



The City of New York
Office of Management and Budget
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TO THE FINANCIAL CONTROL BOARD

Pursuant to Section 8.3 of the Financial Emergency Act (the "Act"), the City hereby submits for review by the Financial Control Board, Modification No. 08-2 to the Financial Plan for the City and Covered Organizations for fiscal years 2008-2012 (the "Modification"). The Modification as it relates to the City is attached hereto as Exhibit A. Any Covered Organization which requires modification will be forwarded to you under separate cover.

The Five Year Financial Plan has been prepared in accordance with generally accepted accounting principles ("GAAP"), with the exception of that portion of the plan related to certain Covered Organizations, which are prepared on a cash basis.

The City hereby certifies that, in its judgement, the Modification is complete and complies with the standards set forth in Section 8.1 of the Act.

Yours truly,


Mark Page

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EXHIBIT A

CITY OF NEW YORK - FINANCIAL PLAN

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Five Year Financial Plan Revenues and Expenditures
(\$ in millions)

| REVENUES | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|--|-----------|-----------|------------|------------|------------|
| Taxes | | | | | |
| General Property Tax | \$ 12,999 | \$ 13,919 | \$ 14,949 | \$ 15,858 | \$ 16,660 |
| Other Taxes | 22,175 | 20,725 | 21,830 | 22,594 | 23,840 |
| Discretionary Transfers ¹ | 546 | 546 | - | - | - |
| Tax Audit Revenue | 1,059 | 559 | 560 | 560 | 560 |
| Subtotal Taxes | \$ 36,779 | \$ 35,749 | \$ 37,339 | \$ 39,012 | \$ 41,060 |
| Miscellaneous Revenues | 6,230 | 5,342 | 5,210 | 5,237 | 5,235 |
| Unrestricted Intergovernmental Aid | 340 | 340 | 340 | 340 | 340 |
| Anticipated State and Federal Aid | - | 100 | 100 | 100 | 100 |
| Less: Intra-City Revenue | (1,481) | (1,390) | (1,381) | (1,381) | (1,381) |
| Disallowances Against Categorical Grants | (15) | (15) | (15) | (15) | (15) |
| Subtotal: City Funds | \$ 41,853 | \$ 40,126 | \$ 41,593 | \$ 43,293 | \$ 45,339 |
| Other Categorical Grants | 1,053 | 991 | 991 | 992 | 996 |
| Inter-Fund Revenues | 466 | 434 | 422 | 417 | 417 |
| Total City Funds & Inter-Fund Revenues | \$ 43,372 | \$ 41,551 | \$ 43,006 | \$ 44,702 | \$ 46,752 |
| Federal Categorical Grants | 5,905 | 5,380 | 5,348 | 5,331 | 5,332 |
| State Categorical Grants | 11,080 | 11,568 | 12,430 | 12,873 | 12,875 |
| Total Revenues | \$ 60,357 | \$ 58,499 | \$ 60,784 | \$ 62,906 | \$ 64,959 |
| EXPENDITURES | | | | | |
| Personal Service | | | | | |
| Salaries and Wages | \$ 21,003 | \$ 21,910 | \$ 23,748 | \$ 25,004 | \$ 25,308 |
| Pensions | 5,749 | 6,237 | 6,536 | 6,530 | 6,545 |
| Fringe Benefits | 6,360 | 6,543 | 7,043 | 7,563 | 8,032 |
| Subtotal - Personal Service | \$ 33,112 | \$ 34,690 | \$ 37,327 | \$ 39,097 | \$ 39,885 |
| Other Than Personal Service | | | | | |
| Medical Assistance | 5,797 | 5,602 | 5,756 | 5,916 | 6,089 |
| Public Assistance | 1,219 | 1,177 | 1,176 | 1,176 | 1,176 |
| All Other ^{1,2} | 17,748 | 17,523 | 18,008 | 18,441 | 18,675 |
| Subtotal - Other Than Personal Service | \$ 24,764 | \$ 24,302 | \$ 24,940 | \$ 25,533 | \$ 25,940 |
| General Obligation, Lease and MAC Debt Service ^{1,2,3} | 3,797 | 3,820 | 4,172 | 4,955 | 5,539 |
| FY2007 Budget Stabilization & Discretionary Transfers ¹ | (4,054) | - | - | - | - |
| FY2008 Budget Stabilization ² | 4,119 | (3,573) | - | - | - |
| FY2009 Budget Stabilization ³ | - | 350 | (350) | - | - |
| General Reserve | 100 | 300 | 300 | 300 | 300 |
| Subtotal | \$ 61,838 | \$ 59,889 | \$ 66,389 | \$ 69,885 | \$ 71,664 |
| Less: Intra-City Expenses | (1,481) | (1,390) | (1,381) | (1,381) | (1,381) |
| Total Expenditures | \$ 60,357 | \$ 58,499 | \$ 65,008 | \$ 68,504 | \$ 70,283 |
| Gap To Be Closed | \$ - | \$ - | \$ (4,224) | \$ (5,598) | \$ (5,324) |

¹. Fiscal Year 2007 Budget Stabilization and Discretionary Transfers total \$4.600 billion, including prepayments of subsidies of \$639 million, Budget Stabilization of \$3.315 billion, lease debt service of \$100 million and a TFA grant which increases FY 2008 revenues by \$546 million; not including \$65 million in debt retirement

². Fiscal Year 2008 Budget Stabilization and Discretionary Transfers total \$4.119 billion, including prepayments of subsidies of \$500 million, Budget Stabilization of \$3.073 billion and a TFA grant which increases FY 2009 revenues by \$546 million.

³. Fiscal Year 2009 Budget Stabilization totals \$350 million.

New York City Financial Plan
Five Year Projections of Cash Sources and Uses
(\$ in millions)

| Sources of Cash | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|--|-----------------|------------------|------------------|------------------|------------------|
| From Operations: | | | | | |
| Surplus/(Deficit) | \$ (1,724) | \$ - | \$ - | \$ - | \$ - |
| Provision for disallowances of aid revenues | 15 | 15 | 15 | 15 | 15 |
| Disallowances Paid | (15) | (15) | (15) | (15) | (15) |
| Funds Provided/(Used) from Operations | \$ (1,724) | \$ - | \$ - | \$ - | \$ - |
| Proceeds from Seasonal Borrowings | - | 2,400 | 2,400 | 2,400 | 2,400 |
| Capital Plan Funding Sources (see Exhibit A-3) | 8,560 | 9,989 | 10,851 | 11,078 | 9,988 |
| Total Sources | \$ 6,836 | \$ 12,389 | \$ 13,251 | \$ 13,478 | \$ 12,388 |
| Uses of Cash | | | | | |
| Capital Disbursements | 8,560 | 9,989 | 10,851 | 11,078 | 9,988 |
| Repayment of Seasonal Borrowings | - | 2,400 | 2,400 | 2,400 | 2,400 |
| Total Uses | \$ 8,560 | \$ 12,389 | \$ 13,251 | \$ 13,478 | \$ 12,388 |
| Net Sources/(Uses) of Cash | \$ (1,724) | \$ - | \$ - | \$ - | \$ - |
| Cash Balance - Beginning of Period | \$ 4,979 | \$ 3,255 | \$ 3,255 | \$ 3,255 | \$ 3,255 |
| Cash Balance - End of Period | \$ 3,255 | \$ 3,255 | \$ 3,255 | \$ 3,255 | \$ 3,255 |

**New York City Financial Plan
Five Year Capital Plan Funding Sources
(\$ in millions)**

| Sources of Capital Cash | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|--|----------------|----------------|----------------|----------------|----------------|
| New York City General Obligation Bonds | \$ 3,675 | \$ 5,060 | \$ 7,008 | \$ 6,874 | \$ 5,930 |
| Other Long-Term Sources: | | | | | |
| Water Authority | 2,103 | 2,296 | 2,159 | 2,147 | 2,049 |
| Total Long-Term Sources | \$ 5,778 | \$ 7,356 | \$ 9,167 | \$ 9,021 | \$ 7,979 |
| Five Year Education Capital Plan | | | | | |
| TFA - Building Aid Revenue Bonds | 1,394 | 1,394 | 698 | - | - |
| DASNY | 823 | 222 | - | - | - |
| Other Non-City Funds | 672 | 897 | 886 | 1,956 | 1,908 |
| Reimbursable Capital | \$ 2,889 | \$ 2,513 | \$ 1,584 | \$ 1,956 | \$ 1,908 |
| Changes in Restricted Cash | (107) | 120 | 100 | 101 | 101 |
| Total Capital Plan Funding Sources | \$ 8,560 | \$ 9,989 | \$ 10,851 | \$ 11,078 | \$ 9,988 |

**New York City Financial Plan
Fiscal Year 2008 Borrowing Schedule
(\$ in millions)**

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Total Financing |
|--|------------------|-------------------|------------------|-------------------|--------------------|
| Short-Term Borrowing: | | | | | |
| Borrowing | \$ - | \$ - | \$ - | \$ - | \$ - |
| Repayment | - | - | - | - | - |
| Total Short-Term Borrowing (Repayment) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Capital Borrowing: | | | | | |
| New York City General Obligation | \$ - | \$ 1,875 | \$ 1,200 | \$ 600 | \$ 3,675 |
| Water Authority ¹ | - | 800 | 846 | 457 | 2,103 |
| Total Borrowing to Finance City Capital Program | \$ - | \$ 2,675 | \$ 2,046 | \$ 1,057 | \$ 5,778 |

Notes:

1. Excludes costs of issuance and reserve fund allocations and reflects Water Authority Commercial Paper and revenue bonds issued to finance the water and sewer system's capital program. Amounts do not include revenue bonds issued to permanently finance previously issued commercial paper.

**New York City Financial Plan
Five Year Capital Plan
(\$ in millions)**

Projected Capital Commitments

| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | Total |
|--------------|------------------|------------------|------------------|-----------------|-----------------|------------------|
| City | \$ 10,032 | \$ 11,760 | \$ 8,751 | \$ 7,763 | \$ 6,092 | \$ 44,398 |
| Non-City | 3,910 | 2,911 | 1,698 | 1,478 | 1,476 | 11,473 |
| Total | \$ 13,942 | \$ 14,671 | \$ 10,449 | \$ 9,241 | \$ 7,568 | \$ 55,871 |

Projected Capital Expenditures

| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | Total |
|--|-----------------|-----------------|------------------|------------------|-----------------|------------------|
| City | \$ 5,671 | \$ 7,476 | \$ 9,267 | \$ 9,122 | \$ 8,080 | \$ 39,616 |
| Non-City ¹ | 2,889 | 2,513 | 1,584 | 1,956 | 1,908 | 10,850 |
| City-administered Capital Plan | \$ 8,560 | \$ 9,989 | \$ 10,851 | \$ 11,078 | \$ 9,988 | \$ 50,466 |
| Total Capital Plan Expenditures | \$ 8,560 | \$ 9,989 | \$ 10,851 | \$ 11,078 | \$ 9,988 | \$ 50,466 |

Notes:

1. Includes Federal, State and other Reimbursable Capital.