY 2002 and FY 2003 and projected gaps of \$2.574 billion for FY 2004, \$2.926 billion for FY 2005 and \$3.112 billion for FY2006.
February 26	The Transitional Finance Authority sold \$500 million in tax-exempt Bond Anticipation Notes due February 26, 2003 and \$100 million taxable Notes to finance capital expenditures. The sale closed on March 7, 2002.
February 28	The City released the semi-annual <i>Mayor's Management Report</i> , a preliminary FY 2002 scorecard on City services.
March 9	Federal legislation providing an economic stimulus package to the City and giving the City authority to issue \$4 billion in private activity bonds and \$4.5 billion in advance refunding was signed by President Bush.
March 11	The City announced plans to make further budget cuts next year of up to 7.5 % if Federal and State aid falls short of anticipated levels.
March 13	The City sold \$500 million in General Obligation Bonds to finance capital expenditures. The sale closed on March 21, 2002.
March 27	The New York City Water Board voted to raise water rates by 6.5% on July 1, 2002. This was a preliminary vote. The final vote is in May 2002.



## B. Glossary of Acronyms

<b>BANs</b>	Bond Anticipation Notes
<b>DC 37</b>	District Council 37
<b>FEMA</b>	Federal Emergency Management Agency
<b>FY</b>	Fiscal Year
<b>GO</b>	General Obligation
<b>HHC</b>	Health and Hospital Corporation
<b>LTMD</b>	Long-term Mentally Disabled
<b>NYS</b>	New York State
<b>PIT</b>	Personal Income Tax
<b>RANs</b>	Revenue Anticipation Notes
<b>SCA</b>	School Construction Authority
<b>STAR</b>	School Tax Relief
<b>TFA</b>	Transitional Finance Authority
<b>WTC</b>	World Trade Center