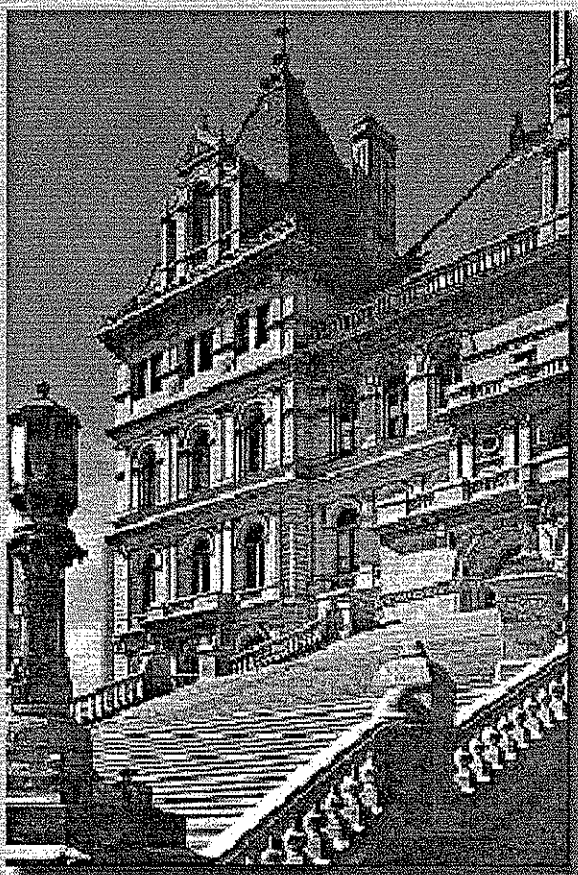


New York State 1998-99 Financial Plan First Quarterly Update



July 30, 1998

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INTRODUCTION

This is the first quarterly update to the Financial Plan for the 1998-99 fiscal year, submitted pursuant to State Finance Law. In addition to a revised projection of the cash-basis financial plan for 1998-99 this report provides an early update to the 1998-99 plan reflecting Generally Accepted Accounting Principles (GAAP) which is due September 1, 1998.

The update presents revised estimates of receipts and disbursements for the current fiscal year and shows modest improvements in the receipts estimates from those reported in the Enacted Budget Report, presented in June. The revised estimates reflect an analysis of year-to-date receipts and disbursements, revisions to the economic forecast and an assessment of additional pertinent developments.

SUMMARY

The State's economic climate continues to strengthen, generating sustained budgetary improvement.

- ▶ The number of private sector jobs has increased by almost 330,000 since December 1994.
- ▶ The unemployment rate fell to 5.5 percent in June, the lowest level in almost a decade.
- ▶ Based on the better-than-anticipated employment performance, the forecast of employment growth for 1998 has been raised significantly.

- ▶ For the first time since adopting GAAP accounting principles in 1982-83, the State has achieved an accumulated GAAP surplus converting the accumulated GAAP deficit of \$3.3 billion at year-end 1994-95 to a surplus of \$567 million by the end of 1997-98; the revised GAAP plan projects the accumulated surplus to continue through the end of the current year.
- ▶ Based on improved economic conditions and continued sound financial practices, a cash reserve for future needs of \$1.01 billion is estimated for State fiscal year 1998-99, an increase of \$250 million since the estimate contained in the Enacted Budget Report.

This update incorporates modest upward revisions to the receipt estimates contained in the financial plan, reflecting the improved performance of the State economy and the resulting positive impact on receipts. The economic forecast underlying the financial plan has been updated to reflect stronger employment growth at the State level and overall improvement in national economic conditions. No changes have been made to the disbursement estimates contained in the Enacted Budget Report, with year-to-date variances reflecting mainly timing differences that should not have an impact on annual projections.

ECONOMIC FORECAST

National Economy

MAJOR ECONOMIC INDICATORS			
Calendar Year - Percent Change			
	<u>1997</u>	<u>1998</u>	<u>1999</u>
Gross Domestic Product (real)	3.8	3.3	2.1
Personal Income	5.8	5.4	4.5
Corporate Profits	7.9	0.5	-2.5
Consumer Price Index	2.3	1.8	2.7

The national economy strengthened during 1997 and accelerated its rate of expansion as 1998 began. Growth in the first quarter of 1998 was a robust 5.4 percent, but recent data suggests that the expansion weakened substantially during the second quarter. Growth in the second half of 1998 is expected to remain

moderate on average, although the General Motors strike may distort quarterly growth rates. Consequently, the Federal Reserve Board (FRB), which has held the Federal funds rate constant since March 1997, is expected to keep the rate constant through the end of 1998. By 1999, the spillover effects of the financial and economic turmoil in Asia are projected to slow national economic growth sufficiently so that the FRB will lower short-term interest rates early in the year.

In spite of the moderating growth expected for the remainder of 1998, real Gross Domestic Product is projected to grow at a healthy annual rate of 3.3 percent, due to the strong first quarter growth. The Division of the Budget (DoB) forecast for 1998 is identical to the widely followed Blue Chip consensus of national economic forecasters. Inflation, as measured by the Consumer Price Index, is expected to increase by only 1.8 percent in 1998, followed by a 2.7 percent increase in 1999 as health and energy costs accelerate.

Job growth has been strong recently, but is expected to ease soon. Annual employment growth of about 2.5 percent in 1998 is expected to be followed by a 1.6 percent rise in 1999. The strong employment gains in the last five years have driven the unemployment rate down to remarkably low levels. Even with the anticipated economic slowdown, the unemployment rate is expected to remain below 5.0 percent in 1999. Wage income, which is expected to grow at the rapid rate of 6.8 percent in 1998, will slow to 5.0 percent in 1999 as the rate of increase in the number of hours worked declines from 2.8 percent to 1.3 percent. Personal income growth will also slow from 5.4 percent in 1998 to 4.5 percent in 1999.

After several years of large percentage increases, corporate profit growth is projected to flatten out in 1998, growing by only 0.5 percent, followed by a slight decline in 1999 as profit margins are squeezed in the face of increasing wage costs and worldwide price competition.

There are uncertainties inherent in any economic forecast. Consumer spending and business investment could continue to increase at a surprisingly vigorous rate, even in the face of weakening foreign demand for U.S. goods and services. Alternatively, expanding trade deficits, rising labor costs and a slowdown in consumer spending could cut into profits more sharply than anticipated and deflate financial markets, resulting in a much weaker-than-expected economy in the second half of 1998.

State Economy

MAJOR ECONOMIC INDICATORS			
Calendar Year - Percent Change			
	<u>1997</u>	<u>1998</u>	<u>1999</u>
Personal Income	5.7	4.8	4.2
Nonagricultural	1.5	1.9	1.0
Unemployment Rate (%)	6.4	5.8	5.7

New York's employment growth will continue throughout 1998 and has exceeded prior expectations. This update revises the forecast of State employment growth from 1.5 percent to 1.9 percent for 1998 reflecting strong employment gains through June.

With the exception of government and manufacturing, every sector recorded employment gains for the first six months of 1998, with the service and trade sectors accounting for most of the increase. Much of the service sector increase occurred in business services. According to data through June, since December 1994, total employment has risen 286,000, with private employment up by 330,000 and government employment down by 44,000. The unemployment rate was 5.5 percent in June, down from a peak of 8.9 percent in July 1992.

Overall, employment growth in 1998 will be faster than in 1997, with growth in the second half of the year somewhat slower than in the first; banking and hospital employment will continue to shrink, and government employment will stabilize after several years of significant declines. Employment in the first quarter of 1999 is projected to be about 100,000 above the level of a year earlier. The Division of the Budget's forecast of the New York economy calls for employment growth to continue throughout 1999, adding some 85,000 jobs on an annual average basis.

Personal income should rise about 4.8 percent in 1998 and around 4.2 percent in 1999. Over the same period, wage growth will approximate 6.0 percent and 4.9 percent, respectively. Wage rate growth is expected to slow in 1999 as the recent boom in bonus payments begins to moderate.

The forecast for New York is subject to the same uncertainties as the national forecast, as well as some which are specific to New York. For example, with the stock market fueling a significant portion of the State's fiscal fortunes, New York faces the particular risk that economic or financial news could cause the stock and bond markets to react dramatically, resulting in profits in the security industry that are

inconsistent with the DoB's bonus payment forecast. Similarly, there is still uncertainty about the magnitude of the effects of the Asian financial and economic problems on the New York economy. In addition, there is a possibility of greater-than-anticipated private-sector restructuring and downsizing.

GENERAL FUND

Receipts

Total General Fund receipts are projected at \$37.81 billion, an increase of \$250 million over the financial plan presented in the Enacted Budget Report. In most receipt categories, results through the first quarter of the fiscal year are consistent with that report and there are only minor changes in the estimates. However, strong first quarter results in personal income and sales tax collections in conjunction with continued strength in the economy have prompted modest upward revisions to the estimates for these taxes. Receipts for the personal income and sales tax are revised upward by \$229 million. A small downward revision in the business tax category and an increase in transfers to the General Fund, some of which is also attributable to strength in the sales tax, accounts for the remainder of the change in the receipts estimate. As a consequence of these revisions, the growth in General Fund receipts, over fiscal year 1997-98 actual results, increases from 8.7 percent to 9.4 percent.

Personal Income Tax

Expected personal income tax receipts have been increased by \$164 million. The revised estimate of \$21.41 billion is up \$3.65 billion from last year's total receipts, with \$2.4 billion of the increase reflecting the net impact of the transfer of the surplus from State fiscal year 1997-98 to the current year. The positive impact of the transfer of the surplus on income tax receipts is partially mitigated by the diversion of slightly over \$700 million in income tax receipts to the STAR Fund to finance the initial year of the school property tax reduction program.

After accounting for the impact of the refund reserve account, first quarter income tax collections were quite strong. Both the withholding and estimated payment components of the income tax displayed healthy increases over the same period last year. Since 1997 represented the completion of the 20 percent income tax reduction program enacted in 1995, growth from 1997 to 1998 will be unaffected by major income tax reductions and this is reflected in the strong growth in the first quarter of fiscal 1998-99 income tax receipts. The strength in withholding and estimated tax payments can also be attributed to the continued improvement in the

State's economy as well as to a continuation of the strong performance of the financial sector.

Withholding receipts through June increased by 12 percent over the same period last year. Estimated tax payments on 1998 income are up over 20 percent for the first quarter of the fiscal year over the first quarter of State fiscal year 1997-98. The dollar volume of refunds issued through June of this year is almost identical to the results of the first quarter of last year.

The Enacted Budget Report increased the financial plan estimate of income tax receipts reflecting the impact of the 1997 tax year settlement. This update reflects only minor revisions based on the impact of full first quarter results on the 1997 settlement. The current revision to the withholding forecast reflects the impact of strong June results and is consistent with the forecast of overall strength in the State economy.

User Taxes and Fees

Receipts from user taxes and fees are now expected to total \$7.21 billion, an increase of \$173 million, or 2.5 percent, over State fiscal year 1997-98 totals. The estimated total for user taxes and fees is increased by \$66 million over the Enacted Budget Report reflecting strong first quarter results for the sales tax and an improved economic outlook in terms of consumer spending for the remainder of the fiscal year. There are only minor adjustments made to the remaining components of the user tax and fee receipts category.

The sales tax component of this category accounts for virtually all of the 1998-99 growth. The yield of most of the excise taxes in this category show a long-term declining trend, particularly cigarette and alcoholic beverage taxes. These General Fund declines are exacerbated in this fiscal year by scheduled and newly enacted tax reductions. Additionally, there is an increase in the earmarking of motor vehicle registration fees to the Dedicated Highway and Bridge Trust Fund.

For the first quarter of the fiscal year, the General Fund portion of sales tax receipts increased by \$80 million or 5.9 percent over receipts in the comparable period of 1997-98. Based on this increase and upward revisions to the forecast of State employment growth and of consumer spending on taxable goods, the General Fund portion of the sales and use tax receipts estimate for the year is increased by \$65 million. There is a corresponding \$16 million increase to the Transfers to the General Fund category representing the increase in the portion of the sales tax dedicated to

support the Local Government Assistance Corporation's (LGAC) debt service that exceeds the LGAC's debt service requirements.

Again, there are only minor adjustments in the estimates of the other user tax and fee sources which include: cigarette and tobacco taxes, the motor fuel tax, motor vehicle fees, alcohol beverage taxes, ABC license fees, the container tax and the auto rental tax. The first quarter of the fiscal year results are consistent with the estimates contained in the Enacted Budget Report.

Business Taxes

Business tax receipts are now estimated to be \$4.95 billion for State fiscal year 1998-99. This represents a \$100 million or almost 2.0 percent decline from 1997-98 results. The business tax receipt estimate is revised down by \$9 million from the Enacted Budget Report largely reflecting the impact of year-to-date results on the estimates.

The year-over-year decline in projected receipts in this category is largely attributed to statutory changes between the two years. These include the first year of the "power for jobs" program and additional diversion of General Fund petroleum business and utility tax receipts. Additionally, the economic forecast has profit growth slowing significantly in 1998.

Business tax receipts through the first quarter of the fiscal year are down \$75 million compared to the same period last year. Corporation franchise tax receipts for the first quarter are down \$72 million compared to last year. Corporation and utility taxes and petroleum business tax receipts are also down slightly for the quarter. Bank and insurance tax receipts are up modestly compared to the first quarter of 1997-98.

Other Taxes and Miscellaneous Receipts

There are no revisions to the Enacted Budget Report estimates for the other taxes and miscellaneous receipts categories. Year-to-date results are consistent with the estimates contained in that report. Other tax collections are estimated to be \$1.02 billion for the year, while miscellaneous receipts are estimated at \$1.40 billion for State fiscal year 1998-99.

Transfers from Other Funds

Transfers to the General Fund are increased by \$29 million. This upward revision stems from two factors: (1) a \$16 million increase in the LGAC transfer reflecting an increase in the excess of dedicated sales tax receipts over debt service

requirements; and (2) in a similar vein, an additional \$13 million in other tax receipts, largely from the real estate transfer tax, that exceed debt service requirements for the Clean Water/Clean Air Fund.

Disbursements

General Fund disbursements and transfers to support capital projects, debt service and other funds are estimated at \$36.78 billion and remain at the same level contained in the Enacted Budget Report. This represents an increase of \$2.43 billion or 7.1 percent from 1997-98 levels, or an average annual increase of only 2.3 percent since 1994-95.

Nearly one-half of the annual increase in the 1998-99 Budget is for education (\$1.12 billion) reflecting increased State aid for schools (\$769 million), funding for special education programs (\$123 million) and increases for the State and City university systems (\$141 million). The remainder of the increase is primarily for Medicaid (\$144 million), other health and social welfare programs including children and family services (\$208 million), mental hygiene (\$161 million), the Judiciary (\$145 million), and public protection (\$90 million).

First Quarter Cash-Basis Results

The General Fund ended the first quarter with a balance of \$3.98 billion, \$1.64 billion more than at June 30, 1997, primarily reflecting the higher 1997-98 cash surplus and larger balances in the Tax Stabilization Reserve Fund, the Contingency Reserve Fund, and the Community Projects Fund.

Receipts

Total General Fund receipts for the first quarter of the year reached \$11.9 billion, an increase of over \$1.6 billion, or 16 percent, for the comparable quarter of the prior year. Virtually all of the increase was accounted for by higher income tax receipts as both business and other tax categories recorded year-over-year declines.

Disbursements

Total General Fund disbursements for the first quarter totaled \$8.58 billion, an increase of \$223 million from 1997-98 levels for that period. These results are right on track with the projections contained in the 1998-99 Financial Plan, with variances attributable to timing related factors that should not affect year-end totals.

Fund Balance

The 1998-99 Financial Plan projects a closing fund balance in the General Fund of \$1.67 billion. This reflects a reserve of \$1.01 billion for future needs, a \$400 million balance in the Tax Stabilization Reserve Fund (TSRF), a balance of \$100 million in the Contingency Reserve Fund (CRF), after a projected deposit of \$32 million in 1998-99, and a balance in the Community Projects Fund of \$158 million. Since 1994-95, the State has more than tripled its "rainy day" reserves by adding over \$200 million to the TSRF and about \$100 million to the CRF.

OTHER GOVERNMENTAL FUNDS

All Governmental Funds

Total spending from All Governmental Funds is projected at \$71.54 billion in 1998-99 and remains at the same level contained in the Enacted Budget Report.

State Funds

Consistent with the General Fund and All Governmental Funds, disbursement estimates in State Funds are projected at the level contained in the Enacted Budget Report.

GAAP FINANCIAL PLAN

Statutory reporting requirements provide for updates to the State's projected financial results when presented on a GAAP basis on or before September first of each year. Tables in this report contain such revised projections, based on the cash estimates reflected in this update and actual results for the 1997-98 fiscal year as reported by the State Comptroller earlier this month.

According to that report, on March 31, 1998, the State recorded its first-ever, accumulated GAAP-basis positive balance in its General Fund. This "accumulated surplus" of well over \$500 million stands as a visible sign of the improvement in the State's fiscal health over the last three years. At March 31, 1995, the accumulated deficit in the State's General Fund was \$3.3 billion.

The improvement in the State's GAAP position is attributable, in part, to the cash surplus recorded at the end of the State's 1997-98 fiscal year. While much of that surplus is being reserved for future requirements, a portion is being used to meet

spending needs in 1998-99. Thus, some deterioration in the State's GAAP position during 1998-99 is expected. However, a positive GAAP balance is expected to be maintained through the end of the current fiscal year.

The 1998-99 GAAP General Fund financial plan shows expected tax revenue of \$33.1 billion and miscellaneous revenues of \$2.6 billion to finance expenditures of \$36.1 billion and net financing uses of \$156 million. The projected accumulated surplus at year-end 1998-99 means that the State's General Fund GAAP position has improved by over \$3 billion during the current Administration.

The table below displays actual GAAP operating results for the last four years for the governmental funds and the accumulated surplus (deficit) in the State's GAAP-defined General Fund. Attached are more detailed financial plan tables that compare, for the current fiscal year, GAAP-basis General Fund projections made in February with those prepared for this update. They display, on an All Funds basis, expected GAAP results for the current fiscal year.

<u>Fiscal Year Ended</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>All Govern. Funds</u>	<u>Accumulated General Fund Surplus (Deficit)</u>
March 31, 1998	1,562	49	(43)	232	1,803	567
March 31, 1997	1,933	65	(37)	98	2,059	(995)
March 31, 1996	380	(409)	185	276	432	(2,928)
March 31, 1995	(1,426)	39	(38)	(366)	(1,791)	(3,308)

**Cash Financial Plan
1998-99 General Fund
(millions of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>July</u>
Opening fund balance	<u>638</u>	<u>0</u>	<u>638</u>
<i>Receipts:</i>			
<i>Taxes</i>			
Personal income tax	21,242	164	21,406
User taxes and fees	7,143	66	7,209
Business taxes	4,956	(9)	4,947
Other taxes	1,019	0	1,019
Miscellaneous receipts	1,404	0	1,404
<i>Transfers from other funds:</i>			
--LGAC	1,535	16	1,551
--All other	261	13	274
Total receipts	<u>37,560</u>	<u>250</u>	<u>37,810</u>
<i>Disbursements:</i>			
Grants to local governments	25,141	0	25,141
State operations	6,704	0	6,704
General State charges	2,215	0	2,215
Debt service	11	0	11
<i>Transfers to other funds:</i>			
--Debt service	2,131	0	2,131
--Capital projects	200	0	200
--Debt reduction reserve	50	0	50
--Other purposes	327	0	327
Total disbursements	<u>36,779</u>	<u>0</u>	<u>36,779</u>
Change in fund balance	<u>781</u>	<u>250</u>	<u>1,031</u>
Closing fund balance	<u>1,419</u>	<u>250</u>	<u>1,669</u>
--Tax Stabilization Reserve Fund	400	0	400
--Contingency Reserve Fund	100	0	100
--Community Projects Fund	158	0	158
--Reserve for Future Needs	761	250	1,011

**General Fund Cash Financial Plan
Comparison of 1997-98 vs. 1998-99
(millions of dollars)**

	<u>1997-98 Actual</u>	<u>1998-99 July</u>	<u>Change</u>
Opening fund balance	<u>433</u>	<u>638</u>	<u>205</u>
<i>Receipts:</i>			
Taxes			
Personal income tax	17,759	21,406	3,647
User taxes and fees	7,036	7,209	173
Business taxes	5,047	4,947	(100)
Other taxes	1,094	1,019	(75)
Miscellaneous receipts	1,598	1,404	(194)
Transfers from other funds:			
--LGAC	1,484	1,551	67
--All other	534	274	(260)
Total receipts	<u>34,552</u>	<u>37,810</u>	<u>3,258</u>
<i>Disbursements:</i>			
Grants to local governments	23,266	25,141	1,875
State operations	6,193	6,704	511
General State charges	2,265	2,215	(50)
Debt service	10	11	1
Transfers to other funds:			
--Debt service	2,021	2,131	110
--Capital projects	206	200	(6)
--Debt reduction reserve	0	50	50
--Other purposes	386	327	(59)
Total disbursements	<u>34,347</u>	<u>36,779</u>	<u>2,432</u>
Change in fund balance	<u>205</u>	<u>1,031</u>	<u>826</u>
Closing fund balance	<u>638</u>	<u>1,669</u>	<u>1,031</u>
--Tax Stabilization Reserve Fund	400	400	0
--Contingency Reserve Fund	68	100	32
--Community Projects Fund	170	158	(12)
--Reserve for Future Needs	0	1,011	1,011

**Current State Receipts
General Fund
July Plan versus Enacted Plan
(millions of dollars)**

	<u>1998-99 Enacted</u>	<u>1998-99 July</u>	<u>Change</u>
Personal income tax	<u>21,242</u>	<u>21,406</u>	<u>164</u>
User taxes and fees	<u>7,143</u>	<u>7,209</u>	<u>66</u>
Sales and use tax	5,649	5,714	65
Cigarette and tobacco taxes	659	659	0
Motor fuel tax	167	168	1
Motor vehicle fees	411	411	0
Alcoholic beverage taxes	178	178	0
Alcoholic beverage control license fees	27	27	0
Container tax	18	18	0
Auto rental tax	34	34	0
Business taxes	<u>4,956</u>	<u>4,947</u>	<u>(9)</u>
Corporation franchise tax	2,040	2,033	(7)
Corporation and utilities taxes	1,432	1,435	3
Insurance taxes	666	666	0
Bank tax	719	710	(9)
Petroleum business taxes	99	103	4
Other taxes	<u>1,019</u>	<u>1,019</u>	<u>0</u>
Estate and gift taxes	962	962	0
Real property gains tax	19	19	0
Pari-mutuel taxes	37	37	0
Other taxes	1	1	0
Total taxes	<u>34,360</u>	<u>34,581</u>	<u>221</u>
Miscellaneous receipts	<u>1,404</u>	<u>1,404</u>	<u>0</u>
Total	<u><u>35,764</u></u>	<u><u>35,985</u></u>	<u><u>221</u></u>

**Current State Receipts
General Fund
(millions of dollars)**

	<u>1997-98 Actual</u>	<u>1998-99 July</u>	<u>Change</u>
Personal income tax	<u>17,759</u>	<u>21,406</u>	<u>3,647</u>
User taxes and fees	<u>7,036</u>	<u>7,209</u>	<u>173</u>
Sales and use tax	5,442	5,714	272
Cigarette and tobacco taxes	676	659	(17)
Motor fuel tax	165	168	3
Motor vehicle fees	487	411	(76)
Alcoholic beverage taxes	177	178	1
Alcoholic beverage control license fees	30	27	(3)
Container tax	27	18	(9)
Auto rental tax	32	34	2
Business taxes	<u>5,047</u>	<u>4,947</u>	<u>(100)</u>
Corporation franchise tax	2,081	2,033	(48)
Corporation and utilities taxes	1,504	1,435	(69)
Insurance taxes	641	666	25
Bank tax	707	710	3
Petroleum business taxes	114	103	(11)
Other taxes	<u>1,094</u>	<u>1,019</u>	<u>(75)</u>
Estate and gift taxes	1,022	962	(60)
Real property gains tax	33	19	(14)
Pari-mutuel taxes	38	37	(1)
Other taxes	1	1	0
Total taxes	<u>30,936</u>	<u>34,581</u>	<u>3,645</u>
Miscellaneous receipts	<u>1,598</u>	<u>1,404</u>	<u>(194)</u>
Total	<u><u>32,534</u></u>	<u><u>35,985</u></u>	<u><u>3,451</u></u>

**Cash Financial Plan
1998-99 All Governmental Funds
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	638	617	72	164	1,491
<i>Receipts:</i>					
Taxes	34,581	2,069	1,087	2,156	39,893
Miscellaneous receipts	1,404	5,582	1,670	615	9,271
Federal grants	0	21,724	1,194	0	22,918
Total receipts	<u>35,985</u>	<u>29,375</u>	<u>3,951</u>	<u>2,771</u>	<u>72,082</u>
<i>Disbursements:</i>					
Grants to local governments	25,141	23,653	818	0	49,612
State operations	6,704	5,968	0	5	12,677
General State charges	2,215	346	0	0	2,561
Debt service	11	0	0	3,355	3,366
Capital projects	0	7	3,321	0	3,328
Total disbursements	<u>34,071</u>	<u>29,974</u>	<u>4,139</u>	<u>3,360</u>	<u>71,544</u>
<i>Other financing sources (uses):</i>					
Transfers from other funds	1,825	2,321	202	4,430	8,778
Transfers to other funds	(2,708)	(1,907)	(441)	(3,782)	(8,838)
Bond and note proceeds	0	9	528	0	537
Net other financing sources (uses)	<u>(883)</u>	<u>423</u>	<u>289</u>	<u>648</u>	<u>477</u>
Change in fund balance	<u>1,031</u>	<u>(176)</u>	<u>101</u>	<u>59</u>	<u>1,015</u>
Closing fund balance	<u>1,669</u>	<u>441</u>	<u>173</u>	<u>223</u>	<u>2,506</u>

**Cash Financial Plan
1998-99 State Funds
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	638	1,040	195	164	2,037
<i>Receipts:</i>					
Taxes	34,581	2,069	1,087	2,156	39,893
Miscellaneous receipts	1,404	5,487	1,670	615	9,176
Federal grants	0	0	0	0	0
Total receipts	<u>35,985</u>	<u>7,556</u>	<u>2,757</u>	<u>2,771</u>	<u>49,069</u>
<i>Disbursements:</i>					
Grants to local governments	25,141	4,801	655	0	30,597
State operations	6,704	3,188	0	5	9,897
General State charges	2,215	199	0	0	2,414
Debt service	11	0	0	3,355	3,366
Capital projects	0	7	2,295	0	2,302
Total disbursements	<u>34,071</u>	<u>8,195</u>	<u>2,950</u>	<u>3,360</u>	<u>48,576</u>
<i>Other financing sources (uses):</i>					
Transfers from other funds	1,825	549	202	4,430	7,006
Transfers to other funds	(2,708)	(95)	(436)	(3,782)	(7,021)
Bond and note proceeds	0	9	528	0	537
Net other financing sources (uses)	<u>(883)</u>	<u>463</u>	<u>294</u>	<u>648</u>	<u>522</u>
Change in fund balance	<u>1,031</u>	<u>(176)</u>	<u>101</u>	<u>59</u>	<u>1,015</u>
Closing fund balance	<u>1,669</u>	<u>864</u>	<u>296</u>	<u>223</u>	<u>3,052</u>

**Cash Financial Plan
1998-99 Special Revenue Funds
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>1,040</u>	<u>(423)</u>	<u>617</u>
<i>Receipts:</i>			
Taxes	2,069	0	2,069
Miscellaneous receipts	5,487	95	5,582
Federal grants	0	21,724	21,724
Total receipts	<u>7,556</u>	<u>21,819</u>	<u>29,375</u>
<i>Disbursements:</i>			
Grants to local governments	4,801	18,852	23,653
State operations	3,188	2,780	5,968
General State charges	199	147	346
Capital projects	7	0	7
Total disbursements	<u>8,195</u>	<u>21,779</u>	<u>29,974</u>
<i>Other financing sources (uses):</i>			
Transfers from other funds	549	1,772	2,321
Transfers to other funds	(95)	(1,812)	(1,907)
Bond and note proceeds	9	0	9
Net other financing sources (uses)	<u>463</u>	<u>(40)</u>	<u>423</u>
Change in fund balance	<u>(176)</u>	<u>0</u>	<u>(176)</u>
Closing fund balance	<u>864</u>	<u>(423)</u>	<u>441</u>

**Cash Financial Plan
1998-99 Capital Projects Funds
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>195</u>	<u>(123)</u>	<u>72</u>
<i>Receipts:</i>			
Taxes	1,087	0	1,087
Miscellaneous receipts	1,670	0	1,670
Federal grants	0	1,194	1,194
Total receipts	<u>2,757</u>	<u>1,194</u>	<u>3,951</u>
<i>Disbursements:</i>			
Grants to local governments	655	163	818
State operations	0	0	0
General State charges	0	0	0
Capital projects	2,295	1,026	3,321
Total disbursements	<u>2,950</u>	<u>1,189</u>	<u>4,139</u>
<i>Other financing sources (uses):</i>			
Transfers from other funds	202	0	202
Transfers to other funds	(436)	(5)	(441)
Bond and note proceeds	528	0	528
Net other financing sources (uses)	<u>294</u>	<u>(5)</u>	<u>289</u>
Change in fund balance	<u>101</u>	<u>0</u>	<u>101</u>
Closing fund balance	<u>296</u>	<u>(123)</u>	<u>173</u>

**GAAP Financial Plan
General Fund
1998-99
(millions of dollars)**

	<u>February</u>	<u>Change</u>	<u>July</u>
<i>Revenues:</i>			
<i>Taxes</i>			
Personal income tax	18,827	1,028	19,855
User taxes and fees	7,239	53	7,292
Business taxes	4,972	5	4,977
Other taxes	1,015	32	1,047
Miscellaneous revenues	2,630	(79)	2,551
Total revenues	<u>34,683</u>	<u>1,039</u>	<u>35,722</u>
<i>Expenditures:</i>			
Grants to local governments	25,593	303	25,896
State operations	8,604	(153)	8,451
General State charges	1,722	15	1,737
Capital projects	0	0	0
Debt service	22	0	22
Total expenditures	<u>35,941</u>	<u>165</u>	<u>36,106</u>
<i>Other financing sources (uses):</i>			
Transfers from other funds	4,122	17	4,139
Transfers to other funds	(4,471)	(110)	(4,581)
Proceeds of bond sales and other financing arrangements	307	(21)	286
Net other financing sources (uses)	<u>(42)</u>	<u>(114)</u>	<u>(156)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(1,300)</u>	<u>760</u>	<u>(540)</u>

**GAAP Financial Plan
All Governmental Funds
1998-99
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
<i>Revenues:</i>					
Taxes	33,171	2,064	1,092	2,177	38,504
Federal grants	0	23,410	1,244	0	24,654
Lottery	0	3,943	0	0	3,943
Patient fees	0	0	0	394	394
Miscellaneous revenues	2,551	397	89	60	3,097
Total revenues	<u>35,722</u>	<u>29,814</u>	<u>2,425</u>	<u>2,631</u>	<u>70,592</u>
<i>Expenditures:</i>					
Grants to local governments	25,896	24,000	809	0	50,705
State operations	8,451	3,653	0	5	12,109
General State charges	1,737	187	0	0	1,924
Debt service	0	0	0	2,914	2,914
Capital projects	22	7	3,317	0	3,346
Total expenditures	<u>36,106</u>	<u>27,847</u>	<u>4,126</u>	<u>2,919</u>	<u>70,998</u>
<i>Other Financing Sources (Uses):</i>					
Transfers from other funds	4,139	691	201	4,566	9,597
Transfers to other funds	(4,581)	(2,826)	(481)	(4,176)	(12,064)
Proceeds of general obligation bonds	0	0	528	0	528
Proceeds from financing arrangements/ advance refundings	286	0	1,812	0	2,098
Net other financing sources (uses)	<u>(156)</u>	<u>(2,135)</u>	<u>2,060</u>	<u>390</u>	<u>159</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(540)</u>	<u>(168)</u>	<u>359</u>	<u>102</u>	<u>(247)</u>