



NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

Bureau of Budget

Q2 FY2018

October - December 2017

Quarterly Cash Report

March 2018

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Summary

Cash Balances¹

After reaching historically high levels in FY16 and FY17, cash balances fell considerably in FY18. At the end of the second quarter of FY18 (hereafter 2Q18), the City recorded an unrestricted cash balance of \$6.926 billion, \$3.423 billion below last year's figure. The average daily balance in the second quarter measured \$4.164 billion versus \$8.234 billion a year ago.

Receipts exceeded expenditures by only \$34 million during the quarter, even though capital transfers from the Capital Fund to the General Fund were higher than last year. About every two weeks the City receives large infusions of cash from bond sales, which finance the City's spending on infrastructure and other capital assets. Capital transfers in 2Q18 totaled \$2.187 billion, versus \$1.529 billion in 2Q17.

Typically, the lowest daily cash balance of a fiscal year occurs during the second quarter. This year's seasonal low occurred on December 4, 2017, and measured \$1.022 billion. Last year's low occurred on December 5, 2016, and measured \$5.421 billion. This year's seasonal low was the lowest cash balance since FY10.

In late December, cash balances rebounded due to incoming real property and income tax receipts as New Yorkers rushed to prepay their taxes to beat the federal tax overhaul.

The 1H18 daily cash balance averaged \$6.561 billion, compared to \$9.332 billion during the same period last year. For the fourteenth consecutive year, the City maintained sufficient operating cash without issuing short-term notes.

Cash Receipts

Total cash receipts in 2Q18 increased 6.5% versus a year ago. Cash receipts spiked in late December, as New Yorkers paid their income and property taxes before the limitation on state and local tax deductions took effect. Miscellaneous revenues rose 13.1%. The increase in miscellaneous revenues stems from higher receipts from water and sewer charges, and private grants. "Other" receipts, which include capital transfers, increased by 21.5%. Total Federal and State aid decreased \$669 million, or 16.4%. The change was mainly due to the reduction in Federal and State payments for social services and the drop in State higher education assistance. Removing the effect of capital transfers, receipts increased 3.8%.

The City collected \$15.4 billion in tax revenues in 2Q18, up 9.9% compared to the same period last year. The largest revenue source, the real property tax, was up 10.5%. The personal income tax increased \$553 million, or 22%. The sales tax was up 5%. Overall, tax revenue accounted for 65.1% of total cash receipts in 2Q18.

Total cash receipts for 1H18 increased 2.1% versus a year ago. The cash receipts include the retention of real property and personal income tax revenues for GO and TFA PIT debt service payments. Debt service funding is usually counted as a negative inflow (rather than a positive expense). In 1H17, debt service

¹ The data in this report are based on the book balances in the New York City Central Treasury as calculated by the Bureau of Financial Analysis, Office of the New York City Comptroller. Receipts are reported based on cash receipts and the analysis of bank deposits. Expenditures are reported based on warrants issued.

funding decreased total cash revenues by \$943 million. In comparison, debt service funding decreased total cash revenues by \$1.2 billion in 1H18.

Tax receipts in 1H18 increased 3.6% compared to 1H17, led by a \$722 million gain in personal income tax. Property tax revenue grew a modest 1.1%. Sales tax increased 5.1%. Business taxes, the general corporation tax and the unincorporated business tax, grew 2.1% and 25.1%, respectively. Commercial real estate also performed well. Commercial rent tax increased 8%. Meanwhile, NYC housing market and travel and tourism industry both experienced declines. Real-estate transaction tax, which includes the mortgage recording and the real property transfer taxes, declined 9.2%. The hotel occupancy tax fell 2.2%.

The combined 1H18 total of Federal and State aid fell by almost \$1 billion compared to the same period last year, mostly due to lower funds received from the Federal and State governments for social services and the decrease in State aid for higher education.

Cash Expenditures²

Cash expenditures, including capital, totaled \$23.652 billion in 2Q18, averaging \$387.7 million daily. During the same period last year, cash expenditures totaled \$22.306 billion and averaged \$365.7 million daily. Gross payroll increased 11.8%, while fringe benefits rose 7.1%. Fringe benefits include pension, social security, health plan, and supplemental (union-related) welfare benefits. Other than personal service expenditures grew 13.4%, due to increases in public assistance, medical assistance, and vendor-related spending. Outlays in the “All Other” category fell 23.8%, as a result of lower payments to the City’s Health and Hospitals (HHC) and the decreased lump sum payments.

Cash expenditures for 1H18 grew 4.3% compared to the same period last year. Personal service expenditures rose 4.9%, to \$23.6 billion. Other than personal service expenditures increased 4.5%, to \$17 billion. Outlays for public assistance jumped 15.1%, followed by vendor and other payments (up 4.4%) and medical assistance (up 3.4%). Payments for other social services were down 4.5%. Outlays considered “All Other” rose 1.9%, mostly due to higher City-funded capital spending and a positive Fund 700 adjustment.

Capital Expenditures (CapEx)

Total 2Q18 CapEx increased 4.7% versus a year ago. Non-City-funded CapEx dropped 48.8% while City-funded CapEx went up 17.4%.

Reimbursements to the Central Treasury for CapEx exceeded reimbursable expenditures during 2Q18. CapEx is initially paid from the City Treasury and then reimbursed from bond proceeds as appropriate. Over the long term, CapEx and reimbursements should balance. However, from quarter to quarter, the lag between an expenditure and the offsetting reimbursement can result in a gain or loss to the Central Treasury. In 2Q18, this dynamic resulted in a gain of \$500 million.

Total CapEx equaled \$4.145 billion in 1H18 compared to \$4.012 billion during the same period last year. The increase was due to a 16.1% jump in City-funded CapEx.

² City-funded capital expenditures are primarily financed from the proceeds of General Obligation (GO), New York City Transitional Finance Authority (TFA), and New York City Municipal Water Finance Authority (NY Water) debt. Capital expenditures are initially paid from the General Fund and then reimbursed from various capital accounts and State sources.

1H18 reimbursements exceeded eligible spending, resulting in a \$1.209 billion gain to the Central Treasury during 1H18. Over the past ten years, 1H reimbursements have exceeded eligible spending by 13.6%.

Financings

In FY18, the City plans to issue \$6.2 billion in GO, TFA PIT, and TFA BARBs for new money capital purposes. The City issued \$3.3 billion of new money debt in 1H18, leaving \$2.9 billion of issuance planned for the remainder of the current fiscal year.

Three transactions closed in 2Q18. The first transaction was a new money sale of \$1 billion of GO bonds, comprised of \$550 million of tax-exempt fixed rate bonds, \$250 million of taxable fixed rate bonds, and \$200 million of tax-exempt variable rate bonds. The second transaction was a new money sale of \$990 million of TFA FTS bonds. The TFA FTS sale included approximately \$850 million of tax-exempt fixed rate bonds, and \$140 million of taxable fixed rate bonds. The third transaction was a refunding sale of \$944 million of GO bonds. The refunding achieved \$177.9 million in budget savings, or \$159.4 million on a present-value basis.

The pace of bond issuance in 1H18 exceeded last year's pace. In 1H18, the City issued \$3.3 billion in new money bonds and \$2.8 billion in refunding bonds. Over the same period last year, the City issued \$4.5 billion in new money bonds.

Rounding of Large Numbers in the Quarterly Cash Report

When dealing with numbers as large as those in this report, for conservation of space, numbers are rounded to the nearest tenths, hundredths, or thousandths. Because of rounding, some components appear not to equal the given total when added together. Examples occur throughout this report and are the result of rounding, not miscalculation.

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Cash Balances

October 2017 - December 2017 (2Q18)

Chart 1. Daily Cash Balances in the NYC Central Treasury, 2Q13, 2Q17, & 2Q18

(\$ in millions)

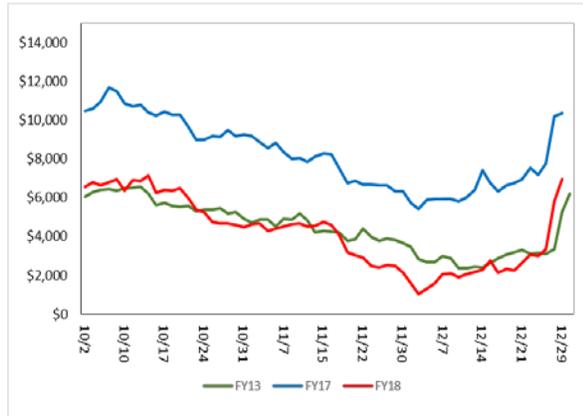
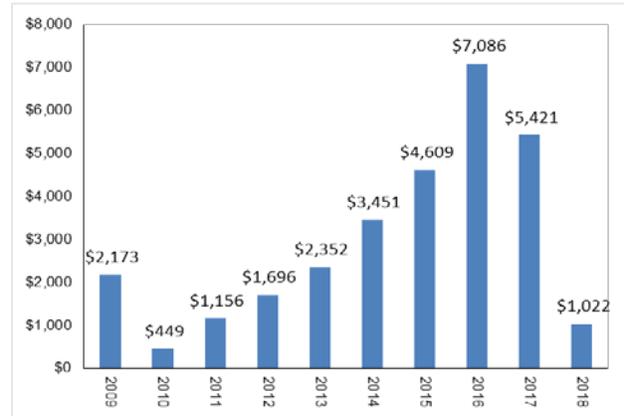


Chart 2. NYC Cash Balance Lows, FY09 - FY18

(\$ in millions)



After reaching historically high levels in FY16 and FY17, cash balances fell considerably in FY18. At the end of 2Q18, the City recorded an unrestricted cash balance of \$6.926 billion, \$3.423 billion below last year's figure. The average daily balance in the second quarter measured \$4.164 billion versus \$8.234 billion a year ago.

Receipts exceeded expenditures by only \$34 million during the quarter, even though capital transfers from the Capital Fund to the General Fund were higher than last year. About every two weeks the City receives large infusions of cash from bond sales, which finance the City's spending on infrastructure and other capital assets. Capital transfers in 2Q18 totaled \$2.187 billion, versus \$1.529 billion in 2Q17.

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In late December, cash balances rebounded due to incoming real property and income tax receipts as New Yorkers rushed to prepay their taxes to beat the federal tax overhaul.

Table 1. Cash Position in the NYC Central Treasury, 2Q, FY09 - FY18

(\$ in millions)	2Q09	2Q10	2Q11	2Q12	2Q13	2Q14	2Q15	2Q16	2Q17	2Q18
Opening Balance ^a	\$6,370	\$4,596	\$5,350	\$5,135	\$6,235	\$5,773	\$9,011	\$9,491	\$10,418	\$6,893
Total Receipts	15,061	19,233	18,761	19,753	18,923	22,301	20,423	24,666	22,237	23,686
Total Expenditures ^b	18,611	18,737	17,967	18,534	18,962	19,537	20,235	22,553	22,306	23,652
Closing Balance	\$2,820	\$5,092	\$6,144	\$6,354	\$6,196	\$8,537	\$9,199	\$11,604	\$10,349	\$6,926
Avg. Daily Balance	\$4,348	\$3,046	\$3,331	\$3,408	\$4,440	\$5,206	\$6,766	\$8,831	\$8,234	\$4,164

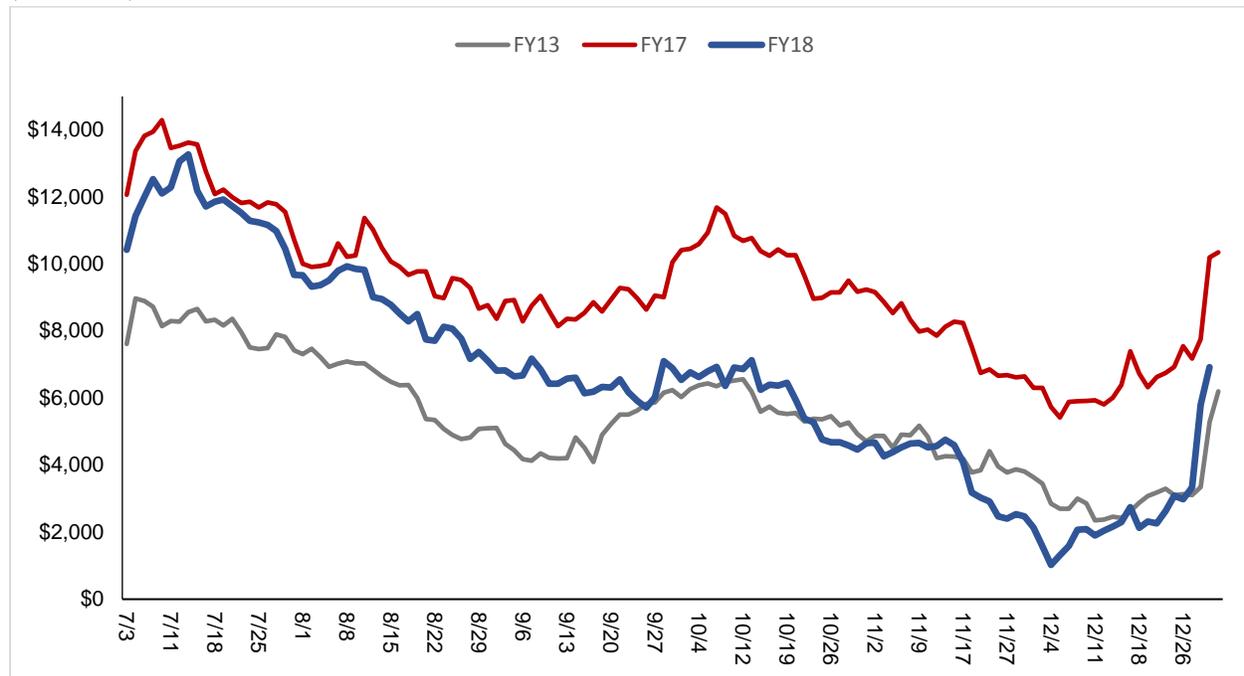
a. Opening balances are before City audits.

b. Total expenditures include capital expenditures.

July 2017 - December 2017 (1H18)

Chart 3. Cash Position in the NYC Central Treasury, 1H13, 1H17, & 1H18

(\$ in millions)



The 1H18 daily cash balance averaged \$6.561 billion, compared to \$9.332 billion during the same period last year. For the fourteenth consecutive year, the City maintained sufficient operating cash without issuing short-term notes.

Table 2. Cash Position in the NYC Central Treasury, 1H, FY09 - FY18

(\$ in millions)	1H09	1H10	1H11	1H12	1H13	1H14	1H15	1H16	1H17	1H18
Opening Balance ^a	\$4,988	\$5,839	\$4,604	\$5,041	\$6,297	\$7,944	\$9,858	\$9,502	\$11,719	\$9,341
Total Receipts	34,811	36,565	38,672	39,068	37,946	41,662	40,326	47,672	44,285	45,199
Total Expenditures ^b	36,979	37,312	37,132	37,755	38,048	41,068	40,985	45,570	45,655	47,614
Closing Balance	\$2,820	\$5,092	\$6,144	\$6,354	\$6,196	\$8,537	\$9,199	\$11,604	\$10,349	\$6,926
Avg. Daily Balance	\$5,412	\$4,737	\$4,000	\$4,665	\$5,426	\$6,256	\$8,126	\$9,448	\$9,332	\$6,561

a. Opening balances are before City audits.

b. Total expenditures include capital expenditures.

Cash Receipts

October 2017 - December 2017 (2Q18)

Receipts at a Glance

Table 3. Cash Receipts by Category, 2Q, FY09 - FY18

(\$ in millions)	2Q09	2Q10	2Q11	2Q12	2Q13	2Q14	2Q15	2Q16	2Q17	2Q18
Real Property Tax	\$1,461	\$4,612	\$4,489	\$4,866	\$5,116	\$5,377	\$5,861	\$6,497	\$6,611	\$7,305
Other Taxes	5,108	4,923	5,231	5,517	5,763	6,222	7,000	7,498	7,427	8,118
<i>Total taxes</i>	<i>6,569</i>	<i>9,535</i>	<i>9,720</i>	<i>10,383</i>	<i>10,879</i>	<i>11,599</i>	<i>12,861</i>	<i>13,995</i>	<i>14,038</i>	<i>15,423</i>
Federal and State Aid	3,607	3,900	4,152	4,314	4,207	4,232	3,836	4,359	4,091	3,422
Debt Service Funding	0	0	(158)	(146)	(652)	(134)	(1,054)	658	(305)	(334)
Miscellaneous	1,027	1,463	1,459	1,305	1,361	1,902	1,778	1,843	1,418	1,604
Intergovernmental Aid	165	193	0	1	1	0	0	4	57	0
Other	3,693	4,142	3,588	3,896	3,127	4,702	3,002	3,807	2,938	3,571
Total	\$15,061	\$19,233	\$18,761	\$19,753	\$18,923	\$22,301	\$20,423	\$24,666	\$22,237	\$23,686
Total, Net of Reimbursement for CapEx	\$12,337	\$16,112	\$16,301	\$17,100	\$17,427	\$19,679	\$19,085	\$22,756	\$20,708	\$21,501

Total cash receipts in 2Q18 increased 6.5% versus a year ago. Cash receipts spiked in late December, as New Yorkers paid their income and property taxes before the limitation on state and local tax deductions took effect. Miscellaneous revenues rose 13.1%. The increase in miscellaneous revenues stems from higher receipts from water and sewer charges, and private grants. "Other" receipts, which include capital transfers, increased by 21.5%. Total Federal and State aid decreased \$669 million, or 16.4%. The change was mainly due to the reduction in Federal and State payments for social services and the drop in State higher education assistance. Removing the effect of capital transfers, receipts increased 3.8%.

Taxes³

Table 4. Tax Receipts, 2Q13, 2Q17, & 2Q18

(\$ in millions)	2Q13	2Q17	2Q18	% Change 2Q18/2Q13	% Change 2Q18/2Q17
Real Property Tax	\$5,116	\$6,611	\$7,305	43%	10%
Personal Income Tax	1,847	2,512	3,065	66	22
Sales Tax	1,651	2,050	2,152	30	5
General Corporation Tax	839	1,075	1,275	52	19
Mortgage and Real Property Transfer Taxes	427	648	603	41	(7)
Unincorporated Business Tax	210	286	451	115	58
Commercial Rent Tax	173	217	215	24	(1)
Hotel Occupancy Tax	147	171	158	7	(8)
All Other Taxes	469	468	199	(58)	(57)
Total	\$10,879	\$14,038	\$15,423	42%	10%

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

The City collected \$15.4 billion in tax revenues in 2Q18, up 9.9% compared to the same period last year. The largest revenue source, the real property tax, was up 10.5%. The personal income tax increased \$553 million, or 22%. The sales tax was up 5%. Overall, tax revenue accounted for 65.1% of total cash receipts in 2Q18.

Selected Cash Receipts

Table 5. Selected Cash Receipts, 2Q, FY14 - FY18

(\$ in millions)	2Q14	2Q15	2Q16	2Q17	2Q18
Real Property Tax	\$5,377	\$5,861	\$6,497	\$6,611	\$7,305
Personal Income Tax	2,088	2,241	2,458	2,512	3,065
Sales Tax	1,753	1,849	2,047	2,050	2,152
NYS Education Aid	1,488	1,499	1,647	1,757	1,894
General Corporation Tax	727	833	982	1,075	1,275
Mortgage and Real Property Transfer Taxes	637	692	736	648	603
Water and Sewer Fees	465	673	567	332	494
Unincorporated Business Tax	199	274	301	286	451
Federal Welfare Aid	789	625	623	692	445
Fines and Forfeitures	243	261	332	293	248
Commercial Rent Tax	173	188	214	217	215
Federal Education Aid	327	101	605	162	209
Hotel Occupancy Tax	156	170	163	171	158
Senior College Fees	182	174	212	147	145

Federal and State Aid

Chart 4. Federal & State Aid to NYC, 2Q, FY14 - FY18

(\$ in billions)

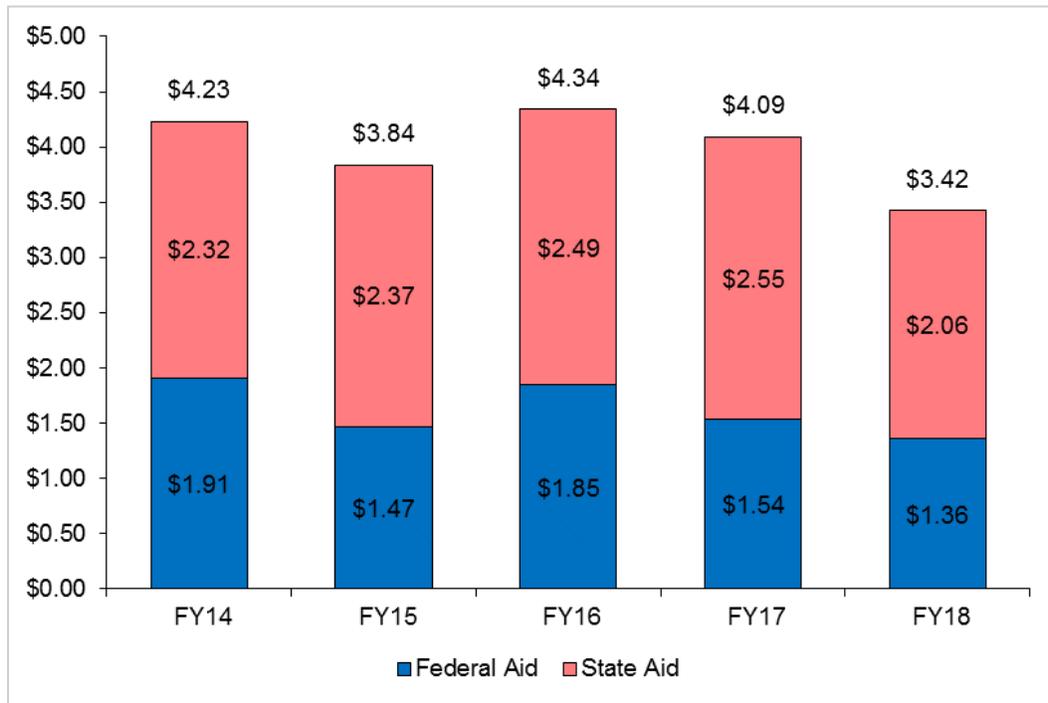


Chart 5. Federal & State Aid as % of Total Cash Receipts, 2Q, FY14 - FY18

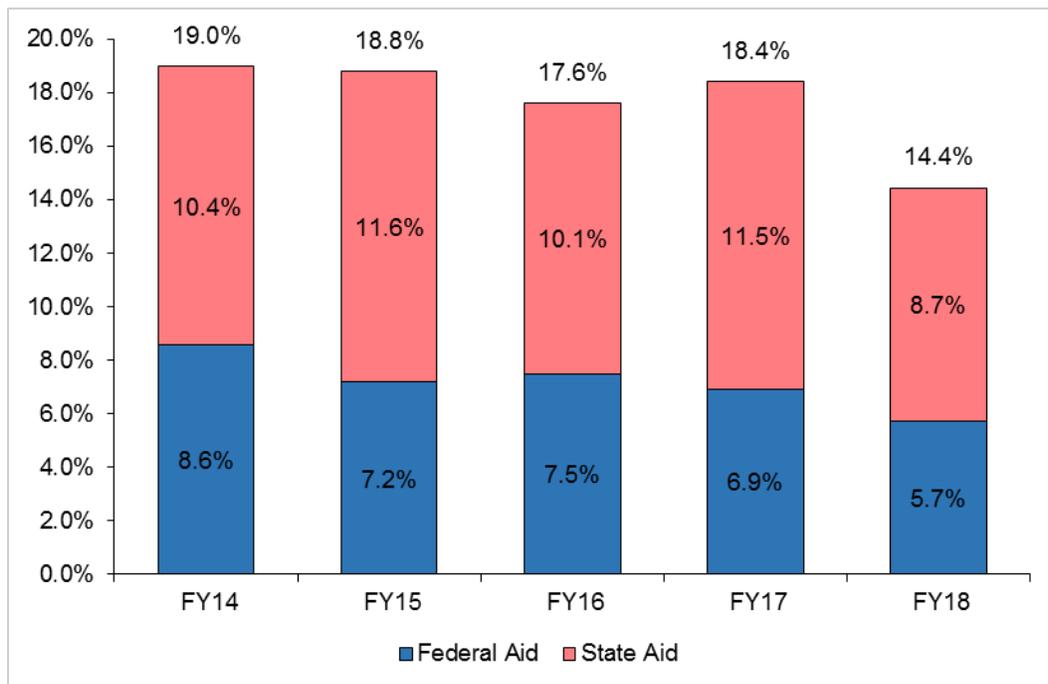


Chart 6. Components of State Aid, 2Q, FY14 - FY18

(\$ in billions)

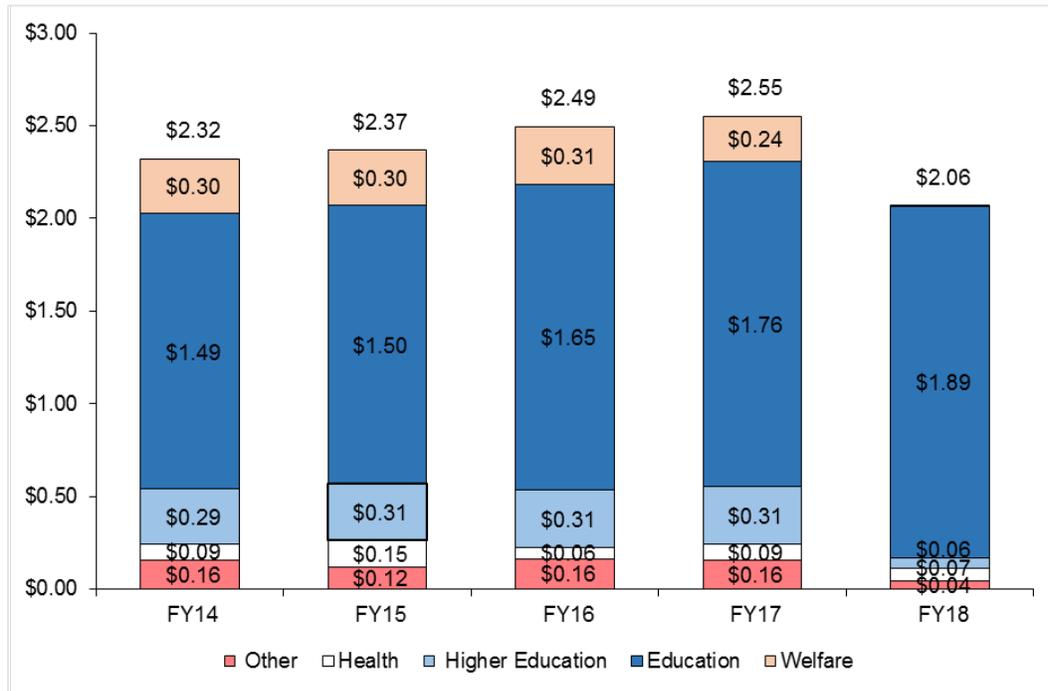
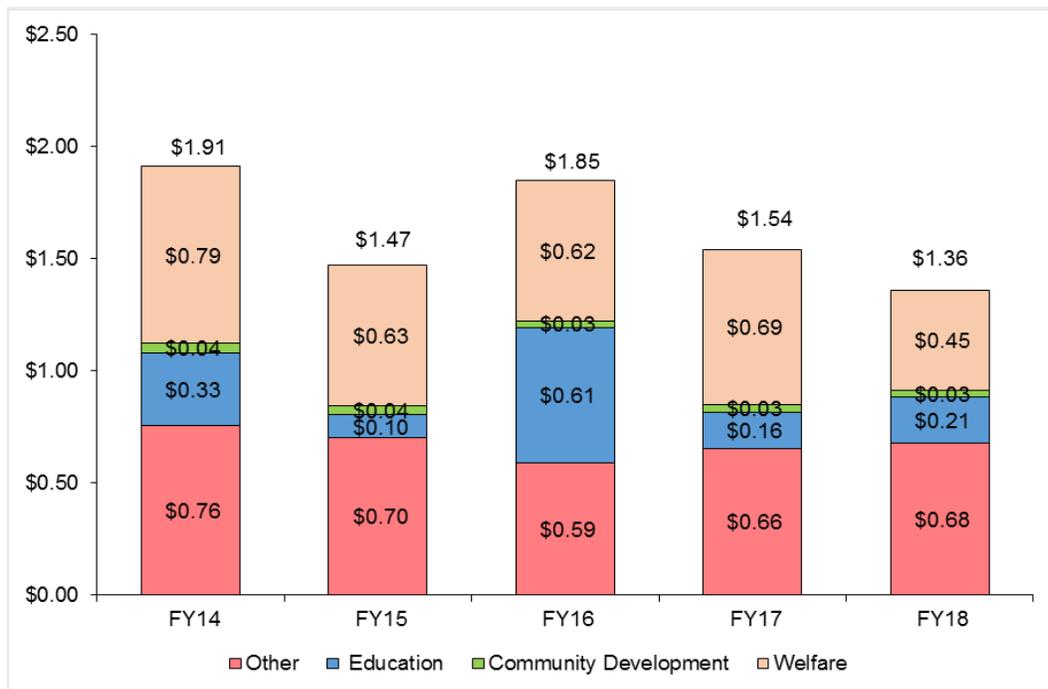


Chart 7. Components of Federal Aid, 2Q, FY14 - FY18

(\$ in billions)



July 2017 - December 2017 (1H18)

Receipts at a Glance

Table 6. Cash Receipts by Category, 1H, FY09 - FY18

(\$ in millions)	1H09	1H10	1H11	1H12	1H13	1H14	1H15	1H16	1H17	1H18
Real Property Tax	\$6,467	\$8,390	\$9,127	\$10,020	\$9,901	\$10,950	\$11,273	\$12,084	\$12,561	\$12,705
Other Taxes	10,664	9,429	10,422	11,060	11,444	12,272	13,595	14,363	14,123	14,944
<i>Total taxes</i>	<i>17,131</i>	<i>17,819</i>	<i>19,549</i>	<i>21,080</i>	<i>21,345</i>	<i>23,222</i>	<i>24,868</i>	<i>26,447</i>	<i>26,684</i>	<i>27,649</i>
Federal and State Aid	7,319	8,179	8,872	8,204	8,395	8,183	8,469	8,615	7,774	6,781
Debt Service Funding	0	0	(266)	(146)	(1,657)	(1,025)	(2,737)	1,128	(943)	(1,239)
Miscellaneous	2,828	3,259	3,087	3,012	3,030	3,395	3,327	3,870	3,220	3,620
Intergovernmental Aid	228	256	0	1	1	0	0	4	59	0
Other	7,305	7,052	7,430	6,917	6,832	7,887	6,400	7,608	7,491	8,388
Total	\$34,811	\$36,565	\$38,672	\$39,068	\$37,946	\$41,662	\$40,327	\$47,672	\$44,285	\$45,199
Total, Net of Reimbursement for CapEx	\$29,731	\$31,504	\$33,328	\$34,532	\$33,825	\$37,339	\$37,343	\$43,837	\$39,925	\$40,102

Total cash receipts for 1H18 increased 2.1% versus a year ago. The cash receipts include the retention of real property and personal income tax revenues for GO and TFA PIT debt service payments. Debt service funding is usually counted as a negative inflow (rather than a positive expense). In 1H17, debt service funding decreased total cash revenues by \$943 million. In comparison, debt service funding decreased total cash revenues by \$1.2 billion in 1H18.

Taxes⁴

Table 7. Major Tax Receipts, 1H13, 1H17, & 1H18

(\$ in millions)	1H13	1H17	1H18	% Change 1H18/1H13	% Change 1H18/1H17
Real Property Tax	\$9,901	\$12,561	\$12,705	28%	1%
Personal Income Tax	3,568	4,761	5,483	54	15
Sales Tax	2,968	3,461	3,638	23	5
General Corporation Tax	1,508	2,133	2,177	44	2
Mortgage and Real Property Transfer Taxes	848	1,366	1,241	46	(9)
Unincorporated Business Tax	621	765	957	54	25
Commercial Rent Tax	347	425	459	32	8
Banking Corporation Tax	760	381	319	(58)	(16)
Hotel Occupancy Tax	265	312	305	15	(2)
All Other Taxes	559	519	365	(35)	(30)
Total Taxes	\$21,345	\$26,684	\$27,649	30%	4%

Tax receipts in 1H18 increased 3.6% compared to 1H17, led by a \$722 million gain in personal income tax. Property tax revenue grew a modest 1.1%. Sales tax increased 5.1%. Business taxes, the general corporation tax and the unincorporated business tax, grew 2.1% and 25.1%, respectively. Commercial real estate also performed well. Commercial rent tax increased 8%. Meanwhile, NYC housing market and travel

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

and tourism industry both experienced declines. Real-estate transaction tax, which includes the mortgage recording and the real property transfer taxes, declined 9.2%. The hotel occupancy tax fell 2.2%.

Selected Cash Receipts

Table 8. Selected Cash Receipts, 1H14 - 1H18

(\$ in millions)	1H14	1H15	1H16	1H17	1H18
Real Property Tax	\$10,950	\$11,273	\$12,084	\$12,561	\$12,705
Personal Income Tax	3,949	4,267	4,694	4,761	5,483
Sales Tax	3,178	3,331	3,606	3,461	3,638
NYS Education Aid	2,739	3,137	3,011	3,116	3,290
General Corporation Tax	1,441	1,551	1,882	2,133	2,177
Water and Sewer Fees	1,123	1,393	1,397	1,226	1,365
Mortgage and Real Property Transfer Taxes	1,138	1,382	1,476	1,366	1,241
Unincorporated Business Tax	634	780	772	765	957
Federal Welfare Aid	1,741	1,886	1,764	1,614	951
Federal Education Aid	719	347	932	331	557
Fines and Forfeitures	468	511	613	531	498
Commercial Rent Tax	361	404	430	425	459
Banking Corporation Tax	743	1,012	639	381	319
Hotel Occupancy Tax	289	299	313	312	305
NYS Welfare Aid	641	578	752	685	215

Federal and State Aid

Chart 8. Federal & State Aid to NYC, 1H, FY14 - FY18

(\$ in billions)

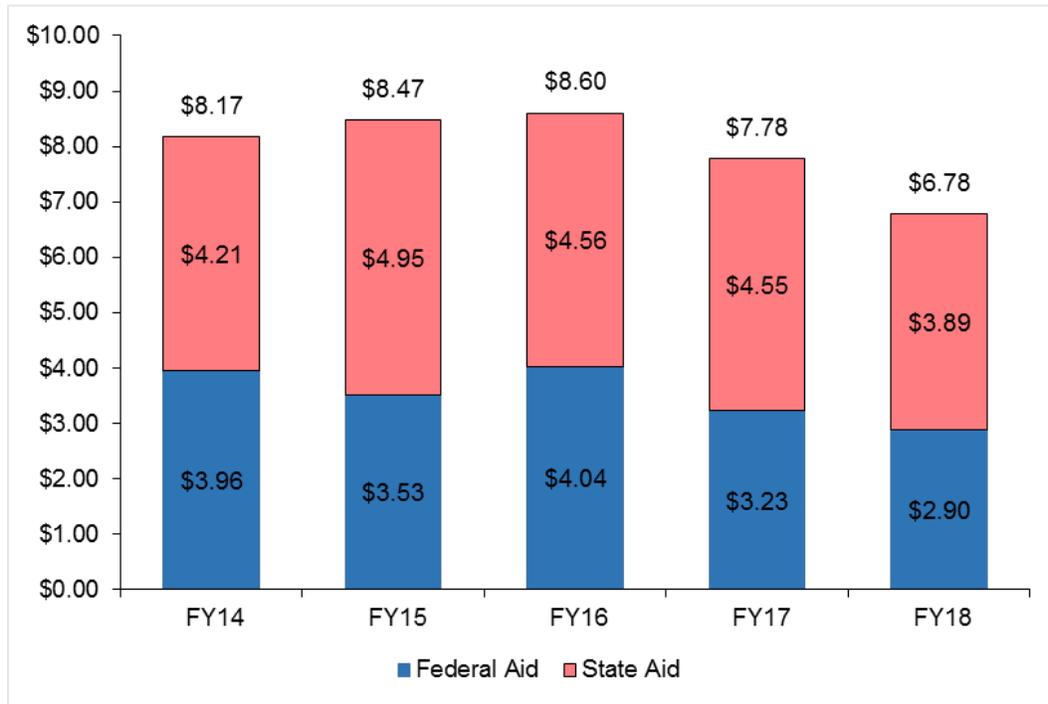


Chart 9. Federal & State Aid as % of Total Revenue, 1H, FY14 - FY18

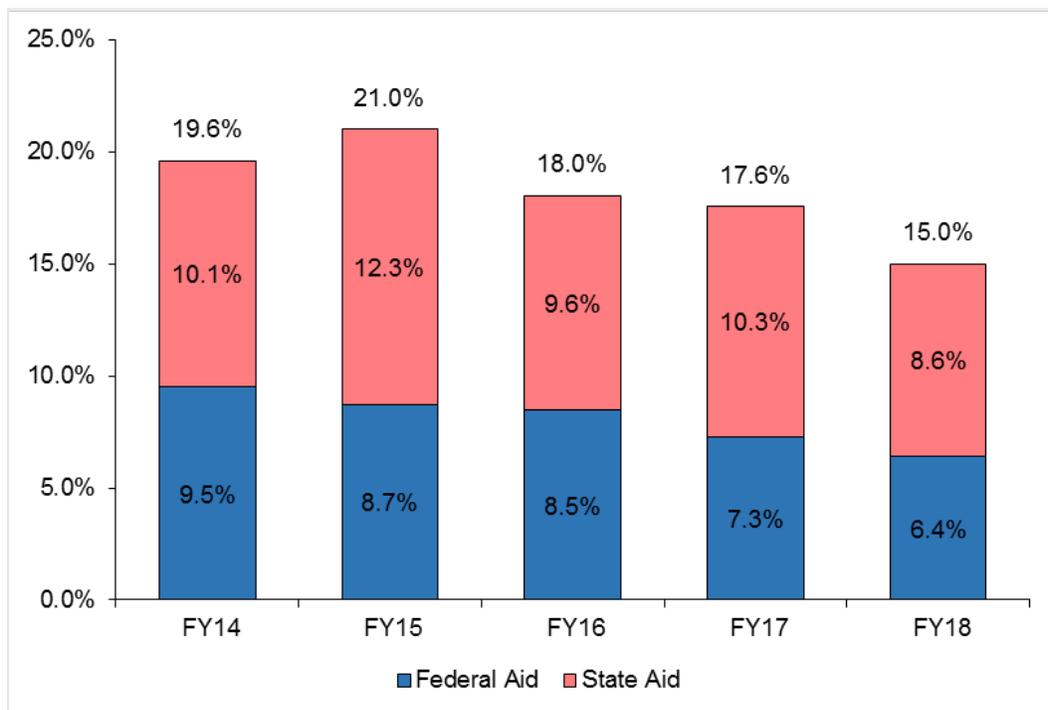


Chart 10. Components of State Aid, 1H, FY14 - FY18

(\$ in billions)

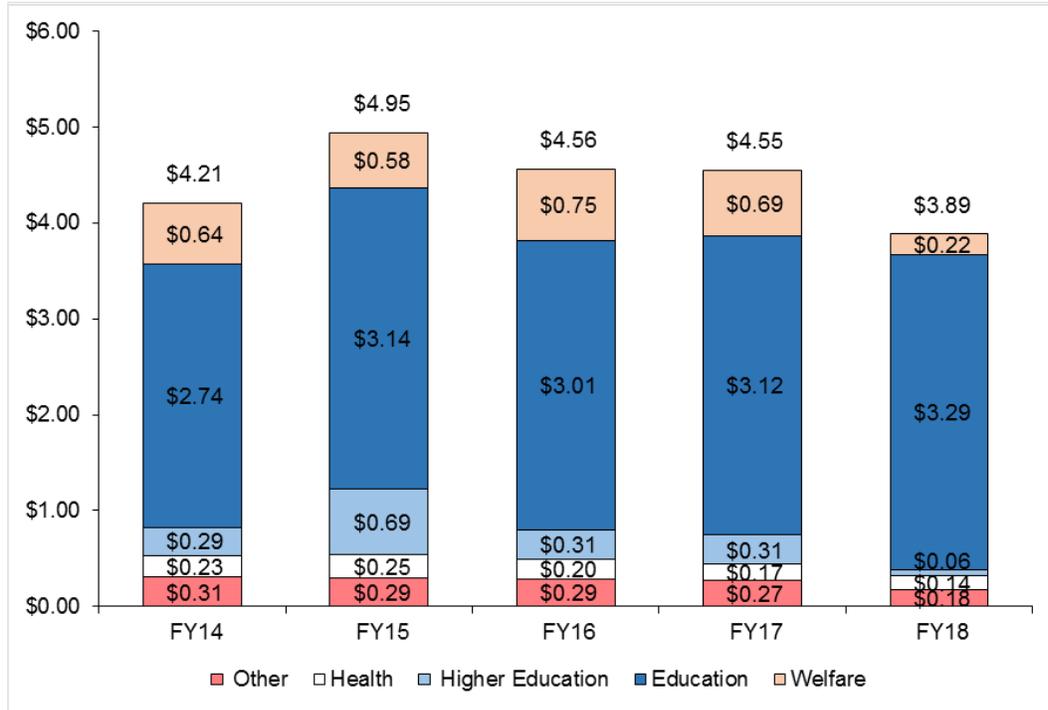
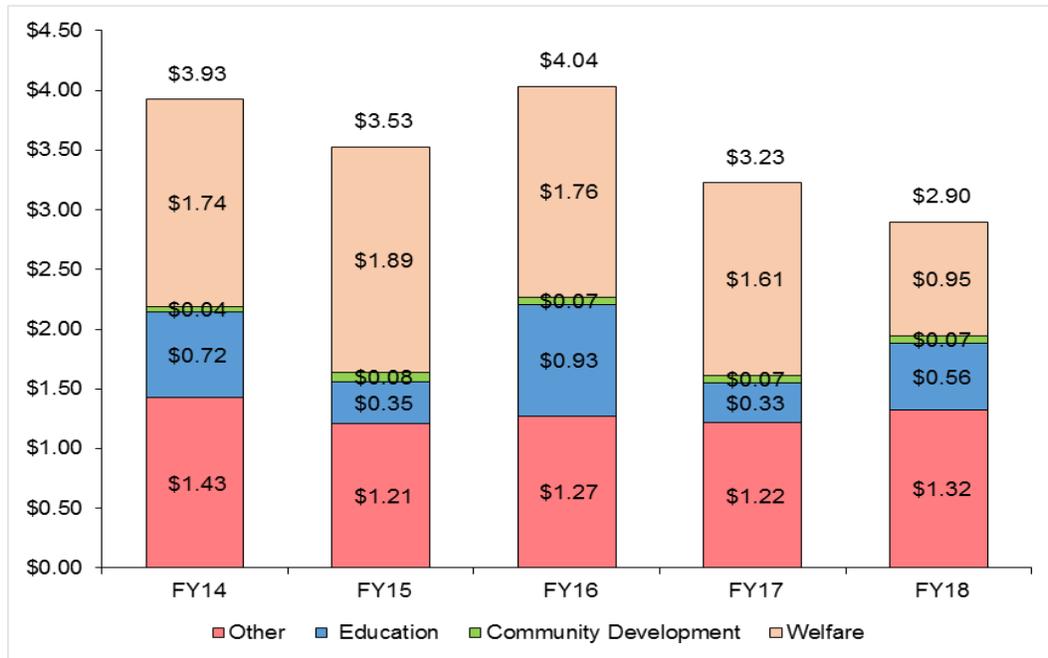


Chart 11. Components of Federal Aid, 1H, FY14 - FY18

(\$ in billions)



The combined 1H18 total of Federal and State aid fell by almost \$1 billion compared to the same period last year, mostly due to lower funds received from the Federal and State governments for social services and the decrease in State aid for higher education.

Cash Expenditures (Including Capital)

October 2017 - December 2017 (2Q18)

Cash Expenditures at a Glance

Table 9. PS & OTPS, 2Q, FY09 - FY18

(\$ in millions)	2Q09	2Q10	2Q11	2Q12	2Q13	2Q14	2Q15	2Q16	2Q17	2Q18
Gross Payroll	\$6,124	\$6,071	\$6,154	\$5,775	\$5,953	\$5,961	\$6,333	\$7,284	\$6,955	\$7,777
Fringe and Other	2,886	3,289	2,821	3,402	3,600	3,573	3,715	3,897	4,190	4,488
Total PS	\$9,010	\$9,360	\$8,975	\$9,177	\$9,553	\$9,534	\$10,048	\$11,181	\$11,145	\$12,265
% of 2Q Total Exp	48%	50%	50%	50%	50%	49%	50%	50%	50%	52%
# of Bi-weekly Payrolls	7	7	7	6	6	6	6	7	7	7
Public Assistance	\$643	\$646	\$629	\$591	\$610	\$629	\$634	\$673	\$750	\$801
Medical Assistance	1,166	1,066	1,330	1,262	1,466	1,386	1,524	1,431	1,266	1,536
Other Social Services	585	742	595	621	557	584	649	644	703	624
Vendor and Other	3,394	3,330	3,399	3,701	3,909	4,244	4,530	4,782	5,022	5,819
Total OTPS	\$5,788	\$5,784	\$5,953	\$6,175	\$6,542	\$6,843	\$7,337	\$7,530	\$7,741	\$8,780
% of 2Q Total Exp	31%	31%	33%	33%	35%	35%	36%	33%	35%	37%
All Other	\$3,813	\$3,593	\$3,039	\$3,182	\$2,868	\$3,160	\$2,850	\$3,842	\$3,420	\$2,607
% of 2Q Total Exp	20%	19%	17%	17%	15%	16%	14%	17%	15%	11%
Total Expenditures	\$18,611	\$18,737	\$17,967	\$18,534	\$18,963	\$19,537	\$20,235	\$22,553	\$22,306	\$23,652
Total Expenditures, Net of CapEx	\$16,153	\$16,037	\$15,869	\$16,263	\$17,182	\$17,632	\$18,684	\$20,648	\$20,588	\$21,853

Cash expenditures, including capital, totaled \$23.652 billion in 2Q18, averaging \$387.7 million daily. During the same period last year, cash expenditures totaled \$22.306 billion and averaged \$365.7 million daily. Gross payroll increased 11.8%, while fringe benefits rose 7.1%. Fringe benefits include pension, social security, health plan, and supplemental (union-related) welfare benefits. Other than personal service expenditures grew 13.4%, due to increases in public assistance, medical assistance, and vendor-related spending. Outlays in the “All Other” category fell 23.8%, as a result of lower payments to the City’s Health and Hospitals (HHC) and the decreased lump sum payments.

“All Other” Spending

Table 10. Major Components of “All Other” Spending, 2Q17 & 2Q18

(\$ in millions)	2Q17	2Q18	Difference
Transit Authority	\$35	\$36	\$1
Housing Authority	2	9	7
Lump Sum Payments	1,108	610	(498)
HHC	434	73	(361)
Refunds	244	194	(50)
City-Funded Capital	1,388	1,629	241
Non-City-Funded Capital	330	169	(161)
Fund-700 Adjustment	(92)	(110)	(18)

July 2017 - December 2017 (1H18)

Cash Expenditures at a Glance

Table 11. PS & OTPS, 1H, FY09 - FY18

(\$ in millions)	1H09	1H10	1H11	1H12	1H13	1H14	1H15	1H16	1H17	1H18
Gross Payroll	\$12,285	\$11,830	\$12,121	\$11,951	\$12,012	\$12,095	\$12,758	\$14,320	\$14,061	\$14,934
Fringe and Other	5,678	6,329	6,029	6,694	6,966	7,233	7,611	7,853	8,469	8,695
Total PS	\$17,963	\$18,159	\$18,150	\$18,645	\$18,978	\$19,328	\$20,369	\$22,173	\$22,530	\$23,629
% of Total Exp	49%	49%	49%	49%	50%	47%	50%	48%	49%	50%
Public Assistance	\$1,209	\$1,413	\$1,282	\$1,223	\$1,190	\$1,269	\$1,283	\$1,379	\$1,521	\$1,751
Medical Assistance	2,380	2,438	2,511	2,912	3,088	2,763	2,877	2,883	2,634	2,723
Other Social Services	1,310	1,423	1,250	1,182	1,195	1,236	1,274	1,307	1,400	1,337
Vendor and Other	7,122	6,984	7,219	7,735	7,726	8,769	9,566	9,910	10,729	11,202
Total OTPS	\$12,021	\$12,258	\$12,262	\$13,052	\$13,199	\$14,037	\$15,000	\$15,479	\$16,284	\$17,013
% of Total Exp	33%	33%	33%	35%	35%	34%	36%	35%	36%	36%
All Other	\$6,995	\$6,895	\$6,720	\$6,058	\$5,871	\$7,703	\$5,616	\$7,918	\$6,841	\$6,972
% of Total Exp	19%	18%	18%	16%	15%	19%	14%	17%	15%	14%
Total Expenditures	\$36,979	\$37,312	\$37,132	\$37,755	\$38,048	\$41,068	\$40,985	\$45,570	\$45,655	\$47,614
Total Expenditures, Net of CapEx	\$32,213	\$32,084	\$32,137	\$33,607	\$34,118	\$36,790	\$37,414	\$41,594	\$41,643	\$43,468

Cash expenditures for 1H18 grew 4.3% compared to the same period last year. Personal service expenditures rose 4.9%, to \$23.6 billion. Other than personal service expenditures increased 4.5%, to \$17 billion. Outlays for public assistance jumped 15.1%, followed by vendor and other payments (up 4.4%) and medical assistance (up 3.4%). Payments for other social services were down 4.5%. Outlays considered “All Other” rose 1.9%, mostly due to higher City-funded capital spending and a positive Fund 700 adjustment.

“All Other” Spending

Table 12. Major Components of “All Other” Spending, 1H17 & 1H18

(\$ in millions)	1H17	1H18	Difference
Transit Authority	\$251	\$254	\$3
Housing Authority	35	13	(22)
Lump Sum Payments	1,771	1,450	(321)
HHC	650	474	(176)
Refunds	486	474	(12)
City-Funded Capital	3,205	3,721	516
Non-City-Funded Capital	807	424	(383)
Fund-700 Adjustment	(333)	154	487

Certain bookkeeping procedures within the City’s financial management system serve as a mechanism through which City agencies give notice of upcoming expenditures or of funds held in trust on behalf of non-City entities. Such entries are collectively captured in the Fund 700 adjustment and are deducted from our calculation of the unrestricted cash balance. As the City’s business proceeds throughout the year, the Fund 700 adjustment may be reflected as a positive expense (more cash excluded from the unrestricted balance) or as a negative expense (as previously disclosed Fund 700 obligations are satisfied). In 1H18, the Fund 700 adjustment was reflected as a positive expense, and it reduced the unrestricted cash balance by \$154 million. In 1H17, the Fund 700 adjustment was reflected as a negative expense, and it increased the unrestricted cash balance by \$333 million.

Capital Expenditures

City-funded capital expenditures are primarily financed from the proceeds of General Obligation (GO), New York City Transitional Finance Authority (TFA), and New York City Municipal Water Finance Authority (NY Water) debt. Beginning in 2Q07, non-City-funded capital expenditures for education were financed by TFA Building Aid bonds and Expanding Our Children’s Education and Learning (EXCEL) capital grant funding from the Dormitory Authority of the State of New York (DASNY). Capital expenditures are initially paid from the New York City Central Treasury and then reimbursed from various capital accounts and State sources.

October 2017 - December 2017 (2Q18)

Chart 12. Total CapEx, 2Q, FY09 - FY18

(\$ in millions)

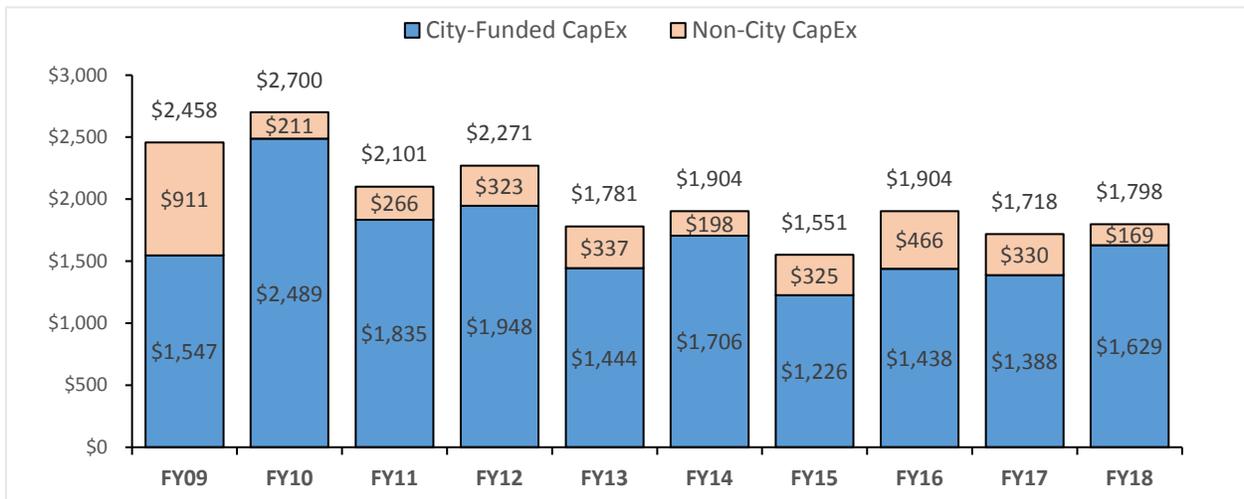
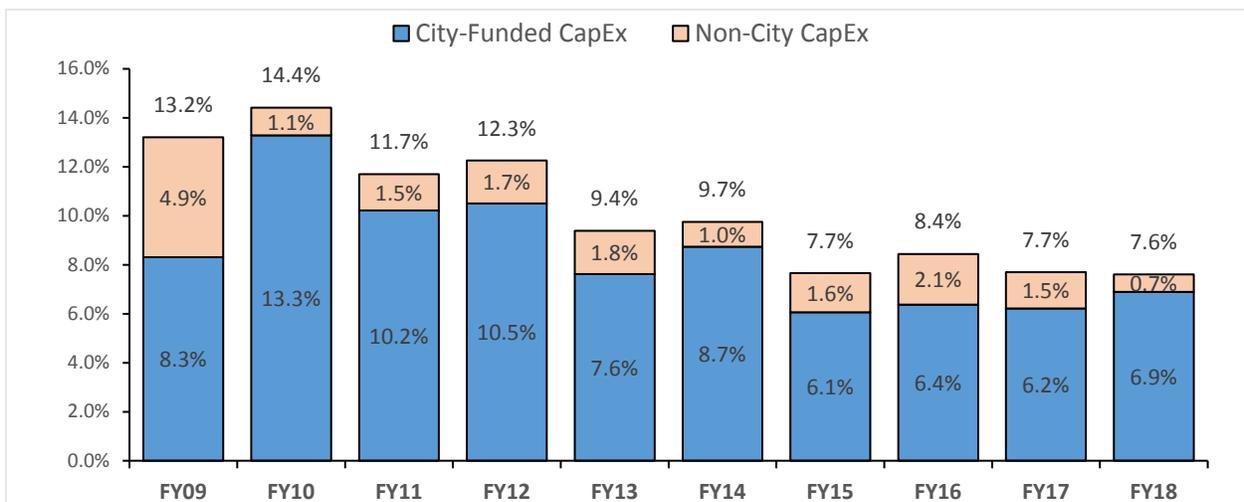


Chart 13. Total CapEx as % of Total Expenditures, 2Q, FY09 - FY18



Total 2Q18 CapEx increased 4.7% versus a year ago. Non-City-funded CapEx dropped 48.8% while City-funded CapEx went up 17.4%.

Reimbursements to the New York City Central Treasury for Capital Expenditures

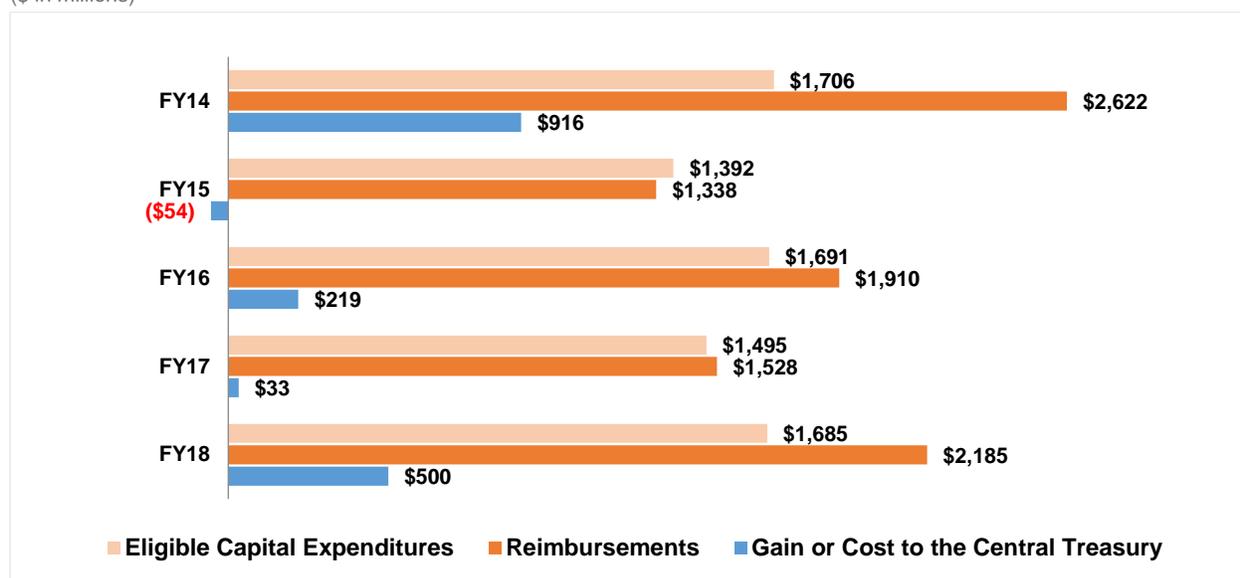
Table 13. Reimbursements to the NYC Central Treasury for CapEx, 2Q, FY09 - FY18

(\$ in millions)	2Q09	2Q10	2Q11	2Q12	2Q13	2Q14	2Q15	2Q16	2Q17	2Q18	Total
GO	\$1,412	\$1,399	\$885	\$977	\$127	\$901	\$24	\$47	\$244	\$998	\$7,014
NY Water	659	785	693	582	470	397	315	334	409	432	5,076
TFA	2	937	613	797	768	1,324	999	1,529	875	755	8,599
City-Funded Sub-Total	\$2,073	\$3,121	\$2,191	\$2,356	\$1,365	\$2,622	\$1,338	\$1,910	\$1,528	\$2,185	\$20,689
TFA Building Aid	610	0	269	297	132	0	0	0	0	0	1,308
DASNY	41	0	0	0	0	0	0	0	0	0	41
Non-City Sub-Total	\$651	\$0	\$269	\$297	\$132	\$0	\$0	\$0	\$0	\$0	\$1,349
Total	\$2,724	\$3,121	\$2,460	\$2,653	\$1,497	\$2,622	\$1,338	\$1,910	\$1,528	\$2,185	\$22,038
2Q Reimbursable Capital Expenditures	\$2,303	\$2,442	\$1,962	\$2,105	\$1,583	\$1,706	\$1,392	\$1,691	\$1,495	\$1,685	\$18,364
2Q Reimbursements Less 2Q Reimbursable Capital Expenditures	\$421	\$679	\$498	\$548	(\$86)	\$916	(\$54)	\$219	\$33	\$500	\$3,674
2Q Reimbursements as a % of 2Q Reimbursable Capital Expenditures	118.3%	127.8%	125.4%	126.0%	94.6%	153.7%	96.1%	113.0%	102.2%	129.7%	120.0%
2Q Reimbursements as a % of 2Q Total Receipts	18.1%	16.2%	13.1%	13.4%	7.9%	11.8%	6.6%	7.7%	6.9%	9.2%	10.7%

Reimbursements to the Central Treasury for CapEx exceeded reimbursable expenditures during 2Q18. CapEx is initially paid from the City Treasury and then reimbursed from bond proceeds as appropriate. Over the long term, CapEx and reimbursements should balance. However, from quarter to quarter, the lag between an expenditure and the offsetting reimbursement can result in a gain or loss to the Central Treasury. In 2Q18, this dynamic resulted in a gain of \$500 million.

Chart 14. Bond-Funded Reimbursements for Eligible CapEx, 2Q, FY14 - FY18

(\$ in millions)



July 2017 - December 2017 (1H18)

Chart 15. Total CapEx, 1H, FY09 - FY18

(\$ in millions)

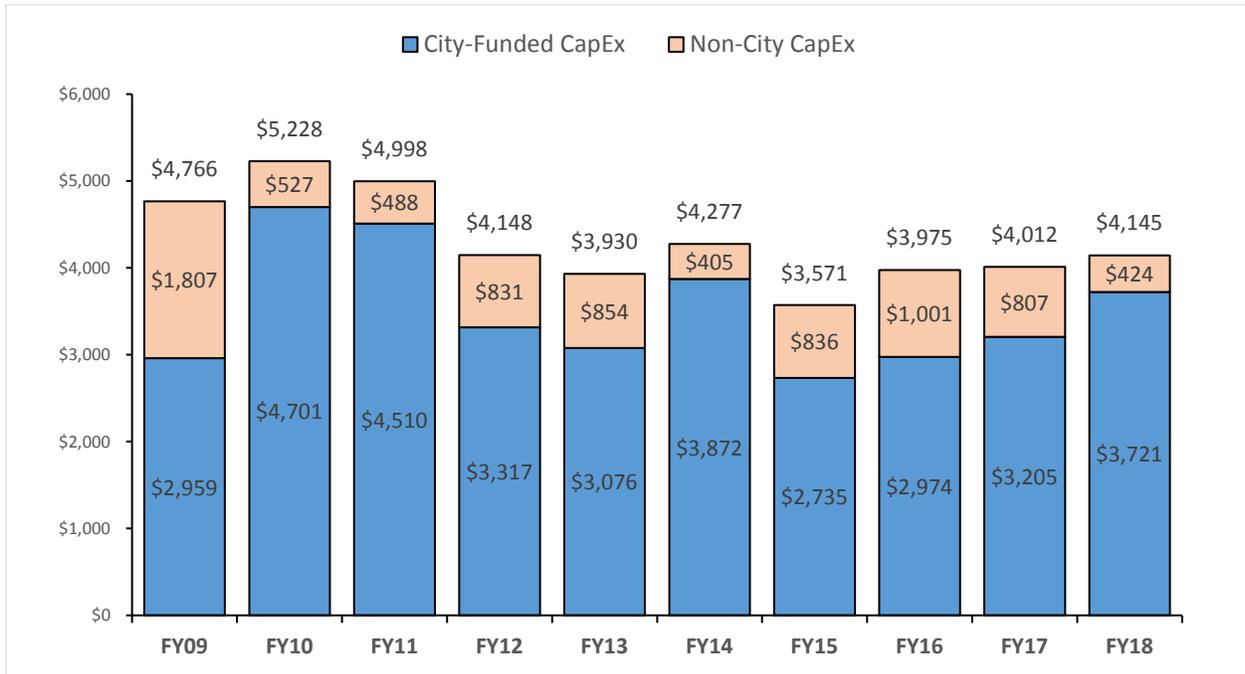
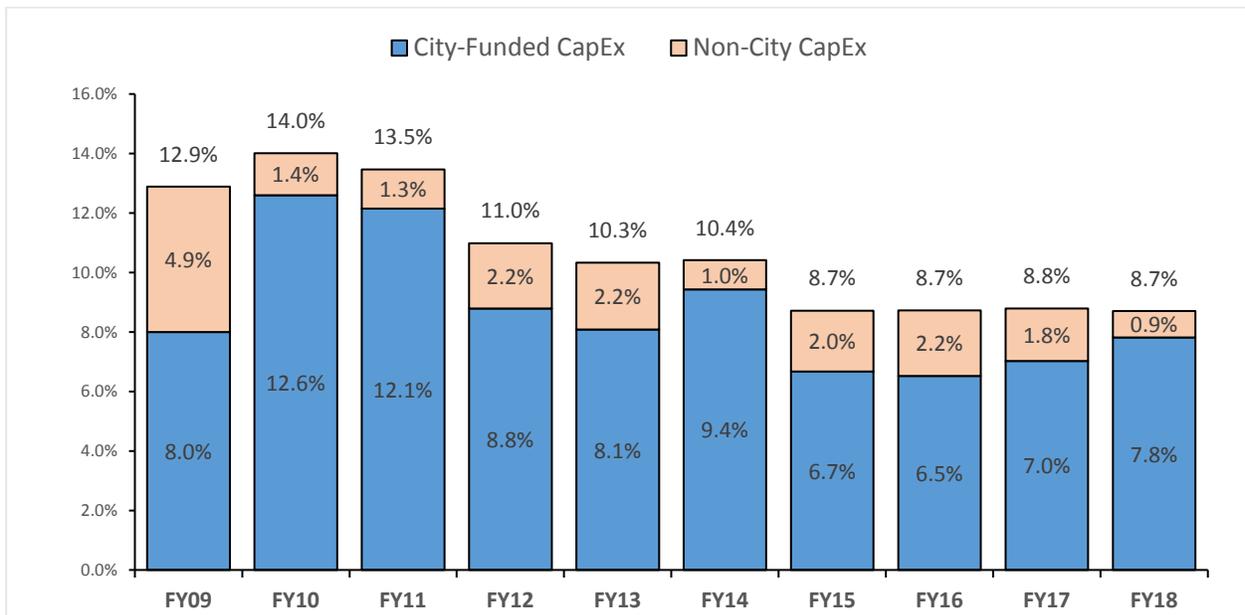


Chart 16. Total CapEx as % of Total Expenditures, 1H, FY09 - FY18



Total CapEx equaled \$4.145 billion in 1H18 compared to \$4.012 billion during the same period last year. The increase was due to a 16.1% jump in City-funded CapEx.

Reimbursements to the New York City Central Treasury for Capital Expenditures

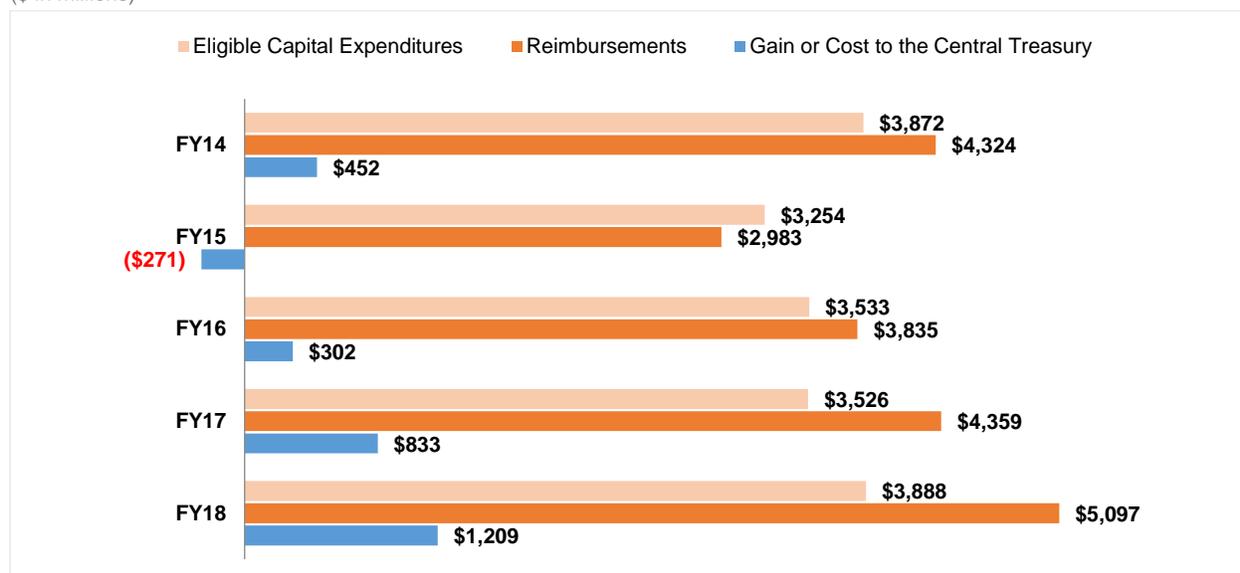
Table 14. Reimbursements to the NYC Central Treasury, 1H, FY09 - FY18

(\$ in millions)	1H09	1H10	1H11	1H12	1H13	1H14	1H15	1H16	1H17	1H18	Total
GO	\$2,541	\$1,932	\$1,644	\$1,433	\$422	\$1,372	\$357	\$609	\$1,532	\$998	\$12,839
NY Water	1,343	1,396	1,648	1,157	986	817	673	687	732	816	10,255
TFA	7	1,545	1,783	1,369	1,982	2,135	1,953	1,707	2,095	3,283	17,860
City-Funded Sub-Total	\$3,891	\$4,873	\$5,075	\$3,959	\$3,390	\$4,324	\$2,983	\$3,003	\$4,359	\$5,097	\$40,954
TFA Building Aid	820	182	269	577	730	0	0	832	0	0	3,411
DASNY	367	6	0	0	0	0	0	0	0	0	374
Non-City Sub-Total	\$1,187	\$188	\$269	\$577	\$730	\$0	\$0	\$832	\$0	\$0	\$3,785
Total	\$5,078	\$5,061	\$5,344	\$4,536	\$4,120	\$4,324	\$2,983	\$3,835	\$4,359	\$5,097	\$44,739
1H Reimbursable Capital Expenditures	\$4,465	\$4,823	\$4,683	\$3,757	\$3,570	\$3,872	\$3,254	\$3,533	\$3,526	\$3,888	\$39,370
1H Reimbursements Less 1H Reimbursable Capital Expenditures	\$613	\$238	\$661	\$779	\$550	\$452	(\$271)	\$302	\$833	\$1,209	\$5,369
1H Reimbursements as a % of 1H Reimbursable Capital Expenditures	113.7%	104.9%	114.1%	120.8%	115.4%	111.7%	91.7%	108.5%	123.6%	131.1%	113.6%
1H Reimbursements as a % of 1H Total Receipts	14.6%	13.8%	13.8%	11.6%	10.9%	10.4%	7.4%	8.0%	9.8%	11.3%	11.0%

1H18 reimbursements exceeded eligible spending, resulting in a \$1.209 billion gain to the Central Treasury during 1H18. Over the past ten years, 1H reimbursements have exceeded eligible spending by 13.6%.

Chart 17. Bond-Funded Reimbursements for Eligible CapEx, 1H14 - 1H18

(\$ in millions)



Financings

Table 15. FY 2018 Projected New Money vs. 1H18 Actual New Money GO, TFA FTS, and TFA BARBs Issuance

(\$ in billions)	FY18 Projected Issuance	1H18 Issuance	Remaining Issuance
GO	\$2.2	\$1.0	\$1.2
TFA PIT	\$3.5	\$2.3	\$1.2
TFA Barbs	\$0.5	\$0.0	\$0.5
Total	\$6.2	\$3.3	\$2.9

Projected bond issuance is based on the OMB’s February 2018 Financial Plan.

In FY18, the City plans to issue \$6.2 billion in GO, TFA PIT, and TFA BARBs for new money capital purposes. The City issued \$3.3 billion of new money debt in 1H18, leaving \$2.9 billion of issuance planned for the remainder of the current fiscal year.

Table 16. GO and TFA PIT Bond Issuance, 1H18

(\$ in millions)

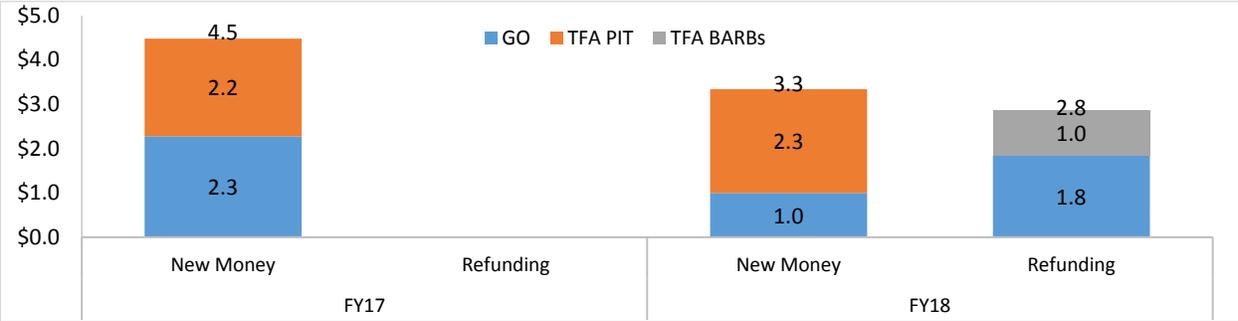
Closing Date	Deal	Purpose	TE Fixed	TX Fixed*	TE Variable	Total Par
7/20/2017	TFA BARBs 2018 S-1 and S-2	Refunding	\$1,008	\$0	\$0	\$1,008
8/10/2017	GO 2018 A	Refunding	\$899	\$0	\$0	\$899
8/17/2017	TFA 2018 A*	New Money	\$1,000	\$350	\$0	\$1,350
10/3/2017	GO 2018 B	New Money	\$550	\$250	\$200	\$1,000
10/26/2017	TFA 2018 B	New Money	\$850	\$140	\$0	\$990
12/20/2017	GO 2018 CD	Refunding	\$944	\$0	\$0	\$944

*Designates series of bonds that were sold via competitive sale
The table excludes conversions and re-offerings.

Three transactions closed in 2Q18. The first transaction was a new money sale of \$1 billion of GO bonds, comprised of \$550 million of tax-exempt fixed rate bonds, \$250 million of taxable fixed rate bonds, and \$200 million of tax-exempt variable rate bonds. The second transaction was a new money sale of \$990 million of TFA FTS bonds. The TFA FTS sale included approximately \$850 million of tax-exempt fixed rate bonds, and \$140 million of taxable fixed rate bonds. The third transaction was a refunding sale of \$944 million of GO bonds. The refunding achieved \$177.9 million in budget savings, or \$159.4 million on a present-value basis.

Chart 18. GO, TFA FTS, and TFA BARBs Issues, 1H17 & 1H18

(\$ in billions)



The pace of bond issuance in 1H18 exceeded last year’s pace. In 1H18, the City issued \$3.3 billion in new money bonds and \$2.8 billion in refunding bonds. Over the same period last year, the City issued \$4.5 billion in new money bonds.

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Published by the NYC Comptroller's Office, Bureau of Budget
Preston Niblack, Deputy Comptroller for Budget



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