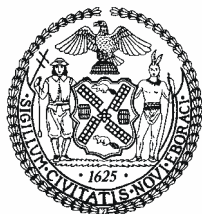


Quarterly Cash Report

October-December 2004



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

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Prepared by the New York City Office of the Comptroller, Bureau of Financial Analysis

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I. Highlights

The City forecasts sufficient cash-on-hand throughout FY 2005 without the need to issue short-term notes. This will be the first time since the fiscal crisis of the 1970s that the City did not borrow short-term to finance seasonal cash flow needs within a fiscal year. Table 1 compares the City's cash position during the second quarters and first halves of FY 2005 and FY 2004. Even inclusive of a FY 2004 \$1.5 billion Note issuance in October 2003, the City's average daily cash balance during the second quarter and first six months of FY 2005 was greater than in comparable periods during FY 2004. The average daily cash balance during the second quarter of FY 2005 was \$2.992 billion compared with the average daily cash balance of \$2.822 billion during the second quarter of FY 2004. Net of FY 2004 seasonal borrowing, the average daily cash balance for the second quarter of FY 2005 was \$1.440 billion greater than the average daily cash balance during FY 2004. Year-to-date through December 2004, the average daily cash balance was \$830 million greater than the average daily cash balance year-to-date through December 2003.

Table 1. Overview of Cash Position FY 2005 and FY 2004^a

(\$ in millions)

<i>Central Treasury</i>	<i>October-December 2004</i>	<i>Year-to-Date FY 2005</i>	<i>October-December 2003</i>	<i>Year-to-Date FY 2004</i>
Opening Balance	\$ 3,910	\$ 4,208 ^b	\$ 2,538	\$ 2,502 ^b
Total Receipts	15,491	30,067	13,996	28,141
Total Expenditures	14,442	29,316	12,392	26,501
Closing Balance	4,959	4,959	4,142	4,142
Average Daily Balance	2,992	3,692	2,822	2,862

a. The data for this report are based on the City's Central Treasury book balances as calculated by the Bureau of Financial Analysis, Office of the NYC Comptroller. Expenditures, with the exception of payroll, are reported on checks issued. Receipts are reported based on cash receipts and the analysis of bank deposits. Receipts and expenditures are net of debt service.

b. Before FY 2004 and FY 2003 City Audits

Cash receipts totaled \$15.491 billion during the second quarter of FY 2005, \$1.495 billion above the \$13.996 billion in cash receipts, inclusive of seasonal borrowing, during the same period in FY 2004. During the first six months of FY 2005, cash receipts were \$1.926 billion greater than during the first six months of FY 2004. Tax receipts increased by \$612 million during the second quarter of FY 2005 compared with the second quarter of FY 2004. Tax revenues, other than real estate tax, increased \$1.134 billion. Miscellaneous revenue during the second quarter of FY 2005 was \$1.489 billion above the same period in FY 2004. In November 2004, the City received cash from two large revenue sources; the Sales Tax Asset Receivable Corporation paid the City \$631 million from its bond proceeds to provide the City relief from MAC debt service payments and the City and the Port Authority of NY & NJ agreed on a new fifty year lease agreement for Kennedy and LaGuardia Airports. As part of this agreement the City and the Port Authority settled prior claims and the City received \$782 million.

Cash expenditures totaled \$14.442 billion during the second quarter of FY 2005 and

\$29.316 billion in the first six months of FY 2005 compared with \$12.392 billion and \$26.501 billion respectively, during the same periods during FY 2004. Personal Service (PS) expenditures were \$591 million higher during the second quarter of FY 2005 compared with the second quarter of FY 2004. During October-December 2004, there were seven bi-weekly payrolls compared with six bi-weekly payrolls during October-December 2003. In October 2004, refunds of taxes included payment of \$83 million for the \$400 real estate tax rebate provided to condominium and home owners.

Cash receipts and expenditures do not include \$1 billion received from FEMA on December 3, 2004, related to liability claims from debris removal at the WTC site after 9/11. This money was transferred on the same day to the WTC Captive Insurance Company.

As shown in Table 2, capital expenditures totaled \$1.440 billion during the second quarter of FY 2005, \$143 million above the level of \$1.297 billion during the same period in FY 2004. Year-to-date through December 2004, capital expenditures were \$341 million greater than capital expenditures year-to-date through December 2003. There were \$1.321 billion in City-funded capital expenditures during the second quarter of FY 2005 compared with \$1.152 billion during the same period in FY 2004. City-funded capital expenditures were \$344 million higher in the first six months of FY 2005 compared with the first six months of FY 2004. The City made payments to the School Construction Authority (SCA) of \$300 million in both December 2004 and November 2003. Reimbursements to the City's Central Treasury from bond proceeds totaled \$1.373 billion and \$2.638 billion respectively, during the second quarter and first half of FY 2005 compared with \$1.107 billion and \$2.154 billion during the same periods in FY 2004.

Table 2. Capital Expenditures FY 2005 and FY 2004

(\$ in millions)

	<i>October-December 2004</i>	<i>Year-to-Date FY 2005</i>	<i>October-December 2003</i>	<i>Year-to-Date FY 2004</i>
Capital Expenditures	\$1,440	\$2,902	\$1,297	\$2,561
City-funded Capital Expenditures	1,321	2,670	1,152	2,326
Reimbursements to the Central Treasury for Capital Expenditures	1,373	2,638	1,107	2,154

General Obligation (GO) debt issued by the City during the second quarter of FY 2005 totaled \$2.410 billion. Tax-exempt issues totaled \$2.310 billion and taxable bonds totaled \$100 million. These issuances provided \$1.2 billion for the City's capital program and refunded \$1.210 billion outstanding debt to provide \$52 million in City budget savings for FY 2006.

During the second quarter of FY 2005, Local Development Corporations sold debt to the benefit of the City's FY 2005 and FY 2006 budgets. In November 2004, the Sales Tax Asset Receivable Corporation issued \$2.551 billion in revenue bonds. These securities will defease all outstanding Municipal Assistance Corporation (MAC) debt and relieve the City of \$2.5 billion in debt service funding for FY 2004 through FY 2008. The Fiscal Year 2005 Securitization Corporation sold \$498.85 million in bonds in December 2004. These bonds provide proceeds to call bonds previously refunded by the City and will generate approximately \$48 million in FY 2006 debt service savings.

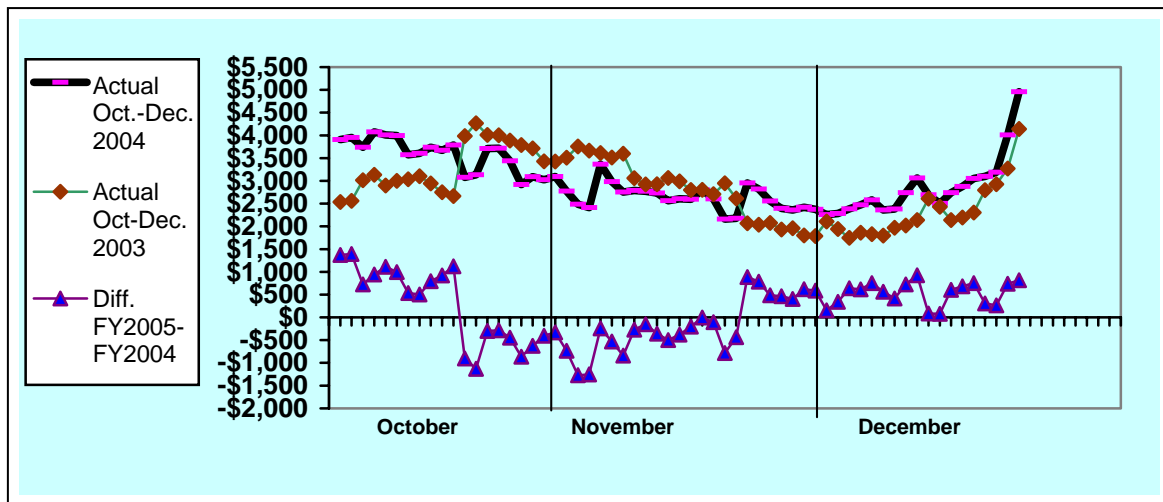
II. Cash Balances

A. OVERVIEW

The City began the second quarter of FY 2005 with \$3.910 billion, or \$1.372 billion more cash-on-hand than the start of the second quarter of FY 2004. The average daily cash balance for the second quarter of FY 2005 was \$2.992 billion. Daily cash balances averaged \$3.508 billion during October 2004, \$2.660 billion during November 2004 and \$2.802 billion during December 2004. These average daily cash balances were \$118 million and \$534 million higher than the average daily cash balances during October 2003 and December 2003, respectively and \$144 million lower than during November 2003. The average daily balance for the second quarter of FY 2005 was \$170 million higher than the average daily cash balance for the second quarter of FY 2004. The average daily cash balance for the first half of FY 2005 was \$830 million greater than the average daily cash balance for the first half of FY 2004. Chart 1 compares the daily cash balances for October-December 2004 and October-December 2003.

Chart 1. Daily Cash Balances October-December

(\$ in millions)

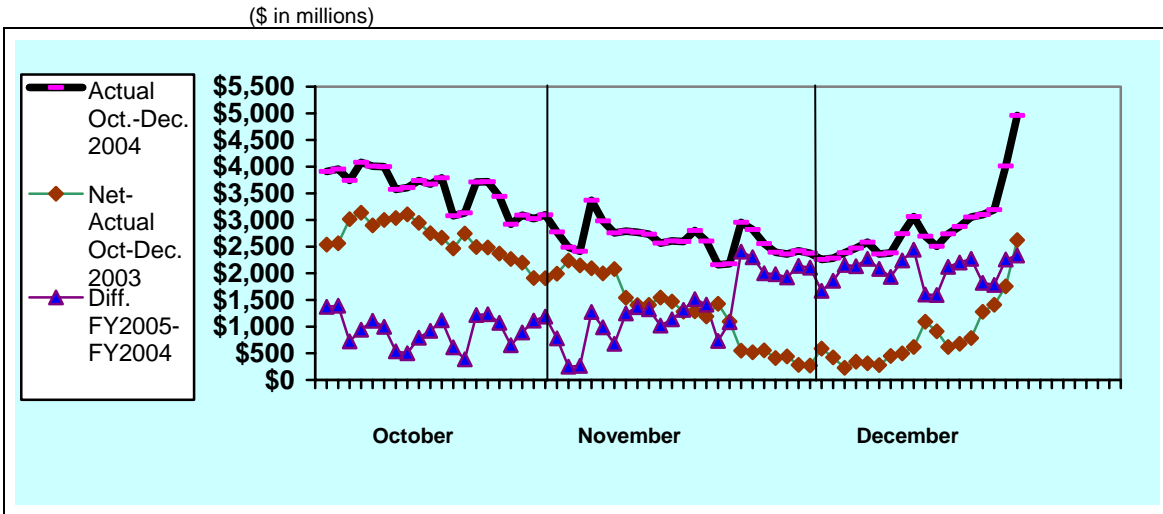


During FY 2005, daily cash balances are projected to be sufficient without the City issuing short-term notes to meet seasonal needs. This will be the first time since the fiscal crisis of the 1970s that the City will not borrow short-term to finance seasonal cash flow needs within a fiscal year.¹ In FY 2004, the City borrowed \$1.5 billion in Notes on October 16, 2003. Chart 2 shows a comparison of daily balances for October-December 2004 and October-December 2003, exclusive of the FY 2004 short-term borrowing.

1. See the NYC Comptroller's February 2004 *Quarterly Cash Report for October-December 2003* for a history of the City's short-term borrowings since FY 1980.

Daily cash balances in the second quarter of FY 2005 did not fall below the daily balances for the second quarter of FY 2004, net of seasonal borrowing. The average daily balance for the second quarter of FY 2005 was \$1.440 billion greater than the average daily balance for FY 2004, net of seasonal borrowing.

Chart 2. Daily Cash Balances--Net of Seasonal Borrowing October-December



Cash receipts, inclusive of seasonal borrowing, were \$1.495 billion greater during the second quarter and \$1.926 billion greater during the first six months of FY 2005 than the same periods in FY 2004. Cash expenditures were \$2.050 billion greater in the second quarter and \$2.815 billion greater for the first six months of FY 2005 than the same periods in FY 2004. Cash receipts were \$1.604 billion greater than cash expenditures during the second quarter of FY 2004 compared with the second quarter of FY 2005 when cash receipts were \$1.049 billion higher than cash expenditures. However, the second quarter of FY 2005 began with an opening balance \$1.372 billion greater than the opening balance at the beginning of the second quarter of FY 2004. Therefore, at the end of the second quarter of FY 2005 there was \$4.959 billion of cash-on-hand, \$817 million more than the \$4.142 billion of cash-on-hand at the end of the second quarter of FY 2004.

The daily cash receipts and expenditures do not include \$1 billion received from FEMA on December 3, 2004, related to liability claims from debris removal at the WTC site after 9/11. This money was transferred on the same day to the WTC Captive Insurance Company.²

2. See the NYC Comptroller's Report *9/11: Three Years Later Securing the Federal Pledge* dated August 2004.

B. CASH RECEIPTS

Cash receipts totaled \$15.491 billion during the second quarter of FY 2005, \$1.495 billion greater than the \$13.996 billion in cash receipts during the same period in FY 2004. Average daily cash receipts during the second quarter of FY 2005 were \$258 million compared with \$229 million during the second quarter of FY 2004. Cash receipts totaled \$3.559 billion in October 2004, \$4.208 billion in November 2004 and \$7.724 billion in December 2004. Average daily cash receipts were \$178 million, \$221 million and \$368 million in October, November and December 2004, respectively. Table 3 compares second quarter cash receipts in FY 2005 and FY 2004 by major category.

Table 3. *Cash Receipts by Category in FY 2005 and FY 2004*

(\$ in millions)

Receipts	October 2004	November 2004	December 2004	Total	October 2003	November 2003	December 2003	Total
Real Estate Tax	\$ 307	\$ 65	\$ 1,855	\$ 2,227	\$ 436	\$ 136	\$ 2,177	\$ 2,749
Other Taxes	1,270	1,130	2,595	4,995	1,064	782	2,015	3,861
Less: Debt Service ^a	(249)	(63)	(113)	(425)	(185)	(0)	(0)	(185)
Federal and State Aid	805	680	1,344	2,829	799	732	1,299	2,830
Miscellaneous	281	1,775	355	2,411	331	316	275	922
Intergovernmental Aid	694	90	458	1,242	63	0	414	477
Other ^b	451	531	1,230	2,212	2,378	486	478	3,342
Total	\$3,559	\$4,208	\$7,724	\$15,491	\$4,886	\$2,452	\$6,658	\$13,996

a. GO and NYCTFA debt service funding was withheld from real estate tax and PIT. FY 2004 debt service funding does not include \$110 million paid from the Central Treasury as an additional prepayment of FY 2004 GO debt service and charged to FY 2003.

b. Other receipts include capital proceeds transfers of \$124 million in October 2004, \$322 million in November 2004, \$927 million in December 2004, \$572 million in October 2003, \$339 million in November 2003 and \$197 million in December 2003. Other receipts also include \$1.5 billion in seasonal borrowing during October 2003.

Total gross tax receipts were \$7.222 billion in the second quarter of FY 2005, \$612 million greater than the \$6.610 billion in total tax receipts during the second quarter of FY 2004.³

Real estate tax collections during the second quarter of FY 2005 were \$522 million less than real estate tax collections in the same period of FY 2004. This decline reflects the timing of collections between the end of December and the beginning of January. On an annual basis, real estate tax revenue, excluding the \$400 rebate to home owners in FY 2005, is expected to be \$347 million greater in FY 2005 than in FY 2004. Tax lien sales totaled \$2.76 million during the second quarter of FY 2005 and \$10.78 million

3. Net of debt service funding, tax receipts were \$372 million greater during the second quarter of FY 2005 than during the second quarter of FY 2004. Gross real estate tax was reduced by \$249 million in debt service funding for GO debt service in the second quarter of FY 2005 compared with \$185 million during the second quarter of FY 2004. PIT was reduced by \$176 million in the second quarter of FY 2005. See Section IV for a discussion of debt service funding.

during the second quarter of FY 2004.

Other Taxes rose by \$1.134 billion during the second quarter of FY 2005 compared with the second quarter of FY 2004. The economically sensitive taxes--sales tax, personal income tax (PIT) gross of debt service funding, general corporation tax (GCT), unincorporated business tax (UBT) and financial corporation tax (FCT)--increased 19 percent to \$3.621 billion during the second quarter of FY 2005 from the \$3.042 billion collected during the second quarter of FY 2004. Compared with the second quarter of FY 2004, sales tax was \$234 million greater, PIT was \$244 million greater, GCT was \$113 million greater, UBT was \$7 million greater and FCT declined by \$19 million during the second quarter of FY 2005, for a total increase of \$579 million.⁴ School Tax Relief (STAR) aid, which is included in all other taxes, totaled \$410 million during the second quarter of FY 2005 compared with \$137 million during the second quarter of FY 2004. STAR aid in December 2004 included \$259 million related to PIT relief. In FY 2004, \$180 million of STAR aid related to PIT relief was received in January 2004. This increase included \$72 million received in FY 2005 from prior years. The FY 2005 collection was \$187 million.

Federal and State Aid totaled \$2.829 billion during the second quarter of FY 2005, which was \$1 million below the level of \$2.830 billion during the second quarter of FY 2004. However, prior year education aid in December 2003 included \$228 million in revenue bond proceeds from the Municipal Bond Bank.

Miscellaneous Revenue during the second quarter of FY 2005 totaled \$2.411 billion, \$1.489 billion greater than during the same period in FY 2004. In November 2004, the City received large miscellaneous revenue payments from two sources; the Sales Tax Asset Receivable Corporation paid the City \$631 million from its bond proceeds to provide the City relief from MAC debt service payments. and the City and the Port Authority of NY & NJ agreed on a new fifty year lease agreement for Kennedy and LaGuardia Airports in November 2004. As part of this agreement, the City and the Port Authority settled prior claims and the City received \$782 million.

Total Intergovernmental Aid was \$765 million greater during the second quarter of FY 2005 compared with the second quarter of FY 2004. NYS Revenue Sharing was \$245 million in December 2004 and \$25 million in December 2003. The balance of FY 2004 revenue sharing, \$220 million, was received in January 2004. Intergovernmental Transfers (IGTs) related to the Health and Hospitals Corporation (HHC) during the second quarter of FY 2005 were \$744 million more than the same period in FY 2004. These increases were offset by \$203 million in revenue bond

4. Sales tax is net of MAC debt service. In the second quarter of FY 2005, no funds were withheld for MAC debt service. MAC debt service funding is longer part of the City's budget. Proceeds from the Sales Tax Asset Receivable Corporation will fund MAC debt service. During the second quarter of FY 2004, \$127 million in sales tax was used for MAC debt service funding.

proceeds from the Municipal Bond Bank received in December 2003.

Table 4 illustrates the major cash sources during the first quarter of FY 2005.

Table 4. Major Cash Sources October-December 2004 ^a

(\$ in millions)

October 2004		November 2004		December 2004	
IGTs	\$632	Airport Rent	\$782	Real Estate Tax	\$1,855
Sales Tax ^b	456	MAC Reimbursement	631	Capital Transfers	927
PIT ^c	372	PIT	395	PIT	743
Real Estate Tax ^d	307	Capital Transfers	322	Sales Tax	485
NYS Higher Education	197	Sales Tax	308	NYS Education	482
NYS Welfare	197	NYS Welfare	201	General Corporation Tax	434
Capital Transfers	124	Federal Welfare	134	STAR Aid	304
Federal Welfare	107	Federal Education	107	Federal Welfare	303
General Corporation Tax	85	IGTs	90	NYS Revenue Sharing	245
NYS Education	84	NYS Education	76	NYS Welfare	202
Fines and Forfeitures	75	General Corporation Tax	72	Federal Education	191
Health Settlements	73	Licenses, etc.	71	IGTs	142
LTC	62	Fines and Forfeitures	65	Financial Corporation Tax	139
STAR Aid	53	Real Estate Tax	62	Commercial Rent Tax	105
		STAR Aid	53	Unincorporated Business Tax	86
		Tax Lien Sale	3	LTC	72
				Hotel Tax	71
				Fines and Forfeitures	66

a. Tax receipts are gross of refunds. b. Sales tax is net of Municipal Assistance Corporation (MAC) debt service (if any) plus interest income and the local share distribution. c. PIT is gross of debt service. PIT is received from the State net of refunds. d. Real estate tax is gross of debt service.

Cash receipts during the second quarter of FY 2005, net of capital proceeds transfers, totaled \$14.118 billion and averaged \$235 million daily compared with \$12.889 billion and a daily average of \$211 million during the second quarter of FY 2004. During July-December 2004, these receipts totaled \$27.428 billion and averaged \$221 million daily compared with receipts totaling \$25.987 billion and averaging \$208 million during July-December 2003. Table 5 compares cash receipts, net of capital proceeds transfers, for the first halves of FY 2005 and FY 2004.⁵

5. See Section III for a discussion of capital proceeds transfers.

Table 5. *Cash Receipts (net of capital proceeds transfers) in FY 2005 and FY 2004*

(\$ in millions)

	FY 2005	FY 2004
July	\$ 5,667	\$ 5,184
August	2,717	3,705
September	4,926	4,209
First Quarter Total	13,310	13,098
October	3,435	4,314
November	3,886	2,113
December	6,797	6,462
Second Quarter Total	14,118	12,889
Total First Half of FY	\$27,428	\$25,987

C. CASH EXPENDITURES

Cash expenditures totaled \$14.442 billion during the second quarter of FY 2005, averaging \$241 million daily. During the same period in FY 2004, cash expenditures totaled \$12.392 billion and averaged \$203 million daily. Expenditures were \$4.695 billion in October 2004, \$4.587 billion in November 2004 and \$5.160 billion in December 2004. The average daily expenditure was highest during December 2004 at \$246 million and lowest in October 2004 at \$235 million. The average daily expenditure in November 2004 was \$241 million.

Table 6 reflects monthly expenditures in major categories during the second quarters of FY 2005 and FY 2004.

Table 6. *Cash Expenditures by Category in FY 2005 and FY 2004*

(\$ in millions)

	October 2004	November 2004	December 2004	Total	October 2003	November 2003	December 2003	Total
Gross Payroll	\$1,483	\$1,481	\$1,791	\$ 4,755	\$1,398	\$1,468	\$1,441	\$ 4,307
Other Personal Services	570	745	667	1,982	609	540	690	1,839
Public Assistance	189	196	207	592	182	166	225	573
Medical Assistance (excluding HHC)	351	394	338	1,083	310	298	328	936
Other Social Services	161	165	178	504	158	150	151	459
Vendor and Other Payments	827	921	924	2,672	793	735	795	2,323
All Other, including Capital ^a	1,114	685	1,055	2,854	306	833	816	1,955
Total	\$4,695	\$4,587	\$5,160	\$14,442	\$3,756	\$4,190	\$4,446	\$12,392

a. Capital expenditures included in All Other are \$386 million in October 2004, \$335 million in November 2004, \$719 million in December 2004, \$354 million in October 2003, \$620 million in November 2003 and \$323 million in December 2003. All Other in October 2003 includes a negative \$138 million due to canceled HHC warrants.

Gross Payroll totaled \$4.755 billion during the second quarter of FY 2005. This was \$448 million more than gross payroll during the same period in FY 2004. There were seven bi-weekly payrolls in the second quarter of FY 2005 and six in the second quarter of FY 2004. December 2004 included uniform allowance payments of \$60 million and December 2003 included \$60.3 million. Other Personal Services were \$1.982 billion during the second quarter of FY 2005, \$143 million above the same period last year.

Public Assistance spending totaling \$592 million during the second quarter of FY 2005 was \$19 million higher than during the same quarter in FY 2004. Medical Assistance spending during the second quarter of FY 2005 was \$1.083 billion, or \$147 million more than the second quarter of FY 2004. Other Social Services expenditures totaled \$504 million in the second quarter of FY 2005 compared with \$459 million during the same quarter of FY 2004. Vendor and Other Payments totaled \$2.672 billion during the second quarter of FY 2005 compared with \$2.323 billion during the second quarter of FY 2004.

All Other expenditures included \$260 million in refunds of tax revenue during the second quarter of FY 2005 and \$168 million in the second quarter of FY 2004. October 2004 included \$83 million for real estate tax rebates. Checks for \$400 were mailed to one, two and three family home owners and condominium owners. Year-to-date, refunds relating to these rebates totaled \$233 million.

Table 7 compares expenditures, net of capital expenditures, during FY 2005 and FY 2004.⁶ Expenditures, net of capital, totaled \$13.002 billion during the second quarter of FY 2005 and \$26.413 billion through the first half of FY 2005. This compares with \$11.095 billion and \$23.939 billion during the same periods of FY 2004.

Table 7. *Cash Expenditures (net of capital expenditures) in FY 2005 and FY 2004*

(\$ in millions)

	FY 2005	FY 2004
July	\$ 5,201	\$ 4,339
August	4,232	4,130
September	3,978	4,375
First Quarter Total	13,411	12,844
October	4,309	3,402
November	4,252	3,570
December	4,441	4,123
Second Quarter Total	13,002	11,095
Total First Half of FY	\$26,413	\$23,939

6. See Section III for a discussion of capital expenditures.

III. Capital Expenditures

Capital expenditures totaled \$1.440 billion during the second quarter of FY 2005, compared with \$1.297 billion during the same quarter of FY 2004. The average daily expenditure during the second quarter of FY 2005 was \$24 million compared with a daily average of \$21 million during the same period in FY 2004. Capital expenditures in October 2004 were \$386 million and averaged \$19 million daily. In November 2004, capital expenditures were \$335 million and averaged \$18 million daily. In December 2004, expenditures were \$719 million and averaged \$34 million daily.

During the first half of FY 2005, capital expenditures totaled \$2.902 billion and averaged \$23 million daily. In comparison, in the first half of FY 2004, capital expenditures of \$2.561 billion were \$341 million lower and averaged \$20 million daily. Table 8 compares capital expenditures during the first halves of FY 2005 and FY 2004.

Table 8. *Capital Expenditures in FY 2005 and FY 2004*

(\$ in millions)

	FY 2005		FY 2004	
	Total Capital	City-funded Capital	Total Capital	City-funded Capital
July	\$ 380	\$ 345	\$ 634	\$ 606
August	392	356	331	306
September	690	648	299	262
First Quarter Total	1,462	1,349	1,264	1,174
October	386	345	354	326
November	335	309	620	535
December	719	667	323	291
Second Quarter Total	1,440	1,321	1,297	1,152
Total First Half of FY	\$2,902	\$2,670	\$2,561	\$2,326

City-funded capital expenditures are financed by issuing debt, including GO and Water and Sewer debt. City-funded capital expenditures totaled \$1.321 billion and averaged \$22 million daily during the second quarter of FY 2005. In the second quarter of FY 2004, City-funded capital expenditures totaled \$1.152 billion and averaged \$19 million daily. In October 2004, there were \$345 million City-funded capital expenditures, for a daily average of \$17 million. During November 2004, there were \$309 million in City-funded capital expenditures for a daily average of \$16 million. In December 2004, City-funded capital expenditures totaled \$667 million and averaged \$32 million daily. In December 2004, City-funded expenditures included \$297 million in payments to the School Construction Authority (SCA). In November 2003 during FY 2004, a \$249 million City-funded payment was made to the SCA.⁷ Year-to-date through December 2004, City-funded capital expenditures totaled \$2.670 billion, an

7. There were also payments to SCA of \$3.5 million in non-City funded expenditures in December 2004 and \$51 million in November 2003, which brought total payments to SCA to \$300 million in both December 2004 and November 2003.

increase of \$344 million over City-funded capital expenditures year-to-date through December 2003.

All capital expenditures are paid from the City’s Central Treasury. Table 9 shows the reimbursements from the proceeds of capital financings of City-funded capital expenditures that were previously paid out of the Central Treasury during the second quarter of FY 2005. GO bond proceeds provided \$1.032 billion, water and sewer financings provided \$328 million and the Transportation and Infrastructure Finance and Innovation Act of 1998 (TIFIA) provided \$12 million.⁸ The Health and Hospitals Corporation (HHC) paid the City \$0.36 million for capital expenditures. These reimbursements totaled \$1.373 billion compared with \$1.107 billion in reimbursements during the second quarter of FY 2004.⁹

Table 9. *Reimbursement to the Central Treasury from Capital Proceeds*

(\$ in millions)

	October 2004	November 2004	December 2004	Total
General Obligation Bonds	\$ 64.28	\$279.08	\$689.05	\$1,032.41
Water and Sewer	59.98	30.54	237.61	328.13
Tobacco Settlement (TIFIA)	0.00	12.38	0.00	12.38
Other	0.00	0.36	0.00	0.36
Total	\$124.26	\$322.36	\$926.66	\$1,373.28

During the first half of FY 2005, reimbursements totaled \$2.638 billion: \$1.809 billion from GO debt, \$798 million from water and sewer debt, \$5 million from HHC and \$26 million from TIFIA. This was \$484 million greater than in the same period in FY 2004.

8. The \$12.38 million reimbursement was received from the draw down of funds from the Transportation and Infrastructure Finance and Innovation Act of 1998 (TIFIA).

9. FY 2004 reimbursements included \$53 million in the second quarter and \$281 million in the first six months of the fiscal year from NYCTFA proceeds.

IV. Financing and Debt Service

A. LONG-TERM FINANCING

As shown in Table 10, the City issued \$2.410 billion in GO debt during the second quarter of FY 2005. This was \$291 million more than the \$2.119 billion in GO debt issued in the second quarter of FY 2004. During the first half of FY 2005, GO debt issued was \$3.727 billion compared with \$3.369 billion during the first half of FY 2004.

Table 10. Bond Issues FY 2005

(\$ in millions)

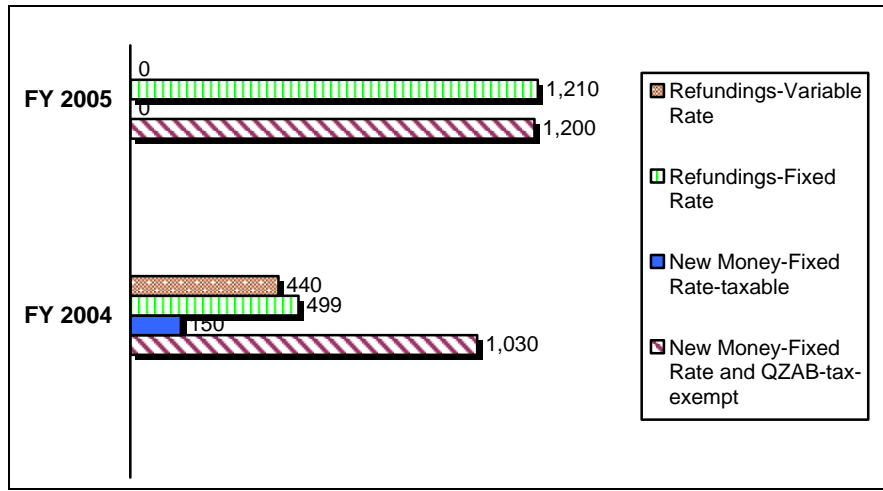
	NYC GO Debt		Total
	Tax-Exempt	Taxable	
July 2004	\$ 550.61	\$ 36.15	\$ 586.76
August 2004	650.00	80.00	730.00
September 2004	0.00	0.00	0.00
First Quarter Total	1,200.61	116.15	1,316.76
October 2004	0.00	0.00	0.00
November 2004	1,161.95	100.00	1,261.95
December 2004	1,148.27	0.00	1,148.27
Second Quarter Total	2,310.22	100.00	2,410.22
Total First Half of FY	3,510.83	216.15	3,726.98

Chart 3 compares the purposes for which bonds were issued in the second quarters of FY 2005 and FY 2004. During the second quarter of FY 2005, refundings totaled \$1.210 billion.¹⁰ These refundings are projected to achieve \$52 million in savings in the FY 2006 budget. Year-to-date in FY 2005, refundings have resulted in \$77 million in budget savings for FY 2006. Bonds for capital projects totaled \$1.2 billion. In comparison during the second quarter of FY 2004, refundings were \$939 million and funding for capital purposes was \$1.180 billion.

10. An equity payment of \$1,539 was made by the City in connection with the November 2004 refunding. At the closing of the December 2004 refunding there was an equity payment of \$336,690.

Chart 3. Purposes of GO Debt Second Quarters-FY 2005 and FY 2004

(in millions of \$)



There were no sales by the NYCTFA during the first half of FY 2005. During the first half of FY 2004, the NYCTFA issued \$546 million in Bond Anticipation Notes (BANs) in November 2004 and \$145 million in revenue bonds in September 2004.

During the second quarter of FY 2005, two Local Development Corporations sold debt to the benefit of the City's budget.¹¹ In November 2004, the Sales Tax Asset Receivable Corporation issued \$1.869 billion in tax-exempt and \$682 million in taxable revenue bonds secured by annual payments from the Local Government Assistance Corporation (LGAC). These securities will defease all outstanding Municipal Assistance Corporation (MAC) debt and thereby relieve the City of \$2.5 billion in debt service funding for FY 2004 through FY 2008.¹² A local development corporation, the Fiscal Year 2005 Securitization Corporation, was created and sold \$498.85 million in bonds in December 2004. These bonds provide proceeds to call bonds previously refunded by the City and will generate approximately \$48 million in debt service savings. The \$48 million will be paid to the City in November 2005 and help close the FY 2006 budget gap.

11. These bonds are debt of the Local Development Corporations, not of the City.

12. See Section II for a discussion of the impact on cash and the City's budget in FY 2005.

B. DEBT SERVICE

The City and the NYCTFA fund debt service payments to holders of their debt in advance of the actual payment dates.¹³ GO debt service is funded from real estate tax withheld by the State Comptroller and is held in a separate bank account. GO debt service funding was \$249 million during the second quarter of FY 2005 compared with \$185 million during the second quarter of FY 2004. In addition, in FY 2004, \$110 million was paid from the Central Treasury as an additional prepayment of FY 2004 GO debt service and charged to the FY 2003 budget.

NYCTFA debt service is funded from the City's PIT collections. During the second quarter of FY 2005, \$176 million was withheld for debt service funding. In addition, \$49 million of excess retention from prior periods was used for debt service funding. During the second quarter of FY 2004, no funds were withheld.¹⁴

13. The City's cash receipts of Real estate tax and PIT are net of debt service funding.

14. FY 2004 PIT debt service was funded from the \$624 million prepayment that was part of the FY 2003 surplus roll.

V. Glossary

BANs	Bond Anticipation Notes
CWA	Communication Workers of America
DC 37	District Council 37
FEMA	Federal Emergency Management Agency
FCT	Financial Corporation Tax
FY	Fiscal Year
GCT	General Corporation Tax
GO	General Obligation
HHC	Health and Hospitals Corporation
IGTs	Intergovernmental Transfers
LGAC	Local Government Assistance Corporation
LTC	Long-Term Care
MAC	Municipal Assistance Corporation
NJ	New Jersey
NY	New York
NYC	New York City
NYCTFA	New York City Transitional Finance Authority
NYS	New York State
PIT	Personal Income Tax
PS	Personal Service
QZAB	Qualified Zone Academy Bond
SCA	School Construction Authority
STAR	School Tax Relief
TIFIA	Transportation and Infrastructure Finance and Innovation Act of 1998
UBT	Unincorporated Business Tax
WTC	World Trade Center