

Quarterly Cash Report

April-June 2006, Fourth Quarter of FY 2006

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

- The average daily cash book balance in the New York City Central Treasury was \$7.924 billion during the fourth quarter of FY 2006 and \$7.149 billion in FY 2006. Average daily cash balances during FY 2006 significantly exceeded the average daily cash balances in each quarter in all the comparable periods since FY 2002, with the exception of the fourth quarter of FY 2005.
- Daily cash balances were sustained in FY 2006 without short-term financing proceeds and despite the delay in the receipt of NYS higher education aid, capital expenditures for education projects that were not reimbursed from bond proceeds, increased Health and Hospitals Corporation expenditures, and the establishment of the Retiree Health Benefits Trust Fund. Moreover, the City had almost all of the collective bargaining agreements from the 2002-2005 round of negotiations in place by the end of FY 2006, which resulted in higher current salaries and retroactive payments.
- After making cash prepayments of future years' expenditures, the City closed FY 2006 with \$6.386 billion in cash-on-hand. This balance was higher than the \$4.433 billion for FY 2002, \$2.502 billion for FY 2003, and \$4.208 billion for FY 2004, but below the \$6.830 billion at the close of FY 2005. Each fiscal year included cash prepayments of future years' expenditures and cash receipts of real property tax collected in June after the tax bills for the upcoming fiscal year were distributed.
- Cash receipts totaled \$18.190 billion and averaged \$284 million daily during April-June 2006. Cash receipts in the fourth quarter of FY 2006 were \$2.574 billion greater than during the fourth quarter of FY 2005. Real property tax rose \$1.065 billion and accounted for 41 percent of the increase. The balance of tax receipts was \$575 million greater, federal and state aid was \$75 million higher, and miscellaneous revenue was \$623 million more. These increases were offset by higher debt service funding for general obligation and TFA debt of \$283 million. Cash receipts of \$66.570 billion during FY 2006 were \$3.683 billion more than in FY 2005 and grew 32 percent compared with FY 2002.

- Cash expenditures, including capital expenditures, totaled \$20.426 billion and averaged \$319 million daily during the fourth quarter of FY 2006. Cash expenditures were \$3.290 billion greater than in the fourth quarter of FY 2005. The FY 2006 budget surplus and resultant levels of daily cash balances allowed the City to pay not only \$3.751 billion in future years' expenditures at the end of June 2006, but also \$1 billion into the newly created Retiree Health Benefits Trust Fund, \$358 million in Health and Hospitals Corporation medical assistance to New York State, and \$120 million to the Housing Authority. Total expenditures during FY 2006 increased \$17.888 billion over FY 2002. Personal service increased 32 percent and other than personal service increased 26 percent between FY 2002 and FY 2006.
- Capital expenditures were 8 percent of total expenditures in the fourth quarter of FY 2006. They totaled \$1.590 billion, or \$473 million more than in the fourth quarter of FY 2005, and \$221 million above the same period in FY 2002. During FY 2006, capital expenditures were \$782 million more than in FY 2005 and \$877 million more than in FY 2002. Capital expenditures included payments to the School Construction Authority of \$1.8 billion in FY 2006, \$900 million in FY 2005 and \$1.5 billion in FY 2002.
- During the fourth quarter of FY 2006, City-funded capital expenditures of \$1.478 billion were \$397 million less than the \$1.875 billion of reimbursements to the Central Treasury from debt proceeds for these expenditures. During FY 2006, City-funded capital expenditures were \$190 million below reimbursements. At the end of FY 2006, there were approximately \$285 million in City-funded capital expenditures for education projects approved for reimbursement from General Obligation bond proceeds when these transfers were suspended. In FY 2007, capital expenditures for education projects are classified as non-City expenditures and reimbursements to the Central Treasury are projected to be from TFA bond proceeds and funds from the Dormitory Authority of the State of New York.
- The City issued \$1.570 billion in General Obligation bonds during the fourth quarter of FY 2006. In May 2006, Standard & Poor's Rating Services issued a rating of "AA minus" for the City's General Obligation bonds, the highest bond rating this City debt has ever received. Proceeds from the General Obligation sales in FY 2006 provided \$3.405 billion for capital projects. Refundings in FY 2006 totaled \$1.422 billion and yielded \$113 million in budget savings over the life of the bonds.

List of Tables

| | |
|--|----|
| Table 1. <i>Q4 Five Year Overview of Cash Position</i> | 4 |
| Table 2. <i>Q4 Five Year Trend Average Daily Balances</i> | 4 |
| Table 3. <i>FY Five Year Overview of Cash Position</i> | 5 |
| Table 4. <i>FY Five Year Trend Average Daily Balances</i> | 5 |
| Table 5. <i>Q4 Five Year Trend Total and Average Daily Cash Receipts</i> | 6 |
| Table 6. <i>Q4 Cash Receipts by Category FY 2005 and FY 2006</i> | 7 |
| Table 7. <i>Q4 Five Year Trend by Cash Receipt Category</i> | 7 |
| Table 8. <i>Q4 Major Cash Sources FY 2006</i> | 9 |
| Table 9. <i>Q4 Five Year Trend for Selected Cash Receipts</i> | 10 |
| Table 10. <i>FY Five Year Trend Total and Average Daily Receipts</i> | 11 |
| Table 11. <i>FY Five Year Trend Total and Percent of Total Receipts for Selected Cash Receipts</i> | 11 |
| Table 12. <i>Cash Receipts (net of capital reimbursements) FY 2005 and FY 2006</i> | 12 |
| Table 13. <i>Q4 Five Year Trend Total and Average Daily Cash Expenditures</i> | 13 |
| Table 14. <i>Five Year Trend in Cash Prepayments</i> | 13 |
| Table 15. <i>Q4 Cash Expenditures by Category FY 2005 and FY 2006</i> | 14 |
| Table 16. <i>Q4 Five Year Trend by Cash Expenditure Category</i> | 15 |
| Table 17. <i>FY Five Year Trend Total and Average Daily Cash Expenditures</i> | 16 |
| Table 18. <i>FY Five Year Trend in PS and OTPS Cash Expenditures</i> | 16 |
| Table 19. <i>Cash Expenditures (net of capital expenditures) FY 2005 and FY 2006</i> | 17 |
| Table 20. <i>Capital Expenditures FY 2005 and FY 2006</i> | 18 |
| Table 21. <i>Q4 Five Year Trend Total Capital Expenditures and Average Daily Total Capital Expenditures</i> | 19 |
| Table 22. <i>Q4 Five Year Trend City-funded Capital Expenditures and Average Daily City- funded Capital Expenditures</i> | 19 |
| Table 23. <i>Q4 Reimbursements to the Central Treasury from Capital Proceeds FY 2006</i> | 19 |
| Table 24. <i>Q4 Five Year Trend in Reimbursements to the Central Treasury</i> | 20 |
| Table 25. <i>FY Five Year Trend Total Capital Expenditures and Average Daily Total Capital Expenditures</i> | 21 |
| Table 26. <i>FY Five Year Trend City-funded Capital Expenditures and Average Daily City- funded Capital Expenditures</i> | 21 |
| Table 27. <i>FY Five Year Trend in Reimbursements to the Central Treasury</i> | 21 |
| Table 28. <i>GO Bond Issues FY 2005 and FY 2006</i> | 23 |
| Table 29. <i>Budget Savings from GO Refundings FY 2005 and FY 2006</i> | 24 |

List of Charts

| | |
|--|----|
| Chart 1. <i>FY Five Year Trend in the City's Cash Position</i> | 6 |
| Chart 2. <i>Q4 Five Year Trend by Cash Receipt Category</i> | 8 |
| Chart 3. <i>FY Five Year Trend for Selected Receipts as a Percent of Total Fiscal Year Receipts</i> | 12 |
| Chart 4. <i>Q4 Five Year Trend by Cash Expenditure Category</i> | 15 |
| Chart 5. <i>FY Five Year Trend in Cash Expenditures</i> | 17 |
| Chart 6. <i>FY Five Year Trend Capital Expenditures as a Percent of Total Expenditures</i> | 18 |
| Chart 7. <i>Q4 Capital Reimbursements Compared to City-Funded Capital Expenditures FY 2006</i> | 20 |
| Chart 8. <i>FY Five Year Trend in Reimbursements Compared to City-funded Capital Expenditures</i> | 22 |
| Chart 9. <i>Purposes of GO Debt FY 2005 and FY 2006</i> | 24 |

I. Cash Balances¹

A. OVERVIEW

April-June 2006, Fourth Quarter (Q4) of FY 2006

Tables 1 and 2 show the five year history of the City's overall cash position and trend in average daily cash balances during the fourth quarters of FY 2002-FY 2006. The opening balance for the Q4 of FY 2006 was \$272 million more than the balance at the start of the Q4 of FY 2005. Receipts increased \$2.574 billion and expenditures were \$3.290 billion greater in the Q4 of FY 2006 than in the same period in FY 2005. The difference between the net of expenditures over revenue in the Q4 of FY 2005 and FY 2006 was \$716 million. This difference offset the higher opening balance for the Q4 of FY 2006 and resulted in a \$444 million lower closing balance for the Q4 of FY 2006 compared with the Q4 of FY 2005. The levels of receipts and expenditures in the Q4 of FY 2006 were the highest in the last five years.

Table 1. Q4 Five Year Overview of Cash Position

(\$ in millions)

| Central Treasury | Q4 FY 2002 | Q4 FY 2003 | Q4 FY 2004 | Q4 FY 2005 | Q4 FY 2006 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Opening Balance | \$ 2,766 | \$ 2,601 | \$ 5,056 | \$ 8,350 | \$ 8,622 |
| Total Receipts | 13,894 | 13,917 | 13,916 | 15,616 | 18,190 |
| Total Expenditures ^a | 12,227 | 14,016 | 14,764 | 17,136 | 20,426 |
| Closing Balance ^b | \$ 4,433 | \$ 2,502 | \$ 4,208 | \$ 6,830 | \$ 6,386 |

a. Total expenditures include capital expenditures.

b. Before City audits

The average daily balance in April and May of the Q4 of FY 2006 was higher than the average daily balance in April and May of the Q4 of FY 2005. The average daily balance for June 2006 was \$1.112 billion less than in June 2005. June balances in each year include cash prepayments of future years' expenditures and the receipt of real property tax attributable to the next fiscal year. The average daily balance for the Q4 of FY 2006 was below the average daily balance for the Q4 of FY 2005, and above the average daily balances in the Q4 of FY 2002-FY 2004.

Table 2. Q4 Five Year Trend Average Daily Balances

(\$ in millions)

| | Q4 FY 2002 | Q4 FY 2003 | Q4 FY 2004 | Q4 FY 2005 | Q4 FY 2006 |
|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| April | \$3,388 | \$2,743 | \$4,777 | \$8,075 | \$8,360 |
| May | 3,363 | 1,400 | 4,724 | 8,426 | 8,442 |
| June | 2,924 | 1,301 | 3,555 | 8,122 | 7,010 |
| Q4 Total | \$3,234 | \$1,829 | \$4,341 | \$8,206 | \$7,924 |

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 the date of deposit of cash receipts and the analysis of bank deposits. Total receipts and expenditures are net of debt service and note funding. Expenditures are reported on warrants issued.

July 2005-June 2006, Fiscal Year (FY) 2006

Tables 3 and 4 show the trends in the City’s cash-on-hand during the last five fiscal years. Receipts increased 32 percent and expenditures 36 percent over the five years. The City’s operating budget has increased 34 percent between FY 2002 and FY 2006. Total expenditures exceeded total receipts in FY 2003 and FY 2006, decreasing daily balances by \$1.931 billion and \$444 million. During FY 2002, FY 2004, and FY 2005, receipts were greater than expenditures by \$1.367 billion, \$1.706 billion, and \$2.622 billion, respectively.

Table 3. FY Five Year Overview of Cash Position

(\$ in millions)

| Central Treasury | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Opening Balance ^a | \$ 3,066 | \$ 4,433 | \$ 2,502 | \$ 4,208 | \$ 6,830 |
| Total Receipts | 50,493 | 52,823 | 57,063 | 62,887 | 66,570 |
| Total Expenditures ^b | 49,126 | 54,754 | 55,357 | 60,265 | 67,014 |
| Closing Balance ^a | \$ 4,433 | \$ 2,502 | \$ 4,208 | \$ 6,830 | \$ 6,386 |

- a. Opening and closing balances are before City audits.
- b. Total expenditures include capital expenditures.

The average daily balance of \$7.149 billion during FY 2006 was \$4.507 billion greater than in FY 2002 and \$1.710 billion greater than in FY 2005. The City’s daily cash balances were maintained at high levels throughout FY 2006, which was the second consecutive year without any short-term financing. Short-term financing totaled \$1.5 billion on October 23, 2001 in FY 2002, \$1.5 billion on October 9, 2002 in FY 2003, and \$1.5 billion on October 16, 2003 in FY 2004. The lowest cash balance in FY 2006 was \$4.084 billion on December 2, 2005 and a high of \$9.679 billion was reached on May 4, 2006.

In FY 2006, the City’s cash balances withstood the delay in receiving senior college aid and the decision not to transfer approved capital expenditures for education to the Central Treasury. Also by the close of FY 2006, the City had reached agreements with almost all unions for the 2002-2005 round of collective bargaining, which resulted in the payout of retroactive costs and raised ongoing payroll expenditures. The City also made approximately \$480 million in payments of Health and Hospitals Corporation (HHC) subsidy and medical assistance to help the Corporation maintain adequate levels of cash and avoid its projected deficits.²

Table 4. FY Five Year Trend Average Daily Balances

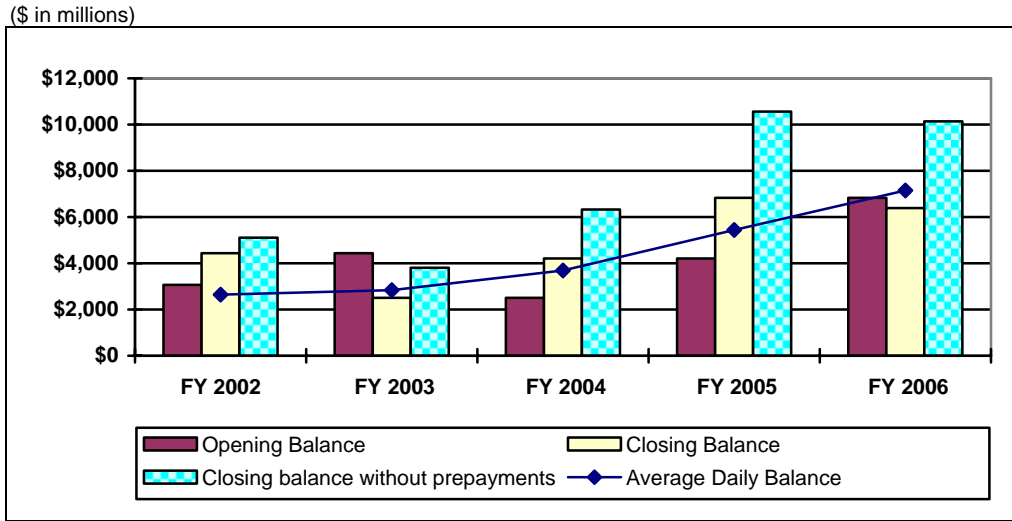
(\$ in millions)

| Period | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| Q1 | \$2,696 | \$3,893 | \$2,900 | \$4,348 | \$7,738 |
| Q2 | 1,700 | 2,580 | 2,822 | 2,992 | 5,825 |
| Q3 | 2,907 | 3,032 | 4,684 | 6,077 | 7,021 |
| Q4 | 3,234 | 1,829 | 4,341 | 8,206 | 7,924 |
| Full FY | \$2,642 | \$2,834 | \$3,689 | \$5,439 | \$7,149 |

2. The additional HHC payments were partially offset by the receipt of \$189 million from HHC mainly for the reimbursement of debt service and fringe benefits.

Chart 1 depicts the higher levels of cash-on-hand in both FY 2005 and FY 2006 compared with the prior three years and shows the rise in average daily balances during the five year period. Without prepayments the City would have ended FY 2005 and FY 2006 with more than \$10 billion. After the cash prepayments the ending balances in FY 2005 and FY 2006 exceeded \$6 billion in each year.

Chart 1. FY Five Year Trend in the City's Cash Position



B. CASH RECEIPTS

April-June 2006, Fourth Quarter of FY 2006

Cash receipts totaled \$18.190 billion during the Q4 of FY 2006, \$2.574 billion more than during the same period in FY 2005, and \$4.296 billion more than in the Q4 of FY 2002. Table 5 shows total receipts and average daily cash receipts for the fourth quarters of FY 2002-FY 2006.

Table 5. Q4 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 |
| April | \$ 4,466 | \$ 3,783 | \$ 3,457 | \$ 4,055 | \$ 4,587 | \$203 | \$172 | \$157 | \$193 | \$229 |
| May | 3,394 | 2,914 | 3,403 | 4,119 | 3,772 | 154 | 139 | 170 | 196 | 171 |
| June | 6,034 | 7,220 | 7,056 | 7,442 | 9,831 | 302 | 344 | 321 | 338 | 447 |
| Q4 Total | \$13,894 | \$13,917 | \$13,916 | \$15,616 | \$18,190 | \$217 | \$217 | \$217 | \$244 | \$284 |

Table 6 shows cash receipts for each month during the fourth quarters of FY 2005 and FY 2006 by major categories. Total taxes accounted for 64 percent of the increase from FY 2005. The increase in miscellaneous revenue of \$623 million made up 24 percent of the change. These were mostly offset by higher debt service funding.

Table 6. Q4 Cash Receipts by Category FY 2005 and FY 2006

(\$ in millions)

| Receipts | April 2005 | May 2005 | June 2005 | Q4 05 Total | April 2006 | May 2006 | June 2006 | Q4 06 Total | Diff. Q4 Total FY 05/06 |
|-----------------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|-----------------|-------------------------|
| Real Property Tax | \$ 242 | \$ 79 | \$2,328 | \$ 2,649 | \$ 234 | \$ 57 | \$3,423 | \$ 3,714 | \$1,065 |
| Other Taxes | 2,351 | 967 | 2,680 | 5,998 | 2,586 | 1,070 | 2,917 | 6,573 | 575 |
| Federal and State Aid | 531 | 1,889 | 1,249 | 3,669 | 507 | 1,727 | 1,510 | 3,744 | 75 |
| Debt Service Funding | (242) | (55) | (66) | (363) | (262) | (381) | (3) | (646) | (283) |
| Miscellaneous | 428 | 446 | 573 | 1,447 | 544 | 430 | 1,096 | 2,070 | 623 |
| Intergovernmental Aid | 10 | 0 | 0 | 10 | 0 | 0 | 0 | 0 | (10) |
| Other ^a | 735 | 793 | 678 | 2,206 | 978 | 869 | 888 | 2,735 | 529 |
| Total | \$4,055 | \$4,119 | \$7,442 | \$15,616 | \$4,587 | \$3,772 | \$9,831 | \$18,190 | \$2,574 |

a. Other receipts include capital reimbursements.

Table 7 and Chart 2 display the five year trend in Q4 receipts for these major categories.

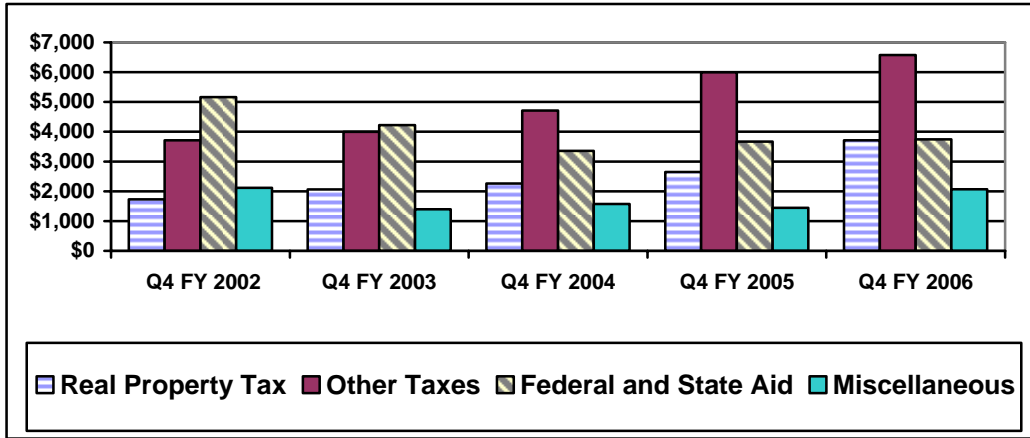
Table 7. Q4 Five Year Trend by Cash Receipt Category

(\$ in millions)

| | Q4 FY 2002 | Q4 FY 2003 | Q4 FY 2004 | Q4 FY 2005 | Q4 FY 2006 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Real Property Tax | \$ 1,729 | \$ 2,064 | \$ 2,264 | \$ 2,649 | \$ 3,714 |
| Other Taxes | 3,713 | 3,998 | 4,709 | 5,998 | 6,573 |
| Federal and State Aid | 5,163 | 4,222 | 3,359 | 3,669 | 3,744 |
| Less: Debt and Note Funding | (1,294) | (719) | (278) | (363) | (646) |
| Miscellaneous | 2,117 | 1,398 | 1,575 | 1,447 | 2,070 |
| Intergovernmental Aid | 115 | 143 | 87 | 10 | 0 |
| Other | 2,351 | 2,811 | 2,200 | 2,206 | 2,735 |
| Total | \$13,894 | \$13,917 | \$13,916 | \$15,616 | \$18,190 |

Chart 2. Q4 Five Year Trend by Cash Receipt Category

(\$ in millions)



Tax receipts³ totaled \$10.287 billion during the Q4 of FY 2006. This was 19 percent more than the \$8.647 billion in tax receipts during the Q4 of FY 2005.

The \$1.065 billion increase in real property tax collections was 65 percent of the change in tax receipts. June 2006 collections were \$1.095 billion more than receipts in June 2005. June receipts reflect the timing of collections attributable to the next fiscal year. Tax collections, excluding real property tax, were \$575 million greater during the Q4 of FY 2006 than during the Q4 of FY 2005. Personal income tax (PIT) and unincorporated business tax collections increased \$423 million and \$140 million, respectively.

General Obligation (GO) debt service of \$271 million was withheld from real property taxes in the Q4 of 2005 and \$296 million was withheld in the Q4 of 2006. TFA debt service is withheld from PIT. In April-June 2005, \$92 million of PIT was withheld for regular debt service. In April-June 2006, PIT of \$350 million was withheld to fund the defeasance of debt.

Federal aid totaled \$1.162 billion and state aid totaled \$2.582 billion during the Q4 of FY 2006, compared with \$1.305 billion in federal aid and \$2.364 billion in state aid in the same period in FY 2005. NYS education totaling \$1.983 billion was 77 percent of state aid in the Q4 of FY 2006, and was \$148 million greater than during April-June 2005. The Q4 of FY 2006 NYS education aid included \$1.505 billion in general aid, \$60 million in sound basic aid and \$133 million in excess cost aid.

3. In this report, tax cash receipts, with the exception of personal income tax, are before refunds are distributed. Real property tax and PIT are before debt service funding. Sales tax includes the State distribution, the local share, and interest income less debt funding, if any.

Miscellaneous revenue was \$623 million more in April-June 2006 than in April-June 2005. The receipt of community college and senior college fees was \$279 million higher in the Q4 of FY 2006 than in the Q4 of FY 2005. Payments from HHC were higher in the Q4 of FY 2006 than in the same period in FY 2005. The City received \$132 million for medical malpractice, \$88 million more than in FY 2005, and \$189 million for reimbursements, mostly for debt service and fringe benefits. In June 2006, the City received \$50 million from the franchise for street furniture. Increased receipts in the Q4 of FY 2006 were offset by the \$65 million in tobacco settlement funds received in April 2005.

Table 8 shows the major monthly cash sources during the Q4 of FY 2006.

Table 8. Q4 Major Cash Sources FY 2006

(\$ in millions)

| April 2006 | | May 2006 | | June 2006 | |
|-----------------------------|---------|-------------------------|---------|-----------------------------|---------|
| Personal Income Tax | \$1,290 | NYS Education | \$1,225 | Real Property Tax | \$3,422 |
| Sales Tax | 456 | Personal Income Tax | 347 | NYS Education | 744 |
| Unincorporated Business Tax | 347 | Sales Tax | 326 | Personal Income Tax | 608 |
| Federal Education | 248 | Federal Welfare | 174 | Sales Tax | 599 |
| Real Property Tax | 234 | NYS Welfare | 149 | General Corporation Tax | 482 |
| Senior College Fees | 133 | Senior College Fees | 80 | Senior College Fees | 297 |
| NYS Health | 117 | Fines and Forfeitures | 72 | Unincorporated Business Tax | 289 |
| General Corporation Tax | 116 | Water and Sewer Fees | 71 | Financial Corporation Tax | 254 |
| Water and Sewer Fees | 107 | Real Property Tax | 54 | Federal Education | 204 |
| Community College Fees | 65 | General Corporation Tax | 52 | HHC Payments | 189 |
| Fines and Forfeitures | 65 | Tax Lien Sales | 3 | Federal Welfare | 169 |
| Utility Tax | 48 | | | NYS Welfare | 167 |
| | | | | HHC Malpractice | 132 |
| | | | | Commercial Rent Tax | 113 |
| | | | | Battery Park City PILOT | 107 |
| | | | | IDA PILOT | 78 |
| | | | | Hotel Tax | 76 |
| | | | | Fines and Forfeitures | 65 |
| | | | | Interest Income | 59 |
| | | | | Community College Fees | 52 |
| | | | | Street Furniture | 50 |
| | | | | NYS Higher Education | 30 |
| | | | | Tax Lien Sales | 1 |

Table 9 portrays the five year trend for selected cash receipts during the fourth quarters of FY 2002-FY 2006.

Table 9. Q4 Five Year Trend for Selected Cash Receipts

(\$ in millions)

| | Q4 FY 2002 | Q4 FY 2003 | Q4 FY 2004 | Q4 FY 2005 | Q4 FY 2006 |
|--------------------------------|------------|------------|------------|------------|------------|
| Real Property Tax ^a | \$1,729 | \$2,064 | \$2,264 | \$2,649 | \$3,714 |
| Personal Income Tax | 1,000 | 1,013 | 1,443 | 1,822 | 2,245 |
| NYS Education | 2,752 | 1,767 | 1,575 | 1,835 | 1,983 |
| Sales Tax | 1,022 | 1,003 | 1,167 | 1,404 | 1,381 |
| General Corporation Tax | 431 | 432 | 455 | 732 | 650 |
| Federal Welfare | 678 | 517 | 475 | 425 | 354 |
| NYS Higher Education | 115 | 349 | 0 | 100 | 30 |
| Federal Education | 358 | 679 | 498 | 484 | 492 |
| NYS Welfare | 353 | 314 | 234 | 257 | 319 |
| NYS Health | 127 | 33 | 85 | 126 | 152 |
| Unincorporated Business Tax | 372 | 421 | 437 | 528 | 668 |
| FEMA ^b | 248 | 141 | 71 | 13 | 0 |
| Water and Sewer Fees | 233 | 109 | 161 | 162 | 178 |
| Financial Corporation Tax | 131 | 197 | 191 | 255 | 281 |
| Fines and Forfeitures | 132 | 157 | 193 | 197 | 202 |
| Commercial Rent Tax | 115 | 127 | 135 | 142 | 138 |
| Senior College Fees | 376 | 281 | 417 | 257 | 510 |
| Community College Fees | 97 | 74 | 76 | 92 | 118 |
| Tobacco Settlement | 211 | 150 | 61 | 65 | 0 |
| HHC Malpractice | 39 | 43 | 114 | 43 | 132 |
| Battery Park City PILOT | 65 | 54 | 151 | 101 | 107 |
| HDC Mortgages | 245 | 0 | 0 | 0 | 0 |
| IDA PILOT | 39 | 50 | 39 | 0 | 78 |
| Hotel Tax | 64 | 49 | 60 | 74 | 80 |
| Homeland Security | 0 | 0 | 98 | 0 | 0 |
| Long-Term Care | 0 | 120 | 64 | 0 | 0 |
| Fraud and Abuse | 87 | 0 | 0 | 0 | 0 |
| Licenses etc. | 98 | 93 | 94 | 106 | 112 |
| STAR | 0 | 180 | 0 | 0 | 0 |
| TFA Recovery Notes | 457 | 65 | 0 | 0 | 0 |
| TFA (return of debt retention) | 0 | 475 | 0 | 0 | 0 |

a. Includes tax lien sales b. FEMA in FY 2004 was used as an offset to debt service and was not included in the daily balances.

July 2005-June 2006, FY 2006

Table 10 shows the upward trend for total cash receipts and average daily receipts during the fourth quarters of FY 2002-FY 2006. Receipts increased steadily, rising by 32 percent, and average daily receipts increased by \$63 million over the five years.

Table 10. FY Five Year Trend Total and Average Daily Receipts

(\$ in millions)

| Period | 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 |
| Q1 | \$11,343 | \$13,628 | \$14,145 | \$14,576 | \$16,537 | \$180 | \$213 | \$221 | \$228 | \$258 |
| Q2 | 12,220 | 12,630 | 13,996 | 15,491 | 15,464 | 200 | 207 | 229 | 258 | 258 |
| Q3 | 13,035 | 12,648 | 15,006 | 17,204 | 16,378 | 214 | 207 | 242 | 277 | 264 |
| Q4 | 13,894 | 13,917 | 13,916 | 15,616 | 18,190 | 217 | 217 | 217 | 244 | 284 |
| Full FY | *\$50,493 | \$52,823 | \$57,063 | \$62,887 | *\$66,570 | \$203 | \$211 | \$227 | \$252 | \$266 |

*Does not add due to rounding

Table 11 and Chart 3 show the five year trends for selected receipts and the percent each source was of total receipts for the five years and for the fiscal year. The five highest sources of cash receipts were real property tax, PIT (gross of TFA debt service), NYS education aid, sales tax and federal welfare. As a percentage of the total receipts during the five years, they were 20 percent, 10 percent, 11 percent, 7 percent, and 4 percent, respectively. The five year trend for real property tax reflects the mid-year 18.5 percent rate increase in FY 2003. Growth in sales tax was reduced by Municipal Assistance Corporation (MAC) debt service of \$5 million in FY 2002, \$225 million in FY 2003, \$502 million in FY 2004, \$111 million in FY 2005, and \$5 million in FY 2006.

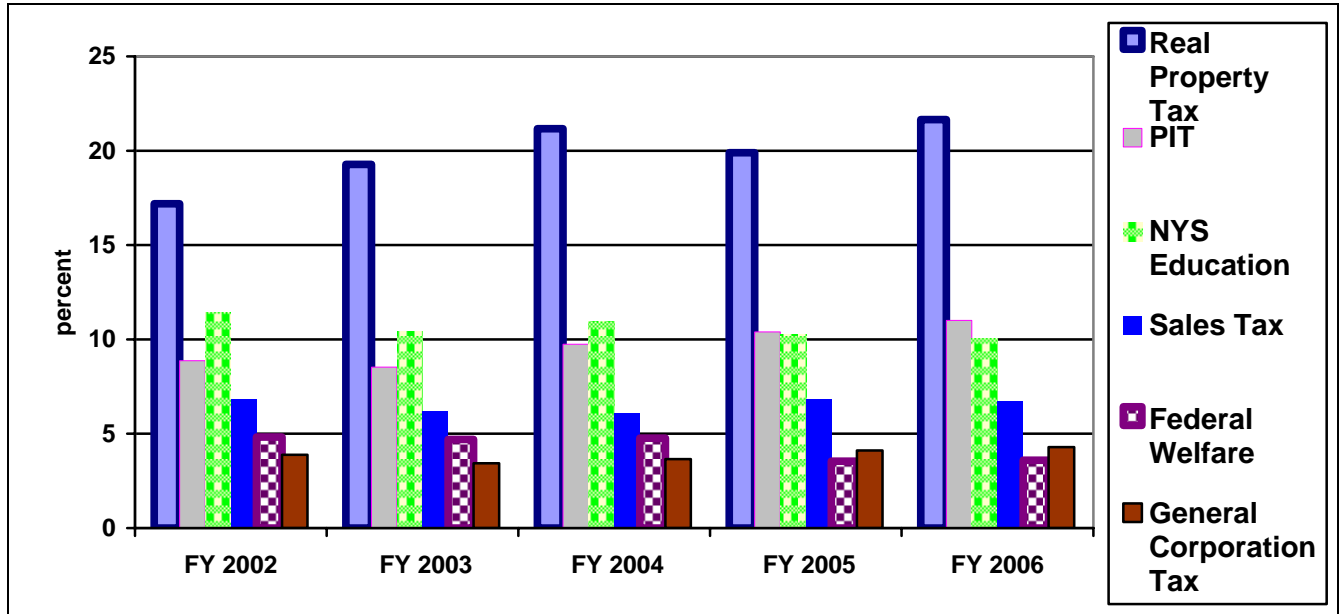
Table 11. FY Five Year Trend Total and Percent of Total Receipts for Selected Cash Receipts

(\$ in millions)

| | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | Total FY 2002 - FY 2006 | Total as Percent of Total Receipts FY 2002 - FY 2006 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------------------|---|
| Real Property Tax ^a | \$ 8,680 | \$10,181 | \$12,070 | \$12,523 | \$14,413 | \$57,867 | 20% |
| Personal Income Tax | 4,481 | 4,505 | 5,562 | 6,539 | 7,330 | 28,417 | 10 |
| NYS Education | 5,763 | 5,515 | 6,266 | 6,448 | 6,687 | 30,679 | 11 |
| Sales Tax | 3,410 | 3,301 | 3,485 | 4,252 | 4,459 | 18,907 | 7 |
| Federal Welfare | 2,435 | 2,484 | 2,718 | 2,229 | 2,393 | 12,259 | 4 |
| General Corporation Tax | 1,960 | 1,814 | 2,084 | 2,589 | 2,859 | 11,306 | 4 |
| Short-term Notes | 1,500 | 1,500 | 1,500 | 0 | 0 | 4,500 | 2 |
| NYS Welfare | 1,364 | 1,549 | 1,745 | 1,895 | 1,812 | 8,365 | 3 |
| Federal Education | 1,076 | 1,320 | 1,553 | 1,714 | 1,855 | 7,518 | 3 |
| Unincorporated Bus. Tax | 874 | 931 | 1,020 | 1,186 | 1,416 | 5,427 | 2 |
| Water and Sewer Fees | 831 | 839 | 881 | 936 | 973 | 4,460 | 2 |
| STAR | 623 | 660 | 677 | 784 | 857 | 3,601 | 1 |
| Total FY Receipts | \$50,493 | \$52,823 | \$57,063 | \$62,887 | \$66,570 | \$289,836 | |

a. Includes tax lien sales

Chart 3. FY Five Year Trend for Selected Receipts as a Percent of Total Fiscal Year Receipts



During FY 2006, cash receipts, net of capital reimbursements, totaled \$61.071 billion, and averaged \$244 million daily. Net cash receipts were \$57.740 billion and averaged \$231 million daily in FY 2005. The difference between net cash receipts in FY 2005 and FY 2006 is shown in Table 12.

Table 12. Cash Receipts (net of capital reimbursements) FY 2005 and FY 2006

(\$ in millions)

| Period | FY 2005 | FY 2006 | Diff. FY 2005/ FY 2006 |
|----------------|-----------------|-----------------|------------------------------|
| July | \$ 5,667 | \$ 6,478 | \$ 811 |
| August | 2,717 | 2,954 | 237 |
| September | 4,926 | 5,632 | 706 |
| Q1 | 13,310 | 15,064 | 1,754 |
| October | 3,435 | 3,214 | (221) |
| November | 3,886 | 2,885 | (1,001) |
| December | 6,797 | 8,168 | 1,371 |
| Q2 | 14,118 | 14,267 | 149 |
| January | 5,465 | 4,527 | (938) |
| February | 3,059 | 2,910 | (149) |
| March | 7,497 | 7,988 | 491 |
| Q3 | 16,021 | 15,425 | (596) |
| April | 3,704 | 3,824 | 120 |
| May | 3,676 | 3,199 | (477) |
| June | 6,911 | 9,292 | 2,381 |
| Q4 | 14,291 | 16,315 | 2,024 |
| Full FY | \$57,740 | \$61,071 | \$3,331 |

C. CASH EXPENDITURES

April-June 2006, Fourth Quarter of FY 2006

Cash expenditures, including capital, totaled \$20.426 billion during the Q4 of FY 2006 and averaged \$319 million daily. As shown in Table 13, total expenditures and average daily expenditures in the Q4 of FY 2006 were the highest of the past five years.

Table 13. Q4 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 |
| April | \$ 4,213 | \$ 4,266 | \$ 4,145 | \$ 4,372 | \$ 4,257 | \$192 | \$194 | \$188 | \$208 | \$213 |
| May | 3,859 | 3,993 | 3,930 | 4,612 | 5,642 | 175 | 190 | 197 | 220 | 256 |
| June | 4,155 | 5,757 | 6,689 | 8,152 | 10,527 | 208 | 274 | 304 | 371 | 479 |
| Q4 Total | \$12,227 | \$14,016 | \$14,764 | \$17,136 | \$20,426 | \$191 | \$219 | \$231 | \$268 | \$319 |

During June when there is a budget surplus, expenditures and average daily expenditures include cash prepayments of future years' expenditures. Net of prepayments, June total expenditures would have been \$3.478 billion, \$4.454 billion, \$4.569 billion, \$4.424 billion, and \$6.776 billion in FY 2002, FY 2003, FY 2004, FY 2005, and FY 2006. Table 14 shows the cash prepayments made by the City at the end of each of the last five fiscal years.⁴

Table 14. Five Year Trend in Cash Prepayments

(\$ in millions)

| | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|-----------------------------------|--------------|----------------|----------------|----------------|----------------|
| GO Debt Service | \$663 | \$ 293 | \$ 969 | \$1,848 | \$3,204 |
| NYCTFA Debt Service | 0 | 624 | 400 | 947 | 0 |
| Lease Payments | 0 | 73 | 71 | 88 | 74 |
| Payments to the Transit Authority | 14 | 138 | 138 | 138 | 138 |
| Payments to the MTA | 0 | 68 | 71 | 110 | 110 |
| Payments to the Libraries | 0 | 107 | 112 | 225 | 225 |
| Payments to HHC | 0 | 0 | 159 | 172 | 0 |
| Prepayment of Outstanding Debt | 0 | 0 | 200 | 200 | 0 |
| Total | \$677 | \$1,303 | \$2,120 | \$3,728 | \$3,751 |

During June 2006, the City made other large payments in addition to the cash prepayments in Table 14. On June 19, 2006, the City Council passed Local Law Int. No. 367 authorizing the establishment of the Retiree Health Benefits Trust Fund (RHBTF) to provide for the cost of health and welfare benefits for most retirees. The City then paid the first \$1 billion into the RHBTF, which will pay these costs beginning in FY 2007. The City also paid \$120 million to the Housing Authority, and \$358 million to New York State for HHC medical assistance.⁵

4. Instead of making a cash prepayment to pay outstanding debt, \$350 million of personal income tax was withheld from the Central Treasury in the Q4 of FY 2006.

5. A journal entry, which did not impact cash, was processed on June 29, 2006 for \$200 million of pay-as-you-go capital expenditures.

Table 15 indicates monthly expenditures in major categories during the fourth quarters of FY 2005 and FY 2006.

Table 15. Q4 Cash Expenditures by Category FY 2005 and FY 2006

(\$ in millions)

| Expenditures | April 2005 | May 2005 | June 2005 | Q4 05 Total | April 2006 | May 2006 | June 2006 | Q4 06 Total | Diff. Q4 Total FY 05/06 |
|-------------------------|----------------|----------------|----------------|-----------------|----------------|----------------|-----------------|-----------------|-------------------------|
| Gross Payroll | \$1,435 | \$1,447 | \$1,472 | \$ 4,354 | \$1,463 | \$1,735 | \$ 2,000 | \$ 5,198 | \$ 844 |
| Other Personal Services | 671 | 727 | 848 | 2,246 | 793 | 803 | 1,954 | 3,550 | 1,304 |
| Public Assistance | 238 | 162 | 133 | 533 | 210 | 192 | 180 | 582 | 49 |
| Medical Assistance | 334 | 431 | 377 | 1,142 | 335 | 439 | 334 | 1,108 | (34) |
| Other Social Services | 158 | 147 | 71 | 376 | 133 | 200 | 93 | 426 | 50 |
| Vendor Payments | 914 | 1,041 | 1,002 | 2,957 | 1,018 | 1,217 | 1,046 | 3,281 | 324 |
| All Other ^a | 622 | 657 | 4,249 | 5,528 | 305 | 1,056 | 4,920 | 6,281 | 753 |
| Total | \$4,372 | \$4,612 | \$8,152 | \$17,136 | \$4,257 | \$5,642 | \$10,527 | \$20,426 | \$3,290 |

a. All Other includes capital expenditures, HHC medical assistance, tax refunds, and cash prepayments.

Personal Service (PS) expenditures include payroll, pensions, health plan, social security, and supplemental welfare benefits. PS totaled \$6.6 billion during April-June 2005 and increased \$2.148 billion to \$8.748 billion during April-June 2006. Payroll expenditures increased in the Q4 of FY 2006 compared with the Q4 of FY 2005. The Q4 of FY 2006 included wage increases associated with the implementation of collective bargaining agreements with most City unions for the 2002-2005 round of negotiations. There were seven bi-weekly payrolls in April-June 2006, one more than in April-June 2005. The majority of the increase in other personal services was the \$1 billion payment to establish the RHBTf on June 19, 2006. Beginning in FY 2007, the RHBTf will fund most retiree health benefits and welfare costs.

Other Than Personal Service (OTPS) expenditures for public assistance, medical assistance, other social services, and vendor and other payments totaled \$5.008 billion in the Q4 of FY 2005, and \$5.397 billion in the Q4 of FY 2006. The Q4 of 2006 included \$358 million in HHC medical assistance payments in excess of normal weekly payments and settlements to the state and a \$120 million payment to the Housing Authority.

All other expenditures included \$181 million in tax refunds during the Q4 of FY 2005, and \$148 million during the Q4 of FY 2006. Cash prepayments are also included in all other expenditures.

Table 16 and Chart 4 show the five year trend in PS and major OTPS expenditures during the fourth quarters of FY 2002-FY 2006. PS expenditures gained 51 percent and OTPS increased 32 percent over the period. Salaries and benefits increased throughout the period. PS was also increased in FY 2006 by the timing of pay periods during the quarter. The number of bi-weekly payrolls was six in FY 2002, FY 2003, FY 2004, and FY 2005 and seven in FY 2006.

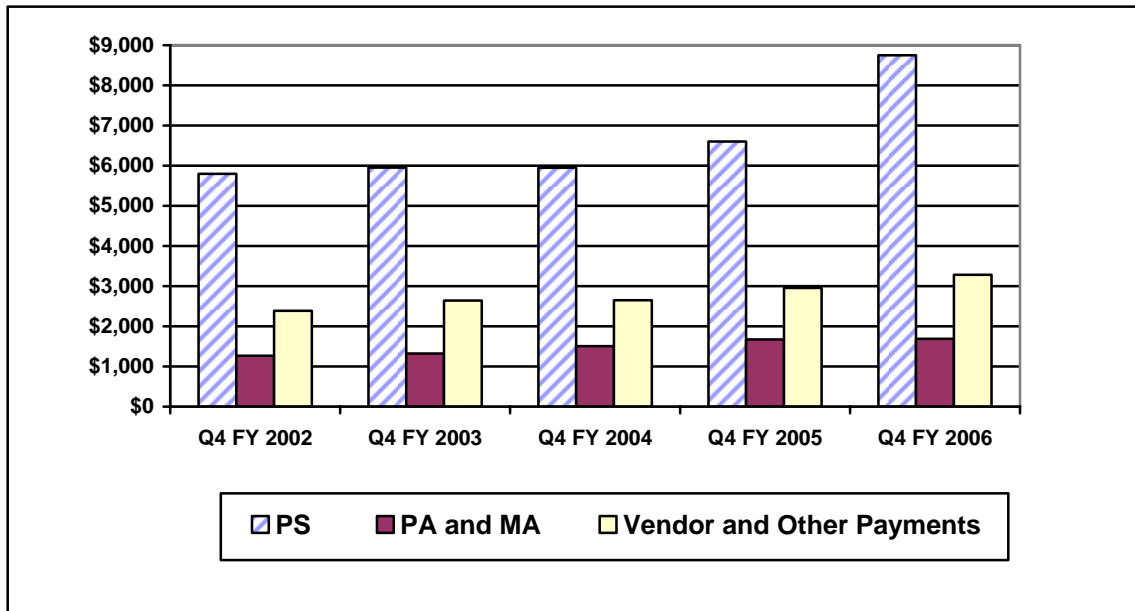
Table 16. Q4 Five Year Trend by Cash Expenditure Category

(\$ in millions)

| | Q4 FY 2002 | Q4 FY 2003 | Q4 FY 2004 | Q4 FY 2005 | Q4 FY 2006 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| Gross Payroll | \$4,376 | \$4,462 | \$4,311 | \$4,354 | \$5,198 |
| Other Personal Services | 1,422 | 1,491 | 1,639 | 2,246 | 3,550 |
| Total PS | \$5,798 | \$5,953 | \$5,950 | \$6,600 | \$8,748 |
| Public Assistance | 393 | 419 | 484 | 533 | 582 |
| Medical Assistance | 874 | 903 | 1,020 | 1,142 | 1,108 |
| Other Social Services | 424 | 402 | 396 | 376 | 426 |
| Vendor and Other Payments | 2,388 | 2,642 | 2,650 | 2,957 | 3,281 |
| Total OTPS | \$4,079 | \$4,366 | \$4,550 | \$5,008 | \$5,397 |

Chart 4. Q4 Five Year Trend by Cash Expenditure Category

(\$ in millions)



July 2005-June 2006, FY 2006

Table 17 shows cash expenditures during FY 2002-FY 2006. Between FY 2002 and FY 2006, total expenditures grew 36 percent and average daily expenditures were \$71 million greater.

Table 17. FY Five Year Trend Total and Average Daily Cash Expenditures

(\$ in millions)

| Period | 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 |
| Q1 | \$12,400 | \$15,066 | \$14,109 | \$14,874 | \$16,071 | \$197 | \$235 | \$220 | \$232 | \$251 |
| Q2 | 12,461 | 12,906 | 12,392 | 14,442 | 15,015 | 204 | 212 | 203 | 241 | 250 |
| Q3 | 12,037 | 12,766 | 14,092 | 13,813 | 15,501 | 197 | 209 | 227 | 223 | 250 |
| Q4 | 12,227 | 14,016 | 14,764 | 17,136 | 20,426 | 208 | 219 | 231 | 268 | 319 |
| Full FY | *\$49,126 | \$54,754 | \$55,357 | \$60,265 | *\$67,014 | \$197 | \$219 | \$221 | \$241 | \$268 |

*Does not add due to rounding

Personal Service costs for FY 2006 included retroactive payments for collective bargaining increases charged to prior fiscal years of approximately \$950 million. Major payments were in Board of Education (\$332 million), Police Department (\$248 million), Fire Department (\$167 million), Department of Correction (\$92 million), and Sanitation Department (\$69 million).

Table 18 and Chart 5 show the five year trend in expenditures for PS and OTPS. PS outlays increased 32 percent between FY 2002 and FY 2006 and accounted for 47 percent of total expenditures. OTPS increased 26 percent over the last five years and was 33 percent of total expenditures during FY 2002-FY 2006. These increases would have been greater because in FYs 2002-2004, the City had large PS and OTPS payments associated with expenditures resulting from the destruction of the World Trade Center (WTC). PS included approximately \$405 million in FY 2002 and \$15 million in FY 2003 and under \$5 million in FY 2004. OTPS included \$650 million in FY 2002, \$205 million in FY 2003, and over \$50 million in FY 2004. Expenditures identified as related to the WTC totaled \$1.45 billion through FY 2004, of which \$425 million were for PS costs, \$908 million were for OTPS and an additional \$121 million were capital expenditures. The City submitted claims to the Federal Emergency Management Agency (FEMA) and received reimbursement for most of these expenditures. Without these expenditures, PS would have increased 34 percent and OTPS 31 percent from FY 2002 to FY 2006.

Table 18. FY Five Year Trend in PS and OTPS Cash Expenditures

(\$ in millions)

| | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | Average Share of Total Expenditures FY 2002-FY 2006 |
|-------------|----------|----------|----------|----------|----------|---|
| PS | \$24,413 | \$25,782 | \$25,125 | \$26,741 | \$32,187 | 47% |
| OTPS | 16,843 | 17,670 | 17,925 | 20,026 | 21,220 | 33 |

Chart 5. FY Five Year Trend in Cash Expenditures

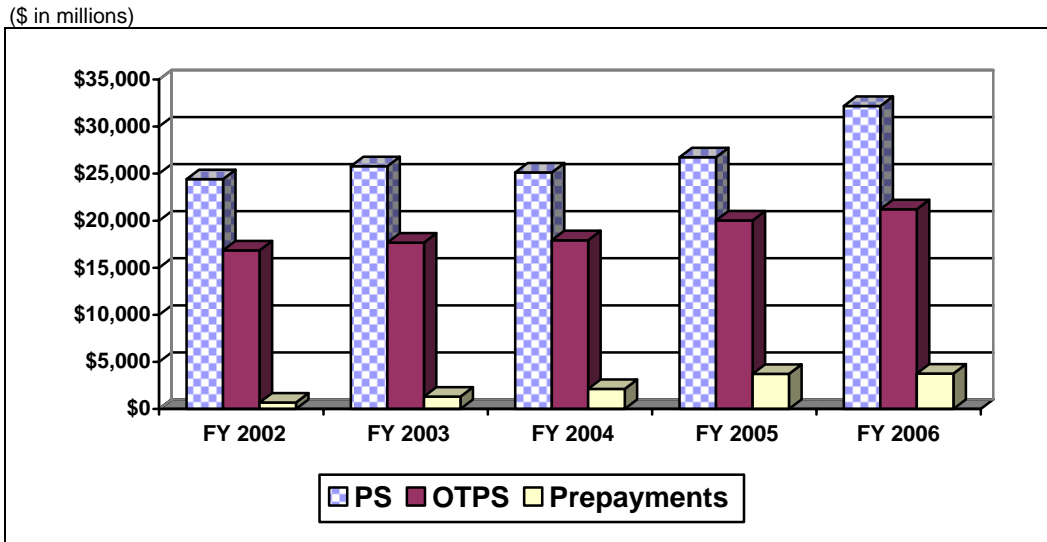


Table 19 compares expenditures, net of capital expenditures, during FY 2005 and FY 2006. Expenditures, net of capital, totaled \$6 billion more in FY 2006 than during FY 2005.

Table 19. Cash Expenditures (net of capital expenditures) FY 2005 and FY 2006

(\$ in millions)

| Period | FY 2005 | FY 2006 | Diff. FY 2005/ FY 2006 |
|----------------|-----------------|-----------------|------------------------------|
| July | \$ 5,201 | \$ 5,302 | \$ 101 |
| August | 4,232 | 4,762 | 530 |
| September | 3,978 | 4,277 | 299 |
| Q1 | 13,411 | 14,341 | 930 |
| October | 4,309 | 4,371 | 62 |
| November | 4,252 | 4,259 | 7 |
| December | 4,441 | 4,983 | 542 |
| Q2 | 13,002 | 13,613 | 611 |
| January | 4,441 | 5,003 | 562 |
| February | 3,841 | 4,354 | 513 |
| March | 4,190 | 4,724 | 534 |
| Q3 | 12,472 | 14,081 | 1,609 |
| April | 4,078 | 3,973 | (105) |
| May | 4,164 | 4,806 | 642 |
| June | 7,777 | 10,057 | 2,280 |
| Q4 | 16,019 | 18,836 | 2,817 |
| Full FY | \$54,904 | \$60,871 | \$5,967 |

II. Capital Expenditures

Capital expenditures are included in total cash expenditures. Table 20 summarizes capital expenditures during FY 2006 compared with FY 2005.

Table 20. Capital Expenditures FY 2005 and FY 2006

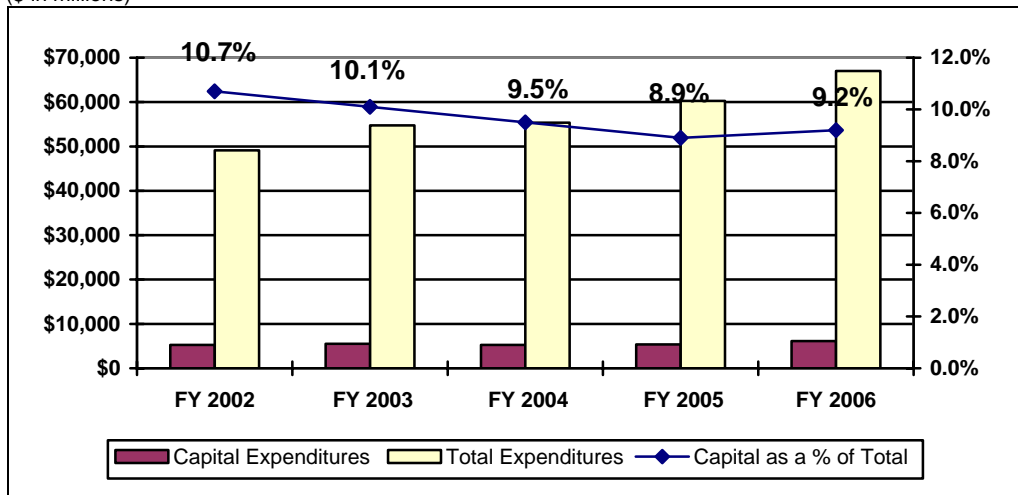
(\$ in millions)

| Period | FY 2005 | | FY 2006 | | Diff. FY 2005/FY 2006 | |
|----------------|----------------|---------------------|----------------|---------------------|-----------------------|---------------------|
| | 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) |
| Q1 | 1,462 | 1,349 | 1,730 | 1,612 | 268 | 263 |
| October | 386 | 345 | 298 | 270 | (88) | (75) |
| November | 335 | 309 | 766 | 711 | 431 | 402 |
| December | 719 | 667 | 338 | 303 | (381) | (364) |
| Q2 | 1,440 | 1,321 | 1,402 | 1,284 | (38) | (37) |
| January | 288 | 263 | 350 | 306 | 62 | 43 |
| February | 308 | 277 | 756 | 726 | 448 | 449 |
| March | 745 | 715 | 314 | 282 | (431) | (433) |
| Q3 | 1,341 | 1,255 | 1,420 | 1,314 | 79 | 59 |
| April | 294 | 265 | 284 | 253 | (10) | (12) |
| May | 448 | 399 | 836 | 799 | 388 | 400 |
| June | 375 | 345 | 470 | 426 | 95 | 81 |
| Q4 | 1,117 | 1,009 | 1,590 | 1,478 | 473 | 469 |
| Full FY | \$5,360 | \$4,934 | \$6,142 | \$5,688 | \$782 | \$754 |

Chart 6 displays capital expenditures as a percent of total expenditures in the past five years. Capital expenditures have ranged from 8.9 percent of total expenditures in FY 2005 to a high of 10.7 percent in FY 2002.

Chart 6. FY Five Year Trend Capital Expenditures as a Percent of Total Expenditures

(\$ in millions)



April-June 2006, Fourth Quarter of FY 2006

Tables 21 and 22 show the five year trends for total and City-funded capital expenditures and average daily total and City-funded capital expenditures during each month in the fourth quarters of FY 2002-FY 2006.

Table 21. Q4 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 |
| April | \$ 608 | \$ 589 | \$ 278 | \$ 294 | \$ 284 | \$28 | \$27 | \$13 | \$14 | \$14 |
| May | 335 | 374 | 306 | 448 | 836 | 15 | 18 | 15 | 21 | 38 |
| June | 425 | 453 | 774 | 375 | 470 | 21 | 22 | 35 | 17 | 21 |
| Q4 Total | *\$1,369 | \$1,416 | \$1,358 | \$1,117 | \$1,590 | \$21 | \$22 | \$21 | \$17 | \$25 |

*Does not add due to rounding

Table 22. Q4 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 |
| April | \$ 581 | \$ 501 | \$ 260 | \$ 265 | \$ 253 | \$26 | \$23 | \$12 | \$13 | \$13 |
| May | 294 | 342 | 273 | 399 | 799 | 13 | 16 | 14 | 19 | 36 |
| June | 353 | 384 | 669 | 345 | 426 | 18 | 18 | 30 | 16 | 19 |
| Q4 Total | \$1,228 | \$1,227 | \$1,202 | \$1,009 | \$1,478 | \$19 | \$19 | \$19 | \$16 | \$23 |

Capital (mostly City-funded) expenditures include payments to the School Construction Authority (SCA). Payments to the SCA were \$300 million in the Q4 of FY 2002, FY 2003, and FY 2004. There was no payment in the Q4 of FY 2005. In the Q4 of FY 2006, the City made a \$400 million payment.

City-funded capital expenditures are financed primarily from the proceeds of GO and Water and Sewer debt, and are initially paid from the City's Central Treasury. Table 23 shows the reimbursements during April-June 2006 to the Central Treasury from the proceeds of these financings. Total reimbursements for the quarter were \$1.875 billion. GO bond proceeds provided \$1.219 billion and Water and Sewer financings provided \$645 million in funding.

Table 23. Q4 Reimbursements to the Central Treasury from Capital Proceeds FY 2006

(\$ in millions)

| | April 2006 | May 2006 | June 2006 | Total |
|--------------------|--------------|--------------|--------------|----------------|
| General Obligation | \$512 | \$342 | \$365 | \$1,219 |
| Water and Sewer | 251 | 220 | 174 | 645 |
| Other | 0 | 11 | 0 | 11 |
| Total | \$763 | \$573 | \$539 | \$1,875 |

Table 24 shows the reimbursements for capital expenditures during the fourth quarters of the last five years. In the five year time frame, GO debt provided 58 percent and Water and Sewer debt funded 30 percent of City-funded capital expenditures.

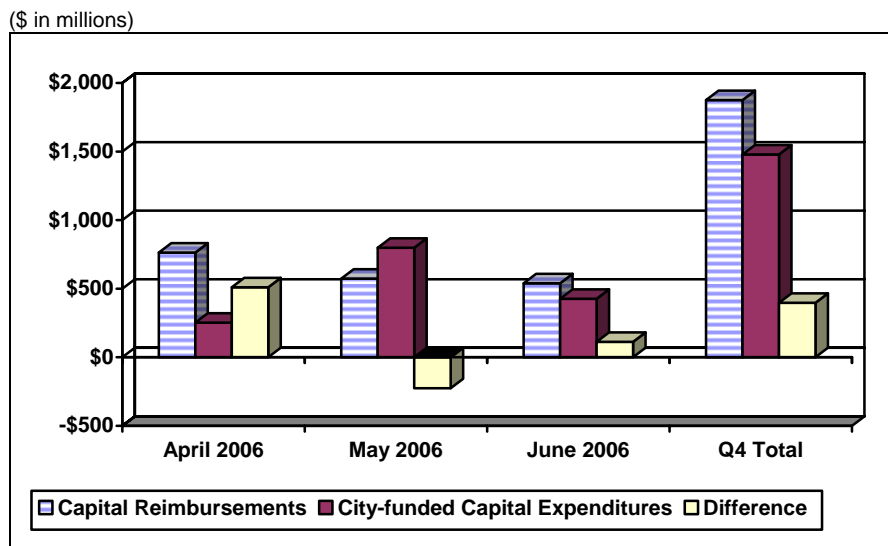
Table 24. Q4 Five Year Trend in Reimbursements to the Central Treasury

(\$ in millions)

| | Q4 FY 2002 | Q4 FY 2003 | Q4 FY 2004 | Q4 FY 2005 | Q4 FY 2006 | Total Q4 FY 2002- FY 2006 |
|--------------------|----------------|----------------|----------------|----------------|----------------|---------------------------|
| General Obligation | \$ 835 | \$ 651 | \$1,007 | \$ 718 | \$1,219 | \$4,430 |
| Water and Sewer | 281 | 400 | 376 | 598 | 645 | 2,300 |
| NYCTFA | 236 | 472 | 0 | 0 | 0 | 708 |
| Other | 50 | 33 | 42 | 9 | 11 | 145 |
| Total | \$1,402 | \$1,556 | \$1,425 | \$1,325 | \$1,875 | \$7,583 |

Chart 7 displays reimbursements compared with City-funded capital expenditures during April-June 2006. During the Q4 of FY 2006, reimbursements exceeded City-funded capital expenditures, increasing the City's cash balances by \$397 million. Transfers were suspended at the end of FY 2006 for education capital expenditures with a balance of approximately \$285 million in approved capital expenditures left to be transferred from GO proceeds. In FY 2007, capital expenditures for education are projected to be reimbursed from TFA proceeds and funds from the Dormitory Authority of the State of New York (DASNY).

Chart 7. Q4 Capital Reimbursements Compared to City-Funded Capital Expenditures FY 2006



July 2005-June 2006, FY 2006

FY 2006 had the highest level of total and City-funded capital expenditures in the past five years. Only FY 2004 had a decline in capital expenditures from the previous year. Tables 25 and 26 show the five year trends for FY 2002-FY 2006. Capital expenditures included \$1.5 billion, \$1.4 billion, \$1.2 billion, \$900 million, and \$1.8 billion in payments to the SCA in FY 2002, FY 2003, FY 2004, FY 2005, and FY 2006, respectively.

Table 25. FY Five Year Trend Total Capital Expenditures and Average Daily Total Capital Expenditures

(\$ in millions)

| Period | 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 |
| Q1 | \$1,148 | \$1,550 | \$1,264 | \$1,462 | \$1,730 | \$18 | \$24 | \$20 | \$23 | \$27 |
| Q2 | 1,543 | 1,357 | 1,297 | 1,440 | 1,402 | 25 | 22 | 21 | 24 | 23 |
| Q3 | 1,205 | 1,196 | 1,345 | 1,341 | 1,420 | 20 | 20 | 22 | 22 | 23 |
| Q4 | 1,369 | 1,416 | 1,358 | 1,117 | 1,590 | 21 | 22 | 21 | 17 | 25 |
| Full FY | \$5,265 | \$5,519 | \$5,264 | \$5,360 | \$6,142 | \$21 | \$22 | \$21 | \$21 | \$25 |

Table 26. FY Five Year Trend City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures

(\$ in millions)

| Period | 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 |
| Q1 | \$1,077 | \$1,467 | \$1,174 | \$1,349 | \$1,612 | \$17 | \$23 | \$18 | \$21 | \$25 |
| Q2 | 1,467 | 1,254 | 1,152 | 1,321 | 1,284 | 24 | 21 | 19 | 22 | 21 |
| Q3 | 1,110 | 1,095 | 1,238 | 1,255 | 1,314 | 18 | 18 | 20 | 20 | 21 |
| Q4 | 1,228 | 1,227 | 1,202 | 1,009 | 1,478 | 19 | 19 | 19 | 16 | 23 |
| Full FY | \$4,882 | \$5,043 | \$4,766 | \$4,934 | \$5,688 | \$20 | \$20 | \$19 | \$20 | \$23 |

Table 27 shows reimbursements to the City's Central Treasury during FY 2002-FY 2006 for City-funded capital expenditures.

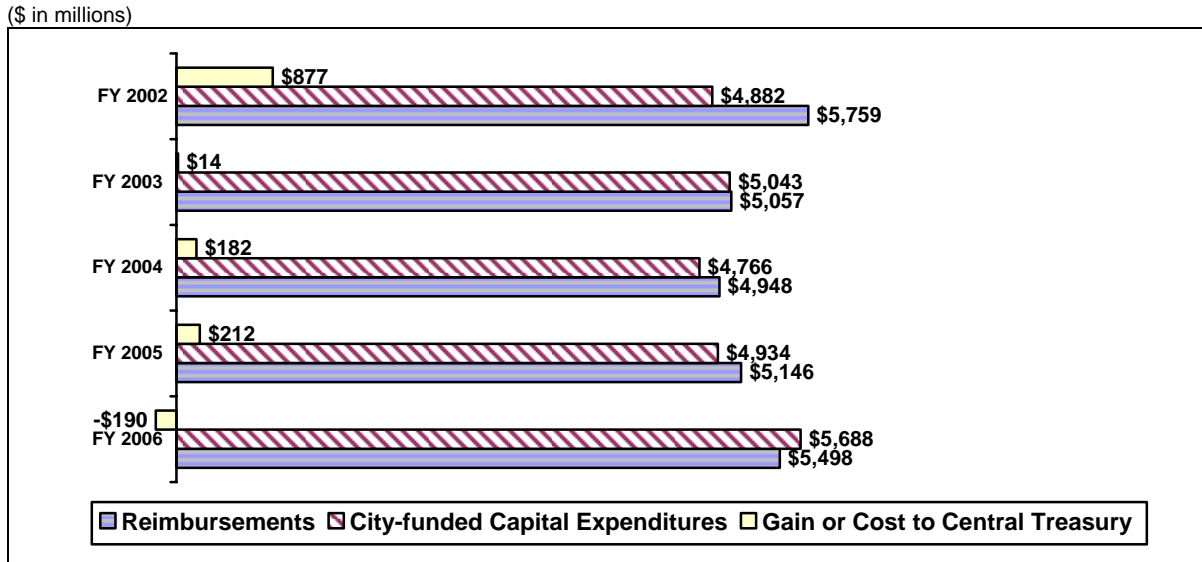
Table 27. FY Five Year Trend in Reimbursements to the Central Treasury

(\$ in millions)

| | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|--------------------|----------------|----------------|----------------|----------------|----------------|
| General Obligation | \$2,512 | \$1,882 | \$3,342 | \$3,385 | \$3,832 |
| Water and Sewer | 938 | 1,218 | 1,238 | 1,697 | 1,653 |
| NYCTFA | 2,184 | 1,607 | 281 | 0 | 0 |
| Other | 125 | 350 | 87 | 64 | 13 |
| Total | \$5,759 | \$5,057 | \$4,948 | \$5,146 | \$5,498 |

Chart 8 compares the five years of reimbursements to City-funded capital expenditures during FY 2002-FY 2006. City-funded expenditures totaled \$25.313 billion compared with \$26.408 billion of reimbursements in the five year period, resulting in an increase in cash of \$1.095 billion.

Chart 8. FY Five Year Trend in Reimbursements Compared to City-funded Capital Expenditures



III. Financing

As shown in Table 28, GO debt issuances in FY 2005 totaled \$6.8 billion and declined by \$2 billion to \$4.8 billion in FY 2006. During the Q4 of FY 2006 the City sold \$1.5 billion of tax-exempt GO bonds and \$70 million of taxable bonds. Of the total \$1.570 billion in debt, \$1.045 billion were fixed rate, \$425 million were adjustable rate and \$100 million were auction rate bonds. The City's GO bonds received a rating of "AA-" from Standard & Poor's (S&P) Rating Services. The highest bond rating this debt has received in its history. Previously, S&P had rated the GO bonds "A+". Moody's Investors Service and Fitch, Inc. rate the GO debt "A1" and "A+", respectively.

Table 28. GO Bond Issues FY 2005 and FY 2006

(\$ in millions)

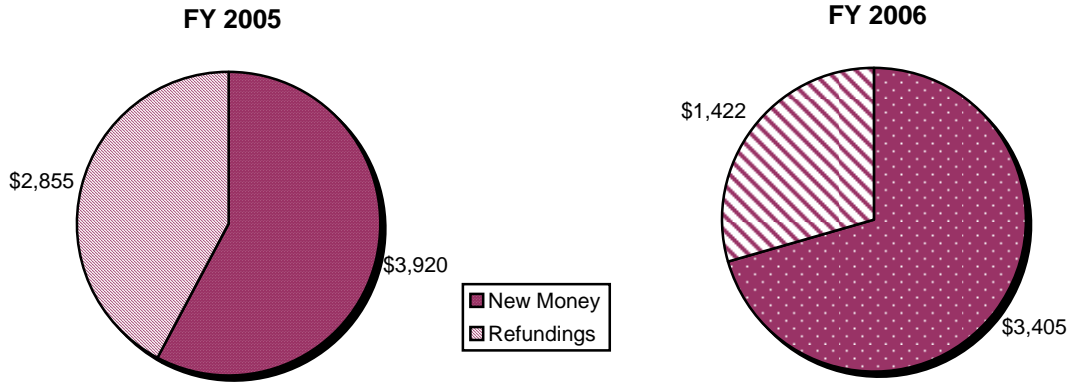
| Period | FY 2005 | | | FY 2006 | | |
|----------------|----------------|--------------|----------------|----------------|--------------|----------------|
| | Tax-Exempt | Taxable | Total | Tax-Exempt | Taxable | Total |
| July | \$ 551 | \$ 36 | \$ 587 | \$ 0 | \$ 0 | \$ 0 |
| August | 650 | 80 | 730 | 1,397 | 70 | 1,467 |
| September | 0 | 0 | 0 | 750 | 40 | 790 |
| Q1 | 1,201 | 116 | 1,317 | 2,147 | 110 | 2,257 |
| October | 0 | 0 | 0 | 0 | 0 | 0 |
| November | 1,162 | 100 | 1,262 | 0 | 0 | 0 |
| December | 1,148 | 0 | 1,148 | 850 | 0 | 850 |
| Q2 | 2,310 | 100 | 2,410 | 850 | 0 | 850 |
| January | 0 | 0 | 0 | 150 | 0 | 150 |
| February | 0 | 0 | 0 | 0 | 0 | 0 |
| March | 951 | 292 | 1,243 | 0 | 0 | 0 |
| Q3 | 951 | 292 | 1,243 | 150 | 0 | 150 |
| April | 857 | 0 | 857 | 800 | 70 | 870 |
| May | 0 | 0 | 0 | 0 | 0 | 0 |
| June | 853 | 95 | 948 | 700 | 0 | 700 |
| Q4 | 1,710 | 95 | 1,805 | 1,500 | 70 | 1,570 |
| Full FY | \$6,172 | \$603 | \$6,775 | \$4,647 | \$180 | \$4,827 |

Purposes of General Obligation Debt Issuances

Chart 9 shows the amount of GO proceeds that funded the capital program and the level of refundings in FY 2005 and FY 2006. In FY 2005, 58 percent of the proceeds were for capital needs compared with 71 percent in FY 2006.

Chart 9. Purposes of GO Debt FY 2005 and FY 2006

(\$ in millions)



In FY 2005, six sales included refundings resulting in budget savings over the life of the bonds of \$175 million. During FY 2006, two sales saved \$113 million. Table 29 compares the budget savings from refundings in FY 2005 and FY 2006.

Table 29. Budget Savings from GO Refundings FY 2005 and FY 2006

(\$ in millions)

| | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010+ | Total |
|---------------------------|----------------|------------------|----------------|-----------------|-----------------|------------------|------------------|
| FY 2005 Refunding Savings | \$ 1.1 | \$100.43 | \$26.03 | \$ 3.10 | \$ 1.64 | \$ 42.40 | \$174.70 |
| FY 2006 Refunding Savings | 0.0 | 1.56 | 92.20 | 1.07 | 0.81 | 17.63 | 113.27 |
| Difference | \$(1.1) | \$(98.87) | \$66.17 | \$(2.03) | \$(0.83) | \$(24.77) | \$(61.43) |

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