State of New York

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED MARCH 31, 2007

Thomas P. DiNapoli, State Comptroller

STATE OF NEW YORK COMPTROLLER

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STATE OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
March 31, 2007

Prepared by the Office of the State Comptroller

Thomas P. DiNapoli

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State Comptroller

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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

September 2007

To the Citizens, Governor and Members of the Legislature of the State of New York:

It is my pleasure to present the Comprehensive Annual Financial Report for the State of New York for the fiscal year ending March 31, 2007.

The State of New York has much to offer—arts and culture, educational resources, diverse economic activity, and an abundance of recreation and leisure venues—and it remains a premiere destination for new immigrants, opportunity seekers and tourists. However, New York faces considerable fiscal challenges that will require the State's leaders to find creative and effective solutions in order to chart a positive course for the future. A well-planned, collaborative effort will help the State reverse patterns of unsustainable spending, rising debt levels and structural budgetary imbalances.

Total State spending increased substantially through State fiscal year 2006-07 from State fiscal year 2002-03, rising by more than twice the rate of inflation as measured by the Consumer Price Index. At the same time, the State's debt burden grew considerably. New York is currently the second most indebted state behind California. While issuing bonds can be an effective and appropriate funding mechanism to finance capital assets, increasing debt service costs can diminish budgeting flexibility. Every dollar that is earmarked for debt service is one less dollar that can be used to fund programs in areas such as education, health care, and other essential government services or to reduce taxes.

These challenges, however, present an opportunity to craft broad-based, meaningful reforms that will effect lasting change for generations to come. In years past, New York enacted separate packages of budget reform, debt reform and public authorities reform. Although well intentioned, these efforts have fallen short of their objectives partly because they have not fully appreciated the interrelated nature of these problems.

The time has come to take a holistic approach to financial reform, setting aside piecemeal attempts to correct the State's long-standing structural problems. New York's leaders should work together and produce comprehensive, effective, overarching reforms to restore the State's fiscal strength and integrity and to achieve the highest standards of accountability and transparency in government, in order to restore the public's trust in its government.

New Yorkers deserve nothing less.

Signed,

Thomas P. DiNapoli

FINANCIAL OVERVIEW

This report has been prepared by the Office of the State Comptroller, as required by Chapter 405, Laws of 1981, in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, included within this Comprehensive Annual Financial Report rests with the Office of the State Comptroller.

The basic financial statements contained in this report have been audited by KPMG, LLP. Their audit was conducted in accordance with generally accepted governmental auditing standards (GAGAS) and their auditor report precedes the basic financial statements. An independent audit provides reasonable assurance that the State's basic financial statements for the year ended March 31, 2007 are free of material misstatement. Independent audit procedures include examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basis financial statement presentation. An audit also includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, the independent auditor expressed no opinion with respect to internal control over financial reporting. The independent auditor believed that their audit provided a reasonable basis for rendering an unqualified opinion that the State's basic financial statements for the fiscal year ended March 31, 2007, are fairly presented in conformity with GAAP.

The basic financial statements include a narrative introduction, overview, and analysis that is required by GAAP and referred to as Management's Discussion and Analysis (MD&A). This transmittal letter is intended to complement the MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the independent auditor's report.

Profile of New York State

New York State was one of the original 13 states, ratifying the United State Constitution and entering the Union on July 26, 1788. The State has a land area of 49,576 square miles and the largest park system (home of the Adirondack Park) in the nation. Geographically, New York State is divided into 62 counties (five of which are boroughs of New York City). Within these counties are 62 cities (including New York City), 932 towns, 554 villages and 702 school districts. The State's major economic sectors are comprised of the industrial-commercial, service, and agricultural sectors.

New York's government is comprised of three branches—executive, legislative and judicial. The executive branch includes the Executive (including 20 State departments), the Department of Audit and Control, and the Department of Law each of which are headed respectively by the Governor, Comptroller and Attorney General. With the exception of the departments of Audit and Control and Law, which report to their respective elected officials, the departments of the State report to the Governor. The legislative branch is comprised of a two-house Legislature which includes the Senate with 62 senators and the Assembly with 150 members. Members of the Legislature are elected to a two-year term.

The Chief Judge of the Court of Appeals, which is the highest court of the State, heads the judicial branch. The Governor with the advice and consent of the Senate appoints the Chief Judge and six Associate Judges to 14-year terms. In New York State the courts of original jurisdiction, or trial courts, hear cases in the first instance and the appellate courts hear appeals from the decisions of other courts.

Economic Condition and Outlook

In calendar year 2006 New York State's economy continued to grow at a moderate pace. On an average annual basis, economic conditions in New York in 2006 again generally paralleled those of the nation, and New York's economic performance relative to the other states in the nation was also generally comparable to 2005. New York's Gross Domestic Product—formally the Gross State Product—increased by 3.4 percent in 2006, the same rate of growth experienced in 2005. The State's relative performance was also virtually unchanged, ranking 18th among all the states for growth in 2006 compared with 20th in 2005. Within the State's economy, the highest growth rates continued to occur in the information, finance, and business services sectors. The pace of employment growth in New York was virtually the same in 2006 (0.9 percent) as it was in 2005 (0.8 percent), and among the states New York was ranked 39th for job growth in 2006, compared with 41st in 2005. New York's employment performance among the states remains about the same as it was during the recent recession, when it ranked 40th for job growth in the 2002 and 2003 period. Unlike the nation, New York has yet to recover all of the jobs it lost during the recession—employment in 2006 was nearly 23,000 jobs below the level in 2000 (whereas employment in the nation in 2006 was 4.4 million jobs above its level in 2000).

While employment levels in New York have increased at a relatively slow rate, personal income growth has expanded more rapidly—to six percent in 2006 from four percent in 2005, which exceeds the nation's improvement during the same period. Thus, New York's relative performance improved, raising it to a rank of 23rd in the nation in 2006, up from 42nd in 2005. The quicker recovery for income growth reflects the importance of the securities industry to New York. Although the industry accounts for only 2.3 percent of all jobs in the State, it provides 11.9 percent of the wages paid. Securities industry profits surged in the last quarter of calendar year 2006 to reach $20.9 billion for the year—just short of the record $21 billion earned in 2000, and more than double the $9.4 billion earned in 2005. Year-end bonuses for 2006 rose by more than 17 percent to a record $23.9 billion, after a gain of 10 percent in 2005.

The Reporting Entity and Its Services

The funds and entities included in this Comprehensive Annual Financial Report are those for which the State is accountable, based on criteria for defining the financial reporting entity prescribed by the Governmental Accounting Standards Board. The criteria include legal standing, fiscal dependency and financial accountability. Based on these criteria the various funds, account groups and entities shown in this report are considered as part of the reporting entity (see Notes 1 and 14 of the notes to the basic financial statements).

The State provides a range of governmental services in such areas as education, social services, health and environment, criminal justice, transportation, mental hygiene, and housing, among others, and also administers the New York State and Local Retirement System.

Component Units

Component units are discretely presented and reported as Public Benefit Corporations (Corporations), which includes Public Authorities, and are legally separate entities that are not operating departments of the State. Corporations have been established for a variety of purposes such as economic development, capital construction, financing, and public transportation. The powers of the Corporations generally are vested in their governing boards. The Governor, with the approval of the State Senate, appoints a majority of the members of the Board of most major Corporations and either the Governor or the Board selects the chairperson and chief operating officer. Corporations are not subject to the State constitutional restrictions on the incurrence of debt which apply to the State and may issue bonds and notes within legislatively authorized amounts.

Corporations submit annual reports to the Governor, the Legislature and the State Comptroller on their operations and finances accompanied by an independent auditor's report. Corporations are generally supported by revenues derived from their activities, although in recent years the State has provided financial assistance, in some cases of a recurring nature, to certain Corporations for operating and other expenses, and in fulfillment of its commitments on moral obligation indebtedness. The Corporations have been presented in the accompanying financial statements as component units of the State. The amounts presented in this report were derived from the Corporations' most recent audited financial statements. At year-end these entities reflected net assets of $37.1 billion. For further information refer to Note 14 of the Notes to the Basic Financial Statements.

Budgetary and Other Control Systems

The State Constitution requires the Governor to submit a cash basis balanced Executive Budget that contains a complete plan of expenditures for the ensuing fiscal year and identifies the anticipated revenues sufficient to meet the proposed expenditures. Included in the proposed budget are provisions for spending authority for unanticipated revenues or unforeseen emergencies in accordance with statutory requirements. The Executive Budget also includes both cash basis and GAAP basis financial plans for the ensuing fiscal year as well as a three-year financial projection for governmental funds and a three year capital plan. The accounting policies used in developing the GAAP basis financial plans are generally consistent with those used in preparing the annual GAAP financial statements. Generally, the financial plans are updated quarterly. The Legislature enacts appropriation bills and revenue measures embodying those parts of the Executive Budget it has approved. Expenditures are controlled at the major object (e.g., personal service, grants to local governments) level within each program/project of each State agency in accordance with the underlying approved appropriation bills.

In developing the State's accounting system, consideration was given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits derived. The State's internal accounting controls are periodically tested to ensure adherence to internal control policies and procedures.

In 1987 the Legislature passed the New York State Governmental Accountability, Audit and Internal Control Act, which commits the State to enhancing existing systems of internal controls in all State governmental entities. As a result, there is now a requirement for managers in all branches and components of government to maintain comprehensive internal control systems and to regularly evaluate the effectiveness and adequacy of these systems by internal reviews and external audits. Finally, the legislation promotes accountability by assuring that all external audits are made available to the public.

Cash Management

Cash deposits into the State Treasury are controlled jointly by the State Comptroller and the Commissioner of Taxation and Finance. Cash is managed in pooled investment funds to maximize interest earnings. Investments are made in accordance with the State Finance Law. Cash is primarily invested in repurchase agreements involving United States Treasury obligations and remaining funds are invested in United States Treasury bills and commercial paper. For the fiscal year ended March 31, 2007, the average daily balance of pooled investment funds was $12 billion with an average yield of 5.26 percent and total investment income of $632 million. Cash deposits not held in the State Treasury and controlled by various other State officials are generally held in interest bearing accounts.

Risk Management

The State does not insure its buildings or their contents against theft, fire or other risks and does not insure its automobiles against the possibility of bodily injury and property damage. However, the State does have fidelity insurance on State employees. Workers' compensation coverage is provided on a self-insurance basis.

State and Local Retirement System

The State and Local Retirement System, covering most non-teaching State employees and local government employees outside of New York City, reported combined net assets available for retirement benefits of $156.6 billion as compared to the previous year-end amount of $142.6 billion. For further information refer to Note 12 of the Notes to the Basic Financial Statements.

General Governmental Results

An operating surplus of $202 million is reported in the General Fund for fiscal year ended March 31, 2007. As a result, the General Fund now has an accumulated fund balance of $2.4 billion. The State completed its fiscal year ended March 31, 2007 with a combined Governmental Funds operating deficit of $45 million as compared to a combined Governmental Funds operating surplus in the preceding fiscal year of $3.8 billion. The combined fiscal year ended March 31, 2007 operating deficit of $45 million included operating surpluses in the General Fund of $202 million and General Obligation Debt Service Fund of $28 million offset by an operating deficit in the Other Governmental Funds of $275 million. For further information refer to the MD&A which immediately follows the auditors' report.

The State's financial position as shown in its Governmental Funds Balance Sheet as of March 31, 2007 includes a fund balance of $12.1 billion represented by liabilities of $20.7 billion and by assets available to liquidate such liabilities of $32.8 billion. The Governmental Funds fund balance includes a $2.4 billion accumulated General Fund balance.

Certificate of Achievement

The Office of the State Comptroller was honored for the 18th consecutive year to receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the State's 2006 Comprehensive Annual Financial Report. This prestigious award represents the highest form of recognition in the area of governmental financial reporting and reflects a commitment to clearly communicate the State's financial results and position to the taxpayers through public disclosure.

Acknowledgements

This report could not have been prepared without the cooperation of all State agencies, the Legislature, and the Judiciary. I especially appreciate the professionalism and dedication demonstrated by my staff in the preparation of this report.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of New York

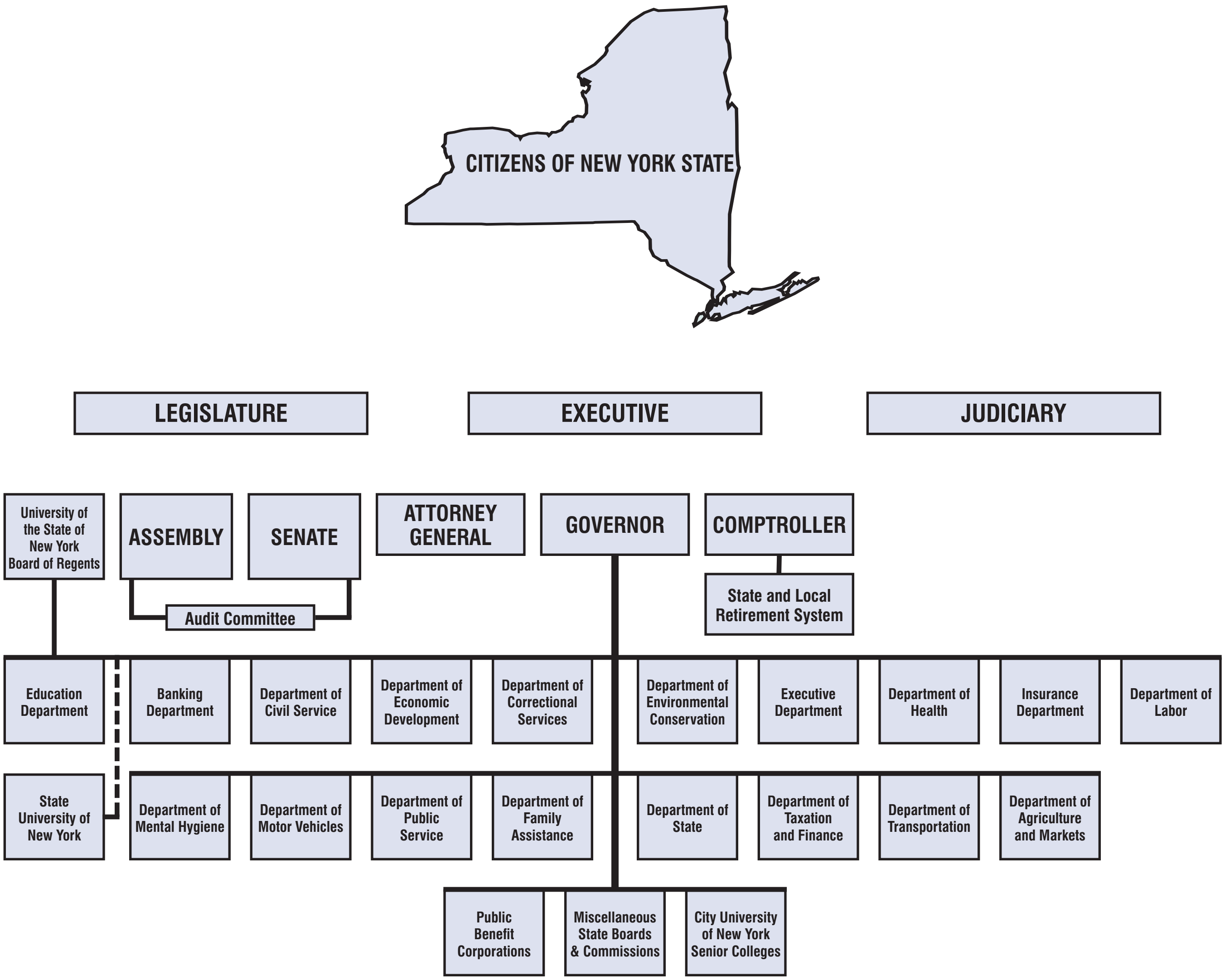
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION
OF THE UNITED STATES AND CANADA
CORPORATION
SEAL
CHICAGO

President

Executive Director



STATE OF NEW YORK
Selected State Officials

Executive

Eliot Spitzer, Governor • **David A. Paterson,** Lieutenant Governor • **Thomas P. DiNapoli,** State Comptroller
Andrew M. Cuomo, Attorney General

Judicial

Judith S. Kaye, Chief Judge Court of Appeals of New York

Legislative

Joseph L. Bruno, Temporary President of the Senate • **Sheldon Silver,** Speaker of the Assembly
Malcolm A. Smith, Senate Minority Leader • **James N. Tedisco,** Assembly Minority Leader

STATE OF NEW YORK

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Financial Section

KPMG LLP
515 Broadway
Albany, NY 12207

Independent Auditors' Report

To the Audit Committee of the New York State Legislature

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New York (the "State"), as of and for the year ended March 31, 2007, which collectively comprise the State's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of certain discretely presented component units identified in Note 14, the State and Local Retirement System, the Tuition Savings Program or the Port Authority of New York and New Jersey. The certain discretely presented component units represent 64% of the total assets and 75% of the total revenues of the aggregate discretely presented component unit amounts. The State and Local Retirement System and the Tuition Savings Program represent 93% of the total assets and 52% of the total revenues (including additions) of the aggregate remaining fund information, and the Port Authority of New York and New Jersey represents 100% of the information disclosed in Note 15. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and, our opinions, insofar as they relate to the amounts and disclosures included for those component units, the State and Local Retirement System, the Tuition Savings Program and the Port Authority of New York and New Jersey, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Lottery, a major enterprise fund, and of certain discretely presented component units identified in Note 14, were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New York as of March 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 23, 2007 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information, listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of New York's basic financial statements. The introductory section, other supplementary information section, and statistical section, listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated in all material respects in relation to the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

July 23, 2007

STATE OF NEW YORK

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MANAGEMENT'S DISCUSSION AND ANALYSIS

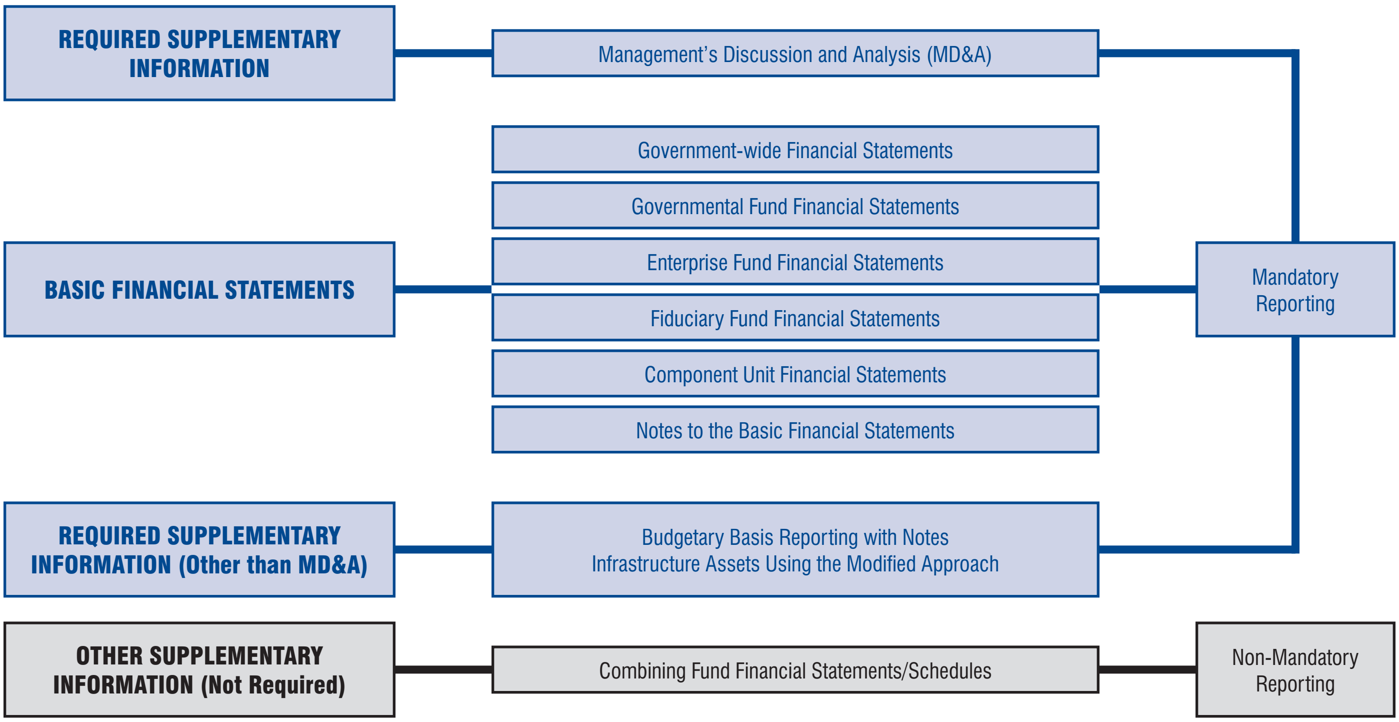
The management discussion and analysis (MD&A) provides a narrative overview and analysis of the financial activities of the State of New York for the fiscal year ended March 31, 2007. The MD&A is intended to serve as an introduction to the State's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The MD&A is designed to (a) assist the reader in focusing on significant financial matters, (b) provide an overview of the State's financial activities, (c) identify any material changes from the original budget, and (d) highlight individual fund matters. The following presentation is by necessity highly summarized, and in order to gain a thorough understanding of the State's financial condition, the following financial statements, notes and required supplementary information should be reviewed in their entirety.

FINANCIAL HIGHLIGHTS

- New York State reported net assets of $48.9 billion, comprised of $126.1 billion in total assets offset by $77.2 billion in total liabilities.
- The State's net assets decreased by $207 million as a result of this year's operations. The net assets for governmental activities decreased by $670 million (1.5 percent) and net assets of business-type activities increased by $463 million (14.8 percent) (Table 2).
- The State's governmental activities had total revenues of $109.9 billion which exceeded total expenses of $108.2 billion, excluding transfers to business-type activities of $2.3 billion, by $1.7 billion (Table 2).
- The total cost of all the State's programs, which includes $16.5 billion in business-type activities, was $124.8 billion (Table 2).
- The General Fund reported an operating surplus this year of $202 million which increased the accumulated fund balance to $2.4 billion.
- Total debt outstanding at year-end was $48.8 billion, comprised of $40.4 billion in governmental activities and $8.4 billion in business-type activities (Table 5).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and supplementary information. The Statement of Net Assets and the Statement of Activities (on pages 31 and 32, respectively) provide information about the activities of the State as a whole and present a longer-term view of the State's finances. Fund financial statements start on page 34. For governmental activities, these statements show how services were financed in the short term as well as how much may remain for future spending. Fund financial statements also report the State's operations in more detail than the government-wide statements by providing information about the State's most significant funds. The remaining statements provide financial information about activities for which the State acts solely as a trustee for the benefit of those outside the government and public benefit corporations for which the State is accountable. The layout and relationship of the financial statements and supplementary information is visually illustrated as follows:



Reporting the State as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the State, as a whole, begins on page 22. One of the most important questions asked about the State's finances is, "Is the State, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the State as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash was received or paid.

These two statements report the State's net assets and changes to them. One can think of the State's net assets—the difference between assets and liabilities—as one way to measure the State's financial health, or financial position. Over time, increases or decreases in the State's net assets are one indicator of whether its financial health is improving or deteriorating. One may need to consider other non-financial factors, such as changes in the State's tax structure, population, employment, and the condition of the State's roads, bridges and buildings, in order to assess the overall health of the State.

In the Statement of Net Assets and the Statement of Activities, operations of the State are divided into three kinds of activities:

- ***Governmental activities***—Most of the State's basic services are reported here, including education, public health, public welfare, public safety, transportation, environment and recreation, support and regulation of business, general government, and interest on long-term debt. Federal grants, personal income taxes, consumption and use taxes, business and other taxes, lottery revenues, and bond proceeds finance most of these activities.

- ***Business-type activities***—The State charges a fee to customers to help it cover all or part of the cost of certain services it provides. The State's Lottery Fund, Unemployment Insurance Benefit Fund, the State University of New York and the City University of New York—senior colleges are reported here.

- ***Component units***—The State includes 44 separate legal entities in its report, as disclosed in Notes 1 and 14 of the notes to the basic financial statements. Although legally separate, these "component units" are important because the State is financially accountable for them and may be affected by their financial well-being. In addition, the State blends two other component units in the governmental activities because they provide services exclusively to the State.

Reporting the State's Most Significant Funds

Fund Financial Statements

Financial statements prepared at the fund level provide additional detail about the State's financial position and activities. By definition, funds are accounting entities with a self-balancing set of accounts created for the purpose of carrying on specific activities or achieving specific goals. Information presented in the fund financial statements differs from the information presented in the government-wide statements because the perspective and basis of accounting used to prepare the fund financial statements is different than the perspective and basis of accounting used to prepare the government-wide statements. The State's governmental and proprietary fund types use different perspectives and accounting bases. The funds presented in the fund financial statements are categorized as either major or nonmajor funds as required by generally accepted accounting principles (GAAP). The State uses three fund types for operations—governmental, proprietary and fiduciary. The analysis of the State's major funds begins on page 24. The fund financial statements begin on page 34 and provide detailed information about the most significant funds, not the State as a whole.

- ***Governmental Funds***—Most of the State's basic services and expenditures are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Assets and liabilities that do not impact current financial resources within twelve months after fiscal year-end are not recognized in the governmental funds statements. Capital assets and long-term liabilities are examples of assets and liabilities that are not recognized in the governmental funds statements. The governmental funds statements provide a detailed short-term view of the State's general government operations and the basic services it provides. Governmental funds information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds is presented in the reconciliations following the fund financial statements.

- ***Proprietary Funds***—These funds are utilized when the State charges customers to recover its costs of providing services. Proprietary funds report on business-type activities, which include enterprise type funds and internal service type funds. The State has no internal service type funds on a GAAP basis and, therefore, has only one Proprietary Fund type—Enterprise. The State's Enterprise Funds are the same as the business-type activities reported in the government-wide statements. Proprietary funds statements are prepared using the economic resources measurement focus and the accrual basis of accounting. In addition to a Statement of Net Assets and a Statement of Revenues, Expenses and Changes in Fund Net Assets, Proprietary Funds are also required to report a Statement of Cash Flows (page 40).

Reporting the State's Fiduciary Responsibilities

The State is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All the State's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 42 and 43, respectively. We exclude these activities from the State's government-wide financial statements because the State cannot use these assets to finance its operations. The State is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Component Units of the State

The State has created numerous public benefit corporations—two of which provide services exclusively to the State government itself (the Local Government Assistance Corporation (LGAC) and the Tobacco Settlement Financing Corporation (TSFC)) and the rest of which also provide services directly to citizens. The financial position and activities of the LGAC and the TSFC have been blended within the Statement of Net Assets and Statement of Activities in the governmental activities column and in the governmental funds. The financial position and activities of the public benefit corporations that provide services directly to citizens have been presented in the Statement of Net Assets and Statement of Activities under the component units' column and also in more detail in the component units' Combining Statement of Net Assets and component units' Combining Statement of Activities. These component units have been discretely presented in the State's financial statements because their nature and significance to the State cause them to have an effect on the fiscal condition of the State and the State is accountable for them.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental entities are required by GAAP to report on their net asset condition. The statement of net assets presents the value of all of New York State's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of changes in a government's financial position. The State reported net assets of $48.9 billion, which was comprised of $62.7 billion in capital assets net of related debt, $7.3 billion in restricted net assets offset by an unrestricted net assets deficit of $21.1 billion.

Net assets reported for governmental activities decreased by $670 million from a year ago, decreasing from $46.0 billion to $45.3 billion. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—had a deficit of $21.7 billion at March 31, 2007. The following table (Table 1) was derived from the current and prior year government-wide *Statements of Net Assets.*

Table 1
Net Assets as of March 31, 2007 and 2006

(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Assets:						
Non-capital assets:						
Cash and investments	$ 13,556	$ 13,911	$ 5,968	$ 5,474	$ 19,524	$ 19,385
Receivables, net	16,338	15,417	3,262	3,364	19,600	18,781
Other	1,159	927	207	194	1,366	1,121
Total non-capital assets	**31,053**	**30,255**	**9,437**	**9,032**	**40,490**	**39,287**
Capital assets	78,320	78,008	7,296	6,927	85,616	84,935
Total assets	**109,373**	**108,263**	**16,733**	**15,959**	**126,106**	**124,222**
Liabilities:						
Liabilities due within one year	20,620	19,747	2,759	3,107	23,379	22,854
Liabilities due in more than one year	43,426	42,519	10,375	9,716	53,801	52,235
Total liabilities	**64,046**	**62,266**	**13,134**	**12,823**	**77,180**	**75,089**
Net assets (deficit):						
Invested in capital assets, net of related debt	62,500	62,071	207	9	62,707	62,080
Restricted	4,523	4,836	2,756	2,517	7,279	7,353
Unrestricted (deficit)	(21,696)	(20,910)	636	610	(21,060)	(20,300)
Total net assets	**$ 45,327**	**$ 45,997**	**$ 3,599**	**$ 3,136**	**$ 48,926**	**$ 49,133**

The deficit in unrestricted governmental net assets, which increased by nearly $786 million in 2007, exists primarily because the State has issued debt for purposes not resulting in a capital asset related to State governmental activities. Such outstanding debt included securitizing the State's future tobacco settlement receipts ($4.1 billion), eliminating the need for seasonal borrowing by the Local Government Assistance Corporation ($4.2 billion), local highway and bridge projects ($3.3 billion), local mass transit projects ($2.3 billion), and a wide variety of grants and other expenditures not resulting in State capital assets ($8.6 billion). This deficit in unrestricted net assets of governmental activities can be expected to continue for as long as the State continues to have obligations outstanding for purposes other than the acquisition of State governmental capital assets.

Net assets for business-type activities increased by $463 million (14.8 percent), $3.6 billion in 2007 compared to $3.1 billion in 2006. The increase in net assets for business-type activities was caused primarily by employer contributions exceeding unemployment benefit payments for the Unemployment Insurance Fund ($178 million), SUNY and CUNY Senior College operating revenues and State support exceeding operating expenses ($255 and $56 million, respectively), and offset by Lottery expenses (including education aid transfers) exceeding revenues of $26 million. As of June 30, 2006, $8.4 billion in debt had been issued and was outstanding to finance capital assets of the State's colleges and universities.

The following table (Table 2) was derived from the current and prior year government-wide *Statements of Activities*.

Table 2
Changes in Net Assets for the fiscal years ended March 31, 2007 and 2006

(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Revenues:						
Program revenues:						
Charges for services	$ 7,836	$ 11,638	$ 10,607	$ 9,966	$ 18,443	$ 21,604
Operating grants and contributions	36,752	35,434	4,504	4,736	41,256	40,170
Capital grants and contributions	1,392	1,277	369	388	1,761	1,665
General revenues:						
Taxes	58,855	54,329	—	—	58,855	54,329
Other	5,073	4,740	658	632	5,731	5,372
Total revenues	**109,908**	**107,418**	**16,138**	**15,722**	**126,046**	**123,140**
Expenses:						
Education	28,222	25,303	—	—	28,222	25,303
Public health	44,869	41,631	—	—	44,869	41,631
Public welfare	11,291	10,669	—	—	11,291	10,669
Public safety	5,521	5,001	—	—	5,521	5,001
Transportation	5,893	5,836	—	—	5,893	5,836
Other	12,450	12,692	—	—	12,450	12,692
Lottery	—	—	4,945	4,721	4,945	4,721
Unemployment insurance	—	—	2,344	2,507	2,344	2,507
State University of New York	—	—	7,003	6,396	7,003	6,396
City University of New York	—	—	2,246	2,056	2,246	2,056
Total expenses	**108,246**	**101,132**	**16,538**	**15,680**	**124,784**	**116,812**
Increase in net assets before transfers	**1,662**	**6,286**	**(400)**	**42**	**1,262**	**6,328**
Transfers	(2,332)	(1,479)	863	449	(1,469)	(1,030)
Changes in net assets	**(670)**	**4,807**	**463**	**491**	**(207)**	**5,298**
Net assets, beginning of year	**45,997**	**41,190**	**3,136**	**2,645**	**49,133**	**43,835**
Net assets, end of year	**$ 45,327**	**$ 45,997**	**$ 3,599**	**$ 3,136**	**$ 48,926**	**$ 49,133**

Governmental Activities

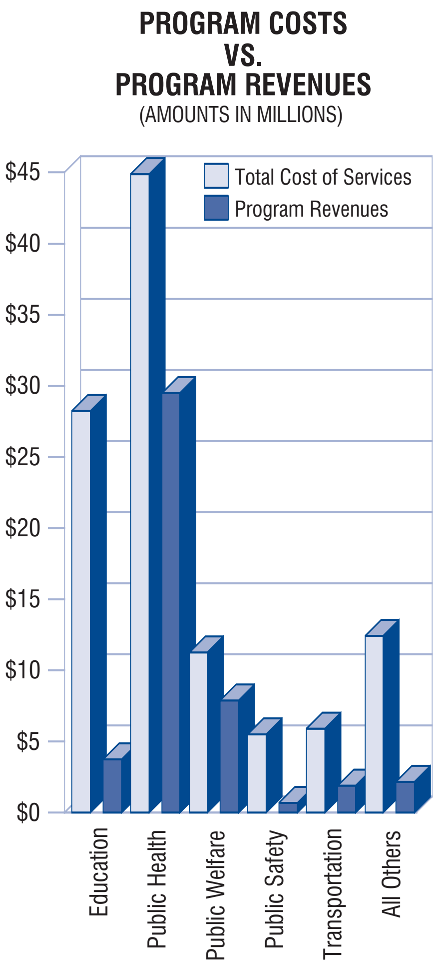
The State's total revenues for governmental activities of $109.9 billion exceeded its total expenses of $108.2 billion by $1.7 billion (Table 2). However, as shown in the Statement of Activities on page 32, the amount that State taxpayers ultimately financed for activities through State taxes and other State revenue was $63.9 billion including education aid transfers from the State Lottery of $2.4 billion, grants and contributions of $38.1 billion, and revenues derived by those who directly benefited from the programs of $7.8 billion. Overall, the State's governmental program revenues, including intergovernmental aid, fees for services and capital grants were $46 billion in 2007. The State paid for the remaining "public benefit" portion of governmental activities with $58.9 billion in taxes and $5.1 billion in other revenues including investment earnings.

Table 3 presents the cost of State support for each of the State's five largest programs: education, public health, public welfare, public safety, and transportation, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial obligation that was placed upon the State's taxpayers by each of these functions.

Table 3
Governmental Activities for the years ended March 31, 2007 and 2006

(Amounts in millions)

	2007			2006
	Total Cost of Services	**Program Revenues**	**Net Cost of Services**	**Net Cost of Services**
Education	$ 28,222	$ 3,766	$ 24,456	$ 21,470
Public health	44,869	29,514	15,355	10,105
Public welfare	11,291	7,882	3,409	2,465
Public safety	5,521	697	4,824	4,521
Transportation	5,893	1,924	3,969	4,054
All others	12,450	2,197	10,253	10,168
Totals	**$ 108,246**	**$ 45,980**	**$ 62,266**	**$ 52,783**



Business-type Activities

The cost of all business-type activities this year was $16.5 billion (Table 2). The increase in business-type activities' expenses was caused primarily by increases in payments for Lottery prizes and operating expenses of the State University of New York. As shown in the Statement of Activities on page 32, the amount reported as transfers that General Fund tax revenues ultimately financed for business-type activities was $863 million after some activity costs were paid by: those directly benefiting from the programs ($10.6 billion), grants and contributions ($4.9 billion) and other miscellaneous revenue ($658 million). The increase in charges for service revenues was primarily caused by increases in Lottery ticket sales, tuition paid by out-of- state residents, and an increase in student enrollment.

THE STATE'S FUNDS

The State uses fund accounting to ensure and demonstrate compliance with legal and finance related requirements. As the State completed the year, its governmental funds (as presented in the balance sheet on page 34) reported a combined fund balance of $12.1 billion. Included in this year's total change in fund balance is an operating surplus of $202 million in the State's General Fund. The General Fund operating surplus is attributable to several factors including an increase of $1.4 billion in personal income tax revenue, a $1.4 billion increase in business taxes and a $746 million increase in miscellaneous revenues, offset by a $323 million decline in consumption and use tax revenue. Much of the increase in tax revenues is related to improvement in the State's economy and tax increases enacted for personal income. The increase in business taxes is due to strong growth in corporate profitability and growth in audit and compliance receipts. The improvement in the national economy favorably affected the State's economy in the form of job growth, increased business profitability and increased consumer spending. The increase in General Fund revenues was offset by a $3.6 billion increase in expenditures. Local assistance expenditures increased by nearly $2.8 billion due primarily to increased spending for medical assistance and income maintenance programs. State operations increased $798 million due primarily to negotiated salary increases, increased health insurance costs and employer pension costs.

The State ended the 2006-07 fiscal year with a General Fund accumulated fund balance of $2.4 billion. The increase of the fund balance is due primarily to an increase in tax revenues as a result of an increase in the personal income tax rate and an improving State economy.

The Enterprise Funds provide the same type of information found in the government-wide financial statements, but in more detail. The change in net assets of the Enterprise Funds has already been discussed in the preceding discussion of business-type activities.

General Fund Budgetary Highlights

The financial plan, which uses the cash basis of accounting, was updated quarterly throughout the year as required by the State Finance Law. The quarterly updates reflected revisions to the original financial plan based on actual operating results to date and an updated analysis of underlying economic, revenue and spending trends.

General Fund expenditures exceeded receipts by $212 million in 2006-07. The General Fund ended the fiscal year with a closing cash fund balance of $3.05 billion, which consisted of $1.03 billion in the Tax Stabilization Reserve Account (the State's "rainy day" reserve), $278 million in the Community Projects Account, $21 million in the Contingency Reserve Account, and $1.71 billion in general reserves.

Actual operating results were $229 million less favorable than anticipated in the original financial plan and fell below the projections in the final financial plan by $562 million. The original financial plan projected that expenditures would exceed receipts by $17 million in 2006-07. During the fiscal year, actual receipts surpassed the level forecast in the original financial plan, growing at an annual rate of nearly 13 percent, primarily due to a growth in personal income tax and business tax receipts. Higher spending reflected, among other things, increases in Medicaid and public health care spending, and growth in local assistance for school aid.

The final financial plan (issued on February 21, 2007) projected positive General Fund operating results of $350 million, or $562 million above actual results. The most significant variances from the final financial plan occurred in miscellaneous receipts, local assistance grants and transfers to other funds. Miscellaneous receipts were lower than projected due to an expected payment from New York City that was not received. Local assistance grants reflect an increase from the financial plan due to higher-than-expected spending primarily for Medicaid and school aid costs based on the updated data from school districts. Transfers to other funds were higher than projected due to the prepayment of debt service on Dormitory Authority of the State of New York (DASNY)/State University of New York (SUNY) obligations and an increase in transfers to support capital projects.

The State's General Fund GAAP operating surplus of $202 million reported on page 36 differs from the General Fund's budgetary basis operating deficit of $212 million reported in the reconciliation found under Budgetary Basis Reporting on page 92. This variation results from differences in basis of accounting, entity and perspective differences between budgetary reporting versus those established as GAAP and followed in preparation of this financial statement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of 2007, the State has $85.6 billion invested in a broad range of capital assets, including equipment, buildings, construction in progress, land preparation, and infrastructure which primarily includes roads and bridges (Table 4). This amount represents a net increase (including additions and deductions) of $681 million, over last year.

Table 4
Capital Assets at Year-End
(Net of depreciation, amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land and land improvements	$ 3,662	$ 3,570	$ 476	$ 460	$ 4,138	$ 4,030
Land preparation	2,981	2,856	—	—	2,981	2,856
Buildings	4,187	4,398	4,721	4,456	8,908	8,854
Equipment and library books	219	244	720	695	939	939
Construction in progress	3,369	3,577	1,146	1,127	4,515	4,704
Infrastructure	63,902	63,363	225	181	64,127	63,544
Artwork and historical treasures	—	—	8	8	8	8
Totals	**$ 78,320**	**$ 78,008**	**$ 7,296**	**$ 6,927**	**$ 85,616**	**$ 84,935**

The State-owned roads and bridges that are maintained by the Department of Transportation are being reported using the modified approach. As allowed by the reporting provisions in Governmental Accounting Standards Board Statement No. 34, infrastructure assets that meet prescribed criteria do not have to be depreciated but must be maintained at levels defined by State policy. The State is responsible for maintaining more than 42,504 lane miles of highway and 7,821 bridges.

Highway condition is rated using a scale of A1 (very poor) to A10 (excellent) based on the prevalence of surface-related pavement distress. For bridges, a rating of 6 to 7 is excellent, which indicates that no repairs are necessary. A rating of 3 to 5 is fair to good, which indicates that minor repairs are required. A rating of 1 to 2 is deficient, which indicates major repairs or replacements are necessary. Refer to Required Supplementary Information (RSI) for additional information regarding infrastructure assets using the modified approach. Pavement condition rating parameters for the current year are expected to be between 6.7 and 7.2, while bridge pavement condition parameters are expected to be between 5.3 and 5.6. Capital spending for highway and bridge maintenance and preservation projects was approximately $1.2 billion in 2007.

The State's 2007-08 fiscal year capital budget calls for it to spend in the 2006-07 fiscal year, $7.7 billion for capital projects, of which $3.8 billion is for transportation projects. To pay for these capital projects the State plans to use $220 million in general obligation bond proceeds, $4.1 billion in other financing arrangements with public authorities, $1.8 billion in Federal funds, and $1.6 billion in funds on hand or received during the year. More detailed information about the State's capitalization policy for capital assets is presented in Note 1 of the notes to the basic financial statements.

Debt Administration

The State has obtained long-term financing in the form of voter-approved General Obligation debt (voter approved debt) and other obligations that are authorized by legislation but not approved by the voters (non-voter approved debt), including lease purchase and contractual obligations where the State's legal obligation to make payments is subject to and paid from annual appropriations made by the Legislature or assignment of revenue in the case of Tobacco Settlement Revenue Bonds. One minor exception, Equipment Capital Leases and Building Capital Leases, which represent $381 million as of March 31, 2007, do not require legislative or voter approval. Other obligations include certain bonds issued through State public authorities, certificates of participation, and capital leases obtained through vendors. The State administers its long-term financing needs as a single portfolio of State-supported debt that includes general obligation bonds and other obligations of both its governmental activities and business-type activities. Most of the debt reported under business-type activities, all of which was issued for capital assets used in those activities, is supported by payments from resources generated by the State's Governmental Activities—thus it is not expected to be repaid from resources generated by business-type activities. The State Finance Law allows the bonded portion of this single combined debt portfolio, which includes debt reported in both governmental and business-type activities combined, to include debt instruments which result in a net variable rate exposure in an amount that does not exceed 20 percent of total outstanding State-supported debt, and interest rate exchange agreements (swaps) that do not exceed 20 percent of total outstanding State-supported debt. At March 31, 2007 the State had $2.0 billion in State-supported (net) variable rate bonds outstanding and $6.0 billion in interest rate exchange agreements, where the State issues variable rate bonds and enters into a swap agreement that converts the rate effectively to a fixed rate. Risks related to these transactions are explained in Note 7 of the financial statements.

In addition, the State had $2.4 billion in convertible bonds, which bear a fixed rate until future mandatory tender dates in 2009, 2011, 2012 and 2013 at which time they can convert to either a fixed or variable rate. The interest rate mode will be determined close to the conversion date. Similar to the convertible bonds, the State also entered into approximately $693 million in swaps that create synthetic variable rate exposure in the future. In these transactions, the State issued fixed rate bonds and entered into forward starting swaps in which it receives a fixed rate that exceeds the rate it pays on the bonds and pays the Securities Industry and Financial Markets Association (SIFMA) variable rate, resulting in the State paying net variable rates. The net result is the State will be paying interest at a fixed rate through 2014, and a variable rate between 2014 and 2030.

At March 31, 2007, variable rate bonds, net of those subject to the fixed rate swaps, were equal to 4.6 percent of the State-supported debt portfolio. Variable rate bonds that were converted to a synthetic fixed rate through swap agreements of $6 billion were equal to 14 percent of the total State-supported debt portfolio. Additionally, the State had $917 million in fixed to variable rate swap agreements outstanding, which are excluded from the statutory cap because at the time the transaction was completed, they offset specific risks in the State's swap portfolio.

At March 31, 2007 the State had $48.8 billion in bonds, notes, and other financing agreements outstanding compared with $47.1 billion last year, an increase of $1.7 billion as shown below in Table 5.

Table 5
Outstanding Debt at Year-End
(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
General obligation bonds (voter approved)	$ 3,344	$ 3,511	$ —	$ —	$ 3,344	$ 3,511
Tobacco Settlement Financing Corporation bonds	4,084	4,278	—	—	4,084	4,278
MBBA Special Purpose School Aid bonds	484	504	—	—	484	504
Capital Lease Obligations	162	178	219	191	381	369
Mortgage Loan Commitments	—	—	65	62	65	62
Unamortized Bond Premiums (Discounts)	1,300	1,217	(85)	(108)	1,215	1,109
Accumulated Accretion on Capital Appreciation bonds	318	319	—	—	318	319
State-supported debt as defined by the State Finance Law	30,683	29,267	8,187	7,680	38,870	36,947
Totals	**$ 40,375**	**$ 39,274**	**$ 8,386**	**$ 7,825**	**$ 48,761**	**$ 47,099**

During the 12-month period reported, the State issued $4.6 billion in bonds, of which $3.9 billion were for refunding and $623 million were for new borrowing. See Note 16 for State debt issued subsequent to the reporting period.

Table 6
New Debt Issued during prior 12 month period
(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Voter approved debt:						
General obligation:						
New issues	$ 180	$ 159	$ —	$ —	$ 180	$ 159
Refunding issues	162	—	—	—	162	—
Total voter approved debt	**342**	**159**	**—**	**—**	**342**	**159**
Non-voter approved debt:						
Other financing arrangements:						
New issues	2,886	1,746	868	102	3,754	1,848
Refunding issues	357	2,956	104	764	461	3,720
Total non-voter approved debt	**3,243**	**4,702**	**972**	**866**	**4,215**	**5,568**
Totals	**$ 3,585**	**$ 4,861**	**$ 972**	**$ 866**	**$ 4,557**	**$ 5,727**

The State's assigned general obligation bond ratings are as follows: AA by Standard & Poor's Investor Services, Aa3 by Moody's Investor Service, and AA- by Fitch Investor Service. The State Constitution, with exceptions for emergencies, limits the amount of general obligation bonds that can be issued to that amount approved by the voters for a single work or purpose in a general election. Currently, the State has $3.4 billion in authorized but unissued bond capacity that can be used to issue bonds for specifically approved purposes. The State may issue short-term debt without voter approval in anticipation of the receipt of taxes and revenues or proceeds from duly authorized but not issued general obligation bonds.

The State Finance Law, through the Debt Reform Act of 2000 (the Act), also imposes phased-in caps on new State-supported debt issued and related debt service costs. The Act also limits the use of debt to capital works and purposes, and establishes a maximum length of term for repayment of 30 years. The Act applies to all State-supported debt. The Act does not apply to debt issued prior to April 1, 2000 or to other obligations issued by public authorities where the State is not the direct obligor.

ECONOMIC FACTORS AFFECTING THE STATE

In calendar year 2006 New York State's economy continued to grow at a moderate pace, as it did in the preceding two years. Employment growth was modest but steady, while income growth rebounded from a slight slowing in 2005. On an average annual basis, economic conditions in New York State in 2006 again generally paralleled those of the nation, and New York's economic performance relative to the other states in the nation was also generally comparable to 2005. This linkage to national economic performance reflects the heavy concentration of information, finance, and business services in the State's economy—these sectors account for nearly half of the State's economic output.

Nationwide, the Gross Domestic Product (GDP) grew at about the same rate in 2006 (3.3 percent) as it did in 2005 (3.2 percent), although the increase in these years was somewhat less than the gain in 2004 (3.9 percent). On a quarterly basis, however, national economic growth slowed after the first quarter, primarily because of reductions in residential investment. National employment growth increased at about the same rate in 2006 (1.8 percent) as it did in 2005 (1.7 percent), with monthly increases somewhat lower in the second half of 2006 than in the first half. Growth in personal income increased to 6.3 percent in 2006 from 5.3 percent in 2005. The nation's population increased by one percent in 2006—consistent with annual increases since 2000. New York State's inflation-adjusted Gross Domestic Product—formally the Gross State Product—increased by 3.4 percent in 2006, the same rate of growth experienced in 2005. Paralleling the nation's experience, New York's growth in 2005 and 2006 was less than the rate of growth in 2004 (4.1 percent). The State's relative performance was also virtually unchanged, ranking 18th among all the states for growth in 2006 compared with 20th in 2005. (During the recession years of 2002 and 2003, the State ranked 48th and 32nd, respectively, among the states.) Within the State's economy, the highest growth rates continued to occur in the information, finance, and business services sectors.

As in the nation, the pace of employment growth in New York was virtually the same in 2006 (0.9 percent) as it was in 2005 (0.8 percent). Among the states, New York was ranked 39th for job growth in 2006, compared with a rank of 41st in 2005. New York's employment performance among the states remains about the same as it was during the recent recession, when it ranked 40th for job growth in the 2002 and 2003 period. Unlike the nation, New York has yet to recover all of the jobs it lost during the recession—employment in 2006 was nearly 23,000 jobs below the level in 2000 (whereas employment in the nation in 2006 was 4.4 million jobs above its level in 2000).

While employment levels in New York State have increased at a relatively slow rate, personal income growth has expanded more rapidly—to six percent in 2006 from four percent in 2005, which exceeds the nation's improvement between these years. Thus, New York's relative performance improved, raising it to a rank of 23rd in the nation in 2006, up from 42nd in 2005. (By comparison, New York ranked 49th among the states for growth during 2002 and 2003.) The quicker recovery for income growth reflects the importance of the securities industry to New York. Although the industry accounts for only 2.3 percent of all jobs in the State, it provides 11.9 percent of the wages paid. Securities industry profits surged in the last quarter of calendar year 2006 to reach $20.9 billion for the year—just short of the record $21 billion earned in 2000, and more than double the $9.4 billion earned in 2005. Year-end bonuses for 2006 rose by more than 17 percent to a record $23.9 billion, after a gain of 10 percent in 2005.

On a per capita basis, personal income in New York State was $42,392 in 2006, which exceeded the national level ($36,276) and ranked fifth among all the states. On an inflation-adjusted basis, per capita income in New York increased by 2.8 percent in 2006 compared to a 1.9 percent increase for the nation. The State's real per capita personal income has increased annually since 2004, with the increase in 2006 ranking sixth among the states.

New York State's relatively high ranking for per capita personal income reflects a combination of good income growth and low population growth. Between 2000 and 2006, population growth in New York increased at an average annual rate of 0.4 percent (growth was faster earlier in the period, with virtually no growth over the last two years), which ranked 45th among the states. Although New York has experienced a three percent increase in population from net births since 2000 and a 4.1 percent increase from international immigration (the second-largest increase in the nation), these gains were largely offset by a 6.4 percent decline due to residents who moved to other states.

During 2006, the Federal Reserve increased short-term interest rates until July, after which it held rates steady. Long-term interest rates—including mortgage rates—also rose during the first half of the year, but then receded in the later half. Although mortgage rates remain relatively low by historical standards, real estate price appreciation has slowed as the housing market has cooled, especially in parts of the western and southern United States. Nonetheless, the Federal Reserve remains concerned about inflation because of continued growth in non-housing portions of the economy and further increases in energy prices. Nationally, energy prices rose by 11.2 percent in 2006, and while this is less than the increase in 2005 (17 percent) it is the fourth consecutive year in which energy prices have risen by 10 percent or more. Core inflation (which excludes food and energy) increased at a somewhat faster rate in 2006 (2.5 percent) than in 2005 (2.2 percent).

Geographically, the downstate portions of New York State performed better than the upstate regions in 2006, as they did in 2005. Job gains in New York City accounted for nearly 80 percent of the jobs added throughout the State in 2006; when combined with job gains in the Long Island and Hudson Valley suburbs, the downstate region accounted for more than 90 percent of jobs added. The rate of job growth in New York City (1.7 percent) exceeded the rates in other regions, while employment declined in the upstate Mohawk Valley, Finger Lakes, and Western New York regions. Population growth in New York State has also been concentrated in the downstate region. New York City's population has increased by 2.4 percent since 2000, accounting for 64.1 percent of the growth Statewide, and four of the five fastest-growing counties were in New York City's suburban area. The City also benefited from continued strength in tourism, with the number of visitors reaching a new record (44 million) in 2006.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the State's finances and to show the State's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the State Comptroller's Communications Office at 110 State Street, 15th Floor, Albany, New York 12236 or visit our website at *www.osc.state.ny.us.*

Basic Financial Statements

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

Statement of Net Assets

March 31, 2007
(Amounts in millions)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS:				
Cash and investments	$ 13,556	$ 5,968	$ 19,524	$ 38,477
Receivables, net of allowances for uncollectibles:				
Taxes	10,220	—	10,220	—
Due from Federal government	4,456	—	4,456	—
Loans, leases and notes	—	—	—	32,934
Other	1,961	2,860	4,821	3,092
Internal balances	(299)	402	103	—
Other assets	1,159	207	1,366	4,550
Intangible assets	—	—	—	2,971
Capital assets:				
Land, infrastructure and construction in progress	73,682	1,654	75,336	5,914
Buildings, equipment, land improvements and infrastructure, net of depreciation	4,638	5,642	10,280	47,237
Total assets	**109,373**	**16,733**	**126,106**	**135,175**
LIABILITIES:				
Tax refunds payable	7,297	—	7,297	—
Accounts payable	899	461	1,360	585
Accrued liabilities	5,267	802	6,069	15,516
Due to Federal government	—	82	82	—
Payable to local governments	3,513	—	3,513	—
Interest payable	468	298	766	—
Pension contributions payable	86	—	86	184
Deferred revenues	472	334	806	1,154
Long-term liabilities:				
Due within one year	2,618	782	3,400	2,591
Due in more than one year:				
Tax refunds payable	634	—	634	—
Accrued liabilities	4,589	1,184	5,773	313
Payable to local governments	194	—	194	—
Lottery prizes payable	—	1,138	1,138	—
Pension contributions payable	503	—	503	6
Obligations under lease/purchase and other financing arrangements	35,373	8,053	43,426	—
Deferred loss on refunding	(859)	—	(859)	—
Notes payable	—	—	—	785
Bonds payable	2,992	—	2,992	68,785
Other long-term liabilities	—	—	—	8,161
Total liabilities	**64,046**	**13,134**	**77,180**	**98,080**
NET ASSETS:				
Invested in capital assets, net of related debt	62,500	207	62,707	20,269
Restricted for:				
Unemployment benefits	—	1,308	1,308	—
Debt service	2,210	—	2,210	3,164
Other specified purposes	2,313	1,448	3,761	6,872
Unrestricted (deficit)	(21,696)	636	(21,060)	6,790
Total net assets	**$ 45,327**	**$ 3,599**	**$ 48,926**	**$ 37,095**

See accompanying notes to the basic financial statements.

Statement of Activities

For the Year Ended March 31, 2007

(Amounts in millions)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government:				
Governmental activities:				
Education	$ 28,222	$ 95	$ 3,671	$ —
Public health	44,869	5,141	24,373	—
Public welfare	11,291	385	7,490	7
Public safety	5,521	185	469	43
Transportation	5,893	235	426	1,263
Environment and recreation	1,226	258	115	78
Support and regulate business	1,062	487	16	—
General government	8,684	1,050	192	1
Interest on long-term debt	1,478	—	—	—
Total governmental activities	**108,246**	**7,836**	**36,752**	**1,392**
Business-type activities:				
Lottery	4,945	7,175	—	—
Unemployment insurance	2,344	—	2,490	—
State University of New York	7,003	2,948	1,358	82
City University of New York	2,246	484	656	287
Total business-type activities	**16,538**	**10,607**	**4,504**	**369**
Total primary government	**$ 124,784**	**$ 18,443**	**$ 41,256**	**$ 1,761**
Total component units	**$ 26,084**	**$ 16,684**	**$ 4,824**	**$ 2,145**

General revenues:
Taxes:
Personal income
Consumption and use
Business
Other
Grants and contributions not restricted to specific programs
Investment earnings
Miscellaneous
Total general revenues
Transfers
Total general revenues and transfers
Change in net assets
Net assets—beginning of year, as restated
Net assets—end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (24,456)	$ —	$ (24,456)	$ —
(15,355)	—	(15,355)	—
(3,409)	—	(3,409)	—
(4,824)	—	(4,824)	—
(3,969)	—	(3,969)	—
(775)	—	(775)	—
(559)	—	(559)	—
(7,441)	—	(7,441)	—
(1,478)	—	(1,478)	—
(62,266)	**—**	**(62,266)**	**—**
—	2,230	2,230	—
—	146	146	—
—	(2,615)	(2,615)	—
—	(819)	(819)	—
—	**(1,058)**	**(1,058)**	**—**
(62,266)	**(1,058)**	**(63,324)**	**—**
			(2,431)
34,745	—	34,745	—
13,561	—	13,561	—
8,527	—	8,527	—
2,022	—	2,022	—
—	—	—	2,029
833	366	1,199	1,211
4,240	292	4,532	1,722
63,928	**658**	**64,586**	**4,962**
(2,332)	863	(1,469)	—
61,596	**1,521**	**63,117**	**4,962**
(670)	**463**	**(207)**	**2,531**
45,997	**3,136**	**49,133**	**34,564**
$ 45,327	**$ 3,599**	**$ 48,926**	**$ 37,095**

Balance Sheet

GOVERNMENTAL FUNDS

March 31, 2007
(Amounts in millions)

	Major Funds					
	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Eliminations	Total
ASSETS:						
Cash and investments	$ 4,192	$ 272	$ 1,244	$ 7,848	$ —	**$ 13,556**
Receivables, net of allowances for uncollectibles:						
Taxes	7,711	—	2,090	419	—	**10,220**
Due from Federal government	—	4,019	—	437	—	**4,456**
Other	330	—	400	728	—	**1,458**
Due from other funds	1,887	193	—	516	(142)	**2,454**
Other assets	412	31	166	39	—	**648**
Total assets	**$ 14,532**	**$ 4,515**	**$ 3,900**	**$ 9,987**	**$ (142)**	**$ 32,792**
LIABILITIES:						
Tax refunds payable	$ 5,690	$ —	$ 1,412	$ 195	$ —	**$ 7,297**
Accounts payable	361	45	—	493	—	**899**
Accrued liabilities	2,396	2,459	5	98	—	**4,958**
Payable to local governments	2,305	834	127	247	—	**3,513**
Due to other funds	868	452	534	846	(142)	**2,558**
Pension contributions payable	86	—	—	—	—	**86**
Deferred revenues	442	724	60	144	—	**1,370**
Total liabilities	**12,148**	**4,514**	**2,138**	**2,023**	**(142)**	**20,681**
FUND BALANCES:						
Reserved for:						
Encumbrances	668	901	—	5,347	—	**6,916**
Debt service	—	—	1,590	620	—	**2,210**
Tax stabilization	1,031	—	—	—	—	**1,031**
Other specified purposes	312	—	—	2,194	—	**2,506**
Unreserved:						
General	373	—	—	—	—	**373**
Federal special revenue	—	(900)	—	—	—	**(900)**
Special revenue	—	—	—	3,584	—	**3,584**
Debt service	—	—	172	308	—	**480**
Capital projects	—	—	—	(4,089)	—	**(4,089)**
Total fund balances	**2,384**	**1**	**1,762**	**7,964**	**—**	**12,111**
Total liabilities and fund balances	**$ 14,532**	**$ 4,515**	**$ 3,900**	**$ 9,987**	**$ (142)**	**$ 32,792**

See accompanying notes to the basic financial statements.

Reconciliation of the Balance Sheet

GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

March 31, 2007
(Amounts in millions)

Total fund balances—governmental funds	**$**	**12,111**
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		78,320
Some of the State's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds		898
Deferred charges related to bond issuance costs		444
Medicaid cost recoveries not available soon enough to reduce current period expenditures		66
Some liabilities (listed below) are not due and payable in the current period and therefore are not reported in the funds:		
Interest payable		(468)
Long-term liabilities due within one year		(2,618)
Tax refunds payable		(634)
Accrued liabilities		(4,589)
Payable to local governments		(194)
Pension contributions payable		(503)
Lease/purchase and other financing arrangements		(35,373)
Deferred loss on refunding		859
Bonds payable		(2,992)
Total net assets—governmental activities	**$**	**45,327**

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances

GOVERNMENTAL FUNDS

Year Ended March 31, 2007
(Amounts in millions)

	Major Funds: General	Major Funds: Federal Special Revenue	Major Funds: General Obligation Debt Service	Other Governmental Funds	Eliminations	Total
REVENUES:						
Taxes:						
Personal income	$ 22,496	$ —	$ 8,125	$ 3,994	$ —	$ 34,615
Consumption and use	8,131	—	—	5,437	—	13,568
Business	6,330	—	—	2,158	—	8,488
Other	1,011	—	—	1,013	—	2,024
Federal grants	67	36,276	—	1,820	—	38,163
Public health/patient fees	—	—	—	3,810	—	3,810
Tobacco settlement	—	—	—	107	—	107
Miscellaneous	6,224	191	460	3,235	(635)	9,475
Total revenues	**44,259**	**36,467**	**8,585**	**21,574**	**(635)**	**110,250**
EXPENDITURES:						
Local assistance grants:						
Social services	13,318	26,558	—	2,918	—	42,794
Education	17,885	3,456	—	6,370	—	27,711
Mental hygiene	1,213	166	—	158	—	1,537
General purpose	1,192	—	—	—	—	1,192
Health and environment	1,648	955	—	2,254	—	4,857
Transportation	408	23	—	2,553	—	2,984
Criminal justice	244	143	—	74	—	461
Miscellaneous	587	711	—	1,257	—	2,555
Departmental operations:						
Personal service	7,966	540	—	274	—	8,780
Non-personal service	3,337	571	33	2,402	(592)	5,751
Pension contribution	1,008	50	—	20	—	1,078
Other fringe benefits	3,130	169	—	58	(43)	3,314
Capital construction	—	—	—	4,404	—	4,404
Debt service, including payments on financing arrangements	—	—	2,876	716	—	3,592
Total expenditures	**51,936**	**33,342**	**2,909**	**23,458**	**(635)**	**111,010**
Excess (deficiency) of revenues over expenditures	**(7,677)**	**3,125**	**5,676**	**(1,884)**	**—**	**(760)**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	13,914	1	2,879	5,839	(19,926)	2,707
Transfers to other funds	(6,386)	(3,126)	(8,531)	(7,085)	19,926	(5,202)
General obligation bonds isssued	—	—	—	180	—	180
Premiums on general obligation bonds isssued	—	—	—	2	—	2
Financing arrangements/advance refundings issued	351	—	319	2,892	—	3,562
Payments to escrow agents for advance refundings	—	—	(316)	(219)	—	(535)
Premiums on advance refundings	—	—	1	—	—	1
Net other financing sources (uses)	**7,879**	**(3,125)**	**(5,648)**	**1,609**	**—**	**715**
Net change in fund balances	**202**	**—**	**28**	**(275)**	**—**	**(45)**
Fund balances at April 1, 2006	**2,182**	**1**	**1,734**	**8,239**	**—**	**12,156**
Fund balances at March 31, 2007	**$ 2,384**	**$ 1**	**$ 1,762**	**$ 7,964**	**$ —**	**$ 12,111**

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances

GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2007

(Amounts in millions)

Net change in fund balances—total governmental funds		**$ (45)**
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds and the sale of capital assets is recorded as revenue in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Depreciation expense, net of asset disposal	$ (266)	
Disposal of assets	(1,983)	
Purchase of assets	2,561	
		312
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net effect of proceeds and repayments:		
Repayment of principal	$ 2,107	
Long-term debt proceeds	(3,745)	
Payments to refunding agent	535	
		(1,103)
Increase in revenues in the statement of activities that do not reduce current financial resources and are not reported in the funds		146
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Local assistance grants	$ 81	
Departmental operations	(72)	
Other	11	
		20
Change in net assets of governmental activities		**$ (670)**

See accompanying notes to the basic financial statements.

Statement of Net Assets

ENTERPRISE FUNDS

March 31, 2007
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2006 SUNY	June 30, 2006 CUNY	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 375	$ 3	$ 853	$ 291	$ 1,522
Investments	179	—	225	112	516
Deposits with trustees	—	—	—	105	105
Receivables, net of allowance for uncollectibles:					
Other	452	1,430	704	111	2,697
Due from other funds	—	—	425	160	585
Other assets	12	—	47	22	81
Total current assets	**1,018**	**1,433**	**2,254**	**801**	**5,506**
Noncurrent assets:					
Restricted cash and cash equivalents	—	—	57	6	63
Long-term investments	1,082	—	1,154	173	2,409
Deposits with trustees	—	—	843	510	1,353
Receivables, net of allowance for uncollectibles:					
Other	29	—	130	4	163
Due from other funds	—	—	116	—	116
Capital assets:					
Land, construction in progress and artwork	—	—	1,003	651	1,654
Buildings and equipment, net of depreciation	—	—	3,829	1,813	5,642
Other assets	16	—	65	45	126
Total noncurrent assets	**1,127**	**—**	**7,197**	**3,202**	**11,526**
Total assets	**2,145**	**1,433**	**9,451**	**4,003**	**17,032**
LIABILITIES:					
Current liabilities:					
Accounts payable	58	—	294	109	461
Accrued liabilities	230	43	512	267	1,052
Due to Federal government	—	82	—	—	82
Lottery prizes payable	199	—	—	—	199
Due to other funds	299	—	—	—	299
Interest payable	—	—	255	43	298
Deferred revenues	9	—	213	112	334
Obligations under lease/purchase and other financing arrangements	4	—	242	87	333
Total current liabilities	**799**	**125**	**1,516**	**618**	**3,058**
Noncurrent liabilities:					
Accrued liabilities	6	—	1,104	74	1,184
Lottery prizes payable	1,138	—	—	—	1,138
Obligations under lease/purchase and other financing arrangements	12	—	5,114	2,927	8,053
Total noncurrent liabilities	**1,156**	**—**	**6,218**	**3,001**	**10,375**
Total liabilities	**1,955**	**125**	**7,734**	**3,619**	**13,433**
NET ASSETS:					
Invested in capital assets, net of related debt	9	—	313	(115)	207
Restricted for:					
Nonexpendable purposes	—	—	230	47	277
Expendable purposes	—	—	769	298	1,067
Unemployment benefits	—	1,308	—	—	1,308
Future prizes	104	—	—	—	104
Unrestricted	77	—	405	154	636
Total net assets	**$ 190**	**$ 1,308**	**$ 1,717**	**$ 384**	**$ 3,599**

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Assets

ENTERPRISE FUNDS

Year Ended March 31, 2007
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2006 SUNY	June 30, 2006 CUNY	Total
OPERATING REVENUES:					
Ticket sales	$ 7,175	$ —	$ —	$ —	$ 7,175
Employer contributions	—	2,490	—	—	2,490
Tuition and fees, net	—	—	880	469	1,349
Government grants and contracts	—	—	1,102	543	1,645
Private grants and contracts	—	—	239	80	319
Hospitals and clinics	—	—	1,431	—	1,431
Auxiliary enterprises	—	—	637	15	652
Other	—	—	93	42	135
Total operating revenues	**7,175**	**2,490**	**4,382**	**1,149**	**15,196**
OPERATING EXPENSES:					
Benefits paid	—	2,344	—	—	2,344
Prizes	3,971	—	—	—	3,971
Commissions and fees	696	—	—	—	696
Educational and general	—	—	4,272	1,946	6,218
Hospitals and clinics	—	—	1,509	—	1,509
Auxiliary enterprises	—	—	629	13	642
Instant game ticket costs	28	—	—	—	28
Depreciation and amortization	3	—	320	135	458
Other	167	—	5	—	172
Total operating expenses	**4,865**	**2,344**	**6,735**	**2,094**	**16,038**
Operating income (loss)	**2,310**	**146**	**(2,353)**	**(945)**	**(842)**
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	102	17	78	44	241
Other income (expense)	—	15	32	(9)	38
Private gifts, grants, contracts	—	—	87	4	91
Federal and City appropriations	—	—	17	33	50
Net realized and unrealized gains	—	—	109	16	125
Plant and equipment write-off	—	—	(6)	—	(6)
Interest expense	(80)	—	(262)	(152)	(494)
Total nonoperating revenues (expenses)	**22**	**32**	**55**	**(64)**	**45**
Income (loss) before other revenues and transfers	**2,332**	**178**	**(2,298)**	**(1,009)**	**(797)**
State transfers	—	—	2,459	762	3,221
Education aid transfer	(2,358)	—	—	—	(2,358)
Capital appropriations	—	—	9	287	296
Capital gifts and grants	—	—	73	—	73
Additions to permanent endowments	—	—	12	16	28
Increase (decrease) in net assets	**(26)**	**178**	**255**	**56**	**463**
Net assets—beginning of year	**216**	**1,130**	**1,462**	**328**	**3,136**
Net assets—end of year	**$ 190**	**$ 1,308**	**$ 1,717**	**$ 384**	**$ 3,599**

See accompanying notes to the basic financial statements.

Statement of Cash Flows

ENTERPRISE FUNDS

Year Ended March 31, 2007
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2006 SUNY	June 30, 2006 CUNY	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from:					
Contributions	$ —	$ 2,669	$ —	$ —	$ 2,669
Ticket sales	7,175	—	—	—	7,175
Tuition and fees	—	—	899	480	1,379
Government grants and contracts	—	—	1,146	625	1,771
Private grants and contracts	—	—	235	—	235
Hospitals and clinics	—	—	1,317	—	1,317
Auxiliary enterprises	—	—	628	15	643
Other	—	—	114	74	188
Payments for:					
Claims	—	(2,350)	—	—	(2,350)
Prizes	(3,996)	—	—	—	(3,996)
Commissions and fees	(751)	—	—	—	(751)
Operating expenses	(123)	—	(5,252)	(1,811)	(7,186)
Other	(1)	—	(85)	(114)	(200)
Net cash provided (used) by operating activities	**2,304**	**319**	**(998)**	**(731)**	**894**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer to education	(2,615)	—	—	—	(2,615)
Temporary loan from Federal government	—	182	—	—	182
Repayment of temporary loan from Federal government	—	(599)	—	—	(599)
Government transfers	167	—	1,595	737	2,499
Other, net	—	11	70	14	95
Net cash provided (used) by noncapital financing activities	**(2,448)**	**(406)**	**1,665**	**751**	**(438)**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from capital debt	—	—	624	316	940
Capital appropriations	—	—	11	287	298
Purchase of capital assets	(3)	—	(232)	(130)	(365)
Payments to contractors	—	—	(415)	—	(415)
Principal payments on capital leases	—	—	(236)	(171)	(407)
Interest payments on capital leases	—	—	(283)	(174)	(457)
Other, net	—	—	(94)	(105)	(199)
Net cash provided (used) by capital financing activities	**(3)**	**—**	**(625)**	**23**	**(605)**

(Continued)

Statement of Cash Flows (cont'd)

ENTERPRISE FUNDS

Year Ended March 31, 2007
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2006 SUNY	June 30, 2006 CUNY	Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest, dividends and realized gains on investments	22	17	136	42	217
Proceeds from sales and maturities of investments	194	—	5,264	291	5,749
Purchases of investments	(19)	—	(5,377)	(353)	(5,749)
Other, net	(6)	—	—	4	(2)
Net cash provided (used) by investing activities	**191**	**17**	**23**	**(16)**	**215**
Net increase (decrease) in cash and cash equivalents	**44**	**(70)**	**65**	**27**	**66**
Cash and cash equivalents, beginning of year	331	73	845	270	1,519
Cash and cash equivalents, end of year	**$ 375**	**$ 3**	**$ 910**	**$ 297**	**$ 1,585**
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 2,310	$ 146	$ (2,353)	$ (945)	$ (842)
Adjustments to reconcile operating income to net cash provided (used) by nonoperating and noncash activities:					
Depreciation and amortization	3	—	320	135	458
Nonoperating and noncash items	—	—	867	—	867
Change in assets and liabilities:					
Receivables, net	(1)	179	(23)	35	190
Other assets	(2)	—	(7)	(5)	(14)
Lottery prizes payable	(65)	—	—	—	(65)
Unclaimed and future prizes	41	—	—	—	41
Accrued liabilities	18	—	212	49	279
Deferred revenues	—	—	(14)	—	(14)
Other payables	—	(6)	—	—	(6)
Net cash provided (used) by operating activities	**$ 2,304**	**$ 319**	**$ (998)**	**$ (731)**	**$ 894**

See accompanying notes to the basic financial statements.

Statement of Fiduciary Net Assets

FIDUCIARY FUNDS

March 31, 2007
(Amounts in millions)

	Pension Trusts	Private-Purpose Trusts	Agency
ASSETS:			
Cash and investments	$ —	$ 6,900	$ 2,882
Retirement system investments	154,576	—	—
Receivables, net of allowances for uncollectibles	2,713	141	509
Due from other funds	—	245	63
Other assets	26,225	—	431
Total assets	**183,514**	**7,286**	**$ 3,885**
LIABILITIES:			
Accounts payable	—	—	$ 33
Accrued liabilities	26,889	1,020	2,259
Payable to local governments	—	—	1,089
Due to other funds	—	—	504
Total liabilities	**26,889**	**1,020**	**$ 3,885**
NET ASSETS:			
Held in trust for pension benefits and other purposes	**$ 156,625**	**$ 6,266**	

See accompanying notes to the basic financial statements.

Statement of Changes in Fiduciary Net Assets

FIDUCIARY FUNDS

Year Ended March 31, 2007
(Amounts in millions)

	Pension Trusts	Private-Purpose Trusts
Additions:		
Investment earnings:		
Investment income	$ 1,816	$ —
Dividend income	1,564	163
Other income	—	1
Securities lending income	1,249	—
Other income	632	—
Net change in fair value on investments	13,538	358
Net realized gain on investments	—	20
Total investment earnings	**18,799**	**542**
Less:		
Securities lending expenses	(1,209)	—
Investment expenses	(174)	(28)
Net investment earnings	**17,416**	**514**
Contributions:		
College savings	—	2,322
Employers	2,719	—
Employees	250	—
Interest on accounts	57	—
Other	75	—
Total contributions	**3,101**	**2,322**
Net transfers from General Fund	—	162
Total additions	**20,517**	**2,998**
Deductions:		
College aid redemptions	—	1,181
Benefits paid:		
Retirement allowances	6,219	—
Death benefits	165	—
Other benefits	48	—
Administrative expenses	80	—
Claims paid	—	162
Miscellaneous	—	2
Total deductions	**6,512**	**1,345**
Net increase	**14,005**	**1,653**
Net assets held in trust for pension benefits and other purposes at April 1, 2006	**142,620**	**4,613**
Net assets held in trust for pension benefits and other purposes at March 31, 2007	**$ 156,625**	**$ 6,266**

See accompanying notes to the basic financial statements.

Combining Statement of Net Assets

DISCRETELY PRESENTED COMPONENT UNITS

March 31, 2007
(Amounts in millions)

	Major Component Units				
	Power Authority	Housing Finance Agency	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority
ASSETS:					
Cash and investments	$ 1,846	$ 1,350	$ 412	$ 6,805	$ 6,917
Receivables, net of allowances for uncollectibles:					
Loans, leases, and notes	118	6,670	—	—	28,866
Other	237	48	61	2,992	753
Other assets	771	—	52	1,981	—
Intangible assets	—	—	—	—	—
Capital assets:					
Construction in progress	138	—	275	5,255	—
Land and buildings, net of depreciation	3,289	—	3,878	33,052	16
Total assets	**6,399**	**8,068**	**4,678**	**50,085**	**36,552**
LIABILITIES:					
Accounts payable	—	7	—	476	—
Accrued liabilities	498	98	107	1,716	1,255
Pension contributions payable	—	—	—	184	—
Deferred revenues	—	138	40	352	96
Notes payable	295	—	—	—	—
Bonds payable	117	156	57	338	1,317
Current portion of other long-term liabilities	—	—	—	7	1
Due in more than one year:					
Accrued liabilities	—	4	—	—	221
Pension contributions payable	—	—	—	6	—
Deferred revenues	466	26	—	—	—
Notes payable	624	—	—	—	—
Bonds payable	1,128	7,190	1,855	23,544	32,921
Postemployment retirement benefits	113	26	—	244	—
Other long-term liabilities	1,125	(7)	19	3,855	110
Total liabilities	**4,366**	**7,638**	**2,078**	**30,722**	**35,921**
NET ASSETS:					
Invested in capital assets, net of related debt	1,677	—	2,338	14,777	16
Restricted for:					
Debt service	—	336	50	1,095	—
Other specified purposes	28	—	141	—	541
Unrestricted (deficit)	328	94	71	3,491	74
Total net assets	**$ 2,033**	**$ 430**	**$ 2,600**	**$ 19,363**	**$ 631**

See accompanying notes to the basic financial statements.

Major Component Units							
Long Island Power Authority	Urban Development Corporation	State Insurance Fund	SONY Mortgage Agency	Environmental Facilities Corporation	Non-Major Component Units	Eliminations	Total
$ 710	$ 2,357	$ 10,958	$ 1,664	$ 3,729	$ 3,596	$ (1,867)	$ 38,477
155	6,204	—	2,870	7,767	619	(20,335)	32,934
280	265	181	25	153	393	(2,296)	3,092
1,239	239	63	88	—	149	(32)	4,550
2,967	—	—	—	—	4	—	2,971
189	—	—	—	—	57	—	5,914
3,930	913	—	—	—	2,159	—	47,237
9,470	9,978	11,202	4,647	11,649	6,977	(24,530)	135,175
—	—	—	—	—	102	—	585
596	517	9,586	162	246	779	(44)	15,516
—	—	—	—	—	—	—	184
—	—	447	—	—	81	—	1,154
100	45	—	—	—	—	—	440
219	378	—	112	310	65	(1,065)	2,004
121	—	—	—	—	18	—	147
32	—	—	—	21	35	—	313
—	—	—	—	—	—	—	6
—	—	—	—	—	265	(24)	733
—	160	—	—	—	1	—	785
6,806	6,898	—	2,816	6,859	2,423	(23,655)	68,785
—	—	—	21	—	65	—	469
1,426	400	—	(7)	—	77	(39)	6,959
9,300	8,398	10,033	3,104	7,436	3,911	(24,827)	98,080
(418)	783	—	—	—	1,096	—	20,269
—	—	—	1,560	—	115	8	3,164
—	712	—	—	4,197	1,253	—	6,872
588	85	1,169	(17)	16	602	289	6,790
$ 170	$ 1,580	$ 1,169	$ 1,543	$ 4,213	$ 3,066	$ 297	$ 37,095

Combining Statement of Activities

DISCRETELY PRESENTED COMPONENT UNITS

Year Ended March 31, 2007

(Amounts in millions)

	Major Component Units				
	Power Authority	Housing Finance Agency	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority
Expenses:					
Program operations	$ 2,318	$ 140	$ 401	$ 7,764	$ 86
Interest on long-term debt	100	281	85	1,039	1,523
Other interest	10	—	—	—	—
Depreciation and amortization	173	—	205	1,606	—
Other expenses	—	4	—	—	181
Total expenses	**2,601**	**425**	**691**	**10,409**	**1,790**
Program revenues:					
Charges for services	2,666	307	567	5,081	1,584
Operating grants and contributions	—	52	16	2,397	—
Capital grants and contributions	—	—	30	1,898	—
Total program revenues	**2,666**	**359**	**613**	**9,376**	**1,584**
Net program revenues (expenses)	**65**	**(66)**	**(78)**	**(1,033)**	**(206)**
General revenues:					
Non-State grants and contributions not restricted to specific programs	—	—	—	1,912	—
Investment earnings:					
Restricted	—	56	—	—	143
Unrestricted	55	—	6	—	2
Miscellaneous	17	—	29	491	63
Total general revenues	**72**	**56**	**35**	**2,403**	**208**
Change in net assets	**137**	**(10)**	**(43)**	**1,370**	**2**
Net assets—beginning of year, as restated	**1,896**	**440**	**2,643**	**17,993**	**629**
Net assets—end of year	**$ 2,033**	**$ 430**	**$ 2,600**	**$ 19,363**	**$ 631**

See accompanying notes to the basic financial statements.

Major Component Units							
Long Island Power Authority	Urban Development Corporation	State Insurance Fund	SONY Mortgage Agency	Environmental Facilities Corporation	Non-Major Component Units	Eliminations	Total
$ 3,059	$ 510	$ 2,090	$ 46	$ 176	$ 3,747	$ (11)	$ 20,326
314	322	—	138	314	73	(1,219)	2,970
18	—	—	—	—	10	—	38
242	—	—	3	—	135	—	2,364
—	66	—	2	—	134	(1)	386
3,633	**898**	**2,090**	**189**	**490**	**4,099**	**(1,231)**	**26,084**
3,665	46	1,707	157	17	1,671	(784)	16,684
—	835	—	—	13	1,963	(452)	4,824
—	—	—	—	142	75	—	2,145
3,665	**881**	**1,707**	**157**	**172**	**3,709**	**(1,236)**	**23,653**
32	**(17)**	**(383)**	**(32)**	**(318)**	**(390)**	**(5)**	**(2,431)**
—	—	—	—	—	117	—	2,029
—	—	544	76	182	21	—	1,022
32	21	—	—	—	73	—	189
54	178	42	110	317	421	—	1,722
86	**199**	**586**	**186**	**499**	**632**	**—**	**4,962**
118	**182**	**203**	**154**	**181**	**242**	**(5)**	**2,531**
52	**1,398**	**966**	**1,389**	**4,032**	**2,824**	**302**	**34,564**
$ 170	**$ 1,580**	**$ 1,169**	**$ 1,543**	**$ 4,213**	**$ 3,066**	**$ 297**	**$ 37,095**

STATE OF NEW YORK COMPTROLLER

EXCELSIOR

NOTES TO THE BASIC FINANCIAL STATEMENTS

March 31, 2007

Note 1 Summary of Significant Accounting Policies

The accompanying basic financial statements of the State of New York (State) have been prepared in conformity with generally accepted accounting principles (GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America.

The basic financial statements have been prepared primarily from accounts maintained by the State Comptroller. Additional data has been derived from reports prescribed by the State Comptroller and prepared by State departments, agencies, public benefit corporations and other entities based on independent or subsidiary accounting systems maintained by them.

a. Reporting Entity

The basic financial statements include all funds of the primary government, which is the State, as well as the component units and other organizational entities determined to be included in the State's financial reporting entity.

The decision to include a potential component unit in the State's reporting entity is based on several criteria, including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the State's reporting entity.

Blended Component Units

The New York Local Government Assistance Corporation (LGAC) was created by Chapter 220 of the Laws of 1990. LGAC is administered by seven directors consisting of the State Comptroller and the Director of the Division of the Budget, serving ex-officio, and five directors appointed by the Governor. LGAC was created to issue long-term debt on behalf of the State to finance certain local assistance aid payments plus amounts necessary to fund a capital reserve fund and other issuance costs. LGAC is legally separate but provides services exclusively to the State and therefore is reported as part of the primary government as a blended component unit.

The Tobacco Settlement Financing Corporation (TSFC) was created by Part D3 of Chapter 62 of the Laws of 2003. TSFC was created as a subsidiary of the State of New York Municipal Bond Bank Agency (Agency). The directors of the Agency are members of TSFC. TSFC is governed by a seven member board: the Chairman of the Agency, the Secretary of State, the Director of the Budget, three directors appointed by the Governor and the State Comptroller or his appointee. TSFC was created to issue long-term debt on behalf of the State to finance State operations plus amounts necessary to fund a capital reserve fund and other issuance costs. TSFC is legally separate but provides services exclusively to the State and therefore is reported as part of the primary government as a blended component unit.

Discretely Presented Component Units

The Public Benefit Corporations (Corporations) listed in Note 14 were established by State statute with full corporate powers. The Governor, with the approval of the State Senate, appoints most members of the board of directors of most Corporations and either the Governor or the board of directors selects the chairman and chief operating officer. Corporations generally submit annual reports to the Governor, the Legislature and the State Comptroller on their operations and finances accompanied by an independent auditors' report thereon. Corporations also submit to the Governor and the Legislature annual budget information on operations and capital construction. The State Comptroller is empowered to conduct financial and management audits of the Corporations. Financial assistance was provided in the fiscal year ended March 31, 2007 to certain Corporations and such assistance is expected to be required in future years. Accordingly, the fiscal condition of the State is related to the fiscal stability of the Corporations. Since the Corporations are legally separate organizations for which the Governor and Legislature are financially accountable, they are discretely presented as component units of the State.

Related Organizations and Joint Ventures

The State's officials are also responsible for appointing the members of the boards of various related organizations, but the State's accountability for these organizations does not extend beyond making the appointments (e.g. the Nassau County Interim Finance Authority). As discussed in more detail in Note 15, the State participates in several joint ventures. The State does not include the financial activities of these organizations in its financial statements.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity within governmental and business-type activities has been eliminated from these statements. However, balances due and resource flows between governmental and business-type activities have not been eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions/programs. Program revenues include: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

Separate financial statements are provided for Governmental Funds, Enterprise Funds and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the Enterprise Funds, Component Units and the Fiduciary Funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year in which they are earned. Grants, entitlements and donations are recognized as revenues as soon as all eligibility requirements have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or collectible within 12 months of the end of the current fiscal period. Tax revenues are recorded by the State as taxpayers earn income (personal income, general business and other taxes), as sales are made (consumption and use taxes) and as the taxable event occurs (miscellaneous taxes), net of estimated overpayments (refunds). Receivables not expected to be collected within the next 12 months are offset by deferred revenues. Expenditures and related liabilities are recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next 12 months with the exception of items covered by GASB Interpretation 6 (GASBI 6), *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.* GASBI 6 modified the recognition criteria of certain expenditures and liabilities. GASBI 6 requires that expenditures and liabilities such as debt service, compensated absences, and claims and judgments be recorded in the governmental fund statements only when they mature or become due for payment within the period. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. Nonexchange grants and subsidies such as local assistance grants and public benefit corporation subsidies are recognized as expenditures when all requirements of the grant and or subsidy have been satisfied.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and Enterprise Fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The State also has the option of following private-sector guidance issued after November 30, 1989 for its business-type activities, Enterprise Funds and component units. As allowed by GASB 20, the State has elected only to follow those Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB), issued prior to December 1, 1989. However, the Power Authority of the State of New York and the Long Island Power Authority have elected to continue to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. In addition, the State Insurance Fund prepares financial statements in conformity with accounting practices prescribed or permitted by the Insurance Department of the State of New York (Insurance Department). The Insurance Department recognizes only New York Statutory Accounting Practices for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under New York State Insurance Law.

The State reports the following major and other governmental funds:

> ***General Fund***—is the primary operating fund of the State and is used to account for all financial transactions not required to be accounted for in another fund.

Federal Special Revenue Fund—accounts for Federal grants received by the State that are earmarked for specific programs. In order to comply with Federal accounting and reporting requirements, certain Federal grants are accounted for in a number of accounts that are combined and reported as the Federal Special Revenue Fund. Accounts that are combined include the Federal USDA-Food and Nutrition Services Account, the Federal Health and Human Services Account, the Federal Education Account, the Federal HHS Block Grant Account, the Federal Operating Grants Account, the Unemployment Insurance Administration Account, the Unemployment Insurance Occupational Training Account and the Federal Employment and Training Grants Account.

General Obligation Debt Service Fund—accounts for the payment of principal and interest on the State's general obligation debt and the payments on certain lease/purchase or other contractual obligations.

Other Governmental Funds—is a summarization of all the non-major governmental funds.

The governmental fund financial statements include a reconciliation between the fund statements and the government-wide statements. Differences that make a reconciliation necessary include the differing measurement focuses and basis of accounting between the statements. The Statement of Activities reflects the net costs of each major function of State operations. The presentation differs from the presentation of expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds which closely matches the State's budgetary (financial plan) presentation.

The State reports the following major Enterprise Funds:

Lottery Fund—accounts for lottery revenues that are earmarked for education assistance to local school districts, administrative costs of the Division of the Lottery and payment of lottery prizes.

Unemployment Insurance Benefit Fund—accounts for employer unemployment contributions utilized for the payment of unemployment compensation benefits.

SUNY Fund—accounts for the operation of the State University of New York (SUNY). Information reported in this fund is obtained from the audited financial statements prepared by SUNY for the fiscal year ended June 30, 2006.

CUNY Fund—accounts for the operation of the City University of New York (CUNY) senior colleges. Information reported in this fund is obtained from the audited financial statements prepared by CUNY for the fiscal year ended June 30, 2006.

Enterprise Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with an Enterprise Fund's principal ongoing operations. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The Fiduciary Fund types of the State consist of the following:

Pension Trust Fund—accounts for the activities of the State and Local Retirement System, which accumulates resources for pension benefit payments to qualified public employees.

Private-Purpose Trust Funds—are used to account for resources legally held in trust as escheat property and resources held in trust to facilitate savings for higher education expenses, pursuant to the New York State tuition savings program. There is no requirement that any portion of these resources be preserved as capital. Information reported for the tuition savings program is obtained from the audited financial statements prepared by the program for the fiscal year ended December 31, 2006.

Agency Funds—report those resources held by the State in a purely custodial capacity (assets equal liabilities).

Additionally, the State includes discretely presented component units:

Component Units—Public Benefit Corporations—The Public Benefit Corporations' financial statements, except for the State Insurance Fund, are prepared using the economic resources measurement focus and are accounted for on the accrual basis of accounting.

d. Cash and Investments

Cash balances of funds held in the State Treasury are commingled in a general checking account and several special purpose bank accounts. The available cash balance in the general checking account beyond immediate need is pooled for short-term investment purposes. The balances pooled are limited to legally stipulated investments, which are reported at cost, including accrued interest, which approximates fair value. Non-interest bearing compensating balances of $3 million are included in cash and investments at March 31, 2007. At various times during the year, compensating balances could be substantially higher. Cash balances not held in the State Treasury and controlled by various State officials are generally deposited in interest-bearing accounts or other legally stipulated investments. Additional information about the State's cash and investments is provided in Note 2.

Generally, for purposes of reporting cash flows, cash includes cash and cash equivalents. Cash equivalents are composed of liquid assets with maturities of 90 days or less. The Enterprise Funds Statement of Cash Flows uses the direct method of reporting cash flows. All investments with a maturity of more than a year are recorded on the Statement of Net Assets and the balance sheet at fair value and all investment income, including changes in the fair value of investments, is reported as revenue. Investments of the short-term investment pool have a maturity of one year or less and are recorded at cost. Fair values were determined using market values at the applicable entities' year end.

e. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts, which are determined, based upon past collection experience and current economic conditions. Due from Federal government represents amounts owed to the State to reimburse it for expenditures incurred pursuant to federally funded programs. Other receivables represent amounts owed to the State, including lottery revenues, student loans, tobacco settlements, and patient fees of SUNY and Health Department hospitals and various Mental Hygiene facilities. Additional information about receivables is provided in Note 4.

f. Internal Balances

All outstanding balances between funds at the end of the fiscal year are referred to as "due to/from other funds" on the governmental fund financial statements. Generally, the effect of interfund activity within the governmental funds has been removed. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". For the most part the remaining difference is a result of different year-ends for SUNY and CUNY.

g. Other Assets

Other assets in Governmental activities include payments for costs applicable to future accounting periods, and other types of assets not reported on other lines. Inventories reported by the Governmental Funds are recorded as expenditures when they are purchased. Inventories reported by the Enterprise Funds are valued at cost using the first-in/first-out (FIFO) method.

h. Capital Assets

Capital assets are reported in the government-wide Statement of Net Assets and further disclosed in Note 5. Capital assets include: land in urban centers, rural areas and forest preserves; land improvements; land preparation-roads; buildings which house State offices, correctional facilities, hospitals and educational facilities; equipment used in construction work, hospitals, offices, etc.; construction in progress; and infrastructure assets such as roads and bridges. Capital assets are reported at historical cost or estimated historical cost and donated capital assets are valued at their estimated fair market value at the date of donation.

Equipment that has a cost in excess of $40 thousand at the date of acquisition and has an expected useful life of two or more years is capitalized. All initial building costs and building improvements and land and land improvements in excess of $100 thousand are capitalized. Infrastructure assets in excess of $1 million are also capitalized. Software is not capitalized. The State chose the option in GASB Statement 34 of not recording non-major infrastructure assets at transition except for Department of Transportation (DOT) infrastructure assets. Therefore, non-DOT infrastructure assets acquired prior to April 1, 2002 were deemed to be non-major relative to total infrastructure and are not reported. However, prospective reporting of non-DOT depreciable infrastructure acquired subsequent to April 1, 2002 is included in the capital asset balances at March 31, 2007.

The costs of normal repairs and maintenance that do not add to the value or extend lives of assets materially are not capitalized, but are shown as expenses in the year incurred. Expenses relating to roads and bridges that add to the capacity and efficiency of the road and bridge networks are not expensed but are capitalized. All maintenance and preservation costs relating to roads and bridges will be expensed and not capitalized. Buildings, land improvements and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities (Years)	Business-type Activities (Years)
Buildings and building improvements	12-60	5-50
Equipment and vehicles	4-30	5-50
Land improvements	12-30	5-50

Land preparation reflects the costs of preparing the land for the construction of roads. Since land preparation has an indefinite life, associated costs are not depreciated.

The State has elected to use the modified approach for reporting and accounting for its highways and bridges reported by the DOT. The modified approach requires the State to commit to preserving and maintaining these infrastructure assets at levels established by the DOT. No depreciation expense is reported for these assets and no amounts are capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential. The DOT maintains an inventory of these assets and performs periodic condition assessments to ensure that the predetermined condition level is maintained. Refer to the Required Supplementary Information (RSI) for additional information regarding infrastructure using the modified approach.

Capital asset reporting does not include historic artifacts, artwork and collections that are maintained by various state agencies, the State Archives, State Museum and State Library. These items are protected and preserved, held for public exhibition and educational purposes and the proceeds from the sale of items are used to acquire new items for the collection.

Capital assets in business-type activities and Enterprise Funds are from SUNY and CUNY. These capital assets are stated at cost, or in the case of gifts, fair value at the date of receipt. SUNY capitalizes building renovations and additions costing over $100 thousand and equipment items with a unit cost of more than $5 thousand. CUNY capitalizes renovations and improvements that significantly increase the value or extends the useful lives of the structures and equipment with a cost of more than $5 thousand and useful lives of two or more years. SUNY and CUNY report artwork, historical treasures and library books with a unit cost of more than $5 thousand. SUNY and CUNY capital assets, with the exception of land, construction in progress and works of art and historical treasures, are depreciated on a straight-line basis over their estimated useful lives ranging from 5 to 50 years.

i. Long-Term Obligations

In the government-wide financial statements and Enterprise Funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities Statement of Net Assets. Bond premiums, discounts, issuance costs and deferred loss on refunding are deferred and amortized over the life of the bonds using the straight-line method for Governmental Activities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Compensated Absences

The estimated vacation leave liability for State employees at March 31, 2007 is $829 million and represents an increase of $65 million over the prior year. State employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 25 days a year, but may accumulate no more than a maximum of 40 days.

SUNY employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 21 days per year and may accumulate no more than a maximum of 40 days. CUNY employees accrue vacation leave based upon the number of years employed, with the maximum accumulation generally ranging from 45 to 50 days. The liability for vacation leave approximated $218 million and $48 million for SUNY and CUNY, respectively, at June 30, 2006.

Sick leave credits earned by State and SUNY employees may be used to pay the employees' share of post-retirement health insurance premiums. CUNY employees may receive payments of up to 50 percent of the value of their accumulated sick leave as of the date of retirement from CUNY. The sick leave credit liability for State employees is $1.389 billion and represents an increase of $98 million from the prior year. SUNY and CUNY reported a liability of $438 million and $32 million, respectively, for sick leave credits in accrued liabilities.

k. Accounting for Lease Purchase and Other Financing Arrangements

The construction of certain State office buildings, campus facilities and other public facilities has been financed through bonds and notes issued by public benefit corporations pursuant to lease/purchase and other financing arrangements with the State. The State has also entered into financing arrangements with public benefit corporations that have issued bonds to finance past State budgetary deficits and grants to local governments for both capital and operating purposes (see Note 7).

These lease/purchase and other financing arrangements which the State will repay over the duration of the agreements constitute long-term liabilities. The amount included in obligations under lease/purchase and other financing arrangements consists of total future principal payments and equals the outstanding balance of the related bonds and notes. Reporting relative to capitalized interest is not included for leased capital assets.

l. State Lottery

The State Lottery is accounted for within an Enterprise Fund. The revenues, administrative costs, aid to education and expenses for amounts allocated to prizes are reported and uncollected ticket sales at March 31, 2007 are accrued. Prize monies to meet long-term prize payments are invested in United States government-backed obligations that are recorded at fair value. Lottery prize liabilities are recorded at a discounted value equivalent to the related investments. At March 31, 2007, the prize liabilities of approximately $1.9 billion were reported at a discounted value of approximately $1.3 billion (at interest rates ranging from 2.07 percent to 10.7 percent).

m. Net Assets

Net assets should be reported as restricted when constraints placed on net asset use are either:

a. Externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulation of other governments.
b. Imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the State to assess, levy, charge or otherwise mandates payment of resources (from resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups or the judiciary) can compel the government to honor. At March 31, 2007, $2.3 billion was reported as restricted net assets because of restrictions imposed by enabling legislation. When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first, then unrestricted resources as they are needed.

Unemployment Benefits
Net assets restricted for the payment of unemployment benefits.

Debt Service
Net assets restricted for the payment of future debt service payments from various capital reserve funds.

Other Specified Purposes
Net assets restricted for the funding of various mass transportation projects, environmental remediation projects, payment of future lottery prizes, and various other legally restricted funds.

Unrestricted Net Asset (Deficit)
Unrestricted net asset (deficit) is the amount by which liabilities exceed the total assets of the State less net assets invested in capital assets net of related debt and those restricted net assets described above.

n. Reservations of Fund Balance

Reserved fund balances indicate that portion of fund balance that is not available for appropriation or is legally segregated for specific future use.

Encumbrances
Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the Governmental Funds. The cost of construction contract commitments generally is recorded as an encumbrance of Other Governmental Funds and is presented as a reserve for encumbrances. These committed amounts generally will become liabilities in future periods as the construction work is performed by the contractors. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Debt Service
Fund balance reserved for debt service represents various capital reserve assets available to finance future debt service payments in accordance with the underlying bond indentures.

Tax Stabilization
Pursuant to law, receipts in excess of disbursements of the General Fund (Local Assistance and State Purposes Accounts) not otherwise appropriated are required to be transferred to the Tax Stabilization Reserve Account at the end of each fiscal year. These amounts may be borrowed by these two accounts temporarily and repaid within the same fiscal year. They may also be borrowed to cover an operating deficit at year-end. Generally, these loans must be repaid within six years in no less than three equal annual installments.

Other Specified Purposes
The amount of fund balance reserved for other specified purposes represents the net amount of appropriated loans receivable, and other reserves of the General Fund.

o. Post-Retirement Benefits

In addition to providing pension benefits, the State is statutorily required to provide health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the State's employees may become eligible for these benefits if they reach normal retirement age while working for the State. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the State and the retired employee. The State recognizes the cost of providing health insurance by recording its share of insurance premiums ($958 million for 117,145 retirees and their dependents) as an expenditure in the General Fund in the year paid. Additionally, the survivor's benefit program provides for a death benefit to be paid by the State to a retiree's designated beneficiary. During the year, approximately $10.8 million was paid on behalf of 3,615 retirees and recorded as an expenditure in the General Fund.

p. Deficit Fund Balances

As of March 31, 2007, fund deficits were reported in the following Capital Projects Funds: the Dedicated Highway and Bridge Trust Fund ($219 million), the Housing Program Fund ($129 million), and the Department of Transportation Engineering Services Fund ($33 million). The deficits related to the Capital Projects Funds are the result of differences in cash flow timing relating to the reimbursement of capital project costs and contractual commitments from bond proceeds and are routinely resolved during subsequent fiscal years.

q. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

r. Adoption of New Accounting Pronouncements

During the fiscal year ended March 31, 2007, the State adopted several new accounting standards issued by the GASB:

GASBS No. 43, *Financial Reporting for Post Employment Benefit Plans Other than Pension Plans*; supersedes the interim guidance included in Statement No. 26, *Financial Reporting for Post Employment Healthcare Plans Administered by Defined Benefit Pension Plans*. The approach followed in this Statement generally is consistent with the approach adopted in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* with modification to reflect differences between pension plans and other post employment benefits (OPEB) plans. Implementation of GASBS No. 43 only required footnote disclosures (see Note 13).

GASBS No. 47, *Accounting for Termination Benefits*; establishes standards that specify how the various kinds of termination benefits should be accounted for and reported in audited annual financial reports. The statement answers two questions—*how* should governments measure the costs and liabilities related to termination benefits, and *when* should they be recorded? The answers depend on the type of benefits offered and whether the employees leave voluntarily or involuntarily. Implementation of GASBS No. 47 did not require modification to the financial statements.

GASBS No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*; establishes criteria that governments will use to ascertain whether the proceeds from specific receivables or specific future revenues that are exchanged for immediate cash payments (generally, a single lump sum) should be reported as a revenue or as a liability. The Statement discusses conditions under which such transactions should be regarded as a sale or as a collateralized borrowing resulting in a liability. The most significant factor distinguishing sales from borrowings is that a transaction is a collateralized borrowing *unless* it meets criteria that demonstrate that the government is no longer actively involved with the receivables or future revenues it has transferred to the other party. Implementation of GASBS No. 48 did not require modification to the financial statements.

Note 2 Cash and Investments

Information on cash and investments of the Pension Trust Fund is presented in Note 12.

Deposits

The State maintains approximately 3,000 bank accounts for various purposes at locations throughout the State. Bank deposits may be under the joint custody of the State Comptroller and the Commissioner of Taxation and Finance or under the sole custody of a specified State official. Both the State Comptroller and the Commissioner of Taxation and Finance are also sole custodians of certain accounts. Cash balances not required for immediate use are invested either through a short-term investment pool (STIP) administered by the State Comptroller or by the fund custodian.

The custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the State will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

For demand accounts, checking accounts or certificates of deposits, the State requires that its depository banks pledge collateral or provide a surety bond based on actual and average daily available bank balances. All securities pledged as collateral are held by the State's fiscal agent in the name of the State and are valued on a monthly basis. Surety bonds will be accepted only from AAA rated insurance companies. The use of average daily available balances to determine collateral requirements may result in the available balances being under-collateralized at various times during the fiscal year. The State's cash management policy is to invest all major revenues as soon as the monies are available within the banking system which limits under-collateralization. The State's deposits with financial institutions were fully collateralized (carrying amount of account balance was $280 million and the average available bank balance was $402 million; the total amount of certificates of deposits on deposit was $763 million. Total securities held by the State's fiscal agent was $1.7 billion and a surety bond in the amount of $298 million was used as collateral) at fiscal year-end, except for accounts with a total book balance of $178 million, and bank balance of $242 million. At March 31, 2007, primary government deposits totaling $242 million were exposed to custodial credit risk because they were uninsured and uncollateralized.

Governmental Activities, Private Purpose and Agency Funds

Investments

The State holds investments both for its own benefit and as an agent for other parties. Major investment programs conducted for the direct benefit of the State include STIP which is used for the temporary investment of funds not required for immediate payments and sole custody funds administered by the Department of Taxation and Finance.

Legally authorized investments vary by fund but generally include: obligations of/or guaranteed by the United States; obligations of New York State and its political subdivisions; certificates of deposit; savings bank trust company notes; bankers' acceptance; repurchase agreements; corporate bonds and commercial paper.

As of March 31, 2007 (except for the Tuition Savings Program which is as of December 31, 2006), the State had the following investments and maturities (amounts in millions):

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
U.S. Treasury bills	$ 1,882	$ 1,882	$ —	$ —	$ —
U.S. Treasury notes	874	716	158	—	—
U.S. Treasury strips	7	5	2	—	—
Government sponsored agencies	418	352	62	4	—
Repurchase agreements	1,704	1,666	1	2	35
Commercial paper	6,692	6,692	—	—	—
Certificates of deposit	275	275	—	—	—
Money markets	237	237	—	—	—
Forward purchase agreements	449	—	—	—	449
Bank notes	491	491	—	—	—
Other	9	9	—	—	—
Subtotal	**13,038**	**$ 12,325**	**$ 223**	**$ 6**	**$ 484**
Mutual funds	6,226				
Equity securities	595				
Investments held in an agent or trust capacity	770				
Total	**$ 20,629**				

Included in the table are securities which either were not acquired for investment purposes or cannot be classified or categorized and are being held by the State in an agent or trust capacity. Employers seeking self-insurer status for workers' compensation purposes may deposit securities specified by Section 235 of the New York State Banking Law with the chairman of the Workers' Compensation Board. The State holds these securities (carrying amount $48 million, which approximates fair value) only as an agent for the employers. Securities, which are unclaimed at financial institutions, are transferred periodically to the State and are held temporarily by the State until they can be liquidated. The securities or proceeds can be claimed by the owners under established procedures. These securities had a carrying amount and fair value of $642 million at March 31, 2007. The State holds cash and securities deposited by contractors in lieu of retainage on contract payments (carrying amount and fair value of $80 million).

Credit Risk

State law limits investments in commercial paper, repurchase agreements and corporate bonds to the highest ratings issued by two nationally recognized statistical rating organizations (NRSROs). Investments in commercial paper and repurchase agreements are limited to a rating of A-1 by Standard & Poor's Corporation and P-1 by Moody's Investors Service, Inc. If an investment in commercial paper drops in rating below the legal requirements during the year, the State consults with appropriate investment staff and advisors to determine what action, if any, should be taken. Repurchase agreements are collateralized with U.S. Treasury obligations. Investments in money market funds are unrated.

The Tuition Savings Program, a Private Purpose Trust Fund, has certain underlying mutual funds invested in fixed-income securities which are subject to classification of risk under GASB Statement 40. Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. The underlying mutual funds in which the Tuition Savings Program invests are not rated by any nationally recognized statistical rating organization. Certain mutual funds in the Tuition Savings Program invest primarily in bonds rated Ba or B by Moody's Investors Service, Inc. or BB or B by Standard & Poor's Corporation. These lower rated bonds, commonly referred to as "junk bonds", are subject to greater credit risk, and are generally less liquid, than higher-rated, lower yielding bonds.

Custodial Credit Risk

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held either by: (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. The risk being that the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails. The State's policy is to hold all of its investments in the State's name; however, the investments listed below are exposed to custodial credit risk because they are not held by the State but are held by a public benefit corporation in the public benefit corporation's name. The following table presents the fair value of investments by type (amounts in millions):

Investment Type	Fair Value
U.S. Treasury bills	$ 712
U.S. Treasury notes	875
U.S. Treasury strips	7
Government sponsored agencies	418
Repurchase agreements	224
Forward purchase agreements	449
Other	4
Total	**$ 2,689**

Interest Rate Risk

The fair values of the State's fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate-sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument and other general market conditions.

The State manages its interest rate risk by limiting the majority of its investments to a maturity structure of one year or less. Additionally, the State holds its investments to maturity, which minimizes the occurrence of a loss on an investment.

The State's investments in mutual funds and equity securities have no stated maturity and have not been allocated on the preceding table to a time period.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer (five percent or more of total investments). To mitigate this risk, it is the policy of the State to maintain a diversified portfolio among a variety of investment instruments which it is legally permitted to invest. At March 31, 2007, the Public Asset Fund (an Other Governmental Fund) held 53.6 percent of its investments in WellPoint, Inc. common stock representing approximately $595 million and 44.2 percent of its investments in a JP Morgan Chase Note representing approximately $491 million.

Foreign Currency Risk

The State Finance Law, Section 98-a, does not expressly permit investment in foreign currency; however the Tuition Savings Plan has certain underlying mutual funds which invest in foreign securities. There are certain additional risks involved when investing in foreign securities that are not inherent with investments in domestic securities. These risks may involve foreign currency exchange rate fluctuations, adverse political and economic developments and the possible prevention of currency exchange or other foreign governmental laws or restrictions. In addition, the liquidity of foreign securities may be more limited than that of domestic securities.

Business-type Activities

Deposits

SUNY does not have a formal policy for collateral requirements for cash deposits. Deposits not held in the State Treasury that are not covered by depository insurance are: uncollateralized ($63 million); collateralized with securities held by a pledging financial institution ($3 million); or collateralized with securities held by a pledging financial institution's trust department or agency, but not in SUNY or an affiliate's name ($2 million).

CUNY's cash and cash equivalents were held by depositories and amounted to $227 million, of which $9 million was insured and $218 million was uninsured and uncollateralized, or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in CUNY's name.

The Unemployment Insurance Benefit Fund has a total of $3 million in a sole custody bank account and on deposit with the State Comptroller which is invested in the STIP, and is subject to the same collateralization requirements as the State.

Investments

Generally, SUNY and CUNY are allowed to invest in a diverse investment portfolio. Permitted investments include, but are not limited to, obligations of the U.S. government and its agencies, municipal debt securities, repurchase agreements, corporate bonds, commercial paper, equity securities, mutual funds, asset backed securities, money market funds and security lending transactions.

The Lottery is authorized by state statute to invest in U.S. Government-backed obligations (U.S. Treasury Strips) that provide for payment of prizes payable.

As of June 30, 2006 (except for the State Lottery which is as of March 31, 2007), the business-type activities had the following investments and maturities (amounts in millions):

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
U.S. Treasury strips	$ 2,030	$ 433	$ 592	$ 416	$ 589
U.S. Treasury notes/bonds	686	656	22	1	7
U.S. Treasury bills	448	448	—	—	—
Mutual funds non-equities	98	64	16	15	3
Repurchase agreements	59	59	—	—	—
Asset-backed securities	56	5	3	—	48
Corporate bonds	49	4	11	12	22
U.S. agency mortgage-backed securities	46	28	—	—	18
U.S. Government agencies	32	2	6	2	22
U.S. Government bonds other	25	8	10	4	3
International funds non-equities	12	3	6	2	1
U.S. Government TIPS	10	—	6	3	1
Municipal bonds	9	—	1	5	3
Commercial paper	7	7	—	—	—
Certificates of deposit	3	2	1	—	—
Subtotal	**3,570**	**$ 1,719**	**$ 674**	**$ 460**	**$ 717**
Equities	768				
International stocks	149				
Equity mutual funds	124				
Cash equivalents	104				
Money market funds	40				
International mutual fund equities	30				
Other	73				
Total	**$ 4,858**				

Credit Risk

Generally, SUNY individual fixed income investment securities must be of investment grade. SUNY maintains a portfolio which possesses an overall weighted average rating by Moody's and Standard and Poor's (S&P) of at least A. Private placement securities must be rated A3 or higher by Moody's or A- or higher by S&P. Parameters exist that allow some limited investments in non-investment grade securities; however, investments rated below B3 by Moody's or B- by S&P are prohibited.

CUNY's investment policy requires the overall average quality of each foreign fixed income portfolio be AA or higher. Non-rated foreign fixed income securities may be purchased provided the investment manager considers them to have an overall portfolio quality of AA or higher. Foreign issues below investment grade (BBB) may be purchased up to a maximum of 15 percent of the portfolio. CUNY's policy does not otherwise place formal limitations on credit risk. CUNY does not have any international fixed income securities in its portfolio. CUNY holds $39 million in U.S. mortgage-backed securities which are not rated by S & P; however, there is an implied AAA rating in the market.

As of June 30, 2006, SUNY and CUNY had the following investments with ratings (amounts in millions):

Investment Type	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC**	**Not Rated**
Mutual funds non-equities	$ 72	$ —	$ —	$ —	$ —	$ —	$ —	$ 26
Asset-backed securities	49	—	—	—	—	—	—	7
Corporate bonds	4	3	17	14	4	2	1	4
U.S. agency mortgage-backed securities	7	—	—	—	—	—	—	39
U.S. Government agencies	11	2	—	—	—	—	—	19
Repurchase agreements	—	—	—	—	—	—	—	59
International non-equities	6	1	1	2	—	—	—	2
Municipal bonds	6	—	—	1	—	—	—	2
Commercial paper	—	—	—	—	—	—	—	7
Debt mutual funds	—	—	—	—	—	—	—	1
Total	**$ 155**	**$ 6**	**$ 18**	**$ 17**	**$ 4**	**$ 2**	**$ 1**	**$ 166**

Custodial Credit Risk

At June 30, 2006, SUNY had $843 million in cash and investments held by Dormitory Authority of the State of New York (DASNY), which represents bond proceeds needed to finance capital projects and to establish required building and equipment replacement and debt service reserves. These cash and investments are registered in SUNY's name and held by an agent or in trust in SUNY's name. SUNY's investment policy does not formally address custodial credit risk.

At June 30, 2006, CUNY's $23 million in securities lending transactions are held in the investment's counterparty, not in CUNY's name. CUNY held repurchase agreements in the amount of $39 million, which are collateralized by obligations guaranteed by the United State of America, by an agency, corporation or other instrumentality thereof. CUNY also has $612 million held by DASNY or the bond trustee, not in CUNY's name. CUNY's investment policy does not formally address custodial credit risk.

Securities Lending

CUNY lends certain securities to broker-dealers and other entities under a contractual agreement with its custodian. In exchange for the securities loaned, CUNY receives collateral, which has an underlying fair value in amounts not less than 102 percent of securities lent. The custodian may invest the cash collateral in U.S. Government securities or repurchase agreements, which are fully collateralized by U.S. Government securities, high grade corporate obligations, high grade asset-backed securities or domestic money market instruments (carrying amount and fair value of $29 million). The custodian may not invest the collateral in any securities which cause the dollar-weighted average portfolio maturity of the cash collateral to exceed 45 days or the dollar-weighted average mismatch (the relationship between the maturities of the invested collateral and the maturities of the securities loaned) to exceed 30 days.

The University Senior Colleges are indemnified against borrowers who fail to return securities, provide inadequate collateral to replace the securities, or fail to pay distributions by securities' issuers while the securities are on loan. Further, CUNY cannot pledge or sell any of the collateral received unless the borrower defaults. At June 30, 2006, CUNY had no credit risk resulting from securities lending transactions.

At June 30, 2006, investments include $23 million of repurchase agreements that have been lent out in accordance with securities lending contracts for which cash collateral has been received. Further, at June 30, 2006, CUNY also received securities, having a fair value of $6 million as collateral on securities lending contracts.

Interest Rate Risk

SUNY has policies in place that limit fixed income investment duration within certain benchmarks and a highly diversified portfolio is maintained which limits interest rate exposure. CUNY's investment policy does not formally limit investment maturities as a means of managing exposure to fair market value losses arising from increased interest rates. The Lottery's policy for managing interest rate risk is to hold investment securities to maturity, at which time the fair value of the investment is equal to the stated maturity value.

Foreign Currency Risk

SUNY's exposure to foreign currency risk for investments held at June 30, 2006, by currency denomination, was as follows (amounts in millions):

Currency	Fair Value
Euro	$ 30
Japanese Yen	22
British Sterling Pound	19
Hong Kong Dollar	7
South Korean Won	6
Taiwanese Dollar	6
Australian Dollar	5
Brazil Real Cruzeiro	4
South African Rand	3
Swiss Franc	3
Malaysian Ringgit	2
Singapore Dollar	2
Swedish Krona	1
Turkish Lira	1
Other	5
Total	**$ 116**

Investment Pool

CUNY has certain assets included with investments in the accompanying financial statements which are pooled on a fair value basis, with each individual fund subscribing to or disposing of units on the basis of the fair value per unit determined quarterly. At June 30, 2006, the investment pool consisted of 95 million units with a fair value of $143 million.

Note 3 Taxes Receivable and Tax Refunds Payable

Taxes Receivable

Taxes receivable represent amounts owed by taxpayers for the 2006 calendar year and the first quarter of the 2007 calendar year, including prior year assessments for underpayments, penalties and interest. Taxes receivable are accrued when they become both measurable and available based on actual collections or estimates of amounts to be collected during the next 12 months.

Personal income tax (PIT) revenues are reported as income is earned by the taxpayers. The primary components of the PIT receivable are the estimated and withholding payments that relate to the first quarter of the 2007 calendar year, payments with final returns which relate to the 2006 calendar year, and assessments which relate to prior tax periods.

Consumption and use tax revenues are reported in the fiscal period when the sale is made. The principal component of this receivable is sales tax receivables which include sales tax due through March 31, 2007 and assessments which relate to prior tax periods.

General business tax revenues are reported as businesses earn income. General business tax receivables are comprised of estimated tax payments, payments remitted with final returns, and assessments.

Other taxes receivable are comprised of estate and gift taxes, real property gains taxes, real estate transfer taxes, and assessments.

Taxes receivable at March 31, 2007 for the governmental funds totaled $10.2 billion. The following table summarizes taxes receivable by major tax type for the governmental funds (amounts in millions):

	General	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds
Current taxes receivable:				
Personal income	$ 6,134	$ 2,045	$ —	$ 8,179
Consumption and use	602	—	327	929
Business	203	—	70	273
Other	624	—	33	657
Subtotal	**7,563**	**2,045**	**430**	**10,038**
Long-term taxes receivable:				
Personal income	180	60	—	240
Consumption and use	36	—	13	49
Business	46	—	2	48
Other	2	—	—	2
Subtotal	**264**	**60**	**15**	**339**
Allowance for uncollectibles	(116)	(15)	(26)	(157)
Total	**$ 7,711**	**$ 2,090**	**$ 419**	**$ 10,220**

Tax Refunds Payable

Tax refunds payable primarily represent amounts owed to taxpayers because of overpayments of their 2006 calendar year and first quarter 2007 calendar year tax liabilities. Tax refunds payable, which reduce respective tax revenues, are accrued to the extent they are measurable based on payments and estimates. The amount of PIT refunds payable is comprised of estimates of overpayments of the first calendar quarter (2007) tax liability and payments of 2006 calendar and prior year refunds. The remaining portion of tax refunds payable is comprised of payments made subsequent to the end of the fiscal year and estimates of a remaining refund liability.

Tax refunds payable at March 31, 2007 are summarized as follows (amounts in millions):

	Current			Total	
	General	General Obligation Debt Service	Other Governmental Funds	Current	Long-term
Governmental Activities:					
Personal income	$ 4,237	$ 1,412	$ —	$ 5,649	$ 251
Consumption and use	56	—	31	87	197
Business	1,356	—	164	1,520	169
Other	41	—	—	41	17
Total	**$ 5,690**	**$ 1,412**	**$ 195**	**$ 7,297**	**$ 634**

Note 4 Other Receivables

Other receivables at March 31, 2007 are summarized as follows (amounts in millions):

	General	General Obligation Debt Service	Other Governmental Funds	Total Governmental Activities
Governmental activities:				
Other current receivables:				
Public health/patient fees	$ —	$ —	$ 514	$ 514
State of New York Mortgage Agency	101	—	—	101
Other	221	400	222	843
Subtotal	**322**	**400**	**736**	**1,458**
Other long-term receivables:				
Public health/patient fees	—	—	4	4
Other	25	—	195	220
Subtotal	**25**	**—**	**199**	**224**
Gross receivables	**347**	**400**	**935**	**1,682**
Allowance for uncollectibles	(17)	—	(207)	(224)
Total governmental funds receivable	**$ 330**	**$ 400**	**$ 728**	**1,458**
Receivable from fiduciary funds				503
Total				**$ 1,961**

	Lottery	Unemployment Insurance Benefits	SUNY	CUNY	Total
Enterprise Funds:					
Other current receivables:					
Ticket sales	$ 449	$ —	$ —	$ —	$ 449
Public health/patient fees	—	—	533	—	533
Student loans	—	—	153	28	181
Contributions	—	2,160	—	—	2,160
Benefit overpayments	—	193	—	—	193
State Agencies/Municipalities	—	23	—	—	23
Other	4	6	177	101	288
Subtotal	**453**	**2,382**	**863**	**129**	**3,827**
Allowance for uncollectibles	(1)	(952)	(159)	(18)	(1,130)
Net current receivables	**452**	**1,430**	**704**	**111**	**2,697**
Other long-term receivables:					
Other	29	—	151	21	201
Allowance for uncollectibles	—	—	(21)	(17)	(38)
Net long-term receivables	**29**	**—**	**130**	**4**	**163**
Total receivables	**$ 481**	**$ 1,430**	**$ 834**	**$ 115**	**$ 2,860**

Other receivables, in the tables above, include monies advanced in the form of loans from the Governmental Funds to finance local government or public benefit corporations' operations and to finance construction or debt service of public benefit corporations or local governments. The appropriation bills authorizing these loans provide that the advanced amounts will be repaid pursuant to repayment agreements. The loans are reported net of estimated uncollectible amounts and as a reservation of fund balance (other specified purposes).

Pursuant to section 2429-b(2) of the Public Authorities Law, the State of New York Mortgage Agency has certified that there was an excess balance of $101 million in the Mortgage Insurance Fund at March 31, 2007 which was reported in the General Fund. As required by law, this amount was remitted to the General Fund during June 2007.

Note 5 Capital Assets

Capital asset activity for the year ended March 31, 2007 was as follows (amounts in millions):

	Balance April 1, 2006	Additions	Retirements	Balance March 31, 2007
Governmental activities:				
Depreciable assets:				
Buildings and building improvements	$ 8,730	$ 456	$ 442	$ 8,744
Land improvements	406	21	3	424
Infrastructure	63	42	—	105
Equipment	608	63	60	611
Total depreciable assets	**9,807**	**582**	**505**	**9,884**
Less accumulated depreciation:				
Buildings and building improvements	(4,332)	(253)	(28)	(4,557)
Land improvements	(281)	(13)	(3)	(291)
Infrastructure	(3)	(3)	—	(6)
Equipment	(364)	(48)	(20)	(392)
Total accumulated depreciation	**(4,980)**	**(317)**	**(51)**	**(5,246)**
Total depreciable assets, net	**4,827**	**265**	**454**	**4,638**
Non-depreciable assets:				
Land	3,445	119	35	3,529
Land preparation	2,856	125	—	2,981
Construction in progress (buildings)	455	261	385	331
Construction in progress (roads and bridges)	3,122	787	871	3,038
Infrastructure (roads and bridges)	63,303	687	187	63,803
Total non-depreciable assets	**73,181**	**1,979**	**1,478**	**73,682**
Governmental activities, capital assets, net	**$ 78,008**	**$ 2,244**	**$ 1,932**	**$ 78,320**

	Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006
Business-type activities:				
State University of New York:				
Depreciable assets:				
Infrastructure and land improvements	$ 468	$ 17	$ 2	$ 483
Buildings	5,271	347	46	5,572
Equipment, library books, artwork	1,867	198	67	1,998
Total depreciable assets	**7,606**	**562**	**115**	**8,053**
Less accumulated depreciation:				
Infrastructure & land improvements	(302)	(14)	(2)	(314)
Buildings	(2,447)	(130)	(27)	(2,550)
Equipment and library books	(1,228)	(166)	(61)	(1,333)
Total accumulated depreciation	**(3,977)**	**(310)**	**(90)**	**(4,197)**
Total depreciable assets, net	**3,629**	**252**	**25**	**3,856**
Non-depreciable assets:				
Land	250	14	—	264
Construction in progress	586	510	384	712
Total non-depreciable assets	**836**	**524**	**384**	**976**
SUNY capital assets, net	**4,465**	**776**	**409**	**4,832**
City University of New York:				
Depreciable assets:				
Buildings and building improvements	2,768	168	—	2,936
Land improvements	49	2	—	51
Equipment	314	28	18	324
Infrastructure	18	43	—	61
Total depreciable assets	**3,149**	**241**	**18**	**3,372**
Less accumulated depreciation:				
Buildings and building improvements	(1,136)	(101)	—	(1,237)
Land improvements	(48)	—	—	(48)
Equipment	(258)	(28)	(17)	(269)
Infrastructure	(3)	(2)	—	(5)
Total accumulated depreciation	**(1,445)**	**(131)**	**(17)**	**(1,559)**
Total depreciable assets, net	**1,704**	**110**	**1**	**1,813**
Non-depreciable assets:				
Land	209	—	—	209
Construction in progress	541	90	197	434
Artwork and historical treasures	8	—	—	8
Total non-depreciable assets	**758**	**90**	**197**	**651**
CUNY capital assets, net	**2,462**	**200**	**198**	**2,464**
Business-type Activities, capital assets, net	**$ 6,927**	**$ 976**	**$ 607**	**$ 7,296**

For year ended March 31, 2007, depreciation expense was charged to the following governmental functions (amounts in millions):

	Governmental Activities
Allocation of depreciation:	
Education	$ 3
Public health	102
Public welfare	8
Public safety	112
Transportation	27
Environment and recreation	12
Support and regulate business	1
General government	52
Total depreciation expense	**$ 317**

For year ended June 30, 2006, depreciation expense was charged to the following business-type functions (amounts in millions):

	Business-type Activities
Allocation of depreciation:	
SUNY	$ 310
CUNY	131
Total depreciation expense	**$ 441**

Note 6 Bonds Payable

General obligation bonds are backed by the full faith and credit of the State and constitutionally must be repaid in equal annual principal installments or substantially level or declining debt service payments beginning not more than one year after issuance of such bonds and mature within 40 years after issuance. The Debt Reform Act of 2000 further limits the maximum term of new State-supported debt issued on and after April 1, 2000, including general obligation bonds, to a maximum term of 30 years. Refer to Note 7 for further discussion of the Debt Reform Act of 2000.

The State has purchased letters of credit to ensure the liquidity needs of its variable rate demand bonds can be met. Note 7 contains further discussion of letters of credit held by the State.

Changes for the year in bonds payable were as follows (amounts in millions):

Purpose	Outstanding April 1, 2006	Issued*	Redeemed	Outstanding March 31, 2007
Accelerated capacity and transportation				
improvements of the nineties	$ 916	$ 3	$ 92	$ 827
Clean water/clean air	928	56	83	901
Environmental quality:				
Land acquisition	96	1	11	86
Solid waste management	684	17	55	646
Environmental quality protection:				
Air	36	—	4	32
Land and wetlands	74	1	10	65
Water	176	1	17	160
Housing:				
Low income	93	—	12	81
Middle income	60	—	5	55
Pure waters	131	1	19	113
Rail preservation	35	—	7	28
Transportation capital facilities:				
Mass transportation	64	—	15	49
Aviation	43	—	6	37
Energy conservation through improved transportation	37	1	5	33
Rebuild New York—transportation infrastructure renewal:				
Highways, parkways, bridges	9	1	1	9
Ports, canals, waterways	1	—	1	—
Rapid transit, rail, aviation	40	—	7	33
Rebuild and renew New York transportation:				
Highway facilities	7	44	1	50
Mass transit—MTA	40	55	2	93
Rail and Port—DOT	—	4	—	4
Total	**$ 3,470**	**$ 185**	**$ 353**	**$ 3,302**

**Includes new issuances and refunding bonds issued net of refunded bonds redeemed.*

Debt service expenditures (principal and interest) related to the above general obligation bonds during the year were $498 million. The total amount of general obligation bonds authorized but not issued at March 31, 2007 was $3.4 billion. At March 31, 2007 approximately $490 million of bonds defeased by refunding transactions in prior years remain outstanding.

Debt service requirements for general obligation bonds in future years, which are financed by transfers from the General Fund to the Other Governmental Funds (Debt Service Funds), are as follows (amounts in millions):

Fiscal Year	Principal	Interest	Total
2008	$ 350	$ 140	$ 490
2009	337	124	461
2010	323	109	432
2011	309	94	403
2012	288	82	370
2013-2017	1,025	252	1,277
2018-2022	380	99	479
2023-2027	168	43	211
2028-2032	84	17	101
2033-2037	38	4	42
Total	**$ 3,302**	**$ 964**	**$ 4,266**

Debt service requirements on approximately $628 million in general obligation variable rate bonds were calculated using the variable rates in effect as of March 31, 2007 which ranged from 3.1 percent to 5.4 percent. Debt service requirements for fixed rate issues were calculated based upon actual rates ranging from 2 percent to 6.75 percent.

During the fiscal year ended March 31, 2007, $162 million in general obligation refundings (Series 2006C and 2006D) were issued. The issues refunded $158 million in existing debt with a cash flow savings of $16 million and present value savings of $8 million.

Note 7 Obligations Under Lease/Purchase and Other Financing Arrangements

Governmental Activities Debt

The State has entered into contractual financing arrangements with certain public benefit corporations and other entities for various capital assets, local assistance payments and deficit financing. Under these agreements, generally construction costs are initially paid by the State from appropriations (reported as capital construction expenditures in the Governmental Funds). These appropriations are then repaid to the State from the proceeds of bonds issued by the public benefit corporations or other entities (reported as financing arrangements in the Governmental Funds). The State becomes the tenant of the facility under a lease/purchase agreement which provides for the payment of rentals sufficient to cover the related bond debt service and for the passage of title to the State after the bonds have been repaid.

The State has also entered into contractual obligation financing arrangements (also referred to as "service contract bonds") with certain public benefit corporations that have issued bonds to finance past State budgetary deficits, grants to local governments and various special project initiatives undertaken in partnership with private entities, including commercial enterprises, for both capital and operating purposes. The terms of these arrangements require the State to fund the debt service requirements of the specific debt issued by these entities.

Chapter 59 of the Laws of 2000 enacted the Debt Reform Act (Act) which applies to all new State-supported debt issued on and after April 1, 2000. The Act imposes statutory limitations which restrict the issuance of State-supported debt to capital purposes only and establishes a maximum term of 30 years for such debt. The Act also imposes phased-in caps that ultimately limit the amount of new State-supported debt (issued on and after April 1, 2000) to four percent of State personal income and new State-supported debt service (on debt issued on and after April 1, 2000) to five percent of total governmental funds receipts. The Act requires the limitations be calculated by October 31 of each year using the new State-supported debt outstanding and new State-supported debt service from the previous fiscal year. For the fiscal year ended March 31, 2006 the cumulative debt outstanding and debt service caps were both 2.65 percent. There was $14.9 billion of new State-supported debt outstanding applicable to the debt reform cap which was $5.6 billion below the statutory debt outstanding limitation. The debt service cost on this new debt was $1.2 billion, about $1.6 billion below the statutory debt service limitation. The Act does not apply to debt which is not considered State-supported and therefore does not encompass State-guaranteed debt, moral obligation debt, and contingent-contractual obligation financing such as the Tobacco Settlement Financing Corporation issued bonds.

The State and some of its Public Authorities who issue debt on behalf of the State have purchased letters of credit and standby purchase agreements from various providers to ensure the liquidity needs of variable rate demand bonds can be met. As of March 31, 2007 these agreements covered $4.2 billion of variable rate demand bonds outstanding with costs ranging from 12.5 to 35 basis points of the amount of credit provided with expiration dates ranging from January 8, 2009 to December 31, 2015.

In 2003 the State enacted legislation creating the Tobacco Settlement Financing Corporation (TSFC) to finance a portion of its future revenues expected to be received under the 1998 Master Settlement Agreement (MSA) with the settling cigarette manufacturers. The future MSA revenues are to compensate the State for all claims for past, present, and future health care costs originating from health care expenses incurred by the State from the effects of cigarette smoking by its citizens. In accordance with the legislation, TSFC issued $4.6 billion in bonds to finance a payment of $4.2 billion to the State's General Fund to enable it to finance a portion of the budget deficits occurring in fiscal years ending March 31, 2003 through March 31, 2005, establish $449 million in debt service reserves, and to provide $129 million to finance a portion of the first debt service payments due on TSFC bonds. In accordance with the legislation all future revenues from the 1998 MSA will be used to repay the debt until it is fully retired, after which all funds of TSFC will revert to the State. The State has agreed to make additional payments for TSFC debt service, subject to annual appropriation, from other sources if the future revenues prove insufficient to meet TSFC debt service requirements of the State.

In 2001 the State enacted legislation providing for the issuance of State Personal Income Tax Revenue Bonds (PIT) to be issued by several State Public Benefit

Corporations. The legislation provides that 25 percent of personal income tax receipts, excluding refunds owed to taxpayers and deposits to the Other Governmental Funds (School Tax Assistance Relief Fund), be deposited to the Revenue Bond Tax Fund which is an account of the General Obligation Debt Service Fund. These deposits are used to make debt service payments on PIT bonds with excess amounts returned to the General Fund. In the event that the State Legislature fails to appropriate amounts required to make debt service payments on the PIT bonds or if required payments have not been made when due, the legislation requires that deposits continue to be made to the Revenue Bond Tax Fund until amounts on deposit equal the greater of 25 percent of personal income tax receipts or $6 billion. Amounts in excess of that needed for current debt service are subsequently transferred to the General Fund. The first PIT bonds were issued on May 9, 2002 and approximately $8.4 billion were outstanding as of March 31, 2007.

Prior to 1996, certain payments due to the State's local government units in the first quarter of the State's fiscal year exceeded available State funds. To meet these payments in the past, the State issued short-term tax and revenue anticipation notes called the annual Spring Borrowing. The New York Local Government Assistance Corporation (LGAC) was established in 1990 to issue up to $4.7 billion in long-term debt to finance certain local assistance aid payments plus amounts necessary to fund a capital reserve fund and other issuance costs. Issuance of the entire $4.7 billion bond authorization as of March 31, 1996 eliminated the need for the State's annual Spring Borrowing. Pursuant to the legislation establishing LGAC, the State deposits an amount equal to a one percent rate of taxation of the total State sales and use tax collected into Other Governmental Funds (Local Government Assistance Tax Fund) to make payments to LGAC for debt service on its bonds and other expenses of LGAC. Amounts in excess of LGAC's needs are subsequently transferred to the General Fund. Payments to LGAC are subject to annual appropriations by the Legislature. LGAC's bondholders do not have a lien on monies deposited in the Local Government Assistance Tax Fund. Under current State statute, any issuance of bonds by LGAC in the future will be for refunding purposes only.

Chapter 62 and Chapter 63 of the Laws of 2003 enacted, among other provisions, the Municipal Assistance Refinancing Act (Act), effective July 1, 2003 and deemed repealed July 1, 2034. The Act created an incentive for the State to seek an appropriation to provide $170 million per year, from Other Governmental Funds (Local Government Assistance Tax Fund (Fund)) to the City of New York (City) for each of the City's fiscal years beginning July 1, 2003 and ending June 30, 2034. The Act requires LGAC to annually certify $170 million so that the State, subject to annual State appropriation by the legislature, can provide for a series of payments to the City or the Mayor's assignee in each City fiscal year beginning July 1, 2003 and ending June 30, 2034 totaling $5.27 billion. Based on current law, until the legislature enacts an appropriation of $170 million, LGAC certifies the release of the funds, and the $170 million State payment is made, and LGAC receives the amount it has certified for its needs, no excess sales tax receipts can be transferred from the Fund to the State's General Fund. During the fiscal year ended March 31, 2007, LGAC certified the release for the State payment of $170 million to the City.

The State has authorized the New York State Thruway Authority to issue up to $16.5 billion in bonds for state highway and bridge projects which are secured and funded by a dedication of portions of the State's petroleum business tax, motor fuel tax, highway and fuel use tax, motor vehicle registration fees, auto rental tax, transmission and transportation tax and certain miscellaneous revenues.

Changes in lease/purchase and other financing arrangements for the year were as follows (amounts in millions):

Issuer	Outstanding April 1, 2006	Issued	Redeemed	Outstanding March 31, 2007
Public Benefit Corporations (PBCs):				
Dormitory Authority	$ 5,777	$ 1,628	$ 573	$ 6,832
Environmental Facilities Corporation	710	220	180	750
Energy Research & Development Authority	17	—	8	9
Housing Finance Agency	1,398	—	63	1,335
Local Government Assistance Corporation	4,317	—	113	4,204
Municipal Bond Bank Agency	504	—	20	484
Metropolitan Transportation Authority	2,311	—	45	2,266
Tobacco Settlement Financing Corporation	4,278	—	194	4,084
Triborough Bridge & Tunnel Authority	214	—	30	184
Thruway Authority	8,607	1,046	414	9,239
Urban Development Corporation	5,916	349	401	5,864
Total	**$ 34,049**	**$ 3,243**	**$ 2,041**	**$ 35,251**

Debt service expenditures (principal and interest) for the aforementioned obligations during the fiscal year were $3.1 billion. These expenditures were financed primarily by the revenues reported in the governmental funds.

Certain underlying bond indentures require the maintenance of various reserves. Such amounts were $900 million at March 31, 2007 and are reported as cash in the General Obligation Debt Service Fund and appropriate Other Governmental Funds with a corresponding reservation of fund balance.

Following is a summary of the future minimum rental payments for lease/purchase and contractual obligation financing arrangements including fixed rate interest at rates ranging from 1.9 percent to 8.5 percent and variable rate interest at rates ranging from 3.0 percent to 5.3 percent (amounts in millions):

Fiscal Year	Principal	Interest	Net Swap Amount	Total
2008	$ 1,564	$ 1,735	$ (7)	$ 3,292
2009	1,524	1,681	(7)	3,198
2010	1,560	1,578	(7)	3,131
2011	1,588	1,479	(8)	3,059
2012	2,035	1,345	(8)	3,372
2013-2017	10,269	5,254	(28)	15,495
2018-2022	9,801	2,801	(7)	12,595
2023-2027	4,578	998	(2)	5,574
2028-2032	1,822	346	(1)	2,167
2033-2037	510	59	—	569
Total	**$ 35,251**	**$ 17,276**	**$ (75)**	**$ 52,452**

Future debt service is calculated using rates in effect at March 31, 2007 for variable rate bonds. The net swap payment amounts were calculated by subtracting the future variable rate interest payment subject to swap agreements from the synthetic fixed rate amount intended to be achieved by the swap agreements.

The actual future amounts of future interest to be paid are affected by changes in variable interest rates. The actual amounts of future net swap payments are also affected by change in published indexes—the London Interbank Offered Rate (LIBOR) and the Securities Industry and Financial Markets Association (SIFMA) which are floating rates.

The State is also committed under numerous capital leases, including EDP and telecommunications equipment, and several real property capital leases. Debt service expenditures for these obligations during the year were $29 million and will require future principal and interest payments totaling $162 million and $89 million, respectively. Following is a summary of the principal and interest payments, some of which are financed by transfers from the General Fund to the General Obligation Debt Service Fund, for the remaining lease periods of these capital leases (amounts in millions):

Fiscal Year	Principal	Interest	Total
2008	$ 19	$ 8	$ 27
2009	13	7	20
2010	7	7	14
2011	6	6	12
2012	6	6	12
2013-2017	31	27	58
2018-2022	35	18	53
2023-2027	31	9	40
2028-2032	14	1	15
Total	**$ 162**	**$ 89**	**$ 251**

Refunding

During the fiscal year ended March 31, 2007, the State, acting through its public authorities, refunded $359 million in existing fixed rate bonds related to lease/purchase and other financing arrangements by issuing refunding bonds in a par amount of $357 million at a $23 million premium with a net increase of $26 million to reserves. The result will produce an estimated gain of $27 million in future cash flow with an estimated present value gain of $22 million. The deferred accounting loss of $12 million will be amortized into interest expense in future years. The impact of the refunding issues is presented in the following table (amounts in millions):

Issue Description	Refunding Amount	Refunded Amount	Cash Flow Gain (Loss)	Present Value Gain
NYS Dormitory Authority CUNY Community College Series 2006A	$ 3	$ 3	$ —	$ —
NYS Dormitory Authority State Education Department Series 2006A	21	23	2	2
NYS Environmental Facilities Corporation Riverbank State Park Series 2007	39	38	6	5
NYS Environmental Facilities Corporation PIT Environmental Bond Series 2007A	81	82	4	3
NYS Dormitory Authority Mental Health Facilities Series 2007C and 2007D	213	213	15	12
Total	**$ 357**	**$ 359**	**$ 27**	**$ 22**

In prior years, the State refunded certain of its obligations under lease/purchase and other financing arrangements. At March 31, 2007, approximately $5.0 billion of such obligations were outstanding. The assets and liabilities related to these obligations are not reported in the accompanying basic financial statements.

Business-type Activities Debt

The State has issued bonds for the State University of New York and the City University of New York Senior Colleges (the Universities) educational facilities through the Dormitory Authority (DASNY). Such debt totaling $7.3 billion is funded by payments from the State's General Fund. The remainder of the debt of the Universities ($1.0 billion) is funded from student fees and other operating aid paid by the State.

The following represents year-end principal balances (June 30, 2006 for SUNY and CUNY and March 31, 2007 for Lottery) for business-type activities lease/purchase and other financing arrangements (amounts in millions):

	Beginning Outstanding	Issued	Redeemed	Ending Outstanding
Dormitory Authority:				
SUNY Educational Facilities	$ 4,147	$ 480	$ 162	$ 4,465
SUNY Dormitory Facilities	634	182	128	688
CUNY Dormitory Facilities	2,810	298	154	2,954
Unamortized discount/premium	(108)	11	(12)	(85)
Total Dormitory Authority	**7,483**	**971**	**432**	**8,022**
Lottery Capital Lease Commitments	7	11	2	16
SUNY Capital Lease Commitments	180	75	52	203
CUNY Capital Lease and Mortgage Loan Commitments	66	—	1	65
CUNY Line of Credit	—	7	—	7
CUNY Certificates of Participation	89	—	16	73
Total (See note 8)	**$ 7,825**	**$ 1,064**	**$ 503**	**$ 8,386**

The following represents June 30, 2006 year-end summary of future minimum debt service payments on the bonds issued by the Dormitory Authority for the State University of New York including interest rates ranging from 2.0 percent to 7.5 percent (amounts in millions):

Fiscal Year	Principal	Interest	Total
2007	$ 187	$ 283	$ 470
2008	188	285	473
2009	196	277	473
2010	185	265	450
2011	209	255	464
2012-2016	1,443	904	2,347
2017-2021	1,166	556	1,722
2022-2026	807	315	1,122
2027-2031	577	124	701
2032-2036	195	21	216
Total	**$ 5,153**	**$ 3,285**	**$ 8,438**

The following represents June 30, 2006 year-end summary of future minimum debt service payments on the bonds issued by the Dormitory Authority for the City University of New York Senior Colleges including interest rates ranging from 2.25 percent to 7.5 percent (amounts in millions):

Fiscal Year	Principal	Interest	Net Swap Amount	Total
2007	$ 74	$ 115	$ (1)	$ 188
2008	158	134	(1)	291
2009	115	126	(1)	240
2010	171	118	(1)	288
2011	113	110	(1)	222
2012-2016	769	433	(3)	1,199
2017-2021	706	255	(6)	955
2022-2026	463	133	(3)	593
2027-2031	301	49	(1)	349
2032-2036	84	9	—	93
Total	**$ 2,954**	**$ 1,482**	**$ (18)**	**$ 4,418**

The following represents June 30, 2006 year-end summary for SUNY and CUNY and March 31, 2007 year-end summary for the Lottery of future minimum debt service payments on certificates of participation, capital lease commitments and mortgage loan payable for the business-type activities (amounts in millions):

	Lottery		SUNY		CUNY		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	$ —	$ —	$ 55	$ 6	$ 18	$ 3	$ 73	$ 9
2008	4	—	40	5	19	3	63	8
2009	5	—	33	4	20	2	58	6
2010	3	—	22	3	21	1	46	4
2011	2	—	9	2	1	—	12	2
2012-2016	2	—	18	8	59	—	79	8
2017-2021	—	—	21	3	—	—	21	3
2022-2026	—	—	3	1	—	—	3	1
2027-2031	—	—	1	—	—	—	1	—
2032-2036	—	—	1	—	—	—	1	—
Total	**$ 16**	**$ —**	**$ 203**	**$ 32**	**$ 138**	**$ 9**	**$ 357**	**$ 41**

The liabilities for lease/purchase debt, certificates of participation, mortgage loan and capital leases are reported as obligations under lease/purchase and other financing arrangements in the Enterprise Funds.

Debt service expenditures (principal and interest) for all of the aforementioned obligations during the year ended June 30, 2006 totaled $864 million.

During SUNY's fiscal year ending June 30, 2006, Personal Income Tax Revenue Bonds (PIT) were issued for the purpose of financing capital construction and major rehabilitation for educational facilities in the amount of $480 million. Also during the year, SUNY entered into agreements with DASNY to issue residential hall facility obligations totaling $182 million;

$5.9 million for remarketing bonds; $72.1 million for the purpose of financing capital construction and major rehabilitation for residential hall facilities; and $104 million in order to refinance $101.3 million of SUNY's existing residential hall facility obligations. The refinancing resulted in an accounting loss of $10.7 million. SUNY reduced its future aggregate debt service payments by $3.4 million through lower interest costs, resulting in an economic gain of $3.1 million.

During this year and prior years, SUNY defeased various obligations, whereby proceeds of new obligations were placed in an irrevocable trust to provide for all future debt service payments on the defeased obligations. Accordingly, the trust account assets and liabilities for the defeased obligations are not included in the SUNY's financial statements. As of March 31, 2006, $1.21 billion and $346.9 million of outstanding educational and residence hall facility obligations, respectively, were considered defeased. At June 30, 2006, $1.297 million of CUNY bonds outstanding are considered defeased, of which $1.085 million related to the senior colleges.

During CUNY's fiscal year ending June 30, 2006, DASNY issued bonds for new construction with a par value of $298 million and original issue premiums of $11.6 million on behalf of CUNY.

Interest Rate Exchange Agreements (Swaps)

Article 5-D of the State Finance Law authorized the use of a limited amount of swaps equal to 15 percent (raised to 20 percent effective April 9, 2007) of statutorily defined state-supported debt. Starting in November 2002, the State began to enter into swap agreements to "synthetically" change the interest cost associated with bonds it issued from either variable rate to fixed rate or from fixed rate to variable rate. The intention of each of the swaps was to lower the cost of borrowing to the State below what could have been achieved on bonds without the use of the associated swap agreements.

The statutory authorization for the use of swaps also requires that each of the swaps entered into meet the following requirements:

- Counterparties have a credit rating from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories;
- A finding by an independent financial advisor certifying that the terms and conditions of all swaps reflect a fair value;
- Utilization of a standardized interest rate exchange agreement;
- Issuance of monthly reports by the public benefit corporations to provide monitoring and swap performance assessment; and Compliance with uniform interest rate exchange guidelines.

The State manages the swaps as a single portfolio although they affect debts reported under both governmental activities and business-type activities.

The swap contracts require that each counterparty have credit ratings from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories and ratings which are obtained from any other nationally recognized statistical rating agencies for such counterparty shall also be within the three highest investment grade categories, or the payment obligations of the counterparty shall be unconditionally guaranteed by an entity with such credit ratings. The swap agreements and Article 5-D of the State Finance Law also require that should the credit rating of a counterparty fall below the rating required, that the obligations of such counterparty shall be fully and continuously collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by, the United States of America, with a net market value of at least 102 percent of the net market value of the contract to the Issuer and such collateral shall be deposited with the Issuer or its agent.

The swap contracts use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes "additional termination events", providing that the swaps may be terminated if either the State or a counterparty's credit quality rating falls below certain levels. The State or the counterparties may terminate the swap agreements if the other party fails to perform under the terms of the contract. The State may also terminate the swaps at its option. If a swap agreement is terminated, the synthetically created fixed or variable interest rate will cease to exist and the State's only interest payment will be based upon the rate required by the bonds as issued. When a termination occurs, a mark-to-market (or fair market value) calculation is performed to determine whether the State owes money or must pay money to close out a swap position. A negative fair market value means the State would incur a loss and need to make a termination payment to settle the swap position. A positive fair market value means the State would realize a gain and receive a termination payment to settle the swap position. The terms of the synthetic fixed rate swaps are coterminous with the underlying bonds.

Swap Variable Rate to Fixed Rate (Synthetic Fixed Rate)

The State had approximately $6 billion of swaps ($5 billion of which related to governmental activities and $884 million related to business-type activities) outstanding that were issued to synthetically create fixed rate debt from variable rate debt. The $6 billion portfolio includes 45 separate pay-fixed, receive variable interest rate swap agreements with nine counterparties.

The table below summarizes the terms and fair values at March 31, 2007 for governmental activities and at June 30, 2006 for business-type activities. The weighted average intended fixed rate of the $5 billion and $884 million in variable to fixed rate swaps was approximately 3.3 percent and 3.34 percent, respectively, excluding support costs on the underlying variable rate bonds, as displayed in the following table (amounts in millions):

Issuer	Notional Amount	Effective Dates	Average Swap Rate	Final Maturity Dates	Fair Value
Governmental Activities:					
NYS Dormitory Authority	$ 1,486	4/10/2003-3/3/2005	3.2%	2/15/2021-3/15/2032	$ 34
NYS Urban Development Corporation	1,299	11/21/2002-12/22/2004	3.6%	1/1/2030-3/17/2033	(21)
NYS Housing Finance Agency	463	2/13/2003-3/10/2005	3.4%	9/15/2021-3/15/2033	1
NY Local Government Assistance Corporation	1,210	2/20/2003-2/26/2004	3.2%	4/1/2021-4/1/2024	18
NYS Thruway Authority	531	10/21/2003-11/6/2003	3.4%	3/15/2021	(2)
Subtotal	**4,989**				**30**
Business-type Activities (as of June 30, 2006):					
NYS Dormitory Authority	884	4/10/2003-3/2/2005	3.34%	7/1/2014-7/1/2034	23
Total	**$ 5,873**				**$ 53**

The bonds and the related synthetic fixed rate swap agreements have final maturities occurring through July 1, 2034 and the swaps' total notional amount of $5.87 billion matches the $5.87 billion variable-rate bonds. Under the swap agreements, the State pays the counterparties a fixed payment at rates ranging from 2.86 percent to 3.66 percent and receives a variable payment computed as 65 percent of the one month LIBOR rate. The bonds' variable-rate coupons are based upon rates determined by remarketing agents for bonds in the weekly interest rate mode and by auction rate agents for bonds in the auction rate mode.

Swap agreements expose the State to basis risk, which is the possibility that the underlying variable rate payments received by the State (65 percent of LIBOR) in the swap are less than the variable rate payments made by the State on the underlying bonds issued. Should the relationship between LIBOR and the actual variable rate payments converge, the expected cost savings may not materialize.

Based on market conditions, the synthetic fixed rate swap portfolio reported under governmental activities at March 31, 2007 and business-type activities at June 30, 2006 has an estimated fair market value of $53 million, indicating the size of the payment the State would receive if these existing swaps were terminated at those respective dates. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted back using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. The fair market value, which fluctuates significantly based on market conditions, is monitored closely by the Division of the Budget (Division) and Public Authorities that issue swaps on behalf of the State. The Division reviews the actual mark-to-market (or fair market value) of each outstanding swap on a monthly basis and obtains an estimate of maximum counterparty exposure on at least an annual basis. Maximum counterparty exposure represents the fair market value owed to the State in a worst case scenario. Exposure to counterparties is well diversified among nine counterparties, who have total notional amounts ranging from $188 million to $979 million. Each counterparty had a credit rating from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories as of March 31, 2007.

For those swaps with positive fair value, the swaps fair value represents the State's credit exposure to the counterparties. Certain DASNY swap agreements contain set-off provisions. Under the terms of the agreements, should an agreement terminate, close-out set-off provisions permit all outstanding transactions with the related counterparty to terminate and net the transaction's fair values so that a single sum will be owed by, or owed to, the State. Should the counterparties fail to perform according to the terms of the swap contracts, the maximum possible loss equivalent to the related swaps' net positive fair value, assuming set-off is $53 million.

Swap Fixed Rate to Variable Rate (Synthetic Variable Rate)

The State also had an additional $917 million in swaps outstanding, ($592 million related to governmental activities and $177 million related to business-type activities) that were issued to synthetically create variable rate debt. The $917 million portfolio includes 21 separate pay-variable, receive fixed interest rate swap agreements with six counterparties Synthetic variable rate debt is being utilized because it can provide variable rate debt at a lower cost than traditional (or natural) variable rate debt because it does not require additional support costs (liquidity agreements, insurance, brokerage dealer fees, and remarketing fees).

The table below summarizes the terms and fair values of the State's swaps that synthetically create variable interest rates reported under governmental activities at March 31, 2007 and business-type activities at June 30, 2006, respectively (amounts in millions):

Issuer	Notional Amount	Effective Dates	Average Swap Rate	Final Maturity Dates	Fair Value
Governmental Activities:					
NYS Dormitory Authority	$ 116	3/15/2008-3/15/2017	N/A	3/15/2008-3/15/2030	$ —
NYS Urban Development Corporation	341	3/15/2010-3/15/2025	N/A	3/15/2010-3/15/2025	8
NYS Housing Finance Agency	135	4/19/2005	4.56%	3/15/2013-3/15/2015	(2)
Subtotal	**592**				**6**
Business-type Activities (as of June 30, 2006):					
NYS Dormitory Authority	177	7/1/2016-3/15/2017	N/A	7/1/2014-3/15/2030	1
Total	**$ 769**				**$ 7**

Approximately $634 million of the $769 million in synthetic variable rate swaps reported in the table above are forward starting with beginning effective dates that range from March 15, 2008 to March 15, 2017. Because a significant portion of the synthetic variable rate swaps are forward starting with no rate in effect at March 31, 2007, an average swap rate in effect at March 31, 2007 is not presented for synthetic variable rate swaps. The balance, $135 million, creates synthetic variable rate exposure immediately with a weighted average swap rate paid of 4.56 percent.

Under the synthetic variable rate swap agreements, the State issues fixed rate bonds (and pays a fixed rate of interest over the life of the bonds), but converts the debt to a variable rate mode via a variable rate payment to the counterparty. On the effective date of the synthetic variable rate swap the State begins to receive a fixed rate payment that exceeds the fixed rate on the underlying bonds, and pays a variable rate of interest. The variable rate of interest is based on the Municipal Swap Index published by the Securities Industry and Financial Markets Association (SIFMA). Because the synthetic variable rate swaps require the State to pay a variable rate of interest to the counterparties based upon the SIFMA Municipal Swap Index the State is exposed to interest rate risk during the swaps effective term. As the SIFMA Municipal Swap Index increases, the net payments the State would have to make on the swaps will increase. Since the swaps are effective for the full term intended, the State is not exposed to any rollover risk.

Based on market conditions, the synthetic variable rate swap portfolio reported under the governmental activities at March 31, 2007 and the business-type activities at June 30, 2006 has estimated fair market values of $6 million and $1 million, respectively, indicting the size of the payment the State would receive if these existing swaps were terminated at the respective dates. The fair values were estimated using the zero-coupon method. The fair market values of the swaps at March 31, 2007 were not material and therefore the State was not exposed to significant credit risk. Each of the six counterparties with notional amounts ranging from $40 to $265 million had a credit rating from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories at March 31, 2007. The fixed rate to variable rate swaps with DASNY are also subject to the same set-off provisions described above for the variable to fixed rate swaps.

Operating Leases

The State is also committed under numerous operating leases covering real property and equipment. Rental expenditures reported for the year ended March 31, 2007 under such operating leases totaled $204 million and were financed primarily from the General Fund. The following is a summary of future minimum rental commitments under real property and equipment leases with terms exceeding one year (amounts in millions):

Fiscal Year	Governmental Activities
2008	$ 174
2009	158
2010	142
2011	104
2012	92
2013-2017	260
2018-2022	65
2023-2027	30
2028-2032	11
Total	**$ 1,036**

Business-type activities reported the following future minimum rental commitments under real property and equipment leases with terms exceeding one year at year-end (June 30, 2006 for SUNY and CUNY and March 31, 2007 for Lottery) (amounts in millions):

Fiscal Year	Business-type Activities
2007	$ 49
2008	47
2009	44
2010	41
2011	35
2012-2016	107
2017-2021	24
2022-2026	4
Total	**$ 351**

Note 8 Liabilities

Changes in Long-Term Liabilities

The following table summarizes changes in long-term liabilities for both governmental activities and business-type activities (amounts in millions):

CHANGES IN LONG-TERM LIABILITIES—GOVERNMENTAL ACTIVITIES

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax refunds payable	**$ 726**	**$ —**	**$ 92**	**$ 634**	**$ —**
Accrued liabilities:					
Payroll and fringe benefits	$ 158	$ 8	$ —	$ 166	—
Compensated absences	2,055	1,223	1,060	2,218	141
Medicaid	665	91	85	671	117
Health insurance	192	—	—	192	—
Litigation	119	84	52	151	94
Workers' compensation reserve	1,805	219	240	1,784	252
Miscellaneous	29	—	14	15	4
Total	**$ 5,023**	**$ 1,625**	**$ 1,451**	**$ 5,197**	**608**
Payable to local governments:					
Education aid—prior year adjustment	$ 125	$ —	$ 63	$ 62	—
Handicapped pupil aid	96	—	15	81	—
Temporary and disability assistance programs	54	—	10	44	—
Miscellaneous	19	—	12	7	—
Total	**$ 294**	**$ —**	**$ 100**	**$ 194**	**—**
Pension contributions payable	**$ 581**	**$ —**	**$ 78**	**$ 503**	**—**

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General obligation bonds payable:					
General obligation bonds payable	$ 3,470	$ 342	$ 510	$ 3,302	350
Plus or minus deferred amounts:					
For unamortized premiums	41	3	2	42	2
Net Amount	**3,511**	**345**	**512**	**3,344**	**352**
Deferred loss on refunding	(50)	(4)	(3)	(51)	—
Total	**$ 3,461**	**$ 341**	**$ 509**	**$ 3,293**	**352**
Other financing arrangements:					
Capital leases	$ 178	$ 4	$ 20	$ 162	19
Other financing arrangements	34,049	3,243	2,041	35,251	1,564
Plus deferred amounts:					
For unamortized premiums	1,217	158	75	1,300	75
For accreted discount on bonds	319	64	65	318	—
Net Amount	**35,763**	**3,469**	**2,201**	**37,031**	**1,658**
Deferred loss on refunding	(842)	(12)	(46)	(808)	—
Total	**$ 34,921**	**$ 3,457**	**$ 2,155**	**$ 36,223**	**1,658**
Total due within one year					**$ 2,618**

CHANGES IN LONG-TERM LIABILITIES—BUSINESS-TYPE ACTIVITIES

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Accrued liabilities:					
Compensated absences	$ 667	$ 236	$ 161	$ 742	$ 190
Litigation	168	25	48	145	29
Interfund loan	149	6	7	148	17
Miscellaneous	406	51	58	399	14
Total	**$ 1,390**	**$ 318**	**$ 274**	**$ 1,434**	**250**
Lottery prizes payable	**$ 1,324**	**$ 210**	**$ 197**	**$ 1,337**	**199**
Other financing arrangements:					
Lottery	$ 7	$ 11	$ 2	$ 16	4
SUNY (June 30, 2006)	4,961	737	342	5,356	242
CUNY (June 30, 2006)	2,965	305	171	3,099	87
Minus deferred amounts for unamortized discounts (June 30, 2006)	(108)	11	(12)	(85)	—
Total	**$ 7,825**	**$ 1,064**	**$ 503**	**$ 8,386**	**333**
Total due within one year					**$ 782**

Litigation and the workers' compensation liabilities will be liquidated by the General Fund. Medicaid accrued liabilities and payable to local governments will be liquidated by the General and the Federal Special Revenue Fund. Payroll and related fringe benefits, compensated absences, health insurance, pension contributions and miscellaneous accrued liabilities will be liquidated by the General Fund, Federal Special Revenue Fund and Other Governmental Funds.

Accrued Liabilities—Governmental activities

The following table summarizes accrued liabilities at March 31, 2007 for governmental activities (amounts in millions):

Description	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Total Governmental Activities
Payroll	$ 452	$ 33	$ —	$ 57	$ 542
Fringe benefits	202	14	—	26	242
Medicaid	1,647	2,410	—	—	4,057
Health programs	52	—	—	—	52
Miscellaneous	43	2	5	15	65
Total governmental funds	**$ 2,396**	**$ 2,459**	**$ 5**	**$ 98**	**4,958**
Payable to fiduciary funds					309
Total					**$ 5,267**

Payable to Local Governments—Governmental Funds

The following table summarizes payable to local governments at March 31, 2007 for governmental funds (amounts in millions):

Description	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Total
Education programs	$ 985	$ 26	$ —	$ —	$ 1,011
Temporary and disability assistance	185	538	—	1	724
Local health programs	466	55	—	57	578
Mental hygiene programs	60	19	—	6	85
Criminal justice programs	67	13	—	1	81
Children and family services programs	80	28	—	—	108
Local share of tax revenues	379	—	127	—	506
Miscellaneous	83	155	—	182	420
Total	**$ 2,305**	**$ 834**	**$ 127**	**$ 247**	**$ 3,513**

Accrued Liabilities—Business-type Activities

The following table summarizes accrued liabilities at March 31, 2007 for Enterprise Funds (amounts in millions):

Description	Lottery	Unemployment Insurance Benefit	SUNY	CUNY	Total
Payroll	$ —	$ —	$ 142	$ 73	$ 215
Fringe benefits	—	—	46	54	100
Compensated absences	6	—	656	80	742
Litigation	—	—	145	—	145
Interfund loan	—	—	148	—	148
Employer overpayments	—	35	—	—	35
Benefits due claimants	—	8	—	—	8
Unclaimed and future prizes	230	—	—	—	230
Miscellaneous	—	—	479	134	613
Total	**$ 236**	**$ 43**	**$ 1,616**	**$ 341**	**$ 2,236**

Note 9 Interfund Transactions and Other Transfers

Interfund Transfers

Interfund transfers for the year ended March 31, 2007 consisted of the following (amounts in millions):

	Transfers To Other Funds								
Transfers From Other Funds	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental	Elimination	Total Governmental Funds	Business-type Activities	Fiduciary	Total
General	$ —	$ 1	$ 1,983	$ 916	$ —	**$ 2,900**	$ 3,324	$ 162	**$ 6,386**
Federal Special Revenue	378	—	2	2,501	—	**2,881**	245	—	**3,126**
General Obligation Debt Service	7,594	—	—	—	—	**7,594**	937	—	**8,531**
Other Governmental	5,917	—	865	64	—	**6,846**	239	—	**7,085**
Elimination	—	—	—	—	(19,926)	**(19,926)**	—	—	**(19,926)**
Total Governmental Funds	**13,889**	**1**	**2,850**	**3,481**	**(19,926)**	**295**	**4,745**	**162**	**5,202**
Business-type Activities	24	—	29	2,358	—	**2,411**	—	—	**2,411**
Fiduciary	1	—	—	—	—	**1**	—	—	**1**
Total	**$ 13,914**	**$ 1**	**$ 2,879**	**$ 5,839**	**$ (19,926)**	**$ 2,707**	**$ 4,745**	**$ 162**	**$ 7,614**

Transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. The significant transfers include transfers to the General Fund from other funds representing excess revenues not needed in those funds. Transfers to the General Fund from the General Obligation Debt Service Fund for excess funds not needed for debt service on revenue bonds backed by personal income tax revenues of $7.6 billion. Transfers to the General Fund from Other Governmental Funds include: mental health patient fees in excess of debt service and rental reserve requirements of $2.6 billion, excess sales tax receipts not needed for LGAC debt service requirements of $2.2 billion, and excess real property transfer tax receipts from clean water and clean air programs of $753 million. The transfers from the General Fund to Fiduciary Funds ($162 million) represented unclaimed funds needed to pay claims. Transfers from the General Fund to Other Governmental Funds are made for State capital projects ($368 million), for State debt service payments ($2 billion), and to the Enterprise Funds as State support to SUNY and CUNY Funds ($3.3 billion). Transfers from the Federal Special Revenue Fund and Other Governmental Funds are comprised of the Federal share of Medicaid payments for a variety of purposes including transfers to the Mental Health Services Fund for recipients residing in State-operated mental health and retardation facilities ($2.5 billion) and transfers to SUNY to defease debt ($233 million). Transfers from the Lottery to Other Governmental Funds represent Lottery support for school aid payments ($2.4 billion). The eliminations of $19.9 billion represent transfers made between the Governmental Funds.

Transfers from the Governmental Funds to the SUNY and CUNY Funds are reported as transfers to other funds by the Governmental Funds and as State appropriations by the SUNY and CUNY Funds. As explained in Note 1, the amounts reported for the SUNY and CUNY Funds are derived from their annual financial statements for the fiscal year ended June 30, 2006. Therefore, because of the different fiscal year-end for the SUNY and CUNY Funds, total transfers to other funds exceed total transfers from other funds by $1.5 billion.

Due To/From Other Funds

The following is a summary of due to other funds and due from other funds at March 31, 2007 (amounts in millions):

	Due From Other Funds							
Due To Other Funds	**General**	**Federal Special Revenue**	**Other Governmental**	**Elimination**	**Total Governmental Funds**	**Business-type Activities**	**Fiduciary**	**Total**
General	$ —	$ 3	$ 5	$ —	**$ 8**	$ 565	$ 295	**$ 868**
Federal Special Revenue	293	—	148	—	**441**	11	—	**452**
General Obligation Debt Service	482	—	—	—	**482**	52	—	**534**
Other Governmental	770	—	17	—	**787**	58	1	**846**
Elimination	—	—	—	(142)	**(142)**	—	—	**(142)**
Total Governmental Funds	**1,545**	**3**	**170**	**(142)**	**1,576**	**686**	**296**	**2,558**
Business-type Activities	28	—	346	—	**374**	—	12	**386**
Fiduciary	314	190	—	—	**504**	—	—	**504**
Total	**$ 1,887**	**$ 193**	**$ 516**	**$ (142)**	**$ 2,454**	**$ 686**	**$ 308**	**$ 3,448**

The more significant balances due to/from other funds include $625 million due to the General Fund to cover cash overdrafts in the short-term investment pool. These temporary interfund loans include $167 million to the Federal Special Revenue Fund and $458 million to Other Governmental Funds. Due to other funds in the General Obligation Debt Service Fund for amounts owed to the General Fund for $482 million for excess personal income revenues. The Federal Special Revenue Fund has a due to the Fiduciary Funds for $119 million for the Medicaid Drug Rebate Program.

As explained in Note 1, the amounts reported for SUNY and CUNY Funds are derived from their annual financial statements for fiscal year ended June 30, 2006. Therefore, because of the different fiscal year-end of the SUNY and CUNY Funds, the total amount reported as due from other funds exceeds the total amount reported as due to other funds by $103 million.

Note 10 Commitments and Contingencies

The State receives significant financial assistance from the Federal government in the form of grants and entitlements. Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of resources for eligible purposes. Substantially all Federal grants are subject to either the Federal Single Audit Act or to financial and compliance audits by grantor agencies of the Federal government or their designees. Disallowances by Federal program officials as a result of these audits may become liabilities of the State.

The Dormitory Authority of the State of New York has $775 million outstanding of Secured Hospital Revenue Bonds for financing mortgage loans to various hospitals in New York City. The hospitals are committed to pay the debt service, and reserves have been established to cover deficiencies incurred by the hospitals. However, if both of these funding sources are inadequate, the State may be called upon to pay the debt service. Any such payments would require authorization by the State Legislature.

The New York State Constitution provides that the State may guarantee repayment of certain borrowings of the Job Development Authority (JDA) to carry out designated projects. The State has never been called upon to make any direct payments pursuant to such guarantees. However, in 1996 the State entered into an agreement with JDA and the New York State Urban Development Corporation (UDC) whereby UDC will provide funding needed by JDA to meet its debt service obligations through March 31, 2010. JDA required no financial assistance to meet debt service obligations during the State Fiscal year ended March 31, 2007. As of March 31, 2007, JDA had $42 million of State-guaranteed bonds and notes outstanding (with an additional $24 million authorized but not issued).

In order to provide additional inducement to investors to purchase the obligations of certain public benefit corporations, the legislation creating these corporations authorizes the State to make up any deficiencies in their debt service reserve funds, subject to legislative appropriation (effectively, a "moral obligation" to back the corporations' credit). Such "moral obligation" does not constitute full faith and credit obligations of the State. As of March 31, 2007, approximately $56 million in moral obligation bonds were outstanding. During the year, the State was not called on to make any payments.

Health care providers have a right to appeal Medicaid reimbursement rates. Based on an analysis of appeals, a liability of $537 million has been recognized.

In 1977-78, the State required that reserve funds held by insurance companies that underwrite the State employee health insurance programs be paid to the General Fund. The State is liable to replenish these reserve funds if needed to pay insured benefits or if the contracts with the insurance companies are terminated. Accordingly, based on actuarial calculations, the State has recorded a liability of $192 million, which is reported as accrued liabilities due beyond one year in the Statement of Net Assets.

Generally, the State does not insure its buildings, contents or related risks and does not insure its State-owned automobiles for bodily injury and property damages, but the State does have fidelity insurance on State employees. A liability is estimated for unpaid automobile claims based on an analysis of property loss and claim settlement trends. Routine uninsured losses are recorded as expenditures in the General Fund as paid, while significant uninsured losses usually are the result of litigation that is discussed further in Note 11. Insured losses incurred by the State did not exceed coverage for any of the three preceding fiscal years. Litigation losses are estimated based on an assessment of pending cases conducted by the Office of the Attorney General.

Workers' compensation is provided with the State Insurance Fund acting as the State's administrator and claims processing agent. Under an agreement with the State Insurance Fund, the State pays only what is necessary to fund claims. Based on actuarial calculations, discounted at 4.219 percent as of March 31, 2007, the State is liable for unfunded claims and incurred but not reported claims totaling $1.8 billion which is reported in accrued liabilities in the Governmental Activities.

Changes in the State's liability relating to workers' compensation claims, litigation (see Note 11) and auto claims in fiscal years 2006 and 2007 were (amounts in millions):

Fiscal Year	Claim Liability Beginning of Year	Increase in Liability Estimate	Payments and Decreases in Liability Estimate	Claim Liability End of Year
2005-2006	$ 2,047	$ 261	$ 383	$ 1,925
2006-2007	$ 1,925	$ 275	$ 264	$ 1,936

The State Abandoned Property Law requires the deposit of certain defined and unclaimed assets into a State-managed Abandoned Property Fund (Private Purpose Trust Fund). The State Finance Law provides that whenever the cash balance of the Abandoned Property Fund (Fund) exceeds $750 thousand at fiscal year-end, the excess must be remitted to the General Fund where it is reported as operating transfers from other funds. However, during the year, in accordance with the statute, the Fund has had cash balances that exceeded $750 thousand in order to meet anticipated cash flow demands. At March 31, 2007, the Fund included $642 million of securities not yet liquidated that were not subject to transfer to the General Fund. Net collections from inception (1942) to March 31, 2007 of approximately $8.5 billion, excluding interest, represent a contingent liability to the State since claims for refund may be filed by the owners of such property.

A liability representing the probable amount of escheat property that will be reclaimed and paid to claimants is reported in the Fund. To the extent that assets in the Fund are less than the claimant liability, a receivable (due from other funds) is reported in that Fund and an equal liability (due to other funds) is reported in the General Fund. At March 31, 2007, the amount reported in the Fund for claimant liability is $982 million and the amount reported in the General Fund as due to the Fund is $245 million. Since receipts in the Fund are expected to be adequate to pay current claims, it is not expected that General Fund support for that purpose will be required. Claims paid from the Fund during the year totaled $162 million.

The State is liable for costs relating to the closure and post-closure of landfills totaling $14 million which is recorded in accrued liabilities. Closure and post-closure requirements are generally governed by Title 6, Part 360 of the New York Code of Rules and Regulations. Since most landfills are inactive, the liability reflects the total estimated closure and post-closure cost at year-end. Liability estimates are based on engineering studies or on estimates by agency officials that are updated annually. Additionally, there are a number of significant threats in actual hazardous waste disposal sites in New York State for which the State may be financially responsible if responsible parties do not perform the cleanup. The costs associated with the cleanup of these sites cannot be determined.

Legislation enacted in 2003 authorized the State to securitize all of its tobacco settlement payments to the Tobacco Settlement Financing Corporation through an asset-backed securitization transaction. To lower costs, the legislation authorized the State to enter into contingency contracts obligating the State to pay debt service, subject to annual appropriations, on the TSFC bonds in the event that tobacco receipts and bond reserves are insufficient. To ensure that State contractual payments will not be required and that tobacco receipts and bond reserves are sufficient to pay debt service, the TSFC bonds were structured to meet or exceed all rating agency tobacco bonds stress tests. The bonds carry a final nominal maturity of 20 years and an expected final maturity of 13 years, based on optional redemptions. The expected final maturity may deviate due to the optional nature of the redemptions and adjustments to tobacco settlement payments due from participating manufacturers. Various manufacturers, including the original participating manufacturers, have adjusted payments downward or indicated that they plan on adjusting subsequent payments downward to states and territories, or otherwise have deposited or will deposit payments into a special disputed payments account awaiting determination of entitlement to adjustments.

In April 2006, the State and local share was reduced by $100 million by the participating manufacturers based on adjustment provisions. Subsequently, a lawsuit was filed by the Attorney General of New York in April 2006 to recover the settlement payments that were withheld from the State. The portion of the payment that the State received was sufficient to cover the 2006-07 debt service requirements without having to rely on State funding. In April 2007, the State was to receive $820 million. However, the State and local share was reduced by $53 million by the participating manufacturers based on adjustment provisions. Litigation continues to recover the funds withheld.

Existing labor contracts with all of the State's major employee unions expired on March 31, 2007. The State is currently in negotiations with the unions and the outcome of any new labor contracts is unknown at this time.

In January 2007, the Centers for Medicare and Medicaid Services (CMS) issued a proposed rule that, if implemented, would significantly curtail Federal Medicaid funding to public hospitals (including New York City's Health and Hospital Corporation—HHC) and institutions and programs operated by both the State Office of Mental Retardation and Developmental Disabilities and the State Office of Mental Health. The proposed rule could go into effect as soon as September 2007. It is estimated that the rule could result in large losses in aid for the State Mental Health System and other public hospitals in New York State.

The State has awarded a contract in excess of $2 billion for the development of a statewide wireless network to M/A-COM. The purpose of the contract is to implement a radio network for State public safety and public service agencies that is available statewide. The contract is a lease purchase agreement, wherein the State is not obligated to make payments to the vendor until a regional build out is completed, tested and accepted. The State has the right to purchase the network in whole or in part at any time during the contract term. The network becomes the property of the State at the end of the lease term. The State will treat this contact as a capital lease for financial reporting purposes. Since no regional build out has been completed, tested and accepted as of March 31, 2007, in accordance with the contract, the State has not recognized an asset or liability in the financial statements.

Note 11 Litigation

The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings, and other alleged violations of State and Federal laws.

Included in the State's outstanding litigation are a number of cases challenging the legality or the adequacy of a variety of significant social welfare programs primarily involving the State's Medicaid and mental health programs. Adverse judgments in these matters generally could result in injunctive relief coupled with prospective changes in patient care that could require substantial increased financing of the litigated programs in the future.

With respect to pending and threatened litigation, the State has reported, in the governmental activities, liabilities of $151 million for awarded and anticipated unfavorable judgments. In addition, the State is party to other claims and litigation that its legal counsel has advised may result in possible adverse court decisions with estimated potential losses of nearly $262 million.

Note 12 State and Local Retirement System

There are three systems within the State and Local Retirement System (System) for employees of the State and its localities (except employees of New York City and teachers, essentially all of whom are covered by separate pension plans). The System, known and reported collectively as the New York State and Local Retirement System, are the State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and the Public Employees' Group Life Insurance Plan (GLIP). GLIP provides death benefits in the form of life insurance. All net assets of the System are held in the Common Retirement Fund which was established to hold all net assets and changes in net plan assets allocated to the System. In these statements, GLIP amounts are apportioned and included in either ERS or PFRS.

The State Comptroller is sole trustee and administrative head of the System. The System is a cost sharing multiple-employer defined benefit pension plan. On March 31, 2007, there were 3,010 participating government employers. Employees of the State constituted about 36 percent and 17 percent of the members for the ERS and PFRS, respectively, during the 2006-2007 fiscal year.

The System provides retirement benefits as well as death and disability benefits. Benefits vest after five years of credited service. Retirement benefits are established by the New York State Retirement and Social Security Law and are dependent upon the point in time at which the employees last joined the System. Contributory and noncontributory requirements also depend upon the point in time at which an employee last joined the System. Most members of ERS who joined the System on or before July 26, 1976 are enrolled in a noncontributory plan. Most members of PFRS are not required to make employee contributions. Employees who last joined ERS subsequent to July 26, 1976 are enrolled in a contributory plan which requires a three percent contribution of their salary. As a result of Article 19, of the Retirement and Social Security Law, eligible Tier 3 and Tier 4 employees, with a membership date after July 26, 1976, who have 10 or more years of membership or credited service with a System, are not required to contribute. Less than one percent of other members are contributory. Members cannot be required to begin contributing or make increased contributions beyond what was required when membership began. Generally, members of the System may retire at age 55; however, members of Tiers 2, 3 and 4 will receive a reduced benefit if they retire before age 62 with less than 30 years of service. An employee with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions.

The System's financial statements are prepared using the accrual basis of accounting. Revenue is recognized when earned and liabilities are recognized when incurred. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Employer contributions are recognized when billed. Investments are reported at fair value. Stocks traded on a national or international exchange are valued at market value at current exchange rates. Bonds are primarily reported at market values obtained from independent pricing services. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals made every three years or according to the fund agreement. Investments that do not have an established market are reported at estimated fair value. The System trades in foreign exchange contracts in the normal course of its investing activities in order to manage exposure to market risks. Such contracts, which are generally for a period of less than one year, are used to purchase and sell foreign currency at a guaranteed future price. These contracts are recorded at market value using foreign currency exchange rates. The System is exposed to various investment risks as follows:

Investment Custodial Credit Risk—Equity and fixed income investments owned directly by the System which trade in the United States (U.S.) markets are held at the System's custodian, in separate accounts, in the name of the Comptroller of the State of New York in Trust for the Common Retirement Fund. These securities are typically held in electronic form by the Depository Trust Company (DTC) and its' subsidiaries acting as an agent of the System's custodian bank. Securities held directly by the System, which trade in markets outside the U.S., are held by a subsidiary of the System's custodian bank in the local market, a bank performing custodial services in the local market acting as an agent for the System's custodian bank, and in some foreign markets, the securities are held in electronic format by a DTC subsidiary or an organization similar to DTC. Directly held investments include: short-term and long-term fixed income, and domestic and international equity separately managed accounts. The aforementioned investments have the lowest custodial risk. Equity investments held indirectly by the System via limited partnerships, commingled investment funds, joint ventures and other similar vehicles are held in custody by an organization contracted with by the general partner and/or the investment management firm responsible for the management of each investment organization. Title to real property invested in by the System is either held by a real estate holding company or a real estate investment fund. Ownership of mortgage assets is documented by the System's holding of original mortgage and note documents by the Office of the State Comptroller (OSC), Division of Pension Investment and Cash Management.

Credit Risk—New York State Statutes and the System's investment policies require that corporate fixed income obligations must be investment grade at the time of their acquisition.

Approximately 61.6 percent of the System's $34 billion long-term bond portfolio are guaranteed by the Federal government and have no credit risk. The remainder of the portfolio is exposed to credit risk as follows; 32.9 percent were rated A3 or higher by Moody's, 5.1 percent were rated between Baa1 and Ba2 by Moody's and .4 percent were not rated but were investment grade at the time of purchase.

Interest Rate Risk—Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of the System's fixed income securities. The price volatility of the System's fixed income holdings are measured by duration. The System attempts to mitigate price volatility by matching the duration of the assets with the duration of the retired lives liabilities so that any change in the market value of the assets resulting from a change in interest rates will result in a similar change in the value of the liabilities. The average duration of the System's fixed income portfolio is 8.64 years.

Concentration of Credit Risk—Issuer limits for investments held by the System are established for each investment area by New York State Retirement and Social Security Law, Article 2, Section 13 and Article 4A, Sections 176, 177, and 313, and policy guidelines adopted by the Comptroller.

Restrictions are placed on short-term fixed income investments such that any one issuer of commercial paper must have the highest rating by two nationally recognized rating services and can be a maximum of 15 percent or $500 million of the short term portfolio, which ever is greater. In addition, simultaneous purchase and sales of U.S. Treasury obligations may be executed with primary government dealers; however, a maximum of $200 million may be invested with any one primary dealer.

Restrictions are placed on fixed income investments with maturities longer than one year such that obligations payable in U.S. dollars of any one department, agency or political subdivision of the U.S. Government or issued by any corporation, company of other issuer of any kind or description created or existing under the laws of the United States, any State of the United States, District of Columbia, Commonwealth of Puerto Rico and obligations of Canada or any province or city of Canada provided each obligation is rated investment grade by two nationally recognized rating services and shall not exceed two percent of the assets of the System or five percent of the direct liabilities of the issuer. In addition, the aggregate amount invested in interest bearing obligations payable in U.S. dollars which at the time of investment are rated one of the three highest grades by each rating service may not exceed one percent of the assets of the System and bonds issued or guaranteed by the State of Israel payable in U.S. dollars may not exceed five percent of the assets of the System.

Securities Lending—Section 177-D of the New York State Retirement and Social Security Law authorizes the System to enter into security loan agreements with broker/dealers and New York State or national banks. The System has designated its master custodian bank to manage a securities lending program. This program is subject to a written contract between the System and the Custodian who acts as Security Lending Agent for the System. The Custodian is authorized to lend securities within the borrower limits and guidelines established by the System. Types of collateral received from borrowers for securities loaned are cash and government securities. The Custodian is authorized to invest the cash collateral in short-term investments that are legal for the System. These include domestic corporate and bank notes, U.S. Treasuries, obligations of Federal agencies, and repurchase agreements. All rights of ownership to government securities pledged as collateral remain with the borrower except in the event of default. The System has not experienced any losses resulting from the default of a borrower or lending agent during the year ended March 31, 2007 or in the history of the program.

The Custodian lends domestic fixed income, domestic equity, and international equity securities to brokers/dealers approved by the System. Collateral for securities loaned equals 102 percent of fair market value for domestic securities and 105 percent for international securities. Investment guidelines provided to the Custodian by the System minimize the risk that the cash collateral could be invested in securities which may default. The Custodian acknowledges responsibility to reimburse the System for losses that might arise from managing the program in a manner inconsistent with the contract. The System manages its market rate risk by recording investments at market value daily and maintaining the value of the collateral held by the System in excess of the value of the securities loaned. At March 31, 2007, the System had no credit risk resulting from securities lending transactions.

All security loans can be terminated on demand by either the System or borrower. The average term of the open security loans is one day while the overall average term to maturity of invested collateral for the System's open loans is 16 days. To provide sufficient liquidity, the policy of the System is to maintain a minimum of 10 percent of collateral in overnight investments.

Foreign Currency Risk—The System's investment policies permit it to invest up to 15 percent of its assets in publicly traded international equity investments. The System's current position in such equity securities invested in directly and through commingled funds are approximately $24.6 billion. The System also has foreign denominated deposits of $5.5 billion, net forward foreign currency contracts of $2.4 million, $5.6 billion in alternate investments in non-U.S. dollar based companies, and $739 million in real property owned, made, or located outside the United States. The approximate total market value of investments made outside of the United States is $31.4 billion.

FUNDING STATUS

Participating employers are required under the New York State Retirement and Social Security Law to contribute annually to the System. Annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For fiscal year ended March 31, 2007, the applicable interest rate was 8 percent.

The funding of the System is accomplished through member and employer contributions and the investment earnings on these contributions, according to the New York State Retirement and Social Security Law. The aggregate actuarial funding method is used by the System. Generally, participating employers that have adopted the same benefit plans contribute at the same rate of payroll. The total employer contribution rate as a percentage of salary includes rates for administrative expenses, GLIP, and supplemental benefits. GLIP is a one-year term insurance plan. Consequently, the GLIP rates are determined so as to pay for the current year's GLIP costs. Similarly, the administrative rates are determined so as to pay the current year's administrative expenses. Employers may make other contributions due to legislation, such as retirement incentives, the 17-year amortization, the 10-year amortization part of their fiscal year ended 2005 and 2006 bill and deficiency payments (which an employer may incur when joining the System and are payable for up to 25 years). The average employer contribution rate, excluding the 10-year amortization, for ERS and PFRS for the fiscal year ended March 31, 2007 was approximately 10.7 percent and 17 percent of payroll, respectively.

Employers' contributions receivable are presented net of withdrawals, refunds, advance employer payments, and credits due employers. Incentive program costs receivable from the State as of March 31, 2007 totaled $8.6 million. In addition, receivable amounts from participating employers include $17 million for the incentive program and $69.4 million for new plan adoptions and retroactive membership.

Chapter 260 of the Laws of 2004 authorized employers to amortize over 10 years, at five percent interest, the portion of their annual bill for fiscal year ended 2005 that exceeded seven percent of payroll. The amortized amount receivable from New York State as of March 31, 2007 is $430.3 million and from participating employers is $107.4 million.

Chapter 260 of the Laws of 2004 authorized local employers to amortize over 10 years, at five percent interest, the portion of their annual bill for fiscal year ended 2007 that exceeded 10.5 percent of payroll. The amortized amount receivable from participating employers as of March 31, 2007 is $23.9 million.

The State's contribution to the System for years ended March 31, 2007, 2006, and 2005 were $1.1 billion, $965 million, and $654 million, respectively, which equaled 102 percent, 102 percent, and 100 percent of the required contributions for each respective year.

The following presentation displays the Statement of Plan Net Assets for the System as of March 31, 2007 (amounts in millions):

STATEMENT OF PLAN NET ASSETS
March 31, 2007

	Employees' Retirement System	Police & Fire Retirement System	Total
Assets:			
Investments:			
Short-term investments	$ 7,268	$ 1,283	$ 8,551
Government bonds	20,154	3,558	23,712
Corporate bonds	8,350	1,474	9,824
Domestic stocks	55,500	9,798	65,298
International stocks	21,098	3,725	24,823
Alternative investments	12,516	2,209	14,725
Real property owned	5,740	1,013	6,753
Mortgage loans	756	134	890
Total investments	**131,382**	**23,194**	**154,576**
Securities lending collateral, invested	21,118	3,728	24,846
Forward foreign exchange contracts	1,146	202	1,348
Receivables	2,325	388	2,713
Other assets	26	5	31
Total assets	**155,997**	**27,517**	**183,514**
Liabilities:			
Securities lending collateral, due to borrowers	21,118	3,728	24,846
Forward foreign exchange contracts	1,144	202	1,346
Investment purchases	298	53	351
Benefits payable	131	19	150
Other liabilities	171	25	196
Total liabilities	**22,862**	**4,027**	**26,889**
Net assets held in trust for pension benefits	**$ 133,135**	**$ 23,490**	**$ 156,625**

The System issues a publicly available financial report that includes financial statements, expanded disclosures, and required supplementary information for the System. The report may be obtained by writing to the New York State and Local Retirement System, Office of the State Comptroller, 110 State Street, Albany, New York, 12244-0001.

EMPLOYER ACCOUNTING

The pension contribution expenditure of $1.1 billion reported in the Governmental Funds includes pension costs related to employee services rendered during the year, retirement incentive programs and employer amortizations authorized by Chapter 260 of the Laws of 2004. Pension contributions payable reported in the General Fund of $86 million is for accrued retirement incentive programs and the employer amortization. In addition, $503 million of the retirement incentive programs and the employer amortization are reported on the Statement of Net Assets as pension contributions payable due in more than one year.

Note 13 Other Post Employment Benefits (OPEB)

The New York State Health Insurance Program (NYSHIP) was established by the State Legislature in 1957 to provide health insurance to New York State (NYS or State) employees, retirees and their eligible dependents. Public authorities, public benefit corporations, and other quasi-public entities that choose to participate in NYSHIP are participating employers (PEs). Local government units which choose to participate in NYSHIP are called Participating Agencies (PAs). At present, there are approximately 378 NYS agencies, 100 PEs, and 800 PAs in NYSHIP. NYSHIP currently covers over 568,000 NYS, PA and PE employees and retirees. Eligible covered dependents bring the total number of covered lives to approximately 1,207,000.

The State University of New York participates in NYSHIP, and the City University of New York does not. Of the State's 44 discretely presented component units which are considered PEs, a majority participate in NYSHIP. NYSHIP is classified as an agent multiple-employer plan and financial information is reported in an agency fund and accounted for on the accrual basis of accounting. Information related to investment valuations is presented in Note 2.

Enrollment	NYS	PEs	PAs	Total
Current Active Participants	193,996	39,775	110,872	344,643
Vestee Participants	963	174	335	1,472
COBRA Participants	936	304	1,102	2,342
Other Inactive Participants*	125,402	12,785	82,127	220,314
Total Participants	**321,297**	**53,038**	**194,436**	**568,771**

**Includes retiree, dependent survivor, long term disability and preferred list enrollees.*

During the fiscal year ended March 31, 2007, NYSHIP provided health insurance coverage through the Empire Plan, an indemnity health insurance plan with managed care components; 12 Health Maintenance Organizations (HMOs); and through the Student Employee Health Plan (SEHP). Generally, these include hospital, medical, mental health and substance abuse benefits, and prescription drug benefits.

The benefit design of the Empire Plan is the result of collective bargaining between the State and the various unions representing its employees. Therefore, the benefit design is subject to periodic change. Benefits are administratively extended to non-represented State employees, employees of PAs and PEs, and retirees. Each participating employer in the plan is required to disclose additional information with regard to funding policy, the employer's annual OPEB costs and contributions made, the funded status and funding progress of the employers individual plan and actuarial methods and assumptions used.

Substantially all of the State's employees may become eligible for post retirement benefits if they reach normal retirement age while working for the State. The costs of providing post retirement benefits are shared between the State and the retired employee.

Contributions

The authority under which the obligations of the plan members, employers and other contributing entities to contribute to the plan are established or may be amended can be found in *Article XI, Section 167 of Civil Service Law.* Contributions are determined in accordance with *Civil Service Law—Article XI, Sections 165, 165-a and 167.* The costs of administering the plan are charged as part of the health insurance premium to all payors under the authority of *Section 163.2 of Civil Service Law.* Required employer contribution rates, depending upon enrollee or dependent coverage, are presented in the following table.

Enrollee Group	Enrollee Coverage	Dependent Coverage
Active/Preferred List	90%	75%
Retired Before 1/1/83	100%	75%
Retired on or after 1/1/83	90%	75%
Amended Dependent Survivors(1)	75%	75%
Full Share Dependent Survivors/Long Term Disability	0%	0%
Dependent Survivors	90%	75%
Attica Dependent Survivors	100%	100%
Vestees	0%	0%
COBRA	0%	0%
Participating Employers and Participation Agencies	50%	35%

(1)State contribution for enrollee and dependent coverage is 75% of dependent coverage.

The State reimburses Medicare eligible enrollees 100 percent of the cost of the monthly Medicare Part B premium. In addition, the State reduces the retiree health insurance contributions for the value of a retiree's unused sick leave credit at retirement (converted to a monthly fixed value). The cost is paid by the State.

Note 14 Component Units—Public Benefit Corporations

Component Units—Public Benefit Corporations (Corporations) (as defined in Note 1) are legally separate entities that are not operating departments of the State. The Corporations are managed independently, outside the appropriated budget process, and their powers generally are vested in a governing board. Corporations are established for a variety of purposes for the benefit of the State's citizenry such as economic development, financing and public transportation. They are not subject to State constitutional restrictions on the incurrence of debt, which apply to the State itself, and may issue bonds and notes within legislatively authorized amounts.

Corporations are generally supported by revenues derived from their activities, although the State has provided financial assistance, in some cases of a recurring nature, to certain corporations for operating and other expenses. Financial assistance in the form of appropriated loans, contributed capital or operating subsidies for certain corporations, principally the Metropolitan Transportation Authority, the Roswell Park Cancer Institute, and the Urban Development Corporation was provided in the fiscal year ended March 31, 2007 and such assistance is expected to be required in future years. Accordingly, the fiscal condition of the State is related to the fiscal stability of the Corporations.

The amounts presented in the accompanying basic financial statements for the Corporations include the following entities for the fiscal year indicated:

Entities Audited by KPMG LLP:	Fiscal Year-End
Battery Park City Authority	October 31, 2006*
Dormitory Authority of the State of New York	March 31, 2007*
Health Research, Inc.	March 31, 2007*
Long Island Power Authority	December 31, 2006*
New York State Higher Education Services Corporation	March 31, 2007*

Entities Audited by Other Auditors:	Fiscal Year-End
Aggregate Trust Fund	December 31, 2006
Agriculture and New York State Horse Breeding Development Fund Corporation	December 31, 2006*
Albany Convention Center Authority	December 31, 2006
Capital District Transportation Authority	March 31, 2007*
Central New York Regional Transportation Authority	March 31, 2007*
City University of New York—Senior College Foundations	June 30, 2006
Homeless Housing and Assistance Corporation	March 31, 2007*
Housing Trust Fund Corporation	March 31, 2007*
Hudson River-Black River Regulating District	June 30, 2006*
Industrial Exhibit Authority	March 31, 2007

Entities Audited by Other Auditors:	Fiscal Year-End
Metropolitan Transportation Authority	December 31, 2006*
MTA Excess Loss Trust Fund	December 31, 2006
Metro-North Commuter Railroad Company	December 31, 2006
The Long Island Rail Road Company	December 31, 2006
Triborough Bridge and Tunnel Authority	December 31, 2006
Metropolitan Suburban Bus Authority	December 31, 2006*
New York City Transit Authority	December 31, 2006*
Staten Island Rapid Transit Operating Authority	December 31, 2006*
Municipal Bond Bank Agency	October 31, 2006
Natural Heritage Trust.	March 31, 2007*
Nelson A. Rockefeller Empire State Plaza Performing Arts	March 31, 2007*
New York Convention Center Operating Corporation	March 31, 2007*
New York State Affordable Housing Corporation	March 31, 2007
New York State Bridge Authority	December 31, 2006*
New York State Energy Research and Development Authority	March 31, 2007*
New York State Environmental Facilities Corporation	March 31, 2007*
New York State Foundation for Science, Technology and Innovation	March 31, 2007
New York State Health Foundation	December 31, 2006
New York State Housing Finance Agency	October 31, 2006*
New York State Job Development Authority	March 31, 2007*
New York State Olympic Regional Development Authority	March 31, 2007*
New York State Theatre Institute	March 31, 2007*
New York State Thoroughbred Breeding and Development Fund Corporation	December 31, 2006*
New York State Thruway Authority	December 31, 2006*
Niagara Frontier Transportation Authority	March 31, 2007*
Ogdensburg Bridge and Port Authority	March 31, 2007*
Port of Oswego Authority.	March 31, 2007*
Power Authority of the State of New York	December 31, 2006*
Research Foundation for Mental Hygiene, Inc	March 31, 2007*
Rochester-Genesee Regional Transportation Authority	March 31, 2007*
Roosevelt Island Operating Corporation	March 31, 2007*
Roswell Park Cancer Institute	March 31, 2007*
State Insurance Fund	December 31, 2006
State of New York Mortgage Agency	October 31, 2006
State University of New York Foundations	June 30, 2006
Urban Development Corporation	March 31, 2007*

**Audit conducted in accordance with* Government Auditing Standards *as promulgated by the Comptroller General of the United States.*

Financial Information

Substantially all of the financial data was derived from audited annual financial statements and summarized into the combining statement format in the basic financial statements. The Corporations follow the accrual basis of accounting. A few of the individual component units, primarily, the State Insurance Fund, do not fully conform to the accrual basis; however, the impact of these variances is not material to the Corporations in total. Ten of the 44 discrete entities presented comprise 96 percent of the combined assets and 85 percent of the combined program revenues (before eliminations). The remaining portion of this note contains a brief description of the operations of the 10 largest entities. A presentation of their accounts is included in the Combining Statement of Net Assets and Combining Statement of Activities. Beginning net assets (before eliminations) were increased by $20 million on the Combining Statement of Activities for Discretely Presented Component Units to reflect the restatement of beginning net assets for certain Component Units as reported in their respective audited financial statements. Additional information about each of the Corporations can be obtained by contacting the Corporations directly and requesting a copy of their annual financial reports.

Certain Corporations issue revenue bonds for independent third-party entities to provide funding for the projects of those third parties. These bonds are considered conduit debt and are secured by payments made by third party entities and in some cases certain other pledged funds. These bonds do not constitute a debt or pledge of the faith and credit of the Corporations or the State. The Dormitory Authority, the Environmental Facilities Corporation (EFC) and the Energy Research and Development Authority (ERDA) have issued conduit debt and have elected different, but permissible, methods of accounting for it under GAAP. The Dormitory Authority has elected to report conduit debt and related assets on its balance sheet. At March 31, 2007 the liability reported for such debt was approximately $19 billion. At March 31, 2007 EFC's balance sheet did not include $267 million in bonds it issued for certain private companies and $750 million it issued for the State. ERDA has issued conduit debt for participating gas and electric companies and other third party entities, the principal of which totaled approximately $3.7 billion at March 31, 2007, which is not included on ERDA's balance sheet.

Power Authority

The Power Authority of the State of New York (Authority) was created in 1931 to help provide a continuous adequate supply of dependable electric power and energy to the people of the State. The Authority generates, transmits, and sells electric power and energy principally at wholesale to various customers including private and municipal utilities.

Two of the Authority's largest facilities are the Niagara Power Project at Lewiston and the St. Lawrence-Franklin D. Roosevelt Power Project at Massena. These hydroelectric facilities have the capability of producing 2,400,000 and 800,000 kilowatts, respectively. The individual financial statements of the Authority are available on the web at *www.nypa.gov.*

Housing Finance Agency

The Housing Finance Agency (Agency) was created as a public benefit corporation in 1960 under Article III of the Private Housing Finance Law. The Agency is empowered to finance or contract for the financing of the construction, acquisition, or refinancing of loans for: low to moderate income housing, municipal health facilities, non-profit health care facilities, community related facilities, and to provide funds to repay the State for amounts advanced to finance the cost of various housing assistance programs. The Agency, through its Capital Grant Low Rent Assistance Program, rents housing to low and middle income persons and families. The Agency also participates in Federal housing assistance programs which provide interest reduction and rental assistance subsidies to eligible projects and tenants. The Agency administers the State's Housing Project Repair and Infrastructure Trust Fund Programs.

To finance low income housing, the Agency raises funds through the issuance of municipal securities and the making of mortgage loans to eligible borrowers. The Agency is authorized to issue bonds in the amount of approximately $11.3 billion to finance housing projects, and approximately $1.9 billion in Service Contract Obligation Revenue Bonds, Service Contract Revenue Bonds and Personal Income Tax Revenue Bonds. Total bond indebtedness reported as of October 31, 2006 is approximately $7.3 billion. The individual financial statements of the agency can be obtained by contacting them at *www.nyhomes.org.*

Thruway Authority

The New York State Thruway Authority (Authority) was created as a public benefit corporation by the Legislature in 1950 with powers to construct, operate and maintain a Thruway system. In 1991, the Legislature empowered the Authority to issue Local Highway and Bridge Service Contract (LHB) Bonds to provide funds to municipalities throughout the State for qualifying capital expenditures under State programs. In August 1992, the State legislature created the New York State Canal Corporation (NYSCC) as a subsidiary corporation of the Authority to accept jurisdiction and control over the State Canal System from the State. In 1993, the Legislature authorized the Authority to issue Highway and Bridge Trust Fund Bonds (HBTF) to reimburse the State for expenditures made by the State's Department of Transportation in connection with the State's multi-year Highway and Bridge Capital Program.

The financial position of and activities relating to the special bond programs (LHB and HBTF) are reported within the funds of the State rather than under the public benefit corporations because these special bond programs are not separate legal entities but are considered funds of the State. Columns headed "Thruway Authority" reflect the operations of the Thruway system and the NYSCC. The individual financial statements of the Authority can be obtained by contacting them at *www.thruway.state.ny.us*.

Metropolitan Transportation Authority

The Metropolitan Transportation Authority (MTA) was created to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York metropolitan area. The accounts presented as the MTA are the combined accounts of the ten affiliates and subsidiaries. The MTA operates the largest transit and commuter rail transportation system in North America and one of the largest in the world. The MTA is dependent upon the State for a portion of its revenues. During the MTA fiscal year ended December 31, 2006, the MTA reported $2.3 billion in payments from the State. A significant portion of that aid was in payments from the State's Mass Transportation Operating Assistance Fund, a Special Revenue Fund, which derives a major portion of its receipts from taxes imposed in the Metropolitan Transportation District for this purpose. The State also provides funding to pay the debt service on approximately $2.3 billion in bonds issued by MTA for its capital projects. The State has limited issuance of this debt to $165 million in annual debt service with a final maturity not to exceed July 1, 2031. Debt service on MTA State Service Contract debt has been fully utilized. Capital assets acquired prior to April 1982 for the New York City Transit Authority (NYCTA) were funded primarily by New York City through capital grants. New York City has title to a substantial portion of such assets and they are not included among the assets reported under MTA. In certain instances, title to real property used by the Triborough Bridge and Tunnel Authority (TBTA) may revert to New York City in the event TBTA determines it is not needed for corporate purposes. The Federal government has a contingent equity interest in assets acquired by the MTA with Federal funds, and upon disposal of such assets, the Federal government may have a right to its share of the proceeds from the sale. The individual financial statements of the MTA can be obtained by contacting them at *www.mta.info*.

Dormitory Authority

The Dormitory Authority (Authority) is a public benefit corporation established in 1944. The Authority's purpose is to finance, design, construct, purchase, reconstruct and/or rehabilitate buildings (projects) for use by educational and other not-for-profit institutions (institutions) located within the State, certain State agencies, local school districts, and cities and counties with respect to court facilities.

The Authority's outstanding bonds and notes of $34 billion consist mainly of debt issued for health care facilities ($9.1 billion), independent institutions ($6.9 billion), State University projects ($6.1 billion), City University projects ($3.7 billion) and New York State Agency projects ($5.7 billion). The remaining debt was issued for projects for municipal facilities and other non-profit organizations. The individual financial statements of the Authority can be obtained by contacting them at *www.dasny.org*.

Long Island Power Authority

The Long Island Power Authority (Authority) was established as a corporate municipal instrumentality of the State. On May 28, 1998, the LIPA Acquisition Corporation, a wholly-owned subsidiary of the Authority, was merged with and into the Long Island Lighting Company (LILCO) pursuant to an Agreement and Plan of Merger dated as of June 26, 1997. The Authority, as owner of the transmission and distribution system located in Nassau, Suffolk and a small portion of Queens counties, is responsible for supplying electricity to customers in the service area.

The Authority financed the cost of the merger and the refinancing of certain of the LILCO's outstanding debt by the issuance of $6.73 billion aggregate principal amount of Electric System General Revenue Bonds and Electric System Subordinated Revenue Bonds. In addition, the Authority assumed $1.19 billion of LILCO's General and Refunding Bonds which were defeased immediately upon the closing of the merger. The excess of the acquisition costs over the fair value of net assets acquired ($3.5 billion) has been reported as an "intangible asset," which is being amortized over a 35-year period which began May 28, 1998. The individual financial statements of the Authority can be obtained by contacting them at *www.lipower.org*.

Urban Development Corporation

The New York State Urban Development Corporation (UDC) was established by legislative act in 1968 as a corporate governmental agency of the State. UDC conducts business as the Empire State Development Corporation. UDC is engaged in three principal activities: special projects financed by revenue bonds, economic development projects, and real estate projects financed by general and corporate purpose bonds. A brief description of these activities follows:

UDC issues revenue bonds, the proceeds of which are primarily used to construct correctional facilities for the State, to refinance State office facilities or to construct technology facilities for universities located within the State, to finance construction and rehabilitation of youth facilities, and to construct or improve various sports facilities. Under the related agreements, UDC is reimbursed by the State in amounts sufficient to amortize the debt service on the bonds.

UDC's efforts in economic development projects are funded by State appropriations and are primarily directed at several activities involving civic, commercial, high technology, and industrial development within the State. UDC also provides financial assistance through grants, low cost project financing, including loans and interest subsidy grants and technical assistance in management, financing and project design.

The Corporation was originally created to facilitate the development of affordable housing for low, moderate and middle-income persons and families. Since the mid-1970's UDC activity in this area has been limited to the monitoring and loan servicing of existing projects. The Corporation has redirected its efforts to promote economic development on the local and statewide levels with the goal of creating and retaining jobs, particularly in economically distressed areas throughout the State from the largest urban centers to the smallest rural communities. The financial statements of the UDC can be obtained by contacting them at *www.nylovesbiz.com.*

State Insurance Fund

The State Insurance Fund (Fund) is comprised of the Workers' Compensation Fund and the Disability Benefits Fund and is primarily engaged in providing workers' compensation and disability benefit insurance for employers in the State of New York.

During previous fiscal years, the Fund transferred approximately $1.3 billion to the State's General Fund and Other Governmental Funds. The statutes authorizing these transfers required that the State appropriate amounts annually for the potential repayment of the transfers. Such repayment is required only to maintain the solvency, as defined, of the Workers' Compensation Fund. The entire receivable and equity related to these transfers were eliminated from the presentation of the Fund, resulting in a fund balance of approximately $1.2 billion.

The Fund's financial statements are prepared in conformity with the accounting practices prescribed or permitted by the Insurance Department of the State of New York, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Major departures from GAAP include: the contingent receivable from the State of $1.3 billion would be discounted for collectibility and imputed interest; the Fund established a reserve for security fluctuations to provide for the difference between amortized cost and fair value where under GAAP no such reserve would be allowed. Bonds are generally carried at amortized cost. Under GAAP, bonds are classified into "held to maturity" and reported at amortized cost, "trading" and reported at fair value with unrealized gains and losses included in earnings, or "available for sale" and reported at fair value with unrealized gains and losses reported as a separate component of surplus. The net unrealized gains and losses from investments in common stock are reported in unassigned surplus and dividend income generally is reported when received. Under GAAP, common stocks are classified as either "trading" and reported at fair value with unrealized gains and losses included in earnings, or "available for sale" and reported at fair value with unrealized gains and losses reported as a separate component of surplus. Policy acquisition costs are expensed as incurred, whereas under GAAP they would be deferred and amortized to income on the same basis as premium income is recognized; certain assets designated as non-admitted assets (principally premiums in the course of collection over 90 days and office furniture and equipment) are charged directly against the surplus, where under GAAP they would be included in total assets less valuation allowances; and comprehensive income and its components are not presented in the Fund's financial statements. A more complete list of departures from GAAP is disclosed in the Fund's financial statements which may be obtained from *www.nysif.com.*

State of New York Mortgage Agency

The State of New York Mortgage Agency (Agency) makes mortgages available to first-time home buyers through its Forward Commitment Home Ownership Programs and provides mortgage insurance for qualifying real property loans through its Mortgage Insurance Program. To accomplish this purpose the Agency issues tax-exempt mortgage revenue bonds for direct issuance of forward commitments for new mortgage loans through participating financial institutions.

By statute all costs of providing mortgage insurance are recovered from a state mortgage recording tax surcharge, which is a dedicated tax revenue stream received directly by the Agency. The Agency provides certain financial guarantees that are not fully recognized in its financial statements. As of October 31, 2006, the Agency had issued guarantees of approximately $1.69 billion, of which a minimum of 20 percent has been provided as part of the fund balance, for potential claims. When an insured mortgage is in default, the insured amount is established as a liability reserve. The financial statements of the Agency can be obtained by contacting them at *www.nyhomes.org.*

Environmental Facilities Corporation

The New York State Environmental Facilities Corporation (EFC) is a public benefit corporation, formed pursuant to the New York Environmental Facilities Corporation Act that promotes environmental quality by providing low-cost capital and expert technical assistance to municipalities, state agencies and businesses for environmental projects throughout New York State. Its purpose is to help public and private entities comply with Federal and state environmental requirements.

EFC is governed by a board of directors which consists of seven members.

The services offered by EFC include providing low-cost capital for both water quality protection and water supply projects through the Clean Water and Drinking Water State Revolving Funds; assisting municipalities, businesses, and State agencies to understand and comply with environmental laws and regulations through the Technical Advisory Services Program including protecting the New York City Watershed and helping small businesses comply with air pollution standards; and providing low-cost capital and other financial assistance to New York businesses for environmental protection projects through the Industrial Finance and Financial Assistance to Business programs. The financial statements of the Agency can be obtained by contacting them at *www.nysefc.org*.

Eliminations

Eliminations are made primarily to avoid duplicate reporting. As explained in Note 7, the State services a significant portion of the bonds and notes payable of certain Corporations.

Note 15 Joint Ventures

A joint venture is an entity that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility. The only material joint venture in which the State has a financial interest is the Port Authority of New York and New Jersey (Port Authority).

The Port Authority is a municipal corporate instrumentality of the States of New York and New Jersey created by compact between the two states in 1921 with the consent of the Congress of the United States. The Authority is authorized and directed to plan, develop, and operate terminals and other facilities of transportation and commerce, and to advance projects in the general fields of transportation, economic development, and world trade that contribute to promoting and protecting the commerce and economy of the port district, defined in the compact, which comprises an area of about 1,500 square miles in both states, centering about New York harbor.

The Governor of each state appoints six of the twelve members of the governing Board of Commissioners, subject to confirmation by the respective state senate. Each Governor has from time to time exercised the statutory power to veto the actions of the commissioners from their state.

The commissioners serve six-year overlapping terms as public officials without compensation. They establish Port Authority policy, appoint an Executive Director to implement it, and appoint a General Counsel to act as legal advisor to the Board and to the Executive Director.

The compact envisions the Port Authority as being financially self-sustaining and, as such, it must obtain the funds necessary for the construction or acquisition of facilities upon the basis of its own credit. The Port Authority has neither the power to pledge the credit of either state or any municipality nor to levy taxes or assessments.

The liabilities of the Port Authority include $11.0 billion of consolidated bonds and notes. Consolidated bonds and notes are equally and ratably secured by a pledge of the net revenues of all existing facilities and any additional facilities which may be financed in whole or in part through the medium of consolidated bonds and notes.

The Port Authority's Comprehensive Annual Financial Report is available from the Public Affairs and Comptroller's Departments of the Port Authority of New York and New Jersey, 225 Park Avenue South, New York, NY 10003-1604, or the Port Authority website at *www.panynj.gov*.

Consolidated financial statements of the Port Authority for the fiscal year ended December 31, 2006 disclosed the following (amounts in millions):

Financial Position	
Total assets	$ 21,760
Total liabilities	(14,126)
Net assets	**$ 7,634**
Operating Results	
Operating revenues	$ 3,039
Operating expenses	(2,113)
Depreciation and amortization	(724)
Expenses related to September 11, 2001	(2)
Income from operations	**200**
Passenger facility charges	193
Financial income (expense), net	(320)
Contribution in aid of construction and grants	261
World Trade Center retail insurance proceeds	184
Net income	**$ 518**
Changes in Net Assets	
Balance at January 1, 2006	$ 7,116
Net income	518
Balance at December 31, 2006	**$ 7,634**

Note 16 Subsequent Events

The Statement of Net Assets presents bonds and other financing arrangements outstanding as of the statement date, which is March 31, 2007 except for business-type activities related to the SUNY and CUNY Enterprise Funds reported as of June 30, 2006. Subsequent to those dates, the following bonds and other financing arrangements were issued (amounts in millions):

BONDS AND OTHER FINANCING ARRANGEMENTS ISSUED SUBSEQUENT TO DATE OF THE STATEMENT OF NET ASSETS

Issuer	Purpose	Date	Series	Par Amount
Dormitory Authority	CUNY Senior Colleges, Refunding	7/12/2006	Fifth General Resolution Revenue Bonds, 2006A	$ 28
Dormitory Authority	SUNY Dormitory Facilities	8/9/2006	SUNY Dormitory Facilities, Series 2006A	$ 87
Dormitory Authority	CUNY Senior Colleges	12/20/2006	Personal Income Tax, Series 2006D	$267
Dormitory Authority	SUNY Educational Facilities	12/20/2006	Personal Income Tax, Series 2006D	$451
Dormitory Authority	SUNY NYSTAR	12/20/2006	Personal Income Tax, Series 2006E	$ 9
Housing Finance Agency	Economic Development and Housing	4/4/2007	Personal Income Tax, Series 2007A	$ 71
Housing Finance Agency	Economic Development and Housing	4/4/2007	Personal Income Tax, Series 2007B	$ 46
Housing Finance Agency	Economic Development and Housing, Refunding	4/4/2007	Personal Income Tax, Series 2007C	$ 19
NYS Thruway Authority	Local Highway and Bridge Service Contract Bonds, Refunding	6/13/2007	Local Highway and Bridge Service Contract Bonds, Series 2007	$204
NYS Thruway Authority	Dedicated Highway and Bridge Trust Fund	6/20/2007	Second General Highway and Bridge Trust Fund Bonds, Series 2007B	$360

As part of the debt reform effort to defease outstanding high cost debt, the State defeased $226 million of debt related to SUNY in October 2006 which will be reported by SUNY in fiscal year ended June 30, 2007.

Required Supplementary Information

Budgetary Basis—Financial Plan and Actual—Combined Schedule of Cash Receipts and Disbursements

MAJOR FUNDS—GENERAL FUND AND FEDERAL SPECIAL REVENUE FUND

For the Year Ended March 31, 2007
(Amounts in millions) (Unaudited)

	General			
	Financial Plan Amounts		Actual (Budgetary Basis)	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
RECEIPTS:				
Taxes	$ 37,659	$ 38,237	$ 38,668	$ 431
Miscellaneous	2,846	2,665	2,268	(397)
Federal grants	9	180	151	(29)
Total receipts	**40,514**	**41,082**	**41,087**	**5**
DISBURSEMENTS:				
Local assistance grants	34,210	34,184	34,302	(118)
Departmental operations	9,455	9,413	9,319	94
General state charges	4,413	4,351	4,403	(52)
Capital Projects	—	—	—	—
Total disbursements	**48,078**	**47,948**	**48,024**	**(76)**
Excess (deficiency) of receipts over disbursements	**(7,564)**	**(6,866)**	**(6,937)**	**(71)**
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	10,346	10,359	10,292	(67)
Transfers to other funds	(2,765)	(3,143)	(3,567)	(424)
Net other financing sources (uses)	**7,581**	**7,216**	**6,725**	**(491)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 17**	**$ 350**	**$ (212)**	**$ (562)**

See notes to required supplementary information.

Federal Special Revenue

Financial Plan Amounts		Actual (Budgetary Basis)	Favorable (Unfavorable) Variance with Final Budget
Original	Final		
$ —	$ —	$ —	$ —
133	149	190	41
33,867	34,243	33,690	(553)
34,000	**34,392**	**33,880**	**(512)**
29,134	29,592	29,203	389
1,383	1,369	1,277	92
242	228	219	9
1	1	—	1
30,760	**31,190**	**30,699**	**491**
3,240	**3,202**	**3,181**	**(21)**
1	—	1	1
(3,241)	(3,177)	(3,156)	21
(3,240)	**(3,177)**	**(3,155)**	**22**
$ —	**$ 25**	**$ 26**	**$ 1**

NOTES TO BUDGETARY BASIS REPORTING

Budgetary Basis Reporting

The State Constitution requires the Governor to submit annually an Executive Budget, which contains plans for all funds of expenditures and disbursements for the ensuing fiscal year as well as all monies and revenues estimated to be available. Bills containing all recommended appropriations or reappropriations and any proposed legislation necessary to provide monies and revenues sufficient to meet such proposed expenditures and disbursements accompany the Executive Budget. Reappropriations are commonly used for federally funded programs and capital projects, where the funding amount is intended to support activities that may span several fiscal years. Budgets are prepared and enacted for all funds. Included in the proposed appropriation bills is a provision for spending authority for unanticipated revenues or unforeseen emergencies in accordance with statutory requirements. The Executive Budget also includes a cash basis financial plan that must be in balance, i.e., disbursements must not exceed available receipts.

The Legislature enacts appropriation bills and revenue measures containing those parts of the Executive Budget it has approved or modified. The Legislature may also enact supplemental appropriation or special appropriation bills after it completes action on the Executive Budget. Further, when the Legislature convenes in January, it may enact deficiency appropriations to meet actual or anticipated obligations not foreseen when the annual budget and any supplemental budgets were enacted and for which the costs would exceed available spending authorizations. It might add to a previously authorized appropriation anticipated to be inadequate, or provide a new appropriation to finance an existing or anticipated liability for which no appropriation exists. A deficiency appropriation usually applies to the fiscal year during which it is made. Pursuant to State law, once the Legislature has completed action on the appropriation and revenue bills and they are approved by the Governor, the cash basis and the GAAP basis financial plans must be revised by the Governor to reflect the impact resulting from changes in appropriations and revenue bills. The cash basis financial plan, which serves as the basis for the administration of the State's finances during the fiscal year, provides a summary of projected receipts, disbursements and fiscal year-end balances. Such plans are updated quarterly throughout the fiscal year by the Governor and include a comparison of the actual year-to-date results with the latest revised plans providing an explanation of any major deviations and any significant changes to the financial plans. 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. All projections account for the timing of payments, since not all the amounts appropriated in the Budget are disbursed in the same fiscal year.

The State's central accounting system includes controls over expenditures to ensure that the maximum spending authority is not exceeded during the life of the appropriation. Expenditures are controlled at the major object level within each program/project of each State agency in accordance with the underlying appropriation purpose. Compliance with the level of legal control is reported in a separate document entitled, *"Appropriation/Segregation Accounts."* This document reports both expenditures and encumbrances, which reserve a portion of the applicable appropriation, thereby ensuring that the appropriations are not exceeded. Encumbrances are not considered a disbursement in the financial plan or an expenditure and expense in the basic financial statements. Generally, appropriations are available for liabilities incurred during the fiscal year. Following the end of the fiscal year, a 'lapse period' is provided to liquidate prior year liabilities. Unless reappropriated, most state operations appropriations cease on June 30th and local assistance, debt service, capital projects and federal fund appropriations cease on September 15th—following the end of the fiscal year. Disbursements made during the lapse period from prior year appropriations are included, together with disbursements from new year appropriations, in the subsequent fiscal year financial plan. Many appropriations enacted are not intended to be used, although required by law. These types of appropriations will generally cause total appropriation authorizations to exceed cash basis financial plan disbursement amounts. Actual disbursements for certain spending categories exceeded financial plan estimates (as reported in the Budgetary Basis—Financial Plan and Actual) but did not exceed total enacted appropriations authority. Most capital projects and Federal fund appropriations and many State operations appropriations are reappropriated each year by the Legislature and therefore the life of such appropriations may be many years. If the budget is not enacted by April 1, the Legislature enacts special emergency appropriations to continue government functions, as was done from April to August 2004.

The following presents a reconciliation of the budgetary cash basis operating results as shown in the preceding Budgetary Basis—Financial Plan and Actual Combining Schedule of Cash Receipts and Disbursements (Schedule) with the GAAP-basis operating results reported in the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)—Governmental Funds (Statement) (amounts in millions):

	General	Federal Special Revenue
Receipts and other financing sources over disbursements and other financing uses per Schedule	$ (212)	$ 26
Entity differences:		
Receipts and other financing sources over disbursements and other financing uses for funds and accounts not included in the cash basis financial plan	80	1
Perspective differences:		
Receipts and other financing sources over disbursements and other financing uses for funds treated as Special Revenue Funds in the financial plan and part of the General Fund for GAAP reporting	(6)	—
Temporary interfund cash loans	104	(54)
Basis of accounting differences:		
Revenue accrual adjustments	(307)	244
Expenditure accrual adjustments	543	(217)
Net Change in Fund Balances	**$ 202**	**$ —**

The entity differences relate to the inclusion of certain funds considered to be Proprietary Funds for purposes of the cash basis financial plan. Perspective differences relate to variations in the presentation of the cash basis financial plan fund structure versus GAAP fund structure. A perspective difference for temporary interfund loans occurs when a fund temporarily overdraws its share of the pooled investment funds. These temporary loans are covered by the General Fund's share of the pool. A perspective difference relating to the Infrastructure Trust Fund and Earmarked Revenue Accounts occurs because these funds are included in the Special Revenue Funds cash basis financial plan while the GAAP-basis presentation includes them in the General Fund.

INFRASTRUCTURE ASSETS USING THE MODIFIED APPROACH

In accordance with GAAP, the State has adopted an alternative method for recording depreciation expense for the State's network of roads and bridges maintained by the Department of Transportation. Under this method, referred to as the modified approach, the State will not report depreciation expense for roads and bridges but will capitalize all costs that add to the capacity and efficiency of State owned roads and bridges. Generally all maintenance and preservation costs will be expensed and not capitalized.

In order to adopt the modified approach, the State is required to meet the following criteria:

1. Maintain an asset management system that includes a current inventory of eligible infrastructure assets.
2. Conduct condition assessments of eligible assets and summarize the results using a measurement scale.
3. Estimate each year the annual amount necessary to maintain and preserve the eligible assets at the condition level established and disclosed by the State.
4. Document that the assets are being preserved approximately at, or above, the established condition level.

Roads

The Department of Transportation maintains the Pavement Management System (PMS) which supports a construction program that preserves the State's investment in its roads. The PMS contains locational, operational and historical condition data. The PMS is used to determine the appropriate program for improving the asset condition and to determine future funding levels necessary to meet condition goals. The overall goal is for the State to provide a management system for the State's infrastructure assets in order to provide long-term benefits to the State's citizens.

The State annually conducts an assessment of the pavement condition of the State's road network. Trained technicians rate the condition of the pavement based on surface condition and dominant distress (e.g. cracking, faulting) using a scale of A1 (very poor) to A10 (excellent) based on the prevalence of a surface-related pavement distress. A pavement condition rating (PCR) is assigned to each surface section. The State currently has 42,504 lane miles of roads.

It is the State's intention to maintain the roads at an average PCR between 6.7 and 7.2.

Bridges

The State Department of Transportation maintains the Bridge Management System (BMS) which supports a construction program that preserves the State's investment in its bridges. The BMS is used in planning construction programs and estimating construction costs. The overall goal is for the State to provide a management system for the State's infrastructure assets in order to provide long-term benefits to the State's citizens.

The State conducts biennial inspections of all bridges in the State. The State uses a numerical inspection condition rating scale ranging from 1 (minimum) to 7 (maximum). During each general inspection, various components or elements of each bridge span are rated by the inspector as to extent of deterioration as well as the component's ability to function structurally relative to when it was newly designed and constructed. The element rating values are combined using a weighted average formula to compute an overall bridge condition rating value for each bridge. A rating of 6 to 7 is excellent, which indicates that no repairs are necessary. A rating of 3 to 5 is fair to good, which indicates that minor repairs are required. A rating of 1 to 2 is deficient, which indicates major repairs or replacement are necessary. The State has approximately 7,821 bridges.

It is the State's intention to maintain the bridges at an average condition rating level between 5.3 and 5.6.

Comparison of Estimated-to-Actual Maintenance/Preservation Costs

Preservation of the roads and bridges is accomplished through construction programs managed by the PMS and BMS. The following presents the State's estimate of costs necessary to preserve and maintain the network of roads and bridges at, or above, the established condition level, compared to the actual costs incurred during the fiscal year 2006-2007 (amounts in millions):

Pavement and Bridge Condition Summary as of December 31:

Year	Pavement Average Surface Rating	Bridges Average Condition Rating
2006	6.90	5.42
2005	6.81	5.43
2004	6.82	5.44
2003	6.86	5.45
2002	7.00	5.44

Actual Preservation/Maintenance Costs as of March 31:

(Amounts in millions)

	2007	2006	2005	2004	2003
Total Roads	$ 967	$ 931	$ 936	$ 807	$ 857
Total Bridges	222	178	243	289	212
Total	**$ 1,189**	**$ 1,109**	**$ 1,179**	**$ 1,096**	**$ 1,069**

Estimated Preservation/Maintenance Costs as of March 31:

(Amounts in millions)

	2007	2006	2005	2004	2003
Total Roads	$ 878	$ 793	$ 788	$ 805	$ 696
Total Bridges	195	209	137	196	345
Total	**$ 1,073**	**$ 1,002**	**$ 925**	**$ 1,001**	**$ 1,041**

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

Other Supplementary Information

STATE OF NEW YORK

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General Fund

The General Fund is the most significant of the State's funds. Most tax revenues and certain miscellaneous revenues are recorded in the General Fund.

The General Fund is divided into several accounts. Expenditures in the form of aid to local governments for their general purposes (e.g., State-local revenue sharing) and to school districts and municipalities for certain specific purposes (e.g., education and social services) are made from the Local Assistance account. These payments, often based on specific legislated formulas, are nevertheless limited under the State Constitution to appropriations in force. Expenditures from the Local Assistance account normally comprise approximately 60 percent of General Fund expenditures.

The expenditures of operating the departments of the Executive Branch, the Legislature and the Judiciary, as well as expenditures for general state charges such as contributions to employee retirement systems, are paid primarily from the State Purposes account and normally comprise approximately 40 percent of the General Fund expenditures.

Combining Schedule of Balance Sheet Accounts

GENERAL FUND

March 31, 2007

(Amounts in millions)

	Local Assistance	State Purposes	Tax Stabilization Reserve	Community Projects	Refund Reserve
ASSETS:					
Cash and investments	$ 96	$ 323	$ 1,031	$ 278	$ 1,052
Receivables, net of allowance for uncollectibles:					
Taxes	—	7,711	—	—	—
Other	4	221	—	—	—
Due from other funds	188	783	—	—	663
Other assets	177	230	—	—	—
Total assets	**$ 465**	**$ 9,268**	**$ 1,031**	**$ 278**	**$ 1,715**
LIABILITIES:					
Tax refunds payable	$ —	$ 5,690	$ —	$ —	$ —
Accounts payable	—	265	—	—	—
Accrued liabilities	1,647	669	—	—	—
Payable to local governments	1,859	379	—	21	—
Due to other funds	327	477	—	—	—
Pension contributions payable	—	86	—	—	—
Deferred revenues	2	264	—	21	—
Total liabilities	**3,835**	**7,830**	**—**	**21**	**—**
FUND BALANCES (DEFICITS):					
Reserved for:					
Encumbrances	251	128	—	65	—
Tax stabilization	—	—	1,031	—	—
Other specified purposes	97	2	—	192	—
Unreserved	(3,718)	1,308	—	—	1,715
Total fund balances (deficits)	**(3,370)**	**1,438**	**1,031**	**257**	**1,715**
Total liabilities and fund balances (deficits)	**$ 465**	**$ 9,268**	**$ 1,031**	**$ 278**	**$ 1,715**

See independent auditors' report.

Fringe Benefit Escrow	Earmarked Revenue	Miscellaneous	Eliminations	Totals 2007	Totals 2006
$ —	$ 1,364	$ 48	$ —	**$ 4,192**	$ 4,225
—	—	—	—	**7,711**	7,101
5	95	5	—	**330**	403
348	56	27	(178)	**1,887**	2,011
—	5	—	—	**412**	331
$ 353	**$ 1,520**	**$ 80**	**$ (178)**	**$ 14,532**	**$ 14,071**
$ —	$ —	$ —	$ —	**$ 5,690**	$ 5,012
—	56	40	—	**361**	292
—	68	12	—	**2,396**	2,883
—	46	—	—	**2,305**	2,227
—	185	57	(178)	**868**	978
—	—	—	—	**86**	96
—	175	1	—	**442**	401
—	**530**	**110**	**(178)**	**12,148**	**11,889**
—	193	31	—	**668**	577
—	—	—	—	**1,031**	944
—	—	21	—	**312**	277
353	797	(82)	—	**373**	384
353	**990**	**(30)**	**—**	**2,384**	**2,182**
$ 353	**$ 1,520**	**$ 80**	**$ (178)**	**$ 14,532**	**$ 14,071**

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficits) Accounts

GENERAL FUND

Year Ended March 31, 2007

(Amounts in millions)

	Local Assistance	State Purposes	Tax Stabilization Reserve	Community Projects	Refund Reserve
REVENUES:					
Taxes:					
Personal income	$ —	$ 22,496	$ —	$ —	$ —
Consumption and use	—	8,123	—	—	—
Business	—	6,330	—	—	—
Other	—	1,011	—	—	—
Federal grants	—	67	—	—	—
Miscellaneous	1	2,522	—	—	—
Total revenues	**1**	**40,549**	**—**	**—**	**—**
EXPENDITURES:					
Local assistance grants:					
Social services	11,366	—	—	21	—
Education	17,848	—	—	17	—
Mental hygiene	1,087	—	—	6	—
General purpose	1,192	—	—	—	—
Health and environment	1,186	—	—	16	—
Transportation	407	—	—	1	—
Criminal justice	200	—	—	14	—
Miscellaneous	471	—	—	70	—
Departmental operations:					
Personal service	—	5,644	—	—	—
Non-personal service	—	2,425	—	—	—
Pension contribution	—	1,008	—	—	—
Other fringe benefits	—	2,196	—	—	—
Total expenditures	**33,757**	**11,273**	**—**	**145**	**—**
Excess (deficiency) of revenues over expenditures	**(33,756)**	**29,276**	**—**	**(145)**	**—**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	34,682	12,835	87	175	1,715
Transfers to other funds	(1,238)	(41,768)	—	—	(2,041)
Proceeds from financing arrangements	351	—	—	—	—
Net other financing sources (uses)	**33,795**	**(28,933)**	**87**	**175**	**(326)**
Net change in fund balances	**39**	**343**	**87**	**30**	**(326)**
Fund balances (deficits) at April 1, 2006	**(3,409)**	**1,095**	**944**	**227**	**2,041**
Fund balances (deficits) at March 31, 2007	**$ (3,370)**	**$ 1,438**	**$ 1,031**	**$ 257**	**$ 1,715**

See independent auditors' report.

	Fringe Benefit Escrow	Earmarked Revenue	Miscellaneous	Eliminations	Totals 2007	Totals 2006
	$ —	$ —	$ —	$ —	**$ 22,496**	$ 21,060
	—	8	—	—	**8,131**	8,454
	—	—	—	—	**6,330**	4,970
	—	—	—	—	**1,011**	1,028
	—	—	—	—	**67**	101
	1,017	2,930	600	(846)	**6,224**	5,478
	1,017	**2,938**	**600**	**(846)**	**44,259**	**41,091**
	—	1,931	—	—	**13,318**	12,553
	—	18	2	—	**17,885**	16,745
	—	120	—	—	**1,213**	1,130
	—	—	—	—	**1,192**	1,047
	—	446	—	—	**1,648**	1,181
	—	—	—	—	**408**	474
	—	30	—	—	**244**	198
	—	46	—	—	**587**	350
	—	2,211	111	—	**7,966**	7,599
	65	902	459	(514)	**3,337**	3,082
	—	—	—	—	**1,008**	885
	925	288	53	(332)	**3,130**	3,077
	990	**5,992**	**625**	**(846)**	**51,936**	**48,321**
	27	**(3,054)**	**(25)**	**—**	**(7,677)**	**(7,230)**
	—	3,301	96	(38,977)	**13,914**	13,993
	—	(251)	(65)	38,977	**(6,386)**	(5,381)
	—	—	—	—	**351**	254
	—	**3,050**	**31**	**—**	**7,879**	**8,866**
	27	**(4)**	**6**	**—**	**202**	**1,636**
	326	**994**	**(36)**	**—**	**2,182**	**546**
	$ 353	**$ 990**	**$ (30)**	**$ —**	**$ 2,384**	**$ 2,182**

STATE OF NEW YORK

EXCELSIOR

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Federal Special Revenue Fund

The Federal Special Revenue Fund is a major fund that accounts for most federal revenues and expenditures.

The Federal Special Revenue Fund is divided into several accounts. The Fund accounts for federal grants received by the State that are earmarked for specific programs. The need to satisfy federal accounting and reporting requirements dictates that federal grants be accounted for in a number of separate accounts. These accounts include the Federal USDA—Food and Nutrition Services Account, the Federal Health and Human Services Account, the Federal Education Account, the Federal DHHS Block Grant Account, the Federal Operating Grants Account, the Unemployment Insurance Administration Account, the Federal Unemployment Insurance Occupational Training Account, and the Federal Employment and Training Grants Account.

Combining Schedule of Balance Sheet Accounts

FEDERAL SPECIAL REVENUE FUND

March 31, 2007
(Amounts in millions)

	Federal USDA-FNS	Federal DHHS	Federal Education	Federal DHHS Block Grant	Federal Operating Grants
ASSETS:					
Cash and investments	$ —	$ —	$ —	$ 5	$ 206
Receivables, net of allowance for uncollectibles:					
Due from Federal government	43	3,664	58	52	179
Other	—	—	—	—	—
Due from other funds	2	185	1	—	—
Other assets	10	1	2	3	2
Total assets	**$ 55**	**$ 3,850**	**$ 61**	**$ 60**	**$ 387**
LIABILITIES:					
Accounts payable	$ 2	$ 16	$ 2	$ 2	$ 16
Accrued liabilities	2	2,422	7	3	7
Payable to local governments	36	620	29	41	108
Due to other funds	6	347	23	14	24
Deferred revenues	9	445	—	—	231
Total liabilities	**55**	**3,850**	**61**	**60**	**386**
FUND BALANCES:					
Reserved for encumbrances	—	123	107	16	622
Unreserved	—	(123)	(107)	(16)	(621)
Total fund balances	—	—	—	—	1
Total liabilities and fund balance	**$ 55**	**$ 3,850**	**$ 61**	**$ 60**	**$ 387**

See independent auditors' report.

Unemployment Insurance Administration	Unemployment Insurance Occupational Training	Federal Employment and Training Grants	Totals 2007	Totals 2006
$ 58	$ 3	$ —	**$ 272**	$ 298
—	—	23	**4,019**	3,607
—	—	—	**—**	15
5	—	—	**193**	332
13	—	—	**31**	72
$ 76	**$ 3**	**$ 23**	**$ 4,515**	**$ 4,324**
$ 4	$ —	$ 3	**$ 45**	$ 46
18	—	—	**2,459**	2,585
—	—	—	**834**	438
18	—	20	**452**	543
36	3	—	**724**	711
76	**3**	**23**	**4,514**	**4,323**
19	—	14	**901**	1,027
(19)	—	(14)	**(900)**	(1,026)
—	**—**	**—**	**1**	**1**
$ 76	**$ 3**	**$ 23**	**$ 4,515**	**$ 4,324**

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance Accounts

FEDERAL SPECIAL REVENUE FUND

Year Ended March 31, 2007

(Amounts in millions)

	Federal USDA-FNS	Federal DHHS	Federal Education	Federal DHHS Block Grant	Federal Operating Grants
REVENUES:					
Federal grants	$ 3,778	$ 27,598	$ 3,033	$ 640	$ 769
Miscellaneous	101	—	—	—	14
Total revenues	**3,879**	**27,598**	**3,033**	**640**	**783**
EXPENDITURES:					
Local assistance grants:					
Social services	2,579	23,637	—	337	5
Education	638	2	2,805	—	11
Mental hygiene	—	21	7	129	9
Health and environment	574	349	16	16	—
Transportation	—	—	—	—	23
Criminal justice	—	2	—	—	141
Miscellaneous	—	114	—	95	325
Departmental operations:					
Personal service	18	145	76	31	110
Non-personal service	31	210	81	17	113
Pension contribution	2	14	7	2	7
Other fringe benefits	6	47	26	5	25
Total expenditures	**3,848**	**24,541**	**3,018**	**632**	**769**
Excess of revenues over expenditures	**31**	**3,057**	**15**	**8**	**14**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	—	—	—	—	1
Transfers to other funds	(31)	(3,057)	(15)	(8)	(15)
Other financing sources (uses)	**(31)**	**(3,057)**	**(15)**	**(8)**	**(14)**
Net change in fund balances	**—**	**—**	**—**	**—**	**—**
Fund balances at April 1, 2006	**—**	**—**	**—**	**—**	**1**
Fund balances at March 31, 2007	**$ —**	**$ —**	**$ —**	**$ —**	**$ 1**

See independent auditors' report.

Unemployment Insurance Administration	Unemployment Insurance Occupational Training	Federal Employment and Training Grants	Eliminations	Totals 2007	Totals 2006
$ 236	$ 21	$ 201	$ —	$ 36,276	$ 34,785
76	—	—	—	191	149
312	21	201	—	36,467	34,934
—	—	—	—	26,558	24,822
—	—	—	—	3,456	3,521
—	—	—	—	166	160
—	—	—	—	955	957
—	—	—	—	23	19
—	—	—	—	143	80
3	6	168	—	711	536
153	—	7	—	540	548
87	13	19	—	571	621
16	—	2	—	50	58
55	—	5	—	169	153
314	19	201	—	33,342	31,475
(2)	2	—	—	3,125	3,459
2	—	—	(2)	1	—
—	(2)	—	2	(3,126)	(3,458)
2	(2)	—	—	(3,125)	(3,458)
—	—	—	—	—	1
—	—	—	—	1	—
$ —	$ —	$ —	$ —	$ 1	$ 1

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

General Obligation Debt Service Fund

The General Obligation Debt Service Fund is a major fund that is used to account for the payment of principal and interest on the State's general obligation debt and the payments on certain lease/purchase or other contractual obligations.

Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual

GENERAL OBLIGATION DEBT SERVICE FUND

Year Ended March 31, 2007
(Amounts in millions)

	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:			
Taxes	$ 7,610	$ 7,647	$ 37
Total receipts	**7,610**	**7,647**	**37**
DISBURSEMENTS:			
Departmental operations	41	24	17
Debt service	3,228	3,366	(138)
Total disbursements	**3,269**	**3,390**	**(121)**
Excess of receipts over disbursements	**4,341**	**4,257**	**(84)**
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	2,754	2,879	125
Transfers to other funds	(7,095)	(7,136)	(41)
Net other financing sources (uses)	**(4,341)**	**(4,257)**	**84**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ —**	**$ —**

See independent auditors' report.

Other Governmental Funds

Combining Balance Sheet

OTHER GOVERNMENTAL FUNDS

March 31, 2007
(Amounts in millions)

	Special Revenue	Debt Service	Capital Projects	Totals 2007	Totals 2006
ASSETS:					
Cash and investments	$ 5,047	$ 711	$ 2,090	**$ 7,848**	$ 7,986
Receivables, net of allowance for uncollectibles:					
Taxes	125	217	77	**419**	362
Due from Federal government	—	—	437	**437**	355
Other	482	80	166	**728**	800
Due from other funds	312	148	56	**516**	650
Other assets	8	—	31	**39**	42
Total assets	**$ 5,974**	**$ 1,156**	**$ 2,857**	**$ 9,987**	**$ 10,195**
LIABILITIES:					
Tax refunds payable	$ 165	$ 19	$ 11	**$ 195**	$ 186
Accounts payable	29	5	459	**493**	466
Accrued liabilities	32	—	66	**98**	85
Payable to local governments	127	—	120	**247**	186
Due to other funds	69	167	610	**846**	881
Deferred revenues	70	37	37	**144**	152
Total liabilities	**492**	**228**	**1,303**	**2,023**	**1,956**
FUND BALANCES:					
Reserved for:					
Encumbrances	288	—	5,059	**5,347**	5,152
Debt service	—	620	—	**620**	540
Other specified purposes	1,610	—	584	**2,194**	2,829
Unreserved	3,584	308	(4,089)	**(197)**	(282)
Total fund balances	**5,482**	**928**	**1,554**	**7,964**	**8,239**
Total liabilities and fund balance	**$ 5,974**	**$ 1,156**	**$ 2,857**	**$ 9,987**	**$ 10,195**

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

OTHER GOVERNMENTAL FUNDS

Year Ended March 31, 2007
(Amounts in millions)

	Special Revenue	Debt Service	Capital Projects	Totals 2007	Totals 2006
REVENUES:					
Taxes:					
Personal income	$ 3,994	$ —	$ —	**$ 3,994**	$ 3,213
Consumption and use	1,600	2,667	1,170	**5,437**	5,405
Business	1,523	—	635	**2,158**	1,959
Other	—	866	147	**1,013**	870
Federal grants	—	—	1,820	**1,820**	1,739
Public health/patient fees	3,174	636	—	**3,810**	3,149
Tobacco settlement	107	—	—	**107**	110
Miscellaneous	2,940	44	251	**3,235**	7,717
Total revenues	**13,338**	**4,213**	**4,023**	**21,574**	**24,162**
EXPENDITURES:					
Local assistance grants:					
Social services	2,918	—	—	**2,918**	2,687
Education	5,782	—	588	**6,370**	5,193
Mental hygiene	55	—	103	**158**	132
Health and environment	2,136	—	118	**2,254**	2,083
Transportation	2,167	—	386	**2,553**	2,604
Criminal justice	74	—	—	**74**	59
Miscellaneous	852	—	405	**1,257**	585
Departmental operations:					
Personal service	274	—	—	**274**	258
Non-personal service	2,382	20	—	**2,402**	2,964
Pension contribution	20	—	—	**20**	21
Other fringe benefits	58	—	—	**58**	60
Capital construction	—	—	4,404	**4,404**	4,048
Debt service, including payments on financing arrangements	—	716	—	**716**	653
Total expenditures	**16,718**	**736**	**6,004**	**23,458**	**21,347**
Excess (deficiency) of revenues over expenditures	**(3,380)**	**3,477**	**(1,981)**	**(1,884)**	**2,815**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	2,598	2,809	432	**5,839**	5,414
Transfers to other funds	(58)	(6,227)	(800)	**(7,085)**	(7,140)
General obligation bonds issued	—	—	180	**180**	159
Premiums on general obligation bonds issued	—	—	2	**2**	1
Financing arrangements/advance refundings issued	—	224	2,668	**2,892**	1,623
Payments to escrow agents for advance refundings	—	(219)	—	**(219)**	(52)
Net other financing sources (uses)	**2,540**	**(3,413)**	**2,482**	**1,609**	**5**
Net change in fund balances	**(840)**	**64**	**501**	**(275)**	**2,820**
Fund balances at April 1, 2006	**6,322**	**864**	**1,053**	**8,239**	**5,419**
Fund balances at March 31, 2007	**$ 5,482**	**$ 928**	**$ 1,554**	**$ 7,964**	**$ 8,239**

See independent auditors' report.

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual

OTHER GOVERNMENTAL FUNDS

Year Ended March 31, 2007

(Amounts in millions)

	Special Revenue			Debt Service		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ 7,079	$ 7,109	$ 30	$ 3,342	$ 3,386	$ 44
Miscellaneous	12,622	12,525	(97)	665	848	183
Federal grants	1	—	(1)	—	—	—
Total receipts	**19,702**	**19,634**	**(68)**	**4,007**	**4,234**	**227**
DISBURSEMENTS:						
Local assistance grants	16,433	16,490	(57)	—	—	—
Departmental operations	7,039	6,888	151	21	20	1
General state charges	617	600	17	—	—	—
Debt service	—	—	—	1,023	1,085	(62)
Capital projects	10	9	1	—	—	—
Total disbursements	**24,099**	**23,987**	**112**	**1,044**	**1,105**	**(61)**
Excess (deficiency) of receipts over disbursements	**(4,397)**	**(4,353)**	**44**	**2,963**	**3,129**	**166**
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds, net	—	—	—	—	—	—
Transfers from other funds	4,150	4,455	305	3,000	2,843	(157)
Transfers to other funds	(468)	(360)	108	(5,919)	(5,960)	(41)
Net other financing sources (uses)	**3,682**	**4,095**	**413**	**(2,919)**	**(3,117)**	**(198)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (715)**	**$ (258)**	**$ 457**	**$ 44**	**$ 12**	**$ (32)**

See independent auditors' report.

Capital Projects

Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 2,041	$ 1,929	$ (112)
2,558	2,247	(311)
1,762	1,738	(24)
6,361	**5,914**	**(447)**
971	729	242
—	—	—
—	—	—
—	—	—
5,009	4,829	180
5,980	**5,558**	**422**
381	**356**	**(25)**
227	181	(46)
318	454	136
(814)	(774)	40
(269)	**(139)**	**130**
$ 112	**$ 217**	**$ 105**

STATE OF NEW YORK

EXCELSIOR

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Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

School Tax Relief Fund (STAR)—to reimburse school districts for the property tax exemptions for homeowners.

Health Care Reform Act Resources—to account for health care initiatives financed with hospital assessments, surcharges, proceeds from the sale of public assets and cigarette tax receipts.

Dedicated Mass Transportation Trust Fund—to account for monies that are earmarked for mass transportation purposes.

ENCON Special Revenue—to account for various fees, fines and penalties earmarked for environmental monitoring activities, conservation and efficiency projects and other environmental maintenance and regulation purposes.

Conservation Fund—to account for hunting and fishing license fees and related fines and penalties that are dedicated to fish and wildlife programs.

Environmental Protection and Oil Spill Compensation Fund—to account for license fees and penalties that are earmarked for oil spill clean-up costs and claims for damages.

Mass Transportation Operating Assistance—to account for various taxes earmarked for public mass transportation operating assistance programs.

Public Asset—to account for the assets or monies resulting from the conversion of Empire Blue Cross Blue Shield from a not-for-profit to a pecuniary (financial) profit organization.

Miscellaneous—to account for various fees, fines, user charges and other miscellaneous revenues that are earmarked for specific State programs.

Combining Balance Sheet

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

March 31, 2007
(Amounts in millions)

	School Tax Relief (STAR)	Health Care Reform Act Resources	Dedicated Mass Transportation Trust	ENCON Special Revenue	Conservation
ASSETS:					
Cash and investments	$ 11	$ 1,039	$ 86	$ 20	$ 28
Receivables, net of allowance for uncollectibles:					
Taxes	—	42	21	—	—
Other	—	347	—	—	—
Due from other funds	—	—	—	—	1
Other assets	—	4	—	—	—
Total assets	**$ 11**	**$ 1,432**	**$ 107**	**$ 20**	**$ 29**
LIABILITIES:					
Tax refunds payable	$ —	$ —	$ 4	$ —	$ —
Accounts payable	—	10	2	1	1
Accrued liabilities	11	2	—	4	2
Payable to local governments	—	58	2	—	—
Due to other funds	—	3	—	4	13
Deferred revenues	—	39	—	—	—
Total liabilities	**11**	**112**	**8**	**9**	**16**
FUND BALANCES:					
Reserved for:					
Encumbrances	—	147	79	17	2
Other specified purposes	—	—	—	—	—
Unreserved	—	1,173	20	(6)	11
Total fund balances	**—**	**1,320**	**99**	**11**	**13**
Total liabilities and fund balance	**$ 11**	**$ 1,432**	**$ 107**	**$ 20**	**$ 29**

See independent auditors' report.

Environmental Protection and Oil Spill Compensation	Mass Transportation Operating Assistance	Public Asset	Miscellaneous	Eliminations	Totals 2007	Totals 2006
$ 15	$ 611	$ 1,610	$ 1,627	$ —	**$ 5,047**	$ 5,707
—	62	—	—	—	**125**	106
—	—	—	135	—	**482**	545
—	—	—	311	—	**312**	427
—	—	—	4	—	**8**	9
$ 15	**$ 673**	**$ 1,610**	**$ 2,077**	**$ —**	**$ 5,974**	**$ 6,794**
$ —	$ 160	$ —	$ 1	$ —	**$ 165**	$ 158
8	—	—	7	—	**29**	22
1	—	—	12	—	**32**	27
—	—	—	67	—	**127**	127
1	4	—	44	—	**69**	67
—	—	—	31	—	**70**	71
10	**164**	**—**	**162**	**—**	**492**	**472**
—	1	—	42	—	**288**	297
—	—	1,610	—	—	**1,610**	2,119
5	508	—	1,873	—	**3,584**	3,906
5	**509**	**1,610**	**1,915**	**—**	**5,482**	**6,322**
$ 15	**$ 673**	**$ 1,610**	**$ 2,077**	**$ —**	**$ 5,974**	**$ 6,794**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

Year Ended March 31, 2007
(Amounts in millions)

	School Tax Relief (STAR)	Health Care Reform Act Resources	Dedicated Mass Transportation Trust	ENCON Special Revenue	Conservation
REVENUES:					
Taxes:					
Personal income	$ 3,994	$ —	$ —	$ —	$ —
Consumption and use	—	574	296	1	—
Business	—	—	363	—	—
Public health/patient fees	—	3,174	—	—	—
Tobacco settlement	—	107	—	—	—
Miscellaneous	—	78	11	84	39
Total revenues	**3,994**	**3,933**	**670**	**85**	**39**
EXPENDITURES:					
Local assistance grants:					
Social services	—	2,917	—	—	—
Education	3,321	—	—	—	—
Mental hygiene	—	51	—	—	—
Health and environment	—	2,135	—	—	—
Transportation	—	—	601	—	—
Criminal justice	—	—	—	—	—
Miscellaneous	673	3	—	2	—
Departmental operations:					
Personal service	—	30	—	43	26
Non-personal service	—	12	—	38	13
Pension contribution	—	2	—	4	3
Other fringe benefits	—	5	—	11	9
Total expenditures	**3,994**	**5,155**	**601**	**98**	**51**
Excess (deficiency) of revenues over expenditures	**—**	**(1,222)**	**69**	**(13)**	**(12)**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	—	515	—	7	—
Transfers to other funds	—	(29)	—	(12)	(2)
Proceeds from financing arrangements	—	—	—	—	—
Net other financing sources (uses)	**—**	**486**	**—**	**(5)**	**(2)**
Net change in fund balances	**—**	**(736)**	**69**	**(18)**	**(14)**
Fund balances at April 1, 2006	**—**	**2,056**	**30**	**29**	**27**
Fund balances at March 31, 2007	**$ —**	**$ 1,320**	**$ 99**	**$ 11**	**$ 13**

See independent auditors' report.

Environmental Protection and Oil Spill Compensation	Mass Transportation Operating Assistance	Public Asset	Miscellaneous	Eliminations	Totals 2007	Totals 2006
$ —	$ —	$ —	$ —	$ —	**$ 3,994**	$ 3,213
—	696	—	33	—	**1,600**	1,518
—	1,160	—	—	—	**1,523**	1,322
—	—	—	—	—	**3,174**	2,625
—	—	—	—	—	**107**	110
52	29	11	2,636	—	**2,940**	7,345
52	**1,885**	**11**	**2,669**	**—**	**13,338**	**16,133**
—	—	—	1	—	**2,918**	2,687
—	—	—	2,461	—	**5,782**	5,189
—	—	—	4	—	**55**	49
—	—	—	1	—	**2,136**	1,843
—	1,566	—	—	—	**2,167**	2,285
—	—	—	74	—	**74**	59
—	—	—	174	—	**852**	72
10	3	—	162	—	**274**	234
33	1	6	2,279	—	**2,382**	2,900
1	—	—	10	—	**20**	18
5	1	—	27	—	**58**	52
49	**1,571**	**6**	**5,193**	**—**	**16,718**	**15,388**
3	**314**	**5**	**(2,524)**	**—**	**(3,380)**	**745**
2	65	—	2,528	(519)	**2,598**	2,433
(18)	—	(514)	(2)	519	**(58)**	(38)
—	—	—	—	—	—	1
(16)	**65**	**(514)**	**2,526**	**—**	**2,540**	**2,396**
(13)	**379**	**(509)**	**2**	**—**	**(840)**	**3,141**
18	**130**	**2,119**	**1,913**	**—**	**6,322**	**3,181**
$ 5	**$ 509**	**$ 1,610**	**$ 1,915**	**$ —**	**$ 5,482**	**$ 6,322**

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

Year Ended March 31, 2007
(Amounts in millions)

	School Tax Relief			Mass Transportation Operating Assistance		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ 3,996	$ 3,994	$ (2)	$ 1,801	$ 1,850	$ 49
Miscellaneous	—	—	—	19	28	9
Federal grants	—	—	—	—	—	—
Total receipts	**3,996**	**3,994**	**(2)**	**1,820**	**1,878**	**58**
DISBURSEMENTS:						
Local assistance grants	3,996	3,994	2	1,584	1,580	4
Departmental operations	—	—	—	5	4	1
General state charges	—	—	—	2	2	—
Capital projects	—	—	—	—	—	—
Total disbursements	**3,996**	**3,994**	**2**	**1,591**	**1,586**	**5**
Excess (deficiency) of receipts over disbursements	**—**	**—**	**—**	**229**	**292**	**63**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	—	—	—	68	65	(3)
Transfers to other funds	—	—	—	—	—	—
Net other financing sources (uses)	**—**	**—**	**—**	**68**	**65**	**(3)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ —**	**$ —**	**$ 297**	**$ 357**	**$ 60**

See independent auditors' report.

State Special Revenue Account			Other		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 4	$ 8	$ 4	$ 1,278	$ 1,257	$ (21)
2,767	2,912	145	9,836	9,585	(251)
—	—	—	1	—	(1)
2,771	**2,920**	**149**	**11,115**	**10,842**	**(273)**
2,314	2,388	(74)	8,539	8,528	11
3,366	3,332	34	3,668	3,552	116
303	288	15	312	310	2
—	—	—	10	9	1
5,983	**6,008**	**(25)**	**12,529**	**12,399**	**130**
(3,212)	**(3,088)**	**124**	**(1,414)**	**(1,557)**	**(143)**
3,513	3,336	(177)	891	1,067	176
(561)	(254)	307	(229)	(119)	110
2,952	**3,082**	**130**	**662**	**948**	**286**
$ (260)	**$ (6)**	**$ 254**	**$ (752)**	**$ (609)**	**$ 143**

(Continued)

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual (cont'd)

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

Year Ended March 31, 2007
(Amounts in millions)

	Eliminations		Total		
	Financial Plan	Actual	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:					
Taxes	$ —	$ —	$ 7,079	$ 7,109	$ 30
Miscellaneous	—	—	12,622	12,525	(97)
Federal grants	—	—	1	—	(1)
Total receipts	**—**	**—**	**19,702**	**19,634**	**(68)**
DISBURSEMENTS:					
Local assistance grants	—	—	16,433	16,490	(57)
Departmental operations	—	—	7,039	6,888	151
General state charges	—	—	617	600	17
Capital projects	—	—	10	9	1
Total disbursements	**—**	**—**	**24,099**	**23,987**	**112**
Excess (deficiency) of receipts over disbursements	**—**	**—**	**(4,397)**	**(4,353)**	**44**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	(322)	(13)	4,150	4,455	305
Transfers to other funds	322	13	(468)	(360)	108
Net other financing sources (uses)	**—**	**—**	**3,682**	**4,095**	**413**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ —**	**$ (715)**	**$ (258)**	**$ 457**

See independent auditors' report.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term obligations and payments on certain lease/purchase or other contractual obligations.

Mental Health Services Fund—to account for the payment of debt service in conjunction with agreements for financing mental hygiene facilities.

State Housing Debt Fund—to account for the repayment of State advances made to local governments and certain public authorities that are earmarked for paying the principal and interest on State Housing bonds.

Department of Health Income Fund—to account for the payment of debt service in conjunction with agreements with the Dormitory Authority for financing health facilities.

Clean Water/Clean Air—to account for taxes earmarked for reimbursing the General Debt Service Fund for the payment of debt service on the Clean Water/ Clean Air bonds.

Local Government Assistance Tax Fund—to account for revenues that are earmarked for payment to the New York Local Government Assistance Corporation for debt service.

Combining Balance Sheet

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

March 31, 2007
(Amounts in millions)

	Debt Reduction Reserve	Mental Health Services	State Housing Debt	Department of Health Income	Clean Water/ Clean Air
ASSETS:					
Cash and investments	$ —	$ 50	$ —	$ 63	$ 1
Receivables, net of allowance for uncollectibles:					
Taxes	—	—	—	—	33
Other	—	34	29	16	—
Due from other funds	—	142	—	6	—
Total assets	**$ —**	**$ 226**	**$ 29**	**$ 85**	**$ 34**
LIABILITIES:					
Tax refunds payable	$ —	$ —	$ —	$ —	$ —
Accounts payable	—	—	—	3	—
Due to other funds	—	—	—	—	1
Deferred revenues	—	3	22	1	—
Total liabilities	**—**	**3**	**22**	**4**	**1**
FUND BALANCES:					
Reserved for debt service	—	22	—	18	—
Unreserved	—	201	7	63	33
Total fund balances	**—**	**223**	**7**	**81**	**33**
Total liabilities and fund balances	**$ —**	**$ 226**	**$ 29**	**$ 85**	**$ 34**

See independent auditors' report.

Local Government Assistance Tax	Totals 2007	Totals 2006
$ 597	$ 711	$ 633
184	217	200
1	80	95
—	148	183
$ 782	$ 1,156	$ 1,111
$ 19	$ 19	$ 18
2	5	5
166	167	184
11	37	40
198	228	247
580	620	540
4	308	324
584	928	864
$ 782	$ 1,156	$ 1,111

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

Year Ended March 31, 2007

(Amounts in millions)

	Debt Reduction Reserve	Mental Health Services	State Housing Debt	Department of Health Income	Clean Water/ Clean Air
REVENUES:					
Taxes:					
Consumption and use	$ —	$ —	$ —	$ —	$ —
Other	—	—	—	—	866
Patient fees	—	328	—	308	—
Miscellaneous	—	9	7	13	—
Total revenues	**—**	**337**	**7**	**321**	**866**
EXPENDITURES:					
Non-personal service	—	12	—	2	—
Debt service, including payments on financing arrangements	17	321	23	33	—
Total expenditures	**17**	**333**	**23**	**35**	**—**
Excess of revenues over expenditures	**(17)**	**4**	**(16)**	**286**	**866**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	250	2,505	3	51	—
Transfers to other funds	(233)	(2,571)	—	(326)	(853)
Financing arrangements/advance refundings issued	—	224	—	—	—
Payments to escrow agents for advance refundings	—	(219)	—	—	—
Net other financing sources (uses)	**17**	**(61)**	**3**	**(275)**	**(853)**
Net change in fund balances	**—**	**(57)**	**(13)**	**11**	**13**
Fund balances at April 1, 2006	**—**	**280**	**20**	**70**	**20**
Fund balances at March 31, 2007	**$ —**	**$ 223**	**$ 7**	**$ 81**	**$ 33**

See independent auditors' report.

Local Government Assistance Tax	Totals 2007	Totals 2006
$ 2,667	$ 2,667	$ 2,774
—	866	758
—	636	524
15	44	29
2,682	4,213	4,085
6	20	21
322	716	653
328	736	674
2,354	3,477	3,411
—	2,809	2,680
(2,244)	(6,227)	(6,148)
—	224	53
—	(219)	(52)
(2,244)	(3,413)	(3,467)
110	64	(56)
474	864	920
$ 584	$ 928	$ 864

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

Year Ended March 31, 2007

(Amounts in millions)

	Mental Health Services			Clean Water/Clean Air		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ —	$ —	$ —	$ 803	$ 875	$ 72
Miscellaneous	228	332	104	—	—	—
Total receipts	**228**	**332**	**104**	**803**	**875**	**72**
DISBURSEMENTS:						
Departmental operations	9	8	1	—	—	—
Debt service	316	314	2	—	—	—
Total disbursements	**325**	**322**	**3**	**—**	**—**	**—**
Excess (deficiency) of receipts over disbursements	**(97)**	**10**	**107**	**803**	**875**	**72**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	2,710	2,542	(168)	—	—	—
Transfers to other funds	(2,582)	(2,571)	11	(803)	(875)	(72)
Net other financing sources (uses)	**128**	**(29)**	**(157)**	**(803)**	**(875)**	**(72)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 31**	**$ (19)**	**$ (50)**	**$ —**	**$ —**	**$ —**

See independent auditors' report.

Local Government Assistance Tax: Financial Plan	Local Government Assistance Tax: Actual	Local Government Assistance Tax: Favorable (Unfavorable) Variance	Other: Financial Plan	Other: Actual	Other: Favorable (Unfavorable) Variance
$ 2,539	$ 2,512	$ (27)	$ —	$ (1)	$ (1)
—	2	2	437	514	77
2,539	**2,514**	**(25)**	**437**	**513**	**76**
6	6	—	6	6	—
353	419	(66)	354	352	2
359	**425**	**(66)**	**360**	**358**	**2**
2,180	**2,089**	**(91)**	**77**	**155**	**78**
—	—	—	290	301	11
(2,180)	(2,093)	87	(354)	(421)	(67)
(2,180)	**(2,093)**	**87**	**(64)**	**(120)**	**(56)**
$ —	**$ (4)**	**$ (4)**	**$ 13**	**$ 35**	**$ 22**

(Continued)

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual (cont'd)

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

Year Ended March 31, 2007
(Amounts in millions)

	Total		
	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:			
Taxes	$ 3,342	$ 3,386	$ 44
Miscellaneous	665	848	183
Total receipts	**4,007**	**4,234**	**227**
DISBURSEMENTS:			
Departmental operations	21	20	1
Debt service	1,023	1,085	(62)
Total disbursements	**1,044**	**1,105**	**(61)**
Excess (deficiency) of receipts over disbursements	**2,963**	**3,129**	**166**
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	3,000	2,843	(157)
Transfers to other funds	(5,919)	(5,960)	(41)
Net other financing sources (uses)	**(2,919)**	**(3,117)**	**(198)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 44**	**$ 12**	**$ (32)**

See independent auditors' report.

Capital Projects Funds

Capital Projects Funds are used to account for the financial resources used for the acquisition or construction of major State-owned capital facilities and for capital assistance grants to local governments and public authorities.

State Capital Projects Fund—to account for the construction or acquisition of State capital assets and the payments to local governments and public authorities for capital assistance financed primarily by transfers from the General Fund, bond funds and proceeds from various financial arrangements.

Dedicated Highway and Bridge Trust Fund—to account for taxes and fees that are earmarked for financing State, county, town, and village highway, parkway, bridge, aviation or port facility capital projects.

Environmental Protection Fund—to account for dedicated revenues that will be used to assist local government, not-for-profit corporations, and fund State initiatives to protect the environment and protect open space.

Bond Funds—to account for the proceeds of bonds issued for capital purposes. A separate bond fund is established to account for the bond proceeds of each bond issue authorized by public referendum, including the Energy Conservation Through Improved Transportation Bond Fund, the Pure Waters Bond Fund, the Transportation Capital Facilities Bond Fund, the Environmental Quality Protection Bond Fund, the Rail Preservation and Development Bond Fund, the Transportation Infrastructure Renewal Bond Fund, the Environmental Quality Bond Act Fund and the Clean Water/Clean Air Bond Fund.

Hazardous Waste Remedial Fund—to account for revenues earmarked for the clean-up of hazardous waste disposal sites.

Federal Capital Projects Fund—to account for capital projects financed from federal grants.

Housing Program Fund—to account for the Low Income Housing Trust Fund Program and the Affordable Home Ownership Development program that are financed by the New York State Housing Finance Agency.

Department of Transportation (DOT) Engineering Services Fund—to account for costs of providing engineering services for capital projects administered by the Department of Transportation.

Mental Hygiene Facilities Capital Improvement Fund—to account for mental hygiene capital projects.

Correctional Facilities Capital Improvement Fund—to account for correctional facility capital projects financed by the Urban Development Corporation.

Miscellaneous—to account for various capital projects financed from the sale of land or other resources, gifts, grants or other miscellaneous revenue sources earmarked for capital purposes or from transfers from the New York State Infrastructure Trust Account.

Combining Balance Sheet

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

March 31, 2007
(Amounts in millions)

	State Capital Projects	Dedicated Highway & Bridge Trust	Environmental Protection	Transportation Capital Facilities Bond	Environmental Quality Protection Bond	Transportation Infrastructure Renewal Bond	Environmental Quality Bond
ASSETS:							
Cash and investments	$ 1,331	$ 4	$ 110	$ 3	$ 7	$ 7	$ 24
Receivables, net of allowance for uncollectibles:							
Taxes	—	77	—	—	—	—	—
Due from Federal government	—	—	—	—	—	—	—
Other	147	2	3	—	—	—	—
Due from other funds	37	16	1	—	—	—	—
Other assets	—	24	—	—	—	—	—
Total assets	**$ 1,515**	**$ 123**	**$ 114**	**$ 3**	**$ 7**	**$ 7**	**$ 24**
LIABILITIES:							
Tax refunds payable	$ —	$ 11	$ —	$ —	$ —	$ —	$ —
Accounts payable	166	103	9	—	—	—	—
Accrued liabilities	1	61	—	—	—	—	—
Payable to local governments	7	5	5	—	—	—	—
Due to other funds	48	159	—	—	—	—	—
Deferred revenues	26	3	2	—	—	—	—
Total liabilities	**248**	**342**	**16**	**—**	**—**	**—**	**—**
FUND BALANCES (DEFICITS):							
Reserved for:							
Encumbrances	593	1,338	162	—	—	—	—
Other specified purposes	583	—	—	—	—	—	—
Unreserved	91	(1,557)	(64)	3	7	7	24
Total fund balances (deficits)	**1,267**	**(219)**	**98**	**3**	**7**	**7**	**24**
Total liabilities and fund balances (deficits)	**$ 1,515**	**$ 123**	**$ 114**	**$ 3**	**$ 7**	**$ 7**	**$ 24**

See independent auditors' report.

Hazardous Waste Remedial	Federal Capital Projects	Clean Water/ Clean Air Bond	Housing Program	DOT Engineering Services	Mental Hygiene Facilities Capital Improvement	Correctional Facilities Capital Improvement	Miscellaneous	Totals 2007	Totals 2006
$ 80	$ —	$ 35	$ —	$ —	$ 222	$ 121	$ 146	**$ 2,090**	$ 1,646
—	—	—	—	—	—	—	—	**77**	56
—	437	—	—	—	—	—	—	**437**	378
13	1	—	—	—	—	—	—	**166**	137
—	—	—	—	—	—	—	2	**56**	40
—	—	—	—	7	—	—	—	**31**	33
$ 93	**$ 438**	**$ 35**	**$ —**	**$ 7**	**$ 222**	**$ 121**	**$ 148**	**$ 2,857**	**$ 2,290**
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	**$ 11**	$ 10
10	115	—	—	4	18	30	4	**459**	439
2	1	—	—	—	—	—	1	**66**	58
—	102	—	—	—	1	—	—	**120**	59
6	220	—	129	36	4	—	8	**610**	630
5	—	—	—	—	—	—	1	**37**	41
23	**438**	**—**	**129**	**40**	**23**	**30**	**14**	**1,303**	**1,237**
91	2,510	—	3	55	91	183	33	**5,059**	4,855
—	—	—	—	—	—	—	1	**584**	710
(21)	(2,510)	35	(132)	(88)	108	(92)	100	**(4,089)**	(4,512)
70	**—**	**35**	**(129)**	**(33)**	**199**	**91**	**134**	**1,554**	**1,053**
$ 93	**$ 438**	**$ 35**	**$ —**	**$ 7**	**$ 222**	**$ 121**	**$ 148**	**$ 2,857**	**$ 2,290**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2007

(Amounts in millions)

	State Capital Projects	Dedicated Highway & Bridge Trust	Environmental Protection	Transportation Capital Facilities Bond	Environmental Quality Protection Bond	Transportation Infrastructure Renewal Bond	Environmental Quality Bond
REVENUES:							
Taxes:							
Consumption and use	$ —	$ 1,169	$ 1	$ —	$ —	$ —	$ —
Business	—	635	—	—	—	—	—
Other	—	—	147	—	—	—	—
Federal grants	—	—	—	—	—	—	—
Miscellaneous	11	95	6	—	—	—	—
Total revenues	**11**	**1,899**	**154**	**—**	**—**	**—**	**—**
EXPENDITURES:							
Local assistance grants:							
Education	588	—	—	—	—	—	—
Mental hygiene	31	—	—	—	—	—	—
Health and environment	32	—	2	—	—	—	—
Transportation	—	41	—	—	—	—	—
Miscellaneous	200	—	22	—	—	—	—
Capital construction	538	2,052	137	—	—	—	—
Total expenditures	**1,389**	**2,093**	**161**	**—**	**—**	**—**	**—**
Excess (deficiency) of revenues over expenditures	**(1,378)**	**(194)**	**(7)**	**—**	**—**	**—**	**—**
OTHER FINANCING SOURCES (USES):							
Transfers from other funds	497	281	—	—	—	—	—
Transfers to other funds	(40)	(754)	—	—	(3)	(3)	(7)
General obligation bonds issued	—	—	—	—	1	2	18
Premiums on general obligation bonds issued	—	—	—	—	—	—	—
Financing arrangements issued	1,360	740	22	—	—	—	—
Net other financing sources (uses)	**1,817**	**267**	**22**	**—**	**(2)**	**(1)**	**11**
Net change in fund balances	**439**	**73**	**15**	**—**	**(2)**	**(1)**	**11**
Fund balances (deficits) at April 1, 2006, as restated	**828**	**(292)**	**83**	**3**	**9**	**8**	**13**
Fund balances (deficits) at March 31, 2007	**$ 1,267**	**$ (219)**	**$ 98**	**$ 3**	**$ 7**	**$ 7**	**$ 24**

See independent auditors' report.

Hazardous Waste Remedial	Federal Capital Projects	Clean Water/ Clean Air Bond	Housing Program	DOT Engineering Services	Mental Hygiene Facilities Capital Improvement	Correctional Facilities Capital Improvement	Miscellaneous	Eliminations	Totals 2007	Totals 2006
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,170	$ 1,113
—	—	—	—	—	—	—	—	—	635	637
—	—	—	—	—	—	—	—	—	147	112
—	1,820	—	—	—	—	—	—	—	1,820	1,739
—	1	—	101	—	1	—	36	—	251	343
—	1,821	—	101	—	1	—	36	—	4,023	3,944
—	—	—	—	—	—	—	—	—	588	4
—	—	—	—	—	72	—	—	—	103	83
1	83	—	—	—	—	—	—	—	118	240
—	345	—	—	—	—	—	—	—	386	319
—	—	—	82	—	—	—	101	—	405	513
101	1,096	—	35	24	147	216	58	—	4,404	4,126
102	1,524	—	117	24	219	216	159	—	6,004	5,285
(102)	297	—	(16)	(24)	(218)	(216)	(123)	—	(1,981)	(1,341)
30	—	—	7	29	1	—	9	(422)	432	301
(3)	(297)	(45)	—	—	—	—	(70)	422	(800)	(954)
—	—	54	—	—	—	—	105	—	180	159
—	—	1	—	—	—	—	1	—	2	1
55	—	—	—	—	221	245	25	—	2,668	1,569
82	(297)	10	7	29	222	245	70	—	2,482	1,076
(20)	—	10	(9)	5	4	29	(53)	—	501	(265)
90	—	25	(120)	(38)	195	62	187	—	1,053	1,318
$ 70	$ —	$ 35	$ (129)	$ (33)	$ 199	$ 91	$ 134	$ —	$ 1,554	$ 1,053

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2007
(Amounts in millions)

	State Capital Projects			Dedicated Highway and Bridge Trust		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ —	$ —	$ —	$ 1,894	$ 1,782	$ (112)
Miscellaneous	1,114	728	(386)	732	829	97
Federal grants	—	—	—	—	—	—
Total receipts	**1,114**	**728**	**(386)**	**2,626**	**2,611**	**(15)**
DISBURSEMENTS:						
Local assistance grants	671	167	504	—	32	(32)
Capital projects	906	1,038	(132)	1,983	2,038	(55)
Total disbursements	**1,577**	**1,205**	**372**	**1,983**	**2,070**	**(87)**
Excess (deficiency) of receipts over disbursements	**(463)**	**(477)**	**(14)**	**643**	**541**	**(102)**
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds, net	—	—	—	—	—	—
Transfers from other funds	478	494	16	258	281	23
Transfers to other funds	(15)	(17)	(2)	(773)	(754)	19
Net other financing sources (uses)	**463**	**477**	**14**	**(515)**	**(473)**	**42**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ —**	**$ —**	**$ 128**	**$ 68**	**$ (60)**

See independent auditors' report.

Federal Capital Projects			Department of Transportation Engineering Services		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ —	$ —	$ —	$ —	$ —	$ —
—	1	1	—	—	—
1,762	1,738	(24)	—	—	—
1,762	**1,739**	**(23)**	**—**	**—**	**—**
139	371	(232)	—	—	—
1,393	1,077	316	36	27	9
1,532	**1,448**	**84**	**36**	**27**	**9**
230	**291**	**61**	**(36)**	**(27)**	**9**
—	—	—	—	—	—
—	—	—	41	29	(12)
(278)	(297)	(19)	—	—	—
(278)	**(297)**	**(19)**	**41**	**29**	**(12)**
$ (48)	**$ (6)**	**$ 42**	**$ 5**	**$ 2**	**$ (3)**

(Continued)

Combining Schedule of Cash Receipts and Disbursements Budgetary Basis—Financial Plan and Actual (cont'd)

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2007
(Amounts in millions)

	Other			Eliminations	
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual
RECEIPTS:					
Taxes	$ 147	$ 147	$ —	$ —	$ —
Miscellaneous	712	689	(23)	—	—
Federal grants	—	—	—	—	—
Total receipts	**859**	**836**	**(23)**	**—**	**—**
DISBURSEMENTS:					
Local assistance grants	161	159	2	—	—
Capital projects	691	649	42	—	—
Total disbursements	**852**	**808**	**44**	**—**	**—**
Excess (deficiency) of receipts over disbursements	**7**	**28**	**21**	**—**	**—**
OTHER FINANCING SOURCES (USES):					
Bond and note proceeds, net	227	181	(46)	—	—
Transfers from other funds	61	70	9	(520)	(420)
Transfers to other funds	(268)	(126)	142	520	420
Net other financing sources (uses)	**20**	**125**	**105**	**—**	**—**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 27**	**$ 153**	**$ 126**	**$ —**	**$ —**

See independent auditors' report.

Total		
Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 2,041	$ 1,929	$ (112)
2,558	2,247	(311)
1,762	1,738	(24)
6,361	**5,914**	**(447)**
971	729	242
5,009	4,829	180
5,980	**5,558**	**422**
381	**356**	**(25)**
227	181	(46)
318	454	136
(814)	(774)	40
(269)	**(139)**	**130**
$ 112	**$ 217**	**$ 105**

STATE OF NEW YORK
EXCELSIOR
COMPTROLLER

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the State in a fiduciary capacity or as agent for individuals, private organizations or other governments and include Private Purpose Trust Funds, the State and Local Retirement system Fund and Agency Funds.

Private Purpose Trust Funds:

Agriculture and Milk Producer's Security Funds—to provide security to agriculture and milk producers against loss of revenues.

Abandoned Property Fund—accounts for assets from banks, utilities, investment companies, and insurance companies representing inactive accounts that are required by law to be turned over to the State. The Comptroller is custodian of this account. Assets are returned to the proper owner upon approval of a claim and excess funds are transferred to the General Fund.

Tuition Savings Program Fund—accounts for contributions made by individuals and families for college savings. The withdrawals from the Fund are used to pay college costs at any eligible public and private college and university in New York State.

Agency Funds:

Employee Benefit and Payroll Related Funds—accounts for various employee benefit programs, such as the New York State employee health insurance programs, for the disposition of various payroll related deductions, such as for social security contributions.

MMIS Statewide Escrow Fund—accounts for the transfer from other funds of the Federal, State, and local shares of Medicaid program expenditures to a paying agent for ultimate payment to health care providers.

Other Agency Funds—account for various escrow, revenue collection and agency accounts for which the State acts in an agent's capacity until proper disposition of the assets can be made. This includes accounting for advances from the State for paying CUNY operating costs.

Combining Statement of Fiduciary Net Assets

PRIVATE PURPOSE TRUSTS

March 31, 2007
(Amounts in millions)

	Agriculture Producer's Security	Milk Producer's Security	Abandoned Property	Tuition Savings Program	Totals 2007	Totals 2006
ASSETS:						
Cash and investments	$ 3	$ 6	$ 644	$ 6,247	**$ 6,900**	$ 5,033
Receivables, net of allowance for uncollectibles	—	—	93	48	**141**	129
Due from other funds	—	—	245	—	**245**	383
Total assets	**3**	**6**	**982**	**6,295**	**7,286**	**5,545**
LIABILITIES:						
Accrued liabilities	—	—	982	38	**1,020**	932
Total liabilities	**—**	**—**	**982**	**38**	**1,020**	**932**
NET ASSETS:						
Reserved for other specified purposes	3	6	—	6,257	**6,266**	4,613
Total net assets	**$ 3**	**$ 6**	**$ —**	**$ 6,257**	**$ 6,266**	**$ 4,613**

See independent auditors' report.

Combining Statement of Changes in Fiduciary Net Assets

PRIVATE PURPOSE TRUSTS

March 31, 2007

(Amounts in millions)

	Agriculture Producer's Security	Milk Producer's Security	Abandoned Property	Tuition Savings Program	Totals 2007	Totals 2006
Additions:						
Investment income	$ —	$ —	$ —	$ —	**$ —**	$ 1
Dividend income	—	—	—	163	**163**	112
Other income	1	—	—	—	**1**	—
Net change in fair value on investments	—	—	—	358	**358**	(159)
Net realized gain on investments	—	—	—	20	**20**	243
Total investment and other income	**1**	**—**	**—**	**541**	**542**	**197**
Less:						
Investment expenses	—	—	—	(28)	**(28)**	(19)
Net investment and other income	**1**	**—**	**—**	**513**	**514**	**178**
Contributions:						
College savings	—	—	—	2,322	**2,322**	1,810
Total contributions	**—**	**—**	**—**	**2,322**	**2,322**	**1,810**
Net transfers from General Fund	—	—	162	—	**162**	146
Total additions	**1**	**—**	**162**	**2,835**	**2,998**	**2,134**
Deductions:						
College aid redemptions	—	—	—	1,181	**1,181**	834
Claims paid	—	—	162	—	**162**	146
Miscellaneous	2	—	—	—	**2**	—
Total deductions	**2**	**—**	**162**	**1,181**	**1,345**	**980**
Net increase (decrease)	**(1)**	**—**	**—**	**1,654**	**1,653**	**1,154**
Net assets held in trust at April 1, 2006	**4**	**6**	**—**	**4,603**	**4,613**	**3,459**
Net assets held in trust at March 31, 2007	**$ 3**	**$ 6**	**$ —**	**$ 6,257**	**$ 6,266**	**$ 4,613**

See independent auditors' report.

Combining Statement of Fiduciary Net Assets

AGENCY FUNDS

March 31, 2007
(Amounts in millions)

	School Capital Facilities Financing Reserve	Employees Health Insurance	Social Security Contribution	NYS Employee Payroll Withholding	Employees Dental Insurance
ASSETS:					
Cash and investments	$ 38	$ 188	$ 12	$ 10	$ 2
Receivables, net of allowance for uncollectibles	—	47	—	—	3
Due from other funds	3	11	—	—	1
Other assets	—	431	—	—	—
Total assets	**$ 41**	**$ 677**	**$ 12**	**$ 10**	**$ 6**
LIABILITIES:					
Accounts payable	$ —	$ —	$ —	$ 10	$ 1
Accrued liabilities	41	246	12	—	1
Payable to local governments	—	430	—	—	4
Due to other funds	—	1	—	—	—
Total liabilities	**$ 41**	**$ 677**	**$ 12**	**$ 10**	**$ 6**

See independent auditors' report.

Management Confidential Group Insurance	CUNY Senior College Operating	MMIS Statewide Escrow	Sole Custody	Miscellaneous	Totals 2007	Totals 2006
$ 1	$ 35	$ 330	$ 1,478	$ 788	**$ 2,882**	$ 2,826
—	—	—	6	453	**509**	671
—	1	—	10	37	**63**	53
—	—	—	—	—	**431**	305
$ 1	**$ 36**	**$ 330**	**$ 1,494**	**$ 1,278**	**$ 3,885**	**$ 3,855**
$ —	$ 15	$ —	$ —	$ 7	**$ 33**	$ 22
1	9	310	872	767	**2,259**	1,764
—	—	—	622	33	**1,089**	1,385
—	12	20	—	471	**504**	684
$ 1	**$ 36**	**$ 330**	**$ 1,494**	**$ 1,278**	**$ 3,885**	**$ 3,855**

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

March 31, 2007
(Amounts in millions)

	Balance April 1, 2006	Additions	Deductions	Balance March 31, 2007
School Capital Facilities Financing Reserve				
ASSETS:				
Cash and investments	$ 38	$ 25	$ 25	**$ 38**
Due from other funds	—	7	4	**3**
Total assets	**$ 38**	**$ 32**	**$ 29**	**$ 41**
LIABILITIES:				
Accounts payable	$ —	$ 33	$ 33	**$ —**
Accrued liabilities	38	37	34	**41**
Total liabilities	**$ 38**	**$ 70**	**$ 67**	**$ 41**
Employees Health Insurance				
ASSETS:				
Cash and investments	$ 144	$ 5,721	$ 5,677	**$ 188**
Receivables, net of allowance for uncollectibles	33	47	33	**47**
Due from other funds	6	76	71	**11**
Other assets	305	431	305	**431**
Total assets	**$ 488**	**$ 6,275**	**$ 6,086**	**$ 677**
LIABILITIES:				
Accounts payable	$ —	$ 5,444	$ 5,444	**$ —**
Accrued liabilities	182	6,810	6,746	**246**
Payable to local governments	305	430	305	**430**
Due to other funds	1	31	31	**1**
Total liabilities	**$ 488**	**$ 12,715**	**$ 12,526**	**$ 677**
Social Security Contribution				
ASSETS:				
Cash and investments	$ 11	$ 980	$ 979	**$ 12**
Due from other funds	—	3	3	**—**
Total assets	**$ 11**	**$ 983**	**$ 982**	**$ 12**
LIABILITIES:				
Accounts payable	$ —	$ 978	$ 978	**$ —**
Accrued liabilities	11	1,044	1,043	**12**
Total liabilities	**$ 11**	**$ 2,022**	**$ 2,021**	**$ 12**

(Continued)

See independent auditors' report.

Combining Statement of Changes in Assets and Liabilities (cont'd)

AGENCY FUNDS

March 31, 2007
(Amounts in millions)

	Balance April 1, 2006	Additions	Deductions	Balance March 31, 2007
NYS Employee Payroll Withholding				
ASSETS:				
Cash and investments	$ 10	$ 3,754	$ 3,754	**$ 10**
Due from other funds	—	5	5	**—**
Total assets	**$ 10**	**$ 3,759**	**$ 3,759**	**$ 10**
LIABILITIES:				
Accounts payable	$ 10	$ 3,047	$ 3,047	**$ 10**
Accrued liabilities	—	4,076	4,076	**—**
Due to other funds	—	55	55	**—**
Total liabilities	**$ 10**	**$ 7,178**	**$ 7,178**	**$ 10**
Employees Dental Insurance				
ASSETS:				
Cash and investments	$ 2	$ 87	$ 87	**$ 2**
Receivables, net of allowance for uncollectibles	1	3	1	**3**
Due from other funds	1	2	2	**1**
Total assets	**$ 4**	**$ 92**	**$ 90**	**$ 6**
LIABILITIES:				
Accounts payable	$ 1	$ 76	$ 76	**$ 1**
Accrued liabilities	2	125	126	**1**
Payable to local governments	1	4	1	**4**
Total liabilities	**$ 4**	**$ 205**	**$ 203**	**$ 6**
Management Confidential Group Insurance				
ASSETS:				
Cash and investments	$ 1	$ 10	$ 10	**$ 1**
Total assets	**$ 1**	**$ 10**	**$ 10**	**$ 1**
LIABILITIES:				
Accounts payable	$ —	$ 9	$ 9	**$ —**
Accrued liabilities	1	9	9	**1**
Total liabilities	**$ 1**	**$ 18**	**$ 18**	**$ 1**

(Continued)

See independent auditors' report.

Combining Statement of Changes in Assets and Liabilities (cont'd)

AGENCY FUNDS

March 31, 2007
(Amounts in millions)

CUNY Senior College Operating

	Balance April 1, 2006	Additions	Deductions	Balance March 31, 2007
ASSETS:				
Cash and investments	$ 13	$ 1,390	$ 1,368	**$ 35**
Due from other funds	—	77	76	**1**
Total assets	**$ 13**	**$ 1,467**	**$ 1,444**	**$ 36**
LIABILITIES:				
Accounts payable	$ 3	$ 1,351	$ 1,339	**$ 15**
Accrued liabilities	—	1,472	1,463	**9**
Due to other funds	10	55	53	**12**
Total liabilities	**$ 13**	**$ 2,878**	**$ 2,855**	**$ 36**

MMIS Statewide Escrow

	Balance April 1, 2006	Additions	Deductions	Balance March 31, 2007
ASSETS:				
Cash and investments	$ 413	$ 39,391	$ 39,474	**$ 330**
Due from other funds	—	553	553	**—**
Total assets	**$ 413**	**$ 39,944**	**$ 40,027**	**$ 330**
LIABILITIES:				
Accounts payable	$ —	$ 37,757	$ 37,757	**$ —**
Accrued liabilities	387	41,868	41,945	**310**
Payable to local governments	3	2,802	2,805	**—**
Due to other funds	23	105	108	**20**
Total liabilities	**$ 413**	**$ 82,532**	**$ 82,615**	**$ 330**

Sole Custody

	Balance April 1, 2006	Additions	Deductions	Balance March 31, 2007
ASSETS:				
Cash and investments	$ 1,455	$ 1,478	$ 1,455	**$ 1,478**
Receivables, net of allowance for uncollectibles	8	6	8	**6**
Due from other funds	—	10	—	**10**
Total assets	**$ 1,463**	**$ 1,494**	**$ 1,463**	**$ 1,494**
LIABILITIES:				
Accrued liabilities	$ 423	$ 548	$ 99	**$ 872**
Payable to local governments	1,040	622	1,040	**622**
Total liabilities	**$ 1,463**	**$ 1,170**	**$ 1,139**	**$ 1,494**

(Continued)

See independent auditors' report.

Combining Statement of Changes in Assets and Liabilities (cont'd)

AGENCY FUNDS

March 31, 2007
(Amounts in millions)

	Balance April 1, 2006	Additions	Deductions	Balance March 31, 2007
Miscellaneous				
ASSETS:				
Cash and investments	$ 739	$ 2,765	$ 2,716	**$ 788**
Receivables, net of allowance for uncollectibles	629	530	706	**453**
Due from other funds	46	897	906	**37**
Total assets	**$ 1,414**	**$ 4,192**	**$ 4,328**	**$ 1,278**
LIABILITIES:				
Accounts payable	$ 8	$ 1,019	$ 1,020	**$ 7**
Accrued liabilities	720	2,470	2,423	**767**
Payable to local governments	36	33	36	**33**
Due to other funds	650	827	1,006	**471**
Total liabilities	**$ 1,414**	**$ 4,349**	**$ 4,485**	**$ 1,278**
Total Assets and Liabilities—All Agency Funds				
ASSETS:				
Cash and investments	$ 2,826	$ 55,601	$ 55,545	**$ 2,882**
Receivables, net of allowance for uncollectibles	671	586	748	**509**
Due from other funds	53	1,627	1,617	**63**
Other assets	305	431	305	**431**
Total assets	**$ 3,855**	**$ 58,245**	**$ 58,215**	**$ 3,885**
LIABILITIES:				
Accounts payable	$ 22	$ 49,714	$ 49,703	**$ 33**
Accrued liabilities	1,764	58,459	57,964	**2,259**
Payable to local governments	1,385	3,891	4,187	**1,089**
Due to other funds	684	1,073	1,253	**504**
Total liabilities	**$ 3,855**	**$ 113,137**	**$ 113,107**	**$ 3,885**

See independent auditors' report.

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

Statistical Section

Changes in Fund Balances

GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS

(Modified accrual basis of accounting)
(Amounts in millions)

	Fiscal Year				
	2003	2004	2005	2006	2007
REVENUES:					
Taxes:					
Personal income	$ 21,967	$ 25,150	$ 28,382	$ 31,695	$ 34,615
Consumption and use	11,408	12,552	13,710	13,859	13,568
Business	5,049	4,879	5,699	6,929	8,488
Other	1,212	1,210	1,821	1,898	2,024
Federal grants	35,312	38,241	37,480	36,625	38,163
Public health/patient fees	3,325	3,439	3,449	3,149	3,810
Tobacco settlement	745	317	113	110	107
Miscellaneous	5,681	6,285	7,937	13,228	9,475
Total revenues	**84,699**	**92,073**	**98,591**	**107,493**	**110,250**
EXPENDITURES:					
Local assistance grants:					
Social services	36,220	38,616	38,711	40,062	42,794
Education	21,282	23,323	24,205	25,459	27,711
Mental hygiene	1,331	1,384	1,336	1,422	1,537
General purpose	847	869	1,016	1,047	1,192
Health and environment	3,052	3,395	3,490	4,221	4,857
Transportation	3,370	2,437	2,510	3,097	2,984
Criminal justice	300	519	370	337	461
Miscellaneous	2,488	2,708	2,459	1,471	2,555
Departmental operations:					
Personal service	8,036	7,785	8,050	8,405	8,780
Non-personal service	5,404	5,340	5,189	6,208	5,751
Pension contribution	177	475	691	964	1,078
Other fringe benefits	2,308	2,792	3,147	3,257	3,314
Capital construction	3,362	3,608	3,599	4,048	4,404
Debt service, including payments on financing arrangements:					
Principal—(General Obligation)	390	349	331	341	352
Interest—(General Obligation)	182	160	153	146	146
Other	2,398	2,931	2,996	3,528	3,094
Total expenditures	**91,147**	**96,691**	**98,253**	**104,013**	**111,010**
Excess (deficiency) of revenues over expenditures	**(6,448)**	**(4,618)**	**338**	**3,480**	**(760)**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	2,238	2,628	2,947	2,295	2,707
Transfers to other funds	(3,637)	(3,182)	(3,560)	(3,914)	(5,202)
General obligation bonds issued	246	147	178	159	180
Premiums on general obligation bonds issued	—	—	—	1	2
Financing arrangements/ advance refundings issued	9,778	12,705	4,344	5,029	3,562
Payments on advance refundings	(6,481)	(4,443)	(2,137)	(3,201)	(534)
Net other financing sources (uses)	**2,144**	**7,855**	**1,772**	**369**	**715**
Net change in fund balances	**$ (4,304)**	**$ 3,237**	**$ 2,110**	**$ 3,849**	**$ (45)**
Debt Service (principal and interest) as a percentage of non capital expenditures	**0.65%**	**0.55%**	**0.51%**	**0.49%**	**0.47%**

Source: Office of the State Comptroller

Net Assets by Component

LAST FIVE FISCAL YEARS

(Accrual basis of accounting)
(Amounts in millions)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	$ 60,823	$ 60,441	$ 61,375	$ 62,071	$ 62,500
Restricted for:					
Debt service	2,278	2,454	2,821	2,270	2,210
Other specified purposes	141	240	374	2,566	2,313
Unrestricted (deficit)	(20,846)	(24,049)	(23,380)	(20,910)	(21,696)
Total governmental activities net assets	**$ 42,396**	**$ 39,086**	**$ 41,190**	**$ 45,997**	**$ 45,327**
Business-type activities:					
Invested in capital assets, net of related debt	$ (520)	$ 23	$ 63	$ 9	$ 207
Restricted for:					
Unemployment benefits	659	372	596	1,130	1,308
Other specified purposes	1,492	1,224	1,255	1,387	1,448
Unrestricted	869	469	731	610	636
Total business-type activities net assets	**$ 2,500**	**$ 2,088**	**$ 2,645**	**$ 3,136**	**$ 3,599**
Primary government:					
Invested in capital assets, net of related debt	$ 60,303	$ 60,464	$ 61,438	$ 62,080	$ 62,707
Restricted for:					
Unemployment benefits	659	372	596	1,130	1,308
Debt service	2,278	2,454	2,821	2,270	2,210
Other specified purposes	1,633	1,464	1,629	3,953	3,761
Unrestricted (deficit)	(19,977)	(23,580)	(22,649)	(20,300)	(21,060)
Total primary government net assets	**$ 44,896**	**$ 41,174**	**$ 43,835**	**$ 49,133**	**$ 48,926**

Source: Office of the State Comptroller

Changes in Net Assets

LAST FIVE FISCAL YEARS

(Accrual basis of accounting)
(Amounts in millions)

	Fiscal Year 2003	2004	2005	2006	2007
EXPENSES:					
Governmental activities:					
Education	$ 21,215	$ 22,845	$ 24,023	$ 25,303	$ 28,222
Public health	35,427	38,013	39,540	41,631	44,869
Public welfare	11,230	11,642	10,697	10,669	11,291
Public safety	4,948	5,961	5,597	5,001	5,521
Transportation	6,043	4,740	4,614	5,836	5,893
Environment and recreation	1,163	1,259	1,324	1,193	1,226
Support and regulate business	873	1,250	927	1,507	1,062
General government	6,467	7,041	6,937	8,280	8,684
Interest on long-term debt	1,206	1,851	1,684	1,712	1,478
Total governmental activities expenses	**88,572**	**94,602**	**95,343**	**101,132**	**108,246**
Business-type activities:					
Lottery	3,717	3,993	4,298	4,721	4,945
Unemployment insurance	4,590	3,877	2,638	2,507	2,344
State University of New York	5,484	5,732	6,138	6,396	7,003
City University of New York	1,852	1,953	1,903	2,056	2,246
Total business-type activities expenses	**15,643**	**15,555**	**14,977**	**15,680**	**16,538**
Total primary government expenses	**$ 104,215**	**$ 110,157**	**$ 110,320**	**$ 116,812**	**$ 124,784**
PROGRAM REVENUES:					
Governmental activities:					
Charges for services:					
Education	$ 144	$ 158	$ 125	$ 123	$ 95
Public health	3,350	3,305	3,437	8,273	5,141
Public welfare	561	708	313	702	385
Public safety	222	158	193	198	185
Transportation	203	318	209	216	235
Environment and recreation	286	321	246	227	258
Support and regulate business	443	398	247	276	487
General government	670	1,627	2,122	1,724	1,050
Operating grants and contributions	34,383	36,526	36,020	35,333	36,752
Capital grants and contributions	1,158	1,047	1,423	1,277	1,392
Total governmental activities program revenues	**41,420**	**44,566**	**44,335**	**48,349**	**45,980**
Business-type activities:					
Charges for services:					
Lottery	5,396	5,848	6,271	6,803	7,175
State University of New York	2,243	2,152	2,726	2,700	2,948
City University of New York	330	373	437	463	484
Operating grants and contributions	5,551	5,389	4,762	4,736	4,504
Capital grants and contributions	342	242	256	388	369
Total business-type activities program revenues	**13,862**	**14,004**	**14,452**	**15,090**	**15,480**
Total primary government program revenues	**$ 55,282**	**$ 58,570**	**$ 58,787**	**$ 63,439**	**$ 61,460**
NET (EXPENSE)/REVENUE:					
Governmental activities	$ (47,152)	$ (50,036)	$ (51,008)	$ (52,783)	$ (62,266)
Business-type activities	(1,781)	(1,551)	(525)	(590)	(1,058)
Total primary government net expense	**$ (48,933)**	**$ (51,587)**	**$ (51,533)**	**$ (53,373)**	**$ (63,324)**

(Continued)

Changes in Net Assets (cont'd)

LAST FIVE FISCAL YEARS

(Accrual basis of accounting)
(Amounts in millions)

	Fiscal Year				
	2003	2004	2005	2006	2007
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:					
Governmental activities:					
Taxes:					
Personal income	$ 21,945	$ 25,129	$ 28,344	$ 31,694	$ 34,745
Consumption and use	11,404	12,528	13,703	13,837	13,561
Business	5,049	4,832	5,676	6,901	8,527
Other	1,214	1,217	1,817	1,897	2,022
Grants and contributions not restricted to specific programs	—	645	—	—	—
Investment earnings	282	444	683	685	833
Miscellaneous	3,736	3,171	4,107	4,055	4,240
Transfers	(1,761)	(1,240)	(1,218)	(1,479)	(2,332)
Total governmental activities	**41,869**	**46,726**	**53,112**	**57,590**	**61,596**
Business-type activities:					
Investment earnings	391	169	81	127	366
Miscellaneous	188	173	453	505	292
Transfers	1,015	797	548	449	863
Total business-type activities	**1,594**	**1,139**	**1,082**	**1,081**	**1,521**
Total primary government	**$ 43,463**	**$ 47,865**	**$ 54,194**	**$ 58,671**	**$ 63,117**
CHANGE IN NET ASSETS:					
Governmental activities	$ (5,283)	$ (3,310)	$ 2,104	$ 4,807	$ (670)
Business-type activities	(187)	(412)	557	491	463
Total primary government	**$ (5,470)**	**$ (3,722)**	**$ 2,661**	**$ 5,298**	**$ (207)**

Source: Office of the State Comptroller

Fund Balances

GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS

(Modified accrual basis of accounting)
(Amounts in millions)

	Fiscal Year 2003	2004	2005	2006	2007
General Fund:					
Reserved	$ 1,216	$ 1,782	$ 1,773	$ 1,798	$ 2,011
Unreserved	(4,536)	(2,063)	(1,227)	384	373
Total general fund	**$ (3,320)**	**$ (281)**	**$ 546**	**$ 2,182**	**$ 2,384**
All Other Governmental Funds:					
Reserved	$ 7,611	$ 9,051	$ 9,099	$ 11,277	$ 10,652
Unreserved, reported in:					
Federal special revenue funds	(496)	(700)	(768)	(1,026)	(900)
Special revenue funds	2,917	2,260	3,110	3,938	3,584
Capital projects funds	(4,202)	(4,580)	(4,121)	(4,544)	(4,089)
Debt service funds	450	447	441	329	480
Total all other governmental funds	**$ 6,280**	**$ 6,478**	**$ 7,761**	**$ 9,974**	**$ 9,727**

Source: Office of the State Comptroller

Tax Receipts by Source

GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)
(Amounts in millions)

Fiscal Year	Personal Income	Sales and Use	Motor Fuel	Corporate Franchise	Cigarette	Corporate & Utility	Other Miscellaneous	Total Taxes Collected By Year
1997-1998	$ 17,759	$ 7,562	$ 492	$ 2,343	$ 676	$ 1,745	$ 4,814	$ 35,391
1998-1999	20,662	7,912	502	2,262	667	1,728	4,848	38,581
1999-2000	21,533	8,532	519	2,168	643	1,692	4,642	39,729
2000-2001	26,892	8,732	510	2,631	528	1,009	4,306	44,608
2001-2002	27,414	8,540	489	1,702	532	1,218	4,420	44,315
2002-2003	23,698	8,796	544	1,612	447	1,091	4,488	40,676
2003-2004	24,050	9,907	516	1,700	419	882	4,780	42,254
2004-2005	27,997	11,016	530	2,110	406	827	5,609	48,495
2005-2006	30,813	11,195	531	3,053	974	832	6,245	53,643
2006-2007	34,580	10,738	513	4,228	985	820	6,876	58,740

Source: Office of the State Comptroller
New York State Division of the Budget

Program Revenues by Function/Program

LAST FIVE FISCAL YEARS

(Accrual basis of accounting)
(Amounts in millions)

	Program Revenues				
	2003	2004	2005	2006	2007
FUNCTION/PROGRAM:					
Governmental activities:					
Education	$ 2,628	$ 3,259	$ 3,480	$ 3,833	$ 3,766
Public health	24,636	26,505	26,878	31,526	29,514
Public welfare	9,046	8,321	7,678	8,204	7,882
Public safety	1,727	2,170	1,452	480	697
Transportation	1,554	1,620	1,873	1,782	1,924
Environment and recreation	552	538	496	428	451
Support and regulate business	475	406	266	299	503
General government	802	1,747	2,212	1,797	1,243
Total governmental activities	**41,420**	**44,566**	**44,335**	**48,349**	**45,980**
Business-type activities:					
Lottery	5,396	5,848	6,271	6,803	7,175
Unemployment insurance	3,911	3,590	2,727	2,754	2,490
State University of New York	3,428	3,532	4,160	4,141	4,388
City University of New York	1,127	1,034	1,294	1,392	1,427
Total business-type activities	**13,862**	**14,004**	**14,452**	**15,090**	**15,480**
Total primary government	**$ 55,282**	**$ 58,570**	**$ 58,787**	**$ 63,439**	**$ 61,460**

Source: Office of the State Comptroller

New York State and Local Retirement Systems—Changes in Net Assets

LAST EIGHT FISCAL YEARS

(Amounts in thousands)

	Fiscal Year				
	2000	2001	2002	2003	2004
Additions:					
Member contributions	$ 422,743	$ 319,063	$ 210,202	$ 219,192	$ 221,871
Employer contributions	164,547	214,766	263,846	651,931	1,286,455
Investment income (loss), net of expenses	19,276,908	(11,170,822)	2,730,952	(11,235,815)	27,334,752
Other	139,758	116,361	119,366	109,730	77,148
Total additions to plan net assets	**20,003,956**	**(10,520,632)**	**3,324,366**	**(10,254,962)**	**28,920,226**
Deductions:					
Retirement allowances	3,577,390	4,028,018	4,336,455	4,836,206	5,190,147
Death benefits	142,780	152,941	151,796	148,372	157,314
Administrative expenses	50,653	57,806	66,612	67,496	69,612
Other	66,918	86,449	88,121	45,188	76,816
Total deductions from plan assets	**3,837,741**	**4,325,214**	**4,642,984**	**5,097,262**	**5,493,889**
Change in net assets	**$ 16,166,215**	**$ (14,845,846)**	**$ (1,318,618)**	**$ (15,352,224)**	**$ 23,426,337**

Source: New York State and Local Retirement System

Notes: For additional information, please see www.osc.state.ny.us/retire/publications/index.htm

Fiscal Year

2005	2006	2007
$ 227,308	$ 241,173	$ 250,158
2,964,843	2,782,147	2,718,551
9,679,979	17,615,876	17,416,082
122,767	94,556	131,863
12,994,897	**20,733,752**	**20,516,654**
5,512,849	5,867,718	6,218,783
161,857	161,249	164,632
65,324	78,506	48,316
16,159	43,901	79,772
5,756,189	**6,151,374**	**6,511,503**
$ 7,238,708	**$ 14,582,378**	**$ 14,005,151**

Taxable Sales by Industry

SIX YEARS STATED

(Amounts in thousands)

Industry	March 1998 to February 1999	March 1999 to February 2000	March 2000 to February 2001	March 2001 to February 2002	March 2002 to February 2003
Utilities (excluding residential energy)	$ 5,496,944	$ 5,764,025	$ 7,003,566	$ 7,481,918	$ 7,264,232
Construction	3,686,658	4,045,868	4,615,326	4,496,170	4,495,756
Manufacturing	5,221,251	5,368,759	5,780,782	5,336,939	5,096,886
Wholesale Trade	16,211,389	16,878,347	18,687,773	16,983,071	16,602,558
Motor Vehicles and Parts	18,875,571	21,521,394	23,150,843	24,907,570	26,042,616
Furniture and Home Furnishings	4,517,121	4,486,670	4,871,694	5,074,304	5,226,201
Electronics and Appliances	4,355,326	5,338,392	5,520,155	5,377,031	5,460,651
Building Materials and Garden Equipment	7,637,170	8,565,781	9,253,080	9,532,223	9,998,490
Food and Beverage	8,732,194	8,429,702	8,719,799	9,532,610	9,626,743
Health and Personal Care	2,644,000	3,312,810	3,343,957	3,379,821	3,450,280
Gasoline Stations	4,921,367	6,302,241	7,234,739	7,101,992	7,463,037
Clothing (excluding local sales)	11,058,437	12,110,125	5,293,760	4,915,264	5,045,338
Sporting Goods, Hobby, Book and Music Stores	4,102,581	4,537,478	4,114,452	4,008,866	3,974,229
General Merchandise	14,481,128	15,139,155	10,684,452	11,062,242	11,641,322
Miscellaneous Retail	7,593,152	5,118,951	5,266,148	5,777,126	5,971,711
Nonstore Retail	2,138,561	2,684,290	2,844,474	2,699,456	2,872,929
Information	13,366,293	14,312,358	15,427,550	15,739,280	15,747,564
Professional, Scientific, and Technical	3,700,982	4,509,175	5,363,624	4,709,711	4,253,090
Administrative/Support Services	5,103,060	5,975,796	6,752,132	6,598,848	6,634,385
Health Care	220,796	217,755	222,060	235,666	243,987
Arts, Entertainment, and Recreation	1,947,055	2,158,918	2,321,148	2,439,366	2,427,310
Accommodation and Food Services:					
Food Services	19,262,375	15,003,033	16,982,576	17,651,930	18,180,033
Accommodation	—	5,957,183	6,513,765	5,435,767	5,646,772
Other Services:					
Repair and Maintenance	3,108,285	3,682,433	4,027,719	3,858,356	3,937,941
Personal and Laundry Services	1,311,739	1,498,095	1,674,343	1,591,677	1,707,882
All Other Services	1,018,080	332,792	404,923	595,553	560,129
Ag., Mining, Trans., FIRE, Educ., Govt	9,923,644	9,260,624	10,348,381	10,567,486	10,357,638
Unclassified by Industry	981,468	5,716,682	2,498,603	369,254	982,602
Total	**$ 181,616,629**	**$ 198,228,832**	**$ 198,921,824**	**$ 197,459,497**	**$ 200,912,312**

Source: New York State Department of Taxation and Finance (www.tax.state.ny.us)

Notes:

(1) Sales tax rates based on statute. Rates subject to change annually based on exemptions granted by law.

(2) Please see 2006-07 Executive Budget Overview—"Sweeping Tax Cuts" for additional information. (www.budget.state.ny.us)

March 2003 to February 2004
$ 7,313,487
4,583,970
5,239,615
17,139,807
28,422,310
5,358,861
4,417,144
10,820,955
10,254,473
3,653,851
7,916,931
12,285,606
4,736,900
17,184,978
5,768,894
3,482,160
16,267,274
4,484,217
6,438,816
262,773
2,539,811
18,875,463
5,839,321
4,441,803
1,781,564
461,954
9,322,209
1,671,289
$ 220,966,436

Personal Income Tax Filers and Liability by Income Level

FOR SIX YEARS STATED

(Amounts in thousands)

1998
Income Tax Components of Full-Year Residents (All Returns) in 1998

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under $5,000	1,062,737	14%	$ (27,534)	0%
$ 5,000–9,999	892,294	12%	(99,779)	–1%
10,000–19,999	1,355,408	18%	5,950	0%
20,000–29,999	1,048,161	14%	561,772	3%
30,000–39,999	799,521	10%	889,023	5%
40,000–49,999	576,698	8%	939,646	6%
50,000–59,999	442,064	6%	953,279	6%
60,000–74,999	466,658	6%	1,327,195	8%
75,000–99,999	437,393	6%	1,732,740	11%
100,000–199,999	405,488	5%	2,884,389	18%
200,000 and over	163,656	2%	7,035,085	43%
Total	**7,650,078**	**100%**	**$16,201,766**	**100%**

1999
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 1999

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under $5,000	1,067,000	14%	$ (27,952)	0%
$ 5,000–9,999	873,229	11%	(93,715)	–1%
10,000–19,999	1,338,164	17%	(3,093)	0%
20,000–29,999	1,042,293	13%	536,980	3%
30,000–39,999	814,459	10%	891,926	5%
40,000–49,999	588,527	8%	961,664	5%
50,000–59,999	450,140	6%	978,580	5%
60,000–74,999	485,419	6%	1,388,686	8%
75,000–99,999	466,673	6%	1,858,354	10%
100,000–199,999	459,964	6%	3,299,057	18%
200,000 and over	188,129	2%	8,153,678	45%
Total	**7,773,997**	**100%**	**$17,944,165**	**100%**

2002
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 2002

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under $5,000	1,147,330	14%	$ (46,412)	0%
$ 5,000–9,999	851,799	11%	(144,238)	–1%
10,000–19,999	1,314,760	16%	(188,667)	–1%
20,000–29,999	1,033,443	13%	416,859	2%
30,000–39,999	825,347	10%	858,914	5%
40,000–49,999	621,435	8%	980,604	6%
50,000–59,999	459,327	6%	968,129	6%
60,000–74,999	519,994	6%	1,457,215	8%
75,000–99,999	525,565	7%	2,041,915	12%
100,000–199,999	533,802	7%	3,746,124	21%
200,000 and over	196,969	2%	7,379,544	42%
Total	**8,029,771**	**100%**	**$17,469,989**	**100%**

2003(1)
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 2003

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under $5,000	1,174,853	15%	$ (53,777)	0%
$ 5,000–9,999	833,759	10%	(164,814)	–1%
10,000–19,999	1,285,687	16%	(279,415)	–1%
20,000–29,999	1,017,276	13%	336,793	2%
30,000–39,999	820,358	10%	816,554	4%
40,000–49,999	619,173	8%	959,105	5%
50,000–59,999	459,446	6%	956,322	5%
60,000–74,999	515,069	6%	1,428,386	8%
75,000–99,999	536,852	7%	2,068,743	11%
100,000–199,999	560,063	7%	3,954,366	21%
200,000 and over	203,810	3%	8,924,744	47%
Total	**8,026,346**	**100%**	**$18,947,007**	**100%**

Source: New York State Department of Taxation and Finance

Notes:

(1) Calendar Years after 2003 are not yet available, please see www.tax.state.ny.us for additional information.

(2) Due to rounding, percentages may not total 100 percent.

2000
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 2000

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under $5,000	1,082,379	13%	$ (33,430)	0%
$ 5,000–9,999	912,361	11%	(134,835)	–1%
10,000–19,999	1,372,544	17%	(52,310)	0%
20,000–29,999	1,076,279	13%	531,738	3%
30,000–39,999	840,802	10%	916,843	4%
40,000–49,999	615,956	8%	1,002,229	5%
50,000–59,999	468,257	6%	1,014,292	5%
60,000–74,999	513,045	6%	1,472,446	7%
75,000–99,999	505,027	6%	2,015,234	10%
100,000–199,999	519,221	6%	3,735,901	18%
200,000 and over	217,173	3%	10,529,250	50%
Total	**8,123,044**	**100%**	**$20,997,359**	**100%**

2001
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 2001

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under $5,000	1,099,726	14%	$ (36,957)	0%
$ 5,000–9,999	865,739	11%	(138,532)	–1%
10,000–19,999	1,335,044	17%	(123,275)	–1%
20,000–29,999	1,052,949	13%	484,510	3%
30,000–39,999	837,757	10%	897,780	5%
40,000–49,999	619,279	8%	996,088	5%
50,000–59,999	464,371	6%	995,479	5%
60,000–74,999	515,464	6%	1,466,090	8%
75,000–99,999	515,543	6%	2,033,086	11%
100,000–199,999	528,198	7%	3,746,962	20%
200,000 and over	203,001	3%	8,507,936	45%
Total	**8,037,071**	**100%**	**$18,829,167**	**100%**

Personal Income by Industry

LAST SIX CALENDAR YEARS

(Amounts in millions)

	Calendar Year				
	2001	2002	2003	2004	2005
Total personal income	**$ 679,885**	**$ 677,604**	**$ 691,123**	**$ 737,755**	**$ 805,717**
Farm earnings	851	596	781	805	1,029
Nonfarm earnings	550,299	548,911	557,906	595,910	640,427
Private earnings	474,031	468,952	474,881	508,731	547,340
Agricultural services, forestry, fishing	1,279	1,226	1,214	1,245	1,300
Mining	1,212	942	829	934	1,044
Utilities	5,178	5,483	5,576	5,708	6,056
Construction	22,736	23,097	23,450	24,559	25,880
Manufacturing	42,787	42,360	43,133	43,719	44,750
Wholesale trade	25,344	25,391	26,278	27,831	29,324
Retail trade	27,203	28,185	29,067	30,537	32,704
Transportation and warehousing	11,778	11,648	11,941	12,559	13,368
Information	33,224	33,482	34,470	36,015	37,930
Finance and insurance	102,845	92,368	89,925	102,607	112,614
Real estate, rental and leasing	13,991	13,657	15,570	14,893	16,105
Professional and technical services	61,633	59,209	58,694	62,741	69,610
Management of companies and enterprises	14,707	16,101	15,591	16,591	17,411
Administrative and waste services	16,616	16,698	17,433	18,596	20,562
Educational services	10,553	11,298	12,100	12,880	14,195
Health care and social assistance	51,234	54,547	57,000	60,445	64,775
Arts, entertainment, and recreation	7,012	7,341	7,629	8,300	8,818
Accommodation and food services	11,439	11,832	12,346	13,112	14,150
Other services, except public administration	13,252	14,079	14,806	15,451	16,745
Government and government enterprises	76,268	79,959	83,025	87,179	93,086
Federal, civilian	9,522	10,080	10,189	10,813	11,330
Military	1,719	1,991	2,442	2,626	2,921
State and local	65,027	67,887	70,392	73,738	78,835

Source: Bureau of Economic Analysis

Notes:

(1) Deviation between personal income and earnings by industry are due to dividends, interest, rent, personal current transfer receipts, contributions for government social insurance, employee and self-employed contributions for government social insurance, and adjustment for residence.

(2) Calendar year 2006 data is estimated, 2007 data is not yet available, for more information please see www.bea.gov.

Calendar Year 2006
$ **818,426**
592
667,882
574,142
1,255
2,175
5,762
27,266
45,552
30,446
33,112
13,636
38,277
120,710
17,321
76,751
18,708
20,661
14,588
67,272
8,790
14,757
17,100
93,740
10,939
3,340
79,460

Personal Income Tax Rates

LAST TEN CALENDAR YEARS

		Top Income Tax Rate is Applied to Taxable Income in Excess of			
Year	Top Rate	Single	Married Filing Jointly	Head of Household	Average Effective Rate(1)
1997	6.85%	$ 20,000	$ 40,000	$ 30,000	3.10%
1998	6.85%	20,000	40,000	30,000	3.19%
1999	6.85%	20,000	40,000	30,000	3.49%
2000	6.85%	20,000	40,000	30,000	3.47%
2001	6.85%	20,000	40,000	30,000	4.06%
2002	6.85%	20,000	40,000	30,000	4.03%
2003	7.70%	500,000	500,000	500,000	3.50%
2004	7.70%	500,000	500,000	500,000	3.48%
2005	7.70%	500,000	500,000	500,000	3.79%
2006	6.85%	20,000	40,000	30,000	3.82%

Source: New York State Department of Taxation and Finance (www.tax.state.ny.us)

Notes:

(1) Fiscal year personal income tax collections divided by prior-year personal income.

(2) See Exhibit Demographic and Economic Statistics for personal income and population data.

(3) See Exhibit Tax Receipts by Source for personal income tax collections.

Ratios of Outstanding Debt by Type

LAST SIX FISCAL YEARS

(Amounts in millions except per capita)

	Governmental Activities		Business-type Activities			
Fiscal Year	General Obligation Bonds[(1)]	Other Financing Arrangements[(2)]	Other Financing Arrangements[(3)]	Total Primary Government	Percentage of Personal Income[(4)]	Debt Per Capita[(4)]
2001-2002	$ 4,142	$ 25,561	$ 7,339	$ 37,042	5%	$ 1,948
2002-2003	3,998	27,880	7,444	39,322	6%	2,053
2003-2004	3,825	35,084	8,025	46,934	7%	2,446
2004-2005	3,692	35,911	7,938	47,541	6%	2,473
2005-2006	3,511	35,763	7,825	47,099	6%	2,446
2006-2007	3,344	37,031	8,386	48,761	6%	2,526

Source: Office of the State Comptroller

Notes:

(1) General Obligation Debt figures include par value, premiums and discounts.

(2) Other Financing Arrangements for Governmental Activities include, Capital Lease Obligations, Unamortized Bond Premiums and Discounts, and other State Supported debt as defined by the State Finance Law.

(3) Other Financing Arrangements for Business Type Activities include Capital Lease Obligations, Mortgage Loan Commitments and Certificates of Participation.

(4) See Exhibit: Demographic and Economic Statistics for personal income and population data.

Legal Debt Margin Information

LAST SIX FISCAL YEARS

(Amounts in millions)

	Fiscal Year				
	2002	2003	2004	2005	2006
Authorized Debt Limit—General Obligation Debt:					
Transportation Bonds	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 10,400
Environmental Bonds	5,650	5,650	5,650	5,650	5,650
Housing Bonds	1,135	1,135	1,135	1,135	1,135
Education Bonds	250	250	250	250	250
Total General Obligation Debt	**14,535**	**14,535**	**14,535**	**14,535**	**17,435**
Local Government Assistance Corporation	4,700	4,700	4,700	4,700	4,700
Other Lease Purchase and Contractual Financing Arrangements	38,352	42,542	44,079	58,575[1]	64,315
Total Authorized Debt	**$ 57,587**	**$ 61,777**	**$ 63,314**	**$ 77,810**	**$ 86,450**
Total debt applicable to limit:[2]					
General Obligation[3]	$ 4,142	$ 3,996	$ 3,804	$ 3,652	$ 3,470
Local Government Assistance Corporation	4,621	4,575	4,569	4,449	4,317
Other Lease Purchase and Contractual Financing Arrangements	27,534	29,672	36,696	37,279	36,908
Direct Debt	**36,297**	**38,243**	**45,069**	**45,380**	**44,695**
Legal Debt Margin	**$ 21,290**	**$ 23,534**	**$ 18,245**	**$ 32,430**	**$ 41,755**
Total net debt applicable to the limit as a percentage of debt limit	**63.03%**	**61.90%**	**71.18%**	**58.32%**	**51.70%**

Sources:

Office of the State Comptroller

New York State Division of the Budget, Annual information Statement

Notes:

(1) The increase in 2005 Other Lease Purchase and Contractual Financing Arrangements relates to the increase in authorization of lease purchases for the Thruway Authority and SUNY, resulting in an increase of the Legal Debt margin for 2005.

(2) Amount of debt applicable to limitations is dependent upon authorization language.

(3) General Obligation Debt stated at par.

(4) For additional information please see the notes to the financial statements and www.budget.state.ny.us.

(5) Balances have been restated for prior period adjustments, corrections and reclassifications when practical.

Fiscal Year
2007
$ 10,400
5,650
1,135
250
17,435
4,700
69,889
$ 92,024
$ 3,302
4,204
38,750
46,256
$ 45,768
50.27%

Ratios of General Obligation Debt Outstanding and Legal Debt Margin

LAST SIX FISCAL YEARS

(Amounts in millions)

	Fiscal Year				
	2002	2003	2004	2005	2006
General Obligation Debt Outstanding:					
General obligation bonds[(1)]	**$ 4,142**	**$ 3,996**	**$ 3,804**	**$ 3,652**	**$ 3,470**
Per capita	**$ 218**	**$ 209**	**$ 198**	**$ 190**	**$ 180**
Legal debt limit	$ 14,535	$ 14,535	$ 14,535	$ 14,535	$ 17,435[(2)]
Total net debt applicable to debt limit	4,142	3,996	3,804	3,652	3,470
Legal debt margin	**$ 10,393**	**$ 10,539**	**$ 10,731**	**$ 10,883**	**$ 13,965**
Legal debt margin as a percentage of the debt limit	**71.50%**	**72.51%**	**73.83%**	**74.87%**	**80.10%**

Sources:

Office of the State Comptroller

New York State Division of the Budget, Annual information Statement

Notes:

(1) General Obligation Debt stated at par.

(2) The increase in the Legal Debt Limit in 2006 is related to the increase in authorization of Transportation bonds.

(3) For additional information please see the notes to the financial statements and www.budget.state.ny.us.

Fiscal Year
2007
$ 3,302
$ 171
$ 17,435
3,302
$ 14,133
81.06%

Pledged Revenue Coverage

TEN FISCAL YEARS STATED

(Cash basis of accounting)
(Amounts in thousands)

New York Local Government Assistance Corporation Bonds[(a)]

	Sales Tax Revenues				
Fiscal Year	Revenue Bond Tax Fund Receipts	Operating Expenses	Net Available Revenues	Annual Debt Service	Debt Service Coverage
1997-1998	$ 1,813,532	$ 4,000	$ 1,809,532	$ 326,596	5.54
1998-1999	1,893,821	3,375	1,890,446	335,744	5.63
1999-2000	2,045,844	13,000	2,032,844	315,313	6.45
2000-2001	2,091,901	10,676	2,081,225	323,631	6.43
2001-2002	2,043,674	4,000	2,039,674	290,125	7.03
2002-2003	2,106,477	4,000	2,102,477	183,498	11.46
2003-2004	2,266,814	4,000	2,262,814	291,618	7.76
2004-2005	2,492,739	6,000	2,486,739	306,023	8.13
2005-2006	2,614,565	8,000	2,606,565	313,265	8.32
2006-2007	2,511,476	6,000	2,505,476	418,770	5.98

New York State Personal Income Tax Revenue Bonds[(b)]

	Personal Income Tax Revenues				
Fiscal Year	Revenue Bond Tax Fund Receipts	Operating Expenses	Net Available Revenues	Annual Debt Service	Debt Service Coverage
2003-2004	$ 5,456,943	$ 884	$ 5,456,059	$ 257,967	21.15
2004-2005	6,260,277	1,069	6,259,208	346,895	18.04
2005-2006	6,899,930	2,058	6,897,872	515,627	13.38
2006-2007	7,646,505	4,010	7,642,495	670,600	11.40

Source: Office of the State Comptroller

Notes:

New York Local Government Assistance Corporation Bonds

(a) An amount equal to one-cent of the State's sales tax, less refunds to taxpayers, is to be deposited in the Local Government Assistance Tax Fund. The monies of such Fund are reserved for payment to the New York Local Assistance Corporation to enable it to meet principal and interest on its bonds. Monies in the Local Government Assistance Tax Fund in excess of debt service requirements and administrative expenses of the New York Local Government Assistance Corporation are required to be transferred to the General Fund.

New York State Personal Income Tax Revenue Bonds

(b) 25 percent of New York State Personal Income Tax Receipts less refunds to taxpayers, is to be deposited in the Revenue Bond Tax Fund. The monies of such fund are reserved for payment of debt service on Personal Income Tax revenue Bonds, since the Enabling Act originally has been in effect, beginning the 2003-2004 fiscal year. Monies in the Revenue Bond Tax Fund in excess of debt service requirements are required to be transferred to the General Fund.

Ratios of General Bonded Debt Outstanding

LAST SIX FISCAL YEARS
(Amounts in millions)

	General Bonded Debt Outstanding	
Fiscal Year	General Obligation Bonds[(1)]	Per Capita[(2)]
2001-2002	$ 4,142	$ 218
2002-2003	3,998	209
2003-2004	3,825	199
2004-2005	3,692	192
2005-2006	3,511	182
2006-2007	3,344	173

Source: Office of the State Comptroller

Notes:

(1) General Obligation Debt figures include par value, premiums and discounts.

(2) See Exhibit: Demographic and Economic Statistics for population data.

Demographic and Economic Statistics I

LAST TEN CALENDAR YEARS

Year	Population (1000s)	Personal Income (1000s)	Per Capita Personal Income	Unemployment Rate
1997	18,137	$557,023,833	$ 30,712	6.4%
1998	18,175	591,847,125	32,564	5.6%
1999	18,197	619,658,834	34,053	5.1%
2000	18,976	663,005,163	34,939	4.6%
2001	19,011	679,885,648	35,763	4.9%
2002	19,158	677,604,314	35,369	5.8%
2003	19,190	691,123,302	36,015	6.0%
2004	19,227	737,755,932	38,371	5.5%
2005	19,255	805,717,000	41,845	4.8%
2006	19,306	818,426,220	42,392	4.4%

Sources:

Bureau of Economic Analysis

U.S. Department of Commerce

U.S. Census Bureau

New York State Department of Labor

Twenty-Five Largest Private Sector Employers

SIX YEARS STATED

2001	2002	2003
The Bank of New York Company, Inc.	The Bank of New York Company, Inc.	The Bank of New York Company, Inc.
J.P. Morgan Chase	Citibank NA	Citibank NA
Citigroup, Inc.	Eastman Kodak Company	Eastman Kodak Company
Eastman Kodak Company	Eckerd (CVS Corporation)	Eckerd (CVS Corporation)
Federated Corporate Services	Fleet National Bank	Fleet National Bank
General Electric Company	General Electric Company	General Electric Company
Goldman Sachs & Company	Goldman Sachs & Company	Goldman Sachs & Company
International Business Machines Corporation	HSBC Bank USA	HSBC Bank USA
J.C.Penny	International Business Machines Corporation	International Business Machines Corporation
K-Mart	J.P. Morgan Chase	J.P. Morgan Chase
Merrill Lynch & Company, Inc.	K-Mart	K-Mart
Pathmark	Macy's (Federated Department Stores)	Macy's (Federated Department Stores)
Republic National Bank of NY	Merrill Lynch	Merrill Lynch
Rite Aid	Pathmark Stores Incorporated	Pathmark Stores Incorporated
Salomon Smith Barney, Inc.	Price Chopper Operating Company, Inc.	Price Chopper Operating Company, Inc.
Sears Roebuck & Company	Salomon Smith Barney	Salomon Smith Barney
The Golub Corporation	Sears Roebuck & Company	Sears Roebuck & Company
The Home Depot	Stop & Shop	Stop & Shop
Tops, Inc.	The Gap, Incorporated	The Gap, Incorporated
The Gap, Inc	The Home Depot	The Home Depot
United Parcel Service, Inc.	Tops Markets (Ahold USA Inc)	Tops Markets (Ahold USA Inc)
Verizon Communications	United Parcel Service, Inc.	United Parcel Service, Inc.
Wal-Mart Stores	Wal-Mart Stores	Wal-Mart Stores
Wegmans Food Markets, Inc	Wegmans Food Markets, Inc.	Wegmans Food Markets, Inc.
Xerox Corporation	Xerox Corporation	Xerox Corporation

Source: New York State Empire State Development Corporation

Notes: Calendar Year 2006 information is not yet available.

Private sector employers are listed in alphabetical order.

2004

The Bank of New York Company, Inc.
Citibank NA
Eastman Kodak Company
Eckerd (CVS Corporation)
Fleet National Bank
General Electric Company
Goldman Sachs & Company
HSBC Bank USA
International Business Machines Corporation
J.P. Morgan Chase
K-Mart
Macy's (Federated Department Stores)
Merrill Lynch
Pathmark Stores Incorporated
Price Chopper Operating Company, Inc.
Salomon Smith Barney
Sears Roebuck & Company
Stop & Shop
The Gap, Incorporated
The Home Depot
Tops Markets (Ahold USA Inc)
United Parcel Service, Inc.
Wal-Mart Stores
Wegmans Food Markets, Inc.
Xerox Corporation

2005

The Bank of New York Company, Inc.
Citibank NA
Eastman Kodak Company
Eckerd (CVS Corporation)
Fleet National Bank
Goldman Sachs & Company
HSBC Bank USA
International Business Machines Corporation
J.P. Morgan Chase
Macy's (Federated Department Stores)
Pathmark Stores Incorporated
Golub Corporation
Rite-Aid
Salomon Smith Barney
Sears Roebuck & Company
Stop & Shop
Target
The Gap, Incorporated
The Home Depot
Tops Markets (Ahold USA Inc)
United Parcel Service, Inc.
Waldbaum Incorporated (The A&P Company)
Wal-Mart Stores
Wegmans Food Markets, Inc.
Xerox Corporation

2006

Data not available

Demographic and Economic Statistics II

LAST TEN CALENDAR YEARS

Year	Population: U.S. Population (1000s)	Change from Prior Period	State of New York (1000s)	Change from Prior Period
1997	267,784	0.96%	18,137	–0.26%
1998	270,248	0.92%	18,175	0.21%
1999	272,691	0.90%	18,197	0.12%
2000	282,193	3.48%	18,976	4.28%
2001	285,108	1.03%	19,011	0.18%
2002	287,985	1.01%	19,158	0.77%
2003	290,850	0.99%	19,190	0.17%
2004	293,657	0.97%	19,227	0.19%
2005	296,410	0.94%	19,255	0.15%
2006	299,398	1.01%	19,306	0.26%

Sources:

U.S. Census Bureau

Bureau of Economic Analysis

New York State Department of Labor

New York State Department of Motor Vehicles

New York State Education Department

Government Employees by Level of Government

NEW YORK STATE 1996–2005

(Annual averages in thousands)

Fiscal Years	Employees: State	Local
1996	260.6	995.1
1997	257.4	1,007.6
1998	256.7	1,027.1
1999	258.8	1,045.5
2000	261.7	1,059.0
2001	263.3	1,064.2
2002	267.8	1,086.6
2003	263.7	1,088.9
2004	261.8	1,091.6
2005	261.4	1,098.3

Source: 2006 New York State Statistical Yearbook, Rockefeller Institute of Government

Notes:

(1) For State employees annual average of the number of checks issued as of the pay period including the 12th of the month, regardless of funding source, to individuals in: State departments and agencies; Legislature; Judiciary; public authorities; and miscellaneous boards and commissions.

(2) Local government employees includes full- and part-time employees of counties, cities, villages and towns, engaged in educational or noneducational functions.

Per Capita Personal Income			Civilian Labor Force				
U.S.	State of New York	New York as a Percentage of U.S.	Employed (1000s)	Unemployed (1000s)	Unemployment Rate	Public School Enrollment	Motor Vehicles Registered
25,334	30,712	121.2%	8,389	514	6.4%	2,829,926	10,027,422
26,883	32,564	121.1%	8,518	461	5.6%	2,843,526	10,173,646
27,939	34,053	121.9%	8,626	431	5.1%	2,850,824	10,436,939
29,845	34,939	117.1%	8,729	397	4.6%	2,844,110	10,661,161
30,574	35,763	117.0%	8,711	370	4.9%	2,839,536	10,706,563
30,810	35,369	114.8%	8,712	542	5.8%	2,832,217	10,445,409
31,484	36,015	114.4%	8,675	556	6.0%	2,875,088	10,414,200
33,050	38,371	116.1%	8,741	506	5.5%	2,857,079	10,449,816
34,586	41,845	121.0%	8,902	444	4.8%	2,864,037	10,476,513
36,276	42,392	116.9%	9,033	412	4.4%	2,776,870	10,551,341

Select State Agency Employment

MARCH 2007

Agency	Actual March 2006	Estimated March 2007
Major Agencies:		
State University	39,195	39,400
Correctional Services	31,768	31,368
Mental Retardation	21,837	22,085
Mental Health	16,180	16,981
Transportation	9,687	9,948
Health	5,860	5,843
State Police	5,591	5,977
Taxation and Finance	4,760	4,776
Children and Family Services	3,714	3,822
Environmental Conservation	3,345	3,378
Education	3,013	3,077
Temporary and Disability Assistance	2,349	2,529
Subtotal	**147,299**	**149,184**
Other Major Agencies	17,388	17,768
Minor Agencies	11,486	12,694
Other	15,218	15,588
GRAND TOTAL	**191,391**	**195,234**

Source: New York State Division of Budget 2006-07 Executive Budget Four-Year Financial Plan (www.budget.state.ny.us)

Notes: Does not include: Legislature; Judiciary; public authorities; and miscellaneous boards and commissions.

Operating Indicators

LAST SIX YEARS

	2002	2003	2004	2005	2006
State Police Protection:					
Number of Troops	11	11	11	11	11
Number of Employees	5,257	5,453	5,608	5,608	5,977
State University of New York:					
Campuses	64	64	64	64	64
Students	382,000	402,000	410,700	410,700	412,000
Recreation:					
Parks & Historic Sites	199	202	203	203	207
Expected Visitors	60 million	60 million	60 million	60 million	60 million

Source: New York State Executive Budget Agency Presentations

2007
11
5,927
64
417,000
211
60 million

Capital Asset Balances by Function

LAST FIVE FISCAL YEARS

(Amounts in thousands)

Function	Fiscal Year 2003	2004	2005	2006	2007
Buildings					
General government	$ 1,930,934	$ 1,990,681	$ 2,108,846	$ 2,167,477	$ 1,939,194
Public safety	2,507,036	2,727,468	2,795,264	2,937,355	3,028,440
Public welfare	176,484	178,303	164,945	170,922	170,691
Support/regulate business	33,163	33,152	33,152	33,152	33,480
Environment/recreation	272,781	279,273	308,462	334,422	356,075
Education	60,901	81,168	89,201	89,538	97,365
Public health	2,073,486	2,969,581	2,599,809	2,681,709	2,792,417
Transportation	235,688	251,214	306,960	315,243	326,549
Land					
General government	91,060	91,678	91,505	88,847	59,459
Public safety	20,065	19,619	19,434	19,572	29,713
Public welfare	8,700	8,640	7,619	7,619	7,439
Support/regulate business	408	408	408	408	408
Environment/recreation	829,352	904,993	930,262	1,000,103	1,052,143
Education	1,097	1,097	1,097	1,079	1,079
Public health	144,229	143,233	141,431	141,642	142,272
Transportation	60,943	60,943	60,943	60,943	60,943
Land Improvements					
General government	35,109	36,499	37,288	38,084	35,359
Public safety	153,821	164,757	175,874	185,257	196,083
Public welfare	13,245	14,968	16,060	16,222	17,195
Support/regulate business	6,024	6,024	6,024	6,024	6,024
Environment/recreation	84,522	85,723	89,776	100,693	103,034
Education	—	—	—	420	525
Public health	18,943	27,279	41,796	45,153	50,989
Transportation	12,559	12,559	12,931	14,640	14,907
Equipment					
General government	194,068	174,428	156,977	139,032	116,895
Public safety	84,036	84,276	81,574	83,144	83,316
Public welfare	41,944	41,323	14,438	13,770	17,639
Support/regulate business	8,526	8,302	6,783	4,156	4,174
Environment/recreation	32,590	32,951	32,640	36,015	37,823
Education	11,402	10,092	9,015	5,331	5,283
Public health	61,612	62,844	57,982	60,623	63,624
Transportation	208,031	245,761	258,006	265,963	282,074
Infrastructure					
General government	—	—	—	—	5,033
Public safety	—	—	5,751	28,369	55,533
Environment/recreation	12,120	17,640	19,866	19,445	28,723
Public health	—	4,212	23,940	15,053	15,881

Source: Office of the State Comptroller

Retired Members by Type of Benefit Plan

AS OF MARCH 31, 2007

	Retirement Plan Membership		
Retirement System	**Tier 1**	**Tier 2**	**Tier 3 & 4**
New York State and Local Employees Retirement System	25,053	22,458	579,412
New York State and Local Police and Fire Retirement System	924	34,786	—

Source: New York State and Local Retirement System

Notes: Please see www.osc.state.ny.us/retire/publications/index.htm for more information.

Principal Participating Employers

EIGHT MOST RECENT FISCAL YEARS

Participating Government	2000 Covered Employees	2000 Rank	2000 Percentage of Total System	2001 Covered Employees	2001 Rank	2001 Percentage of Total System	2002 Covered Employees	2002 Rank	2002 Percentage of Total System
State	221,626	1	36.66%	227,877	1	36.37%	222,186	1	34.83%
Counties	121,843	2	20.16%	125,814	2	20.08%	124,347	2	19.49%
Schools	103,695	3	17.15%	110,369	3	17.61%	115,757	3	18.15%
Miscellaneous	69,226	4	11.45%	72,098	4	11.51%	83,914	4	13.15%
Towns	40,045	5	6.62%	41,301	5	6.59%	42,254	5	6.62%
Cities	31,808	6	5.26%	32,332	6	5.16%	32,283	6	5.06%
Villages	16,236	7	2.69%	16,774	7	2.68%	17,155	7	2.69%
Total	**604,479**		**100.00%**	**626,565**		**100.00%**	**637,896**		**100.00%**

Participating Government	2007 Covered Employees	2007 Rank	2007 Percentage of Total System
State	221,515	1	33.43%
Counties	121,817	3	18.38%
Schools	128,518	2	19.40%
Miscellaneous	95,262	4	14.38%
Towns	46,284	5	6.98%
Cities	31,049	6	4.69%
Villages	18,188	7	2.74%
Total	**662,633**		**100.00%**

Source: New York State and Local Retirement System

Notes: Total includes inactive members identified with their last employer as active members.

Please see www.osc.state.ny.us/retire/publications/index.htm for more information.

2003			2004			2005			2006		
Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
221,807	1	34.10%	213,539	1	33.28%	214,937	1	33.18%	216,996	1	33.17%
125,220	2	19.25%	123,328	3	19.22%	123,839	3	19.12%	121,322	3	18.54%
121,668	3	18.70%	123,616	2	19.26%	126,068	2	19.46%	126,925	2	19.40%
88,352	4	13.58%	88,249	4	13.75%	89,285	4	13.78%	93,327	4	14.26%
43,628	5	6.71%	44,072	5	6.87%	44,778	5	6.91%	45,654	5	7.13%
32,178	6	4.95%	31,307	6	4.88%	31,092	6	4.80%	31,038	6	4.74%
17,690	7	2.72%	17,610	7	2.74%	17,759	7	2.74%	18,029	7	2.76%
650,543		**100.00%**	**641,721**		**100.00%**	**647,758**		**100.00%**	**653,291**		**100.00%**

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

STATE OF NEW YORK
Office of the State Comptroller Organization

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Comptroller

Kevin Belden
Deputy Comptroller
Chief Information Officer

Daniel Berry
Deputy Comptroller
Payroll, Accounting
and Revenue Services

Luke Bierman
General Counsel

Kenneth Bleiwas
Deputy Comptroller
Office of the State Deputy
Comptroller (NYC)

Lynn Canton
Deputy Comptroller
State Government Accountability

Celia Gonzalez
Deputy Comptroller
Diversity and Equity Management

Steven Hancox
Deputy Comptroller
Local Government and
School Accountability

Jacquelyn Hawkins
Deputy Comptroller
Human Resources
and Administration

George King
Inspector General

Diane Lombardi
Executive Director
Executive Operations

Mary Louise Mallick
Deputy Comptroller
(Interim First Deputy)
Budget and Policy Analysis

Kevin Murray
Deputy Comptroller
Retirement Services

Mark Pattison
Executive Deputy Comptroller
State and Local Accountability

Nick Smirensky
Acting Deputy Comptroller
Pension Investment and
Cash Management

Joan Sullivan
Executive Deputy Comptroller
Office of Operations

Dennis Tompkins
Director of Communications

Division of Payroll, Accounting and Revenue Services

Bureau of Financial Reporting

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Assistant Director:
Suzette Barsoum Baker, CGFM

Managers:
Deidre Clark
Timothy Reilly, Esq., CPA

Supervising Accountants:
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Maureen Shaw

Associate Accountants:
Michael Mezz
Donna Greenberg, CPA

Senior Accountant:
Jennifer Hallanan

State Program Examiners:
Theresa Nellis-Matson, CPA
Patricia Goessler

Accountant Aide:
Mary Helen Ryder

Student Intern:
Kieran O'Connor

Bureau of Accounting Operations

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