
NEW YORK STATE

2002-2003 MID-YEAR

FINANCIAL PLAN UPDATE

George E. Pataki, Governor
Carole E. Stone, Budget Director

October 30, 2002

Introduction

This is the second quarterly update to the State's 2002-03 Financial Plan, submitted pursuant to section 23 of the State Finance Law. The update provides estimates for the major categories of receipts and disbursements, summarizes actual operating results through September, and reports GAAP-basis Financial Plan results for 2001-02 and projections for 2002-03.

Overview

General Fund receipts and transfers from other funds remain unchanged from the July Financial Plan Update, and are currently estimated at \$39.90 billion in 2002-03, a decrease of \$1.25 billion from the prior year. General Fund spending of \$40.21 billion, an annual decrease of \$1.01 billion, is also unchanged from the July Update.

Cash flow results for the first six months of the fiscal year were slightly better than the State's most recent estimates, with a cash balance of \$1.74 billion through September, \$128 million above the projected level of \$1.61 billion. However, recent economic and financial trends have substantially heightened the risks associated with the financial plan forecast. It now appears more likely that the economy will rebound at a modestly slower pace than expected under the current forecast, and that other risks associated with performance of the equity markets are growing.

The State receives a significant portion of tax receipts from the income and profits of financial service employees and companies. The prolonged decline in the stock markets has increased the uncertainty regarding the amount and timing of future tax payments, thereby making it difficult at this time to quantify the impact of these uncertainties on future tax receipts. However, it is now becoming more likely that the State will experience a decline in its revenue situation in fiscal year 2002-03. The evidence of this possible deterioration will not become known until the December through March receipts experience is available. As a result, the Division of the Budget will continue to carefully monitor receipt results and available reserve levels throughout the remainder of the fiscal year. The State continues under a hiring freeze, and will continue to adhere to these and other restrictions to restrain spending throughout the balance of the fiscal year.

Current spending projections for the General Fund, State Funds and All Governmental Funds all remain unchanged from the July Financial Plan Update and are summarized in the following table.

2002-03 Spending Projections (millions of dollars)				
	Mid-Year Plan	Dollar Change from 2001-02	% Change from 2001-02	Average Annual % Growth Without STAR (94-95 to 02-03)
General Fund	40,214	(1,008)	(2.4)	2.3
State Funds	59,358	2,380	4.2	3.7
All Governmental Funds	89,556	5,081	6.0	4.3

Note: All Governmental Funds spending projections do not include \$2.76 billion in federal "flow-through" disaster aid to New York City.

The General Fund closing balance on March 31, 2003 is projected at \$716 million and remains unchanged from the July Update.

Explanation of the Financial Plan

The State's Financial Plan forecasts receipts and disbursements for the fiscal year. The economic forecast of the Division of the Budget (DOB) and the State's tax and fee structure serve as the basis for projecting receipts. After consulting with public and private sector experts, DOB prepares a detailed economic forecast for both the nation and New York, showing Gross Domestic Product (GDP), employment levels, inflation, wages, consumer spending, and other relevant economic indicators. It then projects the yield of the State's revenue structure against the backdrop of these forecasts.

Projected disbursements are based on agency staffing levels, program caseloads, levels of service needs, formulas contained in State and Federal law, inflation and other factors. The factors that affect spending estimates vary by program. For example, welfare spending is based primarily on anticipated caseloads that are estimated by analyzing historical trends, projected economic conditions and changes in Federal law. In criminal justice, spending estimates are based on recent trends and data from the criminal justice system, as well as on estimates of the State's prison population. All projections account for the timing of payments, since not all the amounts appropriated in the Budget are disbursed in the same fiscal year.

General Fund Financial Plan

National Economy

Although the events of September 11, 2001 were a substantial blow to the U.S. economy, continued consumer spending, combined with an expansionary fiscal and monetary policy, helped to keep the nation's first recession in ten years relatively mild. The national economy, as measured by real gross domestic product (GDP), contracted during the first three quarters of 2001, followed by growth of 2.7 percent in the fourth quarter. The national economy grew 5.0 percent in the first quarter of 2002, but slowed to 1.3 percent growth in the second quarter.

The current U.S. economic outlook for the remainder of 2002 is similar to the one described in the Enacted Budget. Both moderate growth in real consumer spending and continuing strength within the housing market are expected to produce slow but steady growth. Real U.S. GDP is projected to grow 2.5 percent for 2002, following growth of 0.3 percent in 2001. The current outlook for personal income is similar to that expressed in the Enacted Budget. DOB expects U.S. personal income to grow 2.9 percent for 2002. The U.S. unemployment rate is forecast to average 5.8 percent for this year and 5.9 percent for next year.

The outlook for corporate profits is also similar to that in the Enacted Budget. Following a steep decline of almost 30 percent in the fourth quarter of 2001, producing a decline of 14.3 percent for the year, U.S. corporate profits are expected to fall 1.5 percent in 2002. The outlook for the stock market is more negative than the Enacted Budget forecast, as markets continue to struggle with the threat of war, corporate accounting scandals, bankruptcies, and revelations of fraudulent practices.

Major U.S. Economic Indicators			
	2001	2002	2003
Gross Domestic Product (real)	0.3	2.5	2.9
Personal Income	3.3	2.9	4.7
Corporate Profits	(14.3)	(1.5)	8.5
Consumer Price Index	2.8	1.6	2.9
Note: Numbers above are percent change/calendar year. DOB estimates are based on National Income and Product Account data through September 2002.			

There are significant risks to the current forecast, foremost among them being the possibility of a large-scale war in the Middle East. The anticipation of a war could negatively impact consumer confidence and raise energy prices. Higher energy prices could delay the global recovery, reducing export growth below expectations. Equity market instability fueled by accounting concerns, fears of further terrorist attacks, and revelations of corporate improprieties could also lower both consumer and business sentiment. Weaker consumer spending or a failure of investment spending to grow could result in a return to recessionary conditions, putting pressure on the Federal Reserve Board to cut interest rates further.

State Economy

As anticipated, the World Trade Center terrorist attacks have had a more devastating impact on New York than on the national economy as a whole. The current DOB forecast for the State economy is not significantly different from that of the Enacted Budget. However, the events that have occurred since the Enacted Budget have increased the downside risks to the forecast.

The performance of the financial markets poses the most substantial risk. The market for equities has deteriorated significantly since the release of the Enacted Budget Report resulting in a decline in finance industry employment and weaker prospects for bonus income later in the season. Given the critical role that the finance industry plays in New York, weakness in that industry could spread to other economic sectors, putting additional downward pressure on State employment and income.

The possibility of hostilities in the Middle East poses another risk. It is impossible to accurately predict the economic impact of such an event or even its direction. However, a further spike in oil prices, a loss of international tourism, and the redirection toward the war effort of resources that might have aided in strengthening the current recovery can be expected to have a negative impact.

General Fund Receipts

General Fund Receipts (millions of dollars)			
SFY:	2001-02 Actual	2002-03 Mid-Year Plan	Annual Change
Total Tax Receipts	37,371	35,076	(2,295)
All Other Receipts	3,773	4,822	1,049
Total Receipts	41,144	39,898	(1,246)

Total General Fund receipts in support of the 2002-03 Financial Plan remain unchanged from the July Update and are projected to be \$39.90 billion, a decrease of \$1.25 billion from the \$41.14 billion received in 2001-02. This total includes \$35.08 billion in tax receipts, \$2.15 billion in miscellaneous receipts, and \$2.67 billion in transfers from other funds. The decline reflects the negative impact of the World Trade Center attacks on receipts and an associated reduction of revenue reserves moved through the refund reserve account from 2001-02. The decline is within the range of revenue loss expected given the severe impact of the events of September 11 on the State's revenue base.

The annual change in receipts is explained in more detail by financial plan category in the Enacted Budget Report published in May 2002 and the First Quarterly Financial Plan Update published in July 2002.

General Fund Disbursements

General Fund Disbursements (millions of dollars)		
2001-02 Actual	2002-03 Mid-Year Plan	Annual Change
41,222	40,214	(1,008)

Total General Fund disbursements, including transfers to support capital projects, debt service and other purposes, remain unchanged from the July Update and are estimated at \$40.21 billion for 2002-03, a decrease of \$1.01 billion or 2.4 percent from 2001-02. The spending is consistent with 2001-02 funding levels for most ongoing programmatic activities. The annual decline results primarily from the utilization of Federal Temporary Assistance to Needy Families (TANF) surplus reserves (\$955 million) and other non-General Fund sources to maintain program commitments at a reduced General Fund cost (\$1.5 billion). These reductions are partially offset by annual increases for pensions and other fringe benefit costs (\$197 million), school aid (\$186 million on a fiscal year basis), and underlying programmatic increases in health care.

The annual change in spending is explained in more detail by financial plan category in the Enacted Budget Report published in May 2002 and the First Quarterly Financial Plan Update published in July 2002.

Reserves/General Fund Closing Balance

The level of reserves and the General Fund closing balance remain unchanged from the July Update.

The Mid-Year Financial Plan Update projects a March 31, 2003 closing General Fund balance of \$716 million. The closing fund balance is comprised of \$710 million in the permanent rainy day fund (the Tax Stabilization Reserve Fund), after a seventh consecutive maximum deposit at the end of 2001-02, and \$6 million in the Contingency Reserve Fund.

Six Months Cash-Basis Results

Cumulative Cash Flow Results April 1, 2002 through September 30, 2002 (millions of dollars)			
	July Plan	Actuals	Favorable (Unfavorable) Variance
Total Receipts	20,153	20,209	56
Total Disbursements	19,578	19,506	72
Cash Balance	1,607	1,735	128

The General Fund ended the first six months with a balance of approximately \$1.74 billion, \$128 million above the estimate accompanying the July Financial Plan Update. The variance above the July Update results from higher receipts of approximately \$56 million and lower spending of \$72 million.

Total General Fund receipts and transfers from other funds totaled \$20.21 billion in the first six months, or 51% of the projected year end total of \$39.90 billion. Receipts were \$56 million higher than the July Update cash flow projections. The variance is related to modestly higher estimated personal income and sales tax payments partially offset by lower than expected results for withholding and corporate taxes.

Total General Fund disbursements and transfers to other funds totaled \$19.51 billion in the first six months, or 48% of the projected year-end total of \$40.21 billion. The results were \$72 million below the estimate of disbursements in the July Financial Plan Update. The modest decrease of \$72 million is attributable to the timing of payments, and is not anticipated to lower projected year-end spending. Spending for most major categories, including school aid, is on track with initial estimates.

Governmental Funds Financial Plans

Federal Disaster Assistance to Localities

Over the next several years, a substantial amount of Federal aid is projected to flow through the State to localities for disaster response and reconstruction activities related to the WTC attacks. This Federal “flow-through” disaster aid totaled \$569 million in 2001-02 and is projected to total \$2.76 billion in 2002-03 as rebuilding efforts reach full capacity. Nearly all of the Federal disaster aid is expected to flow from the Federal Emergency Management Agency through the State Emergency Management Office (SEMO) to New York City and other localities affected by the disaster. This “flow-through” spending is not counted in the All Governmental Funds actual results and estimates contained in this Update.

State Funds

State Funds Disbursements (millions of dollars)		
2001-02 Actual	2002-03 Mid-Year Plan	Annual Change
56,978	59,358	2,380

State Funds disbursements remain unchanged from the July Update and are projected at \$59.36 billion in 2002-03, an increase of \$2.38 billion or 4.2 percent from 2001-02. The year-to-year growth in State Funds is primarily comprised of higher spending for Medicaid (\$1.35 billion), capital projects (\$786 million), various health care programs, including the EPIC prescription drug program and Child Health Plus (\$288 million), school aid (\$282 million), the Community Service Provider Assistance Program (\$188 million), transportation (\$193 million), fringe benefits (\$134 million), and the STAR local tax relief program (\$120 million). These increases are partially offset by the decrease in the General Fund, excluding transfers, described earlier (\$814 million) and lower spending for debt service (\$592 million). All other spending grows by \$445 million, or less than one percent. The annual change in spending is explained in more detail in the Enacted Budget Report published in May 2002.

All Governmental Funds

All Governmental Funds Disbursements (millions of dollars)		
2001-02 Actual	2002-03 Mid-Year Plan	Annual Change
84,475	89,556	5,081

All Governmental Funds spending remain unchanged from the July Update and is estimated at \$89.56 billion in 2002-03, an annual increase of \$5.08 billion or 6 percent. The spending growth is comprised of the State Funds increase of \$2.38 billion described above and growth in Federal grants of \$2.70 billion. Federal aid increases are primarily for Medicaid, including payments to State-operated mental health and retardation facilities and SUNY hospitals (\$1.55 billion), the share of the college tuition assistance program financed by TANF (\$380 million), social welfare initiatives authorized under TANF (\$319 million), services for

children and families (\$223 million) and the Federal share of Child Health Plus (\$126 million). All other Federal support grows by \$103 million, or less than one percent. The annual change in spending is explained in more detail in the Enacted Budget Report.

GAAP-Basis Financial Plans

The General Fund and All Governmental Funds Financial Plans are also prepared in accordance with Generally Accepted Accounting Principles (GAAP). The GAAP projections for both years are based on the accounting principles applied by the State Comptroller in the financial statements issued for the 2001-02 State fiscal year, but do not reflect any pending proposals of the Governmental Accounting Standards Board (GASB) or the implementation of GASB 34, which will significantly change the presentation of GAAP financial information for state and local governments.

By the end of 2002-03, the General Fund is currently estimated to have an accumulated GAAP surplus of \$58 million.

New York State is required to implement GASB 34 when reporting its GAAP financial results for the 2002-03 fiscal year. As a result, DOB expects to modify future GAAP updates to reflect the changes required under GASB 34. These changes will include new statements that reflect the State’s net overall financial condition, including activities that affect State assets and liabilities during the fiscal year. DOB will be working with the Office of the State Comptroller to modify the form of the GAAP financial statements and develop the accompanying management and discussion analysis that describes the State’s financial condition.

DEBT REFORM ACT

The Debt Reform Act of 2000 imposed phased-in caps that limit new debt outstanding to four percent of personal income and new debt service costs to five percent of total governmental funds receipts. To immediately constrain State debt levels, the Act applies to all new State-supported debt issued on and after April 1, 2000 (excluding certain refunding bonds). For the 2001-02 fiscal year, the debt outstanding and debt service caps are 1.25 percent each.

Section 23 of the State Finance Law requires the calculation of the caps imposed by the Act to be submitted with the Financial Plan Update most proximate to October 31 of each year. As shown in the table below, debt outstanding and debt service continue to remain well below the limits imposed by the Act.

Debt Outstanding Cap (\$ in millions)	
New Debt Outstanding	\$4,605
Personal Income (CY 2001)	\$684,774
Debt Outstanding (% of PI)	0.67%
Cap Imposed by Debt Reform Act	1.25%

Debt Service Cap (\$ in millions)	
New Debt Service	\$301
Governmental Funds Receipts	\$84,312
Debt Service (% of Govn't Fund Receipts)	0.36%
Cap Imposed by Debt Reform Act	1.25%

2002-2003 Mid-Year Financial Plan Update

**CASH FINANCIAL PLAN
GENERAL FUND
2001-2002 and 2002-2003
(millions of dollars)**

	<u>2001-2002</u> <u>Actual</u>	<u>2002-2003</u> <u>October</u>	<u>Change</u>
Opening fund balance	1,110	1,032	(78)
Receipts:			
Taxes:			
Personal income tax	25,854	23,342	(2,512)
User taxes and fees	7,098	7,105	7
Business taxes	3,616	3,842	226
Other taxes	803	787	(16)
Miscellaneous receipts	1,625	2,148	523
Transfers from other funds:			
LGAC	1,750	1,808	58
All other	398	866	468
Total receipts	<u>41,144</u>	<u>39,898</u>	<u>(1,246)</u>
Disbursements:			
Grants to local governments	27,835	26,848	(987)
State operations	7,839	7,815	(24)
General State charges	2,650	2,847	197
Transfers to other funds:			
Debt service	2,086	1,851	(235)
Capital projects	289	174	(115)
State university	69	86	17
Other purposes	454	593	139
Total disbursements	<u>41,222</u>	<u>40,214</u>	<u>(1,008)</u>
Change in fund balance	<u>(78)</u>	<u>(316)</u>	<u>(238)</u>
Closing fund balance	<u>1,032</u>	<u>716</u>	<u>(316)</u>
Tax Stabilization Reserve Fund	710	710	0
Contingency Reserve Fund	157	6	(151)
Community Projects Fund	160	0	(160)
Universal Pre-Kindergarten Fund	5	0	(5)

2002-2003 Mid-Year Financial Plan Update

CASH FINANCIAL PLAN 2002-2003 GENERAL FUND (millions of dollars)

	July	Change	October
Opening fund balance	1,032	0	1,032
Receipts:			
Taxes:			
Personal income tax	23,342	0	23,342
User taxes and fees	7,105	0	7,105
Business taxes	3,842	0	3,842
Other taxes	787	0	787
Miscellaneous receipts	2,148	0	2,148
Transfers from other funds:			
LGAC	1,808	0	1,808
All other	866	0	866
Total receipts	39,898	0	39,898
Disbursements:			
Grants to local governments	26,848	0	26,848
State operations	7,815	0	7,815
General State charges	2,847	0	2,847
Transfers to other funds:			
Debt service	1,851	0	1,851
Capital projects	174	0	174
State university	86	0	86
Other purposes	593	0	593
Total disbursements	40,214	0	40,214
Change in fund balance	(316)	0	(316)
Closing fund balance	716	0	716
Tax Stabilization Reserve Fund	710	0	710
Contingency Reserve Fund	6	0	6

2002-2003 Mid-Year Financial Plan Update

**CUMULATIVE CASH FLOW COMPARISON
GENERAL FUND
April 1, 2002 through September 30, 2002
(millions of dollars)**

	<u>Projected</u>	<u>Actuals</u>	<u>Favorable (Unfavorable) Variance</u>
Opening fund balance	<u>1,032</u>	<u>1,032</u>	<u>0</u>
Receipts:			
Taxes:			
Personal income tax	12,399	12,456	57
User taxes and fees	3,613	3,597	(16)
Business taxes	1,612	1,535	(77)
Other taxes	374	423	49
Miscellaneous receipts	813	855	42
Transfers from other funds	1,342	1,343	1
Total receipts	<u>20,153</u>	<u>20,209</u>	<u>56</u>
Disbursements:			
Grants to local governments	11,678	11,611	67
State operations	4,619	4,666	(47)
General State charges	1,642	1,591	51
Transfers to other funds	1,639	1,638	1
Total disbursements	<u>19,578</u>	<u>19,506</u>	<u>72</u>
Change in fund balance	<u>575</u>	<u>703</u>	<u>128</u>
Closing fund balance	<u>1,607</u>	<u>1,735</u>	<u>128</u>

Note: Actuals for Personal Income Taxes (PIT) and Transfers from Other Funds are adjusted (pursuant to the enabling statute) to reflect \$2 billion of PIT moneys originally set aside for debt service but not needed for that purpose as PIT receipts.

2002-2003 Mid-Year Financial Plan Update

**CURRENT STATE RECEIPTS
GENERAL FUND
2001-2002 and 2002-2003
(millions of dollars)**

	<u>2001-2002 Actual</u>	<u>2002-2003 October</u>	<u>Change</u>
Personal income tax	25,854	23,342	(2,512)
User taxes and fees:	7,098	7,105	7
Sales and use tax	6,131	6,356	225
Cigarette and tobacco taxes	532	467	(65)
Motor vehicle fees	185	64	(121)
Alcoholic beverages taxes	178	178	0
Alcoholic beverage control license fees	34	40	6
Auto rental tax	38	0	(38)
Business taxes:	3,616	3,842	226
Corporation franchise tax	1,515	1,728	213
Corporation and utilities tax	972	1,025	53
Insurance taxes	633	597	(36)
Bank tax	496	492	(4)
Other taxes:	803	787	(16)
Estate tax	761	755	(6)
Gift tax	6	0	(6)
Real property gains tax	5	2	(3)
Pari-mutuel taxes	30	29	(1)
Other taxes	1	1	0
Total Taxes	<u>37,371</u>	<u>35,076</u>	<u>(2,295)</u>
Miscellaneous receipts	<u>1,625</u>	<u>2,148</u>	<u>523</u>
Total	<u><u>38,996</u></u>	<u><u>37,224</u></u>	<u><u>(1,772)</u></u>

2002-2003 Mid-Year Financial Plan Update

CASH FINANCIAL PLAN 2002-2003 ALL GOVERNMENTAL FUNDS (millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,032	1,047	(268)	169	1,980
Receipts:					
Taxes	35,076	4,225	1,673	2,479	43,453
Miscellaneous receipts	2,148	9,591	2,507	626	14,872
Federal grants	0	28,783	1,576	0	30,359
Total receipts	<u>37,224</u>	<u>42,599</u>	<u>5,756</u>	<u>3,105</u>	<u>88,684</u>
Disbursements:					
Grants to local governments	26,848	35,442	1,241	0	63,531
State operations	7,815	7,193	0	7	15,015
General State charges	2,847	560	0	0	3,407
Debt service	0	0	0	3,550	3,550
Capital projects	0	4	4,049	0	4,053
Total disbursements	<u>37,510</u>	<u>43,199</u>	<u>5,290</u>	<u>3,557</u>	<u>89,556</u>
Other financing sources (uses):					
Transfers from other funds	2,674	3,002	199	4,984	10,859
Transfers to other funds	(2,704)	(2,477)	(1,241)	(4,537)	(10,959)
Bond and note proceeds	0	0	260	0	260
Net other financing sources (uses)	<u>(30)</u>	<u>525</u>	<u>(782)</u>	<u>447</u>	<u>160</u>
Change in fund balance	<u>(316)</u>	<u>(75)</u>	<u>(316)</u>	<u>(5)</u>	<u>(712)</u>
Closing fund balance	<u>716</u>	<u>972</u>	<u>(584)</u>	<u>164</u>	<u>1,268</u>

2002-2003 Mid-Year Financial Plan Update

CASH FINANCIAL PLAN 2002-2003 STATE FUNDS (millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,032	1,127	(154)	169	2,174
Receipts:					
Taxes	35,076	4,225	1,673	2,479	43,453
Miscellaneous receipts	2,148	9,449	2,507	626	14,730
Federal grants	0	0	0	0	0
Total receipts	<u>37,224</u>	<u>13,674</u>	<u>4,180</u>	<u>3,105</u>	<u>58,183</u>
Disbursements:					
Grants to local governments	26,848	10,051	1,024	0	37,923
State operations	7,815	4,118	0	7	11,940
General State charges	2,847	393	0	0	3,240
Debt service	0	0	0	3,550	3,550
Capital projects	0	4	2,701	0	2,705
Total disbursements	<u>37,510</u>	<u>14,566</u>	<u>3,725</u>	<u>3,557</u>	<u>59,358</u>
Other financing sources (uses):					
Transfers from other funds	2,674	942	199	4,984	8,799
Transfers to other funds	(2,704)	(227)	(1,230)	(4,537)	(8,698)
Bond and note proceeds	0	0	260	0	260
Net other financing sources (uses)	<u>(30)</u>	<u>715</u>	<u>(771)</u>	<u>447</u>	<u>361</u>
Change in fund balance	<u>(316)</u>	<u>(177)</u>	<u>(316)</u>	<u>(5)</u>	<u>(814)</u>
Closing fund balance	<u>716</u>	<u>950</u>	<u>(470)</u>	<u>164</u>	<u>1,360</u>

2002-2003 Mid-Year Financial Plan Update

CASH FINANCIAL PLAN 2002-2003 SPECIAL REVENUE FUNDS (millions of dollars)

	State	Federal	Total
Opening fund balance	1,127	(80)	1,047
Receipts:			
Taxes	4,225	0	4,225
Miscellaneous receipts	9,449	142	9,591
Federal grants	0	28,783	28,783
Total receipts	13,674	28,925	42,599
Disbursements:			
Grants to local governments	10,051	25,391	35,442
State operations	4,118	3,075	7,193
General State charges	393	167	560
Debt service	0	0	0
Capital projects	4	0	4
Total disbursements	14,566	28,633	43,199
Other financing sources (uses):			
Transfers from other funds	942	2,060	3,002
Transfers to other funds	(227)	(2,250)	(2,477)
Bond and note proceeds	0	0	0
Net other financing sources (uses)	715	(190)	525
Change in fund balance	(177)	102	(75)
Closing fund balance	950	22	972

2002-2003 Mid-Year Financial Plan Update

CASH FINANCIAL PLAN 2002-2003 CAPITAL PROJECTS FUNDS (millions of dollars)

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>(154)</u>	<u>(114)</u>	<u>(268)</u>
Receipts:			
Taxes	1,673	0	1,673
Miscellaneous receipts	2,507	0	2,507
Federal grants	0	1,576	1,576
Total receipts	<u>4,180</u>	<u>1,576</u>	<u>5,756</u>
Disbursements:			
Grants to local governments	1,024	217	1,241
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	2,701	1,348	4,049
Total disbursements	<u>3,725</u>	<u>1,565</u>	<u>5,290</u>
Other financing sources (uses):			
Transfers from other funds	199	0	199
Transfers to other funds	(1,230)	(11)	(1,241)
Bond and note proceeds	260	0	260
Net other financing sources (uses)	<u>(771)</u>	<u>(11)</u>	<u>(782)</u>
Change in fund balance	<u>(316)</u>	<u>0</u>	<u>(316)</u>
Closing fund balance	<u>(470)</u>	<u>(114)</u>	<u>(584)</u>

2002-2003 Mid-Year Financial Plan Update

**GAAP FINANCIAL PLAN
GENERAL FUND
2001-2002 AND 2002-2003
(millions of dollars)**

	<u>2001-2002</u> <u>Actual</u>	<u>2002-2003</u> <u>July</u>	<u>Change</u>
Revenues:			
Taxes:			
Personal income tax	22,617	22,566	(51)
User taxes and fees	7,136	7,230	94
Business taxes	3,412	4,328	916
Other taxes	1,129	779	(350)
Miscellaneous receipts	2,924	3,996	1,072
Total revenues	<u>37,218</u>	<u>38,899</u>	<u>1,681</u>
Expenditures:			
Grants to local governments	28,627	28,426	(201)
State operations	9,705	10,051	346
General State charges	2,337	2,330	(7)
Debt service	16	23	7
Capital projects	0	1	1
Total expenditures	<u>40,685</u>	<u>40,831</u>	<u>146</u>
Other financing sources (uses):			
Transfers from other funds	5,369	6,122	753
Transfers to other funds	(5,525)	(4,883)	642
Proceeds of general obligation bonds	0	0	0
Proceeds from financing arrangements/ advance refundings	205	259	54
Net other financing sources (uses)	<u>49</u>	<u>1,498</u>	<u>1,449</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(3,418)</u>	<u>(434)</u>	<u>2,984</u>
Accumulated surplus	<u>492</u>	<u>58</u>	

2002-2003 Mid-Year Financial Plan Update

GAAP FINANCIAL PLAN 2002-2003 ALL GOVERNMENTAL FUNDS (millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Revenues:					
Taxes	34,903	4,224	1,674	2,483	43,284
Federal Grants	0	29,833	1,570	0	31,403
Lottery	0	5,525	0	0	5,525
Patient Fees	0	0	0	317	317
Miscellaneous Revenues	3,996	1,715	408	39	6,158
Total revenues	<u>38,899</u>	<u>41,297</u>	<u>3,652</u>	<u>2,839</u>	<u>86,687</u>
Expenditures:					
Grants to local governments	28,426	33,496	1,163	0	63,085
State operations	10,051	5,202	0	7	15,260
General State charges	2,330	230	0	0	2,560
Debt service	23	0	0	2,883	2,906
Capital projects	1	2	3,889	0	3,892
Total expenditures	<u>40,831</u>	<u>38,930</u>	<u>5,052</u>	<u>2,890</u>	<u>87,703</u>
Other financing sources (uses):					
Transfers from other funds	6,122	1,206	173	5,087	12,588
Transfers to other funds	(4,883)	(3,748)	(1,287)	(5,026)	(14,944)
Proceeds of general obligation bonds	0	0	260	0	260
Proceeds from financing arrangements/ advance refundings	259	0	1,808	0	2,067
Net other financing sources (uses)	<u>1,498</u>	<u>(2,542)</u>	<u>954</u>	<u>61</u>	<u>(29)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses					
	<u>(434)</u>	<u>(175)</u>	<u>(446)</u>	<u>10</u>	<u>(1,045)</u>