



A Guide to the Capital Budget

Understanding New York City's Budget

This guide is designed to help interested New Yorkers understand and participate in the city's budget process. It outlines the components of the city's Capital Budget, the time lines and processes for adopting it, and provides an overview of how the city raises capital funds and how those funds are spent.

IBO

New York City
Independent
Budget Office



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Introduction

New York City's spending on capital projects — from building schools to repaving streets to buying fire trucks — consumes a significant portion of the municipal budget. Over the past decade, the city's Capital Budget for these kinds of projects has averaged about \$9.0 billion in annual expenditures.

Most of this capital spending is paid for with money the city borrows. The city has roughly \$86 billion in debt outstanding — more than \$10,100 for each resident. Every year, a portion of the city's Expense Budget must be used to fund debt service — the payment of interest and principal on debt outstanding. The more the city spends on debt service, the less is available for other city programs.

But it is more than size and cost that makes the Capital Budget so important. The projects funded by the Capital Budget are often essential to the city's future, reflecting how New York will evolve in the coming years. Despite the dollars involved and the critical nature of the projects being selected for capital funding, many New Yorkers have little knowledge of how the Capital Budget is developed and implemented. Much of the Capital Budget data available to the public is very difficult to interpret and/or incomplete. This guide will attempt to decode the Capital Budget, providing explanations of the key aspects of this important but often neglected part of the city budget.



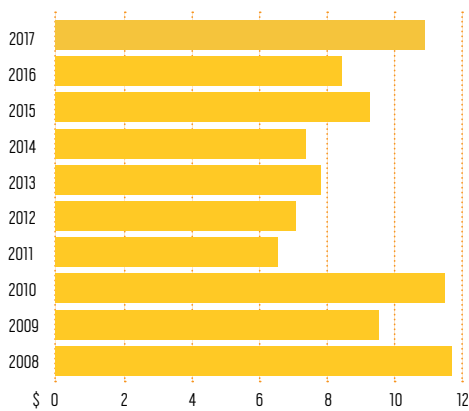


What Is The Capital Budget ?

When most people think of New York City’s budget what typically comes to mind are expenditures on such things as the salaries of teachers and police or the cost of garbage pickup. These types of expenses are normally funded through the city’s day-to-day operating or Expense Budget and paid for with the revenue collected by the city primarily from taxes, fees, fines, or grants from other governmental entities.

Actual Capital Commitments 2008-2017

Dollars in billions



SOURCE: Monthly Transactional Analysis Reports

Similar to many household budgets, the city pays for these costs out of funds available in its bank account, also known as the General Fund. But funding for the construction of the schools in which the teachers teach and the acquisition of the garbage trucks that haul the city’s garbage is provided for in the city’s Capital Budget. New York City’s Capital Budget presents the funding plans for city construction and repair projects, and purchases of land, buildings, or equipment. Technically speaking, a “capital project” involves the construction, reconstruction, acquisition, or installation of a physical public improvement with a value of \$35,000 or more and a “useful life” of at least five years.

The city finances its capital program almost entirely by borrowing money, usually through the sale of bonds. This differs from the city’s Expense Budget, which is financed by city taxes and other revenues along with state and federal aid. Although the city also receives state and federal aid to fund its capital budget, in fiscal year 2017 over 84 percent of the capital program was funded by the city itself.

Total annual capital commitments (the value of all capital contracts registered in a given year) peaked at \$11.7 billion in 2008, falling to \$6.6 billion in 2011 before rebounding to \$10.9 billion in 2017.

The Capital Budget And Its Components

The city's Capital Budget, presented by the Mayor and adopted by the City Council is published as a single document. But the Capital Budget is not the only document issued by the city regarding its capital projects. There are multiple other publications that both compliment and supplement the information provided in the budget. These documents provide the framework on which the Capital Budget is constructed.

The Capital Budget. The Mayor submits an Executive Capital Budget concurrently with the Expense Budget each April. This budget proposes a level of funding (appropriation) for capital projects for the coming fiscal year, and estimates the funds that will be needed in each of the three following years. Spending for individual capital projects may not exceed the amount appropriated by the City Council in the Adopted Capital Budget. Approval from the mayor's Office of Management and Budget (OMB), in the form of a "certificate to proceed," is required before an agency can commit capital funds by registering a contract for a project. According to the City Charter, funds that are not committed in the fiscal year in which they are appropriated are withdrawn from the Capital Budget unless specifically re-appropriated. The final, or Adopted, Capital Budget is voted on by the City Council along with the Expense Budget by July 1. Funds that are not committed in the current fiscal year are nearly always re-appropriated in the Capital Budget adopted for the subsequent year.

Capital Commitment Plan. The Capital Commitment Plan, issued by OMB three times each year, presents the specific projects that comprise each agency's capital program. The commitment plan provides the anticipated implementation schedule and costs for each phase of capital projects in the current and the next three fiscal years. The first commitment plan of the fiscal year is published within 90 days of the adoption of the Capital Budget (generally by early September). Updated commitment plans are issued in January and April along with the Mayor's Preliminary and Executive Budget proposals.

The commitment plan, as its name suggests, is a planning document presented by the Mayor which presents the amount the city plans to commit for capital projects. While this document and the projects presented within it are neither voted on nor approved by the City Council, it has a critical role in the budget process. The level of commitments for the coming year presented in the commitment plan will determine how much new appropriations the City Council is asked to adopt for the next fiscal year. These appropriation levels are presented in the Capital Budget.

What is an appropriation?

Appropriation is the authorized amount of spending approved by the City Council for the capital program.

The city's Adopted 2018 Capital Commitment Plan, which covers fiscal years 2018 through 2021, totals \$68.6 billion. Education, environmental protection, and transportation projects are expected to receive 50.3 percent, or \$34.5 billion, of planned capital commitments. Education projects represent the largest share, 17.6 percent, or \$12.1 billion, of planned commitments. Transportation projects account for 16.5 percent, or \$11.3 billion, of the commitment plan while environmental protection accounts for 16.2 percent, or \$11.1 billion.

Ten-Year Capital Strategy. The Ten-Year Capital Strategy is the city's statement of its long-range goals and guiding principles for management of its capital assets. The strategy presents the goals, policy constraints, assumptions, and criteria for assessing the city's capital needs for the ensuing 10 years. The document also provides the anticipated sources of financing and the implications of the strategy, including any possible economic, social, and environmental effects. Although the strategy presents capital projects in broad categories that reflect city agency goals, for many agencies there is no way to link the categories presented in the strategy with the projects presented in the Capital Commitment Plan.

In November of every even-numbered year, the Mayor's Office of Management and Budget and the Department of City Planning jointly prepare a draft Ten-Year Capital Strategy. After a public hearing and report by the City Planning Commission, the final version of the strategy is released with the Executive Budget in odd numbered years.

What \$10 Million in Capital Spending Buys

Sanitation	29 dual-bin recycling trucks
Parks	2 new turf football fields
Fire	7 ladder trucks
Education	Purchase 1,250 smartboards
Transportation	63 lane-miles of city streets resurfaced (about 6 percent of total lane miles resurfaced each year)
Environment	9,006 feet of new or reconstructed sewers
Correction	Construction of space for 26 jail beds
Parks	Lighting for 9 baseball fields

SOURCE: IBO



Commitments and Expenditures

A “capital commitment” occurs when the City Comptroller registers a contract to construct or purchase a capital asset. The city can register a contract in one fiscal year for a project that will actually take more than one year to complete. For budgeting purposes, the entire contract amount is registered as a commitment in that year, but the expenditure — actual cash outlays — will take place over the life of the project, typically at defined milestones agreed to between the city and the contractor.

How to Read The Capital Commitment Plan

The Capital Commitment Plan presents new and on-going capital projects to be implemented within the appropriated funding levels. The information presented in the Capital Commitment Plan is divided by agency. Within each agency the plan is subdivided by budget line. Budget lines may be either for discrete projects (for example, “Reconstruction of 1st Avenue, Brooklyn”) or they may be a collection of projects that provide funds for similar types of work at multiple locations (for example, “Improvements to Highway Bridges and Structures, Citywide”). The document provides the total amount of funding planned to be committed for each budget line as well as for each unique sub-project within that budget line.

Within each sub-project, the plan presents the commitments for the discrete phases of the project (for example, scope, design, and construction). Some projects’ commitments include planned contingency funds to cover unexpected costs and funds for inter-fund agreements (IFA)—amounts transferred from the city’s capital fund to the general fund

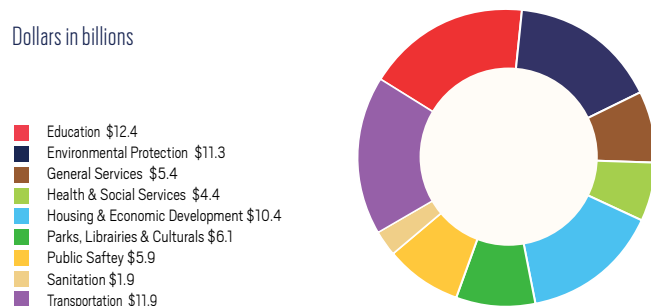
as reimbursement for costs related to any capital planning, design, and supervision performed by city employees. Under city rules, IFA expenditures may be financed with proceeds from long-term borrowing.

The commitment plan provides a short description of the purpose of each budget line; a more complete description is presented in the Adopted Capital Budget. Each budget line includes a schedule of planned commitments for capital projects spanning the ensuing 10 years. The commitment plan also contains a “milestone” field to indicate the project’s current status along with projected start and end dates — for example, “develop scope,” “final design,” “bid award and register,” or “begin construction.” Unfortunately these fields are generally left blank. Moreover, where status is included it is rarely updated between plans. This means that it is usually necessary to contact the appropriate city agency to determine the status of a project.

As mentioned previously, budget lines can be general in nature comprised of many sub-projects or they can be very specific, providing the plan for one distinct project. Most of the city’s large-scale capital projects are funded through a single budget line. Capital projects such as the construction of the new Yankee Stadium or the development of Atlantic Yards appeared in the capital budget as one budget line with only one or a few sub-projects. While these large-scale projects required hundreds of millions of dollars of capital expenditures, the Capital Commitment Plan provided little itemization of what in particular the funds were planned for. On occasion, when multiple agencies fund projects, they can be dispersed throughout the commitment plan. An example of this is the capital reconstruction of Beach Channel Drive after Hurricane Sandy, which is funded in multiple budget lines in both the Department of Environmental Protection and the Department of Transportation.

Citywide Authorized Capital Commitments 2018-2021

Dollars in billions



SOURCE: Fiscal Year 2019, Preliminary Capital Commitment Plan (February 2018)

Establishing Capital Budget Priorities

The Capital Commitment Plan translates the appropriations authorized under the Adopted Capital Budget into a schedule for implementing individual projects. The fact that funds are appropriated for a project in the Adopted Capital Budget does not necessarily mean that work will start or be completed that fiscal year. The choice of priorities and timing of projects is decided by OMB in consultation with the agencies, along with considerations of how much the Mayor thinks the city can afford to spend on capital projects overall.

The sum of all the projects that OMB authorizes for the current year usually exceeds what it actually expects city agencies to undertake—these expectations are referred to as the commitment targets. Subject to Mayoral and Council approval, uncommitted funds are rolled over, or transferred, into the subsequent year; in practice, almost all uncommitted funds are rolled over.

The difference between authorized commitments and the commitment targets is referred to as the “reserve for unattained commitments.” The reserve is simply the difference between the sum of all projects authorized for the year, and the target set by OMB. Having a spending target that is below the plan level provides the agencies and OMB flexibility for delays, changes in project scope, and other adjustments to capital projects. On occasion, however, because projects get dropped from the plan or appropriations are greater than necessary, the total of appropriations available in a budget line greatly exceeds the total of planned commitments in that budget line.

Under such circumstances the Mayor is able to insert new capital projects without the authorization of the City Council.

Timeline for the Capital Budget

The preparation of the Capital Budget is a process that lasts many months and is intended to take into account neighborhood, borough, and citywide needs (see page 12 for a detailed timetable). The process begins in the fall, when each of the city’s 59 community boards holds public hearings on the capital needs of its district. After the public hearings, each community board submits a statement of its capital priorities for the next fiscal year to the Mayor and appropriate Borough President.

Also in the fall, as part of preparing the Mayor’s Preliminary Budget, city agencies make detailed estimates of their capital needs for the upcoming fiscal year and three



Managing Capital Projects

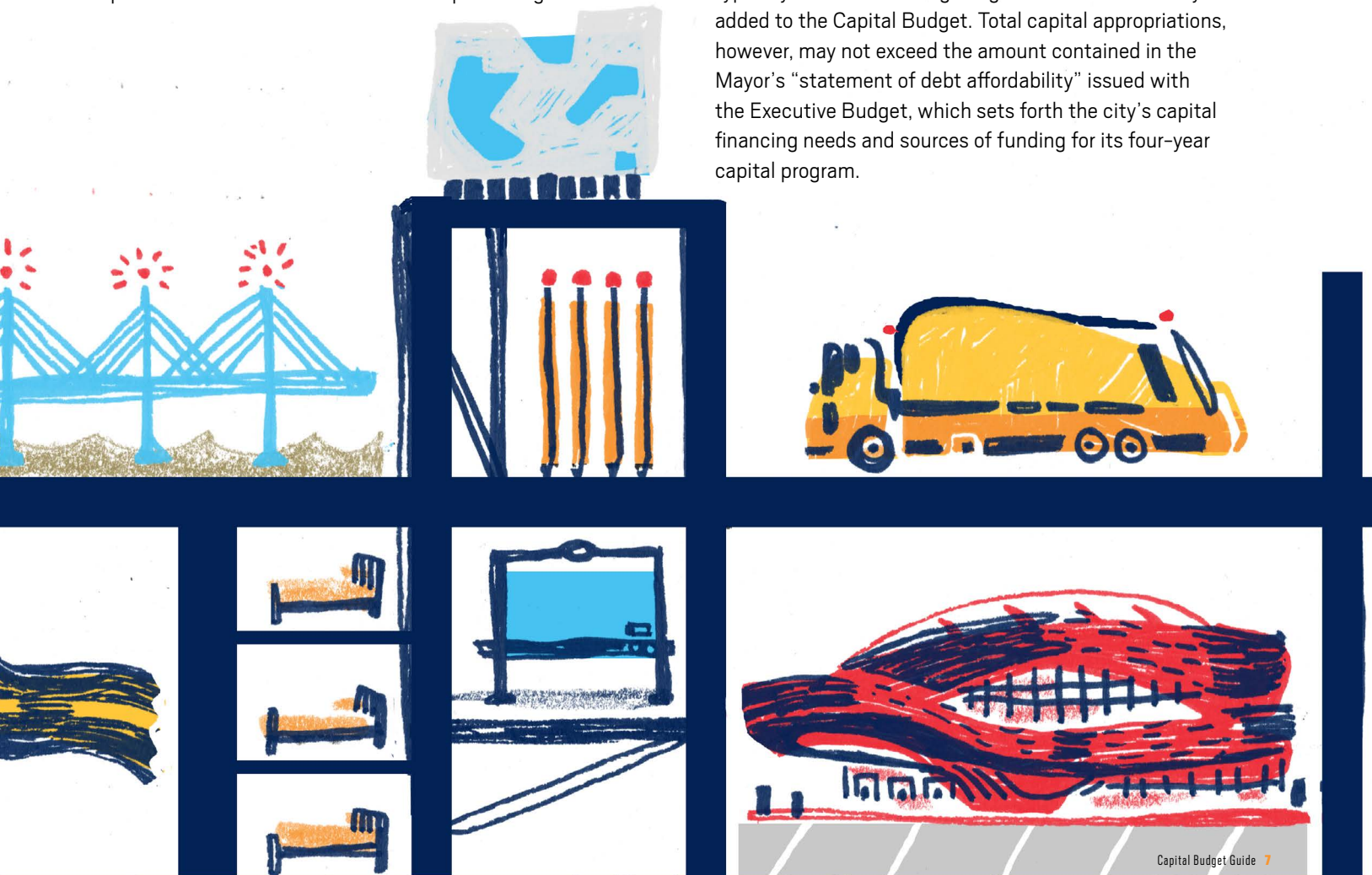
Twenty-eight city agencies have a capital program. For some of these agencies, particularly those with small capital budgets, managing their programs would be difficult and inefficient. Two primary agencies — the Departments of Design and Construction and Citywide Administrative Services — provide capital program management services for many of these smaller agencies. Other agencies such as the Economic Development Corporation manage capital projects for the benefit of other agencies.

succeeding years. In developing these estimates, agencies are required to consult with the community boards and consider their capital priorities.

The Mayor is required to present the Preliminary Capital Budget by January 16, after which the community boards and Borough Presidents hold public hearings and evaluate the responsiveness of the proposed budget to their capital priorities. Each Borough President then issues a set of recommendations to the Mayor and City Council for modifying the capital proposals. The City Council holds hearings on the Mayor's Preliminary Budget proposals in March and sends its recommendations to the Mayor for potential inclusion in the Executive Capital Budget.

The recommendations presented to the Mayor by the community boards, Borough Presidents, and City Council are not generally included as part of the Mayor's Executive Budget although some of the proposals ultimately may become part of the adopted plan.

The Mayor is required to submit the Executive Capital Budget to the City Council by April 26. The Borough Presidents again comment to the Mayor and City Council on the proposed budget. The City Council holds another round of hearings and must adopt the budget no later than June 30; if the new budget is not adopted by June 30, the prior year's capital budget remains in effect. The City Council's priorities are typically addressed through negotiations with the Mayor and added to the Capital Budget. Total capital appropriations, however, may not exceed the amount contained in the Mayor's "statement of debt affordability" issued with the Executive Budget, which sets forth the city's capital financing needs and sources of funding for its four-year capital program.



City Council and Borough President Capital Allocations

In addition to commenting on the Mayor’s capital proposals, each year City Council Members and Borough Presidents add projects to the Capital Budget in order to benefit communities in their respective districts and boroughs or in the city as a whole. These projects may also receive funding from other sources, including other city funds, and state, federal, and private grants.

As set forth in the City Charter, the Borough Presidents collectively receive an allocation of capital funds equal to 5 percent of any increase in planned discretionary appropriations between the Adopted Capital Budget for the current fiscal year and the Executive Capital Budget for the upcoming year. In theory, the Mayor’s budget office calculates the increase

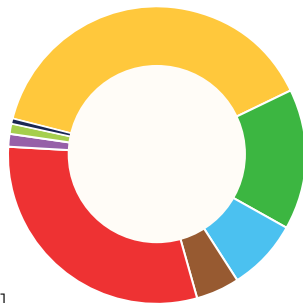
in discretionary capital funds from which the 5 percent is allocated; several capital program areas are excluded from the calculation either because they are not funded by debt supported by city tax dollars or state and federal grants, or because the city does not have substantial discretion over them. One example of this is judgments and settlements. In practice, however, the Borough Presidents negotiate with the Mayor’s Office of Management and Budget on the total amount of capital funds allocated to them in the capital budget. The capital funds received by the Borough Presidents are allocated to each borough based on a formula that takes into consideration the borough’s population and total geographic area.

Unlike the Borough Presidents, the City Council does not receive a discrete amount of funding within the Capital Budget to provide for capital priorities. Technically, because the City Council adopts the budget, all projects in the Adopted Capital Budget are approved by the City Council. Viewed from this perspective, the City Council has the ability to add any number of capital projects to the Capital Budget without the consent of the Mayor. Doing so, however, would risk a Mayoral veto of the budget as a whole. Consequently, all City Council additions to the Capital Budget are the result of negotiations with the Mayor.

Where Do Borough Presidents Allocate Their Capital Funds?

2018-2021 Capital Commitment Plan

Dollars in millions



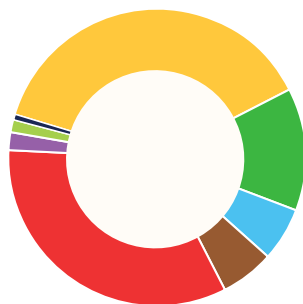
SOURCE: OMB Fiscal Year 2019 Preliminary Capital Commitment Plan (February 2018)

NOTES: Plan categories defined by IBO, General Services includes public buildings and citywide equipment purchases.

Where Do Council Members Allocate Their Capital Funds?

2018-2021 Capital Commitment Plan

Dollars in millions



SOURCE: OMB Fiscal Year 2019 Preliminary Capital Commitment Plan (February 2018)

NOTES: Plan categories defined by IBO, General Services includes public buildings and citywide equipment purchases.

City Council

The Adopted 2018 Capital Commitment Plan, covering fiscal years 2018–2022, includes a total of \$1.9 billion for City Council sponsored projects in fiscal year 2018. Roughly 50 percent or \$942 million of the City Council’s capital funds are allocated to parks, libraries, and cultural institutions. Other capital areas receiving a large share of Council support include education (24 percent, or \$447 million), housing and economic development (12 percent or \$227million), and health and social services (6 percent, or \$114million).

Borough Presidents

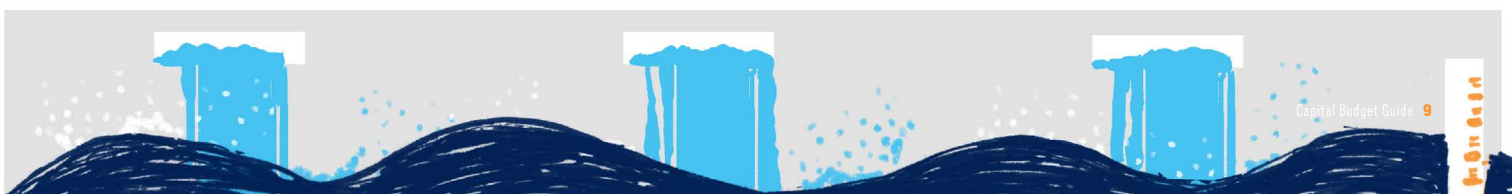
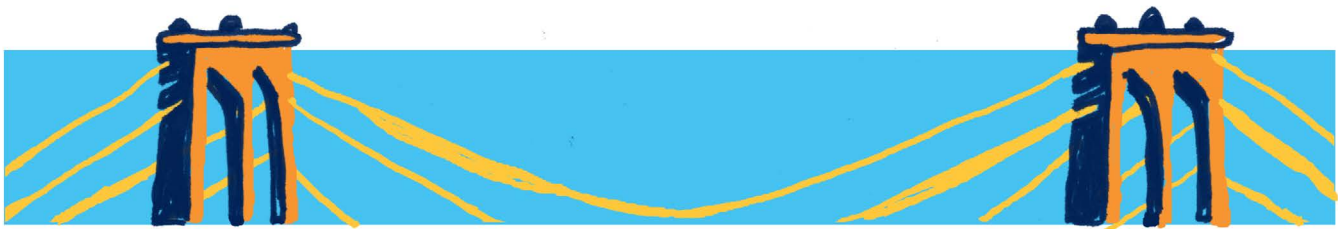
The Adopted 2018 Capital Commitment Plan includes \$921 million for Borough President sponsored projects. Roughly 53 percent or \$490 million of the Borough Presidents’ capital funds are allocated much like the City Council’s: to parks, libraries, and cultural institutions. Other capital areas receiving a large share of capital funding are education (25 percent, or \$231million) and housing and economic development (10 percent, or \$92 million).

Tracking the Progress of Capital Projects

The Capital Commitment Plan is not a project tracking document. To enable users to track a project's status, the city publishes a detailed, multi-volume report—the Capital Project Detail Data report. This report is designed to present information on cost, budget, scope, and milestones, and, where applicable, the community board in which the project was located. OMB also produces a detailed geographic version of the commitment plan that is divided up and distributed to the community boards.

In addition, the City Comptroller publishes a report by December 1st each year in the City Record on the status of existing capital projects as of the July 1st start of the fiscal year. This report shows actual spending—as opposed to commitments—in the previous fiscal year by agency and budget line. It also shows the amount appropriated, spent, and currently encumbered (funds set aside because a purchase order or contract has been signed) since the project's inception, and the balance of remaining appropriations.

If these documents do not provide sufficient information on the status of a capital project, inquiries may be made to the appropriate city agency.



Main Types of Capital Financing

The city takes on long-term debt by issuing bonds to build, maintain, and improve the city's infrastructure and other capital assets. Every year, a portion of the city's Expense Budget must be used to fund debt service, the payment of interest and principal on debt outstanding. In 2017, debt service on general obligation, Transitional Finance Authority, or TFA, and capital lease obligations (adjusted for prepayments) accounted for \$6.2 billion of General Fund spending—about 11.4 percent of city tax revenues. Thus, there is an important relationship between the Capital and Expense Budgets. Currently, the city only issues general obligation and TFA debt to finance its capital expenses.

In 2017 the city had over \$86 billion in debt outstanding, about \$10,113 per city resident. The debt is comprised of:

- General Obligation (GO) debt: \$37.9 billion
- Transitional Finance Authority debt: \$29.3 billion (not including Building Aid Revenue Bonds and World Trade Center-Recovery Bonds)
- Conduit Debt: \$4.7 billion
- Tobacco Settlement Asset Securitization Corporation debt: \$1.1 billion

General Obligation debt is backed by the general revenues (full faith and credit) of the city. That is, the city promises in good faith to use its general powers to collect sufficient revenues to make principal and interest payments on the debt as they become due—in particular, property tax revenues are pledged to GO debt service before they are available for other city spending. The amount of outstanding GO debt is limited by the State Constitution to 10 percent of the five-year average of the full value of taxable real property in the city, as determined by the state. The city's constitutional debt limit is \$98.2 billion in 2018 and \$105.7 billion in 2019.

Transitional Finance Authority Authority issues debt backed by personal income tax revenue. When New York City's debt neared the constitutional limit in the late 1990s, the

city received approval from the State Legislature to create the TFA to issue debt backed by income tax revenues. This allowed the city to continue funding its capital program with debt that is not subject to the constitutional debt limit. The TFA was originally authorized to issue \$13.5 billion of bonds for general capital purposes, but by 2009 its issuing capacity had been exhausted. In July 2009, the state authorized the city to issue additional bonds through the authority; however, any TFA debt exceeding the \$13.5 billion cap is now subject to the constitutional debt limit. The city can now finance up to half of its capital program with TFA bonds and the remainder with general obligation bonds.

Tobacco Settlement Asset Securitization Corporation was created in 1999 to issue debt secured by a portion of the city's share of revenues from the settlement of claims against tobacco companies.

Conduit Debt is an alternative to long-term debt financing. These obligations occur when the city enters into long-term lease agreements where another entity (such as a private company, public authority, or state agency) finances construction of a building or other capital asset. The city then makes annual lease payments that cover the debt service. The lease payments are included in total debt outstanding, but not in calculations of the general debt limit because the city does not issue debt for the project. Thus conduit debt allows the city to meet capital needs while bypassing the constitutional debt limit. An example of this type of debt is debt issued by the Dormitory Authority of the State of New York to construct courthouses in New York City.

Pay-As-You-Go is another alternative to debt financing. Some capital projects are funded not by long-term debt but by current revenues, appropriated annually out of the Expense Budget. This is called pay-as-you-go, or PAYGO, capital spending. When the city has enjoyed substantial budget surpluses, elected officials and others have advocated using a portion of the surpluses to reduce the debt needed to fund the city's capital program. Using PAYGO helps the city meet its capital needs without adding to total debt outstanding. This option for financing capital projects has not been used by the city in a number of years.

Why Borrowing?

Why is the capital program primarily financed by issuing long-term debt?

There are two main reasons:

As a matter of equity, it seems fair that current taxpayers should help pay for the use of facilities that they utilize that may have been constructed before they were citizens of the jurisdiction. Why should taxpayers who happen to be city residents for the one or two years it takes to construct a public library pay the full cost of a facility which their children, grandchildren, and even more distant generations would then enjoy for free?

Because capital projects vary considerably in size, complexity, and cost, the stream of expenditures can be considerably “lumpier” than it is for the Expense Budget items. To pay for the entire capital program as part of the general budget would create wild fluctuations in expenses from year to year — an undue and unpredictable burden on taxpayers.



Capital Budget Timetable



October 1	Mayor's submission of the amounts necessary to meet the city's capital needs
November 1	The Directors of the Mayor's Office of Management and Budget and (even-numbered years) the Department of City Planning submit a draft Ten-Year Capital Strategy
November 15	The Mayor submits a citywide Statement of Needs concerning city facilities
Thirty days prior to submission of departmental estimates	Each Community Board submits a statement of its Capital Budget priorities to the Mayor and the appropriate Borough President
Set by Mayor	Each agency submits a detailed estimate of its need for capital funds to the Mayor
December 1	The Comptroller submits a report providing the amount and nature of all payment obligations for each pending capital project
January 16	The Mayor submits a preliminary certificate setting the maximum amount of capital debt, appropriations and expenditures. Sets date for Borough Presidents to propose how they will spend their allocations
January 16 (odd-numbered years)	The City Planning Commission responds to the draft Ten-Year Capital Strategy
January 16	The Mayor issues the Preliminary Budget for the ensuing fiscal year
February 1	Each Community Board presents an assessment of the responsiveness of the Preliminary Budget to the district's statement of budget priorities
February 25	Each Borough Board submits a comprehensive statement on the budget priorities of the borough
March 10	Borough Presidents submit any proposed modifications of the Preliminary Budget to the Mayor and the Council
March 15	The Independent Budget Office publishes a report analyzing the Preliminary Budget for the ensuing fiscal year.
March 25	The Council, through its committees, holds hearings on the program objectives and fiscal implications of the Preliminary Budget, the statements of budget priorities of the Community Boards and Borough Boards, the draft Ten-Year Capital Strategy and the City Planning Commission's response, the Borough Presidents' recommendations, and the status of capital projects previously authorized.
April 26 (odd-numbered years)	The Mayor issues the Ten-Year Capital Strategy
April 26	The Mayor submits a proposed Executive Capital Budget to the Council
May 6	Each Borough President submits a response to the Mayor's Executive Budget to the Mayor and the Council
May 15	The Independent Budget Office publishes a report analyzing the Executive Budget for the ensuing fiscal year
Between May 6 and May 25	The Council holds public hearings on the budget as presented by the Mayor.
June 5	Adoption of the budget by the Council. In practice adoption often occurs after June 5 but always before July 1
The fifth day after adoption of the budget by the Council	Date by which Mayor must exercise veto
Within 10 days of the Mayor's veto	Date by which Council must act to override Mayor's veto
The day after the budget is Adopted	The budget as finally adopted is certified by the Mayor, the Comptroller, and the City Clerk as the budget for the ensuing fiscal year
Thirty days after the budget is Adopted	The Mayor prepares a statement of how the Capital Budget and Program as adopted vary from the Ten-Year Capital Strategy
July 1	The new fiscal year begins

NOTES: Timetable based on City Charter provisions; dates may be changed by annual legislation

Glossary of Common Capital Budget Terms

Advice of Award. Notification sent by managing agency to Comptroller that a contract has been awarded. This allows the Comptroller to register the contract.

Appropriation. The amount of money allocated to a budget line in the Adopted Capital Budget.

Budget Amendment. A change in the Capital Budget. It can be made for a change in appropriation, title, or addition of a new project or appropriation, or both.

Certificate to Proceed. Approval from OMB that sets forth the terms and conditions under which the capital project shall proceed and informs the Comptroller of the amount of obligations to be used for financing the capital project.

Commitment. In general, a capital commitment is a contract awarded by the managing agency and registered by the City Comptroller.

Debt Limit. A limit on long-term borrowing imposed by the New York State Constitution. The total amount of outstanding city debt cannot exceed 10 percent of the five-year average full value of the city's taxable real estate as calculated by the state.

Debt Service Funds. Funds budgeted in the Expense Budget for the payment of principal and interest on debt.

Encumbered Funds. Funds that are contractually obligated, but have not yet been spent.

Exempt Funds. Certain city capital funds may be exempt from—that is, not charged against—the debt limit, and are designated in capital budget documents as CX. Exempt debt includes debt issued by the Municipal Water Finance Authority for water supply and treatment facilities and by the state for court buildings.

Expenditures. Also “liquidated expenditures.” Actual cash outlays, as opposed to commitments, which include future obligations.

General Fund. The account of funds used for the general operations and activities of the city. These funds are not assigned to a special purpose or use.

Inter-Fund Agreement. An internal contract that allows the Capital Fund to reimburse the General Fund (Expense Budget) for the cost of city employees who work on capital projects.

Line Project. A site-specific or activity-specific construction, equipment, or land acquisition project that is identified as a separate project in the Capital Budget.

Local Finance Law. The types of improvements or construction projects that may be funded in the Capital Budget are determined by the State Legislature in the Local Finance Law

Lump-Sum Project. A grouping of related projects or purchases to be carried out or made at various locations or facilities. Lump sum projects are classified as construction and reconstruction, equipment purchase, land acquisition, or design.

Managing Agency. Agency responsible for implementation of a capital project. See also Project Type.

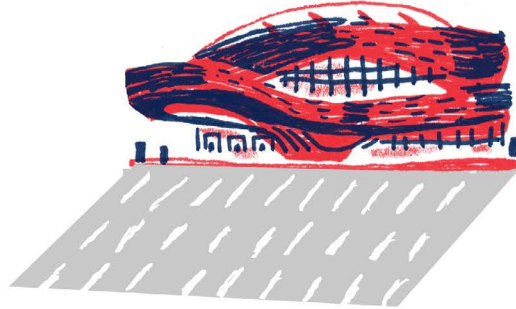
Non-Exempt Funds. All capital fund financed by debt issued by New York City itself are “non-exempt” (designated CN).

Period of Probable Usefulness. The number of years established in the state Local Finance Law as the useful life of a particular type of capital expenditure. The maximum term of a bond sold to finance a capital expenditure may not exceed that asset's period of probable usefulness.

Project Type. A two-letter code indicating which city agency will own and maintain the capital asset to be acquired, built, or reconstructed.

Registration. Process by which the City Comptroller legally binds the city to an awarded contract.





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