

Quarterly Cash Report

January-March 2006, Third Quarter of FY 2006

**New York City Office of the Comptroller
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New York City maintained the high levels of daily cash book balances through the first three quarters of FY 2006 that it achieved in recent fiscal years. The average daily cash balance for the third quarter has increased in each fiscal year since FY 2002, reaching \$7.021 billion in FY 2006. The third quarter of FY 2006 closing cash balance of \$8.622 billion has been reduced by the payment of wage and benefit increases and retroactive costs associated with the majority of collective bargaining agreements from the 2002-2005 round of negotiations. The daily cash balances reflect the economic conditions in the City, which have allowed the City to project a budget surplus of \$3.4 billion, establish a \$1 billion Retiree Health Benefits Trust to fund the future costs of post employment benefits for retirees, and defease \$350 million in NYCTFA debt.

Cash receipts totaled \$16.378 billion and averaged \$264 million daily during January-March 2006. They fell 4.8 percent from the same period in FY 2005 and increased 25.6 percent over FY 2002. The decline from FY 2005 is the result of timing in the receipt of real property tax, which decreased by \$1.469 billion, lower miscellaneous revenue of \$271 million, and the receipt of no intergovernmental aid in the third quarter of FY 2006 compared with \$202 million in the same period of FY 2005. These were offset by higher collections for all other taxes of \$643 million and federal and state aid of \$280 million. Fiscal year-to-date through March 2006 receipts totaled \$48.379 billion, a \$1.108 billion increase over the same period in FY 2005, and \$11.781 billion over FY 2002.

Cash expenditures, including capital, totaled \$15.501 billion and averaged \$250 million daily during the third quarter of FY 2006. Cash expenditures were \$1.688 billion greater than in the third quarter of FY 2005. Personal Service (PS) expenditures accounted for 85 percent of the increase. The third quarter of FY 2006 included retroactive payments and wage increases due to the implementation of collective bargaining agreements with firefighters, police sergeants, correction officers, and sanitation workers. Total expenditures have increased \$9.689 billion year-to-date in FY 2006 compared with the same period in FY 2002. Personal Service increased 26 percent and Other Than Personal Service (OTPS) increased 24 percent in the first three quarters of FY 2006 over the first three quarters of FY 2002.

Capital expenditures (which are included in cash expenditures) in the third quarter of FY 2006 were \$1.420 billion, or \$79 million more than in the third quarter of FY 2005 and \$215 million above FY 2002. During the first three quarters of FY 2006, capital expenditures were \$309 million more than in the comparable period in FY 2005 and \$656 million more than in FY 2002. Capital expenditures include payments to the School Construction Authority (SCA) of \$1.4 billion year-to-date in FY 2006 compared with \$900 million in the same period of FY 2005 and \$1.2 billion in FY 2002. In the third quarter of FY 2006, City-funded capital expenditures of \$1.314 billion were \$361 million greater than the \$953 million of reimbursements to the Central Treasury for these expenditures. During the first three quarters of FY 2006, City-funded capital expenditures were \$587 million more than reimbursements.

The City issued \$150 million in General Obligation (GO) bonds in January 2006 to fund the City's capital program.

List of Tables

| | |
|--------------------------------------------------------------------------------------------------------------------------------|----|
| Table 1. <i>Q3 Five Year Trend Overview of Cash Position</i> | 3 |
| Table 2. <i>Q3 Five Year Trend Average Daily Balances</i> | 4 |
| Table 3. <i>YTD Five Year Trend Overview of Cash Position</i> | 5 |
| Table 4. <i>YTD Five Year Trend Average Daily Balances</i> | 5 |
| Table 5. <i>Q3 Five Year Trend Total and Average Daily Cash Receipts</i> | 6 |
| Table 6. <i>Q3 Cash Receipts by Category FY 2005 and FY 2006</i> | 6 |
| Table 7. <i>Q3 Five Year Trend by Cash Receipt Category</i> | 7 |
| Table 8. <i>Q3 Major Cash Sources FY 2006</i> | 9 |
| Table 9. <i>Q3 Five Year Trend for Selected Cash Receipts</i> | 9 |
| Table 10. <i>YTD Five Year Trend Total and Average Daily Receipts</i> | 10 |
| Table 11. <i>YTD Five Year Trend, Total YTD, and Percent of Total YTD Receipts for Selected Cash Receipts</i> | 10 |
| Table 12. <i>Cash Receipts (net of capital reimbursements) FY 2005 and FY 2006</i> | 11 |
| Table 13. <i>Q3 Five Year Trend Total and Average Daily Cash Expenditures</i> | 12 |
| Table 14. <i>Q3 Cash Expenditures by Category FY 2005 and FY 2006</i> | 12 |
| Table 15. <i>Q3 Five Year Trend by Cash Expenditure Category</i> | 13 |
| Table 16. <i>YTD Five Year Trend Total and Average Daily Cash Expenditures</i> | 14 |
| Table 17. <i>YTD Five Year Trend in PS and OTPS Cash Expenditures</i> | 14 |
| Table 18. <i>Cash Expenditures (net of capital expenditures) FY 2005 and FY 2006</i> | 15 |
| Table 19. <i>Capital Expenditures FY 2005 and FY 2006</i> | 16 |
| Table 20. <i>Q3 Five Year Trend Total Capital Expenditures and Average Daily Total Capital Expenditures</i> | 16 |
| Table 21. <i>Q3 Five Year Trend City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures</i> | 17 |
| Table 22. <i>Q3 Reimbursements to the Central Treasury from Capital Proceeds FY 2006</i> | 17 |
| Table 23. <i>Q3 Five Year Trend in Reimbursements to the Central Treasury</i> | 17 |
| Table 24. <i>YTD Five Year Trend Total Capital Expenditures and Average Daily Total Capital Expenditures</i> | 18 |
| Table 25. <i>YTD Five Year Trend City-funded Capital Expenditures and Average Daily City-funded Capital Expenditures</i> | 19 |
| Table 26. <i>YTD Five Year Trend in Reimbursements to the Central Treasury</i> | 19 |
| Table 27. <i>GO Bond Issues FY 2005 and FY 2006</i> | 20 |

List of Charts

| | |
|----------------------------------------------------------------------------------------------------------|----|
| Chart 1. <i>Q3 Daily Cash Balances FY 2005 and FY 2006</i> | 4 |
| Chart 2. <i>YTD Five Year Trend in the City's Cash Position</i> | 5 |
| Chart 3. <i>Q3 Five Year Trend by Cash Receipt Category</i> | 7 |
| Chart 4. <i>YTD Five Year Trend for Selected Receipts as a Percent of Total Receipts</i> | 11 |
| Chart 5. <i>Q3 Five Year Trend by Cash Expenditure Category</i> | 13 |
| Chart 6. <i>YTD Five Year Trend in PS and OTPS Cash Expenditures</i> | 14 |
| Chart 7. <i>Q3 Capital Reimbursements Compared to City-Funded Capital Expenditures FY 2006</i> | 18 |
| Chart 8. <i>YTD Five Year Trend in Reimbursements Compared to City-funded Capital Expenditures</i> | 19 |
| Chart 9. <i>YTD Purposes of GO Debt FY 2005 and FY 2006</i> | 20 |

I. Cash Balances¹

A. OVERVIEW

January-March 2006, Third Quarter (Q3) of FY 2006

During the Q3 of FY 2006, New York City maintained the high levels of daily cash balances reached in recent fiscal years. The City achieved this cash position even after the settlement and payment of retroactive costs for the majority of collective bargaining agreements from the 2002-2005 round and a decrease in cash from the timing of reimbursements for City-funded capital expenditures.

This level of daily cash balance is a reflection of the City's economic conditions. Through the end of calendar year 2005, the City had nine consecutive quarters of economic growth. This led the City to project a budget surplus for FY 2006 of \$3.4 billion, establish a \$1 billion Retiree Health Benefits Trust to fund the future costs of post employment benefits for retirees, and defease \$350 million in NYCTFA debt. (The Financial Plan issued in May 2006 reflected this surplus however the FY 2006 Adopted Budget did not include a projected budget surplus.) Payments related to the budget surplus will be made at the end of the fiscal year.

Total receipts for the Q3 of FY 2006 were \$826 million below the Q3 of FY 2005 and total expenditures, including capital expenditures, were \$1.688 billion greater. However, the Q3 of FY 2006 opening balance in New York City's Central Treasury of \$7.745 billion exceeded the opening balance the of Q3 of FY 2005 by \$2.786 billion This offset the lower receipts and higher expenditures and resulted in an ending balance of \$8.622 billion on March 31, 2006, \$272 million greater than the ending balance on March 31, 2005.

Table 1 shows the five year history of the City's cash position during the third quarters of FY 2002-FY 2006. Receipts increased \$3.343 billion and expenditures \$3.464 billion between FY 2002 and FY 2006. The \$5.977 billion increase in the opening balance for the period was the largest factor in the closing balance reaching \$5.856 billion more in FY 2006 than in FY 2002.

Table 1. Q3 Five Year Trend Overview of Cash Position

(\$ in millions)

| Central Treasury | Q3 FY 2002 | Q3 FY 2003 | Q3 FY 2004 | Q3 FY 2005 | Q3 FY 2006 |
|---------------------------------|------------|------------|------------|------------|------------|
| Opening Balance | \$ 1,768 | \$ 2,719 | \$ 4,142 | \$ 4,959 | \$ 7,745 |
| Total Receipts | 13,035 | 12,648 | 15,006 | 17,204 | 16,378 |
| Total Expenditures ^a | 12,037 | 12,766 | 14,092 | 13,813 | 15,501 |
| Closing Balance | \$ 2,766 | \$ 2,601 | \$ 5,056 | \$ 8,350 | \$ 8,622 |

a. Total expenditures include capital expenditures.

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.

As shown in Table 2, the average daily balance in each month of the Q3 and for the Q3 in FY 2006 reflect the higher levels of daily cash balances in FY 2006 compared with FY 2002-FY 2005. In the Q3 of FY 2006, the average daily balance of \$7.021 billion was \$4.114 billion greater than the average daily balance for the Q3 in FY 2002 and \$944 million more than the Q3 of FY 2005.

Table 2. Q3 Five Year Trend Average Daily Balances

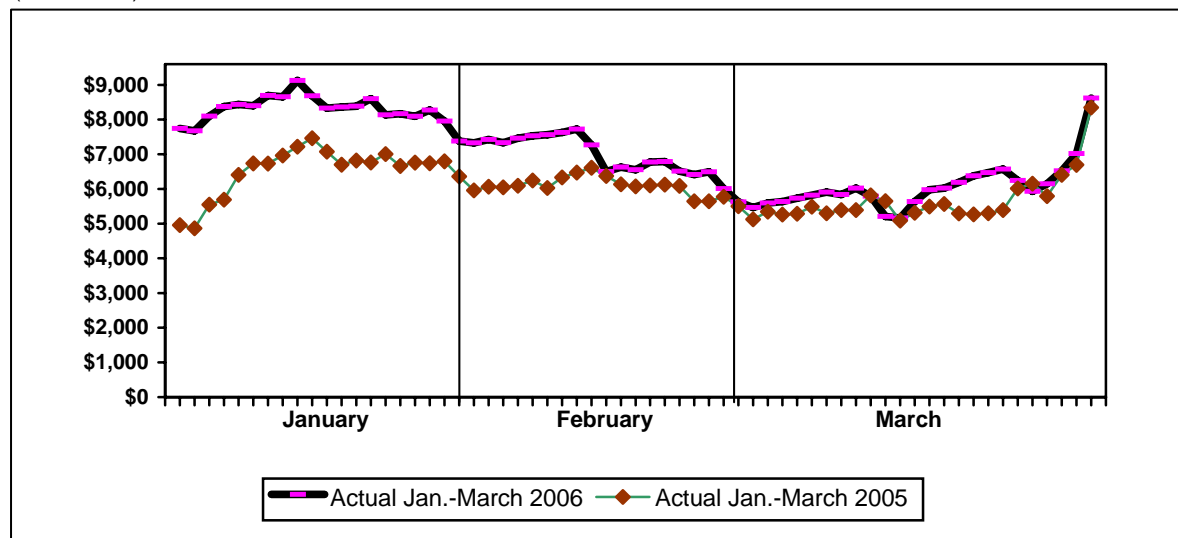
(\$ in millions)

| | Q3 FY 2002 | Q3 FY 2003 | Q3 FY 2004 | Q3 FY 2005 | Q3 FY 2006 |
|-----------------|----------------|----------------|----------------|----------------|----------------|
| January | \$3,602 | \$3,812 | \$5,805 | \$6,563 | \$8,258 |
| February | 2,709 | 2,857 | 4,728 | 6,025 | 6,826 |
| March | 2,390 | 2,410 | 3,673 | 5,698 | 6,107 |
| Q3 Total | \$2,907 | \$3,032 | \$4,684 | \$6,077 | \$7,021 |

Chart 1 depicts the daily cash balances during the third quarters of FY 2005 and FY 2006. During the Q3 of FY 2005, the lowest cash balance was \$4.863 billion, on January 3, 2005, the start of the quarter, and the highest was \$8.350 billion, on March 31, 2005, the close of the quarter. Daily balances in the Q3 of FY 2006 approached the level of cash balances in FY 2005 by the middle of the quarter. During January-March 2006, the lowest balance was \$5.161 billion, on March 14, 2006, and the highest was \$9.130 billion, on January 12, 2006.

Chart 1. Q3 Daily Cash Balances FY 2005 and FY 2006

(\$ in millions)



July 2005-March 2006, Year-to-Date (YTD) FY 2006

Tables 3 and 4 and Chart 2 show the trends in the City's cash-on-hand for the first nine months of the last five fiscal years. Receipts increased 32 percent and expenditures 26 percent over the five years. Total expenditures exceeded total receipts in FY 2002 and FY 2003, decreasing daily balances by \$300 million and \$1.832 billion. During FY 2004, FY 2005, and FY 2006 receipts were greater than expenditures by \$2.554 billion, \$4.142 billion, and \$1.792 billion, respectively.

Table 3. YTD Five Year Trend Overview of Cash Position

(\$ in millions)

| Central Treasury | YTD FY 2002 | YTD FY 2003 | YTD FY 2004 | YTD FY 2005 | YTD FY 2006 |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Opening Balance ^a | \$ 3,066 | \$ 4,433 | \$ 2,502 | \$ 4,208 | \$ 6,830 |
| Total Receipts | 36,598 | 38,906 | 43,147 | 47,271 | 48,379 |
| Total Expenditures ^b | 36,898 | 40,738 | 40,593 | 43,129 | 46,587 |
| Closing Balance | \$ 2,766 | \$ 2,601 | \$ 5,056 | \$ 8,350 | \$ 8,622 |

a. Opening balances are before City audits.

b. Total expenditures include capital expenditures.

The average daily balance of \$6.882 billion for the first nine months of FY 2006 was \$4.445 billion greater than in the same period of FY 2002 and \$2.395 billion greater than in FY 2005.

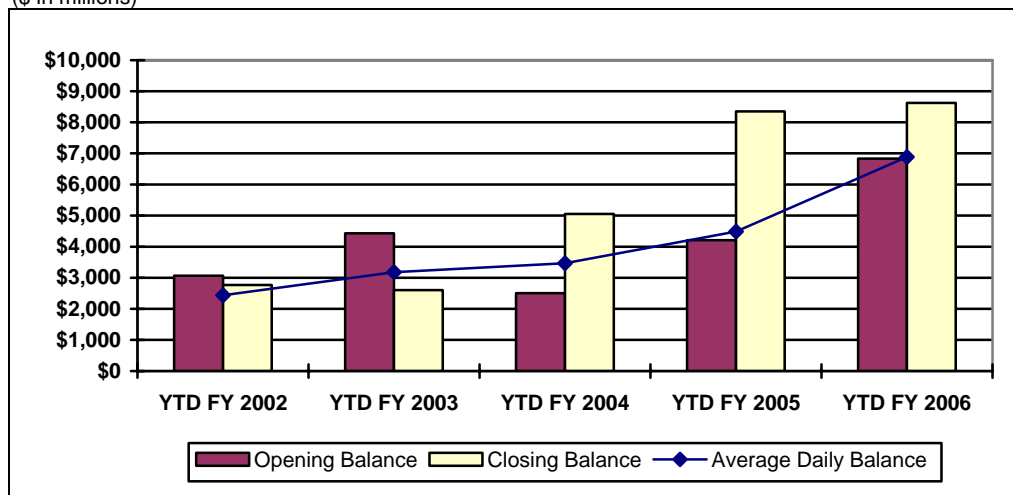
Table 4. YTD Five Year Trend Average Daily Balances

(\$ in millions)

| | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|------------------|----------------|----------------|----------------|----------------|----------------|
| Q1 Total | \$2,696 | \$3,893 | \$2,900 | \$4,348 | \$7,738 |
| Q2 Total | 1,700 | 2,580 | 2,822 | 2,992 | 5,825 |
| Q3 Total | 2,907 | 3,032 | 4,684 | 6,077 | 7,021 |
| YTD Total | \$2,437 | \$3,180 | \$3,466 | \$4,487 | \$6,882 |

Chart 2. YTD Five Year Trend in the City's Cash Position

(\$ in millions)



B. CASH RECEIPTS

January-March 2006, Third Quarter of FY 2006

Cash receipts totaled \$16.378 billion during the Q3 of FY 2006, \$826 million less than during the same period in FY 2005, and \$3.343 billion more than in the Q3 of FY 2002. Table 5 shows total receipts and average daily cash receipts for the third quarters of FY 2002-FY 2006.

Table 5. Q3 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 |
| January | \$ 5,719 | \$ 4,827 | \$ 6,467 | \$ 5,730 | \$ 4,935 | \$272 | \$230 | \$323 | \$286 | \$247 |
| February | 2,476 | 3,909 | 2,542 | 3,311 | 3,248 | 130 | 206 | 134 | 174 | 171 |
| March | 4,840 | 3,912 | 5,997 | 8,163 | 8,195 | 230 | 186 | 261 | 355 | 356 |
| Q3 Total | \$13,035 | \$12,648 | \$15,006 | \$17,204 | \$16,378 | \$214 | \$207 | \$242 | \$277 | \$264 |

Table 6 shows monthly Q3 cash receipts during FY 2005 and FY 2006 by major category. The decline from FY 2005 is the result of timing in the receipt of real property tax, which decreased by \$1.469 billion, lower miscellaneous revenue of \$271 million, and the receipt of no intergovernmental aid in the third quarter of FY 2006 compared with \$202 million in the same period of FY 2005. These were offset by higher collections for all other taxes of \$643 million, additional federal and state aid of \$280 million, and lower debt funding.

Table 6. Q3 Cash Receipts by Category FY 2005 and FY 2006

(\$ in millions)

| Receipts | Jan. 2005 | Feb. 2005 | Mar. 2005 | Q3 05 Total | Jan. 2006 | Feb. 2006 | Mar. 2006 | Q3 06 Total | Diff. Q3 Total FY 05/06 |
|-----------------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|-----------------|-------------------------|
| Real Property Tax | \$ 3,037 | \$ 67 | \$ 486 | \$ 3,590 | \$1,485 | \$ 63 | \$ 573 | \$ 2,121 | \$(1,469) |
| Other Taxes | 1,851 | 1,367 | 2,035 | 5,253 | 2,044 | 1,475 | 2,377 | 5,896 | 643 |
| Federal and State Aid | 621 | 977 | 4,147 | 5,745 | 889 | 873 | 4,263 | 6,025 | 280 |
| Less: Debt Funding | (684) | (154) | (113) | (951) | (622) | (55) | (0) | (677) | 274 |
| Miscellaneous | 344 | 587 | 423 | 1,354 | 396 | 274 | 413 | 1,083 | (271) |
| Intergovernmental Aid | 0 | 0 | 202 | 202 | 0 | 0 | 0 | 0 | (202) |
| Other ^a | 561 | 467 | 983 | 2,011 | 743 | 618 | 569 | 1,930 | (81) |
| Total | \$5,730 | \$3,311 | \$8,163 | \$17,204 | \$4,935 | \$3,248 | \$8,195 | \$16,378 | \$ (826) |

a. Other receipts include capital proceeds transfers of \$265 million in January 2005, \$252 million in February 2005, \$666 million in March 2005, \$408 million in January 2006, \$338 million in February 2006, and \$207 million in March 2006.

Table 7 and Chart 3 display the five year trend in Q3 receipts for these major categories.

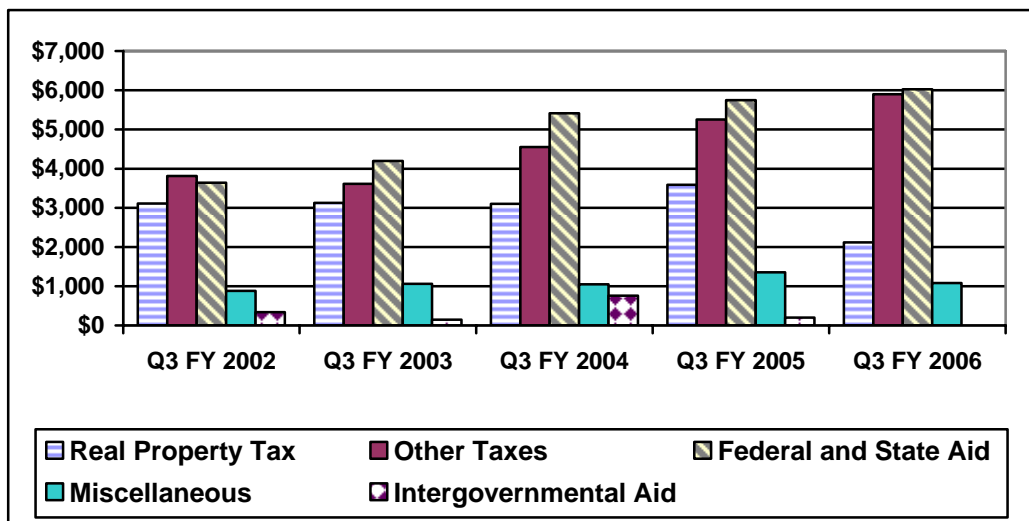
Table 7. Q3 Five Year Trend by Cash Receipt Category

(\$ in millions)

| | Q3 FY 2002 | Q3 FY 2003 | Q3 FY 2004 | Q3 FY 2005 | Q3 FY 2006 |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Real Property Tax | \$ 3,111 | \$ 3,127 | \$ 3,103 | \$ 3,590 | \$ 2,121 |
| Other Taxes | 3,814 | 3,613 | 4,550 | 5,253 | 5,896 |
| Federal and State Aid | 3,641 | 4,195 | 5,410 | 5,745 | 6,025 |
| Less: Debt Funding | (1,113) | (2,315) | (2,205) | (951) | (677) |
| Miscellaneous | 884 | 1,060 | 1,048 | 1,354 | 1,083 |
| Intergovernmental Aid | 337 | 149 | 761 | 202 | 0 |
| Other | 2,361 | 2,819 | 2,339 | 2,011 | 1,930 |
| Total | \$13,035 | \$12,648 | \$15,006 | \$17,204 | \$16,378 |

Chart 3. Q3 Five Year Trend by Cash Receipt Category

(\$ in millions)



Tax receipts² totaled \$8.017 billion during the Q3 of FY 2006. This was 9.3 percent less than the \$8.843 billion in tax receipts during the Q3 of FY 2005.

Lower real property tax collections accounted for the decline in tax receipts mostly because of differences in the timing of receipts from taxpayers who prepaid their third quarter and semi-annual tax bills in the first and second quarters of FY 2006 compared with the first and second quarters of FY 2005. Real property tax collections of \$2.121 billion in the Q3 of FY 2006 include tax lien sales of \$6 million. Collections of \$3.590 billion in the Q3 include \$2 million of tax liens.

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

General Obligation (GO) debt service is withheld from real property taxes and NYCTFA debt service is withheld from personal income tax (PIT). Cash receipts increased by \$274 million due to lower withholding in the Q3 of FY 2006 than in the Q3 of FY 2005. General Obligation withholding was \$57 million less and NYCTFA was \$217 million less. All NYCTFA debt service for FY 2006 was prepaid in FY 2005 as part of the FY 2005 surplus roll.

Tax collections, excluding real property tax, were \$643 million greater during the Q3 of FY 2006 than during the Q3 of FY 2005. During January-March 2006, PIT was \$8 million less, general corporation tax (GCT) was \$219 million greater, unincorporated business tax (UBT) was \$13 million greater, and financial corporation tax (FCT) was \$146 million greater than during January-March 2005. The City received School Tax Relief (STAR) aid, which is budgeted in all other taxes, of \$295 million in the Q3 of FY 2006, an increase of \$108 million over the Q3 of FY 2005. The lower PIT is due to the timing of refunds and is not a reflection of underlying economic conditions, which are positive. The Q3 unemployment rate of 5.4 percent was the lowest since the Q3 of FY 2001 and the inflation rate of 3.4 percent was lower than the national average rate for the first time since the Q2 of FY 2002.

Federal aid totaled \$1.897 billion and state aid totaled \$4.128 billion during the Q3 of FY 2006, compared with \$1.934 billion in federal aid and \$3.811 billion in state aid in the same period in FY 2005. NYS education aid of \$2.798 billion accounted for 68 percent of state aid in the Q3 of FY 2006, an increase of \$170 million over the Q3 of FY 2005. NYS education aid in March 2006 included \$1.2 billion of general aid, \$427 million of excess cost aid, \$78 million in sound basic education aid, and \$533 million of additional general aid advanced from June 2006.

Miscellaneous revenue declined by \$271 million during January-March 2006 from January-March 2005. The receipt of community college and senior college fees was \$336 million lower in the Q3 of FY 2006 than in the Q3 of FY 2005. This was offset by the receipt of \$27 million from a bond redemption by the Municipal Assistance Corporation (MAC).

During the Q3 of FY 2006, no intergovernmental aid was received. In the Q3 of FY 2005, intergovernmental receipts of \$202 million consisted of \$141 million in Intergovernmental Transfers (IGTs) from the Health and Hospitals Corporation (HHC) and \$61 million in Long-Term Care.

Table 8 shows the major monthly cash sources during the Q3 of FY 2006.

Table 8. Q3 Major Cash Sources FY 2006

(\$ in millions)

| January 2006 | | February 2006 | | March 2006 | |
|-----------------------------|---------|-------------------------|-------|---------------------------|---------|
| Real Property Tax | \$1,483 | Personal Income Tax | \$673 | NYS Education | \$2,455 |
| Personal Income Tax | 1,005 | Sales Tax | 379 | General Corporation Tax | 764 |
| Sales Tax | 311 | Federal Welfare | 258 | Real Property Tax | 571 |
| Unincorporated Business Tax | 288 | Federal Education | 204 | NYS Welfare | 468 |
| NYS Welfare | 206 | NYS Education | 169 | Federal Education | 400 |
| Federal Education | 185 | General Corporation Tax | 111 | Federal Welfare | 365 |
| NYS Education | 173 | NYS Welfare | 82 | Sales Tax | 296 |
| General Corporation Tax | 134 | Fines and Forfeitures | 61 | STAR | 295 |
| Federal Welfare | 114 | Real Property Tax | 60 | Personal Income Tax | 289 |
| Fines and Forfeitures | 67 | Water and Sewer Fees | 54 | Financial Corporation Tax | 275 |
| NYS Health | 61 | Tax Lien Sales | 3 | NYS Higher Education | 193 |
| Water and Sewer Fees | 56 | | | NYS Health | 119 |
| Tax Lien Sales | 1 | | | Commercial Rent Tax | 108 |
| | | | | Water and Sewer Fees | 90 |
| | | | | Fines and Forfeitures | 77 |
| | | | | Hotel Tax | 63 |
| | | | | Bond Redemption by MAC | 27 |
| | | | | Tax Lien Sales | 2 |

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

Table 9. Q3 Five Year Trend for Selected Cash Receipts

(\$ in millions)

| | Q3 FY 2002 | Q3 FY 2003 | Q3 FY 2004 | Q3 FY 2005 | Q3 FY 2006 |
|--------------------------------|------------|------------|------------|------------|------------|
| Real Property Tax ^a | \$3,111 | \$3,127 | \$3,103 | \$3,590 | \$2,121 |
| Personal Income Tax | 1,317 | 1,392 | 1,759 | 1,974 | 1,967 |
| NYS Education | 1,061 | 1,902 | 2,225 | 2,628 | 2,798 |
| Sales Tax | 738 | 716 | 735 | 941 | 986 |
| General Corporation Tax | 644 | 588 | 687 | 790 | 1,009 |
| Federal Welfare | 531 | 517 | 898 | 741 | 737 |
| NYS Higher Education | 456 | 251 | 428 | 453 | 193 |
| Federal Education | 394 | 442 | 665 | 757 | 789 |
| STAR | 356 | 8 | 360 | 187 | 295 |
| NYS Welfare | 344 | 393 | 545 | 504 | 756 |
| NYS Health | 241 | 206 | 206 | 110 | 201 |
| Unincorporated Business Tax | 225 | 231 | 273 | 325 | 338 |
| FEMA | 155 | 138 | 25 | 5 | 0 |
| Water and Sewer Fees | 152 | 235 | 215 | 233 | 200 |
| Intergovernmental Transfer | 102 | 92 | 486 | 141 | 0 |
| Financial Corporation Tax | 127 | 88 | 110 | 165 | 311 |
| Fines and Forfeitures | 115 | 142 | 201 | 193 | 205 |
| Long-Term Care | 102 | 0 | 55 | 61 | 0 |
| Commercial Rent Tax | 80 | 98 | 107 | 97 | 120 |
| NYS Revenue Sharing | 54 | 55 | 220 | 0 | 0 |
| Senior College Fees | 1 | 99 | 61 | 286 | 27 |
| Health Settlement | 0 | 50 | 50 | 0 | 0 |
| Homeland Security | 0 | 0 | 50 | 0 | 0 |
| Community College Fees | 0 | 30 | 35 | 79 | 2 |

a. Includes tax lien sales

July 2005-March 2006, Year-to-Date FY 2006

Table 10 shows the five year trends for cash receipts in the third quarters of FY 2002-FY 2006.

Table 10. YTD Five Year Trend Total and Average Daily 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 |
| Q1 Total | \$11,343 | \$13,628 | \$14,145 | \$14,576 | \$16,537 | \$180 | \$213 | \$221 | \$228 | \$258 |
| Q2 Total | 12,220 | 12,630 | 13,996 | 15,491 | 15,464 | 200 | 207 | 229 | 258 | 258 |
| Q3 Total | 13,035 | 12,648 | 15,006 | 17,204 | 16,378 | 214 | 207 | 242 | 277 | 264 |
| YTD Total | \$36,598 | \$38,906 | \$43,147 | \$47,271 | \$48,379 | \$198 | \$209 | \$231 | \$254 | \$260 |

Table 11 and Chart 4 show the five year trends for selected receipts and the percent each source was of total YTD receipts for the fiscal year and the five year period. The three highest sources of YTD cash receipts were real property tax, PIT, and NYS education aid. As a percentage of the total YTD receipts for the five years, they were 21.2 percent, 9.7 percent, and 9.7 percent, respectively.

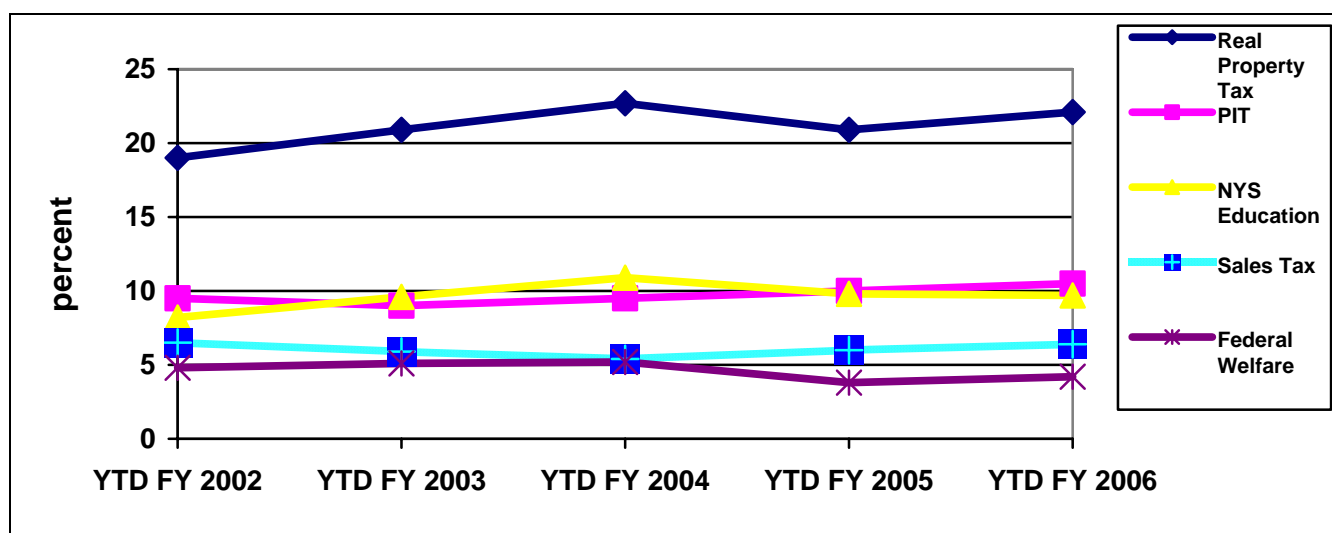
Table 11. YTD Five Year Trend, Total YTD, and Percent of Total YTD Receipts for Selected Cash Receipts

(\$ in millions)

| | YTD FY 2002 | YTD FY 2003 | YTD FY 2004 | YTD FY 2005 | YTD FY 2006 | Total YTD FY 2002 - FY 2006 | Total YTD as Percent of Total YTD Receipts FY 2002 - FY 2006 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------------------------|-----------------------------------------------------------------------------|
| Real Property Tax ^a | \$ 6,951 | \$ 8,117 | \$ 9,806 | \$ 9,874 | \$10,699 | \$ 45,447 | 21.2% |
| Personal Income Tax | 3,481 | 3,492 | 4,119 | 4,717 | 5,085 | 20,894 | 9.7 |
| NYS Education | 3,011 | 3,748 | 4,691 | 4,613 | 4,704 | 20,767 | 9.7 |
| Sales Tax | 2,388 | 2,298 | 2,318 | 2,848 | 3,078 | 12,930 | 6.0 |
| Federal Welfare | 1,757 | 1,967 | 2,243 | 1,804 | 2,039 | 9,810 | 4.6 |
| General Corporation Tax | 1,529 | 1,382 | 1,629 | 1,857 | 2,209 | 8,606 | 4.0 |
| NYS Welfare | 1,011 | 1,235 | 1,511 | 1,638 | 1,493 | 6,888 | 3.2 |
| STAR | 623 | 480 | 677 | 784 | 857 | 3,421 | 1.6 |
| Water and Sewer Fees | 598 | 730 | 720 | 774 | 795 | 3,617 | 1.7 |
| Unincorporated Bus. Tax | 502 | 510 | 583 | 658 | 748 | 3,001 | 1.4 |
| Total YTD Receipts | \$36,598 | \$38,906 | \$43,147 | \$47,271 | \$48,379 | \$214,301 | |

a. Includes tax lien sales

Chart 4. YTD Five Year Trend for Selected Receipts as a Percent of Total Receipts



YTD in FY 2006, cash receipts, net of capital reimbursements, totaled \$44.756 billion and averaged \$241 million daily. Net cash receipts were \$43.449 billion and averaged \$234 million daily YTD in FY 2005. Table 12 depicts the difference between net cash receipts in the first three quarters of FY 2005 and FY 2006.

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

(\$ in millions)

| | 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 Total | 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 Total | 14,118 | 14,267 | 149 |
| January | 5,465 | 4,527 | (938) |
| February | 3,059 | 2,910 | (149) |
| March | 7,497 | 7,988 | 491 |
| Q3 Total | 16,021 | 15,425 | (596) |
| YTD Total | \$43,449 | \$44,756 | \$1,307 |

C. CASH EXPENDITURES

January-March 2006, Third Quarter of FY 2006

Cash expenditures, including capital, totaled \$15.501 billion during the Q3 of FY 2006 and averaged \$250 million daily. As shown in Table 13, total expenditures and average daily expenditures in FY 2006 were the highest in the past five years.

Table 13. Q3 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 |
| January | \$ 3,837 | \$ 4,179 | \$ 5,171 | \$ 4,729 | \$ 5,353 | \$183 | \$199 | \$259 | \$236 | \$268 |
| February | 3,964 | 4,242 | 4,295 | 4,149 | 5,110 | 209 | 223 | 226 | 218 | 269 |
| March | 4,236 | 4,345 | 4,626 | 4,935 | 5,038 | 202 | 207 | 201 | 215 | 219 |
| Q3 Total | \$12,037 | \$12,766 | \$14,092 | \$13,813 | \$15,501 | \$197 | \$209 | \$227 | \$223 | \$250 |

Table 14 indicates monthly expenditures in major categories during the third quarters of FY 2005 and FY 2006.

Table 14. Q3 Cash Expenditures by Category FY 2005 and FY 2006

(\$ in millions)

| Expenditures | Jan. 2005 | Feb. 2005 | Mar. 2005 | Q3 05 Total | Jan. 2006 | Feb. 2006 | Mar. 2006 | Q3 06 Total | Diff. Q3 Total FY 05/06 |
|-------------------------------------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|-----------------|-------------------------|
| Gross Payroll | \$1,577 | \$1,311 | \$1,450 | \$ 4,338 | \$1,942 | \$1,775 | \$1,687 | \$ 5,404 | \$1,066 |
| Other Personal Services | 747 | 709 | 605 | 2,061 | 846 | 736 | 844 | 2,426 | 365 |
| Public Assistance | 219 | 220 | 193 | 632 | 176 | 197 | 194 | 567 | (65) |
| Medical Assistance (excluding HHC) | 358 | 342 | 299 | 999 | 412 | 320 | 325 | 1,057 | 58 |
| Other Social Services | 154 | 135 | 190 | 479 | 163 | 148 | 201 | 512 | 33 |
| Vendor and Other Payments | 917 | 854 | 1,005 | 2,776 | 1,122 | 1,012 | 1,009 | 3,143 | 367 |
| All Other, including Capital ^a | 757 | 578 | 1,193 | 2,528 | 692 | 922 | 778 | 2,392 | (136) |
| Total | \$4,729 | \$4,149 | \$4,935 | \$13,813 | \$5,353 | \$5,110 | \$5,038 | \$15,501 | \$1,688 |

a. Capital expenditures included in All Other are \$288 million in January 2005, \$308 million in February 2005, \$745 million in March 2005, \$350 million in January 2006, \$756 million in February 2006, and \$314 million in March 2006.

Personal Service expenditures include payroll, pensions, health plan, social security, and supplemental welfare benefits. Personal Service totaled \$6.399 billion during January-March 2005 and increased \$1.431 billion to \$7.830 billion during January-March 2006. The Q3 of FY 2006 included retroactive payments and wage increases associated with the implementation of collective bargaining agreements with firefighters, police sergeants, correction officers, sanitation workers, and staff analysts. January 2005 and 2006 include \$80 million and \$86 million for holiday pay.

Other Than Personal Service (OTPS) expenditures for public assistance, medical assistance, other social services, and vendor and other payments totaled \$4.886 billion in the Q3 of FY 2005, and \$5.279 billion in the Q3 of FY 2006. During March 2006, payments for IGTs to the HHC were delayed. The City increased the subsidy payment to the HHC in FY 2006 by \$120 million and transferred these funds to the Corporation to prevent any cash deficit.

All Other expenditures include \$175 million in tax refunds during the Q3 of FY 2005, and \$154 million during the Q3 of FY 2006.

Table 15 and Chart 5 show the five year trend in PS and major OTPS expenditures during the third quarters of FY 2002-FY 2006. Personal Service expenditures gained 24 percent and OTPS increased 28 percent over the period. Although increased salaries and benefits throughout the period increased PS costs, the PS gain was reduced by the timing of pay periods in the quarter. The number of bi-weekly payrolls declined in FY 2005 and FY 2006 to six from seven in FY 2002, FY 2003, and FY 2004.

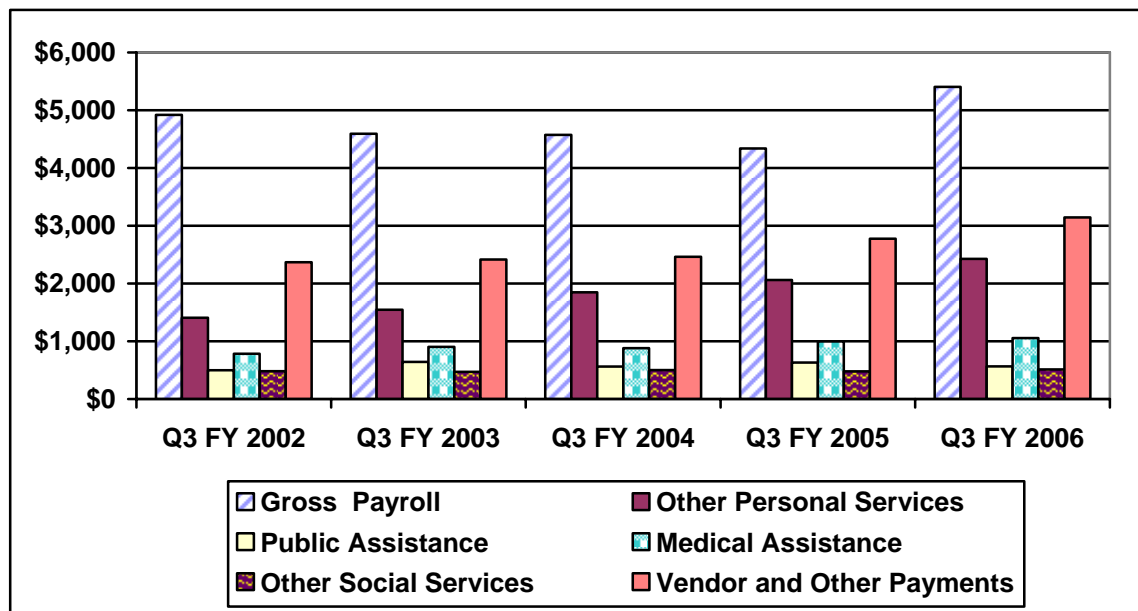
Table 15. Q3 Five Year Trend by Cash Expenditure Category

(\$ in millions)

| | Q3 FY 2002 | Q3 FY 2003 | Q3 FY 2004 | Q3 FY 2005 | Q3 FY 2006 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| Gross Payroll | \$4,918 | \$4,592 | \$4,571 | \$4,338 | \$5,404 |
| Other Personal Services | 1,409 | 1,547 | 1,846 | 2,061 | 2,426 |
| Total PS | \$6,327 | \$6,139 | \$6,417 | \$6,399 | \$7,830 |
| Public Assistance | 498 | 644 | 562 | 632 | 567 |
| Medical Assistance | 786 | 905 | 882 | 999 | 1,057 |
| Other Social Services | 482 | 471 | 502 | 479 | 512 |
| Vendor and Other Payments | 2,368 | 2,414 | 2,462 | 2,776 | 3,143 |
| Total OTPS | \$4,134 | \$4,434 | \$4,408 | \$4,886 | \$5,279 |

Chart 5. Q3 Five Year Trend by Cash Expenditure Category

(\$ in millions)



July 2005-March 2006, Year-To-Date FY 2006

Table 16 shows cash expenditures during the first nine months of FY 2002-FY 2006. Total expenditures grew 26 percent over the past five years. Table 17 and Chart 6 show the five year trend in expenditures for PS and OTPS. Personal Service increased 26 percent between FY 2002 and FY 2006 and accounted for an average of 49 percent of total expenditures. Other Than Personal Service increased 24 percent over the last five years and averaged 34 percent of total expenditures.

Table 16. YTD 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 |
| Q1 Total | \$12,400 | \$15,066 | \$14,109 | \$14,874 | \$16,071 | \$197 | \$235 | \$220 | \$232 | \$251 |
| Q2 Total | 12,461 | 12,906 | 12,392 | 14,442 | 15,015 | 204 | 212 | 203 | 241 | 250 |
| Q3 Total | 12,037 | 12,766 | 14,092 | 13,813 | 15,501 | 197 | 209 | 227 | 223 | 250 |
| YTD Total | \$36,898 | \$40,738 | \$40,593 | \$43,129 | \$46,587 | \$199 | \$219 | \$217 | \$232 | \$250 |

Table 17. YTD Five Year Trend in PS and OTPS Cash Expenditures

(\$ in millions)

| | YTD FY 2002 | YTD FY 2003 | YTD FY 2004 | YTD FY 2005 | YTD FY 2006 | Average Share of Total Expenditures FY 2002- FY 2006 |
|-------------|----------------|----------------|----------------|----------------|----------------|------------------------------------------------------------------|
| PS | \$18,615 | \$19,829 | \$19,175 | \$20,141 | \$23,439 | 49% |
| OTPS | 12,764 | 13,304 | 13,375 | 15,018 | 15,823 | 34 |

Chart 6. YTD Five Year Trend in PS and OTPS Cash Expenditures

(\$ in millions)

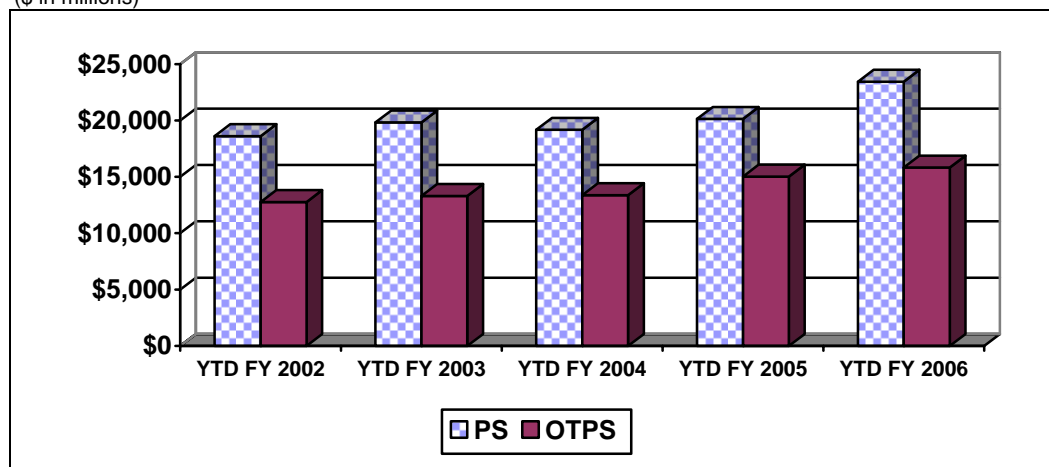


Table 18 compares expenditures, net of capital expenditures, during the first three quarters in FY 2005 and FY 2006. Expenditures, net of capital, totaled \$3.2 billion more YTD of FY 2006 than YTD of FY 2005.

Table 18. *Cash Expenditures (net of capital expenditures) FY 2005 and FY 2006*

(\$ in millions)

| | 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 Total | 13,411 | 14,341 | 930 |
| October | 4,309 | 4,371 | 62 |
| November | 4,252 | 4,259 | 7 |
| December | 4,441 | 4,983 | 542 |
| Q2 Total | 13,002 | 13,613 | 611 |
| January | 4,441 | 5,003 | 562 |
| February | 3,841 | 4,354 | 513 |
| March | 4,190 | 4,724 | 534 |
| Q3 Total | 12,472 | 14,081 | 1,609 |
| YTD Total | \$38,885 | \$42,035 | \$3,150 |

II. Capital Expenditures

Total capital expenditures, including City-funded capital expenditures, were \$1.420 billion, or nine percent of all expenditures, during the Q3 of FY 2006. During the first nine months of FY 2006, total capital expenditures were almost ten percent of the City's total expenditures. Table 19 compares capital expenditures YTD in FY 2005 and FY 2006.

Table 19. Capital Expenditures FY 2005 and FY 2006

(\$ in millions)

| | 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 Total | 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 Total | 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 Total | 1,341 | 1,255 | 1,420 | 1,314 | 79 | 59 |
| YTD Total | \$4,243 | \$3,925 | \$4,552 | \$4,210 | \$309 | \$285 |

January-March 2006, Third Quarter of FY 2006

Tables 20 and 21 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 third quarters of FY 2002-FY 2006.

Table 20. Q3 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 |
| January | \$ 270 | \$ 291 | \$ 698 | \$ 288 | \$ 350 | \$13 | \$14 | \$35 | \$14 | \$18 |
| February | 642 | 574 | 277 | 308 | 756 | 34 | 30 | 15 | 16 | 40 |
| March | 293 | 331 | 370 | 745 | 314 | 14 | 16 | 16 | 32 | 14 |
| Q3 Total | \$1,205 | \$1,196 | \$1,345 | \$1,341 | \$1,420 | \$20 | \$20 | \$22 | \$22 | \$23 |

Table 21. Q3 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 |
| January | \$ 243 | \$ 256 | \$ 672 | \$ 263 | \$ 306 | \$12 | \$12 | \$34 | \$13 | \$15 |
| February | 601 | 538 | 246 | 277 | 726 | 32 | 28 | 13 | 15 | 38 |
| March | 266 | 301 | 320 | 715 | 282 | 13 | 14 | 14 | 31 | 12 |
| Q3 Total | \$1,110 | \$1,095 | \$1,238 | \$1,255 | \$1,314 | \$18 | \$18 | \$20 | \$20 | \$21 |

Capital (mostly City-funded) expenditures include payments to the School Construction Authority (SCA). Payments to the SCA were \$300 million in the Q3 of each fiscal year from 2002 to 2005, and were \$400 million in the Q3 of FY 2006.

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 22 shows the reimbursements during January-March 2006 to the Central Treasury from the proceeds of these financings. Total reimbursements for the quarter were \$953 million. General Obligation bond proceeds provided \$548 million and Water and Sewer financings provided \$403 million in funding.

Table 22. Q3 Reimbursements to the Central Treasury from Capital Proceeds FY 2006

(\$ in millions)

| | Jan. 2006 | Feb. 2006 | Mar. 2006 | Total |
|----------------------------|--------------|--------------|--------------|--------------|
| General Obligation | \$236 | \$138 | \$174 | \$548 |
| Water and Sewer | 172 | 200 | 31 | 403 |
| Tobacco Settlement (TIFIA) | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 2 | 2 |
| Total | \$408 | \$338 | \$207 | \$953 |

Table 23 shows the reimbursements during the third quarters of the last five years. In the five year time frame, GO debt provided 57 percent and Water and Sewer debt funded 21 percent of the reimbursement of capital expenditures.

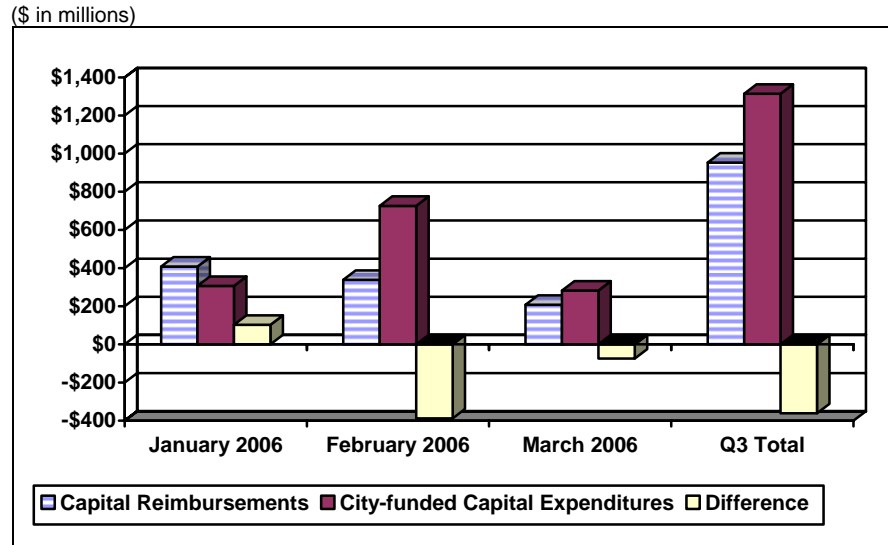
Table 23. Q3 Five Year Trend in Reimbursements to the Central Treasury

(\$ in millions)

| | Q3 FY 2002 | Q3 FY 2003 | Q3 FY 2004 | Q3 FY 2005 | Q3 FY 2006 | Total Q3 FY 2002-FY 2006 |
|--------------------|----------------|----------------|----------------|----------------|--------------|--------------------------|
| General Obligation | \$ 620 | \$1,004 | \$1,083 | \$ 858 | \$548 | \$4,113 |
| Water and Sewer | 217 | 314 | 273 | 302 | 403 | 1,509 |
| NYCTFA | 934 | 619 | 0 | 0 | 0 | 1,553 |
| Other | 3 | 15 | 12 | 23 | 2 | 55 |
| Total | \$1,774 | \$1,952 | \$1,368 | \$1,183 | \$953 | \$7,230 |

Chart 7 displays reimbursements compared with City-funded capital expenditures during January-March 2006. During the Q3 of FY 2006, City-funded capital expenditures exceeded reimbursements, decreasing the City's cash balances by \$361 million.

**Chart 7. Q3 Capital Reimbursements Compared to City-Funded Capital Expenditures
FY 2006**



July 2005-March 2006, Year-To-Date FY 2006

The first nine months of FY 2006 had the highest level of total and City-funded capital expenditures in the past five years. Tables 24 and 25 show the five year trends for FY 2002-FY 2006. Capital expenditures included \$1.2 billion, \$1.1 billion, \$900 million, \$900 million, and \$1.4 billion in payments to the SCA in July-March of FY 2002, FY 2003, FY 2004, FY 2005, and FY 2006.

Table 24. YTD 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 |
| Q1 Total | \$1,148 | \$1,550 | \$1,264 | \$1,462 | \$1,730 | \$18 | \$24 | \$20 | \$23 | \$27 |
| Q2 Total | 1,543 | 1,357 | 1,297 | 1,440 | 1,402 | 25 | 22 | 21 | 24 | 23 |
| Q3 Total | 1,205 | 1,196 | 1,345 | 1,341 | 1,420 | 20 | 20 | 22 | 22 | 23 |
| YTD Total | \$3,896 | \$4,103 | \$3,906 | \$4,243 | \$4,552 | \$21 | \$22 | \$21 | \$23 | \$24 |

Table 25. YTD 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 |
| Q1 Total | \$1,077 | \$1,467 | \$1,174 | \$1,349 | \$1,612 | \$17 | \$23 | \$18 | \$21 | \$25 |
| Q2 Total | 1,467 | 1,254 | 1,152 | 1,321 | 1,284 | 24 | 21 | 19 | 22 | 21 |
| Q3 Total | 1,110 | 1,095 | 1,238 | 1,255 | 1,314 | 18 | 18 | 20 | 20 | 21 |
| YTD Total | \$3,654 | \$3,816 | \$3,564 | \$3,925 | \$4,210 | \$20 | \$21 | \$19 | \$21 | \$23 |

Table 26 shows reimbursements to the City's Central Treasury during the first three quarters of the last five fiscal years for City-funded capital expenditures.

Table 26. YTD Five Year Trend in Reimbursements to the Central Treasury

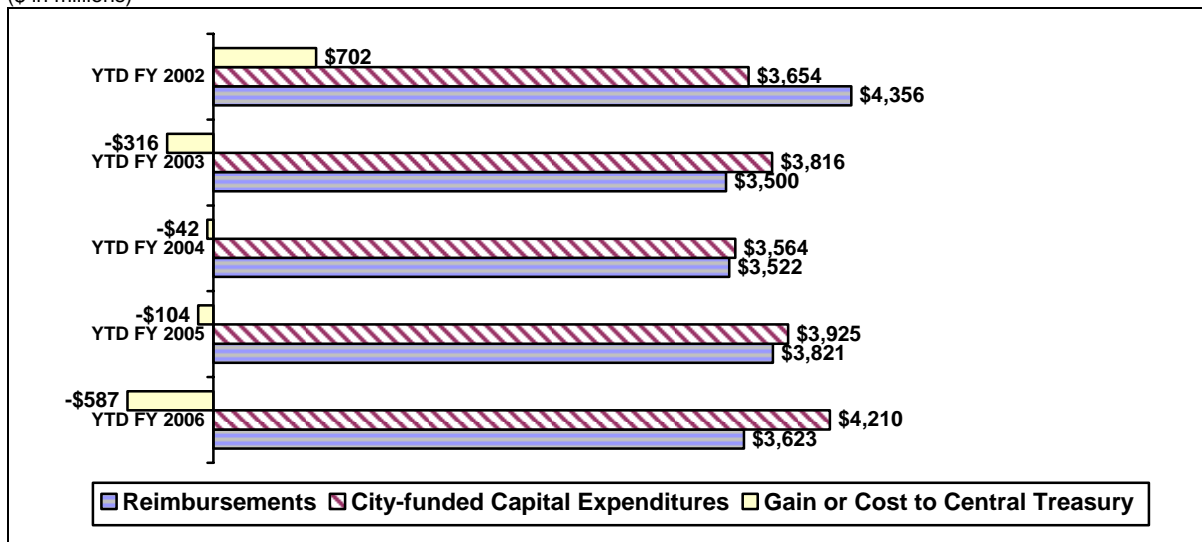
(\$ in millions)

| | YTD FY 2002 | YTD FY 2003 | YTD FY 2004 | YTD FY 2005 | YTD FY 2006 |
|--------------------|----------------|----------------|----------------|----------------|----------------|
| General Obligation | \$1,677 | \$1,231 | \$2,335 | \$2,667 | \$2,614 |
| Water and Sewer | 658 | 817 | 862 | 1,100 | 1,007 |
| NYCTFA | 1,947 | 1,135 | 281 | 0 | 0 |
| Other | 74 | 317 | 44 | 54 | 2 |
| Total | \$4,356 | \$3,500 | \$3,522 | \$3,821 | \$3,623 |

Chart 8 compares the five years of reimbursements to City-funded capital expenditures, as shown in Tables 25 and 26 above, during the same time period. City-funded expenditures of \$19.169 billion exceeded \$18.822 billion of reimbursements in the five year period.

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

(\$ in millions)



III. Financing

Table 27 shows GO debt issuances in the first three quarters of FY 2005 and FY 2006. During the Q3 of FY 2006 the City sold \$150 million of adjustable rate GO bonds. Tax-exempt sales totaled \$3.147 billion and taxable sales were \$110 million YTD in FY 2006, decreases of \$1.315 billion and \$398 million, respectively, from YTD in FY 2005.

Table 27. GO Bond Issues FY 2005 and FY 2006

(\$ in millions)

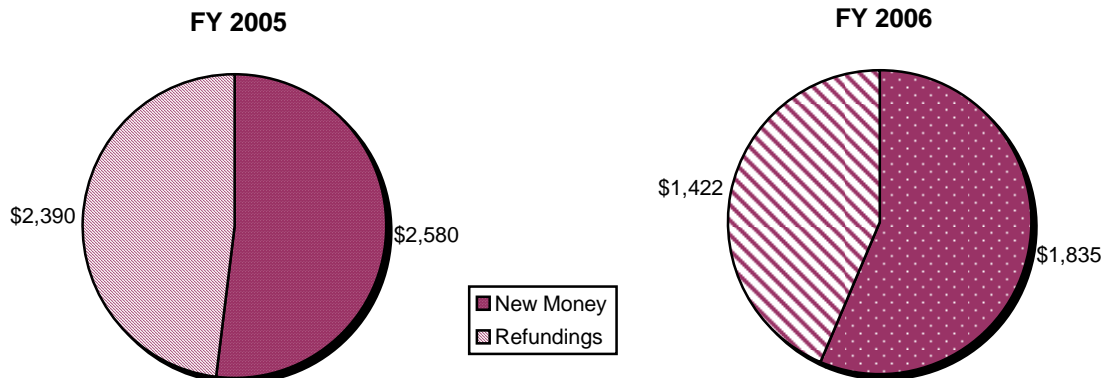
| | FY 2005 | | | FY 2006 | | |
|------------------|----------------|--------------|----------------|----------------|--------------|----------------|
| | Tax-Exempt | Taxable | Total | Tax-Exempt | Taxable | Total |
| July | \$ 551 | \$ 36 | \$ 587 | \$ 0 | \$ 0 | \$ 0 |
| August | 650 | 80 | 730 | 1,397 | 70 | 1,467 |
| September | 0 | 0 | 0 | 750 | 40 | 790 |
| Q1 Total | 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 Total | 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 Total | 951 | 292 | 1,243 | 150 | 0 | 150 |
| YTD Total | \$4,462 | \$508 | \$4,970 | \$3,147 | \$110 | \$3,257 |

Purposes of GO Debt Issuances

The proceeds from the \$150 million in GO bonds issued in the Q3 of FY 2006 funded the City's capital program. Chart 9 shows the amount of GO proceeds that funded the capital program and the level of refundings YTD in FY 2005 and FY 2006. In FY 2005, 52 percent of the proceeds were for capital needs compared with 56 percent in FY 2006.

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

(\$ in millions)



TSASC, Inc.

TSASC, Inc. sold \$1.354 billion of Tobacco Settlement Asset-Backed Bonds in February 2006 to restructure its outstanding debt. This reduced the amount of revenue available to the City projected in the City's financial plan from the tobacco settlement by \$233 million in FY 2006 and \$121 million in FY 2007, and increased the levels of City revenue by \$454 million in FY 2008, \$22 million in FY 2009, and \$24 million in FY 2010.

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