STATE OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
March 31, 2008

Prepared by the Office of the State Comptroller

Thomas P. DiNapoli

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Introductory Section

THOMAS P. DINAPOLI
State Comptroller

THOMAS P. DINAPOLI
COMPTROLLER

110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

September 2008

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, 2008.

The State of New York confronts serious fiscal challenges. Over the next few years, the State will face annual budget gaps that combine to exceed $26 billion. For too long, New York's budgets have contained spending commitments that dramatically outpace realistic revenue growth.

New York State has historically engaged in budgeting for the short-term without sufficient regard for long-term consequences. For too many years, New York State committed to spend money it did not have. The State's repeated reliance on band-aid solutions, such as budgeting for risky revenues that often do not materialize, nonrecurring resources—known as "one-shots"—and the issuance of debt to patch over single-year budget gaps has created the illusion of a more solid and reliable revenue foundation than actually exists. This has been used to justify spending growth trends that the State cannot afford.

It is time for State leaders to come together and collaboratively confront the difficult realities we face. It is time for us to roll up our sleeves and redesign the way the State manages its resources. We must address today the problems we have let stack up over years past. It is time to ensure that tomorrow's generation inherits a New York that is as vibrant and inspiring as our State's proud tradition and great potential deserve.

Signed,

Thomas P. DiNapoli
State Comptroller

STATE OF NEW YORK
EXCELSIOR
COMPTROLLER

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 auditors' 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, 2008 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 basic financial statement presentation. An audit also includes consideration of internal controls 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 controls over financial reporting. Accordingly, the independent auditor expressed no opinion with respect to internal controls 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, 2008, 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 2007, as problems in the subprime mortgage credit markets developed into a nationwide correction in the housing market and a credit crunch, New York State's economy was able to outperform the national economy. The rates of growth in personal income (7.7 percent) and employment (1.4 percent) in New York were higher than in 2006, and higher than the national rates of growth in 2007. Compared with other states, New York ranked 18th in the nation for job growth (up from 39th in 2006) and 7th for personal income growth (up from 11th in 2006). While growth in New York State's inflation-adjusted GDP slowed to 4.4 percent from 5.2 percent in 2006, the State's growth rate in 2007 was well above the national growth rate and was second-highest among all the states. New York's economy performed relatively well because the State was less affected by the housing slowdown than other parts of the nation.

The securities industry is a key component of the State's economy, accounting for 10 percent of the State's earned income and up to 20 percent of the State's tax revenues. In 2006, the securities industry generated near-record profits of $20.9 billion, but in 2007 the industry began to experience a transition. During the first half of the year, strong growth in mergers and acquisitions and underwriting enabled the securities industry to earn profits of $8.9 billion, but in the second half of the year the credit crunch and write-offs on the value of collateralized debt contributed to a $20.2 billion loss for the industry. Although the securities industry had a full-year net loss of $11.3 billion (the first loss since 1990), Wall Street's year-end bonuses totaled $33.2 billion, which was only slightly lower than the record amount of $33.9 billion in 2006. The resiliency of bonuses relative to industry profitability helped support overall income levels in the State in 2007.

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 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 accompanied by an independent auditor's report to the Governor, the Legislature and the State Comptroller on their operations and finances. 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 $38.7 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, 2008, the average daily balance of pooled investment funds was $11.6 billion, with an average yield of 4.5 percent and total investment income of $526.7 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 $155.8 billion, as compared to the previous year-end amount of $156.6 billion. For further information refer to Note 12 of the Notes to the Basic Financial Statements.

General Governmental Results

An operating surplus of $1.6 billion is reported in the General Fund for fiscal year ended March 31, 2008. As a result, the General Fund now has an accumulated fund balance of $4 billion. The State completed its fiscal year ended March 31, 2008 with a combined Governmental Funds operating deficit of $360 million as compared to a combined Governmental Funds operating deficit in the preceding fiscal year of $45 million. The combined fiscal year ended March 31, 2008 operating deficit of $360 million included an operating surplus in the General Fund of $1.6 billion, offset by operating deficits in the General Obligation Debt Service Fund of $301 million and in the Other Governmental Funds of $1.6 billion. 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, 2008 includes a fund balance of $11.8 billion represented by liabilities of $23.6 billion and by assets available to liquidate such liabilities of $35.4 billion. The Governmental Funds fund balance includes a $4 billion accumulated General Fund balance.

Certificate of Achievement

The Office of the State Comptroller was honored for the nineteenth consecutive year to receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the State's 2007 Comprehensive Annual Financial Report. This prestigious award represents the highest form of recognition in the area of governmental financial reporting, and reflects a commitment by the Office of the State Comptroller to communicate the State's financial results and position clearly to the taxpayers through public disclosure.

Acknowledgments

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

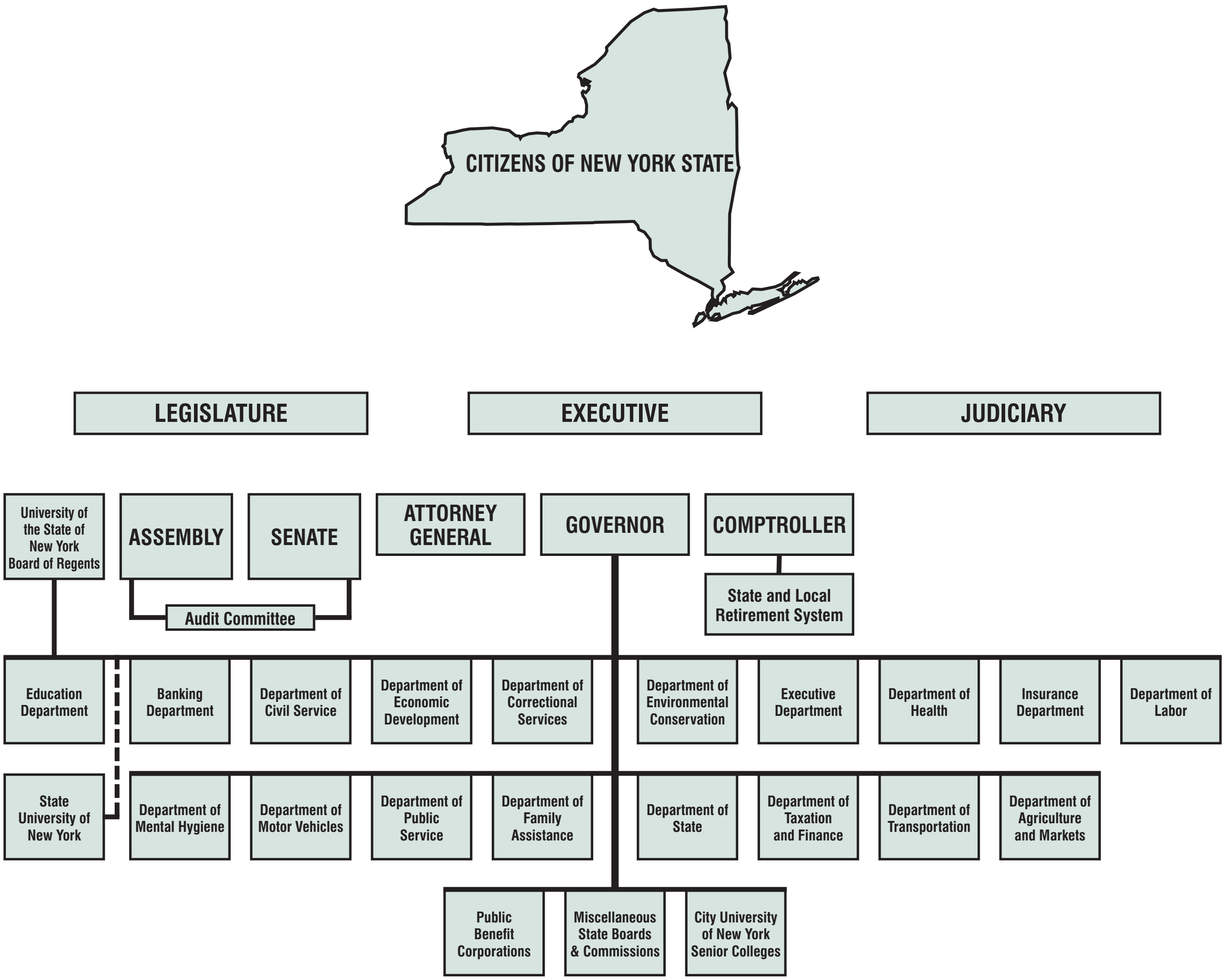
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2007

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

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

Judicial

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

Legislative

Dean G. Skelos, 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, 2008, 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 University of New York, 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 77% of the total revenues of the aggregate discretely presented component unit amounts. The State University of New York represents 100% of the total assets and revenues of the SUNY Fund and 57% of the total assets and 31% of the total revenues of the business-type activities. The State and Local Retirement System and the Tuition Savings Program represent 93% of the total assets and 31% 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 University of New York, 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 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, 2008, 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.

As discussed in Note 1r and Note 13, the State adopted the provisions of Governmental Accounting Standards Board Statements No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as of April 1, 2007.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 25, 2008 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 taken as a whole. 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 25, 2008

STATE OF NEW YORK

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

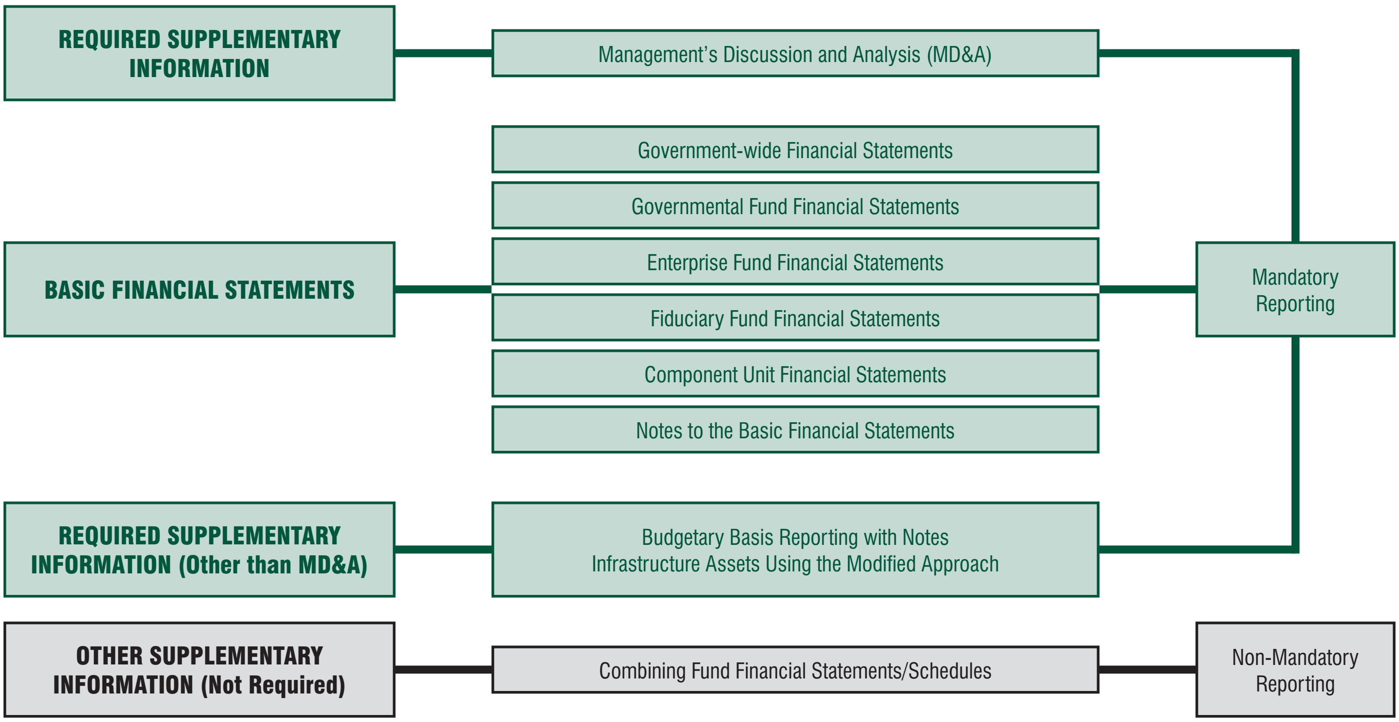
The management's discussion and analysis (MD&A) provides a narrative overview and analysis of the financial activities of the State of New York for the fiscal year ended March 31, 2008. The MD&A is intended to serve as an introduction to the State's basic financial statements, which have the following 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 $47.7 billion, comprised of $130.3 billion in total assets offset by $82.6 billion in total liabilities.
- The State's net assets decreased by $1.2 billion as a result of this year's operations and restatements by business-type activities. The net assets for governmental activities decreased by $1.8 billion (4 percent) and net assets of business-type activities increased by $618 million (17.2 percent) (Table 2).
- The State's governmental activities had total revenues of $113.5 billion which exceeded total expenses of $113.4 billion, excluding transfers to business-type activities of $1.9 billion, by $105 million (Table 2).
- The total cost of all the State's programs, which includes $17.9 billion in business-type activities, was $131.2 billion (Table 2).
- The General Fund reported an operating surplus this year of $1.6 billion which increased the accumulated fund balance to $4 billion.
- Total debt outstanding at year-end was $50.6 billion, comprised of $41.8 billion in governmental activities and $8.8 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 non-major 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 12 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 $47.7 billion, which was comprised of $63.2 billion in capital assets net of related debt, and $6.6 billion in restricted net assets offset by an unrestricted net assets deficit of $22 billion.

Net assets reported for governmental activities decreased by $1.8 billion from a year ago, decreasing from $45.3 billion to $43.5 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 $22.8 billion at March 31, 2008. 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, 2008 and 2007

(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Assets:						
Non-capital assets:						
Cash and investments	$ 11,962	$ 13,556	$ 6,688	$ 5,968	$ 18,650	$ 19,524
Receivables, net	20,080	16,338	3,378	3,262	23,458	19,600
Other	1,005	1,159	210	207	1,215	1,366
Total non-capital assets	**33,047**	**31,053**	**10,276**	**9,437**	**43,323**	**40,490**
Capital assets	79,194	78,320	7,773	7,296	86,967	85,616
Total assets	**112,241**	**109,373**	**18,049**	**16,733**	**130,290**	**126,106**
Liabilities:						
Liabilities due within one year	22,943	20,620	2,763	2,759	25,706	23,379
Liabilities due in more than one year	45,788	43,426	11,069	10,375	56,857	53,801
Total liabilities	**68,731**	**64,046**	**13,832**	**13,134**	**82,563**	**77,180**
Net assets (deficit):						
Invested in capital assets, net of related debt	62,800	62,500	353	207	63,153	62,707
Restricted	3,535	4,523	3,057	2,756	6,592	7,279
Unrestricted (deficit)	(22,825)	(21,696)	807	636	(22,018)	(21,060)
Total net assets	**$ 43,510**	**$ 45,327**	**$ 4,217**	**$ 3,599**	**$ 47,727**	**$ 48,926**

The deficit in unrestricted governmental net assets, which increased by nearly $1.1 billion in 2008, 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 ($3.9 billion), eliminating the need for seasonal borrowing by the Local Government Assistance Corporation ($4 billion), local highway and bridge projects ($3.3 billion), local mass transit projects ($2.2 billion), and a wide variety of grants and other expenditures not resulting in State capital assets ($9.8 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 $618 million (17.2 percent), to $4.2 billion in 2008 compared to $3.6 billion in 2007. The increase in net assets for business-type activities was caused primarily by: a net restatement of beginning net assets of $331 million; SUNY and CUNY Senior College operating revenues and State support exceeding operating expenses ($186 million and $13 million, respectively); Lottery revenues exceeding expenses, including education aid transfers ($83 million); and, employer contributions exceeding unemployment benefit payments for the Unemployment Insurance Fund ($5 million).

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, 2008 and 2007

(Amounts in millions)

	Governmental Activities 2008	Governmental Activities 2007	Business-type Activities 2008	Business-type Activities 2007	Total Primary Government 2008	Total Primary Government 2007
Revenues:						
Program revenues:						
Charges for services	$ 7,713	$ 7,506	$ 11,271	$ 10,607	$ 18,984	$ 18,113
Operating grants and contributions	36,509	36,752	4,518	4,504	41,027	41,256
Capital grants and contributions	1,305	1,392	415	369	1,720	1,761
General revenues:						
Taxes	63,060	58,855	—	—	63,060	58,855
Other	4,873	5,073	758	658	5,631	5,731
Total revenues	**113,460**	**109,578**	**16,962**	**16,138**	**130,422**	**125,716**
Expenses:						
Education	31,215	28,222	—	—	31,215	28,222
Public health	44,777	44,539	—	—	44,777	44,539
Public welfare	12,491	11,291	—	—	12,491	11,291
Public safety	6,011	5,521	—	—	6,011	5,521
Transportation	6,595	5,893	—	—	6,595	5,893
Other	12,266	12,450	—	—	12,266	12,450
Lottery	—	—	5,044	4,945	5,044	4,945
Unemployment insurance	—	—	2,412	2,344	2,412	2,344
State University of New York	—	—	7,965	7,003	7,965	7,003
City University of New York	—	—	2,443	2,246	2,443	2,246
Total expenses	**113,355**	**107,916**	**17,864**	**16,538**	**131,219**	**124,454**
Increase in net assets before transfers	**105**	**1,662**	**(902)**	**(400)**	**(797)**	**1,262**
Transfers	(1,922)	(2,332)	1,189	863	(733)	(1,469)
Changes in net assets	**(1,817)**	**(670)**	**287**	**463**	**(1,530)**	**(207)**
Net assets, beginning of year, as restated	**45,327**	**45,997**	**3,930**	**3,136**	**49,257**	**49,133**
Net assets, end of year	**$ 43,510**	**$ 45,327**	**$ 4,217**	**$ 3,599**	**$ 47,727**	**$ 48,926**

Governmental Activities

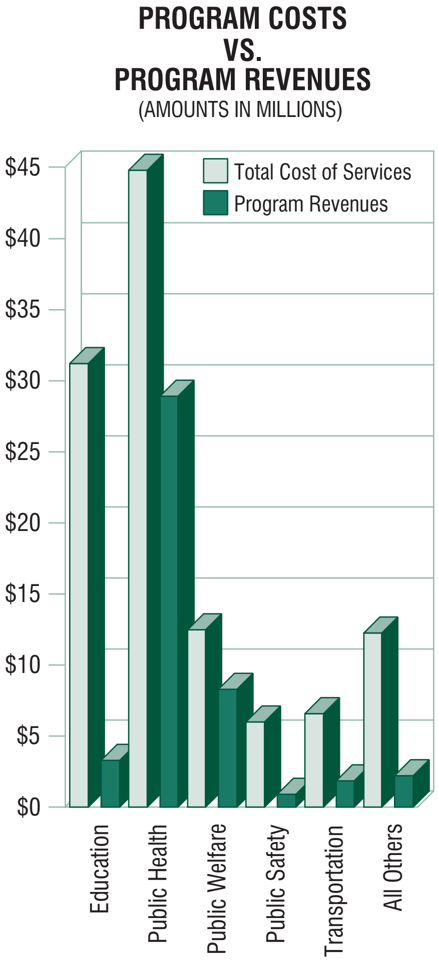
The State's total revenues for governmental activities of $113.5 billion exceeded its total expenses of $113.4 billion by $105 million (Table 2). However, as shown in the Statement of Activities on page 32, the amount that State taxpayers ultimately financed for activities through State taxes and other State revenue was $67.9 billion, including education aid transfers from the State Lottery of $2.6 billion, grants and contributions of $37.8 billion, and revenues derived by those who directly benefited from the programs of $7.7 billion. Overall, the State's governmental program revenues, including intergovernmental aid, fees for services and capital grants were $45.5 billion in 2008. The State paid for the remaining "public benefit" portion of governmental activities with $63.1 billion in taxes and $4.9 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, 2008 and 2007

(Amounts in millions)

	2008 Total Cost of Services	2008 Program Revenues	2008 Net Cost of Services	2007 Net Cost of Services
Education	$ 31,215	$ 3,315	$ 27,900	$ 24,456
Public health	44,777	28,900	15,877	15,355
Public welfare	12,491	8,315	4,176	3,409
Public safety	6,011	916	5,095	4,824
Transportation	6,595	1,844	4,751	3,969
All others	12,266	2,237	10,029	10,253
Totals	**$ 113,355**	**$ 45,527**	**$ 67,828**	**$ 62,266**



Business-type Activities

The cost of all business-type activities this year was $17.9 billion (Table 2). The increase in business-type activities' expenses was caused primarily by increases in operating expenses of the State University of New York and the City 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 $1.2 billion after some activity costs were paid by: those directly benefiting from the programs ($11.3 billion), grants and contributions ($4.9 billion) and other miscellaneous revenue ($758 million). The increase in charges for service revenues was primarily caused by increases in Lottery ticket sales, outpatient and inpatient revenue, Medicaid Disproportionate Share Program revenue, and increases in student enrollment and residence hall occupancy levels.

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 $11.8 billion. Included in this year's total change in fund balance is an operating surplus of $1.6 billion in the State's General Fund. The General Fund operating surplus is attributable to several factors, including an increase of $1.5 billion in personal income tax revenue, a $121 million increase in consumption and use taxes and a $260 million increase in other taxes; offset by a $380 million decline in business tax revenue and a $45 million decrease in miscellaneous revenues. Much of the increase in tax revenues is related to tax increases enacted for personal income. The decrease in business taxes is due to a slowdown in corporate profitability and audit and compliance receipts. The increase in General Fund revenues was offset by a $2.8 billion increase in expenditures. Local assistance expenditures increased by nearly $2 billion, due primarily to increased spending for medical assistance and education programs. State operations increased $857 million, due primarily to negotiated salary increases, increased health insurance costs and employer pension costs.

The State ended the 2007-08 fiscal year with a General Fund accumulated fund balance of $4 billion. The increase of the fund balance is due primarily to an increase in tax revenues as a result of an increase in personal income tax revenues.

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 disbursements exceeded receipts by $291 million in 2007-08. The General Fund ended the fiscal year with a closing cash fund balance of $2.8 billion, which consisted of $1.2 billion in the State's rainy day reserve funds ($1 billion in the Tax Stabilization Reserve Account and $175 million in the new Rainy Day Reserve Account), $340 million in the Community Projects Account, $21 million in the Contingency Reserve Account, and $1.2 billion in general reserves.

Actual operating results were $279 million less favorable than anticipated in the original financial plan, but fell above the projections in the final financial plan by $128 million. The original financial plan projected that expenditures would exceed receipts by $12 million in 2007-08. During the fiscal year, actual receipts and disbursements were less than the level forecast in the original financial plan. The original financial plan assumed base tax growth of 7.7 percent. However, actual base growth from the prior year was 6 percent. The decline in receipts growth is primarily driven by a decline in business taxes, including corporate franchise tax and bank taxes. Lower spending reflected, among other things, decreases in Medicaid and higher education spending.

The final financial plan (issued on February 12, 2008) projected negative General Fund operating results of $419 million, or $128 million below actual results. The most significant variances from the final financial plan include lower-than-anticipated collections in all business taxes, delayed use of the Debt Reduction Reserve monies and lower-than-expected spending primarily for Medicaid, mental health insurance coverage payments mandated under "Timothy's Law" and school aid, driven by slower-than-expected non-public school aid and federal support in excess of expectations. These declines were partially offset by prepayments of the State's obligations for Medicaid "clawback," Supplementary Medical Insurance and a portion of the State's 2008-09 pension bill.

The State's General Fund GAAP operating surplus of $1.6 billion reported on page 36 differs from the General Fund's budgetary basis operating deficit of $291 million reported in the reconciliation found under Budgetary Basis Reporting on page 94. 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 2008, the State has $87 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 $1.4 billion over last year.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Land and land improvements	$ 3,773	$ 3,662	$ 489	$ 476	$ 4,262	$ 4,138
Land preparation	3,083	2,981	—	—	3,083	2,981
Buildings	4,208	4,187	5,100	4,721	9,308	8,908
Equipment and library books	225	219	718	720	943	939
Construction in progress	3,589	3,369	1,147	1,146	4,736	4,515
Infrastructure	64,316	63,902	284	225	64,600	64,127
Artwork and historical treasures	—	—	35	8	35	8
Totals	**$ 79,194**	**$ 78,320**	**$ 7,773**	**$ 7,296**	**$ 86,967**	**$ 85,616**

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 7,846 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 $1.7 billion in 2008.

The State's 2008-09 fiscal year capital budget calls for it to spend in the 2007-08 fiscal year, $8.8 billion for capital projects, of which $4 billion is for transportation projects. To pay for these capital projects the State plans to use $311 million in general obligation bond proceeds, $5 billion in other financing arrangements with public authorities, $1.9 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 and Building Capital Leases, and Mortgage Loan Commitments, which represent $364 million as of March 31, 2008, 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, 2008 the State had $1.8 billion in State-supported (net) variable rate bonds outstanding and $5.9 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 at a variable rate between 2014 and 2030.

At March 31, 2008, variable rate bonds, net of those subject to the fixed rate swaps, were equal to 4.1 percent of the State-supported debt portfolio. Variable rate bonds that were converted to a synthetic fixed rate through swap agreements of $5.9 billion were equal to 13.2 percent of the total State-supported debt portfolio. Additionally, the State and CUNY reported $537 million and $177 million, respectively, in fixed to variable rate swap agreements outstanding, which are excluded from the statutory cap because at the time the transactions were completed, they offset specific risks in the State's swap portfolio.

At March 31, 2008, the State had $50.6 billion in bonds, notes, and other financing agreements outstanding compared with $48.8 billion last year, an increase of $1.8 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	
	2008	2007	2008	2007	2008	2007
General obligation bonds (voter-approved)	$ 3,264	$ 3,344	$ —	$ —	$ 3,264	$ 3,344
Tobacco Settlement Financing Corporation bonds	3,870	4,084	—	—	3,870	4,084
MBBA Special Purpose School Aid bonds	464	484	—	—	464	484
Capital lease obligations	37	162	231	219	268	381
Mortgage loan commitments	—	—	96	65	96	65
Unamortized bond premiums (discounts)	1,423	1,300	(51)	(85)	1,372	1,215
Accumulated accretion on capital appreciation bonds	255	318	—	—	255	318
State-supported debt as defined by the State Finance Law	32,462	30,683	8,511	8,187	40,973	38,870
Totals	**$ 41,775**	**$ 40,375**	**$ 8,787**	**$ 8,386**	**$ 50,562**	**$ 48,761**

During the 12 month period reported, the State issued $6.6 billion in bonds, of which $2.3 billion were for refunding and $4.3 billion 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	
	2008	2007	2008	2007	2008	2007
Voter-approved debt:						
General obligation:						
New issues	$ 268	$ 180	$ —	$ —	$ 268	$ 180
Refunding issues	—	162	—	—	—	162
Total voter-approved debt	**268**	**342**	**—**	**—**	**268**	**342**
Non-voter-approved debt:						
Other financing arrangements:						
New issues	3,238	2,886	827	850	4,065	3,736
Refunding issues	2,280	357	28	104	2,308	461
Total non-voter-approved debt	**5,518**	**3,243**	**855**	**954**	**6,373**	**4,197**
Totals	**$ 5,786**	**$ 3,585**	**$ 855**	**$ 954**	**$ 6,641**	**$ 4,539**

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 $3.1 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 Debt Reform 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 2007, as problems in the subprime mortgage credit markets developed into a nation-wide correction in the housing market and a credit crunch, New York State's economy outperformed the national economy. The rates of growth in personal income (7.7 percent) and employment (1.4 percent) in the State were higher than in 2006, and higher than the national rates of growth in 2007. Compared with other states, New York's rate of job growth was in the top half and its growth in personal income was among the highest in the nation. New York's economy performed relatively well because the State was less affected by the housing slowdown than other parts of the nation.

For the nation, growth in inflation-adjusted Gross Domestic Product (GDP) slowed from 3.1 percent in 2006 to 2 percent in 2007, which was the lowest national growth rate since 2002. Growth in national employment also slowed in 2007, to 1.1 percent from a 1.8 percent gain in 2006; as did growth in personal income, to 6.2 percent from 6.7 percent in 2006. The nation's population continued to grow, increasing at about 1 percent—approximately the same annual growth rate experienced since 2000.

Growth in New York State's inflation-adjusted GDP slowed in 2007, to 4.4 percent from 5.2 percent in 2006, but growth was still higher than the annual increases in 2001 through 2005. The State's growth rate in 2007 was well above the national growth rate and was second-highest among all the states, after Utah. Many other states experienced greater declines in GDP growth, which contributed to a rise in New York's ranking (from seventh in 2006). Among the different sectors in the State's economy, information, finance, and business services were the largest contributors to the increases in the GDP.

Between 2000 and 2007, population in New York increased at an average annual rate of 0.2 percent (growth was faster earlier in the period, and virtually stagnant over the last three years). New York ranked 42nd among the states for population growth during this period. Although New York continues to attract immigrants (with a 4.3 percent increase since 2000, the second-highest growth in the nation), overall population growth has been held back by a 7.4 percent decline due to residents who moved to other states.

In 2007, employment growth in New York increased to 1.4 percent from 1 percent in 2006. New York was one of only seven states in which the rate of employment growth was higher than in 2006. As a result, New York ranked 18th in the nation for job growth that year (compared with 39th in 2006 and 41st in 2005). The job growth in New York during 2007 allowed it to reach a new employment peak, surpassing the previous peak (reached in 2000 before the last recession) by 100,000 jobs.

While employment levels in New York State have increased at a relatively slow rate since 2000, personal income growth has expanded more rapidly. In 2007, personal income in the State increased by 7.7 percent. It was the fourth consecutive year that growth in New York exceeded growth in the nation. New York's ranking for personal income growth relative to other states has improved in each of the four years, rising from 19th in 2004 to 13th in 2005, 11th in 2006, and 7th in 2007.

On a per capita basis, personal income in New York State was $47,385 in 2007, which exceeded the national level ($38,611) and ranked fourth among all the states. After adjusting for inflation, per capita income in New York grew by 4.6 percent in 2007, compared with a 2.2 percent gain in the nation. New York's increase ranked second among all the states, exceeded only by Louisiana.

New York State's strong income performance in recent years reflects the importance of the securities industry in the State—it accounts for 10 percent of the State's earned income and up to 20 percent of the State's tax revenues. In 2006, the securities industry generated near-record profits of $20.9 billion, but in 2007 the industry began to experience a transition. Strong growth in mergers and acquisitions and underwriting enabled the industry to earn profits of $8.9 billion during the first half of the year. During the summer of 2007, problems in subprime mortgage lending developed into a worldwide credit crunch. The values of many collateralized debt instruments became difficult to determine, resulting in sizable write-offs in the value of debt held by financial institutions. These write-offs contributed to a $20.2 billion loss for the securities industry in the second half of 2007. Although the industry had a full-year net loss of $11.3 billion (the first loss since 1990), Wall Street's year-end bonuses totaled $33.2 billion, which was only slightly lower than the record amount of $33.9 billion in 2006. The resiliency of bonuses relative to industry profitability helped support overall income levels in the State in 2007.

In response to the unfolding credit crunch, in August 2007 the Federal Reserve began efforts to increase liquidity in the financial system. It assisted in the takeover of investment bank Bear Stearns when that firm came close to collapse, and it introduced new financial supports for investment banks. Between September 2007 and April 2008, the Federal Reserve also lowered the federal funds rate seven times, from 5.25 percent to 2 percent. Long-term interest rates—including mortgage rates—also receded. Although mortgage rates are low by historical standards, real estate prices have been declining in many parts of the nation, reflecting tighter credit availability and the collapse of the subprime mortgage market.

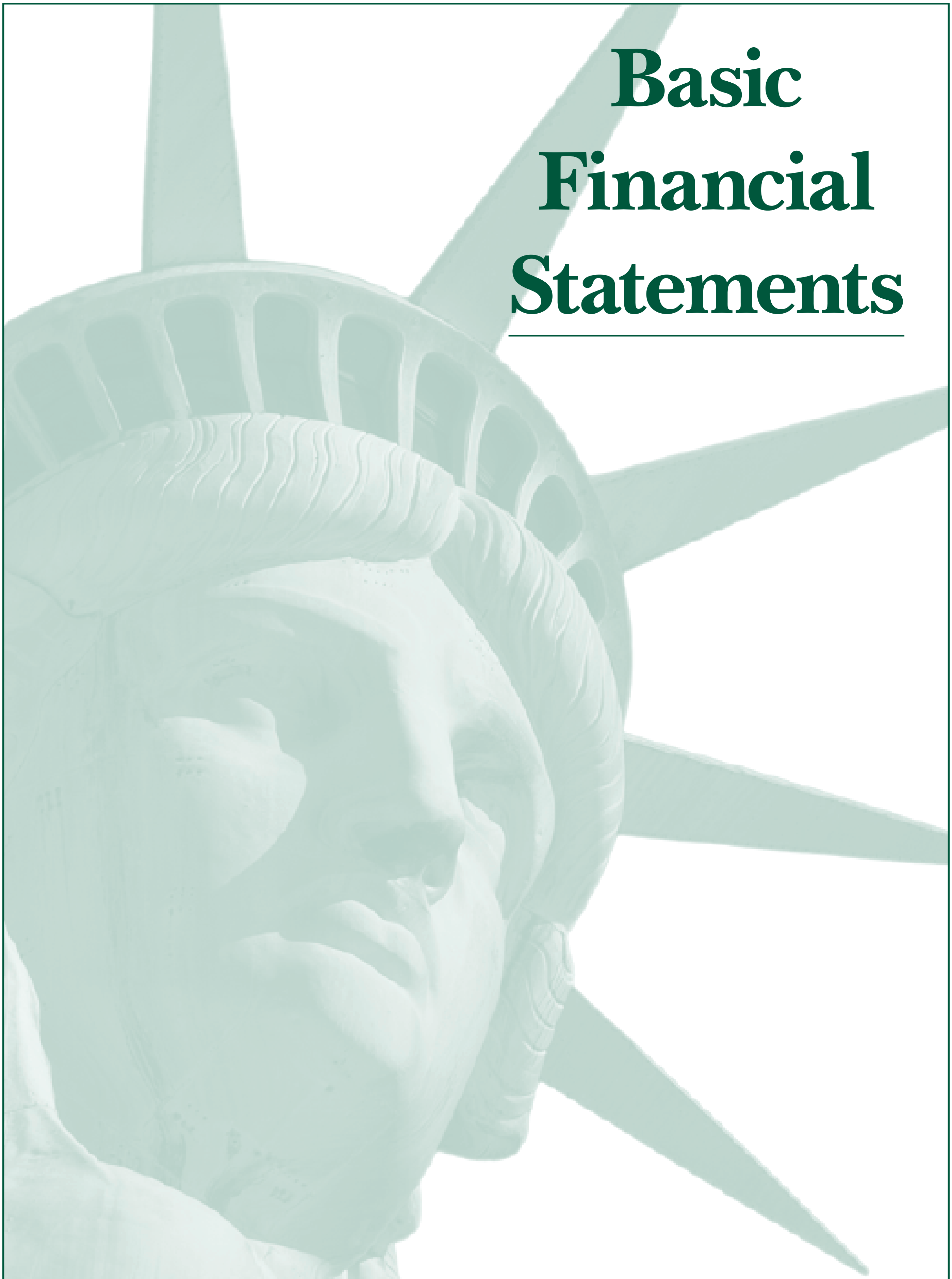
In addition to the credit crunch, both the nation and the State are experiencing rising inflation, fueled by higher energy and food prices. In the fourth quarter of 2007 and the first quarter of 2008, energy prices as measured by the national consumer price index rose at annualized rates of 17.9 percent and 18.9 percent, respectively. In each of the three quarters beginning with the third quarter of 2007, food prices increased at an annual rate of more than 4 percent.

Geographically, the downstate portions of New York State performed better than the upstate regions in 2007. Job gains in New York City accounted for nearly two thirds of the jobs added throughout the State in 2007; when combined with job gains in the Long Island and Hudson Valley suburbs, the downstate region accounted for 87 percent of jobs added. The Mid-Hudson Valley region and the North Country region were the only two regions of the State in which employment declined, while employment stayed unchanged in the Southern Tier and Western New York regions. New York City had the highest rate of employment growth in the State (2.2 percent). Population growth in New York State has also been concentrated in the downstate region. New York City's population has increased by 3.2 percent since 2000, accounting for 85.3 percent of the growth Statewide. New York City also benefited from continued strength in tourism, with the number of visitors reaching a new record (46 million) in 2007.

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, 2008
(Amounts in millions)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS:				
Cash and investments	$ 11,962	$ 6,688	$ 18,650	$ 40,126
Receivables, net of allowances for uncollectibles:				
Taxes	12,985	—	12,985	—
Due from Federal government	5,083	—	5,083	—
Loans, leases and notes	—	—	—	33,351
Other	2,447	2,926	5,373	3,425
Internal balances	(435)	452	17	—
Other assets	1,005	210	1,215	5,150
Intangible assets	—	—	—	2,859
Capital assets:				
Land, infrastructure and construction in progress	74,495	1,667	76,162	6,858
Buildings, equipment, land improvements and infrastructure, net of depreciation	4,699	6,106	10,805	50,410
Total assets	**112,241**	**18,049**	**130,290**	**142,179**
LIABILITIES:				
Tax refunds payable	7,918	—	7,918	—
Accounts payable	1,282	451	1,733	558
Accrued liabilities	5,797	805	6,602	16,466
Due to Federal government	—	33	33	—
Payable to local governments	4,358	—	4,358	—
Interest payable	478	301	779	—
Pension contributions payable	9	—	9	228
Deferred revenues	525	304	829	1,147
Long-term liabilities:				
Due within one year	2,576	869	3,445	2,934
Due in more than one year:				
Tax refunds payable	699	—	699	—
Accrued liabilities	3,466	658	4,124	294
Payable to local governments	222	—	222	—
Lottery prizes payable	—	1,174	1,174	—
Pension contributions payable	481	—	481	42
Other postemployment benefits	2,099	882	2,981	1,671
Obligations under lease/purchase and other financing arrangements	36,769	8,355	45,124	—
Deferred loss on refunding	(857)	—	(857)	—
Notes payable	—	—	—	670
Bonds payable	2,909	—	2,909	70,826
Other long-term liabilities	—	—	—	8,646
Total liabilities	**68,731**	**13,832**	**82,563**	**103,482**
NET ASSETS:				
Invested in capital assets, net of related debt	62,800	353	63,153	21,644
Restricted for:				
Unemployment benefits	—	1,313	1,313	—
Debt service	2,304	—	2,304	3,406
Other specified purposes	1,231	1,744	2,975	8,018
Unrestricted (deficit)	(22,825)	807	(22,018)	5,629
Total net assets	**$ 43,510**	**$ 4,217**	**$ 47,727**	**$ 38,697**

See accompanying notes to the basic financial statements.

Statement of Activities

For the Year Ended March 31, 2008

(Amounts in millions)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental activities:				
Education	$ 31,215	$ 88	$ 3,227	$ —
Public health	44,777	4,676	24,224	—
Public welfare	12,491	597	7,717	1
Public safety	6,011	208	678	30
Transportation	6,595	264	404	1,176
Environment and recreation	1,275	291	104	98
Support and regulate business	1,288	539	13	—
General government	7,841	1,050	142	—
Interest on long-term debt	1,862	—	—	—
Total governmental activities	**113,355**	**7,713**	**36,509**	**1,305**
Business-type activities:				
Lottery	5,044	7,548	—	—
Unemployment insurance	2,412	—	2,389	—
State University of New York	7,965	3,219	1,439	64
City University of New York	2,443	504	690	351
Total business-type activities	**17,864**	**11,271**	**4,518**	**415**
Total primary government	**$ 131,219**	**$ 18,984**	**$ 41,027**	**$ 1,720**
Total component units	**$ 29,204**	**$ 17,205**	**$ 5,636**	**$ 2,300**

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
$ (27,900)	$ —	$ (27,900)	$ —
(15,877)	—	(15,877)	—
(4,176)	—	(4,176)	—
(5,095)	—	(5,095)	—
(4,751)	—	(4,751)	—
(782)	—	(782)	—
(736)	—	(736)	—
(6,649)	—	(6,649)	—
(1,862)	—	(1,862)	—
(67,828)	**—**	**(67,828)**	**—**
—	2,504	2,504	—
—	(23)	(23)	—
—	(3,243)	(3,243)	—
—	(898)	(898)	—
—	**(1,660)**	**(1,660)**	**—**
(67,828)	**(1,660)**	**(69,488)**	**—**
			(4,063)
38,756	—	38,756	—
13,856	—	13,856	—
8,157	—	8,157	—
2,291	—	2,291	—
—	—	—	2,180
997	639	1,636	1,421
3,876	119	3,995	2,033
67,933	**758**	**68,691**	**5,634**
(1,922)	1,189	(733)	—
66,011	**1,947**	**67,958**	**5,634**
(1,817)	**287**	**(1,530)**	**1,571**
45,327	**3,930**	**49,257**	**37,126**
$ 43,510	**$ 4,217**	**$ 47,727**	**$ 38,697**

Balance Sheet

GOVERNMENTAL FUNDS

March 31, 2008
(Amounts in millions)

	Major Funds					
	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Eliminations	Total
ASSETS:						
Cash and investments	$ 3,764	$ 323	$ 1,236	$ 6,639	$ —	**$ 11,962**
Receivables, net of allowances for uncollectibles:						
Taxes	9,830	—	2,743	412	—	**12,985**
Due from Federal government	—	4,646	—	437	—	**5,083**
Other	370	20	455	877	—	**1,722**
Due from other funds	2,654	230	—	422	(164)	**3,142**
Other assets	428	25	—	50	—	**503**
Total assets	**$ 17,046**	**$ 5,244**	**$ 4,434**	**$ 8,837**	**$ (164)**	**$ 35,397**
LIABILITIES:						
Tax refunds payable	$ 6,163	$ —	$ 1,558	$ 197	$ —	**$ 7,918**
Accounts payable	605	55	175	447	—	**1,282**
Accrued liabilities	2,469	2,644	5	119	—	**5,237**
Payable to local governments	2,061	1,451	81	765	—	**4,358**
Due to other funds	1,308	344	1,091	836	(164)	**3,415**
Pension contributions payable	9	—	—	—	—	**9**
Deferred revenues	480	750	63	134	—	**1,427**
Total liabilities	**13,095**	**5,244**	**2,973**	**2,498**	**(164)**	**23,646**
FUND BALANCES:						
Reserved for:						
Encumbrances	799	964	—	6,188	—	**7,951**
Debt service	—	—	1,632	672	—	**2,304**
Tax stabilization	1,031	—	—	—	—	**1,031**
Other specified purposes	1,716	—	—	801	—	**2,517**
Unreserved:						
General	405	—	—	—	—	**405**
Federal special revenue	—	(964)	—	—	—	**(964)**
Special revenue	—	—	—	3,558	—	**3,558**
Debt service	—	—	(171)	264	—	**93**
Capital projects	—	—	—	(5,144)	—	**(5,144)**
Total fund balances	**3,951**	**—**	**1,461**	**6,339**	**—**	**11,751**
Total liabilities and fund balances	**$ 17,046**	**$ 5,244**	**$ 4,434**	**$ 8,837**	**$ (164)**	**$ 35,397**

See accompanying notes to the basic financial statements.

Reconciliation of the Balance Sheet

GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

March 31, 2008
(Amounts in millions)

Total fund balances—governmental funds	**$**	**11,751**
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		79,194
Some of the State's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds		902
Deferred charges related to bond issuance costs		475
Medicaid cost recoveries not available soon enough to reduce current period expenditures		30
Some liabilities (listed below) are not due and payable in the current period and therefore are not reported in the funds:		
Interest payable		(478)
Long-term liabilities due within one year		(2,576)
Tax refunds payable		(699)
Accrued liabilities		(3,466)
Payable to local governments		(222)
Pension contributions payable		(481)
Other postemployment benefits		(2,099)
Lease/purchase and other financing arrangements		(36,769)
Deferred loss on refunding		857
Bonds payable		(2,909)
Total net assets—governmental activities	**$**	**43,510**

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances

GOVERNMENTAL FUNDS

Year Ended March 31, 2008
(Amounts in millions)

	Major Funds					
	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Eliminations	Total
REVENUES:						
Taxes:						
Personal income	$ 23,948	$ —	$ 10,180	$ 4,664	$ —	**$ 38,792**
Consumption and use	8,252	—	—	5,618	—	**13,870**
Business	5,950	—	—	2,213	—	**8,163**
Other	1,271	—	—	1,021	—	**2,292**
Federal grants	52	36,005	—	1,745	—	**37,802**
Public health/patient fees	—	—	—	3,900	—	**3,900**
Tobacco settlement	—	—	475	105	—	**580**
Miscellaneous	5,950	69	66	2,794	(238)	**8,641**
Total revenues	**45,423**	**36,074**	**10,721**	**22,060**	**(238)**	**114,040**
EXPENDITURES:						
Local assistance grants:						
Social services	13,445	26,337	—	2,907	—	**42,689**
Education	19,511	3,190	—	7,507	—	**30,208**
Mental hygiene	1,532	168	—	159	—	**1,859**
General purpose	928	—	—	—	—	**928**
Health and environment	1,426	894	—	2,103	—	**4,423**
Transportation	446	24	—	3,164	—	**3,634**
Criminal justice	242	171	—	80	—	**493**
Miscellaneous	712	689	—	1,741	—	**3,142**
State operations:						
Personal service	8,407	566	—	257	—	**9,230**
Non-personal service	3,522	567	38	2,243	(192)	**6,178**
Pension contribution	1,052	48	—	17	—	**1,117**
Other fringe benefits	3,317	178	—	51	(46)	**3,500**
Capital construction	—	—	—	4,467	—	**4,467**
Debt service, including payments on financing arrangements	—	—	3,352	726	—	**4,078**
Total expenditures	**54,540**	**32,832**	**3,390**	**25,422**	**(238)**	**115,946**
Excess (deficiency) of revenues over expenditures	**(9,117)**	**3,242**	**7,331**	**(3,362)**	**—**	**(1,906)**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	16,234	—	2,651	5,919	(22,095)	**2,709**
Transfers to other funds	(5,884)	(3,243)	(10,294)	(7,484)	22,095	**(4,810)**
General obligation bonds isssued	—	—	—	268	—	**268**
Premiums on general obligation bonds isssued	—	—	—	2	—	**2**
Financing arrangements/advance refundings issued	325	—	1,500	3,692	—	**5,517**
Payments to escrow agents for advance refundings	—	—	(1,559)	(824)	—	**(2,383)**
Premiums on financing arrangements/ advance refundings	9	—	70	164	—	**243**
Net other financing sources (uses)	**10,684**	**(3,243)**	**(7,632)**	**1,737**	**—**	**1,546**
Net change in fund balances	**1,567**	**(1)**	**(301)**	**(1,625)**	**—**	**(360)**
Fund balances at April 1, 2007	**2,384**	**1**	**1,762**	**7,964**	**—**	**12,111**
Fund balances at March 31, 2008	**$ 3,951**	**$ —**	**$ 1,461**	**$ 6,339**	**$ —**	**$ 11,751**

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, 2008

(Amounts in millions)

Net change in fund balances—total governmental funds		**$ (360)**
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	$ (244)	
Disposal of assets	(1,872)	
Purchase of assets	2,990	
		874
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	$ 2,236	
Long-term debt proceeds	(6,030)	
Payments to refunding agent	2,383	
		(1,411)
Decrease in revenues in the statement of activities that do not reduce current financial resources and are not reported in the funds		(62)
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	$ (113)	
State operations	(739)	
Other	(6)	
		(858)
Change in net assets of governmental activities		**$ (1,817)**

See accompanying notes to the basic financial statements.

Statement of Net Assets

ENTERPRISE FUNDS

March 31, 2008
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2007 SUNY	June 30, 2007 CUNY	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 105	$ —	$ 1,056	$ 428	**$ 1,589**
Investments	186	—	196	19	**401**
Deposits with trustees	—	—	—	228	**228**
Receivables, net of allowance for uncollectibles	472	1,430	784	124	**2,810**
Due from other funds	—	—	406	117	**523**
Other assets	10	—	51	27	**88**
Total current assets	**773**	**1,430**	**2,493**	**943**	**5,639**
Noncurrent assets:					
Restricted cash and cash equivalents	—	—	72	7	**79**
Long-term investments	1,308	—	1,403	208	**2,919**
Deposits with trustees	—	—	920	552	**1,472**
Receivables, net of allowance for uncollectibles	—	—	112	4	**116**
Due from other funds	—	—	105	—	**105**
Capital assets:					
Land, construction in progress and artwork	—	—	1,055	612	**1,667**
Buildings and equipment, net of depreciation	—	—	4,178	1,928	**6,106**
Other assets	11	—	66	45	**122**
Total noncurrent assets	**1,319**	**—**	**7,911**	**3,356**	**12,586**
Total assets	**2,092**	**1,430**	**10,404**	**4,299**	**18,225**
LIABILITIES:					
Current liabilities:					
Accounts payable	27	—	314	110	**451**
Accrued liabilities	224	84	519	219	**1,046**
Other postemployment benefits	—	—	6	—	**6**
Due to Federal government	—	33	—	—	**33**
Lottery prizes payable	190	—	—	—	**190**
Due to other funds	176	—	—	—	**176**
Interest payable	—	—	232	69	**301**
Deferred revenues	15	—	183	106	**304**
Obligations under lease/purchase and other financing arrangements	4	—	250	178	**432**
Total current liabilities	**636**	**117**	**1,504**	**682**	**2,939**
Noncurrent liabilities:					
Accrued liabilities	2	—	576	80	**658**
Other postemployment benefits	—	—	785	97	**882**
Lottery prizes payable	1,174	—	—	—	**1,174**
Obligations under lease/purchase and other financing arrangements	7	—	5,271	3,077	**8,355**
Total noncurrent liabilities	**1,183**	**—**	**6,632**	**3,254**	**11,069**
Total liabilities	**1,819**	**117**	**8,136**	**3,936**	**14,008**
NET ASSETS:					
Invested in capital assets, net of related debt	8	—	597	(252)	**353**
Restricted for:					
Nonexpendable purposes	—	—	246	36	**282**
Expendable purposes	—	—	914	438	**1,352**
Unemployment benefits	—	1,313	—	—	**1,313**
Future prizes	110	—	—	—	**110**
Unrestricted	155	—	511	141	**807**
Total net assets	**$ 273**	**$ 1,313**	**$ 2,268**	**$ 363**	**$ 4,217**

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Assets

ENTERPRISE FUNDS

Year Ended March 31, 2008
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2007 SUNY	June 30, 2007 CUNY	Total
OPERATING REVENUES:					
Ticket sales	$ 7,548	$ —	$ —	$ —	**$ 7,548**
Employer contributions	—	2,389	—	—	**2,389**
Tuition and fees, net	—	—	918	488	**1,406**
Government grants and contracts	—	—	1,152	557	**1,709**
Private grants and contracts	—	—	270	100	**370**
Hospitals and clinics	—	—	1,621	—	**1,621**
Auxiliary enterprises	—	—	680	16	**696**
Other	—	—	108	38	**146**
Total operating revenues	**7,548**	**2,389**	**4,749**	**1,199**	**15,885**
OPERATING EXPENSES:					
Benefits paid	—	2,412	—	—	**2,412**
Prizes	3,953	—	—	—	**3,953**
Commissions and fees	829	—	—	—	**829**
Educational and general	—	—	4,888	2,121	**7,009**
Hospitals and clinics	—	—	1,724	—	**1,724**
Auxiliary enterprises	—	—	682	13	**695**
Instant game ticket costs	28	—	—	—	**28**
Depreciation and amortization	5	—	380	144	**529**
Other	154	—	11	—	**165**
Total operating expenses	**4,969**	**2,412**	**7,685**	**2,278**	**17,344**
Operating income (loss)	**2,579**	**(23)**	**(2,936)**	**(1,079)**	**(1,459)**
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	175	27	127	66	**395**
Other income (expense)	(40)	1	4	(51)	**(86)**
Private gifts, grants, contracts	—	—	47	2	**49**
Federal and City appropriations	—	—	17	33	**50**
Net increase in the fair value of investments	—	—	224	20	**244**
Plant and equipment write-off	—	—	(14)	—	**(14)**
Interest expense	(75)	—	(266)	(165)	**(506)**
Total nonoperating revenues (expenses)	**60**	**28**	**139**	**(95)**	**132**
Income (loss) before other revenues and transfers	**2,639**	**5**	**(2,797)**	**(1,174)**	**(1,327)**
State transfers	—	—	2,910	835	**3,745**
Education aid transfer	(2,556)	—	—	—	**(2,556)**
Capital appropriations	—	—	3	351	**354**
Capital gifts and grants	—	—	61	—	**61**
Additions to permanent endowments	—	—	9	1	**10**
Increase in net assets	**83**	**5**	**186**	**13**	**287**
Net assets—beginning of year (as restated)	**190**	**1,308**	**2,082**	**350**	**3,930**
Net assets—end of year	**$ 273**	**$ 1,313**	**$ 2,268**	**$ 363**	**$ 4,217**

See accompanying notes to the basic financial statements.

Statement of Cash Flows

ENTERPRISE FUNDS

Year Ended March 31, 2008

(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2007 SUNY	June 30, 2007 CUNY	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from:					
Contributions	$ —	$ 2,389	$ —	$ —	**$ 2,389**
Ticket sales	7,530	—	—	—	**7,530**
Tuition and fees	—	—	922	487	**1,409**
Government grants and contracts	—	—	1,100	648	**1,748**
Private grants and contracts	—	—	265	—	**265**
Hospitals and clinics	—	—	1,526	—	**1,526**
Auxiliary enterprises	—	—	670	16	**686**
Other	—	—	86	32	**118**
Payments for:					
Claims	—	(2,371)	—	—	**(2,371)**
Prizes	(4,006)	—	—	—	**(4,006)**
Commissions and fees	(885)	—	—	—	**(885)**
Operating expenses	(129)	—	(5,522)	(1,930)	**(7,581)**
Other	(2)	—	(91)	(154)	**(247)**
Net cash provided (used) by operating activities	**2,508**	**18**	**(1,044)**	**(901)**	**581**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer to education	(2,787)	—	—	—	**(2,787)**
Temporary loan from Federal government	—	145	—	—	**145**
Repayment of temporary loan from Federal government	—	(194)	—	—	**(194)**
Government transfers	103	—	1,978	912	**2,993**
Other, net	—	1	81	(76)	**6**
Net cash provided (used) by noncapital financing activities	**(2,684)**	**(48)**	**2,059**	**836**	**163**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from capital debt	—	—	603	360	**963**
Capital appropriations	—	—	4	351	**355**
Purchase of capital assets	(4)	—	(272)	(223)	**(499)**
Payments to contractors	—	—	(523)	—	**(523)**
Principal payments on capital leases	—	—	(475)	(130)	**(605)**
Interest payments on capital leases	—	—	(302)	(127)	**(429)**
Other, net	—	—	68	(173)	**(105)**
Net cash provided (used) by capital financing activities	**(4)**	**—**	**(897)**	**58**	**(843)**

(Continued)

Statement of Cash Flows (cont'd)

ENTERPRISE FUNDS

Year Ended March 31, 2008
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2007 SUNY	June 30, 2007 CUNY	Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest, dividends and realized gains on investments	23	27	183	66	**299**
Proceeds from sales and maturities of investments	185	—	3,530	429	**4,144**
Purchases of investments	(266)	—	(3,613)	(352)	**(4,231)**
Other, net	(32)	—	—	3	**(29)**
Net cash provided (used) by investing activities	**(90)**	**27**	**100**	**146**	**183**
Net increase (decrease) in cash and cash equivalents	**(270)**	**(3)**	**218**	**139**	**84**
Cash and cash equivalents, beginning of year (as restated)	375	3	910	296	**1,584**
Cash and cash equivalents, end of year	**$ 105**	**$ —**	**$ 1,128**	**$ 435**	**$ 1,668**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 2,579	$ (23)	$ (2,936)	$ (1,079)	**$ (1,459)**
Adjustments to reconcile operating income (loss) to net cash provided (used) by nonoperating and noncash activities:					
Depreciation and amortization	5	—	380	144	**529**
Other nonoperating and noncash items	(1)	—	955	—	**954**
Change in assets and liabilities:					
Receivables, net	(20)	—	(99)	(12)	**(131)**
Other assets	2	—	(7)	1	**(4)**
Lottery prizes payable	(48)	—	—	—	**(48)**
Unclaimed and future prizes	(6)	—	—	—	**(6)**
Accrued liabilities	(8)	21	88	(46)	**55**
Other postemployment benefits	—	—	601	97	**698**
Deferred revenues	5	—	(26)	(6)	**(27)**
Other payables	—	20	—	—	**20**
Net cash provided (used) by operating activities	**$ 2,508**	**$ 18**	**$ (1,044)**	**$ (901)**	**$ 581**
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
New capital leases/debt agreements	—	—	166	—	**166**
Noncash gifts	—	—	3	—	**3**
Increase in unrealized gains on investments	77	—	—	—	**77**
Amortization of investment discount	75	—	—	—	**75**

See accompanying notes to the basic financial statements.

Statement of Fiduciary Net Assets

FIDUCIARY FUNDS

March 31, 2008

(Amounts in millions)

	Pension Trusts	Private-Purpose Trusts	Agency
ASSETS:			
Cash and investments	$ —	$ 8,566	$ 3,140
Retirement system investments:			
Short-term investments	6,443	—	—
Government bonds	26,097	—	—
Corporate bonds	10,475	—	—
Domestic equities	58,582	—	—
International equities	24,572	—	—
Private equities	12,699	—	—
Absolute return strategy investments	5,328	—	—
Real estate and mortgage loans	9,682	—	—
Securities lending collateral, invested	27,835	—	—
Forward foreign exchange contracts	860	—	—
Receivables, net of allowances for uncollectibles	2,888	158	468
Due from other funds	—	305	296
Other assets	28	—	532
Total assets	**185,489**	**9,029**	**$ 4,436**
LIABILITIES:			
Securities lending obligations	27,947	—	—
Forward foreign exchange contracts	857	—	—
Accounts payable—investments	488	—	80
Accounts payable—benefits	186	—	—
Other liabilities	165	1,080	2,274
Payable to local governments	—	—	1,339
Due to other funds	—	—	743
Total liabilities	**29,643**	**1,080**	**$ 4,436**
NET ASSETS:			
Held in trust for pension benefits and other purposes	**$ 155,846**	**$ 7,949**	

See accompanying notes to the basic financial statements.

Statement of Changes in Fiduciary Net Assets

FIDUCIARY FUNDS

Year Ended March 31, 2008
(Amounts in millions)

	Pension Trusts	Private-Purpose Trusts
Additions:		
Investment earnings:		
Interest income	$ 1,976	$ —
Dividend income	2,060	224
Other income	586	1
Securities lending income	1,336	—
Net increase (decrease) in the fair value of investments	(1,287)	197
Total investment earnings	**4,671**	**422**
Less:		
Securities lending expenses	(1,187)	—
Investment expenses	(320)	(38)
Net investment earnings	**3,164**	**384**
Contributions:		
College savings	—	2,788
Employers	2,648	—
Employees	266	—
Interest on accounts	46	—
Other	70	—
Total contributions	**3,030**	**2,788**
Net transfers from General Fund	—	186
Total additions	**6,194**	**3,358**
Deductions:		
College aid redemptions	—	1,516
Benefits paid:		
Retirement allowances	6,654	—
Death benefits	182	—
Other benefits	47	—
Administrative expenses	90	—
Claims paid	—	159
Total deductions	**6,973**	**1,675**
Net increase (decrease)	**(779)**	**1,683**
Net assets held in trust for pension benefits and other purposes at April 1, 2007	**156,625**	**6,266**
Net assets held in trust for pension benefits and other purposes at March 31, 2008	**$ 155,846**	**$ 7,949**

See accompanying notes to the basic financial statements.

Combining Statement of Net Assets

DISCRETELY PRESENTED COMPONENT UNITS

March 31, 2008
(Amounts in millions)

	Major Component Units				
	Power Authority	Housing Finance Agency	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority
ASSETS:					
Cash and investments	$ 2,196	$ 1,442	$ 716	$ 5,548	$ 6,796
Receivables, net of allowances for uncollectibles:					
Loans, leases, and notes	107	7,352	—	—	30,774
Other	212	48	64	3,076	706
Other assets	720	—	76	2,534	—
Intangible assets	—	—	—	—	—
Capital assets:					
Construction in progress	125	—	451	5,955	—
Land and buildings, net of depreciation	3,648	—	3,892	34,656	14
Total assets	**7,008**	**8,842**	**5,199**	**51,769**	**38,290**
LIABILITIES:					
Accounts payable	—	7	—	447	—
Accrued liabilities	436	88	151	2,066	1,573
Pension contributions payable	—	—	—	228	—
Deferred revenues	—	92	43	353	129
Notes payable	284	—	—	—	—
Bonds payable	110	146	54	391	1,417
Current portion of other long-term liabilities	—	—	4	7	12
Due in more than one year:					
Accrued liabilities	—	—	—	—	177
Pension contributions payable	—	—	—	42	—
Other postemployment benefits	38	28	47	1,290	13
Deferred revenues	789	149	—	—	—
Notes payable	538	—	—	—	—
Bonds payable	1,355	7,884	2,400	24,515	34,233
Other long-term liabilities	1,190	(5)	22	3,133	81
Total liabilities	**4,740**	**8,389**	**2,721**	**32,472**	**37,635**
NET ASSETS:					
Invested in capital assets, net of related debt	1,701	—	2,312	15,903	14
Restricted for:					
Debt service	—	355	87	1,088	—
Other specified purposes	27	—	55	—	559
Unrestricted (deficit)	540	98	24	2,306	82
Total net assets	**$ 2,268**	**$ 453**	**$ 2,478**	**$ 19,297**	**$ 655**

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
$ 815	$ 2,582	$ 11,737	$ 1,841	$ 3,888	$ 4,219	$ (1,654)	**$ 40,126**
155	6,541	—	2,915	7,669	594	(22,756)	**33,351**
465	254	175	26	159	486	(2,246)	**3,425**
1,327	208	55	94	—	169	(33)	**5,150**
2,855	—	—	—	—	4	—	**2,859**
233	—	—	—	—	94	—	**6,858**
5,088	947	—	—	—	2,165	—	**50,410**
10,938	**10,532**	**11,967**	**4,876**	**11,716**	**7,731**	**(26,689)**	**142,179**
—	—	—	—	—	104	—	**558**
900	599	10,056	143	238	767	(551)	**16,466**
—	—	—	—	—	—	—	**228**
—	—	416	—	—	114	—	**1,147**
100	30	—	—	—	—	—	**414**
427	429	—	116	304	65	(1,191)	**2,268**
202	—	—	—	—	27	—	**252**
39	—	—	—	33	45	—	**294**
—	—	—	—	—	—	—	**42**
12	4	—	23	1	215	—	**1,671**
—	—	—	—	1	286	(14)	**1,211**
—	130	—	—	—	2	—	**670**
6,403	7,293	—	2,832	6,723	2,368	(25,180)	**70,826**
2,592	378	—	(5)	—	90	(41)	**7,435**
10,675	**8,863**	**10,472**	**3,109**	**7,300**	**4,083**	**(26,977)**	**103,482**
(190)	787	—	—	—	1,117	—	**21,644**
—	—	—	1,775	—	90	11	**3,406**
—	795	—	—	4,399	2,183	—	**8,018**
453	87	1,495	(8)	17	258	277	**5,629**
$ 263	**$ 1,669**	**$ 1,495**	**$ 1,767**	**$ 4,416**	**$ 3,648**	**$ 288**	**$ 38,697**

Combining Statement of Activities

DISCRETELY PRESENTED COMPONENT UNITS

Year Ended March 31, 2008

(Amounts in millions)

	Major Component Units				
	Power Authority	**Housing Finance Agency**	**Thruway Authority**	**Metropolitan Transportation Authority**	**Dormitory Authority**
Expenses:					
Program operations	$ 2,545	$ 120	$ 458	$ 9,850	$ 89
Interest on long-term debt	94	311	84	1,054	1,642
Other interest	20	—	—	—	—
Depreciation and amortization	178	—	211	1,689	—
Other expenses	—	11	—	—	123
Total expenses	**2,837**	**442**	**753**	**12,593**	**1,854**
Program revenues:					
Charges for services	2,906	356	553	5,246	1,581
Operating grants and contributions	—	56	13	2,644	—
Capital grants and contributions	—	—	31	2,035	—
Total program revenues	**2,906**	**412**	**597**	**9,925**	**1,581**
Net program revenues (expenses)	**69**	**(30)**	**(156)**	**(2,668)**	**(273)**
General revenues:					
Non-State grants and contributions not restricted to specific programs	—	—	—	2,066	—
Investment earnings:					
Restricted	—	53	—	—	174
Unrestricted	79	—	4	—	2
Miscellaneous	87	—	30	536	121
Total general revenues	**166**	**53**	**34**	**2,602**	**297**
Change in net assets	**235**	**23**	**(122)**	**(66)**	**24**
Net assets—beginning of year, as restated	**2,033**	**430**	**2,600**	**19,363**	**631**
Net assets—end of year	**$ 2,268**	**$ 453**	**$ 2,478**	**$ 19,297**	**$ 655**

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
$ 2,967	$ 663	$ 2,118	$ 62	$ 188	$ 4,228	$ (7)	**$ 23,281**
307	325	—	138	334	73	(1,302)	**3,060**
13	—	—	—	—	11	—	**44**
246	13	—	3	—	144	—	**2,484**
—	71	—	1	—	131	(2)	**335**
3,533	**1,072**	**2,118**	**204**	**522**	**4,587**	**(1,311)**	**29,204**
3,543	56	1,764	161	18	1,873	(852)	**17,205**
—	889	—	—	19	2,483	(468)	**5,636**
—	—	—	—	168	66	—	**2,300**
3,543	**945**	**1,764**	**161**	**205**	**4,422**	**(1,320)**	**25,141**
10	**(127)**	**(354)**	**(43)**	**(317)**	**(165)**	**(9)**	**(4,063)**
—	—	—	—	—	114	—	**2,180**
—	—	633	93	184	26	—	**1,163**
40	26	—	—	—	107	—	**258**
43	190	47	174	336	469	—	**2,033**
83	**216**	**680**	**267**	**520**	**716**	**—**	**5,634**
93	**89**	**326**	**224**	**203**	**551**	**(9)**	**1,571**
170	**1,580**	**1,169**	**1,543**	**4,213**	**3,097**	**297**	**37,126**
$ 263	**$ 1,669**	**$ 1,495**	**$ 1,767**	**$ 4,416**	**$ 3,648**	**$ 288**	**$ 38,697**

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

NOTES TO THE BASIC FINANCIAL STATEMENTS

March 31, 2008

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 executive 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, 2008 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 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, the payments on certain lease/purchase or other contractual obligations and transactions related to the Tobacco Settlement Financing Corporation.

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, 2007.

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, 2007.

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, 2007.

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 $26 million are included in cash and investments at March 31, 2008. 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, 2008.

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, 2008 is $829 million. 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 $230 million and $50 million for SUNY and CUNY, respectively, at June 30, 2007.

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. CUNY reported a liability of $35 million 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, 2008 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, 2008, the prize liabilities of approximately $2.1 billion were reported at a discounted value of approximately $1.4 billion (at interest rates ranging from 1.61 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 mandate 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, 2008, $3.5 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

Other postemployment costs are measured and disclosed using the accrual basis of accounting (see Note 13). 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, including Lottery, recognizes the cost of providing health insurance by recording its share of insurance premiums 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 $11.9 million was paid on behalf of 3,985 retirees and recorded as an expenditure in the General Fund.

p. Deficit Fund Balances

As of March 31, 2008, fund deficits were reported in the following Capital Projects Funds: the Dedicated Highway and Bridge Trust Fund ($241 million), the Housing Program Fund ($129 million), the Mental Hygiene Facilities Capital Improvement Fund ($50 million), and the Department of Transportation Engineering Services Fund ($24 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. The Environmental Protection and Spill Compensation Fund ($3 million), which is a Special Revenue Fund, also had a fund deficit. The deficit is a result of cash flow timing relating to reimbursement of clean-up expenditures which are routinely resolved by reimbursement from responsible parties in the subsequent fiscal year.

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 and Restatements

During the fiscal year ended March 31, 2008, the State adopted several new accounting standards issued by GASB:

GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial statements of State governmental employers. The effects of applying this standard are disclosed in Note 13.

As a result of adopting GASBS No. 45, the State and SUNY changed its policy on accounting for employee sick leave credits expected to be used to pay for a share of postemployment health insurance.

The provisions of GASBS No. 45 have been applied to SUNY's beginning net assets. The following is a reconciliation of the total net assets as previously reported as of June 30, 2006 to the beginning net assets balance (amounts in millions):

Net assets at June 30, 2006	$	1,717
Change to compensated absences accrual		438
Research Foundation post-retirement plan		(73)
Total net assets at July 1, 2006	**$**	**2,082**

GASBS No. 50, *Pension Disclosures*; requires the State and Local Retirement System to include a Schedule of Funding Progress using the entry age normal funding method to approximate the funding status of the system. The adoption of GASBS 50 did not have an impact on the State and Local Retirement System's financial statements.

In 2007, certain foundations that were once blended component units of CUNY Senior College entity are now discretely presented. This necessitated a restatement of beginning net assets as follows (amounts in millions):

Net assets at June 30, 2006	$	384
The City College 21st Century Foundation, Inc.		(33)
York College Foundation		(1)
Total net assets at July 1, 2006	**$**	**350**

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 $260 million and the average available bank balance was $384 million; the total amount of certificates of deposits on deposit was $3 billion. Total securities held by the State's fiscal agent was $3.4 billion and a surety bond in the amount of $394 million was used as collateral) at fiscal year-end, except for accounts with a total book balance of $320 million, and bank balance of $414 million. At March 31, 2008, primary government deposits totaling $414 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, 2008 (except for the Tuition Savings Program which is as of December 31, 2007), 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	$ 2,778	$ 2,775	$ 3	$ —	$ —
U.S. Treasury notes	1,030	533	497	—	—
Government sponsored agencies	447	437	10	—	—
Repurchase agreements	719	686	—	3	30
Commercial paper	4,996	4,996	—	—	—
Certificates of deposit	336	336	—	—	—
Money markets	210	210	—	—	—
Forward purchase agreements	449	—	—	—	449
Fannie Mae securities	55	55	—	—	—
Other	201	201	—	—	—
Subtotal	**11,221**	**$ 10,229**	**$ 510**	**$ 3**	**$ 479**
Mutual funds	7,877				
Equity securities	324				
Investments held in an agent or trust capacity	789				
Total	**$ 20,211**				

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 $49 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 $658 million at March 31, 2008. The State holds cash and securities deposited by contractors in lieu of retainage on contract payments (carrying amount and fair value of $82 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 investment staff would consult with appropriate 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	$ 1,281
U.S. Treasury notes	683
Government sponsored agencies	447
Repurchase agreements	172
Forward purchase agreements	449
Fannie Mae securities	55
Other	191
Total	**$ 3,278**

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, 2008, the Public Asset Fund (an Other Governmental Fund) held 100 percent of its investments in WellPoint, Inc. common stock representing approximately $324 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 ($54 million); collateralized with securities held by a pledging financial institution ($21 million); or collateralized, with securities held by a pledging financial institution's trust department or agency, but not in SUNY's or an affiliate's name ($3 million).

CUNY's cash and cash equivalents were held by depositories and amounted to $335 million, of which $8 million was insured and $327 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.

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, 2007 (except for the State Lottery which is as of March 31, 2008), 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	$ 1,751	$ 394	$ 438	$ 329	$ 590
U.S. Treasury notes/bonds	878	854	11	2	11
U.S. Treasury bills	559	559	—	—	—
Mutual funds non-equities	71	22	33	16	—
Asset-backed securities	63	4	37	10	12
Corporate bonds	56	4	18	17	17
U.S. Government agencies	42	—	14	13	15
U.S. agency mortgage-backed securities	36	18	4	—	14
Repurchase agreements	24	24	—	—	—
U.S. Government bonds other	14	—	8	5	1
International funds non-equities	12	1	3	2	6
U.S. Government TIPS	12	—	8	—	4
Municipal bonds	6	—	2	3	1
Commercial paper	6	6	—	—	—
Certificates of deposit	3	3	—	—	—
Subtotal	**3,533**	**$ 1,889**	**$ 576**	**$ 397**	**$ 671**
Equities	511				
Corporate stocks	387				
International stocks	221				
Equity mutual funds	128				
International mutual fund equities	55				
Cash equivalents	32				
Money market funds	25				
Other	87				
Total	**$ 4,979**				

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 that 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 $5 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, 2007, 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	$ 6	$ 32	$ —	$ —	$ —	$ —	$ —	$ 33
Asset-backed securities	56	—	—	1	—	—	—	6
Corporate bonds	5	4	15	20	4	3	1	4
U.S. agency mortgage-backed securities	31	—	—	—	—	—	—	5
U.S. Government agencies	41	—	—	—	—	—	—	1
Repurchase agreements	—	—	—	—	—	—	—	24
International non-equities	4	1	1	1	—	—	—	5
Municipal bonds	5	—	—	—	—	—	—	1
Commercial paper	1	—	—	—	—	—	—	5
Total	**$ 149**	**$ 37**	**$ 16**	**$ 22**	**$ 4**	**$ 3**	**$ 1**	**$ 84**

Custodial Credit Risk

At June 30, 2007, SUNY had $920 million in cash and investments held by the 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 a trust in SUNY's name. SUNY's investment policy does not formally address custodial credit risk.

At June 30, 2007, CUNY's $26 million in securities lending transactions are held in the investment's counterparty, not in CUNY's name. CUNY also has $780 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 $34 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, 2007, CUNY had no credit risk resulting from securities lending transactions.

At June 30, 2007, investments include $26 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, 2007, CUNY also received securities, having a fair value of $8 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, 2007, by currency denomination, was as follows (amounts in millions):

Currency	Fair Value
Euro	$ 48
Japanese Yen	34
British Pound Sterling	30
Swiss Franc	9
Australian Dollar	9
South Korean Won	8
Taiwanese Dollar	8
Hong Kong Dollar	7
Brazil Real Cruzeiro	5
Swedish Krona	4
Canadian Dollar	3
South African Rand	3
Singapore Dollar	2
Turkish Lira	2
Malaysian Ringgit	2
Norwegian Krone	2
Mexican Nuevo Peso	2
Other	10
Total	**$ 188**

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, 2007, the investment pool consisted of 164 million units with a fair value of $163.9 million.

Note 3 Taxes Receivable and Tax Refunds Payable

Taxes Receivable

Taxes receivable represent amounts owed by taxpayers for the 2007 calendar year and the first quarter of the 2008 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 2008 calendar year, payments with final returns which relate to the 2007 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, 2008 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, 2008 for the governmental funds totaled $13 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	$ 8,065	$ 2,689	$ —	$ 10,754
Consumption and use	596	—	320	916
Business	152	—	61	213
Other	831	—	34	865
Subtotal	**9,644**	**2,689**	**415**	**12,748**
Long-term taxes receivable:				
Personal income	189	63	—	252
Consumption and use	36	—	13	49
Business	40	—	1	41
Other	2	—	—	2
Subtotal	**267**	**63**	**14**	**344**
Allowance for uncollectibles	(81)	(9)	(17)	(107)
Total	**$ 9,830**	**$ 2,743**	**$ 412**	**$ 12,985**

Tax Refunds Payable

Tax refunds payable primarily represent amounts owed to taxpayers because of overpayments of their 2007 calendar year and first quarter 2008 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 (2008) tax liability and payments of 2007 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, 2008 are summarized as follows (amounts in millions):

	Current			Total	
	General	General Obligation Debt Service	Other Governmental Funds	Current	Long-term
Governmental Activities:					
Personal income	$ 4,673	$ 1,558	$ —	$ 6,231	$ 299
Consumption and use	60	—	38	98	211
Business	1,385	—	159	1,544	170
Other	45	—	—	45	19
Total	**$ 6,163**	**$ 1,558**	**$ 197**	**$ 7,918**	**$ 699**

Note 4 Other Receivables

Other receivables at March 31, 2008 are summarized as follows (amounts in millions):

	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Total Governmental Activities
Governmental activities:					
Other current receivables:					
Public health/patient fees	$ —	$ —	$ —	$ 639	$ 639
State of New York Mortgage Agency	101	—	—	—	101
Other	89	20	455	64	628
Subtotal	**190**	**20**	**455**	**703**	**1,368**
Other long-term receivables:					
Public health/patient fees	—	—	—	28	28
Other	217	—	—	303	520
Subtotal	**217**	**—**	**—**	**331**	**548**
Gross receivables	**407**	**20**	**455**	**1,034**	**1,916**
Allowance for uncollectibles	(37)	—	—	(157)	(194)
Total governmental funds receivable	**$ 370**	**$ 20**	**$ 455**	**$ 877**	**1,722**
Receivable from fiduciary funds					725
Total					**$ 2,447**

	Lottery	Unemployment Insurance Benefits	SUNY	CUNY	Total
Enterprise Funds:					
Other current receivables:					
Ticket sales	$ 473	$ —	$ —	$ —	$ 473
Public health/patient fees	—	—	590	—	590
Student loans	—	—	155	32	187
Contributions	—	2,179	—	—	2,179
Benefit overpayments	—	195	—	—	195
State Agencies/Municipalities	—	23	—	—	23
Other	—	7	223	115	345
Subtotal	**473**	**2,404**	**968**	**147**	**3,992**
Allowance for uncollectibles	(1)	(974)	(184)	(23)	(1,182)
Net current receivables	**472**	**1,430**	**784**	**124**	**2,810**
Other long-term receivables:					
Other	38	—	133	21	192
Allowance for uncollectibles	(38)	—	(21)	(17)	(76)
Net long-term receivables	**—**	**—**	**112**	**4**	**116**
Total receivables	**$ 472**	**$ 1,430**	**$ 896**	**$ 128**	**$ 2,926**

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, 2008 which was reported in the General Fund. As required by law, this amount was remitted to the General Fund during June 2008.

Note 5 Capital Assets

Capital asset activity for the year ended March 31, 2008 was as follows (amounts in millions):

	Balance April 1, 2007	Additions	Retirements	Balance March 31, 2008
Governmental activities:				
Depreciable assets:				
Buildings and building improvements	$ 8,744	$ 699	$ 459	$ 8,984
Land improvements	424	31	5	450
Infrastructure	105	22	—	127
Equipment	611	99	82	628
Total depreciable assets	**9,884**	**851**	**546**	**10,189**
Less accumulated depreciation:				
Buildings and building improvements	(4,557)	(265)	(46)	(4,776)
Land improvements	(291)	(14)	(5)	(300)
Infrastructure	(6)	(5)	—	(11)
Equipment	(392)	(49)	(38)	(403)
Total accumulated depreciation	**(5,246)**	**(333)**	**(89)**	**(5,490)**
Total depreciable assets, net	**4,638**	**518**	**457**	**4,699**
Non-depreciable assets:				
Land	3,529	162	68	3,623
Land preparation	2,981	102	—	3,083
Construction in progress (buildings)	331	382	203	510
Construction in progress (roads and bridges)	3,038	922	881	3,079
Infrastructure (roads and bridges)	63,803	571	174	64,200
Total non-depreciable assets	**73,682**	**2,139**	**1,326**	**74,495**
Governmental activities, capital assets, net	**$ 78,320**	**$ 2,657**	**$ 1,783**	**$ 79,194**

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
Business-type activities:				
SUNY:				
Depreciable assets:				
Infrastructure & land improvements	$ 483	$ 37	$ 1	$ 519
Buildings	5,572	449	21	6,000
Equipment and library books	1,971	266	95	2,142
Total depreciable assets	**8,026**	**752**	**117**	**8,661**
Less accumulated depreciation:				
Infrastructure & land improvements	(314)	(15)	(1)	(328)
Buildings	(2,550)	(144)	(16)	(2,678)
Equipment and library books	(1,333)	(214)	(70)	(1,477)
Total accumulated depreciation	**(4,197)**	**(373)**	**(87)**	**(4,483)**
Total depreciable assets, net	**3,829**	**379**	**30**	**4,178**
Non-depreciable assets:				
Land	264	12	—	276
Construction in progress	712	515	475	752
Artwork	27	—	—	27
Total non-depreciable assets	**1,003**	**527**	**475**	**1,055**
SUNY capital assets, net	**4,832**	**906**	**505**	**5,233**
CUNY:				
Depreciable assets:				
Buildings & building improvements	2,936	188	2	3,122
Land improvements	51	1	—	52
Equipment	324	28	20	332
Infrastructure	61	42	—	103
Total depreciable assets	**3,372**	**259**	**22**	**3,609**
Less accumulated depreciation:				
Buildings & building improvements	(1,237)	(107)	—	(1,344)
Land improvements	(48)	—	—	(48)
Equipment	(269)	(28)	(18)	(279)
Infrastructure	(5)	(5)	—	(10)
Total accumulated depreciation	**(1,559)**	**(140)**	**(18)**	**(1,681)**
Total depreciable assets, net	**1,813**	**119**	**4**	**1,928**
Non-depreciable assets:				
Land	209	—	—	209
Construction in progress	434	131	170	395
Artwork and historical treasures	8	—	—	8
Total non-depreciable assets	**651**	**131**	**170**	**612**
CUNY capital assets, net	**2,464**	**250**	**174**	**2,540**
Business-type activities, capital assets, net	**$ 7,296**	**$ 1,156**	**$ 679**	**$ 7,773**

For year ended March 31, 2008, depreciation expense was charged to the following governmental functions (amounts in millions):

	Governmental Activities
Allocation of depreciation:	
Education	$ 3
Public health	109
Public welfare	8
Public safety	114
Transportation	28
Environment and recreation	14
Support and regulate business	2
General government	55
Total depreciation expense	**$ 333**

For year ended June 30, 2007, depreciation expense was charged to the following business-type functions (amounts in millions):

	Business-type Activities
Allocation of depreciation:	
SUNY	$ 373
CUNY	140
Total depreciation expense	**$ 513**

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, 2007	Issued	Redeemed	Outstanding March 31, 2008
Accelerated capacity and transportation improvements of the nineties	$ 827	$ 6	$ 91	$ 742
Clean water/clean air	901	60	90	871
Environmental quality:				
Land acquisition	86	—	13	73
Solid waste management	646	2	55	593
Environmental quality protection:				
Air	32	—	4	28
Land and wetlands	65	—	9	56
Water	160	—	17	143
Housing:				
Low income	81	—	10	71
Middle income	55	—	5	50
Pure waters	113	2	13	102
Rail preservation	28	—	6	22
Transportation capital facilities:				
Mass transportation	49	—	13	36
Aviation	37	—	6	31
Energy conservation through improved transportation	33	—	4	29
Rebuild New York—transportation infrastructure renewal:				
Highways, parkways, bridges	9	—	2	7
Rapid transit, rail, aviation	33	—	6	27
Rebuild and renew New York transportation:				
Highway facilities	50	155	2	203
Mass transit—DOT	—	4	—	4
Mass transit—MTA	93	39	3	129
Rail and port—DOT	4	—	—	4
Total	**$ 3,302**	**$ 268**	**$ 349**	**$ 3,221**

Debt service expenditures (principal and interest) related to the above general obligation bonds during the year were $489 million. The total amount of general obligation bonds authorized but not issued at March 31, 2008 was $3.1 billion. At March 31, 2008, approximately $203 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 General Obligation Debt Service Fund, are as follows (amounts in millions):

Fiscal Year	Principal	Interest	Total
2009	$ 353	$ 126	$ 479
2010	340	114	454
2011	325	100	425
2012	305	87	392
2013	279	75	354
2014-2018	974	231	1,205
2019-2023	344	98	442
2024-2028	183	44	227
2029-2033	83	17	100
2034-2038	35	4	39
Total	**$ 3,221**	**$ 896**	**$ 4,117**

Debt service requirements on approximately $586 million in general obligation variable rate bonds were calculated using the variable rates in effect as of March 31, 2008 which ranged from .7 percent to 4.4 percent. Debt service requirements for fixed rate issues were calculated based upon actual rates ranging from 2 percent to 6.8 percent.

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 4 percent of State personal income and new State-supported debt service (on debt issued on and after April 1, 2000) to 5 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, 2007 the cumulative debt outstanding and debt service caps were both 2.98 percent. There was $17.8 billion of new State-supported debt outstanding applicable to the debt reform cap which was $7.5 billion below the statutory debt outstanding limitation. The debt service cost on this new debt was $1.4 billion, about $1.9 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, 2008, these agreements covered $4.1 billion of variable rate demand bonds outstanding with costs ranging from 12.5 to 224 basis points of the amount of credit provided with expiration dates ranging from January 8, 2009 to March 16, 2017.

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 $10.8 billion were outstanding as of March 31, 2008.

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 1 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 $5.3 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, 2008, 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, 2007	Issued	Redeemed	Outstanding March 31, 2008
Public Benefit Corporations (PBCs):				
Dormitory Authority	$ 6,832	$ 1,082	$ 429	$ 7,485
Environmental Facilities Corporation	750	160	51	859
Energy Research & Development Authority	9	—	6	3
Housing Finance Agency	1,335	136	89	1,382
Local Government Assistance Corporation	4,204	780	963	4,021
Municipal Bond Bank Agency	484	—	21	463
Metropolitan Transportation Authority	2,266	—	47	2,219
Tobacco Settlement Financing Corporation	4,084	444	657	3,871
Triborough Bridge & Tunnel Authority	184	—	32	152
Thruway Authority	9,239	1,801	1,151	9,889
Urban Development Corporation	5,864	1,115	527	6,452
Total	**$ 35,251**	**$ 5,518**	**$ 3,973**	**$ 36,796**

Debt service expenditures (principal and interest) for the aforementioned obligations during the fiscal year were $3.6 billion. These expenditures were financed primarily by the revenues reported in the governmental funds.

Certain of the underlying bond indentures require the maintenance of various reserves. Such amounts were $880 million at March 31, 2008 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 2 percent to 7.5 percent and variable rate interest at rates ranging from 1.9 percent to 11 percent (amounts in millions):

Fiscal Year	Principal	Interest	Net Swap Amount	Total
2009	$ 1,655	$ 1,783	$ 69	$ 3,507
2010	1,784	1,709	70	3,563
2011	1,857	1,601	70	3,528
2012	2,266	1,457	69	3,792
2013	2,285	1,352	69	3,706
2014-2018	10,965	5,223	304	16,492
2019-2023	9,785	2,675	164	12,624
2024-2028	4,108	995	58	5,161
2029-2033	1,661	308	12	1,981
2034-2038	430	45	—	475
Total	**$ 36,796**	**$ 17,148**	**$ 885**	**$ 54,829**

Future debt service is calculated using rates in effect at March 31, 2008 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 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 changes 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 real property capital leases. Debt service expenditures for these obligations during the year were $22 million and will require future principal and interest payments totaling $37 million and $7 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
2009	$ 11	$ 1	$ 12
2010	4	1	5
2011	3	1	4
2012	3	1	4
2013	2	1	3
2014-2018	10	2	12
2019-2023	4	—	4
Total	**$ 37**	**$ 7**	**$ 44**

Refunding

During the fiscal year ended March 31, 2008, the State, acting through its public authorities, refunded $2.3 billion in existing fixed and variable rate bonds related to lease/purchase and other financing arrangements by issuing refunding bonds in a par amount of $2.3 billion at a $116 million premium and releasing a net amount of $24 million from reserves and debt service accounts. The result will produce an estimated gain of $221 million in future cash flow with an estimated present value gain of $173 million. The deferred accounting loss was $48 million, of which $46 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	Present Value Gain
NYS Housing Finance Agency PIT Economic Development & Housing Bond Series 2007C	$ 19	$ 19	$ 1	$ 1
NYS Thruway Authority Local Highway and Bridge Service Contract Bond Series 2007	204	199	8	7
NYS Thruway Authority Local Highway and Bridge Service Contract Bond Series 2008	247	246	17	16
NYS Thruway Authority PIT Transportation Bond Series 2007A	171	173	6	5
NYS Thruway Authority General Highway and Bridge Trust Fund Bond Series 2008A	92	95	5	5
NYS Dormitory Authority Consolidated Service Contract Revenue Bond Series 2007	50	56	6	2
NYS Urban Development Corporation Service Contract Revenue Bond Series 2007A	273	284	27	19
New York Local Government Assistance Corporation Bond Series 2007A	387	404	26	19
New York Local Government Assistance Corporation Bond Series 2008A	393	408	30	24
Tobacco Settlement Financing Corporation Bond Series 2008A and 2008B*	444	443	95	75
Total	**$ 2,280**	**$ 2,327**	**$ 221**	**$ 173**

**Estimated savings based on Auction Rate Security rate assumed to equal 7 percent and principal redemptions occurring on a planned accelerated schedule.*

In prior years, the State refunded certain of its obligations under lease/purchase and other financing arrangements. At March 31, 2008, approximately $5.2 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 SUNY and CUNY Senior Colleges educational facilities through DASNY. Such debt totaling $7.6 billion is funded by payments from the State's General Fund. The remainder of the debt of CUNY ($1.1 billion) is funded from student fees and other operating aid paid by the State.

The following represents year-end principal balances (June 30, 2007 for SUNY and CUNY and March 31, 2008 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	$ 4,465	$ 473	$ 389	$ 4,549
SUNY Dormitory Facilities	688	87	23	752
CUNY Dormitory Facilities	2,954	295	103	3,146
Unamortized discount/premium	(85)	22	(12)	(51)
Total Dormitory Authority	**8,022**	**877**	**503**	**8,396**
Lottery Capital Lease Commitments	16	—	5	11
SUNY Capital Lease Commitments	203	76	59	220
CUNY Capital Lease and Mortgage Loan Commitments	65	32	1	96
CUNY Line of Credit	7	5	10	2
CUNY Certificates of Participation	73	—	17	56
CUNY Oracle Financing Agreement	—	6	—	6
Total (See note 8)	**$ 8,386**	**$ 996**	**$ 595**	**$ 8,787**

The following represents June 30, 2007 year-end summary of future minimum debt service payments on the bonds issued by DASNY for SUNY including interest rates ranging from 2 percent to 7.5 percent (amounts in millions):

Fiscal Year	Principal	Interest	Total
2008	$ 199	$ 310	$ 509
2009	209	301	510
2010	198	288	486
2011	223	276	499
2012	279	226	505
2013-2017	1,367	906	2,273
2018-2022	1,095	588	1,683
2023-2027	854	346	1,200
2028-2032	627	143	770
2033-2037	250	27	277
Total	**$ 5,301**	**$ 3,411**	**$ 8,712**

The following represents June 30, 2007 year-end summary of future minimum debt service payments on the bonds issued by DASNY for CUNY Senior Colleges including interest rates ranging from 2.625 percent to 7.5 percent (amounts in millions):

Fiscal Year	Principal	Interest	Net Swap Amount	Total
2008	$ 163	$ 146	$ (1)	$ 308
2009	120	138	(1)	257
2010	176	130	(1)	305
2011	121	122	(1)	242
2012	176	114	(1)	289
2013-2017	803	448	(5)	1,246
2018-2022	617	274	(8)	883
2023-2027	535	152	(3)	684
2028-2032	311	62	(1)	372
2033-2037	124	14	—	138
Total	**$ 3,146**	**$ 1,600**	**$ (22)**	**$ 4,724**

The following represents June 30, 2007 year-end summary for SUNY and CUNY and March 31, 2008 year-end summary for the Lottery of future minimum debt service payments on certificates of participation, capital lease commitments and mortgage loans payable for the business-type activities (amounts in millions):

	Lottery		SUNY		CUNY		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	$ —	$ —	$ 51	$ 8	$ 22	$ 5	$ 73	$ 13
2009	4	1	46	6	23	3	73	10
2010	3	—	34	5	24	2	61	7
2011	2	—	21	4	5	2	28	6
2012	2	—	13	3	4	1	19	4
2013-2017	—	—	28	9	74	2	102	11
2018-2022	—	—	22	3	—	—	22	3
2023-2027	—	—	3	1	—	—	3	1
2028-2032	—	—	2	—	—	—	2	—
2033-2037	—	—	—	—	—	—	—	—
Total	**$ 11**	**$ 1**	**$ 220**	**$ 39**	**$ 152**	**$ 15**	**$ 383**	**$ 55**

The liabilities for lease/purchase debt, certificates of participation, mortgage loans 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, 2007 totaled $1 billion.

During SUNY's fiscal year ending June 30, 2007, 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 $473 million. Also during the year, SUNY entered into agreements with DASNY to issue residential hall facility obligations totaling $87.4 million for the purpose of financing capital construction and major rehabilitation for residential hall facilities.

In 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 SUNY's financial statements. As of March 31, 2007, $1.3 billion and $346.9 million of outstanding educational and residence hall facility obligations, respectively, were considered defeased. At June 30, 2007, $826.1 million of CUNY bonds outstanding are considered defeased for CUNY Senior Colleges.

During CUNY's fiscal year ending June 30, 2007, DASNY issued bonds for new construction with a par value of $267.1 million and original issue premium of $21.3 million and issued refunding bonds with a par value of $28.5 million and original issue premium of $1 million on behalf of CUNY Senior Colleges.

Interest Rate Exchange Agreements (Swaps)

Article 5-D of the State Finance Law authorized the use of a limited amount of swaps equal to 20 percent 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 106 separate pay-fixed, receive variable interest rate swap agreements with nine counterparties.

The table below summarizes the terms and fair values at March 31, 2008 for governmental activities and at June 30, 2007 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 3.35 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	$ 1,480	4/10/2003-3/3/2005	3.2%	2/15/2021-3/15/2032	$ (53)
NYS Urban Development Corporation	1,299	11/26/2002-12/22/2004	3.6%	1/1/2030-3/15/2033	(109)
NYS Housing Finance Agency	459	2/13/2003-3/10/2005	3.4%	9/15/2021-3/15/2033	(28)
NY Local Government Assistance Corporation	1,210	2/20/2003-2/26/2004	3.2%	4/1/2021-4/1/2024	(46)
NYS Thruway Authority	531	11/6/2003	3.4%	3/15/2021	(34)
Subtotal	**4,979**				**(270)**
Business-type Activities (as of June 30, 2007):					
NYS Dormitory Authority	884	4/10/2003-3/2/2005	3.35%	7/1/2025-3/15/2032	20
Total	**$ 5,863**				**$ (250)**

The bonds and the related synthetic fixed rate swap agreements have final maturities occurring through March 15, 2033 and the swaps' total notional amount of $5.9 billion matches the $5.9 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, 2008 and business-type activities at June 30, 2007 has estimated fair market values of a negative $270 million and positive $20 million, respectively, indicating the size of the payment the State would need to make under governmental activities and receive under business-type activities 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. Exposure to counterparties is well-diversified among nine counterparties, who have total notional amounts ranging from $188 million to $977 million. Each counterparty, with the exception of one, 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, 2008. The counterparty whose rating fell below the required rating was not required to post collateral for 102 percent of the mark-to-market value of the swap because the value was negative to the State.

For those swaps with positive fair value, the swaps' fair values represent 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.

Swap Fixed Rate to Variable Rate (Synthetic Variable Rate)

The State also had additional swaps outstanding of $537 million related to governmental activities and $177 million related to business-type activities that were issued to synthetically create variable rate debt. The portfolio includes 20 separate pay-variable, receive fixed interest rate swap agreements (which includes eight forward start 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, 2008 and business-type activities at June 30, 2007, respectively (amounts in millions):

Issuer	Notional Amount	Effective Dates	Average Swap Rate	Final Maturity Dates	Fair Value
Governmental Activities:					
NYS Dormitory Authority	$ 99	3/24/2005-3/15/2017	3.15%	3/15/2010-3/15/2030	$ 1
NYS Urban Development Corporation	321	12/22/2004-3/15/2014	2.79%	3/15/2010-3/15/2025	12
NYS Housing Finance Agency	117	4/19/2005	4.56%	3/15/2013-3/15/2015	5
Subtotal	**537**				**18**
Business-type Activities (as of June 30, 2007):					
NYS Dormitory Authority	177	7/1/2016-3/15/2017	N/A	7/1/2024-3/15/2030	(1)
Total	**$ 714**				**$ 17**

Approximately $546 million of the $714 million in synthetic variable rate swaps reported in the table above are forward starting with beginning effective dates that range from March 15, 2014 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, 2008, an average swap rate in effect at March 31, 2008 is not presented for synthetic variable rate swaps. The balance, $168 million, creates synthetic variable rate exposure immediately with a weighted average swap rate paid of 4.09 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, 2008 and the business-type activities at June 30, 2007 has estimated fair market values of positive $18 million and a negative $1 million, respectively, indicating the size of the payment the State would receive under governmental activities or would need to make under business-type activities if these existing swaps were terminated at the respective dates. The fair values were estimated using the zero-coupon method. 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 $17 million. 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. Each of the six counterparties with notional amounts ranging from $30 million to $248 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, 2008.

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, 2008 under such operating leases totaled $193 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
2009	$ 202
2010	185
2011	148
2012	137
2013	117
2014-2018	298
2019-2023	75
2024-2028	31
2029-2033	6
Total	**$ 1,199**

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, 2007 for SUNY and CUNY and March 31, 2008 for Lottery) (amounts in millions):

Fiscal Year	Business-type Activities
2008	$ 53
2009	54
2010	51
2011	43
2012	36
2013-2017	100
2018-2022	11
2023-2027	2
Total	**$ 350**

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	**$ 634**	**$ 65**	**$ —**	**$ 699**	**$ —**
Accrued liabilities:					
Payroll and fringe benefits	$ 166	$ 11	$ —	$ 177	—
Compensated absences	2,218	804	2,193	829	34
Medicaid	671	135	85	721	124
Health insurance	192	—	—	192	—
Litigation	151	48	102	97	33
Workers' compensation reserve	1,784	355	252	1,887	266
Miscellaneous	15	6	—	21	1
Total	**$ 5,197**	**$ 1,359**	**$ 2,632**	**$ 3,924**	**458**
Payable to local governments:					
Education aid—prior year adjustment	$ 62	$ 18	$ —	$ 80	—
Handicapped pupil aid	81	1	—	82	—
Temporary and disability assistance programs	44	—	44	—	—
Emergency management	—	51	—	51	—
Miscellaneous	7	2	—	9	—
Total	**$ 194**	**$ 72**	**$ 44**	**$ 222**	**—**
Pension contributions payable	**$ 503**	**$ —**	**$ 22**	**$ 481**	**—**
Other postemployment benefits	**$ —**	**$ 3,097**	**$ 998**	**$ 2,099**	**—**

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General obligation bonds payable:					
General obligation bonds payable	$ 3,302	$ 268	$ 349	$ 3,221	353
Plus or minus deferred amounts:					
For unamortized premiums	42	2	1	43	2
Net Amount	**3,344**	**270**	**350**	**3,264**	**355**
Deferred loss on refunding	(51)	—	(2)	(49)	—
Total	**$ 3,293**	**$ 270**	**$ 348**	**$ 3,215**	**355**
Other financing arrangements:					
Capital leases	$ 162	$ —	$ 125	$ 37	11
Other financing arrangements	35,251	5,518	3,973	36,796	1,655
Arbitrage rebate	—	21	—	21	7
Plus deferred amounts:					
For unamortized premiums	1,300	243	120	1,423	90
For accreted discount on bonds	318	30	93	255	—
Net Amount	**37,031**	**5,812**	**4,311**	**38,532**	**1,763**
Deferred loss on refunding	(808)	(48)	(48)	(808)	—
Total	**$ 36,223**	**$ 5,764**	**$ 4,263**	**$ 37,724**	**1,763**
Total due within one year					**$ 2,576**

CHANGES IN LONG-TERM LIABILITIES—BUSINESS-TYPE ACTIVITIES

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Accrued liabilities:					
Compensated absences	$ 300	$ 149	$ 132	$ 317	$ 193
Litigation	145	56	69	132	27
Interfund loan	148	8	26	130	17
Miscellaneous	282	50	12	320	4
Total	**$ 875**	**$ 263**	**$ 239**	**$ 899**	**241**
Lottery prizes payable	**$ 1,337**	**$ 224**	**$ 197**	**$ 1,364**	**190**
Other postemployment benefits:					
SUNY (June 30, 2007)	$ 189	$ 748	$ 146	$ 791	6
CUNY (June 30, 2007)	—	97	—	97	—
Total	**$ 189**	**$ 845**	**$ 146**	**$ 888**	**6**
Other financing arrangements:					
Lottery	$ 16	$ —	$ 5	$ 11	4
SUNY (June 30, 2007)	5,356	636	471	5,521	250
CUNY (June 30, 2007)	3,099	338	131	3,306	178
Minus deferred amounts for unamortized discounts (June 30, 2007)	(85)	22	(12)	(51)	—
Total	**$ 8,386**	**$ 996**	**$ 595**	**$ 8,787**	**432**
Total due within one year					**$ 869**

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, 2008 for governmental activities (amounts in millions):

Description	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Total Governmental Activities
Payroll	$ 588	$ 44	$ —	$ 75	$ 707
Fringe benefits	277	20	—	35	332
Medicaid	1,537	2,573	—	—	4,110
Health programs	2	—	—	—	2
Miscellaneous	65	7	5	9	86
Total governmental funds	**$ 2,469**	**$ 2,644**	**$ 5**	**$ 119**	**5,237**
Payable to fiduciary funds					560
Total					**$ 5,797**

Payable to Local Governments—Governmental Funds

The following table summarizes payable to local governments at March 31, 2008 for governmental funds (amounts in millions):

Description	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Total
Education programs	$ 744	$ 23	$ —	$ 490	$ 1,257
Temporary and disability assistance	509	1,032	—	1	1,542
Local health programs	314	67	—	90	471
Mental hygiene programs	16	15	—	12	43
Criminal justice programs	40	37	—	1	78
Children and family services programs	51	80	—	—	131
Local share of tax revenues	243	—	81	—	324
Miscellaneous	144	197	—	171	512
Total	**$ 2,061**	**$ 1,451**	**$ 81**	**$ 765**	**$ 4,358**

Accrued Liabilities—Business-type Activities

The following table summarizes accrued liabilities at March 31, 2008 for Enterprise Funds (amounts in millions):

Description	Lottery	Unemployment Insurance Benefit	SUNY	CUNY	Total
Payroll	$ —	$ —	$ 149	$ 35	$ 184
Fringe benefits	—	—	53	31	84
Compensated absences	2	—	230	85	317
Litigation	—	—	132	—	132
Interfund loan	—	—	130	—	130
Employer overpayments	—	31	—	—	31
Benefits due claimants	—	32	—	—	32
Unclaimed and future prizes	224	—	—	—	224
Miscellaneous	—	21	401	148	570
Total	**$ 226**	**$ 84**	**$ 1,095**	**$ 299**	**$ 1,704**

Note 9 Interfund Transactions and Other Transfers

Interfund Transfers

Interfund transfers for the year ended March 31, 2008 consisted of the following (amounts in millions):

	Transfers To Other Funds							
Transfers From Other Funds	**General**	**General Obligation Debt Service**	**Other Governmental**	**Elimination**	**Total Governmental Funds**	**Business-type Activities**	**Fiduciary**	**Total**
General	$ —	$ 1,633	$ 581	$ —	**$ 2,214**	$ 3,484	$ 186	**$ 5,884**
Federal Special Revenue	328	—	2,685	—	**3,013**	230	—	**3,243**
General Obligation Debt Service	9,512	—	—	—	**9,512**	782	—	**10,294**
Other Governmental	6,366	987	98	—	**7,451**	33	—	**7,484**
Elimination	—	—	—	(22,095)	**(22,095)**	—	—	**(22,095)**
Total Governmental Funds	**16,206**	**2,620**	**3,364**	**(22,095)**	**95**	**4,529**	**186**	**4,810**
Business-type Activities	23	31	2,555	—	**2,609**	95	—	**2,704**
Fiduciary	5	—	—	—	**5**	—	—	**5**
Total	**$ 16,234**	**$ 2,651**	**$ 5,919**	**$ (22,095)**	**$ 2,709**	**$ 4,624**	**$ 186**	**$ 7,519**

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 $9.5 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 $2.7 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 $682 million. The transfers from the General Fund to Fiduciary Funds ($186 million) represented unclaimed funds needed to pay claims. Transfers from the General Fund to Other Governmental Funds are made for State capital projects ($110 million), for State debt service payments ($1.5 billion), and to the Enterprise Funds as State support to SUNY and CUNY Funds ($3.5 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 ($2.7 billion) and transfers to SUNY to defease debt ($4 million). Transfers from the Lottery to Other Governmental Funds represent Lottery support for school aid payments ($2.6 billion). The eliminations of $22.1 billion represent transfers made between the Governmental Funds.

Transfers from the Governmental Funds to SUNY and CUNY Funds are reported as transfers to other funds by the Governmental Funds and as State appropriations by SUNY and CUNY Funds. As explained in Note 1, the amounts reported for SUNY and CUNY Funds are derived from their annual financial statements for the fiscal year ended June 30, 2007. Therefore, because of the different fiscal year-end for SUNY and CUNY Funds, total transfers to other funds exceed total transfers from other funds by $1.9 billion.

Due To/From Other Funds

The following is a summary of due to other funds and due from other funds at March 31, 2008 (amounts in millions):

Due To Other Funds	Due From Other Funds: General	Federal Special Revenue	Other Governmental	Elimination	Total Governmental Funds	Business-type Activities	Fiduciary	Total
General	$ —	$ 14	$ 88	$ —	**$ 102**	$ 648	$ 558	**$ 1,308**
Federal Special Revenue	242	—	96	—	**338**	6	—	**344**
General Obligation Debt Service	1,091	—	—	—	**1,091**	—	—	**1,091**
Other Governmental	788	—	3	—	**791**	43	2	**836**
Elimination	—	—	—	(164)	**(164)**	—	—	**(164)**
Total Governmental Funds	**2,121**	**14**	**187**	**(164)**	**2,158**	**697**	**560**	**3,415**
Business-type Activities	24	—	235	—	**259**	—	41	**300**
Fiduciary	509	216	—	—	**725**	18	—	**743**
Total	**$ 2,654**	**$ 230**	**$ 422**	**$ (164)**	**$ 3,142**	**$ 715**	**$ 601**	**$ 4,458**

The more significant balances due to/from other funds include $620 million due to the General Fund to cover cash overdrafts in the short-term investment pool. These temporary interfund loans include $142 million to the Federal Special Revenue Fund and $478 million to Other Governmental Funds. Due to other funds in the General Obligation Debt Service Fund for amounts owed to the General Fund for $1 billion for excess personal income revenues. The Federal Special Revenue Fund has a due to the Fiduciary Funds for $137 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, 2007. Therefore, because of the different fiscal year-end of SUNY and CUNY Funds, the total amount reported as due from other funds exceeds the total amount reported as due to other funds by $17 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.

DASNY has $713 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, 2008. As of March 31, 2008, JDA had $37 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, 2008, approximately $50 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 $638 million has been recognized as a long-term accrued liability in the governmental activities.

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 4.173 percent as of March 31, 2008, the State is liable for unfunded claims and incurred but not reported claims totaling $1.9 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 2007 and 2008 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
2006-2007	$ 1,925	$ 275	$ 264	$ 1,936
2007-2008	$ 1,936	$ 375	$ 326	$ 1,985

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, 2008, the Fund included $658 million of securities not yet liquidated that were not subject to transfer to the General Fund. Net collections from inception (1942) to March 31, 2008 of approximately $9.3 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, 2008, the amount reported in the Fund for claimant liability is $1 billion and the amount reported in the General Fund as due to the Fund is $305 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 $186 million.

The State is liable for costs relating to the closure and post-closure of landfills totaling $19 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. The State and local shares have been reduced by participating manufacturers based on adjustment provisions. A lawsuit was filed in 2006 by the Attorney General of New York to recover the settlement payments that were withheld from the State. Litigation continues to recover the funds withheld.

On May 21, 2008, the Federal government announced that it would voluntarily extend until August 1, 2008 a moratorium on the implementation of certain Centers for Medicaid and Medicare Services (CMS) regulations that, if they were to become effective, could have an adverse impact on the State's Financial Plan. The State continues to lobby Congress for an extension of the moratorium or modification of the proposed regulations.

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 contract as a capital lease for financial reporting purposes. Since no regional build out has been completed, tested and accepted as of March 31, 2008, 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 $97 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 $234 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, 2008, there were 3,021 participating government employers. Employees of the State constituted about 35 percent and 17 percent of the members for the ERS and PFRS, respectively, during the 2007-2008 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 3 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 ten or more years of membership or credited service with a System, are not required to contribute. Less than 1 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 69.2 percent of the System's $37 billion long-term bond portfolio is guaranteed by the Federal government and has no credit risk. The remainder of the portfolio is exposed to credit risk as follows; 25.8 percent is rated A or higher by Moody's, 4.9 percent is rated Baa by Moody's and 0.1 percent is rated Caa by Moody's.

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 8.7 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 $500 million of the short-term portfolio. 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 2 percent of the assets of the System or 5 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 four highest grades by each rating service may not exceed 1 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 5 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, 2008 or in the history of the program.

The System lends fixed income, domestic equity, and international equity securities to approved broker/dealers. Collateral for securities loaned equals 102 percent of fair market value for domestic securities and 105 percent for international securities. Credit risk associated with the investment of cash collateral pledged by borrowers is mitigated by the maturity restrictions, percentage limitations, and rating requirements for individual asset classes included in the System's reinvestment guidelines. The custodian acknowledges responsibility to reimburse the System for losses, which 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.

As of March 31, 2008, the fair value of securities on loan was $29.2 billion. The associated fair value of the invested collateral was $29.8 billion of which $27.8 billion was invested cash collateral. The unrealized loss in invested cash collateral on March 31, 2008 was $112.6 million, which is reflected in the Statement of Changes in Fiduciary Net Assets, "Net increase (decrease) in the fair value of investments."

All open security loans can be terminated on demand by either the System or borrower. To provide sufficient liquidity, the policy of the System is to maintain a minimum of 10 percent of collateral in overnight investments. While the Securities Lending Investment Guidelines allow investments up to a maximum of two years, the average term of open security loans at March 31, 2008 was 13 days, matching term investments were 39 days and the overall average term to maturity of investment collateral for all loans was 15 days. Approximately 92 percent of all loans were open loans, while 8 percent represented direct matching loans.

The collateral pool is valued at market value obtained from independent pricing services.

***Foreign Currency Risk*—**The System's investment policies permit it to invest up to 16 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 is approximately $24.9 billion. The System also has foreign investments held in U.S. dollars of $6 billion, net forward foreign currency contracts position of $3.6 million, $3.4 billion in private equities and ARS funds, and $148 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 $34.4 billion.

FUNDING STATUS AND FUNDING PROGRESS

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, 2008, 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 (RSSL). 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, 2008 was approximately 9.6 percent and 16.6 percent of payroll, respectively.

Funding of the System is accomplished through member and employer contributions and the investment earnings on these contributions, according to RSSL. The System uses the aggregate actuarial funding method, which does not identify or separately amortize unfunded actuarial accrued liabilities. As required under GASB Statement No. 50, Pension Disclosures (an amendment of GASB No. 25 and No. 27), following is a schedule of funding progress using the entry age normal funding method to approximate the funding status of the System as of the most recent actuarial valuation date. This 2008 actuarial valuation performed on April 1, 2007, determined employer contributions for the year ending March 31, 2009.

The funded status of the System as of April 1, 2007, the most recent valuation date, is as follows (in millions):

System	Actuarial Valuation Date	Actuarial Assets (a)	Actuarial Accrued Liability (b)	UAAL* (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL* as a Percentage of Covered Payroll ((b-a)/c)
ERS	4/1/2007	$ 121,116	$ 114,525	$ (6,591)	105.8%	$ 22,018	(29.9)%
PFRS	4/1/2007	$ 21,379	$ 20,074	$ (1,305)	106.5%	$ 2,825	(46.2)%

**Unfunded Actuarial Accrued Liability (UAAL)*

Significant actuarial assumptions used in the April 1, 2006 and April 1, 2007 valuations to determine employer contributions for the years ended March 31, 2008 and March 31, 2009 were: interest rate 8 percent, salary scale for ERS was 5.4 percent and PFRS was 6.7 percent, decrement tables April 1, 2000 to March 31, 2005 System's experience, and inflation rate of 3 percent.

The actuarial asset value for domestic bonds and mortgages is amortized value. Short-term investments are at market value. Normally, all other investments use a five-year moving average of market values method assuming a 7 percent rate of expected appreciation. This method immediately recognizes regular investment income (interest and dividends) while phasing in unexpected appreciation/depreciation over a five-year period. It treats realized or unrealized gains (or losses) in the same manner. For fiscal year 2008, the April 1, 2006 valuation reflects a market restart in 2004 and the second year of the phase-in to a full five-year smoothing method. The April 1, 2007 valuation reflects the third year of the phase-in.

CONTRIBUTIONS

Employers' contributions receivable are presented net of withdrawals, refunds, advance employer payments, and credits due employers. Receivable amounts from Participating Employers include $72.1 million for new plan adoptions and retroactive membership. Receivable amounts from the State for other amortizations total $33.58 million.

Chapter 260 of the Laws of 2004 authorized employers to amortize over ten years, at 5 percent interest, the portion of their annual bill for fiscal year ended 2005 that exceeded 7 percent of payroll. The amortized amount receivable from New York State as of March 31, 2008 is $333.6 million and from Participating Employers is $95.4 million.

RSSL Chapter 260 of the Laws of 2004 authorized employers to amortize over ten years, at 5 percent interest, the portion of their annual bill for fiscal year ended 2006 that exceeded 9.5 percent of payroll. The amortized amount receivable from the State as of March 31, 2008 is $118.7 million and from Participating Employers is $26.4 million.

Chapter 260 of the Laws of 2004 authorized local employers to amortize over ten years, at 5 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, 2008 is $22.1 million.

The State's contribution to the System for years ended March 31, 2008, 2007, and 2006 were $1.2 billion, $1.1 billion, and $965 million, respectively, which equaled 100 percent, 102 percent, and 102 percent of the required contributions for each respective year.

The following presentation displays the Schedule of Plan Net Assets for the System as of March 31, 2008 (amounts in millions):

SCHEDULE OF PLAN NET ASSETS
March 31, 2008

	Employees' Retirement System	Police & Fire Retirement System	Total
Assets:			
Investments:			
Short-term investments	$ 5,476	$ 967	$ 6,443
Government bonds	22,180	3,917	26,097
Corporate bonds	8,903	1,572	10,475
Domestic equities	49,790	8,792	58,582
International equities	20,884	3,688	24,572
Private equities	10,793	1,906	12,699
Absolute return strategy investments	4,528	800	5,328
Real estate and mortgage loans	8,229	1,453	9,682
Total investments	**130,783**	**23,095**	**153,878**
Securities lending collateral, invested	23,657	4,178	27,835
Forward foreign exchange contracts	731	129	860
Receivables	2,475	413	2,888
Other assets	24	4	28
Total assets	**157,670**	**27,819**	**185,489**
Liabilities:			
Securities lending collateral, due to borrowers	23,753	4,194	27,947
Forward foreign exchange contracts	728	129	857
Investment purchases	415	73	488
Benefits payable	156	30	186
Other liabilities	144	21	165
Total liabilities	**25,196**	**4,447**	**29,643**
Net assets held in trust for pension benefits	**$ 132,474**	**$ 23,372**	**$ 155,846**

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 $1.2 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 $9 million is for accrued retirement incentive programs and the employer amortization. In addition, $481 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 Postemployment Benefits (OPEB)

Governmental Activities

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 that 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 thousand NYS, PA and PE employees and retirees. Eligible covered dependents bring the total number of covered individuals to approximately 1.207 million. SUNY participates in NYSHIP, but CUNY does not. Of the State's 44 discretely presented component units, which are considered PEs, a majority participate in NYSHIP. NYSHIP does not issue a stand-alone financial report but NYSHIP's activities are included within the State's financial statements. 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 State and SUNY participants.*
***Includes retiree, dependent survivor, long-term disability and preferred list enrollees.*

During the fiscal year ended March 31, 2008, NYSHIP provided health insurance coverage through: the Empire Plan, an indemnity health insurance plan with managed care components; 12 Health Maintenance Organizations (HMOs); and 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 employer's 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* which assigns the authority to NYSHIP to establish and amend the benefit provisions of the plans and to establish maximum obligations of the plan members to contribute. 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*. A retiree is generally required to pay on a monthly basis, either 10 percent or 25 percent of the health insurance premium for enrollee or dependent coverage, respectively, which is reduced by the amount of sick leave credits available at the time of retirement factored by the employee's retirement age. Required employer contribution rates, depending upon enrollee or dependent coverage, are presented in the following table.

EMPLOYER CONTRIBUTIONS

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 Participating 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.

Effective April 1, 2007, the State implemented GASB Statement 45 prospectively which requires reporting on an accrual basis the liability associated with other postemployment benefits and the OPEB liability at transition was zero.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State Legislature. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the fiscal year ended March 31, 2008, the State paid $998 million on behalf of the plan.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. Amounts "required" but not actually set aside to pay for these benefits are accumulated as part of the Net OPEB obligation. The State's annual OPEB cost for the year, the amount actually paid on behalf of the plan, and changes in the State's net OPEB obligation to the plan for the year ended March 31, 2008 are as follows (amounts in millions):

Governmental Activities:		
Annual required contribution and annual OPEB cost	$	3,097
Benefits paid during the year		(998)
Increase in OPEB obligation		2,099
Net obligation at beginning of year		—
Net obligation at end of year	**$**	**2,099**
Actuarial accrued liability (AAL) April 1, 2007	$	41,402
Funded OPEB plan assets		—
Unfunded actuarial accrued liability (UAAL) March 31, 2008	**$**	**41,402**
Funded ratio		— %
Covered payroll		6,989
UAAL as percentage of covered payroll		592.3%

In accordance with GASB Statement 45, the actuarial valuation of OPEB also includes, as part of the OPEB valuation, the value of sick leave that will be converted to reduce the retiree's share of health insurance premiums. Under GASB Statement 16, *Accounting for Compensated Absences*, the State historically reported the sick leave credits accrued by active employees to reduce post-retirement heath insurance premium costs, as a liability of the State ($1.4 billion for fiscal year ended March 31, 2007). With the adoption of GASB Statement 45, the State will no longer report the liability for sick leave under GASB Statement 16, but will include it in the actuarial valuation.

The State's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended March 31, 2008 were as follows (amounts in millions):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
3/31/08	$ 3,097	32.23%	$ 2,099

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial valuation was performed as of April 1, 2006 with results projected to April 1, 2007 for the fiscal year ended March 31, 2008. The State's $3.1 billion annual required contribution was determined using the frozen entry age actuarial cost method allocating costs on a level basis over earnings. The State's $41.4 billion unfunded actuarial accrued liability, as of the April 1, 2007 transition date, is amortized over an open period of 30 years using the level percentage of projected payroll amortization method.

The frozen entry age actuarial cost method is used to determine the annual required contribution amounts and the annual net OPEB obligation. The actuarial assumptions utilized a 4.155 percent discount rate which was the average short-term investment pool rate for the past 15 years, developed by the State; an annual healthcare cost trend rate of 10 percent for medical and 12 percent for drug (net of administrative expenses) including inflation declining each year to an ultimate trend rate of 5 percent for both medical and drug; a salary growth rate of 3.5 percent; and an inflation rate of 3 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trend. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Business-type Activities

The State, on behalf of SUNY, provides health insurance coverage for eligible retired SUNY employees and their spouses as part of the New York State Health Insurance Plan (NYSHIP). Employee contribution rates for NYSHIP are established by the State and are generally 10 percent for enrollee coverage and 25 percent for dependent coverage. The frozen entry age actuarial cost method is used to determine the annual required contribution amounts and the annual net OPEB obligation. The actuarial assumptions include a 4.155 percent discount rate, salary growth rate of 3.5 percent, an inflation rate of 3 percent, and an annual healthcare cost trend rate for medical coverage of 10 percent initially, reduced by decrements to a rate of 5 percent after 6 years.

CUNY retirees receive retiree healthcare benefits through the New York City Health Benefits Program which is a single-employer defined benefit healthcare plan. The program covers individuals who receive pensions from one of the following three pension plans within the New York City Retirement System (NYCRS): New York City Employees' Retirement System, New York City Teachers' Retirement System and New York Board of Education Retirement System. New York City pays for the coverage (Basic Coverage and Welfare Fund contributions) for retirees in NYCRS who retired from community colleges. The frozen entry age actuarial cost method is used to determine the annual required contribution amounts and the annual net OPEB obligation. The actuarial assumptions include a 4 percent discount rate, payroll growth rate of 3 percent, and an annual healthcare cost trend rate for medical coverage of 9.5 percent initially, reduced by decrements to a rate of 5 percent after 10 years.

SUNY and CUNY's annual OPEB costs and changes in net OPEB obligations for the year ended June 30, 2007 are as follows (amounts in millions):

	SUNY	CUNY
Business-type Activities:		
Annual required contribution and annual OPEB cost	$ 747	$ 92
Benefits paid during the year	(146)	(26)
Increase in OPEB obligation	601	66
Net obligation at beginning of year	—	—
Net obligation at end of year	**$ 601**	**$ 66**
Actuarial accrued liability (AAL) July 1, 2006	$ 8,481	$ 936
Funded OPEB plan assets	—	—
Unfunded actuarial accrued liability (UAAL) June 30, 2007	**$ 8,481**	**$ 936**
Funded ratio	— %	— %
Covered payroll	2,224	696
UAAL as percentage of covered payroll	381.3%	134.5%

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, 2008 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, 2007*
Dormitory Authority of the State of New York	March 31, 2008*
Health Research, Inc.	March 31, 2008*
Long Island Power Authority	December 31, 2007*
New York State Foundation for Science, Technology, and Innovation	March 31, 2008*
New York State Higher Education Services Corporation	March 31, 2008*

Entities Audited by Other Auditors:	Fiscal Year-End
Aggregate Trust Fund	December 31, 2007
Agriculture and New York State Horse Breeding Development Fund Corporation	December 31, 2007*
Albany Convention Center Authority	December 31, 2007*
Capital District Transportation Authority	March 31, 2008*
Central New York Regional Transportation Authority	March 31, 2008*
City University of New York—Senior College Foundations	June 30, 2007
Homeless Housing and Assistance Corporation	March 31, 2008*
Housing Trust Fund Corporation	March 31, 2008*
Hudson River-Black River Regulating District	June 30, 2007*
Industrial Exhibit Authority	March 31, 2008
Metropolitan Transportation Authority	December 31, 2007*
Metro-North Commuter Railroad Company	December 31, 2007
The Long Island Rail Road Company	December 31, 2007
Triborough Bridge and Tunnel Authority	December 31, 2007
Metropolitan Suburban Bus Authority	December 31, 2007*
New York City Transit Authority	December 31, 2007*
Staten Island Rapid Transit Operating Authority	December 31, 2007*
MTA Capital Construction Company	December 31, 2007
MTA Bus Company	December 31, 2007*
First Mutual Transportation Assurance Company	December 31, 2007
Municipal Bond Bank Agency	October 31, 2007
Natural Heritage Trust.	March 31, 2008*
Nelson A. Rockefeller Empire State Plaza Performing Arts	March 31, 2008*
New York Convention Center Operating Corporation	March 31, 2008*
New York State Affordable Housing Corporation	March 31, 2008
New York State Bridge Authority	December 31, 2007*
New York State Energy Research and Development Authority	March 31, 2008*
New York State Environmental Facilities Corporation	March 31, 2008*
New York State Health Foundation	December 31, 2007
New York State Housing Finance Agency	October 31, 2007

Entities Audited by Other Auditors:	Fiscal Year-End
New York State Job Development Authority	March 31, 2008*
New York State Olympic Regional Development Authority	March 31, 2008*
New York State Theatre Institute	March 31, 2008*
New York State Thoroughbred Breeding and Development Fund Corporation	December 31, 2007*
New York State Thruway Authority	December 31, 2007*
Niagara Frontier Transportation Authority	March 31, 2008*
Ogdensburg Bridge and Port Authority	March 31, 2008*
Port of Oswego Authority.	March 31, 2008*
Power Authority of the State of New York	December 31, 2007*
Research Foundation for Mental Hygiene, Inc	March 31, 2008*
Rochester-Genesee Regional Transportation Authority	March 31, 2008*
Roosevelt Island Operating Corporation	March 31, 2008*
Roswell Park Cancer Institute	March 31, 2008*
State Insurance Fund	December 31, 2007
State of New York Mortgage Agency	October 31, 2007
State University of New York Foundations	June 30, 2007
Urban Development Corporation	March 31, 2008*

**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 forty-four discrete entities presented comprise 95 percent of the combined assets and 84 percent of the combined program revenues (before eliminations). The remaining portion of this note contains a brief description of the operations of the ten 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 $31 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, or by visiting their websites.

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. DASNY, 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. DASNY has elected to report conduit debt and related assets on its balance sheet. At March 31, 2008, the liability reported for such debt was approximately $19.5 billion. At March 31, 2008, EFC's balance sheet did not include $267 million in bonds it issued for certain private companies and $858 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 $3.6 billion at March 31, 2008, 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.

Three of the Authority's largest facilities are the Niagara Power Project at Lewiston, the Blenheim-Gilboa Pumped Storage Power Project at Blenheim and Gilboa and the St. Lawrence-Franklin D. Roosevelt Power Project at Massena. These hydroelectric facilities have the capability of producing 2,441,000, 1,040,000 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 $12.8 billion to finance housing projects, and approximately $2.4 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, 2007 is approximately $8 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 (HBTF) Bonds 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, 2007, the MTA reported $2.5 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 $2.2 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

DASNY is a public benefit corporation established in 1944. DASNY's purpose is to finance, design, construct, purchase, reconstruct and/or rehabilitate buildings (projects) for use by public and private 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.

DASNY's outstanding bonds and notes of $36 billion consist mainly of debt issued for health care facilities ($9.2 billion), independent institutions ($7.2 billion), SUNY projects ($6.5 billion), CUNY projects ($3.5 billion) and New York State Agency projects ($6.4 billion). The remaining debt was issued for projects for municipal facilities and other non-profit organizations. The individual financial statements of DASNY 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 LILCO's outstanding debt by the issuance of $6.7 billion aggregate principal amount of Electric System General Revenue Bonds and Electric System Subordinated Revenue Bonds. In addition, the Authority assumed $1.2 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-1970s 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 $1.5 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 and other qualifying home buyers through its Low Interest Rate Program and other specialized home ownership programs. The Agency also 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, 2007, the Agency had issued guarantees of approximately $1.7 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. The mission of EFC is to promote environmental quality by providing low-cost capital and expert technical assistance to municipalities, businesses and State agencies for environmental projects in 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 complete audited financial statements and related footnotes as well as additional information regarding EFC can be obtained by visiting EFC 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 $9.5 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, 2007 disclosed the following (amounts in millions):

Financial Position	
Total assets	$ 23,712
Total liabilities	(14,775)
Net assets	**$ 8,937**
Operating Results	
Operating revenues	$ 3,192
Operating expenses	(2,247)
Depreciation and amortization	(692)
Expenses related to September 11, 2001	(5)
Income from operations	**248**
Passenger facility charges	221
Financial income (expense), net	(247)
Contribution in aid of construction and grants	321
World Trade Center retail insurance proceeds	760
Net income	**$ 1,303**
Changes in Net Assets	
Balance at January 1, 2007	$ 7,634
Net income	1,303
Balance at December 31, 2007	**$ 8,937**

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, 2008 except for business-type activities related to SUNY and CUNY Enterprise Funds reported as of June 30, 2007. 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

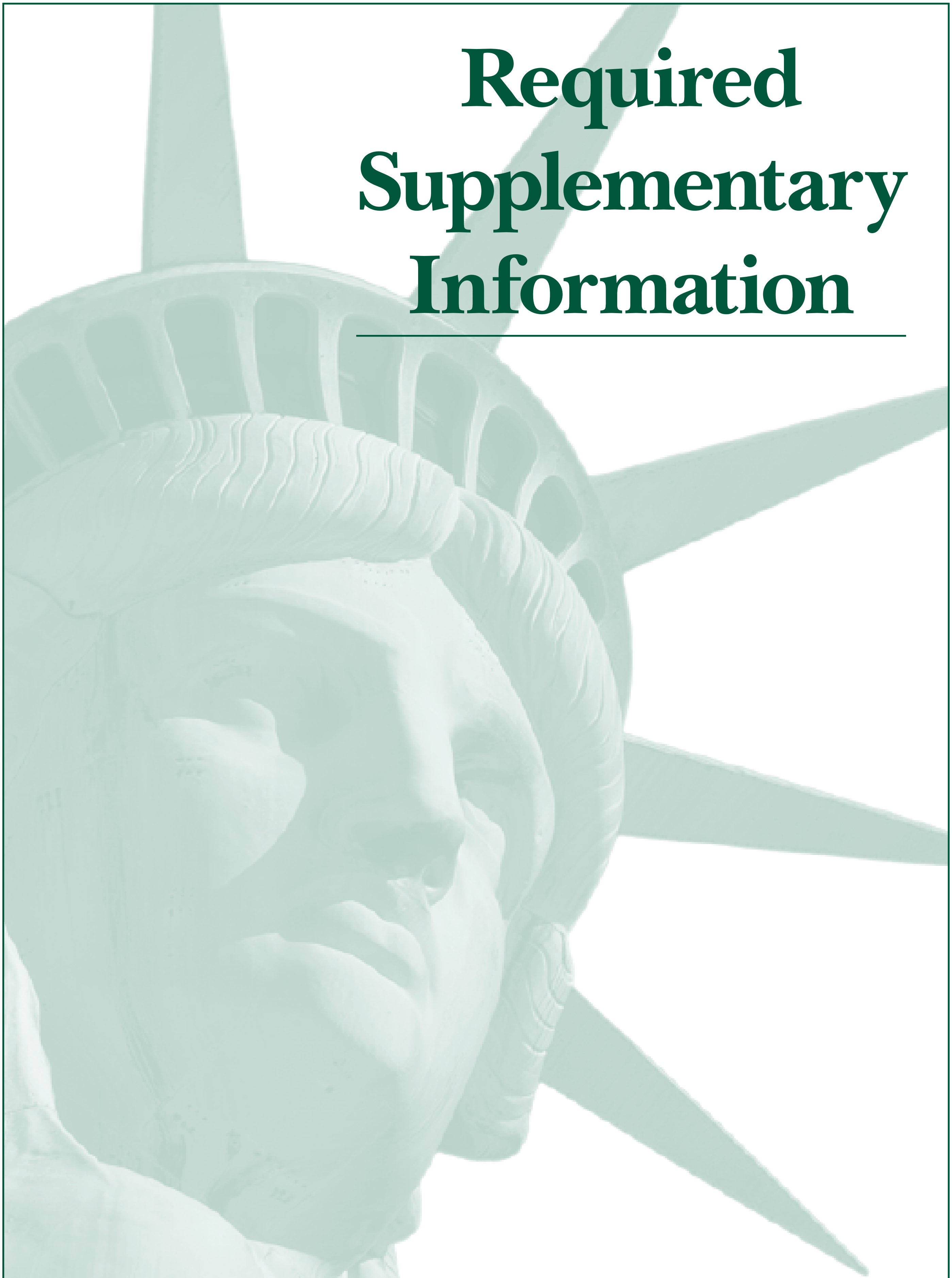
Issuer	Purpose	Date	Series	Par Amount
Dormitory Authority	SUNY Educational Facilities	7/11/2007	Personal Income Tax, Series 2007A	$387
Dormitory Authority	SUNY Educational Facilities	7/11/2007	Personal Income Tax, Series 2007B	$ 20
Dormitory Authority	SUNY Dormitory Facilities	8/1/2007	Lease Revenue Bonds, Series 2007	$145
Housing Finance Agency	Economic Development and Housing	6/19/2008	Personal Income Tax, Series 2008A	$110
Housing Finance Agency	Economic Development and Housing	6/19/2008	Personal Income Tax, Series 2008B	$ 40
Urban Development Corporation	Service Contract Refunding Bonds	6/24/2008	Service Contract Revenue Refunding Bonds, Series 2008A	$420
Urban Development Corporation	Service Contract Refunding Bonds	6/24/2008	Service Contract Revenue Refunding Bonds, Series 2008B	$450
New York Local Government Assistance Corporation	Various Refundings	6/26/2008	Variable Interest Rate Refunding Bonds, Series 2008B	$588

As part of the debt reform effort to defease outstanding high cost debt, the State defeased $88 million of debt related to CUNY Senior Colleges in May 2008 which will be reported by CUNY in fiscal year ended June 30, 2008. An additional $6.6 million of debt related to the State portion of CUNY Community College obligations was defeased at the same time.

New York City Off-Track Betting

On June 17th the State passed Chapter 115 of the Laws of 2008 permitting the State to immediately takeover the Board of Directors and operations of the New York City Off-Track Betting Corporation (NYC OTB). Employees will remain and operations will continue on as a public benefit corporation of the State. Employees will also continue as members of the New York City Retirement System. The State has appointed three of the five board members at this time.

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, 2008
(Amounts in millions) (Unaudited)

	General			
	Financial Plan Amounts		Actual (Budgetary Basis)	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
RECEIPTS:				
Taxes	$ 39,264	$ 38,508	$ 38,395	$ (113)
Miscellaneous	2,485	2,490	2,460	(30)
Federal grants	59	71	69	(2)
Total receipts	**41,808**	**41,069**	**40,924**	**(145)**
DISBURSEMENTS:				
Local assistance grants	37,158	36,574	36,414	160
State operations	9,620	9,673	9,579	94
General state charges	4,530	4,563	4,620	(57)
Capital projects	—	—	—	—
Total disbursements	**51,308**	**50,810**	**50,613**	**197**
Excess (deficiency) of receipts over disbursements	**(9,500)**	**(9,741)**	**(9,689)**	**52**
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	11,864	12,098	12,172	74
Transfers to other funds	(2,376)	(2,776)	(2,774)	2
Net other financing sources (uses)	**9,488**	**9,322**	**9,398**	**76**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (12)**	**$ (419)**	**$ (291)**	**$ 128**

See notes to required supplementary information.

Federal Special Revenue

Financial Plan Amounts: Original	Financial Plan Amounts: Final	Actual (Budgetary Basis)	Favorable (Unfavorable) Variance with Final Budget
$ —	$ —	$ —	$ —
139	137	181	44
35,047	33,910	33,095	(815)
35,186	**34,047**	**33,276**	**(771)**
29,900	28,729	28,384	345
1,433	1,409	1,307	102
233	233	216	17
1	1	—	1
31,567	**30,372**	**29,907**	**465**
3,619	**3,675**	**3,369**	**(306)**
—	—	—	—
(3,620)	(3,622)	(3,290)	332
(3,620)	**(3,622)**	**(3,290)**	**332**
$ (1)	**$ 53**	**$ 79**	**$ 26**

NOTES TO BUDGETARY BASIS REPORTING
(unaudited)

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	$ (291)	$ 79
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	(50)	(2)
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	(91)	—
Temporary interfund cash loans	5	(25)
Basis of accounting differences:		
Revenue accrual adjustments	2,415	658
Expenditure accrual adjustments	(421)	(710)
Net Change in Fund Balances	**$ 1,567**	**$ —**

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 7,846 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 2007-08 (amounts in millions):

Pavement and Bridge Condition Summary as of December 31:

Year	Pavement Average Surface Rating	Bridges Average Condition Rating
2007	6.86	5.41
2006	6.90	5.42
2005	6.81	5.43
2004	6.82	5.44
2003	6.86	5.45

Actual Preservation/Maintenance Costs as of March 31:

(Amounts in millions)

	2008	2007	2006	2005	2004
Total Roads	$ 981	$ 967	$ 931	$ 936	$ 807
Total Bridges	329	222	178	243	289
Total	**$ 1,310**	**$ 1,189**	**$ 1,109**	**$ 1,179**	**$ 1,096**

Estimated Preservation/Maintenance Costs as of March 31:

(Amounts in millions)

	2008	2007	2006	2005	2004
Total Roads	$ 914	$ 878	$ 793	$ 788	$ 805
Total Bridges	200	195	209	137	196
Total	**$ 1,114**	**$ 1,073**	**$ 1,002**	**$ 925**	**$ 1,001**

STATE OF NEW YORK

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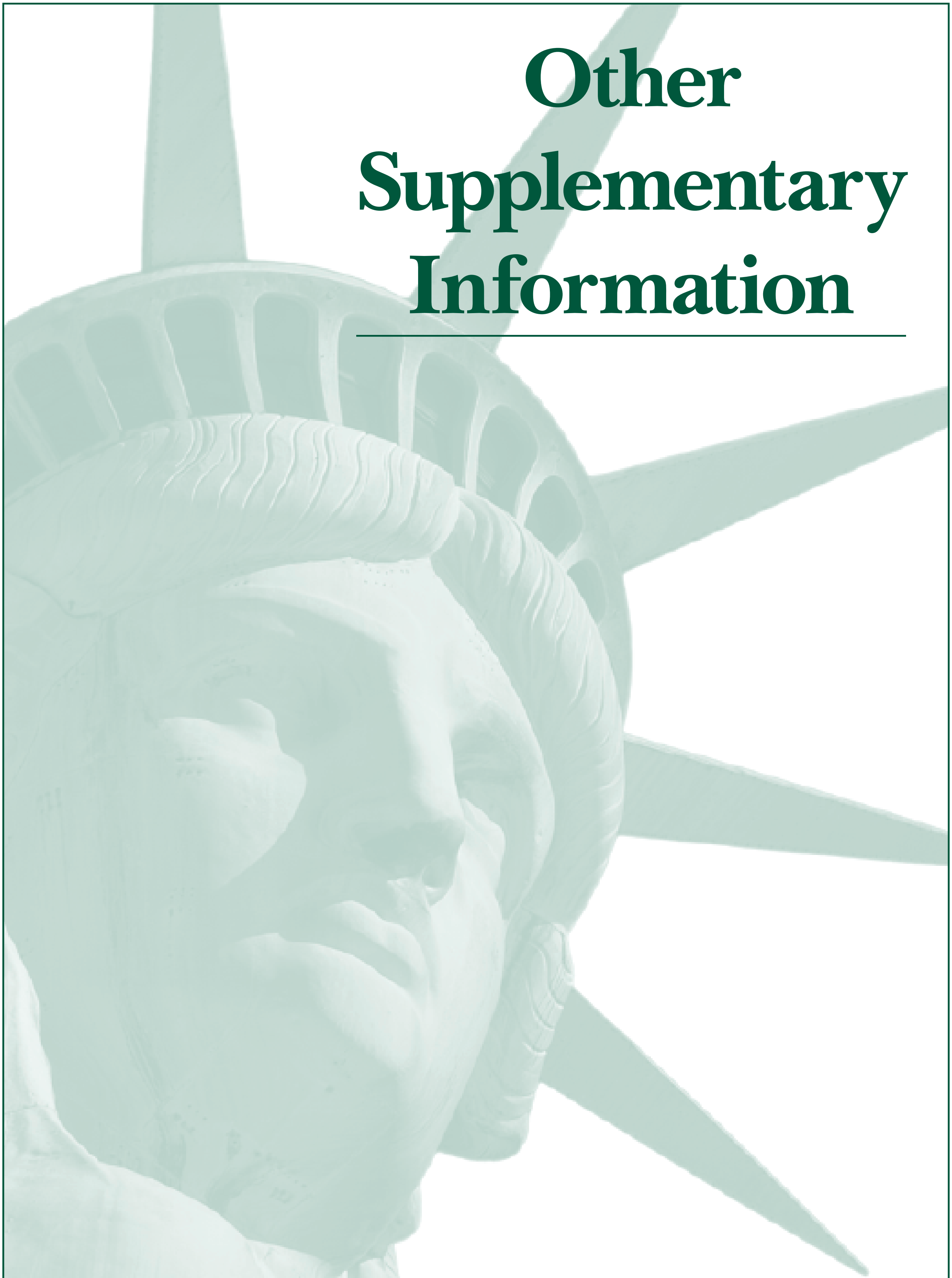
Other Supplementary Information



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, 2008
(Amounts in millions)

	Local Assistance	State Purposes	Tax Stabilization Reserve	Community Projects	Rainy Day
ASSETS:					
Cash and investments	$ 86	$ —	$ 1,031	$ 340	$ 175
Receivables, net of allowance for uncollectibles:					
Taxes	—	9,830	—	—	—
Other	15	212	—	—	—
Due from other funds	410	1,588	—	—	—
Other assets	213	208	—	—	—
Total assets	**$ 724**	**$ 11,838**	**$ 1,031**	**$ 340**	**$ 175**
LIABILITIES:					
Tax refunds payable	$ —	$ 6,163	$ —	$ —	$ —
Accounts payable	—	481	—	—	—
Accrued liabilities	1,538	796	—	—	—
Payable to local governments	2,010	—	—	19	—
Due to other funds	597	636	—	—	—
Pension contributions payable	—	9	—	—	—
Deferred revenues	1	267	—	—	—
Total liabilities	**4,146**	**8,352**	**—**	**19**	**—**
FUND BALANCES (DEFICITS):					
Reserved for:					
Encumbrances	340	120	—	76	—
Tax stabilization	—	—	1,031	—	—
Other specified purposes	86	2	—	245	175
Unreserved	(3,848)	3,364	—	—	—
Total fund balances (deficits)	**(3,422)**	**3,486**	**1,031**	**321**	**175**
Total liabilities and fund balances (deficits)	**$ 724**	**$ 11,838**	**$ 1,031**	**$ 340**	**$ 175**

See independent auditors' report.

Refund Reserve	Fringe Benefit Escrow	Earmarked Revenue	Miscellaneous	Eliminations	Totals 2008	Totals 2007
$ 794	$ —	$ 1,284	$ 54	$ —	**$ 3,764**	$ 4,192
—	—	—	—	—	**9,830**	7,711
—	3	133	7	—	**370**	330
393	745	64	32	(578)	**2,654**	1,887
—	—	7	—	—	**428**	412
$ 1,187	**$ 748**	**$ 1,488**	**$ 93**	**$ (578)**	**$ 17,046**	**$ 14,532**
$ —	$ —	$ —	$ —	$ —	**$ 6,163**	$ 5,690
—	—	78	46	—	**605**	361
—	—	120	15	—	**2,469**	2,396
—	—	32	—	—	**2,061**	2,305
—	1	605	47	(578)	**1,308**	868
—	—	—	—	—	**9**	86
—	—	212	—	—	**480**	442
—	**1**	**1,047**	**108**	**(578)**	**13,095**	**12,148**
—	—	233	30	—	**799**	668
—	—	—	—	—	**1,031**	1,031
1,187	—	—	21	—	**1,716**	312
—	747	208	(66)	—	**405**	373
1,187	**747**	**441**	**(15)**	**—**	**3,951**	**2,384**
$ 1,187	**$ 748**	**$ 1,488**	**$ 93**	**$ (578)**	**$ 17,046**	**$ 14,532**

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

GENERAL FUND

Year Ended March 31, 2008
(Amounts in millions)

	Local Assistance	State Purposes	Tax Stabilization Reserve	Community Projects	Rainy Day
REVENUES:					
Taxes:					
Personal income	$ —	$ 23,948	$ —	$ —	$ —
Consumption and use	—	8,245	—	—	—
Business	—	5,950	—	—	—
Other	—	1,271	—	—	—
Federal grants	—	52	—	—	—
Miscellaneous	5	2,428	—	—	—
Total revenues	**5**	**41,894**	**—**	**—**	**—**
EXPENDITURES:					
Local assistance grants:					
Social services	11,690	—	—	30	—
Education	19,482	—	—	18	—
Mental hygiene	1,378	—	—	8	—
General purpose	928	—	—	—	—
Health and environment	1,169	—	—	17	—
Transportation	444	—	—	2	—
Criminal justice	188	—	—	16	—
Miscellaneous	580	—	—	70	—
State operations:					
Personal service	—	5,901	—	—	—
Non-personal service	—	2,600	—	—	—
Pension contribution	—	1,052	—	—	—
Other fringe benefits	—	2,332	—	—	—
Total expenditures	**35,859**	**11,885**	**—**	**161**	**—**
Excess (deficiency) of revenues over expenditures	**(35,854)**	**30,009**	**—**	**(161)**	**—**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	36,729	14,951	—	225	175
Transfers to other funds	(1,261)	(42,912)	—	—	—
Financing arrangements/advance refundings issued	325	—	—	—	—
Premiums on financing arrangements/ advance refundings	9	—	—	—	—
Net other financing sources (uses)	**35,802**	**(27,961)**	**—**	**225**	**175**
Net change in fund balances	**(52)**	**2,048**	**—**	**64**	**175**
Fund balances (deficits) at April 1, 2007	**(3,370)**	**1,438**	**1,031**	**257**	**—**
Fund balances (deficits) at March 31, 2008	**$ (3,422)**	**$ 3,486**	**$ 1,031**	**$ 321**	**$ 175**

See independent auditors' report.

Refund Reserve	Fringe Benefit Escrow	Earmarked Revenue	Miscellaneous	Eliminations	Totals 2008	Totals 2007
$ —	$ —	$ —	$ —	$ —	$ 23,948	$ 22,496
—	—	7	—	—	8,252	8,131
—	—	—	—	—	5,950	6,330
—	—	—	—	—	1,271	1,011
—	—	—	—	—	52	67
—	1,426	2,777	638	(1,324)	5,950	5,995
—	**1,426**	**2,784**	**638**	**(1,324)**	**45,423**	**44,030**
—	—	1,725	—	—	13,445	13,318
—	—	11	—	—	19,511	17,885
—	—	146	—	—	1,532	1,213
—	—	—	—	—	928	1,192
—	—	240	—	—	1,426	1,419
—	—	—	—	—	446	408
—	—	38	—	—	242	244
—	—	62	—	—	712	587
—	—	2,381	125	—	8,407	7,966
—	71	936	470	(555)	3,522	3,337
—	—	—	—	—	1,052	1,008
—	961	734	59	(769)	3,317	3,130
—	**1,032**	**6,273**	**654**	**(1,324)**	**54,540**	**51,707**
—	**394**	**(3,489)**	**(16)**	**—**	**(9,117)**	**(7,677)**
1,187	—	3,477	88	(40,598)	16,234	13,914
(1,715)	—	(537)	(57)	40,598	(5,884)	(6,386)
—	—	—	—	—	325	351
—	—	—	—	—	9	—
(528)	**—**	**2,940**	**31**	**—**	**10,684**	**7,879**
(528)	**394**	**(549)**	**15**	**—**	**1,567**	**202**
1,715	**353**	**990**	**(30)**	**—**	**2,384**	**2,182**
$ 1,187	**$ 747**	**$ 441**	**$ (15)**	**$ —**	**$ 3,951**	**$ 2,384**

STATE OF NEW YORK
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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, 2008
(Amounts in millions)

	Federal USDA-FNS	Federal DHHS	Federal Education	Federal DHHS Block Grant	Federal Operating Grants
ASSETS:					
Cash and investments	$ —	$ —	$ —	$ —	$ 256
Receivables, net of allowance for uncollectibles:					
Due from Federal government	29	4,175	79	83	258
Other	19	1	—	—	—
Due from other funds	—	226	2	—	2
Other assets	9	1	3	8	3
Total assets	**$ 57**	**$ 4,403**	**$ 84**	**$ 91**	**$ 519**
LIABILITIES:					
Accounts payable	$ 2	$ 27	$ 4	$ 2	$ 14
Accrued liabilities	2	2,592	11	4	9
Payable to local governments	39	1,132	27	69	184
Due to other funds	5	235	42	16	26
Deferred revenues	9	417	—	—	286
Total liabilities	**57**	**4,403**	**84**	**91**	**519**
FUND BALANCES:					
Reserved for encumbrances	8	203	110	8	600
Unreserved	(8)	(203)	(110)	(8)	(600)
Total fund balances	**—**	**—**	**—**	**—**	**—**
Total liabilities and fund balance	**$ 57**	**$ 4,403**	**$ 84**	**$ 91**	**$ 519**

See independent auditors' report.

Unemployment Insurance Administration	Unemployment Insurance Occupational Training	Federal Employment and Training Grants	Totals 2008	Totals 2007
$ 64	$ 1	$ 2	**$ 323**	$ 272
21	—	1	**4,646**	4,019
—	—	—	**20**	—
—	—	—	**230**	193
1	—	—	**25**	31
$ 86	**$ 1**	**$ 3**	**$ 5,244**	**$ 4,515**
$ 4	$ —	$ 2	**$ 55**	$ 45
26	—	—	**2,644**	2,459
—	—	—	**1,451**	834
19	—	1	**344**	452
37	1	—	**750**	724
86	**1**	**3**	**5,244**	**4,514**
19	—	16	**964**	901
(19)	—	(16)	**(964)**	(900)
—	**—**	**—**	**—**	**1**
$ 86	**$ 1**	**$ 3**	**$ 5,244**	**$ 4,515**

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

FEDERAL SPECIAL REVENUE FUND

Year Ended March 31, 2008

(Amounts in millions)

	Federal USDA-FNS	Federal DHHS	Federal Education	Federal DHHS Block Grant	Federal Operating Grants
REVENUES:					
Federal grants	$ 4,008	$ 27,295	$ 2,774	$ 680	$ 808
Miscellaneous	—	—	—	—	12
Total revenues	**4,008**	**27,295**	**2,774**	**680**	**820**
EXPENDITURES:					
Local assistance grants:					
Social services	2,783	23,195	—	353	5
Education	652	—	2,533	1	4
Mental hygiene	—	18	6	134	10
Health and environment	484	372	14	24	—
Transportation	—	—	—	—	24
Criminal justice	—	3	—	—	167
Miscellaneous	—	119	—	94	313
State operations:					
Personal service	20	150	81	33	123
Non-personal service	31	208	87	19	133
Pension contribution	2	11	8	2	7
Other fringe benefits	7	42	28	8	27
Total expenditures	**3,979**	**24,118**	**2,757**	**668**	**813**
Excess of revenues over expenditures	**29**	**3,177**	**17**	**12**	**7**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	—	—	—	—	—
Transfers to other funds	(29)	(3,177)	(17)	(12)	(8)
Other financing sources (uses)	**(29)**	**(3,177)**	**(17)**	**(12)**	**(8)**
Net change in fund balances	**—**	**—**	**—**	**—**	**(1)**
Fund balances at April 1, 2007	**—**	**—**	**—**	**—**	**1**
Fund balances at March 31, 2008	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

See independent auditors' report.

Unemployment Insurance Administration	Unemployment Insurance Occupational Training	Federal Employment and Training Grants	Totals 2008	Totals 2007
$ 249	$ 14	$ 177	**$ 36,005**	$ 36,276
57	—	—	**69**	90
306	**14**	**177**	**36,074**	**36,366**
—	—	1	**26,337**	26,558
—	—	—	**3,190**	3,456
—	—	—	**168**	267
—	—	—	**894**	955
—	—	—	**24**	23
—	—	1	**171**	143
2	2	159	**689**	711
149	—	10	**566**	540
71	12	6	**567**	571
18	—	—	**48**	50
66	—	—	**178**	169
306	**14**	**177**	**32,832**	**33,443**
—	**—**	**—**	**3,242**	**3,125**
—	—	—	—	1
—	—	—	**(3,243)**	(3,126)
—	**—**	**—**	**(3,243)**	**(3,125)**
—	**—**	**—**	**(1)**	**—**
—	—	—	**1**	**1**
$ —	**$ —**	**$ —**	**$ —**	**$ 1**

STATE OF NEW YORK
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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.

The General Obligation Debt Service Fund is divided into two accounts. The principal and interest payments for the State's general obligation debt and for certain lease/purchase or other contractual obligations are made from the General Obligation Debt Service Account. The principal and interest payments for the Tobacco Settlement Financing Corporation (TSFC) are made from the Tobacco Settlement Financing Corporation Account.

Combining Schedule of Balance Sheet Accounts

GENERAL OBLIGATION DEBT SERVICE FUND

March 31, 2008
(Amounts in millions)

	General Obligation Debt Service Account	Tobacco Settlement Financing Corporation	Totals 2008	Totals 2007
ASSETS:				
Cash and investments	$ 765	$ 471	**$ 1,236**	$ 1,244
Receivables, net of allowance for uncollectibles:				
Taxes	2,743	—	**2,743**	2,090
Other	—	455	**455**	400
Due from other funds	—	—	**—**	166
Total assets	**$ 3,508**	**$ 926**	**$ 4,434**	**$ 3,900**
LIABILITIES:				
Tax refunds payable	$ 1,558	$ —	**$ 1,558**	**$ 1,412**
Accounts payable	175	—	**175**	—
Accrued liabilities	5	—	**5**	5
Payable to local governments	81	—	**81**	127
Due to other funds	1,091	—	**1,091**	534
Deferred revenues	63	—	**63**	60
Total liabilities	**2,973**	**—**	**2,973**	**2,138**
FUND BALANCES:				
Reserved for debt service	706	926	**1,632**	1,590
Unreserved	(171)	—	**(171)**	172
Total fund balances	**535**	**926**	**1,461**	**1,762**
Total liabilities and fund balances	**$ 3,508**	**$ 926**	**$ 4,434**	**$ 3,900**

See independent auditors' report.

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

GENERAL OBLIGATION DEBT SERVICE FUND

Year Ended March 31, 2008

(Amounts in millions)

	General Obligation Debt Service Account	Tobacco Settlement Financing Corporation	Totals 2008	Totals 2007
REVENUES:				
Taxes:				
Personal income tax	$ 10,180	$ —	**$ 10,180**	$ 8,125
Tobacco settlement	—	475	**475**	407
Miscellaneous	66	—	**66**	53
Total revenues	**10,246**	**475**	**10,721**	**8,585**
EXPENDITURES:				
Non-personal service	35	3	**38**	33
Debt service, including payments on financing arrangements	2,933	419	**3,352**	2,876
Total expenditures	**2,968**	**422**	**3,390**	**2,909**
Excess of revenues over expenditures	**7,278**	**53**	**7,331**	**5,676**
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	2,651	—	**2,651**	2,879
Transfers to other funds	(10,294)	—	**(10,294)**	(8,531)
Financing arrangements/advance refundings issued	1,057	443	**1,500**	319
Payments to escrow agents for advance refundings	(1,104)	(455)	**(1,559)**	(316)
Premiums on financing arrangements/advance refundings	55	15	**70**	1
Net other financing sources (uses)	**(7,635)**	**3**	**(7,632)**	**(5,648)**
Net change in fund balances	**(357)**	**56**	**(301)**	**28**
Fund balances at April 1, 2007	**892**	**870**	**1,762**	**1,734**
Fund balances at March 31, 2008	**$ 535**	**$ 926**	**$ 1,461**	**$ 1,762**

See independent auditors' report.

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

GENERAL OBLIGATION DEBT SERVICE FUND

Year Ended March 31, 2008
(Amounts in millions)

	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:			
Taxes	$ 9,100	$ 9,141	$ 41
Total receipts	**9,100**	**9,141**	**41**
DISBURSEMENTS:			
State operations	38	14	24
Debt service	3,343	3,298	45
Total disbursements	**3,381**	**3,312**	**69**
Excess of receipts over disbursements	**5,719**	**5,829**	**110**
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	2,684	2,644	(40)
Transfers to other funds	(8,403)	(8,473)	(70)
Net other financing sources (uses)	**(5,719)**	**(5,829)**	**(110)**
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, 2008
(Amounts in millions)

	Special Revenue	Debt Service	Capital Projects	Totals 2008	Totals 2007
ASSETS:					
Cash and investments	$ 3,692	$ 743	$ 2,204	**$ 6,639**	$ 7,848
Receivables, net of allowance for uncollectibles:					
Taxes	120	216	76	**412**	419
Due from Federal government	—	—	437	**437**	437
Other	581	84	212	**877**	728
Due from other funds	211	103	108	**422**	516
Other assets	42	—	8	**50**	39
Total assets	**$ 4,646**	**$ 1,146**	**$ 3,045**	**$ 8,837**	**$ 9,987**
LIABILITIES:					
Tax refunds payable	$ 156	$ 20	$ 21	**$ 197**	$ 195
Accounts payable	23	2	422	**447**	493
Accrued liabilities	27	—	92	**119**	98
Payable to local governments	152	—	613	**765**	247
Due to other funds	66	153	617	**836**	846
Deferred revenues	67	35	32	**134**	144
Total liabilities	**491**	**210**	**1,797**	**2,498**	**2,023**
FUND BALANCES:					
Reserved for:					
Encumbrances	247	—	5,941	**6,188**	5,347
Debt service	—	672	—	**672**	620
Other specified purposes	350	—	451	**801**	2,194
Unreserved	3,558	264	(5,144)	**(1,322)**	(197)
Total fund balances	**4,155**	**936**	**1,248**	**6,339**	**7,964**
Total liabilities and fund balance	**$ 4,646**	**$ 1,146**	**$ 3,045**	**$ 8,837**	**$ 9,987**

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

OTHER GOVERNMENTAL FUNDS

Year Ended March 31, 2008
(Amounts in millions)

	Special Revenue	Debt Service	Capital Projects	Totals 2008	Totals 2007
REVENUES:					
Taxes:					
Personal income	$ 4,664	$ —	$ —	**$ 4,664**	$ 3,994
Consumption and use	1,626	2,779	1,213	**5,618**	5,437
Business	1,564	—	649	**2,213**	2,158
Other	—	809	212	**1,021**	1,013
Federal grants	—	—	1,745	**1,745**	1,820
Public health/patient fees	3,274	626	—	**3,900**	3,810
Tobacco settlement	105	—	—	**105**	107
Miscellaneous	2,348	64	382	**2,794**	3,235
Total revenues	**13,581**	**4,278**	**4,201**	**22,060**	**21,574**
EXPENDITURES:					
Local assistance grants:					
Social services	2,907	—	—	**2,907**	2,918
Education	6,248	—	1,259	**7,507**	6,370
Mental hygiene	40	—	119	**159**	158
Health and environment	1,829	—	274	**2,103**	2,254
Transportation	2,727	—	437	**3,164**	2,553
Criminal justice	80	—	—	**80**	74
Miscellaneous	1,239	—	502	**1,741**	1,257
State operations:					
Personal service	257	—	—	**257**	274
Non-personal service	2,224	19	—	**2,243**	2,402
Pension contribution	17	—	—	**17**	20
Other fringe benefits	51	—	—	**51**	58
Capital construction	—	—	4,467	**4,467**	4,404
Debt service, including payments on financing arrangements	—	726	—	**726**	716
Total expenditures	**17,619**	**745**	**7,058**	**25,422**	**23,458**
Excess (deficiency) of revenues over expenditures	**(4,038)**	**3,533**	**(2,857)**	**(3,362)**	**(1,884)**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	2,836	2,864	219	**5,919**	5,839
Transfers to other funds	(125)	(6,391)	(968)	**(7,484)**	(7,085)
General obligation bonds issued	—	—	268	**268**	180
Premiums on general obligation bonds issued	—	—	2	**2**	2
Financing arrangements/advance refundings issued	—	780	2,912	**3,692**	2,892
Payments to escrow agents for advance refundings	—	(824)	—	**(824)**	(219)
Premiums on financing arrangements/ advance refundings	—	46	118	**164**	—
Net other financing sources (uses)	**2,711**	**(3,525)**	**2,551**	**1,737**	**1,609**
Net change in fund balances	**(1,327)**	**8**	**(306)**	**(1,625)**	**(275)**
Fund balances at April 1, 2007	**5,482**	**928**	**1,554**	**7,964**	**8,239**
Fund balances at March 31, 2008	**$ 4,155**	**$ 936**	**$ 1,248**	**$ 6,339**	**$ 7,964**

See independent auditors' report.

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

OTHER GOVERNMENTAL FUNDS

Year Ended March 31, 2008

(Amounts in millions)

	Special Revenue			Debt Service		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ 7,775	$ 7,834	$ 59	$ 3,459	$ 3,455	$ (4)
Miscellaneous	13,590	13,424	(166)	672	841	169
Federal grants	—	—	—	—	—	—
Total receipts	**21,365**	**21,258**	**(107)**	**4,131**	**4,296**	**165**
DISBURSEMENTS:						
Local assistance grants	17,928	17,320	608	—	—	—
State operations	7,481	7,304	177	20	18	2
General state charges	649	640	9	—	—	—
Debt service	—	—	—	950	806	144
Capital projects	14	7	7	—	—	—
Total disbursements	**26,072**	**25,271**	**801**	**970**	**824**	**146**
Excess (deficiency) of receipts over disbursements	**(4,707)**	**(4,013)**	**694**	**3,161**	**3,472**	**311**
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds, net	—	—	—	—	—	—
Transfers from other funds	7,445	4,520	(2,925)	3,123	2,791	(332)
Transfers to other funds	(3,613)	(713)	2,900	(6,239)	(6,210)	29
Net other financing sources (uses)	**3,832**	**3,807**	**(25)**	**(3,116)**	**(3,419)**	**(303)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (875)**	**$ (206)**	**$ 669**	**$ 45**	**$ 53**	**$ 8**

See independent auditors' report.

Capital Projects

Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 2,009	$ 2,047	$ 38
3,306	2,736	(570)
1,859	1,745	(114)
7,174	**6,528**	**(646)**
603	1,078	(475)
—	—	—
—	—	—
—	—	—
6,097	5,053	1,044
6,700	**6,131**	**569**
474	**397**	**(77)**
298	269	(29)
212	272	60
(943)	(939)	4
(433)	**(398)**	**35**
$ 41	**$ (1)**	**$ (42)**

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

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, 2008

(Amounts in millions)

	School Tax Relief (STAR)	Health Care Reform Act Resources	Dedicated Mass Transportation Trust	ENCON Special Revenue	Conservation
ASSETS:					
Cash and investments	$ 6	$ 931	$ 110	$ 19	$ 40
Receivables, net of allowance for uncollectibles:					
Taxes	—	40	20	—	—
Other	2	453	—	—	—
Due from other funds	—	8	11	—	—
Other assets	—	35	—	—	—
Total assets	**$ 8**	**$ 1,467**	**$ 141**	**$ 19**	**$ 40**
LIABILITIES:					
Tax refunds payable	$ —	$ —	$ 8	$ —	$ —
Accounts payable	—	8	2	3	1
Accrued liabilities	—	2	—	6	3
Payable to local governments	—	62	9	—	—
Due to other funds	—	2	—	2	18
Deferred revenues	—	23	—	—	—
Total liabilities	**—**	**97**	**19**	**11**	**22**
FUND BALANCES:					
Reserved for:					
Encumbrances	—	74	73	13	1
Other specified purposes	—	—	—	—	—
Unreserved	8	1,296	49	(5)	17
Total fund balances (deficits)	**8**	**1,370**	**122**	**8**	**18**
Total liabilities and fund balance (deficits)	**$ 8**	**$ 1,467**	**$ 141**	**$ 19**	**$ 40**

See independent auditors' report.

Environmental Protection and Oil Spill Compensation	Mass Transportation Operating Assistance	Public Asset	Miscellaneous	Totals 2008	Totals 2007
$ 2	$ 546	$ 350	$ 1,688	**$ 3,692**	**$ 5,047**
—	59	—	1	**120**	125
—	—	—	126	**581**	482
—	—	—	192	**211**	312
1	—	—	6	**42**	8
$ 3	**$ 605**	**$ 350**	**$ 2,013**	**$ 4,646**	**$ 5,974**
$ —	$ 147	$ —	$ 1	**$ 156**	$ 165
4	—	—	5	**23**	29
1	—	—	15	**27**	32
—	—	—	81	**152**	127
1	4	—	39	**66**	69
—	—	—	44	**67**	70
6	**151**	**—**	**185**	**491**	**492**
—	1	—	85	**247**	288
—	—	350	—	**350**	1,610
(3)	453	—	1,743	**3,558**	3,584
(3)	**454**	**350**	**1,828**	**4,155**	**5,482**
$ 3	**$ 605**	**$ 350**	**$ 2,013**	**$ 4,646**	**$ 5,974**

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

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

Year Ended March 31, 2008

(Amounts in millions)

	School Tax Relief (STAR)	Health Care Reform Act Resources	Dedicated Mass Transportation Trust	ENCON Special Revenue	Conservation
REVENUES:					
Taxes:					
Personal income	$ 4,664	$ —	$ —	$ —	$ —
Consumption and use	—	566	309	—	—
Business	—	—	372	—	—
Public health/patient fees	—	3,274	—	—	—
Tobacco settlement	—	105	—	—	—
Miscellaneous	—	62	12	91	48
Total revenues	**4,664**	**4,007**	**693**	**91**	**48**
EXPENDITURES:					
Local assistance grants:					
Social services	—	2,907	—	—	—
Education	3,557	—	—	—	—
Mental hygiene	—	38	—	—	—
Health and environment	—	1,829	—	—	—
Transportation	—	—	670	—	—
Criminal justice	—	—	—	—	—
Miscellaneous	1,099	3	—	1	—
State operations:					
Personal service	—	29	—	37	19
Non-personal service	—	69	—	49	13
Pension contribution	—	1	—	3	2
Other fringe benefits	—	4	—	10	7
Total expenditures	**4,656**	**4,880**	**670**	**100**	**41**
Excess (deficiency) of revenues over expenditures	**8**	**(873)**	**23**	**(9)**	**7**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	—	1,004	—	7	—
Transfers to other funds	—	(81)	—	(1)	(2)
Net other financing sources (uses)	**—**	**923**	**—**	**6**	**(2)**
Net change in fund balances	**8**	**50**	**23**	**(3)**	**5**
Fund balances at April 1, 2007	**—**	**1,320**	**99**	**11**	**13**
Fund balances (deficits) at March 31, 2008	**$ 8**	**$ 1,370**	**$ 122**	**$ 8**	**$ 18**

See independent auditors' report.

Environmental Protection and Oil Spill Compensation	Mass Transportation Operating Assistance	Public Asset	Miscellaneous	Eliminations	Totals 2008	Totals 2007
$ —	$ —	$ —	$ —	$ —	**$ 4,664**	$ 3,994
—	719	—	32	—	**1,626**	1,600
—	1,192	—	—	—	**1,564**	1,523
—	—	—	—	—	**3,274**	3,174
—	—	—	—	—	**105**	107
58	34	—	2,043	—	**2,348**	2,940
58	**1,945**	**—**	**2,075**	**—**	**13,581**	**13,338**
—	—	—	—	—	**2,907**	2,918
—	—	—	2,691	—	**6,248**	5,782
—	—	—	2	—	**40**	55
—	—	—	—	—	**1,829**	2,136
—	2,057	—	—	—	**2,727**	2,167
—	—	—	80	—	**80**	74
—	—	—	136	—	**1,239**	852
10	3	—	159	—	**257**	274
36	1	257	1,799	—	**2,224**	2,382
—	1	—	10	—	**17**	20
3	1	—	26	—	**51**	58
49	**2,063**	**257**	**4,903**	**—**	**17,619**	**16,718**
9	**(118)**	**(257)**	**(2,828)**	**—**	**(4,038)**	**(3,380)**
—	63	—	2,771	(1,009)	**2,836**	2,598
(17)	—	(1,003)	(30)	1,009	**(125)**	(58)
(17)	**63**	**(1,003)**	**2,741**	**—**	**2,711**	**2,540**
(8)	**(55)**	**(1,260)**	**(87)**	**—**	**(1,327)**	**(840)**
5	**509**	**1,610**	**1,915**	**—**	**5,482**	**6,322**
$ (3)	**$ 454**	**$ 350**	**$ 1,828**	**$ —**	**$ 4,155**	**$ 5,482**

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

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

Year Ended March 31, 2008
(Amounts in millions)

	School Tax Relief			Mass Transportation Operating Assistance		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ 4,664	$ 4,664	$ —	$ 1,847	$ 1,887	$ 40
Miscellaneous	—	—	—	20	34	14
Total receipts	**4,664**	**4,664**	**—**	**1,867**	**1,921**	**54**
DISBURSEMENTS:						
Local assistance grants	4,664	4,658	6	2,062	2,057	5
State operations	—	—	—	5	4	1
General state charges	—	—	—	2	1	1
Capital projects	—	—	—	—	—	—
Total disbursements	**4,664**	**4,658**	**6**	**2,069**	**2,062**	**7**
Excess (deficiency) of receipts over disbursements	**—**	**6**	**6**	**(202)**	**(141)**	**61**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	—	—	—	79	63	(16)
Transfers to other funds	—	—	—	(23)	—	23
Net other financing sources (uses)	**—**	**—**	**—**	**56**	**63**	**7**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ 6**	**$ 6**	**$ (146)**	**$ (78)**	**$ 68**

See independent auditors' report.

State Special Revenue Account			Other		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 4	$ 8	$ 4	$ 1,260	$ 1,275	$ 15
3,031	3,010	(21)	10,539	10,380	(159)
3,035	**3,018**	**(17)**	**11,799**	**11,655**	**(144)**
2,575	2,260	315	8,627	8,345	282
3,688	3,509	179	3,788	3,791	(3)
321	306	15	326	333	(7)
10	—	10	4	7	(3)
6,594	**6,075**	**519**	**12,745**	**12,476**	**269**
(3,559)	**(3,057)**	**502**	**(946)**	**(821)**	**125**
3,973	3,504	(469)	3,087	15,975	12,888
(687)	(538)	149	(2,597)	(15,197)	(12,600)
3,286	**2,966**	**(320)**	**490**	**778**	**288**
$ (273)	**$ (91)**	**$ 182**	**$ (456)**	**$ (43)**	**$ 413**

(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, 2008
(Amounts in millions)

	Eliminations		Total		
	Financial Plan	Actual	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:					
Taxes	$ —	$ —	$ 7,775	$ 7,834	$ 59
Miscellaneous	—	—	13,590	13,424	(166)
Total receipts	**—**	**—**	**21,365**	**21,258**	**(107)**
DISBURSEMENTS:					
Local assistance grants	—	—	17,928	17,320	608
State operations	—	—	7,481	7,304	177
General state charges	—	—	649	640	9
Capital projects	—	—	14	7	7
Total disbursements	**—**	**—**	**26,072**	**25,271**	**801**
Excess (deficiency) of receipts over disbursements	**—**	**—**	**(4,707)**	**(4,013)**	**694**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	306	(15,022)	7,445	4,520	(2,925)
Transfers to other funds	(306)	15,022	(3,613)	(713)	2,900
Net other financing sources (uses)	**—**	**—**	**3,832**	**3,807**	**(25)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ —**	**$ (875)**	**$ (206)**	**$ 669**

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, 2008
(Amounts in millions)

	Debt Reduction Reserve	Mental Health Services	State Housing Debt	Department of Health Income	Clean Water/ Clean Air
ASSETS:					
Cash and investments	$ 101	$ 68	$ —	$ 51	$ 1
Receivables, net of allowance for uncollectibles:					
Taxes	—	—	—	—	34
Other	—	40	26	17	—
Due from other funds	—	91	—	5	—
Total assets	**$ 101**	**$ 199**	**$ 26**	**$ 73**	**$ 35**
LIABILITIES:					
Tax refunds payable	$ —	$ —	$ —	$ —	$ —
Accounts payable	—	—	—	—	—
Due to other funds	—	—	—	—	1
Deferred revenues	—	4	18	1	—
Total liabilities	**—**	**4**	**18**	**1**	**1**
FUND BALANCES:					
Reserved for debt service	101	29	—	19	—
Unreserved	—	166	8	53	34
Total fund balances	**101**	**195**	**8**	**72**	**34**
Total liabilities and fund balances	**$ 101**	**$ 199**	**$ 26**	**$ 73**	**$ 35**

Local Government Assistance Tax	Totals 2008	Totals 2007
$ 522	**$ 743**	$ 711
182	**216**	217
1	**84**	80
7	**103**	148
$ 712	**$ 1,146**	**$ 1,156**
$ 20	**$ 20**	$ 19
2	**2**	5
152	**153**	167
12	**35**	37
186	**210**	**228**
523	**672**	620
3	**264**	308
526	**936**	**928**
$ 712	**$ 1,146**	**$ 1,156**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

Year Ended March 31, 2008

(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	—	—	—	—	809
Patient fees	—	293	—	333	—
Miscellaneous	—	17	18	4	—
Total revenues	**—**	**310**	**18**	**337**	**809**
EXPENDITURES:					
Non-personal service	—	7	—	3	—
Debt service, including payments on financing arrangements	22	296	20	28	—
Total expenditures	**22**	**303**	**20**	**31**	**—**
Excess (deficiency) of revenues over expenditures	**(22)**	**7**	**(2)**	**306**	**809**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	127	2,690	3	44	—
Transfers to other funds	(4)	(2,725)	—	(359)	(808)
Financing arrangements/advance refundings issued	—	—	—	—	—
Payments to escrow agents for advance refundings	—	—	—	—	—
Premiums on financing arrangements/ advance refundings	—	—	—	—	—
Net other financing sources (uses)	**123**	**(35)**	**3**	**(315)**	**(808)**
Net change in fund balances	**101**	**(28)**	**1**	**(9)**	**1**
Fund balances at April 1, 2007	**—**	**223**	**7**	**81**	**33**
Fund balances at March 31, 2008	**$ 101**	**$ 195**	**$ 8**	**$ 72**	**$ 34**

See independent auditors' report.

Local Government Assistance Tax	Totals 2008	Totals 2007
$ 2,779	$ 2,779	$ 2,667
—	809	866
—	626	636
25	64	44
2,804	**4,278**	**4,213**
9	19	20
360	726	716
369	**745**	**736**
2,435	**3,533**	**3,477**
—	2,864	2,809
(2,495)	(6,391)	(6,227)
780	780	224
(824)	(824)	(219)
46	46	—
(2,493)	**(3,525)**	**(3,413)**
(58)	**8**	**64**
584	**928**	**864**
$ 526	**$ 936**	**$ 928**

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

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

Year Ended March 31, 2008

(Amounts in millions)

	Mental Health Services			Clean Water/Clean Air		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ —	$ —	$ —	$ 844	$ 809	$ (35)
Miscellaneous	228	296	68	—	—	—
Total receipts	**228**	**296**	**68**	**844**	**809**	**(35)**
DISBURSEMENTS:						
State operations	8	6	2	—	—	—
Debt service	293	297	(4)	—	—	—
Total disbursements	**301**	**303**	**(2)**	**—**	**—**	**—**
Excess (deficiency) of receipts over disbursements	**(73)**	**(7)**	**66**	**844**	**809**	**(35)**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	2,831	2,741	(90)	—	—	—
Transfers to other funds	(2,711)	(2,726)	(15)	(844)	(809)	35
Net other financing sources (uses)	**120**	**15**	**(105)**	**(844)**	**(809)**	**35**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 47**	**$ 8**	**$ (39)**	**$ —**	**$ —**	**$ —**

See independent auditors' report.

Local Government Assistance Tax			Other		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 2,615	$ 2,646	$ 31	$ —	$ —	$ —
—	1	1	444	544	100
2,615	**2,647**	**32**	**444**	**544**	**100**
7	6	1	5	6	(1)
303	279	24	354	230	124
310	**285**	**25**	**359**	**236**	**123**
2,305	**2,362**	**57**	**85**	**308**	**223**
—	—	—	165	50	(115)
(2,305)	(2,358)	(53)	(252)	(317)	(65)
(2,305)	**(2,358)**	**(53)**	**(87)**	**(267)**	**(180)**
$ —	**$ 4**	**$ 4**	**$ (2)**	**$ 41**	**$ 43**

(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, 2008

(Amounts in millions)

	Eliminations		Total		
	Financial Plan	Actual	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:					
Taxes	$ —	$ —	$ 3,459	$ 3,455	$ (4)
Miscellaneous	—	—	672	841	169
Total receipts	**—**	**—**	**4,131**	**4,296**	**165**
DISBURSEMENTS:					
State operations	—	—	20	18	2
Debt service	—	—	950	806	144
Total disbursements	**—**	**—**	**970**	**824**	**146**
Excess (deficiency) of receipts over disbursements	**—**	**—**	**3,161**	**3,472**	**311**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	127	—	3,123	2,791	(332)
Transfers to other funds	(127)	—	(6,239)	(6,210)	29
Net other financing sources (uses)	**—**	**—**	**(3,116)**	**(3,419)**	**(303)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ —**	**$ 45**	**$ 53**	**$ 8**

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 Rebuild and Renew New York Transportation 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, 2008
(Amounts in millions)

	State Capital Projects	Dedicated Highway & Bridge Trust	Environmental Protection	Transportation Capital Facilities Bond	Environmental Quality Protection Bond	Rebuild & Renew New York Transportation Bond	Environmental Quality Bond
ASSETS:							
Cash and investments	$ 1,563	$ 76	$ 160	$ 3	$ 5	$ 82	$ 21
Receivables, net of allowance for uncollectibles:							
Taxes	—	76	—	—	—	—	—
Due from Federal government	—	—	—	—	—	—	—
Other	182	22	1	—	—	—	—
Due from other funds	51	106	—	—	—	—	—
Other assets	—	1	—	—	—	—	—
Total assets	**$ 1,796**	**$ 281**	**$ 161**	**$ 3**	**$ 5**	**$ 82**	**$ 21**
LIABILITIES:							
Tax refunds payable	$ —	$ 21	$ —	$ —	$ —	$ —	$ —
Accounts payable	158	100	11	—	—	—	—
Accrued liabilities	5	80	—	—	—	—	—
Payable to local governments	541	5	10	—	—	—	—
Due to other funds	50	313	—	—	—	—	—
Deferred revenues	23	3	1	—	—	—	—
Total liabilities	**777**	**522**	**22**	**—**	**—**	**—**	**—**
FUND BALANCES (DEFICITS):							
Reserved for:							
Encumbrances	807	1,315	184	—	—	—	—
Other specified purposes	427	24	—	—	—	—	—
Unreserved	(215)	(1,580)	(45)	3	5	82	21
Total fund balances (deficits)	**1,019**	**(241)**	**139**	**3**	**5**	**82**	**21**
Total liabilities and fund balances (deficits)	**$ 1,796**	**$ 281**	**$ 161**	**$ 3**	**$ 5**	**$ 82**	**$ 21**

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 2008	Totals 2007
	$ 89	$ —	$ 17	$ —	$ —	$ —	$ 122	$ 66	$ —	**$ 2,204**	$ 2,090
	—	—	—	—	—	—	—	—	—	**76**	77
	—	437	—	—	—	—	—	—	—	**437**	437
	7	—	—	—	—	—	—	—	—	**212**	166
	—	237	—	1	—	—	—	—	(287)	**108**	56
	—	—	—	—	7	—	—	—	—	**8**	31
	$ 96	**$ 674**	**$ 17**	**$ 1**	**$ 7**	**$ —**	**$ 122**	**$ 66**	**$ (287)**	**$ 3,045**	**$ 2,857**
	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	**$ 21**	$ 11
	6	88	—	—	2	14	36	7	—	**422**	459
	4	1	—	—	—	—	—	2	—	**92**	66
	—	53	—	—	—	3	—	1	—	**613**	120
	4	345	—	130	29	33	—	—	(287)	**617**	610
	5	—	—	—	—	—	—	—	—	**32**	37
	19	**487**	**—**	**130**	**31**	**50**	**36**	**10**	**(287)**	**1,797**	**1,303**
	72	2,978	—	3	37	277	215	53	—	**5,941**	5,059
	—	—	—	—	—	—	—	—	—	**451**	584
	5	(2,791)	17	(132)	(61)	(327)	(129)	3	—	**(5,144)**	(4,089)
	77	**187**	**17**	**(129)**	**(24)**	**(50)**	**86**	**56**	**—**	**1,248**	**1,554**
	$ 96	**$ 674**	**$ 17**	**$ 1**	**$ 7**	**$ —**	**$ 122**	**$ 66**	**$ (287)**	**$ 3,045**	**$ 2,857**

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

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2008
(Amounts in millions)

	State Capital Projects	Dedicated Highway & Bridge Trust	Environmental Protection	Transportation Capital Facilities Bond	Environmental Quality Protection Bond	Rebuild & Renew New York Transportation Bond	Environmental Quality Bond
REVENUES:							
Taxes:							
Consumption and use	$ —	$ 1,213	$ —	$ —	$ —	$ —	$ —
Business	—	649	—	—	—	—	—
Other	—	—	212	—	—	—	—
Federal grants	—	—	—	—	—	—	—
Miscellaneous	—	148	6	—	—	—	—
Total revenues	**—**	**2,010**	**218**	**—**	**—**	**—**	**—**
EXPENDITURES:							
Local assistance grants:							
Education	1,259	—	—	—	—	—	—
Mental hygiene	27	—	—	—	—	—	—
Health and environment	130	—	—	—	—	—	—
Transportation	96	43	—	—	—	—	—
Miscellaneous	244	—	30	—	—	—	—
Capital construction	653	2,271	130	—	—	1	—
Total expenditures	**2,409**	**2,314**	**160**	**—**	**—**	**1**	**—**
Excess (deficiency) of revenues over expenditures	**(2,409)**	**(304)**	**58**	**—**	**—**	**(1)**	**—**
OTHER FINANCING SOURCES (USES):							
Transfers from other funds	477	289	—	—	—	—	—
Transfers to other funds	(53)	(787)	(39)	—	(2)	(190)	(5)
General obligation bonds issued	—	—	—	—	—	199	2
Premiums on general obligation bonds issued	—	—	—	—	—	2	—
Financing arrangements issued	1,652	762	21	—	—	—	—
Premiums on financing arrangements/ advance refundings	85	18	1	—	—	—	—
Net other financing sources (uses)	**2,161**	**282**	**(17)**	**—**	**(2)**	**11**	**(3)**
Net change in fund balances	**(248)**	**(22)**	**41**	**—**	**(2)**	**10**	**(3)**
Fund balances (deficits) at April 1, 2007	**1,267**	**(219)**	**98**	**3**	**7**	**72**	**24**
Fund balances (deficits) at March 31, 2008	**$ 1,019**	**$ (241)**	**$ 139**	**$ 3**	**$ 5**	**$ 82**	**$ 21**

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 2008	Totals 2007
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	**$ 1,213**	$ 1,170
—	—	—	—	—	—	—	—	—	**649**	635
—	—	—	—	—	—	—	—	—	**212**	147
—	1,745	—	—	—	—	—	—	—	**1,745**	1,820
24	6	—	127	—	1	6	64	—	**382**	251
24	**1,751**	**—**	**127**	**—**	**1**	**6**	**64**	**—**	**4,201**	**4,023**
—	—	—	—	—	—	—	—	—	**1,259**	588
—	—	—	—	—	92	—	—	—	**119**	103
2	142	—	—	—	—	—	—	—	**274**	118
—	298	—	—	—	—	—	—	—	**437**	386
—	—	—	96	—	—	—	132	—	**502**	405
108	776	—	32	8	163	260	65	—	**4,467**	4,404
110	**1,216**	**—**	**128**	**8**	**255**	**260**	**197**	**—**	**7,058**	**6,004**
(86)	**535**	**—**	**(1)**	**(8)**	**(254)**	**(254)**	**(133)**	**—**	**(2,857)**	**(1,981)**
29	—	—	1	17	5	—	6	(605)	**219**	432
(43)	(348)	(78)	—	—	—	—	(28)	605	**(968)**	(800)
—	—	60	—	—	—	—	7	—	**268**	180
—	—	—	—	—	—	—	—	—	**2**	2
100	—	—	—	—	—	248	129	—	**2,912**	2,668
7	—	—	—	—	—	1	6	—	**118**	—
93	**(348)**	**(18)**	**1**	**17**	**5**	**249**	**120**	**—**	**2,551**	**2,482**
7	**187**	**(18)**	**—**	**9**	**(249)**	**(5)**	**(13)**	**—**	**(306)**	**501**
70	**—**	**35**	**(129)**	**(33)**	**199**	**91**	**69**	**—**	**1,554**	**1,053**
$ 77	**$ 187**	**$ 17**	**$ (129)**	**$ (24)**	**$ (50)**	**$ 86**	**$ 56**	**$ —**	**$ 1,248**	**$ 1,554**

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

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2008
(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	$ —	$ —	$ —	$ 1,798	$ 1,834	$ 36
Miscellaneous	1,544	1,193	(351)	894	856	(38)
Federal grants	—	—	—	—	—	—
Total receipts	**1,544**	**1,193**	**(351)**	**2,692**	**2,690**	**(2)**
DISBURSEMENTS:						
Local assistance grants	245	359	(114)	—	33	(33)
Capital projects	1,702	1,271	431	2,127	1,979	148
Total disbursements	**1,947**	**1,630**	**317**	**2,127**	**2,012**	**115**
Excess (deficiency) of receipts over disbursements	**(403)**	**(437)**	**(34)**	**565**	**678**	**113**
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds, net	—	—	—	—	—	—
Transfers from other funds	453	460	7	341	289	(52)
Transfers to other funds	(50)	(23)	27	(872)	(862)	10
Net other financing sources (uses)	**403**	**437**	**34**	**(531)**	**(573)**	**(42)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ —**	**$ —**	**$ 34**	**$ 105**	**$ 71**

See independent auditors' report.

Federal Capital Projects			Department of Transportation Engineering Services		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ —	$ —	$ —	$ —	$ —	$ —
—	6	6	—	—	—
1,859	1,745	(114)	—	—	—
1,859	**1,751**	**(108)**	**—**	**—**	**—**
142	489	(347)	—	—	—
1,447	1,073	374	9	9	—
1,589	**1,562**	**27**	**9**	**9**	**—**
270	**189**	**(81)**	**(9)**	**(9)**	**—**
—	—	—	—	—	—
—	—	—	15	17	2
(309)	(273)	36	—	—	—
(309)	**(273)**	**36**	**15**	**17**	**2**
$ (39)	**$ (84)**	**$ (45)**	**$ 6**	**$ 8**	**$ 2**

(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, 2008

(Amounts in millions)

	Other			Eliminations	
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual
RECEIPTS:					
Taxes	$ 211	$ 213	$ 2	$ —	$ —
Miscellaneous	868	681	(187)	—	—
Federal grants	—	—	—	—	—
Total receipts	**1,079**	**894**	**(185)**	**—**	**—**
DISBURSEMENTS:					
Local assistance grants	216	197	19	—	—
Capital projects	812	721	91	—	—
Total disbursements	**1,028**	**918**	**110**	**—**	**—**
Excess (deficiency) of receipts over disbursements	**51**	**(24)**	**(75)**	**—**	**—**
OTHER FINANCING SOURCES (USES):					
Bond and note proceeds, net	298	269	(29)	—	—
Transfers from other funds	70	(494)	(564)	(667)	—
Transfers to other funds	(379)	219	598	667	—
Net other financing sources (uses)	**(11)**	**(6)**	**5**	**—**	**—**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 40**	**$ (30)**	**$ (70)**	**$ —**	**$ —**

See independent auditors' report.

Total		
Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 2,009	$ 2,047	$ 38
3,306	2,736	(570)
1,859	1,745	(114)
7,174	**6,528**	**(646)**
603	1,078	(475)
6,097	5,053	1,044
6,700	**6,131**	**569**
474	**397**	**(77)**
298	269	(29)
212	272	60
(943)	(939)	4
(433)	**(398)**	**35**
$ 41	**$ (1)**	**$ (42)**

STATE OF NEW YORK COMPTROLLER

EXCELSIOR

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, 2008
(Amounts in millions)

	Agriculture Producer's Security	Milk Producer's Security	Abandoned Property	Tuition Savings Program	Totals 2008	Totals 2007
ASSETS:						
Cash and investments	$ 3	$ 7	$ 661	$ 7,895	**$ 8,566**	$ 6,900
Receivables, net of allowance for uncollectibles	—	—	98	60	**158**	141
Due from other funds	—	—	305	—	**305**	245
Total assets	**3**	**7**	**1,064**	**7,955**	**9,029**	**7,286**
LIABILITIES:						
Accrued liabilities	—	—	1,037	43	**1,080**	1,020
Total liabilities	**—**	**—**	**1,037**	**43**	**1,080**	**1,020**
NET ASSETS:						
Reserved for other specified purposes	3	7	27	7,912	**7,949**	6,266
Total net assets	**$ 3**	**$ 7**	**$ 27**	**$ 7,912**	**$ 7,949**	**$ 6,266**

See independent auditors' report.

Combining Statement of Changes in Fiduciary Net Assets

PRIVATE PURPOSE TRUSTS

March 31, 2008
(Amounts in millions)

	Agriculture Producer's Security	Milk Producer's Security	Abandoned Property	Tuition Savings Program	Totals 2008	Totals 2007
Additions:						
Dividend income	$ —	$ —	$ —	$ 224	**$ 224**	$ 163
Other income	—	1	—	—	**1**	1
Net change in the fair value of investments	—	—	—	197	**197**	378
Total investment and other income	**—**	**1**	**—**	**421**	**422**	**542**
Less:						
Investment expenses	—	—	—	(38)	**(38)**	(28)
Net investment and other income	**—**	**1**	**—**	**383**	**384**	**514**
Contributions:						
College savings	—	—	—	2,788	**2,788**	2,322
Total contributions	**—**	**—**	**—**	**2,788**	**2,788**	**2,322**
Net transfers from General Fund	—	—	186	—	**186**	162
Total additions	**—**	**1**	**186**	**3,171**	**3,358**	**2,998**
Deductions:						
College aid redemptions	—	—	—	1,516	**1,516**	1,181
Claims paid	—	—	159	—	**159**	162
Miscellaneous	—	—	—	—	**—**	2
Total deductions	**—**	**—**	**159**	**1,516**	**1,675**	**1,345**
Net increase	**—**	**1**	**27**	**1,655**	**1,683**	**1,653**
Net assets held in trust at April 1, 2007	**3**	**6**	**—**	**6,257**	**6,266**	**4,613**
Net assets held in trust at March 31, 2008	**$ 3**	**$ 7**	**$ 27**	**$ 7,912**	**$ 7,949**	**$ 6,266**

See independent auditors' report.

Combining Statement of Fiduciary Net Assets

AGENCY FUNDS

March 31, 2008
(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	$ 40	$ 286	$ 50	$ 103	$ 5
Receivables, net of allowance for uncollectibles	—	34	—	—	4
Due from other funds	—	12	—	—	1
Other assets	—	532	—	—	—
Total assets	**$ 40**	**$ 864**	**$ 50**	**$ 103**	**$ 10**
LIABILITIES:					
Accounts payable	$ —	$ 31	$ —	$ —	$ —
Accrued liabilities	40	300	38	103	—
Payable to local governments	—	532	—	—	6
Due to other funds	—	1	12	—	4
Total liabilities	**$ 40**	**$ 864**	**$ 50**	**$ 103**	**$ 10**

See independent auditors' report.

Management Confidential Group Insurance	CUNY Senior College Operating	MMIS Statewide Escrow	Sole Custody	Miscellaneous	Totals 2008	Totals 2007
$ 1	$ 42	$ 187	$ 1,628	$ 798	**$ 3,140**	$ 2,882
—	—	—	3	427	**468**	509
—	3	236	8	36	**296**	63
—	—	—	—	—	**532**	431
$ 1	**$ 45**	**$ 423**	**$ 1,639**	**$ 1,261**	**$ 4,436**	**$ 3,885**
$ —	$ 44	$ —	$ —	$ 5	**$ 80**	$ 33
1	1	338	925	528	**2,274**	2,259
—	—	63	714	24	**1,339**	1,089
—	—	22	—	704	**743**	504
$ 1	**$ 45**	**$ 423**	**$ 1,639**	**$ 1,261**	**$ 4,436**	**$ 3,885**

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

March 31, 2008
(Amounts in millions)

	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
School Capital Facilities Financing Reserve				
ASSETS:				
Cash and investments	$ 38	$ 27	$ 25	**$ 40**
Due from other funds	3	12	15	**—**
Total assets	**$ 41**	**$ 39**	**$ 40**	**$ 40**
LIABILITIES:				
Accounts payable	$ —	$ 24	$ 24	**$ —**
Accrued liabilities	41	26	27	**40**
Total liabilities	**$ 41**	**$ 50**	**$ 51**	**$ 40**
Employees Health Insurance				
ASSETS:				
Cash and investments	$ 188	$ 6,326	$ 6,228	**$ 286**
Receivables, net of allowance for uncollectibles	47	34	47	**34**
Due from other funds	11	101	100	**12**
Other assets	431	532	431	**532**
Total assets	**$ 677**	**$ 6,993**	**$ 6,806**	**$ 864**
LIABILITIES:				
Accounts payable	$ —	$ 5,963	$ 5,932	**$ 31**
Accrued liabilities	246	7,067	7,013	**300**
Payable to local governments	430	532	430	**532**
Due to other funds	1	31	31	**1**
Total liabilities	**$ 677**	**$ 13,593**	**$ 13,406**	**$ 864**
Social Security Contribution				
ASSETS:				
Cash and investments	$ 12	$ 1,035	$ 997	**$ 50**
Due from other funds	—	2	2	**—**
Total assets	**$ 12**	**$ 1,037**	**$ 999**	**$ 50**
LIABILITIES:				
Accounts payable	$ —	$ 997	$ 997	**$ —**
Accrued liabilities	12	1,055	1,029	**38**
Due to other funds	—	12	—	**12**
Total liabilities	**$ 12**	**$ 2,064**	**$ 2,026**	**$ 50**

(Continued)

See independent auditors' report.

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

AGENCY FUNDS

March 31, 2008
(Amounts in millions)

	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
NYS Employee Payroll Withholding				
ASSETS:				
Cash and investments	$ 10	$ 4,002	$ 3,909	**$ 103**
Due from other funds	—	2	2	**—**
Total assets	**$ 10**	**$ 4,004**	**$ 3,911**	**$ 103**
LIABILITIES:				
Accounts payable	$ 10	$ 3,156	$ 3,166	**$ —**
Accrued liabilities	—	4,248	4,145	**103**
Due to other funds	—	39	39	**—**
Total liabilities	**$ 10**	**$ 7,443**	**$ 7,350**	**$ 103**
Employees Dental Insurance				
ASSETS:				
Cash and investments	$ 2	$ 92	$ 89	**$ 5**
Receivables, net of allowance for uncollectibles	3	5	4	**4**
Due from other funds	1	17	17	**1**
Total assets	**$ 6**	**$ 114**	**$ 110**	**$ 10**
LIABILITIES:				
Accounts payable	$ 1	$ 83	$ 84	**$ —**
Accrued liabilities	1	99	100	**—**
Payable to local governments	4	6	4	**6**
Due to other funds	—	11	7	**4**
Total liabilities	**$ 6**	**$ 199**	**$ 195**	**$ 10**
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	10	10	**1**
Total liabilities	**$ 1**	**$ 19**	**$ 19**	**$ 1**

(Continued)

See independent auditors' report.

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

AGENCY FUNDS

March 31, 2008
(Amounts in millions)

	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
CUNY Senior College Operating				
ASSETS:				
Cash and investments	$ 35	$ 1,409	$ 1,402	**$ 42**
Due from other funds	1	56	54	**3**
Total assets	**$ 36**	**$ 1,465**	**$ 1,456**	**$ 45**
LIABILITIES:				
Accounts payable	$ 15	$ 1,383	$ 1,354	**$ 44**
Accrued liabilities	9	1,543	1,551	**1**
Due to other funds	12	37	49	**—**
Total liabilities	**$ 36**	**$ 2,963**	**$ 2,954**	**$ 45**
MMIS Statewide Escrow				
ASSETS:				
Cash and investments	$ 330	$ 38,553	$ 38,696	**$ 187**
Due from other funds	—	1,356	1,120	**236**
Total assets	**$ 330**	**$ 39,909**	**$ 39,816**	**$ 423**
LIABILITIES:				
Accounts payable	$ —	$ 37,263	$ 37,263	**$ —**
Accrued liabilities	310	38,338	38,310	**338**
Payable to local governments	—	1,721	1,658	**63**
Due to other funds	20	112	110	**22**
Total liabilities	**$ 330**	**$ 77,434**	**$ 77,341**	**$ 423**
Sole Custody				
ASSETS:				
Cash and investments	$ 1,478	$ 1,628	$ 1,478	**$ 1,628**
Receivables, net of allowance for uncollectibles	6	4	7	**3**
Due from other funds	10	8	10	**8**
Total assets	**$ 1,494**	**$ 1,640**	**$ 1,495**	**$ 1,639**
LIABILITIES:				
Accrued liabilities	$ 872	$ 925	$ 872	**$ 925**
Payable to local governments	622	714	622	**714**
Due to other funds	—	—	—	**—**
Total liabilities	**$ 1,494**	**$ 1,639**	**$ 1,494**	**$ 1,639**

(Continued)

See independent auditors' report.

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

AGENCY FUNDS

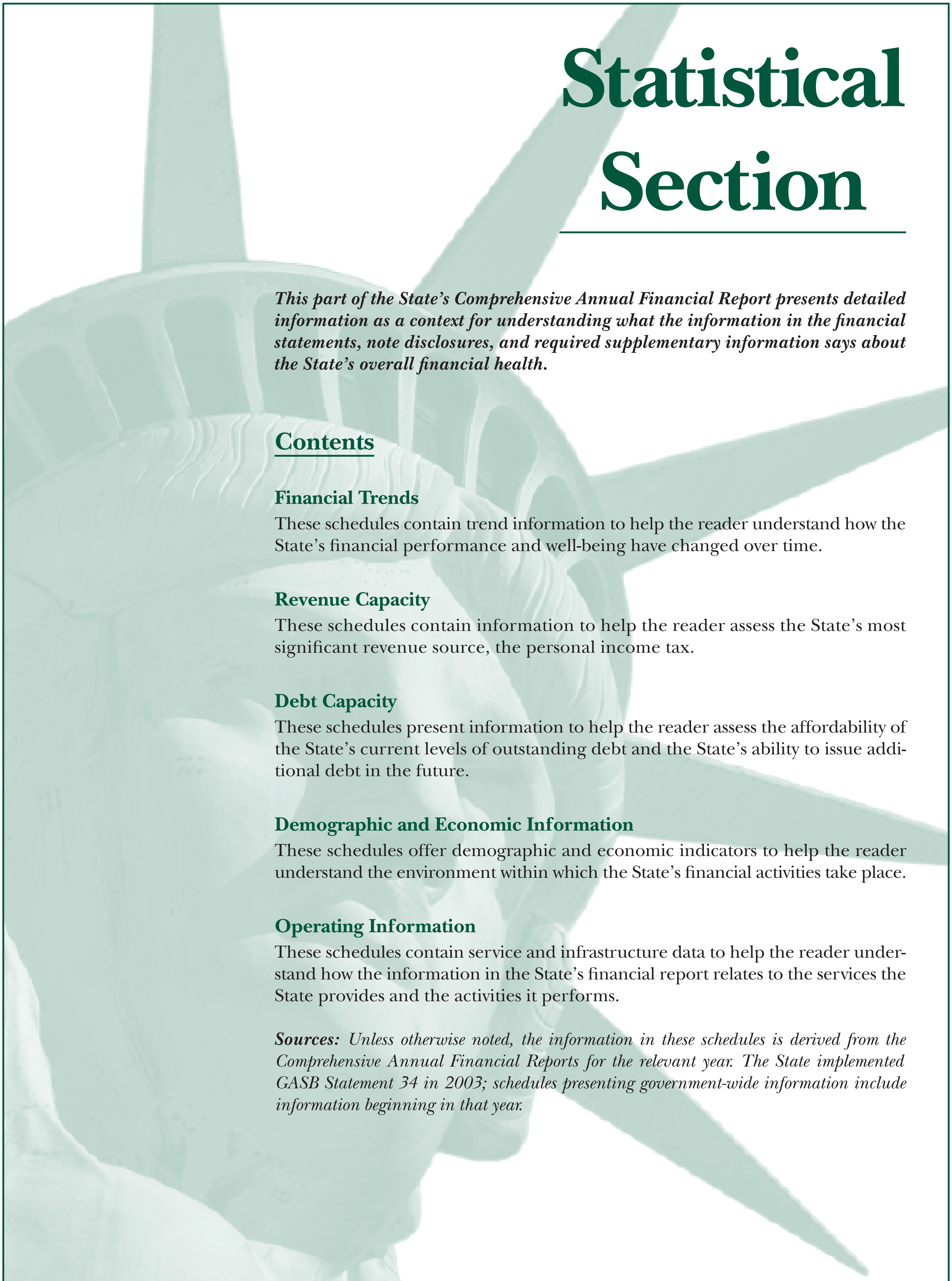
March 31, 2008
(Amounts in millions)

	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
Miscellaneous				
ASSETS:				
Cash and investments	$ 788	$ 2,787	$ 2,777	**$ 798**
Receivables, net of allowance for uncollectibles	453	507	533	**427**
Due from other funds	37	733	734	**36**
Total assets	**$ 1,278**	**$ 4,027**	**$ 4,044**	**$ 1,261**
LIABILITIES:				
Accounts payable	$ 7	$ 787	$ 789	**$ 5**
Accrued liabilities	767	2,666	2,905	**528**
Payable to local governments	33	435	444	**24**
Due to other funds	471	1,060	827	**704**
Total liabilities	**$ 1,278**	**$ 4,948**	**$ 4,965**	**$ 1,261**
Total Assets and Liabilities—All Agency Funds				
ASSETS:				
Cash and investments	$ 2,882	$ 55,869	$ 55,611	**$ 3,140**
Receivables, net of allowance for uncollectibles	509	550	591	**468**
Due from other funds	63	2,285	2,052	**296**
Other assets	431	532	431	**532**
Total assets	**$ 3,885**	**$ 59,236**	**$ 58,685**	**$ 4,436**
LIABILITIES:				
Accounts payable	$ 33	$ 49,665	$ 49,618	**$ 80**
Accrued liabilities	2,259	55,977	55,962	**2,274**
Payable to local governments	1,089	3,408	3,158	**1,339**
Due to other funds	504	1,302	1,063	**743**
Total liabilities	**$ 3,885**	**$ 110,352**	**$ 109,801**	**$ 4,436**

See independent auditors' report.

STATE OF NEW YORK COMPTROLLER

EXCELSIOR



Statistical Section

This part of the State's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the State's most significant revenue source, the personal income tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The State implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

Changes in Fund Balances

GOVERNMENTAL FUNDS
LAST SIX 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	9,145
Total revenues	**84,699**	**92,073**	**98,591**	**107,493**	**109,920**
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	1,207
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
State 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**	**110,680**
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	**0.66%**	**0.55%**	**0.52%**	**0.49%**	**0.47%**

Source: Office of the State Comptroller

Fiscal Year
2008
$ 38,792
13,870
8,163
2,292
37,802
3,900
580
8,641
114,040
42,689
30,208
1,859
928
4,423
3,634
493
3,142
9,230
6,178
1,117
3,500
4,467
350
139
3,589
115,946
(1,906)
2,709
(4,810)
268
2
5,517
(2,140)
1,546
$ (360)
0.44%

Net Assets by Component

LAST SIX 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

Fiscal Year
2008
$ 62,800
2,304
1,231
(22,825)
$ 43,510
$ 353
1,313
1,744
807
$ 4,217
$ 63,153
1,313
2,304
2,975
(22,018)
$ 47,727

Changes in Net Assets

LAST SIX 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)**

Fiscal Year
2008
$ 31,215
44,777
12,491
6,011
6,595
1,275
1,288
7,841
1,862
113,355
5,044
2,412
7,965
2,443
17,864
$ 131,219
$ 88
4,676
597
208
264
291
539
1,050
36,509
1,305
45,527
7,548
3,219
504
4,518
415
16,204
$ 61,731
$ (67,828)
(1,660)
$ (69,488)

(Continued)

Changes in Net Assets (cont'd)

LAST SIX 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

Fiscal Year
2008
$ 38,756
13,856
8,157
2,291
—
997
3,876
(1,922)
66,011
639
119
1,189
1,947
$ 67,958
$ (1,817)
287
$ (1,530)

Fund Balances

GOVERNMENTAL FUNDS
LAST SIX 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
1998-1999	$ 21,011	$ 7,983	$ 506	$ 2,250	$ 672	$ 1,728	$ 4,835	$ 38,985
1999-2000	23,599	8,615	515	2,160	655	1,705	4,639	41,888
2000-2001	27,371	9,147	535	2,508	553	962	4,178	45,254
2001-2002	24,004	8,836	513	1,559	558	1,156	4,666	41,292
2002-2003	21,967	9,309	552	1,655	514	1,083	4,537	39,617
2003-2004	25,150	10,433	543	1,657	442	860	4,706	43,791
2004-2005	28,382	11,587	557	2,070	427	812	5,777	49,612
2005-2006	31,695	11,199	530	2,985	974	813	6,185	54,381
2006-2007	34,615	10,828	517	4,170	993	809	6,763	58,695
2007-2008	38,792	11,197	520	3,964	967	795	6,882	63,117

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

Note: Figures restated for prior period adjustments.

Fiscal Year	
2008	
$	3,546
	405
$	**3,951**
$	10,257
	(964)
	3,558
	(5,144)
	93
$	**7,800**

Program Revenues by Function/Program

LAST SIX 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 NINE 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.

Program Revenues
2008
$ 3,315
28,900
8,315
916
1,844
493
552
1,192
45,527
7,548
2,389
4,722
1,545
16,204
$ 61,731

Fiscal Year			
2005	2006	2007	2008
$ 227,308	$ 241,173	$ 250,158	$ 265,676
2,964,843	2,782,147	2,718,551	2,648,448
9,679,979	17,615,876	17,416,082	3,163,728
122,767	94,556	131,863	116,112
12,994,897	**20,733,752**	**20,516,654**	**6,193,964**
5,512,849	5,867,718	6,218,783	6,653,820
161,857	161,249	164,632	181,693
65,324	78,506	79,772	90,304
16,159	43,901	48,316	47,521
5,756,189	**6,151,374**	**6,511,503**	**6,973,338**
$ 7,238,708	**$ 14,582,378**	**$ 14,005,151**	**$ (779,374)**

Personal Income Tax Filers and Liability by Income Level

FOR SEVEN YEARS STATED

(Amounts in thousands)

1998

Income Tax Components of Full-Year Residents by Size of Income (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	6%
40,000–49,999	576,698	7%	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)	0%
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	11%	891,926	5%
40,000–49,999	588,527	8%	961,664	5%
50,000–59,999	450,140	6%	978,580	6%
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

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	7%
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	2%	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 2004 are not yet available, please see www.tax.state.ny.us for additional information.

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	2%
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	7%	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	6%	3,746,962	20%
200,000 and over	203,001	3%	8,507,936	45%
Total	**8,037,071**	**100%**	**$18,829,167**	**100%**

2004[(1)]
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 2004

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under $5,000	1,170,424	15%	$ (62,168)	0%
$ 5,000–9,999	823,368	10%	(145,378)	–1%
10,000–19,999	1,264,123	16%	(282,049)	–1%
20,000–29,999	990,224	12%	301,752	1%
30,000–39,999	815,073	10%	795,065	4%
40,000–49,999	628,266	8%	965,901	4%
50,000–59,999	466,514	6%	966,540	5%
60,000–74,999	524,742	6%	1,446,315	7%
75,000–99,999	554,372	7%	2,121,162	10%
100,000–199,999	596,606	7%	4,183,689	19%
200,000 and over	230,838	3%	11,299,366	52%
Total	**8,064,550**	**100%**	**$21,590,194**	**100%**

Personal Income by Industry

LAST SEVEN 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:

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.

Calendar year 2007 data is estimated. For more information please see www.bea.gov.

Calendar Year	
2006	2007
$ 818,426	**$ 914,432**
592	**1,170**
667,882	**724,080**
574,142	**622,711**
1,255	1,216
2,175	1,739
5,762	6,855
27,266	28,776
45,552	46,153
30,446	31,959
33,112	34,444
13,636	14,657
38,277	41,203
120,710	144,606
17,321	17,938
76,751	80,728
18,708	21,174
20,661	22,334
14,588	15,381
67,272	69,867
8,790	9,532
14,757	16,010
17,100	18,136
93,740	**101,369**
10,939	11,813
3,340	3,555
79,460	86,002

Personal Income Tax Rates

LAST TEN CALENDAR YEARS

Year	Top Rate	Top Income Tax Rate is Applied to Taxable Income in Excess of: Single	Married Filing Jointly	Head of Household	Average Effective Rate[1]
1998	6.85%	$ 20,000	$ 40,000	$ 30,000	3.19%
1999	6.85%	20,000	40,000	30,000	3.55%
2000	6.85%	20,000	40,000	30,000	3.81%
2001	6.85%	20,000	40,000	30,000	4.13%
2002	6.85%	20,000	40,000	30,000	3.53%
2003	7.70%	500,000	500,000	500,000	3.24%
2004	7.70%	500,000	500,000	500,000	3.64%
2005	7.70%	500,000	500,000	500,000	3.85%
2006	6.85%	20,000	40,000	30,000	3.93%
2007	6.85%	20,000	40,000	30,000	4.23%

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.

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

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

Ratios of Outstanding Debt by Type

LAST SEVEN 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
2007-2008	3,264	38,511	8,787	50,562	6%	2,620

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 SEVEN 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.

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

Balances have been restated for prior period adjustments, corrections and reclassifications.

Fiscal Year			
2007		2008	
$	10,400	$	10,400
	5,650		5,650
	1,135		1,135
	250		—
	17,435		**17,185**
	4,700		4,700
	69,889		76,538
$	**92,024**	**$**	**98,423**
$	3,302	$	3,221
	4,204		4,021
	38,750		40,823
	46,256		**48,065**
$	**45,768**	**$**	**50,358**
	50.27%		**48.84%**

Ratios of General Obligation Debt Outstanding and Legal Debt Margin

LAST SEVEN 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.

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

Fiscal Year	
2007	2008
$ 3,302	**$ 3,221**
$ 171	**$ 167**
$ 17,435	$ 17,185
3,302	3,221
$ 14,133	**$ 13,964**
81.06%	**81.26%**

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
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
2007-2008	2,645,580	6,000	2,639,580	278,891	9.46

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
2007-2008	9,140,962	7,292	9,133,670	873,653	10.45

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 SEVEN 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
2007-2008	3,264	169

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**
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%
2007	19,298	914,431,670	47,385	4.2%

Sources:

Bureau of Economic Analysis

U.S. Department of Commerce

U.S. Census Bureau

New York State Department of Labor

Employment by Industry

SIX YEARS STATED

	2001	2002	2003	2004	2005
Total employment	**10,491,096**	**10,415,119**	**10,459,857**	**10,610,532**	**10,763,487**
Wage and salary employment	8,906,825	8,769,557	8,727,501	8,775,838	8,840,376
Proprietors employment	1,584,271	1,645,562	1,732,356	1,834,694	1,923,111
Farm proprietors employment	38,459	38,549	37,633	36,481	36,475
Nonfarm proprietors employment	1,545,812	1,607,013	1,694,723	1,798,213	1,886,636
Farm employment	**59,730**	**59,916**	**59,641**	**54,827**	**54,243**
Nonfarm employment	**10,431,366**	**10,355,203**	**10,400,216**	**10,555,705**	**10,709,244**
Private employment	**8,946,637**	**8,849,377**	**8,897,484**	**9,056,795**	**9,208,323**
Forestry, fishing, related activities, and other	23,689	24,455	22,684	23,280	23,271
Mining	9,876	8,733	10,022	9,516	9,866
Utilities	43,796	43,301	42,213	40,623	40,651
Construction	462,822	449,250	456,704	467,615	483,981
Manufacturing	734,909	680,268	642,125	626,157	612,145
Wholesale trade	399,253	387,074	384,490	389,951	391,525
Retail trade	1,026,415	1,022,037	1,025,356	1,039,785	1,058,146
Transportation and warehousing	324,632	311,291	309,902	317,870	327,069
Information	358,650	325,881	308,447	305,139	310,275
Finance and insurance	726,286	698,378	688,840	696,548	711,845
Real estate, rental and leasing	358,530	361,088	380,434	407,062	436,758
Professional and technical services	798,205	782,981	794,919	823,816	835,753
Management of companies and enterprises	122,454	127,630	126,239	125,968	130,060
Administrative and waste services	523,064	511,429	513,021	529,832	537,833
Educational services	339,070	350,635	363,734	376,935	388,285
Health care and social assistance	1,322,903	1,358,742	1,400,504	1,421,958	1,440,752
Arts, entertainment, and recreation	258,204	268,588	270,871	283,129	287,510
Accommodation and food services	554,968	558,728	572,337	583,087	591,426
Other services, except public administration	558,911	578,888	584,642	588,524	591,172
Government and government enterprises	**1,484,729**	**1,505,826**	**1,502,732**	**1,498,910**	**1,500,921**
Federal, civilian	134,377	133,580	135,408	130,490	128,925
Military	57,973	57,603	57,140	56,362	56,257
State government	251,702	253,528	250,308	249,034	247,293
Local government	1,040,677	1,061,115	1,059,876	1,063,024	1,068,446

Source: Regional Economic Information System, Bureau of Economic Analysis

Note: Full- and Part-time Employment data shown.

2006
10,952,095
8,925,539
2,026,556
35,724
1,990,832
52,102
10,899,993
9,399,820
23,707
9,959
40,506
508,530
598,993
394,772
1,065,731
337,573
312,293
733,599
466,261
866,101
135,334
539,449
401,273
1,466,699
295,198
598,360
605,482
1,500,173
127,015
57,590
246,101
1,069,467

Demographic and Economic Statistics II

LAST TEN CALENDAR YEARS

	Population			
Year	U.S. Population (1000s)	Change from Prior Period	State of New York (1000s)	Change from Prior Period
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%
2007	301,621	0.74%	19,298	–0.04%

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 1997–2006

(Annual averages in thousands)

	Employees	
Fiscal Years	State(1)	Local(2)
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
2006	259.1	1,101.3

Source: 2007 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
$ 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
38,611	47,385	122.7%	9,046	395	4.2%	2,715,068	10,664,811

Select State Agency Employment

MARCH 2008

Agency	Actual March 2007	Estimated March 2008
Major Agencies:		
State University	39,969	40,627
Correctional Services	31,827	31,756
Mental Retardation	22,450	22,488
Mental Health	16,613	17,094
Transportation	10,179	10,271
Health	5,963	5,784
State Police	5,862	5,989
Taxation and Finance	4,808	4,966
Children and Family Services	3,899	4,105
Environmental Conservation	3,398	3,748
Education	3,102	3,174
Temporary and Disability Assistance	2,274	2,305
Subtotal	**150,344**	**152,307**
Other Major Agencies	17,756	18,664
Minor Agencies	11,661	13,021
Other	15,765	16,052
GRAND TOTAL	**195,526**	**200,044**

Source: New York State Division of Budget 2008-09 Executive Budget FiveYear Financial Plan (www.budget.state.ny.us)

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

Operating Indicators

LAST SEVEN 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	2008
11	11
5,927	5,989
64	64
417,000	427,000
211	213
60 million	55 million

Capital Asset Balances by Function

LAST SIX FISCAL YEARS

(Amounts in millions)

Function	Fiscal Year 2003	2004	2005	2006	2007
Buildings:					
General government	$ 1,931	$ 1,991	$ 2,109	$ 2,168	$ 1,939
Public safety	2,507	2,728	2,795	2,937	3,028
Public welfare	176	178	165	171	171
Support/regulate business	33	33	33	33	34
Environment/recreation	273	279	309	334	356
Education	77	81	89	90	97
Public health	2,964	2,957	2,600	2,682	2,792
Transportation	236	251	307	315	327
Total	**8,197**	**8,498**	**8,407**	**8,730**	**8,744**
Land:					
General government	91	92	92	89	60
Public safety	20	19	19	19	30
Public welfare	9	9	8	8	7
Support/regulate business	—	—	—	—	—
Environment/recreation	829	905	930	1,000	1,052
Education	1	1	1	1	1
Public health	144	143	141	142	142
Transportation	2,031	2,067	2,133	2,186	2,237
Total	**3,125**	**3,236**	**3,324**	**3,445**	**3,529**
Land Improvements:					
General government	35	36	37	38	36
Public safety	154	165	176	185	196
Public welfare	13	15	16	16	17
Support/regulate business	6	6	6	6	6
Environment/recreation	85	86	89	101	103
Education	—	—	—	—	—
Public health	19	27	42	45	51
Transportation	13	13	13	15	15
Total	**325**	**348**	**379**	**406**	**424**
Equipment:					
General government	194	175	157	139	117
Public safety	84	84	81	83	83
Public welfare	42	41	14	14	18
Support/regulate business	8	8	7	4	4
Environment/recreation	33	33	33	36	38
Education	11	10	9	5	5
Public health	62	63	58	61	64
Transportation	208	246	258	266	282
Total	**642**	**660**	**617**	**608**	**611**
Infrastructure(1):					
General government	—	—	—	—	5
Public safety	—	—	6	28	55
Environment/recreation	12	18	20	20	29
Public health	—	4	24	15	16
Total	**12**	**22**	**50**	**63**	**105**
Infrastructure(2):					
Transportation	62,749	62,934	63,056	63,303	63,803

Source: Office of the State Comptroller

Notes:

(1) Depreciable

(2) Roads and Bridges, non-depreciable

Figures restated for prior period adjustments.

Fiscal Year
2008
$ 1,954
3,146
174
34
371
106
2,910
289
8,984
59
30
7
—
1,134
1
143
2,249
3,623
36
217
17
6
107
1
53
13
450
125
90
19
4
41
5
64
280
628
11
62
29
25
127
64,200

Membership by Type of Benefit Plan

AS OF MARCH 31, 2008

Retirement System	Retirement Plan Membership: Tier 1	Tier 2	Tier 3 & 4
New York State and Local Employees Retirement System	20,513	20,315	600,291
New York State and Local Police and Fire Retirement System	745	35,457	—

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

NINE 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	13.16%
Towns	40,045	5	6.63%	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	2008 Covered Employees	2008 Rank	2008 Percentage of Total System
State	221,515	1	33.43%	226,439	1	33.43%
Counties	121,817	3	18.38%	122,982	3	18.16%
Schools	128,518	2	19.40%	132,132	2	19.51%
Miscellaneous	95,262	4	14.38%	98,283	4	14.51%
Towns	46,284	5	6.98%	47,567	5	7.02%
Cities	31,049	6	4.69%	31,406	6	4.64%
Villages	18,188	7	2.74%	18,512	7	2.73%
Total	**662,633**		**100.00%**	**677,321**		**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 http://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	34.09%	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	13.79%	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
Office of the State Comptroller

Organization

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Comptroller

Mary Louise Mallick
First Deputy Comptroller

Diane Lombardi
Executive Director, Executive Operations

Margaret Becker
Deputy Comptroller
Budget and Policy Analysis

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

Angela Dixon
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Human Resources
and Administration

Raudline Etienne
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Pension Investment and
Cash Management

Celia Gonzalez
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Diversity and Equity Management

Steven Hancox
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Local Government and School
District Accountability

George King
Inspector General

Kevin Murray
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Retirement Services

Mark Pattison
Executive Deputy Comptroller
State and Local Government
Accountability

Joan Sullivan
Executive Deputy Comptroller
Office of Operations

Dennis Tompkins
Director of Communications

Division of Payroll, Accounting and Revenue Services

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Maureen Shaw

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Donna Greenberg, CPA
Jennifer Hallanan

Accountant Aide:
Mary Helen Ryder

Senior Accountants:
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State Program Examiners:
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