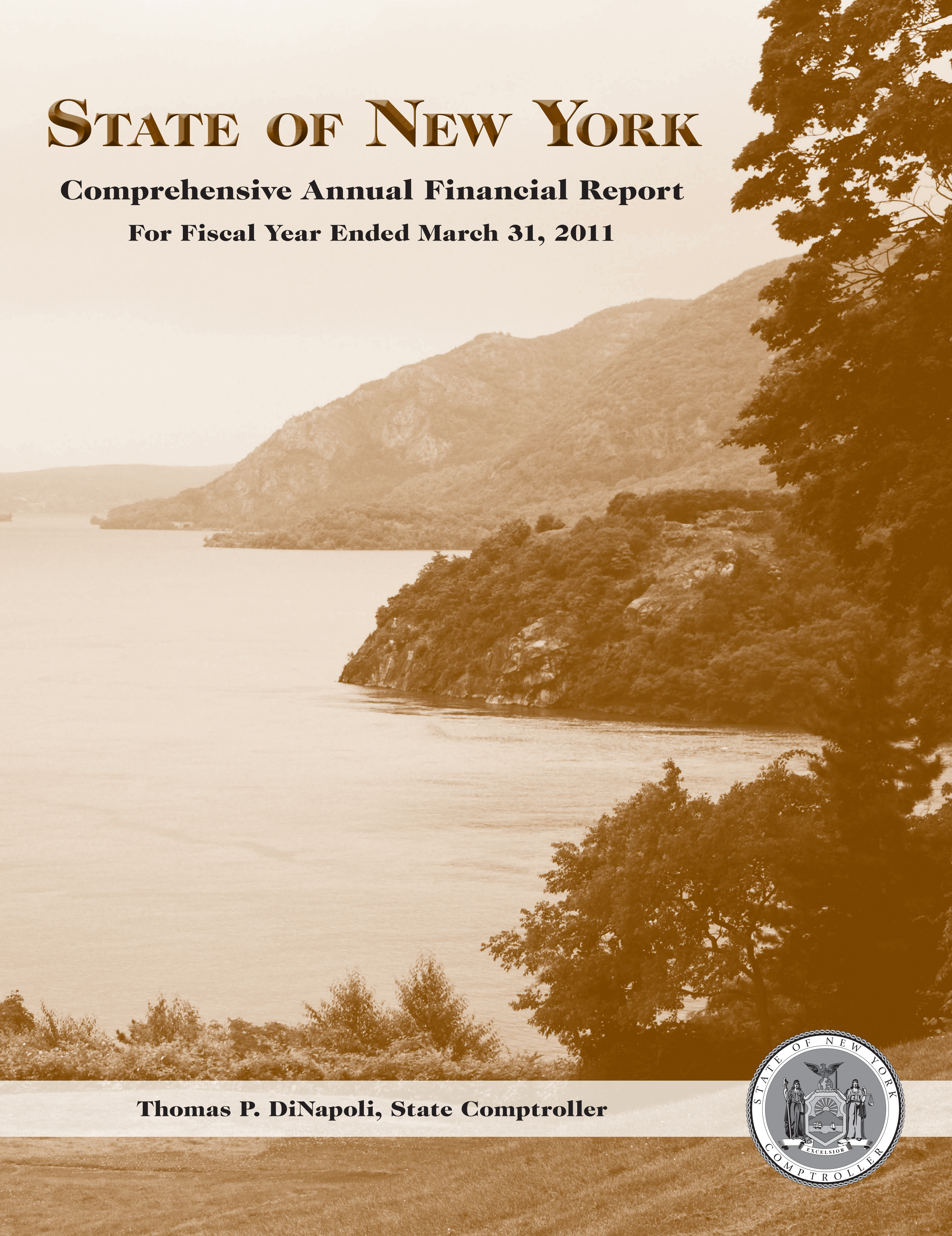
State of New York

Comprehensive Annual Financial Report

For Fiscal Year Ended March 31, 2011



Thomas P. DiNapoli, State Comptroller

STATE OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
March 31, 2011

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 1, 2011

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

Like most states, New York continues to struggle with the fiscal challenges associated with the worst economic crisis since the Great Depression. However, in addition to economic conditions outside of the State's control, New York entered the Great Recession with a pre-existing structural budget deficit that further worsened the State's financial position.

The State Fiscal Year 2011-12 Enacted Budget made significant progress in addressing the State's structural deficit primarily through spending reductions and without relying heavily on temporary revenue, one-shots or fiscal gimmicks.

The Enacted Budget provides recurring actions intended to address the $10 billion budget gap and reduce the State's structural imbalance. While this year's effort involved significant budgetary discipline, continued vigilance is needed to ensure future budgets do not regress to fiscally irresponsible practices.

There is still substantial risk that the budget could fall out of balance as weakness in the housing market along with international financial and political instability continue to pose threats to the recovery. The Blue Chip consensus economic forecasts for growth continue to be revised downward.

While $10 billion in gap-closing actions in this current fiscal year minimized increases in State taxes and fees, the impact of spending reductions on local services and the economy remains uncertain. School budgets for the upcoming school year include layoffs and service reductions. Also, while the economic impact of Medicaid reductions and correctional facility closures are undetermined, they could be significant.

The State also needs to do a better job monitoring its debt. Debt service is one of the fastest growing categories of the budget. Much of this debt has been issued by public authorities without voter approval.

The need for further comprehensive fiscal reform is compelling. Despite the spending cuts and revenue increases in the enacted budget, formidable budget gaps in future years are assured.

Reforms such as requiring the Executive to identify actions to close out-year gaps in the Financial Plan, imposing a binding revenue forecast, and enacting real debt reform to ban backdoor borrowing by public authorities and restore voter control over debt, are needed.

Only by making difficult decisions and instituting prudent, systematic reforms can New York continue to reduce its structural deficit and ensure long-term prosperity.

Sincerely,

Thomas P. DiNapoli
State Comptroller

STATE OF NEW YORK COMPTROLLER

EXCELSIOR

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 (GASB). 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, 2011 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 auditors expressed no opinion with respect to internal controls over financial reporting. The independent auditors 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, 2011 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 auditors' report.

Profile of New York State

New York State was one of the original 13 states, ratifying the United States 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, 555 villages and 697 school districts. The State's major economic sectors are the industrial-commercial, service, and agricultural sectors.

New York's government comprises 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, 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 comprises two houses, the Senate with 62 senators and the Assembly with 150 members. Members of the Legislature are elected to two-year terms.

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

During 2010, economic conditions began to improve for both the nation and New York State, with the State outperforming the nation in several measures. Aided by enactment of a major federal stimulus program, the nation's Gross Domestic Product (GDP) began to rise sharply at the end of 2009, although growth subsequently slowed, averaging 2.9 percent in 2010. New York's Gross State Product (GSP) expanded at a faster rate, rising by 5.1 percent in 2010. Job growth resumed, although gains (0.7 percent for the nation and 0.8 percent for the State) were constrained by rising job losses in government. Personal income recovered from declines in 2009, rising by 3 percent for the nation, while New York State's gain of 4.1 percent was the second-highest growth rate among all the states. The rebound in New York's personal income reflects Wall Street's continued recovery from the financial crisis, which was aided by government bailouts, the Federal Reserve's low interest rate policy, and other government actions. During 2010, the broker/dealer operations of New York Stock Exchange member firms earned $27.6 billion, the second-highest level on record.

The economic recovery, however, has been slow by historical standards, and problems persist in many areas. The housing market remained weak in 2010, as a modest recovery in home prices faltered by the end of the year. The large inventory of homes in the foreclosure process has also put downward pressure on prices. While the foreclosure crisis is less severe in New York State than in many other parts of the nation, the percentage of mortgages in the State at some point in the foreclosure process continues to rise, reaching 5.3 percent in the first quarter of 2011—five times greater than before the recession. Unrest in the Middle East contributed to a rise in energy prices, with the price of oil reaching $100 per barrel and gas prices climbing to more than $4 per gallon. Despite steady corporate profits and record levels of cash held by corporations, firms have limited their investments in capital and labor, and unemployment rates for the nation and the State remain high. With energy prices rising and continued weakness in the labor and housing markets, consumers have become more cautious and reduced the growth in their spending. In addition, the financial markets were disrupted by renewed concerns over the European debt crisis, primarily centered on a potential default in Greece.

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 GASB. 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 on their operations and finances accompanied by an independent auditors' report to the Governor, the Legislature and the State Comptroller. 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 reported net assets of $38 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 five-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 level (e.g., personal service, grants to local governments) within each program or 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.

General Governmental Results

An operating surplus of $1.5 billion is reported in the General Fund for the fiscal year ended March 31, 2011. As a result, the General Fund now has an accumulated fund deficit of $2 billion. The State completed its fiscal year ended March 31, 2011 with a combined Governmental Funds operating surplus of $1.9 billion as compared to a combined Governmental Funds operating surplus in the preceding fiscal year of $123 million. The combined operating surplus of $1.9 billion for the fiscal year ended March 31, 2011 included an operating surplus in the General Fund of $1.5 billion, in the Federal Special Revenue Fund of $2 million, in the General Debt Service Fund of $276 million and in the Other Governmental Funds of $94 million. For further information, refer to the MD&A which immediately follows the independent auditors' report.

The State's financial position as shown in its Governmental Funds Balance Sheet as of March 31, 2011 includes a fund balance of $5.8 billion comprised of $34 billion of assets available to liquidate liabilities of $28.2 billion. The Governmental Funds fund balance includes a $2 billion accumulated deficit in the General Fund.

Certificate of Achievement

The Office of the State Comptroller was honored for the 22nd consecutive year to receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the State's 2010 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

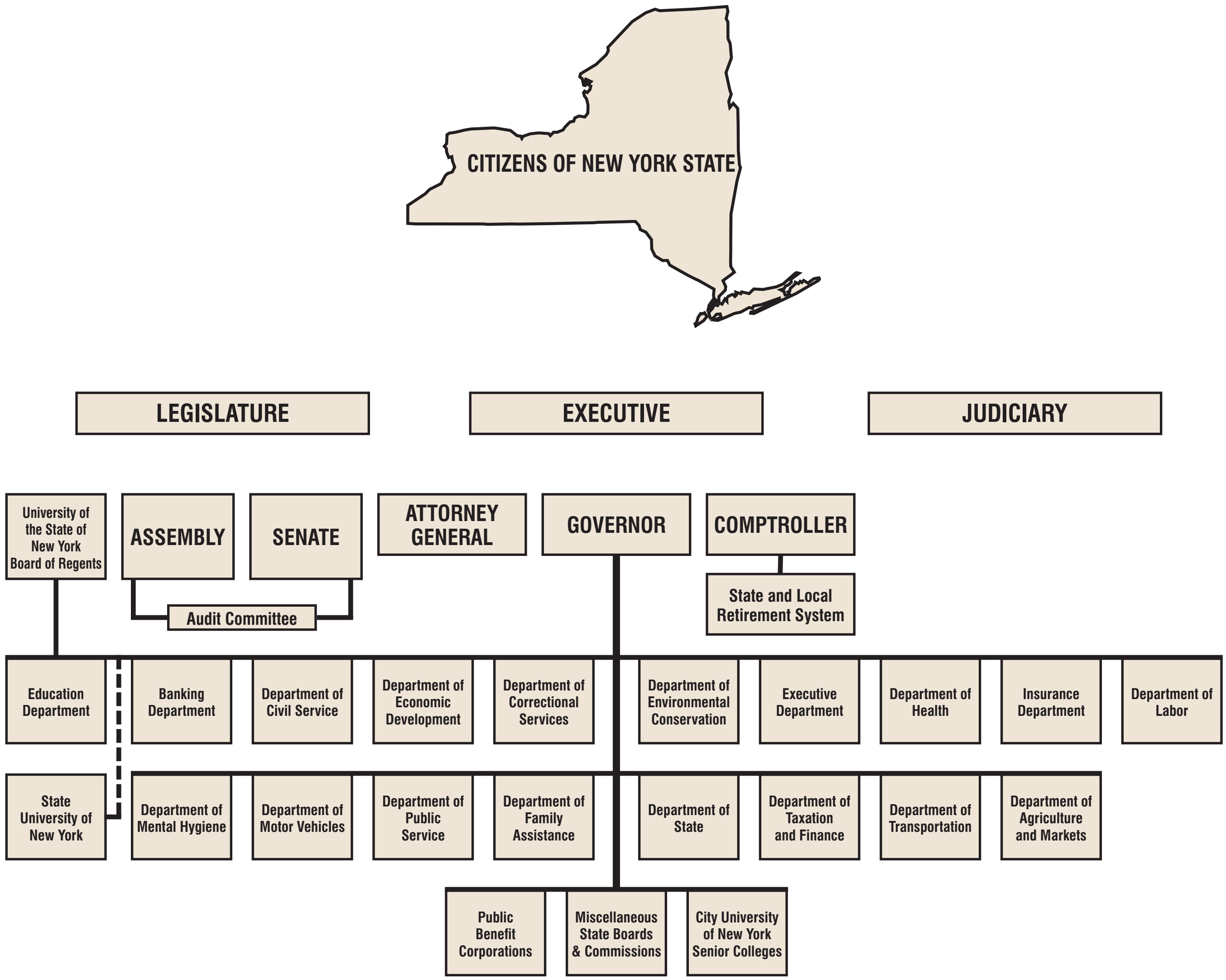
State of New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2010

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.

President

Executive Director



STATE OF NEW YORK
Selected State Officials

Executive

Andrew M. Cuomo, Governor • **Robert J. Duffy,** Lieutenant Governor • **Thomas P. DiNapoli,** State Comptroller
Eric T. Schneiderman, Attorney General

Judicial

Jonathan Lippman, 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
John L. Sampson, Senate Minority Leader • **Brian M. Kolb,** Assembly Minority Leader

STATE OF NEW YORK

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Financial Section

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Audit Committee
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, 2011, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these 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 Tuition Savings Program or the Port Authority of New York and New Jersey. The certain discretely presented component units represent 51% of the total assets and 64% 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 total revenues of the SUNY fund and 56% of the total assets and 22% of the total revenues of the business-type activities. The Tuition Savings Program represents 6% of the total assets and 6% of the total revenues (including additions) of the aggregate remaining fund information. 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 Tuition Savings Program and the Port Authority of New York and New Jersey, are based 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 such 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 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, 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2011 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 the 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 the 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 and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

July 25, 2011

STATE OF NEW YORK

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COMPTROLLER

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

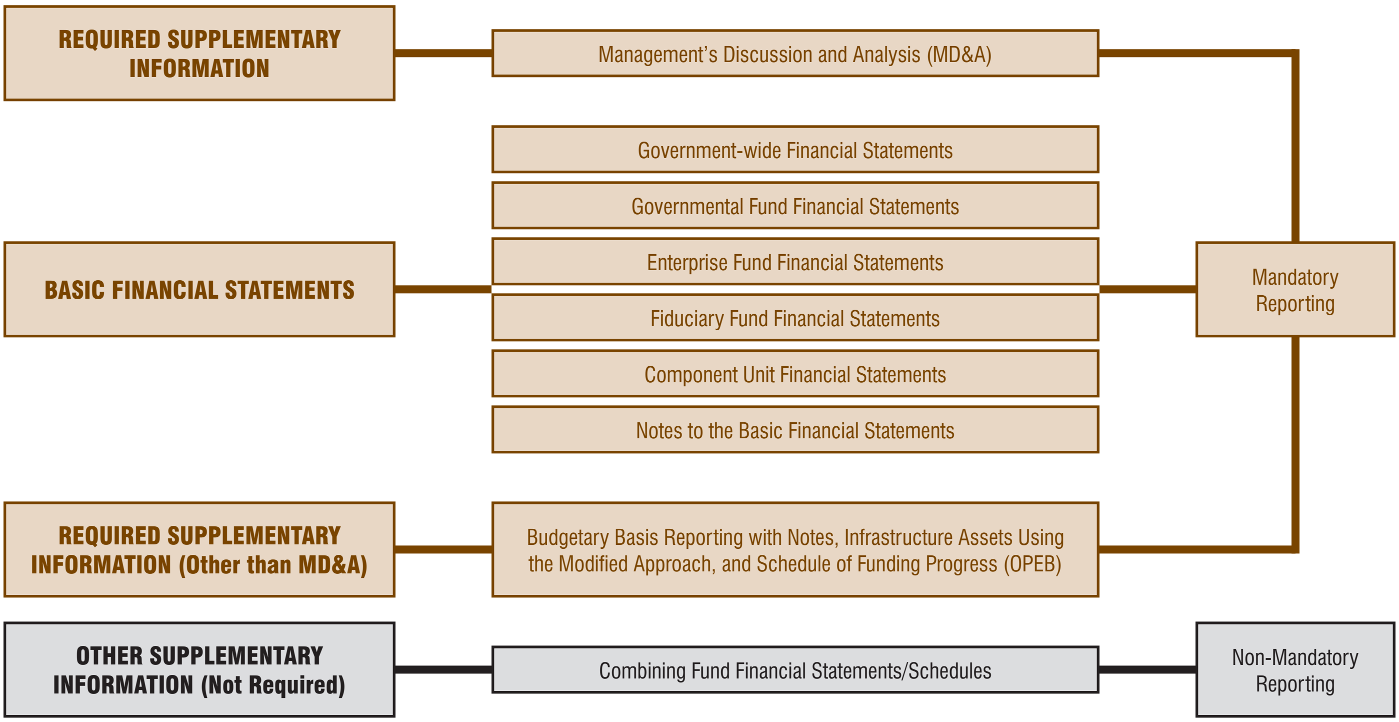
Management's discussion and analysis (MD&A) provides a narrative overview and analysis of the financial activities of the State of New York (State) for the fiscal year ended March 31, 2011. The MD&A is intended to serve as an introduction to the State's basic financial statements, which have the following 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 $27 billion, comprised of $135.9 billion in total assets offset by $108.9 billion in total liabilities (Table 1).
- The State's net assets decreased by $1.1 billion as a result of this year's operations, offset by a restatement of net asset balance resulting from implementation of an accounting standard which requires reporting for derivative instruments. The net assets for governmental activities decreased by $328 million (1.2 percent), comprised of $252 million from operations and a restatement of net asset balance of $76 million. The net assets for business-type activities decreased by $734 million (632.8 percent), comprised of $732 million from operations and a restatement of net asset balance of $2 million (Table 2).
- The State's governmental activities had total revenues of $132.8 billion, which exceeded total expenses of $131.3 billion, excluding transfers to business-type activities of $1.7 billion, by $1.5 billion (Table 2).
- The total cost of all the State's programs, which includes $26.6 billion in business-type activities, was $158 billion (Table 2).
- The General Fund reported a surplus this year of $1.5 billion, which decreased the accumulated fund deficit to $2 billion.
- The State reported additional Federal funding of $13.6 billion for Medicaid, unemployment benefits, education and other programs from the American Recovery and Reinvestment Act (Federal Stimulus) as of March 31, 2011.
- Total debt outstanding at year-end was $56.1 billion, comprised of $45.9 billion in governmental activities and $10.2 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 about 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, transfer of 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 (SUNY) and the City University of New York (CUNY) Senior Colleges are reported here.

- ***Component Units***—The State includes 43 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 details 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 are 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 remaining 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, such as capital assets and long-term liabilities, 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 the State 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 relationships (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds are 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 New York 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 $27 billion, comprised of $65.8 billion in capital assets net of related debt, and $4.1 billion in restricted net assets, offset by an unrestricted net assets deficit of $42.9 billion.

Net assets reported for governmental activities decreased by $328 million (comprised of $252 million from operations and a restatement of net asset balance of $76 million due to the implementation of an accounting standard which requires reporting for derivative instruments), decreasing from $28 billion to $27.7 billion from last fiscal year. Unrestricted net assets for governmental activities—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 $40.5 billion at March 31, 2011. 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, 2011 and 2010
(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Assets and deferred outflows of resources:						
Non-capital assets:						
Cash and investments	$ 9,570	$ 10,715	$ 5,858	$ 5,885	$ 15,428	$ 16,600
Receivables, net	21,571	19,000	4,447	3,950	26,018	22,950
Other	933	843	232	220	1,165	1,063
Total non-capital assets	**32,074**	**30,558**	**10,537**	**10,055**	**42,611**	**40,613**
Capital assets	82,776	81,435	10,374	9,206	93,150	90,641
Total assets	**114,850**	**111,993**	**20,911**	**19,261**	**135,761**	**131,254**
Deferred outflows of resources	86	—	69	—	155	—
Total assets and deferred outflows of resources	**114,936**	**111,993**	**20,980**	**19,261**	**135,916**	**131,254**
Liabilities and deferred inflows of resources:						
Liabilities due within one year	29,153	28,739	5,060	6,325	34,213	35,064
Liabilities due in more than one year	58,135	55,278	16,534	12,820	74,669	68,098
Total liabilities	**87,288**	**84,017**	**21,594**	**19,145**	**108,882**	**103,162**
Deferred inflows of resources	—	—	4	—	4	—
Total liabilities and deferred inflows of resources	**87,288**	**84,017**	**21,598**	**19,145**	**108,886**	**103,162**
Net assets (deficits):						
Invested in capital assets, net of related debt	65,118	63,797	685	468	65,803	64,265
Restricted	3,014	2,664	1,108	1,100	4,122	3,764
Unrestricted deficits	(40,484)	(38,485)	(2,411)	(1,452)	(42,895)	(39,937)
Total net assets (deficits)	**$ 27,648**	**$ 27,976**	**$ (618)**	**$ 116**	**$ 27,030**	**$ 28,092**

The deficit in unrestricted governmental net assets, which increased by nearly $2 billion in 2011, 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 billion); eliminating the need for seasonal borrowing by the LGAC ($3.3 billion); and borrowing for local highway and bridge projects ($3.8 billion), local mass transit projects ($2.1 billion), and a wide variety of grants and other expenditures not resulting in State capital assets ($13.1 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.

The net assets for business-type activities decreased by $734 million (comprised of $732 million from operations and a restatement of net asset balance of $2 million), to a deficit of $618 million in 2011 as compared to a surplus of $116 million in 2010. The decrease in net assets for business-type activities was caused primarily by: unemployment benefit payments for the Unemployment Insurance Fund exceeding employer contributions ($601 million); SUNY and CUNY Senior College expenses exceeding revenues and State support ($165 million and $8 million, respectively); and a net restatement of CUNY's beginning net assets ($2 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, 2011 and 2010

(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$ 11,725	$ 11,559	$ 12,285	$ 11,892	$ 24,010	$ 23,451
Operating grants and contributions	53,072	50,058	11,445	10,903	64,517	60,961
Capital grants and contributions	1,427	1,240	76	48	1,503	1,288
General revenues:						
Taxes	61,823	58,039	—	—	61,823	58,039
Other	4,747	5,021	801	274	5,548	5,295
Total revenues	**132,794**	**125,917**	**24,607**	**23,117**	**157,401**	**149,034**
Expenses:						
Education	32,478	31,075	—	—	32,478	31,075
Public health	52,618	51,499	—	—	52,618	51,499
Public welfare	17,091	16,226	—	—	17,091	16,226
Public safety	6,143	5,641	—	—	6,143	5,641
Transportation	7,778	8,112	—	—	7,778	8,112
Other	15,199	14,124	—	—	15,199	14,124
Lottery	—	—	5,250	5,221	5,250	5,221
Unemployment insurance	—	—	9,414	10,267	9,414	10,267
State University of New York	—	—	9,032	9,509	9,032	9,509
City University of New York	—	—	2,950	2,847	2,950	2,847
Total expenses	**131,307**	**126,677**	**26,646**	**27,844**	**157,953**	**154,521**
Increase (decrease) in net assets before transfers	**1,487**	**(760)**	**(2,039)**	**(4,727)**	**(552)**	**(5,487)**
Transfers	(1,739)	(2,158)	1,307	1,812	(432)	(346)
Changes in net assets	**(252)**	**(2,918)**	**(732)**	**(2,915)**	**(984)**	**(5,833)**
Net assets, beginning of year, as restated	**27,900**	**30,894**	**114**	**3,031**	**28,014**	**33,925**
Net assets (deficits), end of year	**$ 27,648**	**$ 27,976**	**$ (618)**	**$ 116**	**$ 27,030**	**$ 28,092**

Governmental Activities

The State's total revenues for governmental activities of $132.8 billion exceeded its total expenses of $131.3 billion by $1.5 billion (Table 2). However, as shown in the Statement of Activities on page 32, the amount that State taxpayers ultimately financed for activities through State taxes and other State revenues was $66.6 billion, including education aid transfers from the State Lottery of $3 billion, grants and contributions of $54.5 billion, and revenues derived by those who directly benefited from the programs of $11.7 billion. Overall, the State's governmental program revenues, including intergovernmental aid, fees for services and capital grants, were $66.2 billion in 2011. The State paid for the remaining "public benefit" portion of governmental activities with $61.8 billion in taxes and $4.8 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 Fiscal Years Ended March 31, 2011 and 2010
(Amounts in millions)

	2011			2010
	Total Cost of Services	Program Revenues	Net Cost of Services	Net Cost of Services
Education	$ 32,478	$ 4,322	$ 28,156	$ 27,222
Public health	52,618	38,733	13,885	13,185
Public welfare	17,091	12,590	4,501	4,205
Public safety	6,143	730	5,413	4,883
Transportation	7,778	3,491	4,287	5,095
All others	15,199	6,358	8,841	9,230
Totals	**$ 131,307**	**$ 66,224**	**$ 65,083**	**$ 63,820**

Business-type Activities

The cost of all business-type activities this year was $26.6 billion, a decrease of $1.2 billion as compared to $27.8 billion in 2010 (Table 2). The decrease in expenses for business-type activities was caused primarily by decreases in unemployment benefit payments for the Unemployment Insurance Fund, and decreases in nonoperating expenses for the SUNY Fund. 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 $1.3 billion after activity costs were paid by: those directly benefiting from the programs ($12.3 billion), and grants and contributions ($11.5 billion). The increase in revenues from operating grants and contributions was primarily due to Federal reimbursable benefit programs that provide assistance for high unemployment benefit payments. The increase in revenues from charges for services was caused by increases in SUNY hospitals' inpatient and outpatient revenues and Medicaid Disproportionate Share Program revenue, increases in SUNY's enrollment, and increases in CUNY Senior Colleges' enrollment and tuition rates.

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 $5.8 billion. Included in this year's total change in fund balance is a surplus of $1.5 billion in the State's General Fund which resulted from expenditures exceeding revenues by $8 billion, which was offset by other financing sources of $9.5 billion to the General Fund. Although the General Fund reported an increase in personal income taxes ($2.6 billion), consumption and use taxes ($519 million), and other taxes ($395 million), the General fund also reported a decrease in business tax revenue ($361 million) and miscellaneous revenues ($916 million). Personal income taxes and consumption and use taxes primarily increased due to changes in the law and the economic recovery. The increase in other taxes was related to collections in the estate tax from larger estates. The decline in business taxes was mostly due to lower collections in corporate and utility taxes, insurance taxes and bank taxes. A reduction in miscellaneous revenues is related to lower collections of temporary utility surcharges, contributions from several authorities, and in fines. The increase in General Fund revenues was offset by a $961 million increase in expenditures. Local assistance expenditures increased by nearly $155 million, due primarily to increased Medicaid assistance from the Federal government. State operations increased $806 million, due primarily to increases in pension and healthcare costs. The State ended the 2010-11 fiscal year with a General Fund accumulated deficit fund balance of $2 billion.

The Enterprise Funds financial statements 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 $926 million in 2010-11. The General Fund ended the fiscal year with a closing cash fund balance of $1.4 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 Rainy Day Reserve Account), $136 million in the Community Projects Account, $21 million in the Contingency Reserve Account, and $13 million in refund reserves.

Actual operating results were $9 million less favorable than anticipated in the original financial plan, and fell above the projections in the final financial plan by $19 million. The original financial plan projected that expenditures would exceed receipts by $917 million in 2010-11. During the fiscal year, actual receipts and disbursements were less than the level forecast in the original financial plan. The 2010-11 Enacted Budget plan assumed base tax growth of 2.2 percent. Actual base tax growth for 2010-11, at 2.1 percent, finished very close to the initial estimate. Based on the financial plan, lower than expected collections from personal income taxes and business taxes were nearly offset by higher than anticipated receipts from consumption and use and other taxes. Total disbursements for 2010-11 were lower than projected in the original financial plan, attributable to lower local aid spending, across virtually all areas; the most significant variances occurring in public health and social services. In addition, lower agency operations spending resulted from attrition, layoffs, and early retirement.

The final financial plan (issued on March 3, 2011) projected negative General Fund operating results of $945 million, or $19 million below actual results. The most significant variances from the final financial plan include higher-than-anticipated collections in personal income tax offset by lower collections for business taxes and higher spending driven by the timing of certain payments due and budgeted for the first quarter of 2011-12 but that were made in the final quarter of 2010-11.

The State's General Fund GAAP surplus of $1.5 billion reported on page 36 differs from the General Fund's budgetary basis deficit of $926 million reported in the reconciliation found under Budgetary Basis Reporting on page 100. 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 2011, the State has $93.2 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 $2.5 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	
	2011	2010	2011	2010	2011	2010
Land and land improvements	$ 3,963	$ 3,883	$ 600	$ 550	$ 4,563	$ 4,433
Land preparation	3,314	3,271	—	—	3,314	3,271
Buildings	4,563	4,635	6,142	5,538	10,705	10,173
Equipment and library books	254	257	772	765	1,026	1,022
Construction in progress	4,811	3,904	2,359	1,912	7,170	5,816
Infrastructure	65,652	65,322	462	405	66,114	65,727
Artwork and historical treasures	—	—	36	36	36	36
Intangible assets	219	163	3	—	222	163
Totals	**$ 82,776**	**$ 81,435**	**$ 10,374**	**$ 9,206**	**$ 93,150**	**$ 90,641**

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 the Governmental Accounting Standards Board Statement (GASBS) No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* 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 42,500 lane miles of highway and 7,857 bridges.

Highway condition is rated using a scale of A1 (very poor) to A10 (excellent) based on the prevalence of surface-related pavement distress. For bridges, a rating of 6 to 7 is excellent, which indicates that no repairs are necessary. A rating of 3 to 5 is fair to good, which indicates that minor repairs are required. A rating of 1 to 2 is deficient, which indicates major repairs or replacements are necessary. Refer to Required Supplementary Information (RSI) for additional information regarding infrastructure assets using the modified approach. Pavement condition rating parameters for the current year are expected to be between 6.7 and 7.2, while bridge pavement condition parameters are expected to be between 5.3 and 5.6. Capital spending for highway and bridge maintenance and preservation projects was approximately $1.2 billion in 2011.

The State's 2011-12 fiscal year capital budget calls for it to spend $9.6 billion for capital projects, of which $4.5 billion is for transportation projects. To pay for these capital projects, the State plans to use $484.3 million in general obligation bond proceeds, $4.7 billion in other financing arrangements with public authorities, $2 billion in Federal funds, and $2.4 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 from assignment of revenue in the case of Tobacco Settlement Revenue Bonds. Equipment and Building Capital Leases, and Mortgage Loan Commitments, which represent $399 million as of March 31, 2011, 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, to include debt instruments which result in a net variable rate exposure in an amount that does not exceed 15 percent of total outstanding State-supported debt, and interest rate exchange agreements (swaps) that do not exceed 15 percent of total outstanding State-supported debt. At March 31, 2011, the State had $465 million in State-supported (net) variable rate bonds outstanding and $2.3 billion in interest rate exchange agreements, in which the State issues variable rate bonds and enters into a swap agreement that effectively converts the rate to a fixed rate. Risks related to these transactions are explained in Note 7.

In addition, the State has $1.2 billion in convertible bonds, which bear a fixed rate until future mandatory tender dates in 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.

At March 31, 2011, variable rate bonds, net of those subject to the fixed rate swaps, were equal to 0.9 percent of the State-supported debt portfolio. Variable rate bonds that were converted to a synthetic fixed rate through swap agreements of $2.3 billion were equal to 4.4 percent of the total State-supported debt portfolio. Additionally, CUNY reported $177 million in fixed-to-variable rate swap agreements outstanding, which were all terminated by March 31, 2011.

At March 31, 2011, the State had $56.1 billion in bonds, notes, and other financing agreements outstanding compared with $55.3 billion last year, an increase of $842 million as shown below in Table 5.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
General obligation bonds (voter-approved)	$ 3,625	$ 3,461	$ —	$ —	$ 3,625	$ 3,461
Tobacco Settlement Financing Corporation bonds	3,012	3,257	—	—	3,012	3,257
MBBA Special Purpose School Aid bonds	395	419	—	—	395	419
Capital lease obligations	21	25	230	257	251	282
Mortgage loan commitments	—	—	148	155	148	155
Unamortized bond premiums (discounts)	1,774	1,607	(6)	(30)	1,768	1,577
Accumulated accretion on capital appreciation bonds	70	113	—	—	70	113
State-supported debt as defined by the State Finance Law	37,007	36,989	9,850	9,031	46,857	46,020
Totals	**$ 45,904**	**$ 45,871**	**$ 10,222**	**$ 9,413**	**$ 56,126**	**$ 55,284**

During the 12 month period reported, the State issued $6.3 billion in bonds, of which $2.3 billion was for refunding and $4 billion was 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 2011	Governmental Activities 2010	Business-type Activities 2011	Business-type Activities 2010	Total Primary Government 2011	Total Primary Government 2010
Voter-approved debt:						
General obligation:						
New issues	$ 500	$ 449	$ —	$ —	$ 500	$ 449
Refunding issues	329	349	—	—	329	349
Total voter-approved debt	**829**	**798**	**—**	**—**	**829**	**798**
Non-voter-approved debt:						
Other financing arrangements:						
New issues	2,253	4,354	1,286	802	3,539	5,156
Refunding issues	1,578	1,850	368	925	1,946	2,775
Total non-voter-approved debt	**3,831**	**6,204**	**1,654**	**1,727**	**5,485**	**7,931**
Totals	**$ 4,660**	**$ 7,002**	**$ 1,654**	**$ 1,727**	**$ 6,314**	**$ 8,729**

The State's assigned general obligation bond ratings on March 31, 2011 were as follows: AA by Standard & Poor's Investor Services (S&P), Aa2 by Moody's Investor Service, Inc., 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 $1.7 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 the issuance of new State-supported debt and related debt service costs. The Act also limits the use of debt to capital works and purposes, and establishes a maximum length of term for repayment of 30 years. The Act applies to all State-supported debt. The Act does not apply to debt issued prior to April 1, 2000 or to other obligations issued by public authorities where the State is not the direct obligor.

ECONOMIC FACTORS AFFECTING THE STATE

During 2010, economic conditions began to improve for both the nation and New York State. Private sector employment slowly started to increase, although gains were partially offset by rising job losses in the government. The nation's Gross Domestic Product (GDP) and New York's Gross State Product (GSP) rebounded from declines in 2009, as did personal income. While the State as a whole outperformed the nation, the recovery in the State was still slow by historical standards, and not all regions of the State benefited equally. At the beginning of 2011, the recovery continued to be weak, with consumers buffeted by rising energy prices and renewed declines in home values.

The nation began to emerge from the recession in the third quarter of 2009, and—aided by enactment of a major federal stimulus program—the GDP surged by 5 percent in the fourth quarter of 2009 and by 3.7 percent in the first quarter of 2010. During subsequent quarters, the recovery slowed, and for all of 2010 GDP growth averaged 2.9 percent. New York State's economy expanded at a faster rate than the nation's in 2010, with the GSP rising by 5.1 percent. After sizable losses, job growth also resumed, with modest gains beginning in December 2009 for the State and in February 2010 for the nation. For all of 2010, the rate of job growth in the State (0.8 percent) was slightly higher than in the nation (0.7 percent).

Although job growth resumed in 2010, unemployment rates remain high. During the recession, the unemployment rate more than doubled for the nation (rising from 4.4 percent in May 2007 to 10.1 percent in October 2009) and for New York State (rising from 4.3 percent in March 2007 to 8.9 percent in September 2009). By December 2010, the rate had only eased to 9.4 percent for the nation and 8.2 percent for New York.

Personal income rebounded in 2010 following declines in 2009. Nationally, personal income increased by 3 percent, while New York State's gain of 4.1 percent was the second-highest growth rate among all the states. Wages—the largest component of personal income—increased by 4.4 percent in New York State in 2010 after falling by 7.2 percent in 2009.

The rebound in personal income and wages reflects Wall Street's continued recovery from the financial crisis. During 2010, the broker/dealer operations of New York Stock Exchange member firms earned $27.6 billion, second only to the record profits of $61.4 billion earned in 2009 (during the previous two years, the industry had combined losses of $53.9 billion). The rapid recovery in profitability was driven by government bailouts, the Federal Reserve's low interest rate policy, and other government actions. The record profits in 2009 fueled a 27 percent increase in cash bonuses, most of which was paid in the first quarter of 2010. As a result, wages in the securities industry rose by 12.8 percent in 2010 compared to a 27.8 percent decline in 2009. Although the securities industry accounted for less than 3 percent of all jobs in the State, it comprised 12.5 percent of all wages in 2010 and accounted for more than one-third of the increase in total wages statewide that year.

Wall Street has begun to modify its compensation practices in response to regulatory reforms, including raising base pay and deferring a greater share of bonuses in order to reward long-term profitability and discourage excessive risk-taking. This trend was evident in industry compensation for 2010, with overall compensation estimated to have risen by 6 percent even as cash bonus payments declined by nearly 8 percent for securities industry employees in New York City.

Inflation was subdued throughout most of 2010, rising by 1.6 percent nationally and by 1.7 percent in the New York City metropolitan area. Excluding food and energy prices, core inflation during 2010 was 1 percent in the nation and 1.3 percent in the New York City metro area.

The housing market remained weak in 2010, as a modest recovery faltered by the end of the year. Home prices (as measured by the S&P/Case-Shiller Home Price Index) held steady in the New York metropolitan region between July 2009 and July 2010, after declining by 20 percent during the recession. Beginning in August 2010, however, home prices resumed their decline, falling by nearly 5 percent through March 2011. Nationally, home prices declined by 4.2 percent between July 2010 and March 2011 (home values in the U.S. declined by more than 30 percent during the recession).

The large inventory of homes in the foreclosure process has contributed to the weakness in the housing market. In 2010, there were nearly 3 million foreclosure filings in the nation and nearly 44,000 filings in New York State. Although banks temporarily suspended filings in the second half of the year in response to documentation problems, the number of filings still rose in the nation, and the foreclosure filing rate per 1,000 households edged up to 22.3 from 21.9 in 2009. In New York State, the number of foreclosure filings fell by 12.8 percent in 2010, and the filing rate declined to 5.5 per 1,000 households, which ranked 42nd among all states. While the foreclosure crisis is less severe in New York State than in many other parts of the nation, the percentage of mortgages in the State at some point in the foreclosure process continues to rise, reaching 5.3 percent in the first quarter of 2011—five times greater than before the recession.

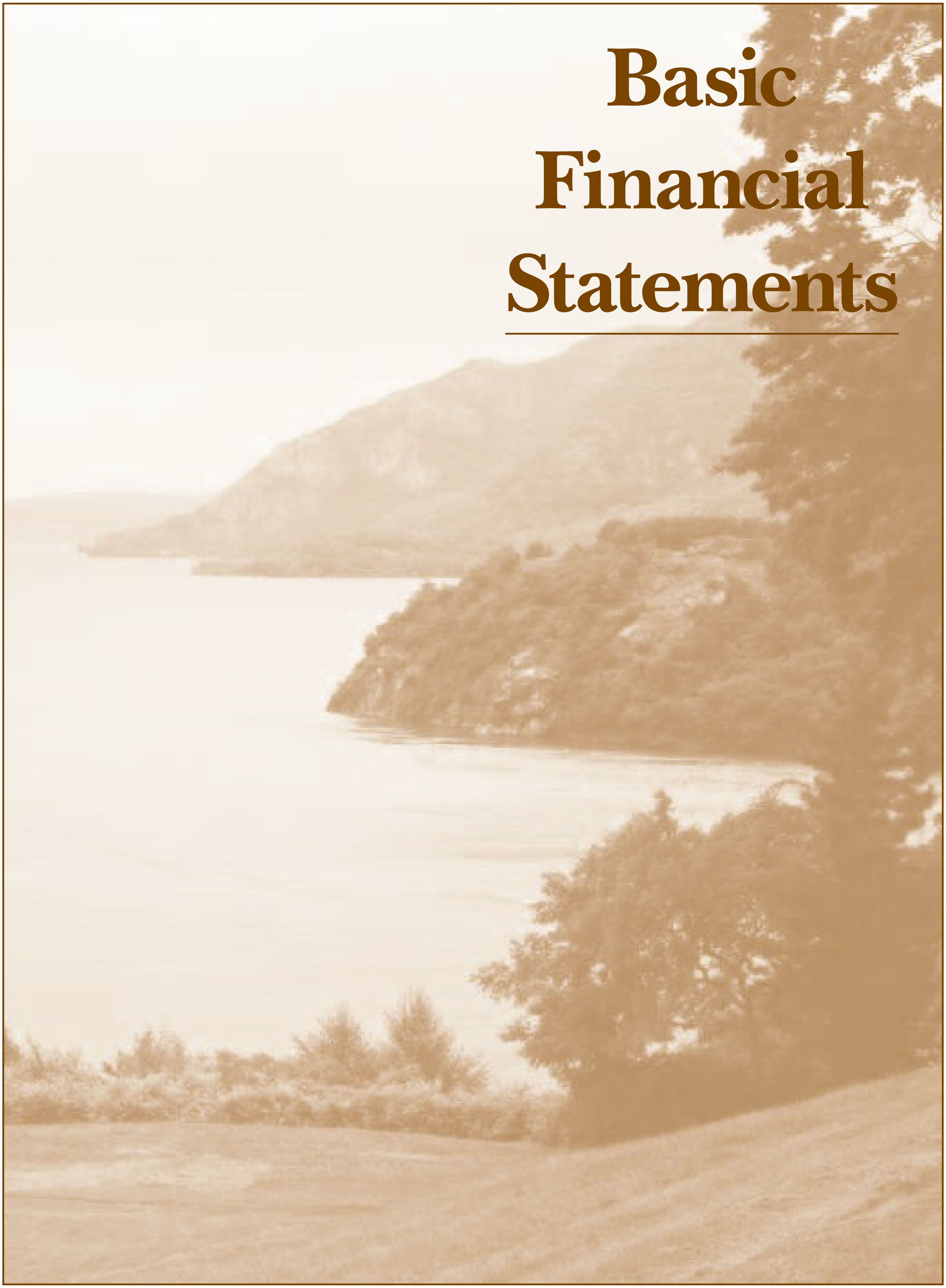
During the first quarter of 2011, the pace of the recovery weakened as national GDP growth eased to an annual rate of 1.9 percent. Unrest in the Middle East contributed to a rise in energy prices, with the price of oil reaching $100 per barrel and gas prices climbing to more than $4 per gallon. Core inflation remained low in the nation during the first quarter of 2011, averaging 2 percent, but when the higher costs of food and energy are added, the total inflation for this period rises to 6.1 percent. The financial markets were also disrupted by renewed concerns over the European debt crisis, primarily centered on a potential default in Greece and worsening problems in Ireland, Portugal, and Spain. Domestically, despite steady corporate profits and record levels of cash held by corporations, firms have limited their investments in capital and labor, and unemployment rates for the nation and the State remained high (at 8.8 percent for the nation and 8 percent for the State in March 2011).

With energy prices rising and continued weakness in the labor and housing market, consumers have become more cautious. The consumer confidence index for the nation fell from 74.4 points in January 2011 to 67.5 points in March 2011, while the decline in confidence in the State was less severe, with a drop of one percentage point to 67.6 points in March 2011. Growth in consumer spending, which accounts for more than two-thirds of economic activity, slowed to 2.2 percent in the first quarter of 2011, down from 4 percent in the fourth quarter of 2010.

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 (Deficits)

March 31, 2011
(Amounts in millions)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Cash and investments	$ 9,570	$ 5,858	$ 15,428	$ 39,841
Receivables, net of allowances for uncollectibles:				
Taxes	12,054	—	12,054	—
Due from Federal government	6,358	—	6,358	—
Loans, leases and notes	—	—	—	41,909
Other	3,663	3,726	7,389	3,830
Internal balances	(504)	721	217	—
Other assets	933	232	1,165	4,473
Capital assets:				
Land, infrastructure and construction in progress	77,331	2,989	80,320	10,660
Buildings, equipment, land improvements and infrastructure, net of depreciation	5,226	7,382	12,608	58,135
Intangible assets, net of amortization	219	3	222	2,489
Derivative instruments	—	—	—	16
Total assets	**114,850**	**20,911**	**135,761**	**161,353**
Deferred outflows of resources	86	69	155	917
Total assets and deferred outflows of resources	**114,936**	**20,980**	**135,916**	**162,270**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Tax refunds payable	9,136	—	9,136	—
Accounts payable	749	822	1,571	489
Accrued liabilities	8,273	1,023	9,296	17,350
Payable to local governments	5,864	—	5,864	—
Interest payable	529	196	725	—
Pension contributions payable	189	—	189	304
Deferred revenues	573	335	908	1,147
Derivative instruments	—	—	—	179
Long-term liabilities:				
Due within one year	3,840	2,684	6,524	6,927
Due in more than one year:				
Tax refunds payable	1,023	—	1,023	—
Accrued liabilities	4,725	856	5,581	333
Payable to local governments	640	—	640	—
Due to Federal government	—	2,115	2,115	—
Lottery prizes payable	—	1,258	1,258	—
Pension contributions payable	710	—	710	84
Other postemployment benefits	8,150	2,454	10,604	5,869
Pollution remediation	593	—	593	104
Collateralized borrowing	102	—	102	—
Obligations under lease/purchase and other financing arrangements	39,597	9,782	49,379	—
Deferred loss on refunding	(825)	—	(825)	—
Notes payable	—	—	—	499
Bonds payable	3,258	—	3,258	80,256
Other long-term liabilities	—	—	—	9,770
Derivative instruments	162	69	231	936
Total liabilities	**87,288**	**21,594**	**108,882**	**124,247**
Deferred inflows of resources	—	4	4	2
Total liabilities and deferred inflows of resources	**87,288**	**21,598**	**108,886**	**124,249**
NET ASSETS (DEFICITS):				
Invested in capital assets, net of related debt	65,118	685	65,803	25,301
Restricted for:				
Unemployment benefits	—	—	—	—
Debt service	2,506	—	2,506	2,833
Higher education	—	1,003	1,003	1,634
Environmental projects	—	—	—	4,888
Insurance requirements	—	—	—	1,499
Other purposes	508	105	613	2,389
Unrestricted deficits	(40,484)	(2,411)	(42,895)	(523)
Total net assets (deficits)	**$ 27,648**	**$ (618)**	**$ 27,030**	**$ 38,021**

See accompanying notes to the basic financial statements.

Statement of Activities

For the Year Ended March 31, 2011

(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	$ 32,478	$ 119	$ 4,203	$ —
Public health	52,618	5,687	33,046	—
Public welfare	17,091	751	11,836	3
Public safety	6,143	167	544	19
Transportation	7,778	1,425	916	1,150
Environment and recreation	1,625	315	172	255
Support and regulate business	1,827	1,413	17	—
General government	9,707	1,848	2,308	—
Interest on long-term debt	2,040	—	30	—
Total governmental activities	**131,307**	**11,725**	**53,072**	**1,427**
Business-type activities:				
Lottery	5,250	7,868	—	—
Unemployment insurance	9,414	—	8,813	—
State University of New York	9,032	3,803	1,767	76
City University of New York	2,950	614	865	—
Total business-type activities	**26,646**	**12,285**	**11,445**	**76**
Total primary government	**$ 157,953**	**$ 24,010**	**$ 64,517**	**$ 1,503**
Total component units	**$ 33,250**	**$ 17,995**	**$ 8,347**	**$ 2,483**

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 (deficits)—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
$ (28,156)	$ —	$ (28,156)	$ —
(13,885)	—	(13,885)	—
(4,501)	—	(4,501)	—
(5,413)	—	(5,413)	—
(4,287)	—	(4,287)	—
(883)	—	(883)	—
(397)	—	(397)	—
(5,551)	—	(5,551)	—
(2,010)	—	(2,010)	—
(65,083)	**—**	**(65,083)**	**—**
—	2,618	2,618	—
—	(601)	(601)	—
—	(3,386)	(3,386)	—
—	(1,471)	(1,471)	—
—	**(2,840)**	**(2,840)**	**—**
(65,083)	**(2,840)**	**(67,923)**	**—**
			(4,425)
37,629	—	37,629	—
14,115	—	14,115	—
6,892	—	6,892	—
3,187	—	3,187	—
—	—	—	1,214
84	208	292	1,141
4,663	593	5,256	2,037
66,570	**801**	**67,371**	**4,392**
(1,739)	1,307	(432)	—
64,831	**2,108**	**66,939**	**4,392**
(252)	**(732)**	**(984)**	**(33)**
27,900	**114**	**28,014**	**38,054**
$ 27,648	**$ (618)**	**$ 27,030**	**$ 38,021**

Balance Sheet

GOVERNMENTAL FUNDS

March 31, 2011
(Amounts in millions)

	Major Funds					
	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Eliminations	Total
ASSETS:						
Cash and investments	$ 2,218	$ 231	$ 1,561	$ 5,560	$ —	$ 9,570
Receivables, net of allowances for uncollectibles:						
Taxes	9,080	—	2,352	622	—	12,054
Due from Federal government	—	6,393	—	104	—	6,497
Other	1,472	790	389	1,012	—	3,663
Due from other funds	1,722	5	—	985	(941)	1,771
Other assets	332	45	17	15	—	409
Total assets	**$ 14,824**	**$ 7,464**	**$ 4,319**	**$ 8,298**	**$ (941)**	**$ 33,964**
LIABILITIES:						
Tax refunds payable	$ 7,133	$ —	$ 1,741	$ 262	$ —	$ 9,136
Accounts payable	309	70	—	370	—	749
Accrued liabilities	3,204	3,905	6	219	—	7,334
Payable to local governments	3,153	2,166	74	471	—	5,864
Due to other funds	1,807	673	467	955	(941)	2,961
Pension contributions payable	189	—	—	—	—	189
Deferred revenues	1,038	646	63	208	—	1,955
Total liabilities	**16,833**	**7,460**	**2,351**	**2,485**	**(941)**	**28,188**
FUND BALANCES (DEFICITS):						
Reserved for:						
Encumbrances	860	1,329	—	7,351	—	9,540
Debt service	—	—	1,926	580	—	2,506
Tax stabilization	1,031	—	—	—	—	1,031
Refund	13	—	—	—	—	13
Other specified purposes	304	—	—	562	—	866
Unreserved:						
General	(4,217)	—	—	—	—	(4,217)
Federal special revenue	—	(1,325)	—	—	—	(1,325)
Special revenue	—	—	—	2,819	—	2,819
Debt service	—	—	42	460	—	502
Capital projects	—	—	—	(5,959)	—	(5,959)
Total fund balances (deficits)	**(2,009)**	**4**	**1,968**	**5,813**	**—**	**5,776**
Total liabilities and fund balances (deficits)	**$ 14,824**	**$ 7,464**	**$ 4,319**	**$ 8,298**	**$ (941)**	**$ 33,964**

See accompanying notes to the basic financial statements.

Reconciliation of the Balance Sheet

GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

March 31, 2011
(Amounts in millions)

Total fund balances—governmental funds	**$**	**5,776**
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		82,776
Some of the State's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds		1,382
Medicaid cost recoveries not available soon enough to reduce current period expenditures that are due to the Federal government		(139)
Deferred charges related to bond issuance costs		524
Deferred outflows of resources		86
Some liabilities (listed below) are not due and payable in the current period and therefore are not reported in the funds:		
Interest payable		(529)
Due to business-type activities		(253)
Long-term liabilities due within one year		(3,840)
Tax refunds payable		(1,023)
Accrued liabilities		(4,725)
Payable to local governments		(640)
Pension contributions payable		(710)
Other postemployment benefits		(8,150)
Pollution remediation		(593)
Collateralized borrowing		(102)
Lease/purchase and other financing arrangements		(39,597)
Deferred loss on refunding		825
Bonds payable		(3,258)
Derivative instruments		(162)
Total net assets—governmental activities	**$**	**27,648**

See accompanying notes to the basic financial statements.

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

GOVERNMENTAL FUNDS

Year Ended March 31, 2011

(Amounts in millions)

	Major Funds					
	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Eliminations	Total
REVENUES:						
Taxes:						
Personal income	$ 24,895	$ —	$ 9,519	$ 3,291	$ —	$ 37,705
Consumption and use	8,578	—	—	5,555	—	14,133
Business	5,129	—	—	1,986	—	7,115
Other	1,268	—	—	1,960	—	3,228
Federal grants	55	52,200	27	2,377	—	54,659
Public health/patient fees	—	—	—	4,655	—	4,655
Tobacco settlement	—	—	390	67	—	457
Miscellaneous	7,144	56	38	4,880	(747)	11,371
Total revenues	**47,069**	**52,256**	**9,974**	**24,771**	**(747)**	**133,323**
EXPENDITURES:						
Local assistance grants:						
Social services	12,425	37,601	—	3,868	—	53,894
Education	19,862	5,974	—	6,544	—	32,380
Mental hygiene	1,660	241	—	119	—	2,020
General purpose	1,037	—	—	—	—	1,037
Health and environment	1,838	1,113	—	1,509	—	4,460
Transportation	476	57	—	4,778	—	5,311
Criminal justice	177	259	—	70	—	506
Miscellaneous	402	765	—	1,518	—	2,685
State operations:						
Personal service	8,863	676	—	318	—	9,857
Non-personal service	3,072	677	59	2,792	(701)	5,899
Pension contributions	1,152	60	—	22	—	1,234
Other fringe benefits	4,126	196	—	62	(46)	4,338
Capital construction	—	—	—	4,174	—	4,174
Debt service, including payments on financing arrangements	—	—	4,133	761	—	4,894
Total expenditures	**55,090**	**47,619**	**4,192**	**26,535**	**(747)**	**132,689**
Excess (deficiency) of revenues over expenditures	**(8,021)**	**4,637**	**5,782**	**(1,764)**	**—**	**634**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	15,773	—	3,484	8,129	(24,071)	3,315
Transfers to other funds	(6,638)	(4,635)	(8,996)	(8,887)	24,071	(5,085)
Collateralized borrowing	—	—	—	102	—	102
General obligation bonds issued	—	—	—	500	—	500
Financing arrangements issued	368	—	—	1,885	—	2,253
Refunding debt issued	—	—	1,451	456	—	1,907
Payments to escrow agents for refundings	—	—	(1,542)	(510)	—	(2,052)
Swap termination	—	—	(48)	—	—	(48)
Premiums on bonds issued	47	—	145	183	—	375
Net other financing sources (uses)	**9,550**	**(4,635)**	**(5,506)**	**1,858**	**—**	**1,267**
Net change in fund balances	**1,529**	**2**	**276**	**94**	**—**	**1,901**
Fund balances (deficits) at April 1, 2010	**(3,538)**	**2**	**1,692**	**5,719**	**—**	**3,875**
Fund balances (deficits) at March 31, 2011	**$ (2,009)**	**$ 4**	**$ 1,968**	**$ 5,813**	**$ —**	**$ 5,776**

See accompanying notes to the basic financial statements.

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

GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2011

(Amounts in millions)

Net change in fund balances—total governmental funds		**$ 1,901**
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	$ (348)	
Disposal of assets	(305)	
Purchase of assets	1,994	
		1,341
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	$ 2,885	
Long-term debt proceeds	(4,987)	
Payments to refunding agent	2,052	
		(50)
Proceeds received related to a collateralized borrowing are reported as a liability in the statement of net assets		(102)
Revenues in the statement of activities that do not provide current financial resources and are not reported in the funds		(525)
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	$ 73	
State operations	(2,512)	
Capital construction	(127)	
Transfers to business-type activities	(253)	
Other	2	
		(2,817)
Change in net assets of governmental activities		**$ (252)**

See accompanying notes to the basic financial statements.

Statement of Net Assets (Deficits)

ENTERPRISE FUNDS

March 31, 2011
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2010 SUNY	June 30, 2010 CUNY	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:					
Current assets:					
Cash and cash equivalents	$ 230	$ 37	$ 1,386	$ 553	$ 2,206
Investments	149	—	296	21	466
Deposits with trustees and DASNY	—	—	—	170	170
Receivables, net of allowance for uncollectibles	598	1,952	856	190	3,596
Due from other funds	—	—	407	167	574
Other assets	11	—	72	20	103
Total current assets	988	1,989	3,017	1,121	7,115
Noncurrent assets:					
Restricted cash and cash equivalents	—	—	83	6	89
Long-term investments	1,330	—	576	190	2,096
Deposits with trustees	—	—	584	247	831
Receivables, net of allowance for uncollectibles	—	—	126	4	130
Due from other funds	—	—	316	—	316
Capital assets:					
Land, construction in progress and artwork	—	—	1,768	1,221	2,989
Buildings and equipment, net of depreciation	—	—	5,322	2,060	7,382
Intangible assets, net of amortization	—	—	—	3	3
Other assets	2	—	89	38	129
Total noncurrent assets	1,332	—	8,864	3,769	13,965
Total assets	2,320	1,989	11,881	4,890	21,080
Deferred outflows of resources	—	—	—	69	69
Total assets and deferred outflows of resources	2,320	1,989	11,881	4,959	21,149
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:					
Current liabilities:					
Accounts payable	170	—	449	203	822
Accrued liabilities	326	40	732	249	1,347
Due to Federal government	—	1,748	—	—	1,748
Lottery prizes payable	172	—	—	—	172
Due to other funds	169	—	—	—	169
Interest payable	—	—	128	68	196
Deferred revenues	11	—	190	134	335
Obligations under lease/purchase and other financing arrangements	2	—	305	133	440
Total current liabilities	850	1,788	1,804	787	5,229
Noncurrent liabilities:					
Accrued liabilities	1	—	771	84	856
Due to Federal government	—	2,115	—	—	2,115
Other postemployment benefits	—	—	2,150	304	2,454
Lottery prizes payable	1,258	—	—	—	1,258
Obligations under lease/purchase and other financing arrangements	—	—	6,424	3,358	9,782
Derivative instruments	—	—	—	69	69
Total noncurrent liabilities	1,259	2,115	9,345	3,815	16,534
Total liabilities	2,109	3,903	11,149	4,602	21,763
Deferred inflows of resources	—	—	—	4	4
Total liabilities and deferred inflows of resources	2,109	3,903	11,149	4,606	21,767
NET ASSETS (DEFICITS):					
Invested in capital assets, net of related debt	—	—	806	(121)	685
Restricted for:					
Nonexpendable purposes	—	—	267	41	308
Expendable purposes	—	—	363	332	695
Future prizes	105	—	—	—	105
Unrestricted (deficits)	106	(1,914)	(704)	101	(2,411)
Total net assets (deficits)	$ 211	$ (1,914)	$ 732	$ 353	$ (618)

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficits)

ENTERPRISE FUNDS

Year Ended March 31, 2011

(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2010 SUNY	June 30, 2010 CUNY	Total
OPERATING REVENUES:					
Ticket and video gaming sales	$ 7,868	$ —	$ —	$ —	$ 7,868
Employer contributions	—	8,813	—	—	8,813
Tuition and fees, net	—	—	1,107	594	1,701
Government grants and contracts	—	—	937	736	1,673
Private gifts, grants and contracts	—	—	328	83	411
Hospitals and clinics	—	—	1,877	—	1,877
Auxiliary enterprises	—	—	819	20	839
Other	—	—	95	36	131
Total operating revenues	**7,868**	**8,813**	**5,163**	**1,469**	**23,313**
OPERATING EXPENSES:					
Benefits paid	—	9,414	—	—	9,414
Prizes	3,968	—	—	—	3,968
Commissions and fees	1,025	—	—	—	1,025
Educational and general	—	—	5,267	2,606	7,873
Hospitals and clinics	—	—	2,227	—	2,227
Auxiliary enterprises	—	—	792	27	819
Instant game ticket costs	26	—	—	—	26
Depreciation and amortization	2	—	432	165	599
Other	155	—	5	—	160
Total operating expenses	**5,176**	**9,414**	**8,723**	**2,798**	**26,111**
Operating income (loss)	**2,692**	**(601)**	**(3,560)**	**(1,329)**	**(2,798)**
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	91	—	31	10	132
Other income (expenses)	382	—	(50)	9	341
Private gifts, grants, and contracts	—	—	98	7	105
Federal and city appropriations	—	—	17	46	63
Federal and State student financial aid	—	—	485	—	485
Net increase in the fair value of investments	—	—	64	12	76
Plant and equipment write-off	—	—	(9)	—	(9)
Interest expense	(74)	—	(300)	(152)	(526)
Total nonoperating revenues (expenses)	**399**	**—**	**336**	**(68)**	**667**
Income (loss) before other revenues and transfers	**3,091**	**(601)**	**(3,224)**	**(1,397)**	**(2,131)**
State transfers	—	—	2,966	1,054	4,020
Education aid transfer	(3,049)	—	—	—	(3,049)
Capital transfers	—	—	1	335	336
Capital gifts and grants	—	—	76	—	76
Additions to permanent endowments	—	—	16	—	16
Decrease in net assets (deficits)	**42**	**(601)**	**(165)**	**(8)**	**(732)**
Net assets (deficits)—beginning of year, as restated	**169**	**(1,313)**	**897**	**361**	**114**
Net assets (deficits)—end of year	**$ 211**	**$ (1,914)**	**$ 732**	**$ 353**	**$ (618)**

See accompanying notes to the basic financial statements.

Statement of Cash Flows

ENTERPRISE FUNDS

Year Ended March 31, 2011
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2010 SUNY	June 30, 2010 CUNY	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from:					
Contributions	$ —	$ 8,711	$ —	$ —	$ **8,711**
Ticket sales	7,866	—	—	—	**7,866**
Tuition and fees	—	—	1,106	581	**1,687**
Government grants and contracts	—	—	863	722	**1,585**
Private grants and contracts	—	—	330	89	**419**
Hospitals and clinics	—	—	1,878	—	**1,878**
Auxiliary enterprises	—	—	805	20	**825**
Other	382	—	25	5	**412**
Payments for:					
Claims	—	(9,414)	—	—	**(9,414)**
Prizes	(4,038)	—	—	—	**(4,038)**
Commissions and fees	(1,073)	—	—	—	**(1,073)**
Operating expenses	(131)	—	(6,375)	(2,505)	**(9,011)**
Other	—	—	(109)	(231)	**(340)**
Net cash provided (used) by operating activities	**3,006**	**(703)**	**(1,477)**	**(1,319)**	**(493)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer to education	(3,143)	—	—	—	**(3,143)**
Temporary loan from Federal government	—	982	—	—	**982**
Repayment of temporary loan from Federal government	—	(202)	—	—	**(202)**
Transfers	123	—	1,747	1,095	**2,965**
Federal and State student financial aid grants	—	—	483	—	**483**
Private gifts and grants	—	—	105	—	**105**
Gifts and grants	—	—	—	8	**8**
Proceeds from short-term loans	—	—	24	—	**24**
Repayment of short-term loans	—	—	(38)	—	**(38)**
Direct loan receipts	—	—	533	—	**533**
Direct loan disbursements	—	—	(533)	—	**(533)**
Enterprise fund transactions	—	(40)	20	(7)	**(27)**
Net cash provided (used) by noncapital financing activities	**(3,020)**	**740**	**2,341**	**1,096**	**1,157**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from capital debt	—	—	943	681	**1,624**
Capital transfers	—	—	1	335	**336**
Purchase of capital assets	(2)	—	(1,154)	(460)	**(1,616)**
Principal payments on capital leases	—	—	(295)	(207)	**(502)**
Principal payments on refunded bonds	—	—	—	(70)	**(70)**
Interest payments on capital leases	—	—	(368)	(139)	**(507)**
Capital gifts and grants received	—	—	38	—	**38**
Proceeds from sale of capital assets	—	—	1	—	**1**
Bond issuance cost	—	—	—	(9)	**(9)**
Deposits held by bond trustees and DASNY	—	—	12	(26)	**(14)**
Decrease in amounts held by the DASNY	—	—	—	8	**8**
Net cash provided (used) by capital financing activities	**(2)**	**—**	**(822)**	**113**	**(711)**

(Continued)

Statement of Cash Flows (cont'd)

ENTERPRISE FUNDS

Year Ended March 31, 2011
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2010 SUNY	June 30, 2010 CUNY	Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest, dividends and realized gains on investments	21	—	51	10	82
Proceeds from sales and maturities of investments	223	—	3,293	869	4,385
Purchases of investments	(151)	—	(3,243)	(816)	(4,210)
Payment of collateral held for securities lending	—	—	—	(1)	(1)
Net cash provided by investing activities	**93**	**—**	**101**	**62**	**256**
Net increase (decrease) in cash and cash equivalents	**77**	**37**	**143**	**(48)**	**209**
Cash and cash equivalents—beginning of year	153	—	1,326	607	2,086
Cash and cash equivalents—end of year	**$ 230**	**$ 37**	**$ 1,469**	**$ 559**	**$ 2,295**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 2,692	$ (601)	$ (3,560)	$ (1,329)	$ (2,798)
Adjustments to reconcile operating income (loss) to net cash provided (used) by nonoperating and noncash activities:					
Depreciation and amortization	2	—	432	165	599
Other nonoperating and noncash items	382	—	1,054	—	1,436
Change in assets and liabilities:					
Receivables, net	(178)	(102)	(26)	(61)	(367)
Other assets	(1)	—	(5)	(1)	(7)
Lottery prizes payable	(92)	—	—	—	(92)
Unclaimed and future prizes	44	—	—	—	44
Accrued liabilities	157	—	202	(182)	177
Other postemployment benefits	—	—	451	70	521
Deferred revenues	—	—	(25)	19	(6)
Net cash provided (used) by operating activities	**$ 3,006**	**$ (703)**	**$ (1,477)**	**$ (1,319)**	**$ (493)**
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
New capital leases/debt agreements	$ —	$ —	$ 410	$ —	$ 410
Fringe benefits provided by the State	$ —	$ —	$ 1,021	$ —	$ 1,021
Litigation costs provided by the State	$ —	$ —	$ 35	$ —	$ 35
Noncash gifts	$ —	$ —	$ 35	$ —	$ 35
Increase in unrealized gains on investments	$ 16	$ —	$ —	$ —	$ 16
Amortization of investment discount	$ 50	$ —	$ —	$ —	$ 50

See accompanying notes to the basic financial statements.

Statement of Fiduciary Net Assets

FIDUCIARY FUNDS

March 31, 2011
(Amounts in millions)

	Pension Trusts	Private Purpose Trusts	Agency
ASSETS:			
Cash and investments	$ —	$ 11,402	$ 3,162
Retirement system investments:			
Short-term investments	8,360	—	—
Government bonds	21,417	—	—
Corporate bonds	9,621	—	—
Domestic equities	55,720	—	—
International equities	24,225	—	—
Private equities	14,915	—	—
Absolute return strategy investments	4,497	—	—
Real estate and mortgage loans	8,482	—	—
Securities lending collateral, invested	7,498	—	—
Forward foreign exchange contracts	767	—	—
Receivables, net of allowances for uncollectibles:			
Employer contributions	1,345	—	—
Member contributions	8	—	—
Member loans	1,066	—	—
Accrued interest and dividends	418	—	—
Other	550	162	134
Due from other funds	—	939	—
Other assets	—	—	116
Capital assets, at cost, net of accumulated depreciation	26	—	—
Total assets	**158,915**	**12,503**	**$ 3,412**
LIABILITIES:			
Securities lending obligations	7,679	—	$ —
Forward foreign exchange contracts	772	—	—
Accounts payable	—	—	23
Accounts payable-investments	357	—	—
Accounts payable-benefits	387	—	—
Other liabilities	171	1,478	1,792
Payable to local governments	—	—	1,597
Total liabilities	**9,366**	**1,478**	**$ 3,412**
NET ASSETS:			
Held in trust for pension benefits and other purposes	**$ 149,549**	**$ 11,025**	

See accompanying notes to the basic financial statements.

Statement of Changes in Fiduciary Net Assets

FIDUCIARY FUNDS

Year Ended March 31, 2011
(Amounts in millions)

	Pension Trusts	Private Purpose Trusts
Additions:		
Investment earnings:		
Interest income	$ 1,427	$ 18
Dividend income	1,269	225
Other income	322	—
Securities lending income	31	—
Net increase in the fair value of investments	16,741	911
Total investment earnings	**19,790**	**1,154**
Less:		
Securities lending expenses	(3)	—
Investment expenses	(447)	(40)
Net investment earnings	**19,340**	**1,114**
Contributions:		
College savings	—	1,837
Employers	4,165	—
Members	286	—
Interest on accounts receivable	37	—
Other	90	—
Total contributions	**4,578**	**1,837**
Net transfers from General Fund	—	289
Total additions	**23,918**	**3,240**
Deductions:		
College aid redemptions	—	1,001
Benefits paid:		
Retirement allowances	8,273	—
Death benefits	192	—
Other benefits	55	—
Administrative expenses	101	1
Claims paid	—	289
Total deductions	**8,621**	**1,291**
Net increase	**15,297**	**1,949**
Net assets held in trust for pension benefits and other purposes at April 1, 2010	**134,252**	**9,076**
Net assets held in trust for pension benefits and other purposes at March 31, 2011	**$ 149,549**	**$ 11,025**

See accompanying notes to the basic financial statements.

Combining Statement of Net Assets

DISCRETELY PRESENTED COMPONENT UNITS

March 31, 2011
(Amounts in millions)

	Major Component Units				
	Power Authority	Housing Finance Agency	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:					
Cash and investments	$ 2,345	$ 1,524	$ 797	$ 4,935	$ 6,240
Receivables, net of allowances for uncollectibles:					
Loans, leases, and notes	386	9,206	—	—	38,664
Other	218	32	73	2,816	667
Other assets	744	—	61	1,957	—
Capital assets:					
Construction in progress	125	—	694	9,506	—
Land and buildings, net of depreciation	3,572	—	4,011	40,627	12
Intangible assets	—	—	—	—	—
Derivative instruments	—	—	—	14	—
Total assets	**7,390**	**10,762**	**5,636**	**59,855**	**45,583**
Deferred outflows of resources	231	40	—	360	—
Total assets and deferred outflows of resources	**7,621**	**10,802**	**5,636**	**60,215**	**45,583**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:					
Accounts payable	—	7	—	351	—
Accrued liabilities	408	73	253	2,245	1,174
Pension contributions payable	—	—	—	296	—
Deferred revenues	—	139	58	435	52
Notes payable	404	—	687	—	—
Bonds payable	40	129	59	602	4,604
Current portion of other long-term liabilities	—	—	2	33	3
Derivative instruments	86	—	—	—	—
Due in more than one year:					
Accrued liabilities	—	—	—	—	160
Pension contributions payable	—	—	—	39	—
Other postemployment benefits	—	31	194	4,903	43
Pollution remediation	—	—	—	75	—
Deferred revenues	751	349	—	—	—
Notes payable	386	—	—	—	—
Bonds payable	1,111	9,609	2,282	30,803	39,025
Other long-term liabilities	1,248	—	10	3,142	105
Derivative instruments	186	40	—	415	—
Total liabilities	**4,620**	**10,377**	**3,545**	**43,339**	**45,166**
Deferred inflows of resources	—	—	—	—	—
Total liabilities and deferred inflows of resources	**4,620**	**10,377**	**3,545**	**43,339**	**45,166**
NET ASSETS:					
Invested in capital assets, net of related debt	1,748	—	1,936	19,264	12
Restricted for:					
Debt service	—	366	128	1,279	337
Higher education	—	—	—	—	—
Environmental projects	—	—	—	—	—
Insurance requirements	—	—	—	—	—
Other purposes	34	—	91	146	—
Unrestricted (deficit)	1,219	59	(64)	(3,813)	68
Total net assets	**$ 3,001**	**$ 425**	**$ 2,091**	**$ 16,876**	**$ 417**

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
$ 479	$ 2,988	$ 12,355	$ 2,388	$ 3,634	$ 5,354	$ (3,198)	$ 39,841
155	8,142	—	3,212	9,391	801	(28,048)	41,909
711	241	277	31	176	655	(2,067)	3,830
1,133	187	142	98	—	208	(57)	4,473
203	—	—	—	—	132	—	10,660
6,229	1,255	—	—	—	2,429	—	58,135
2,488	—	—	—	—	1	—	2,489
—	—	—	—	—	2	—	16
11,398	**12,813**	**12,774**	**5,729**	**13,201**	**9,582**	**(33,370)**	**161,353**
196	—	—	58	—	72	(40)	917
11,594	**12,813**	**12,774**	**5,787**	**13,201**	**9,654**	**(33,410)**	**162,270**
—	—	—	—	—	131	—	489
740	362	10,782	66	275	1,042	(70)	17,350
—	—	—	—	—	8	—	304
—	—	362	—	1	107	(7)	1,147
200	60	—	—	—	3	(3)	1,351
238	654	—	150	428	126	(1,726)	5,304
136	76	—	—	—	22	—	272
93	—	—	—	—	—	—	179
96	—	—	—	—	77	—	333
—	—	—	—	—	45	—	84
18	15	—	28	7	630	—	5,869
—	28	—	—	—	1	—	104
—	—	—	—	4	493	—	1,597
—	93	—	—	—	38	(18)	499
6,363	9,297	—	3,365	7,594	2,577	(31,770)	80,256
3,133	391	—	—	—	175	(31)	8,173
200	—	—	58	—	77	(40)	936
11,217	**10,976**	**11,144**	**3,667**	**8,309**	**5,552**	**(33,665)**	**124,247**
—	—	—	—	—	2	—	2
11,217	**10,976**	**11,144**	**3,667**	**8,309**	**5,554**	**(33,665)**	**124,249**
(87)	1,094	—	—	—	1,334	—	25,301
—	—	—	639	—	70	14	2,833
—	—	—	—	—	1,634	—	1,634
—	—	—	—	4,888	—	—	4,888
—	—	—	1,490	—	9	—	1,499
—	743	—	—	—	1,375	—	2,389
464	—	1,630	(9)	4	(322)	241	(523)
$ 377	**$ 1,837**	**$ 1,630**	**$ 2,120**	**$ 4,892**	**$ 4,100**	**$ 255**	**$ 38,021**

Combining Statement of Activities

DISCRETELY PRESENTED COMPONENT UNITS

Year Ended March 31, 2011

(Amounts in millions)

	Major Component Units				
	Power Authority	**Housing Finance Agency**	**Thruway Authority**	**Metropolitan Transportation Authority**	**Dormitory Authority**
EXPENSES:					
Program operations	$ 2,126	$ 155	$ 478	$ 10,716	$ 106
Interest on long-term debt	68	105	110	1,299	1,885
Other interest	21	—	—	—	—
Depreciation and amortization	163	—	252	2,000	—
Other expenses	147	—	—	41	199
Total expenses	**2,525**	**260**	**840**	**14,056**	**2,190**
PROGRAM REVENUES:					
Charges for services	2,568	146	674	6,003	1,944
Operating grants and contributions	—	73	23	4,093	—
Capital grants and contributions	—	—	15	1,938	—
Total program revenues	**2,568**	**219**	**712**	**12,034**	**1,944**
Net program revenues (expenses)	**43**	**(41)**	**(128)**	**(2,022)**	**(246)**
GENERAL REVENUES:					
Non-State grants and contributions not restricted to specific programs	—	—	—	1,028	—
Investment earnings:					
Restricted	—	7	—	—	25
Unrestricted	41	—	—	—	—
Miscellaneous	97	14	—	429	106
Total general revenues	**138**	**21**	**—**	**1,457**	**131**
Change in net assets	**181**	**(20)**	**(128)**	**(565)**	**(115)**
Net assets—beginning of year, as restated	**2,820**	**445**	**2,219**	**17,441**	**532**
Net assets—end of year	**$ 3,001**	**$ 425**	**$ 2,091**	**$ 16,876**	**$ 417**

See accompanying notes to the basic financial statements.

Major Component Units							
Long Island Power Authority	**Urban Development Corporation**	**State Insurance Fund**	**SONY Mortgage Agency**	**Environmental Facilities Corporation**	**Non-Major Component Units**	**Eliminations**	**Total**
$ 3,334	$ 1,404	$ 1,681	$ 62	$ 369	$ 6,177	$ (3)	**$ 26,605**
316	415	—	140	349	88	(1,649)	**3,126**
14	—	—	—	—	9	—	**44**
251	12	—	3	—	172	—	**2,853**
—	38	—	1	—	199	(3)	**622**
3,915	**1,869**	**1,681**	**206**	**718**	**6,645**	**(1,655)**	**33,250**
3,860	32	1,320	174	17	2,306	(1,049)	**17,995**
—	1,499	—	25	15	3,240	(621)	**8,347**
—	—	—	—	409	121	—	**2,483**
3,860	**1,531**	**1,320**	**199**	**441**	**5,667**	**(1,670)**	**28,825**
(55)	**(338)**	**(361)**	**(7)**	**(277)**	**(978)**	**(15)**	**(4,425)**
66	—	—	—	—	120	—	**1,214**
—	—	744	47	147	57	—	**1,027**
6	2	—	—	—	65	—	**114**
40	101	51	120	362	717	—	**2,037**
112	**103**	**795**	**167**	**509**	**959**	**—**	**4,392**
57	**(235)**	**434**	**160**	**232**	**(19)**	**(15)**	**(33)**
320	**2,072**	**1,196**	**1,960**	**4,660**	**4,119**	**270**	**38,054**
$ 377	**$ 1,837**	**$ 1,630**	**$ 2,120**	**$ 4,892**	**$ 4,100**	**$ 255**	**$ 38,021**

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

NOTES TO THE BASIC FINANCIAL STATEMENTS

March 31, 2011

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 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, consisting of: the Chairman of the Agency, the Secretary of State, the Director of the Budget, the State Comptroller or his appointee, and three directors appointed by the Governor. 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, 2011 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 (e.g., the Nassau County Interim Finance Authority), but the State's accountability for these organizations does not extend beyond making the appointments. As discussed in more detail in Note 15, the State participates in several joint ventures but only reports on one due to materiality.

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 or 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 the 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 GASBS No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, 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 Debt Service Fund—accounts for the payment of principal and interest on the State's general 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 bases of accounting between the statements. The Statement of Activities reflects the net costs of each major function of State operations, which 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, 2010.

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, 2010.

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 New York 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, 2010.

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—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 $1.8 billion are included in cash and investments at March 31, 2011. 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, Medicaid drug rebates, 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 between the State and 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; intangible assets (i.e., easements and internally generated software); 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 capitalized when the costs exceed $1 million. The State chose the option in GASBS No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, 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, 2011.

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 reported 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, equipment and intangible assets of the primary government are depreciated or amortized 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	3-50
Equipment and vehicles . . .	4-30	3-50
Land improvements	12-30	3-50
Intangibles—easements . . .	20	3-50
Intangibles—computer software	10-12	3-50

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 DOT. The modified approach requires the State to commit to preserving and maintaining these infrastructure assets at levels established by 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. 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 historical 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, equipment items with a unit cost of $5 thousand or more, intangible assets for internally generated computer software costing $1 million or more and other intangible assets costing over $100 thousand. SUNY reports all artwork, historical treasures and library books. 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. CUNY reports intangible assets, 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 or amortized on a straight-line basis over their estimated useful lives ranging from 3 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 non-personal service expenditures.

j. Compensated Absences

The estimated vacation leave liability for State employees at March 31, 2011 is $868 million and represents an increase of $101 million over the prior year. State employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 25 days per 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 $240 million and $71 million for SUNY and CUNY, respectively, at June 30, 2010.

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 $31 million for sick leave credits in accrued liabilities as of June 30, 2010.

Lottery's employees, upon termination, may receive vacation pay benefits up to a maximum of 225 hours. Lottery recognizes employees' compensated absence benefits when earned. The liability for employees' compensated absences was approximately $1.8 million as of March 31, 2011.

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, 2011 are accrued. Prize monies to meet long-term prize payments are invested in United States government-backed obligations, New York City municipal bonds and Agency for International Development Bonds, and are recorded at fair value. Lottery prize liabilities are recorded at a discounted value equivalent to the related investments. At March 31, 2011, the prize liabilities of approximately $2.3 billion were reported at a discounted value of approximately $1.4 billion (at interest rates ranging from 0.18 percent to 9.4 percent).

m. Net Assets

Net assets are 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 regulations of other governments; or

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. 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.

At March 31, 2011, the Governmental Activities reported restricted net assets of $3 billion due to restrictions imposed by enabling legislation. This included $2.5 billion restricted for debt service payments from various capital reserve funds, and $508 million restricted for other purposes (comprised of $263 million restricted for Metropolitan Transportation Authority assistance, $63 million for trusts restricted by their donors, $71 million restricted for environmental conservation, and $111 million restricted for various purposes).

The following terms are used in the reporting of net assets:

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

Higher Education
Net assets restricted for funding of various higher education instruction, research, scholarships, and operations.

Insurance Requirements
Net assets restricted for payment of costs related to the payment of mortgage insurance.

Other 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.

The following terms are used in the reporting of reservations of fund balance:

Encumbrances
Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures 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

As of March 31, 2011, the Governmental Funds had an other specified purposes balance of $866 million consisting of $304 million in the General Fund and $562 million in Other Governmental Funds. Other specified purposes in the General Fund included $175 million for rainy day reserves, $85 million reserved for the Consolidated Highway Improvement Program, $21 million for community projects, $2 million for appropriated loans and $21 million for contingency reserves. Other specified purposes in the Other Governmental Funds included $375 million for capital project programs not subject to budgetary encumbrances, $174 million for appropriated loans and $13 million for the Public Asset Fund.

o. Post-Retirement Benefits

Other postemployment costs are measured and disclosed using the accrual basis of accounting in the government-wide statements (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 the Lottery, recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the respective 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 million was paid on behalf of 3,608 retirees and recorded as an expenditure in the General Fund.

p. Deficit Fund Balances

As of March 31, 2011, fund deficits were reported in the following Capital Projects Funds: the Housing Program Fund ($172 million), the Dedicated Highway and Bridge Trust Fund ($171 million), the Hazardous Waste Remedial Fund ($114 million) and the Department of Transportation Engineering Services Fund ($23 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 ENCON Special Revenue Fund ($30 million) and the Mass Transportation Operating Assistance Fund ($103 million), both of which are Special Revenue Funds, also had fund deficits. The deficits are the result of timing differences between the receipt of cash and the transfer of funds to finance operating expenditures.

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, 2011, the State adopted the following new accounting standards issued by the GASB:

GASBS No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes a uniform reporting standard to reduce the inconsistencies in the financial reporting and disclosures of intangible assets, thereby improving the comparability of the accounting and financial reporting of such assets among state and local governments. Specifically, GASBS 51 provides the needed guidance regarding how to identify, account for, and report intangible assets. The effects of applying this standard are disclosed in Note 5.

GASBS No. 53, *Accounting and Financial Reporting for Derivative Instruments*, establishes accounting and financial reporting standards for derivatives, which are financial arrangements used to manage specific risks or to make investments. By entering into these arrangements, the State receives and makes payments based on interest rates without actually entering into the related financial transaction. GASBS No. 53 requires that derivatives be reported at fair value in the financial statements prepared under the economic resources measurement focus.

Changes in fair value of investment derivative instruments are reported as investment revenue. Changes in fair value of hedging derivative instruments are reported as deferred inflows of resources or deferred outflows of resources as applicable. Information regarding the swap transactions are disclosed in Note 7 of the statements.

The provisions of GASBS 53 are required to be applied retroactively; therefore, the State's beginning net assets were restated to reflect the fair value of derivatives at March 31, 2010 along with the related deferred inflows or deferred outflows of resources. The following is a reconciliation of the total net assets as previously reported as of March 31, 2010 to the beginning net assets balance of governmental activities reported in 2011 financial statements (amounts in millions):

Net assets at March 31, 2010	$	27,976
GASBS 53 adjustment		(76)
Total net assets at April 1, 2010	**$**	**27,900**

GASBS No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements will improve financial reporting by providing consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. This standard did not have an impact on the financial statements.

In CUNY's 2010 fiscal year, a foundation that was once a blended component unit of the CUNY Senior Colleges is now discretely presented. This necessitated a restatement of beginning net assets as follows (amounts in millions):

Net assets at June 30, 2009	$	363
The Macaulay Honors College Foundation		(2)
Total net assets at July 1, 2009	**$**	**361**

Note 2 Cash and Investments

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

Governmental Activities, Private Purpose and Agency Funds

Deposits

The State maintains approximately 3,000 bank accounts for various purposes at locations throughout the State. Cash deposits in the State Treasury are under the joint custody of the State Comptroller and the Commissioner of Taxation and Finance. Cash balances not required for immediate use are invested in a short-term investment pool (STIP) administered by the State Comptroller or by the fund custodian to maximize interest earnings. Cash is invested in repurchase agreements involving United States Treasury obligations, United States Treasury bills, commercial paper, government sponsored agencies, and certificates of deposit. Cash deposits not held in the State Treasury are under the sole custody of a specified State official and are generally held in interest-bearing accounts. Both the State Comptroller and the Commissioner of Taxation and Finance are sole custodians of certain accounts.

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 and certificates of deposit, 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 cash deposits with financial institutions had a book and bank balance of $5.5 billion and were fully collateralized at fiscal year-end. Included in these balances were certificates of deposit held in the STIP with a book and bank balance of $2.7 billion. Additional deposits, with a book and bank balance of $27.6 million, were held by the State's fiscal agent and were fully collateralized except for $1.2 million in deposits that were exposed to custodial credit risk because they were uninsured and uncollateralized.

For the fiscal year ended March 31, 2011, the average daily balance of the STIP was $7.3 billion, with an average yield of 0.2 percent and total investment income of $18.2 million.

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.

Investments are made in accordance with State Finance Law and 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' acceptances; repurchase agreements; corporate bonds; and commercial paper.

As of March 31, 2011 (except for the Tuition Savings Program, which is as of December 31, 2010), the State had the following investments and maturities (amounts in millions):

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
U.S. Treasury bills	$ 1,890	$ 1,890	$ —	$ —	$ —
U.S. Treasury notes/bonds	550	94	456	—	—
U.S. Treasury strips	466	411	55	—	—
Government sponsored agencies	1,997	1,993	4	—	—
Repurchase agreements	340	340	—	—	—
Commercial paper	1,378	1,378	—	—	—
Certificates of deposit	225	225	—	—	—
Money market funds	106	106	—	—	—
Forward purchase agreements	57	—	—	—	57
Other	107	80	6	—	21
Subtotal	**7,116**	**$ 6,517**	**$ 521**	**$ —**	**$ 78**
Mutual fund equities	10,998				
Investments held in an agent or trust capacity	472				
Total	**$ 18,586**				

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. Acting as an agent for the employers, the State holds these securities (carrying amount $44 million, which approximates fair value) only as an agent for the employers. Securities that 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 $382 million at March 31, 2011. The State holds cash and securities deposited by contractors in lieu of retainage on contract payments (carrying amount and fair value of $46 million).

In addition to the securities held by the Workers' Compensation Board noted above, the State holds $2.9 billion in surety bonds and letters of credit that are not included in the table above.

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 (S&P) and P-1 by Moody's Investors Service, Inc. (Moody's). 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 GASBS No. 40, *Deposit and Investment Risk Disclosures.* 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 NRSRO. Certain mutual funds in the Tuition Savings Program invest primarily in bonds rated Ba or B by Moody's, or BB or B by S&P. 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 is 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 or administered by a fiscal agent on behalf of New York State. The following table presents the fair value of investments by type (amounts in millions):

Investment Type	Fair Value	
U.S. Treasury bills	$	1,604
U.S. Treasury notes		213
Government sponsored agencies		1,997
Money market		106
Repurchase agreements		28
Forward purchase agreements		57
Other		103
Total	**$**	**4,108**

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 in which it is legally permitted to invest.

Foreign Currency Risk

The State Finance Law, Section 98-a, does not expressly permit investment in foreign currency and there is no formal policy related to 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. At June 30, 2010, SUNY had $1.3 billion in deposits held by the State Treasury, invested in the STIP, and $146 million held by other local depositories. Deposits not held in the State Treasury that are not covered by depository insurance are: uncollateralized ($45 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 ($13 million). SUNY also has $175 million in cash and cash equivalents deposited with trustees, which are registered in SUNY's name and held by an agent or in trust accounts in SUNY's name.

CUNY's cash and cash equivalents were held by depositories and amounted to $570 million, of which $18 million was insured and $552 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. CUNY also held $6 million of restricted cash in escrow relating to loan agreement requirements and tenant security deposits.

Lottery deposits are made in accordance with State Finance Law and State Tax Law. At March 31, 2011, Lottery had $230 million in deposits held by the State Treasury, which were invested in the STIP.

The Unemployment Insurance Benefit Fund has a total of $37 million in a sole custody bank account, which is on deposit with the State Comptroller and invested in the STIP, and is subject to the same collateralization requirements as the State.

Investments

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

The Lottery is authorized by State statute to invest in U.S. Government-backed obligations and New York City municipal bonds that provide for payment of prizes payable.

As of June 30, 2010 (except for the State Lottery which is as of March 31, 2011), 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**
Municipal bonds	$ 474	$ 39	$ 124	$ 110	$ 201
Aid bonds	603	51	157	140	255
U.S. Treasury strips	616	237	115	94	170
U.S. Treasury bills	429	428	1	—	—
U.S. Treasury notes/bonds	62	32	27	1	2
Mutual fund non-equities	71	—	23	48	—
U.S. agency mortgage-backed securities	137	137	—	—	—
Government sponsored agencies	94	89	4	—	1
Corporate bonds	77	14	54	8	1
Asset-backed securities	9	1	2	2	4
Repurchase agreements	7	7	—	—	—
International fund non-equities	9	1	4	2	2
U.S. Government TIPS	2	—	—	—	2
Certificates of deposit	3	3	—	—	—
Subtotal	**2,593**	**$ 1,039**	**$ 511**	**$ 405**	**$ 638**
Equity securities	216				
Corporate stocks	210				
Money market funds	82				
Cash equivalents	74				
Mutual fund equities	71				
Alternative investments	69				
International stocks	28				
International mutual fund equities	19				
Other	25				
Total	**$ 3,387**				

Credit Risk

Generally, SUNY individual fixed income investment securities must be of investment grade. SUNY maintains a portfolio that possesses an overall weighted average rating by Moody's and 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 fixed income portfolio be AA or higher. Non-rated issues or 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's investment policy specific to the CUNY Investment Pool includes specific guidelines for investment managers with a target allocation to fixed income of 25 percent and is invested in a bank commingled fund. The Pool contains securities with an Average Quality Rating of AA2, with no securities with ratings below Baa, according to the Barclays Capital US Government/Credit Index.

As of June 30, 2010 (except for the State Lottery, which is as of March 31, 2011), the business-type activities had the following investments with ratings (amounts in millions):

Investment Type	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**Not Rated**
Municipal bonds	$ 473	$ —	$ 1	$ —	$ —	$ —	$ —
Aid bonds	603	—	—	—	—	—	—
Mutual fund non-equities	51	—	6	3	—	4	7
Asset-backed securities	2	—	—	1	1	1	4
Corporate bonds	15	10	33	13	2	3	1
U.S. agency mortgage-backed securities	137	—	—	—	—	—	—
Government sponsored agencies	56	—	—	—	—	—	38
Repurchase agreements	—	—	—	—	—	—	7
International fund non-equities	4	2	1	1	—	—	1
Total	**$ 1,341**	**$ 12**	**$ 41**	**$ 18**	**$ 3**	**$ 8**	**$ 58**

Custodial Credit Risk

At June 30, 2010, SUNY had $584 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, 2010, CUNY had $412 million in investments held by DASNY or the bond trustee, not in CUNY's name. CUNY's policy for deposits of the CUNY Investment Pool does not allow for participation in programs that have uninsured investments held by counterparties and uses specific monitor initiatives for investments as a means of limiting custodial credit risk. CUNY's investment policy does not formally address custodial credit risk for investments not included in the Investment Pool.

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 for the CUNY Investment Pool specifies that its fixed income investments are made in long-term, non-callable, or call-protected high quality bonds. CUNY's investment policy does not otherwise 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 has no formal policy related to foreign currency risk; however, their primary means of control is placing limits on non-U.S. categories of investments. SUNY's exposure to foreign currency risk for investments held at June 30, 2010, by currency denomination, was as follows (amounts in millions):

Currency	Fair Value
Japanese Yen	$ 5
Euro	5
British Pound Sterling	4
Hong Kong Dollar	3
Taiwanese Dollar	2
South Korean Won	2
Brazilian Real Cruzeiro	1
Malaysian Ringgit	1
Other	6
Total	**$ 29**

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, 2010, the investment pool consisted of 131.8 million units with a fair value of $131.8 million.

Note 3 Taxes Receivable and Tax Refunds Payable

Taxes Receivable

Taxes receivable represent amounts owed by taxpayers for the 2010 calendar year and the first quarter of the 2011 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 2011 calendar year, payments with final returns which relate to the 2010 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, 2011 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, metropolitan commuter transportation mobility taxes and assessments.

Taxes receivable at March 31, 2011 for the governmental funds totaled $12.1 billion. The following table summarizes taxes receivable by major tax type for the governmental funds (amounts in millions):

	General	General Debt Service	Other Governmental Funds	Total Governmental Funds
Current taxes receivable:				
Personal income	$ 6,835	$ 2,302	$ —	$ 9,137
Consumption and use	659	—	388	1,047
Business	500	—	65	565
Other	786	—	175	961
Subtotal	**8,780**	**2,302**	**628**	**11,710**
Long-term taxes receivable:				
Personal income	192	64	—	256
Consumption and use	46	—	16	62
Business	99	—	1	100
Other	118	—	—	118
Subtotal	**455**	**64**	**17**	**536**
Allowance for uncollectibles	(155)	(14)	(23)	(192)
Total	**$ 9,080**	**$ 2,352**	**$ 622**	**$ 12,054**

Tax Refunds Payable

Tax refunds payable primarily represent amounts owed to taxpayers because of overpayments of their 2010 calendar year and first quarter 2011 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 are comprised of estimates of overpayments of the first calendar quarter (2011) tax liability and payments of 2010 calendar and prior year refunds. The remaining portion of tax refunds payable are 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, 2011 are summarized as follows (amounts in millions):

	Current			Total	
	General	General Debt Service	Other Governmental Funds	Current	Long-term
Governmental Activities:					
Personal income	$ 5,388	$ 1,741	$ —	$ 7,129	$ 389
Consumption and use	64	—	40	104	227
Business	1,631	—	215	1,846	386
Other	50	—	7	57	21
Total	**$ 7,133**	**$ 1,741**	**$ 262**	**$ 9,136**	**$ 1,023**

Note 4 Other Receivables

Other receivables at March 31, 2011 are summarized as follows (amounts in millions):

	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Total Governmental Activities
Governmental Activities:					
Other current receivables:					
Public health/patient fees	$ —	$ —	$ —	$ 597	$ 597
Medicaid	1,248	716	—	—	1,964
Tobacco settlement	—	—	388	—	388
Miscellaneous agency	135	—	—	7	142
Oil spill	—	—	—	118	118
Worker's compensation	—	—	—	203	203
Other	96	18	1	25	140
Subtotal	**1,479**	**734**	**389**	**950**	**3,552**
Other long-term receivables:					
Public health/patient fees	—	—	—	64	64
Medicaid	34	139	—	—	173
Appropriated loans	22	—	—	325	347
Miscellaneous agency	81	—	—	17	98
Oil spill	—	—	—	72	72
Other	—	—	—	41	41
Subtotal	**137**	**139**	**—**	**519**	**795**
Gross receivables	**1,616**	**873**	**389**	**1,469**	**4,347**
Allowance for uncollectibles	(144)	(83)	—	(457)	(684)
Total receivables	**$ 1,472**	**$ 790**	**$ 389**	**$ 1,012**	**$ 3,663**

	Lottery	Unemployment Insurance Benefits	SUNY	CUNY	Total
Enterprise Funds:					
Other current receivables:					
Ticket sales	$ 420	$ —	$ —	$ —	$ 420
Public health/patient fees	—	—	585	—	585
Student loans	—	—	159	41	200
Contributions	—	2,750	—	—	2,750
Benefit overpayments	—	290	—	—	290
State agencies/municipalities	—	56	—	—	56
Other	179	6	329	179	693
Subtotal	**599**	**3,102**	**1,073**	**220**	**4,994**
Allowance for uncollectibles	(1)	(1,150)	(217)	(30)	(1,398)
Net current receivables	**598**	**1,952**	**856**	**190**	**3,596**
Other long-term receivables:					
Accounts, notes and loans	—	—	136	19	155
Contributions	—	—	13	—	13
Other	—	—	—	1	1
Allowance for uncollectibles	—	—	(23)	(16)	(39)
Net long-term receivables	**—**	**—**	**126**	**4**	**130**
Total receivables	**$ 598**	**$ 1,952**	**$ 982**	**$ 194**	**$ 3,726**

Other receivables, in the tables above, include monies advanced in the form of loans from the Governmental Funds to finance the operations, construction or debt service of local governments and public benefit corporations. 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).

Note 5 Capital Assets

Capital asset activity for the year ended March 31, 2011 was as follows (amounts in millions):

	Balance April 1, 2010	Additions	Retirements	Balance March 31, 2011
Governmental Activities:				
Depreciable and amortizable assets:				
Buildings and building improvements	$ 9,928	$ 251	$ 35	$ 10,144
Land improvements	541	18	3	556
Infrastructure	205	33	4	234
Equipment	717	49	23	743
Intangible assets—easements	163	30	—	193
Intangible assets—computer software	—	32	—	32
Total depreciable and amortizable assets	**11,554**	**413**	**65**	**11,902**
Less accumulated depreciation and amortization:				
Buildings and building improvements	(5,293)	(323)	(35)	(5,581)
Land improvements	(332)	(17)	(1)	(348)
Infrastructure	(24)	(9)	—	(33)
Equipment	(460)	(51)	(22)	(489)
Intangible assets—easements	—	(5)	—	(5)
Intangible assets—computer software	—	(1)	—	(1)
Total accumulated depreciation and amortization	**(6,109)**	**(406)**	**(58)**	**(6,457)**
Total depreciable and amortizable assets, net	**5,445**	**7**	**7**	**5,445**
Non-depreciable and non-amortizable assets:				
Land	3,674	82	1	3,755
Land preparation	3,271	43	—	3,314
Construction in progress (buildings)	499	244	266	477
Construction in progress (roads and bridges)	3,405	1,412	546	4,271
Construction in progress (computer software)	—	63	—	63
Infrastructure (roads and bridges)	65,141	549	239	65,451
Total non-depreciable and non-amortizable assets	**75,990**	**2,393**	**1,052**	**77,331**
Governmental activities, capital assets, net	**$ 81,435**	**$ 2,400**	**$ 1,059**	**$ 82,776**

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010
Business-type Activities:				
SUNY:				
Depreciable assets:				
Infrastructure and land improvements	$ 665	$ 82	$ 9	$ 738
Buildings	6,685	691	45	7,331
Equipment and library books	2,422	219	123	2,518
Total depreciable assets	**9,772**	**992**	**177**	**10,587**
Less accumulated depreciation:				
Infrastructure and land improvements	(349)	(25)	(8)	(366)
Buildings	(2,923)	(189)	(38)	(3,074)
Equipment and library books	(1,731)	(214)	(120)	(1,825)
Total accumulated depreciation	**(5,003)**	**(428)**	**(166)**	**(5,265)**
Total depreciable assets, net	**4,769**	**564**	**11**	**5,322**
Non-depreciable assets:				
Land	314	47	—	361
Construction in progress	1,125	1,116	862	1,379
Artwork	28	—	—	28
Total non-depreciable assets	**1,467**	**1,163**	**862**	**1,768**
SUNY capital assets, net	**6,236**	**1,727**	**873**	**7,090**
CUNY:				
Depreciable and amortizable assets:				
Buildings and building improvements	3,342	238	16	3,564
Land improvements	52	3	—	55
Equipment	371	43	21	393
Infrastructure	110	7	—	117
Intangible assets	—	4	—	4
Total depreciable and amortizable assets	**3,875**	**295**	**37**	**4,133**
Less accumulated depreciation and amortization:				
Buildings and building improvements	(1,566)	(120)	(7)	(1,679)
Land improvements	(49)	—	—	(49)
Equipment	(297)	(36)	(19)	(314)
Infrastructure	(21)	(6)	—	(27)
Intangible assets	—	(1)	—	(1)
Total accumulated depreciation and amortization	**(1,933)**	**(163)**	**(26)**	**(2,070)**
Total depreciable and amortizable assets, net	**1,942**	**132**	**11**	**2,063**
Non-depreciable assets:				
Land	233	—	—	233
Construction in progress	787	386	193	980
Artwork and historical treasures	8	—	—	8
Total non-depreciable assets	**1,028**	**386**	**193**	**1,221**
CUNY capital assets, net	**2,970**	**518**	**204**	**3,284**
Business-type activities, capital assets, net	**$ 9,206**	**$ 2,245**	**$ 1,077**	**$ 10,374**

For the year ended March 31, 2011, depreciation and amortization expense was charged to the following governmental functions (amounts in millions):

		Governmental Activities
Allocation of depreciation and amortization:		
Education	$	4
Public health		122
Public welfare		10
Public safety		123
Transportation		31
Environment and recreation		47
Support and regulate business		1
General government		68
Total depreciation and amortization expense	**$**	**406**

For the year ended June 30, 2010, depreciation and amortization expense was charged to the following business-type functions (amounts in millions):

		Business-type Activities
Allocation of depreciation and amortization:		
SUNY	$	428
CUNY		163
Total depreciation and amortization expense	**$**	**591**

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. They 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.

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

Purpose	Outstanding March 31, 2010	Issued	Redeemed	Outstanding March 31, 2011
Accelerated capacity and transportation improvements of the 1990s	$ 553	$ 148	$ 243	$ 458
Clean water/clean air	799	32	85	746
Environmental quality:				
Land acquisition	46	8	15	39
Solid waste management	472	39	89	422
Environmental quality protection:				
Air	18	—	3	15
Land and wetlands	40	5	13	32
Water	113	47	62	98
Housing:				
Low income	49	—	7	42
Middle income	41	34	38	37
Pure waters	83	28	36	75
Rail preservation	12	6	10	8
Transportation capital facilities:				
Mass transportation	17	8	16	9
Aviation	23	7	11	19
Energy conservation through improved transportation	21	11	16	16
Rebuild New York—transportation infrastructure renewal:				
Highways, parkways, and bridges	4	—	1	3
Rapid transit, rail, and aviation	22	6	9	19
Rebuild and Renew New York transportation:				
Highway facilities	521	204	27	698
Canals and waterways	13	—	1	12
Aviation	32	14	1	45
Mass transit—DOT	11	4	1	14
Mass transit—MTA	459	199	18	640
Rail and port—DOT	51	29	2	78
Total	**$ 3,400**	**$ 829**	**$ 704**	**$ 3,525**

Debt service expenditures (principal and interest) related to the above general obligation bonds during the year were approximately $500 million. Federal subsidies related to the interest payments made during the year on Build America Bonds were $3.8 million. The total amount of general obligation bonds authorized but not issued at March 31, 2011 was $1.7 billion. At March 31, 2011, approximately $375 million of bonds defeased by refunding transactions in the current and 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 Debt Service Fund, are as follows (amounts in millions):

Fiscal Year	Principal	Interest	Total
2012	$ 361	$ 137	$ 498
2013	334	128	462
2014	304	116	420
2015	278	105	383
2016	255	95	350
2017-2021	815	348	1,163
2022-2026	464	227	691
2027-2031	375	131	506
2032-2036	192	65	257
2037-2041	147	19	166
Total	**$ 3,525**	**$ 1,371**	**$ 4,896**

Debt service requirements on approximately $134 million in general obligation variable rate bonds were calculated using the variable rates in effect as of March 31, 2011, which ranged from 0.15 percent to 0.18 percent. Debt service requirements for fixed rate issues were calculated based upon actual rates ranging from zero percent to 6.15 percent.

During the fiscal year ended March 31, 2011, $329 million in general obligation refunding (Series 2011C and 2011D) were issued at a premium of $15 million. The issues refunded $339 million in existing debt with a cash flow savings of $33 million and present value savings of $29 million.

Note 7 Obligations Under Lease/Purchase and Other Financing Arrangements

Governmental Activities Debt

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

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

Chapter 59 of the Laws of 2000 enacted the Debt Reform Act (Act) which applies to all new State-supported debt issued on and after April 1, 2000. The Act imposes statutory limitations which restrict the issuance of State-supported debt to capital purposes only and establishes a maximum term of 30 years for such debt. The Act also imposes phased-in caps that ultimately limit the amount of new State-supported debt (issued on and after April 1, 2000) to 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 31st 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, 2010, the cumulative debt outstanding and debt service caps were both 3.98 percent. There was $29.9 billion of new State-supported debt outstanding applicable to the debt reform cap, which was about $6.3 billion below the statutory debt outstanding limitation. The debt service cost on this new debt was $2.4 billion, about $2.7 billion below the statutory debt service limitation. The Act does not apply to debt that is not considered State-supported and therefore does not encompass State-guaranteed debt, moral obligation debt, and contingent-contractual obligation financing such as the bonds issued by the Tobacco Settlement Financing Corporation (TSFC).

The State and some of its public authorities which issue debt on behalf of the State have purchased letters of credit and standby purchase agreements from various providers to ensure that the liquidity needs of variable rate demand bonds can be met. As of March 31, 2011, these agreements covered $2.3 billion of variable rate demand bonds outstanding, with costs ranging from 39 to 80 basis points of the amount of credit provided with expiration dates ranging from June 24, 2011 to December 31, 2015.

In 2003, the State enacted legislation creating the 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, enabling it to finance a portion of the budget deficits occurring in fiscal years ending March 31, 2003 through March 31, 2005, to 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, be deposited to the Revenue Bond Tax Fund which is an account of the General 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 $21 billion were outstanding as of March 31, 2011.

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, 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, 2011, LGAC certified the release for the State payment of $170 million to the City.

Chapter 56 of the Laws of 1993 authorized the New York State Thruway Authority to issue up to $2.93 billion in bonds for State highway and bridge projects (the amount of authorized bonds has been raised three times, most recently in 2005, up to $16.5 billion). The bonds 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, 2010	Issued	Redeemed	Outstanding March 31, 2011
Public Benefit Corporations (PBCs):				
Dormitory Authority	$ 9,286	$ 882	$ 604	$ 9,564
Environmental Facilities Corporation	1,016	—	72	944
Housing Finance Agency	1,442	—	349	1,093
Local Government Assistance Corporation	3,639	456	765	3,330
Municipal Bond Bank Agency	419	—	24	395
Metropolitan Transportation Authority	2,117	—	55	2,062
Tobacco Settlement Financing Corporation	3,257	—	245	3,012
Triborough Bridge & Tunnel Authority	81	—	39	42
Thruway Authority	11,217	463	643	11,037
Urban Development Corporation	8,191	2,030	1,286	8,935
Total	**$ 40,665**	**$ 3,831**	**$ 4,082**	**$ 40,414**

Debt service expenditures (principal and interest) for the aforementioned obligations during the fiscal year were $4.4 billion. These expenditures were financed primarily by the revenues reported in the governmental funds. Federal subsidies related to the interest payments made during the year on Build America Bonds and Qualified School Construction Bonds were $61.8 million.

Certain of the underlying bond indentures require the maintenance of various reserves. Such amounts totaled $825 million at March 31, 2011 and are reported as cash and investments in the General 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 0.7 percent to 7.3 percent and variable rate interest at rates ranging from 0.2 percent to 1.0 percent (amounts in millions):

Fiscal Year	Principal	Interest	Net Swap Amount	Total
2012	$ 2,534	$ 1,829	$ 57	$ 4,420
2013	2,804	1,801	57	4,662
2014	2,523	1,656	56	4,235
2015	2,592	1,539	54	4,185
2016	2,607	1,399	52	4,058
2017-2021	13,284	5,112	199	18,595
2022-2026	8,033	2,369	86	10,488
2027-2031	4,236	1,045	32	5,313
2032-2036	1,407	289	2	1,698
2037-2041	394	40	—	434
Total	**$ 40,414**	**$ 17,079**	**$ 595**	**$ 58,088**

Future debt service is calculated using rates in effect at March 31, 2011 for variable rate bonds. The net swap payment amounts were calculated by subtracting the future variable rate interest payment subject to swap agreements based on rates in effect at March 31, 2011 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 computer network and telecommunications equipment, and real property capital leases. Debt service expenditures for these obligations during the year were $4 million and will require future principal and interest payments totaling $21 million and $3 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 Debt Service Fund, for the remaining lease periods of these capital leases (amounts in millions):

Fiscal Year	Principal	Interest	Total
2012	$ 4	$ 1	$ 5
2013	2	1	3
2014	3	—	3
2015	2	—	2
2016	2	—	2
2017-2021	7	1	8
2022-2026	1	—	1
Total	**$ 21**	**$ 3**	**$ 24**

Refunding

During the fiscal year ended March 31, 2011, the State, acting through its public authorities, refunded $1.7 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 $1.6 billion at a $187 million premium and releasing a net amount of $46 million from reserves and debt service accounts. The result will produce an estimated gain of $69 million in future cash flow, with an estimated present value gain of $55 million. The deferred accounting loss was $61 million, of which $56 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
Thruway Authority PIT Transportation Bond Series 2010A	$ 95	$ 101	$ 11	$ 9
Dormitory Authority CUNY Community College State Share Series 2010A	29	39	5	4
Dormitory Authority Consolidated Service Contract Revenue Bond Series 2010	27	29	—	—
Urban Development Corporation Service Contract Revenue Bond Series 2010A*	504	509	—	—
Urban Development Corporation Service Contract Revenue Bond Series 2010B	467	514	36	34
Local Government Assistance Corporation Bond Series 2010A*	250	277	—	—
Local Government Assistance Corporation Bond Series 2010B*	206	265	17	8
Total	**$ 1,578**	**$ 1,734**	**$ 69**	**$ 55**

**Current refundings undertaken to convert variable rate securities. Cash flow and present value gains, when calculated, were based on assumed rates.*

In prior years, the State refunded certain of its obligations under lease/purchase and other financing arrangements. At March 31, 2011, approximately $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 educational facilities for SUNY and CUNY Senior Colleges through DASNY. Such debt, totaling $8.8 billion, is funded by payments from the State's General Fund. The remainder of the debt of SUNY and CUNY ($1.4 billion) is funded from student fees and other operating aid provided by the State.

The following represents year-end principal balances (June 30, 2010 for SUNY and CUNY and March 31, 2011 for Lottery) for lease/purchase and other financing arrangements for business-type activities (amounts in millions):

	Beginning Outstanding	Issued	Redeemed	Ending Outstanding
Dormitory Authority:				
SUNY Educational Facilities	$ 5,097	$ 954	$ 594	$ 5,457
SUNY Dormitory Facilities	975	100	31	1,044
CUNY Dormitory Facilities	2,934	600	187	3,347
Unamortized discount/premium	(30)	12	(12)	(6)
Total Dormitory Authority	**8,976**	**1,666**	**800**	**9,842**
Lottery Capital Lease Commitments	4	—	2	2
SUNY Capital Lease Commitments	253	42	67	228
CUNY Capital Lease and Mortgage Loan Commitments	155	67	74	148
CUNY Line of Credit	2	—	2	—
CUNY Certificates of Participation	20	—	20	—
CUNY Oracle Financing Agreement	3	—	1	2
Total (See note 8)	**$ 9,413**	**$ 1,775**	**$ 966**	**$ 10,222**

The following represents a year-end summary at June 30, 2010 of future minimum debt service payments on the bonds issued by DASNY for SUNY, including interest rates ranging from 1.25 percent to 7.5 percent (amounts in millions):

Fiscal Year	Principal	Interest	Total
2011	$ 246	$ 368	$ 614
2012	303	317	620
2013	333	302	635
2014	347	285	632
2015	347	267	614
2016-2020	1,367	1,113	2,480
2021-2025	1,254	794	2,048
2026-2030	1,128	473	1,601
2031-2035	822	213	1,035
2036-2040	354	38	392
Total	**$ 6,501**	**$ 4,170**	**$ 10,671**

The following represents a year-end summary at June 30, 2010 of future minimum debt service payments on the bonds issued by DASNY for CUNY Senior Colleges, including interest rates ranging from 2.5 percent to 7.5 percent (amounts in millions):

Fiscal Year	Principal	Interest	Net Swap Amount	Total
2011	$ 140	$ 164	$ 13	$ 317
2012	187	155	13	355
2013	164	147	13	324
2014	160	138	13	311
2015	134	130	13	277
2016-2020	782	529	40	1,351
2021-2025	692	356	25	1,073
2026-2030	551	212	9	772
2031-2035	363	102	—	465
2036-2040	174	21	—	195
Total	**$ 3,347**	**$ 1,954**	**$ 139**	**$ 5,440**

The following represents a year-end summary at June 30, 2010 for SUNY and CUNY and a year-end summary at March 31, 2011 for the Lottery of future minimum debt service payments on capital lease commitments and mortgage loans payable for business-type activities (amounts in millions):

	Lottery		SUNY		CUNY			Total		
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Net Swap	Principal	Interest	Net Swap
2011	$ —	$ —	$ 59	$ 7	$ 6	$ 1	$ 2	$ 65	$ 8	$ 2
2012	2	—	53	5	4	1	2	59	6	2
2013	—	—	43	3	3	1	2	46	4	2
2014	—	—	22	2	17	—	2	39	2	2
2015	—	—	12	2	56	—	2	68	2	2
2016-2020	—	—	29	4	7	1	5	36	5	5
2021-2025	—	—	7	—	9	1	—	16	1	—
2026-2030	—	—	2	—	10	1	—	12	1	—
2031-2035	—	—	1	—	13	—	—	14	—	—
2036-2040	—	—	—	—	16	—	—	16	—	—
2041-2045	—	—	—	—	9	—	—	9	—	—
Total	**$ 2**	**$ —**	**$ 228**	**$ 23**	**$ 150**	**$ 6**	**$ 15**	**$ 380**	**$ 29**	**$ 15**

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, 2010 totaled $1 billion.

During SUNY's fiscal year ended June 30, 2010, PIT bonds were issued for the purposes of financing capital construction and major rehabilitation for educational facilities ($585.6 million), and refunding $402.3 million of SUNY's existing educational facilities obligations ($368.1 million).

In June 2010, SUNY entered into agreements with DASNY to issue obligations totaling $800 million for the construction and rehabilitation of educational facilities.

Also during the year, SUNY entered into agreements with DASNY to issue residential hall facility obligations totaling $100.1 million for the purpose of financing capital construction and major rehabilitation of residential 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, 2010, $917 million and $231 million of outstanding educational and residence hall facility obligations, respectively, were considered defeased.

During 2010, DASNY issued bonds related to CUNY Senior Colleges for the purpose of financing new construction with a par value of $598.9 million and original issue premium of $12.4 million.

At June 30, 2010, $338.7 million of CUNY's bonds outstanding were considered defeased for 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 15 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 and reduce the risks associated with the variability of cash flows or fair values of the underlying debt.

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 NRSRO 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 relate to debt reported under both governmental activities and business-type activities.

Swap Activity and Terms

The State had approximately $2.3 billion notional amount of swaps ($1.8 billion of which related to governmental activities and $485 million related to business-type activities) outstanding that were issued to synthetically create fixed rate debt from variable rate debt. The $2.3 billion portfolio includes 37 separate pay-fixed, receive-variable interest rate swap agreements with eight counterparties. The maturity of the synthetic fixed rate swaps, with the exception of the CUNY-Student Residence swap, are coterminous with the underlying debt.

The State also had additional swaps outstanding of $177 million notional amount related to business-type activities at June 30, 2010 that were issued to synthetically create variable rate debt. The portfolio includes three separate pay-variable, receive-fixed interest rate swap agreements (all of which are forward start agreements) with three counterparties.

The table below summarizes fair value balances and notional amounts of derivative instruments outstanding on March 31, 2011 for governmental activities and June 30, 2010 for business-type activities, and the changes in fair value of those derivatives for the years then ended as reported in the State's 2011 financial statements (amounts in millions):

		Changes in Fair Value		Fair Value	
Issuer/Type	**Notional**	**Classification**	**Amount**	**Classification**	**Amount**
Governmental Activities:					
Cash Flow Hedges:					
Dormitory Authority Pay-fixed interest rate swaps	$ 219	Deferred Outflow	$ (3)	Derivative Instruments	$ (15)
Urban Development Corporation Pay-fixed interest rate swaps	424	Deferred Outflow	16	Derivative Instruments	(50)
Housing Finance Agency Pay-fixed interest rate swaps	257	Deferred Outflow	10	Derivative Instruments	(25)
Local Government Assistance Corporation Pay-fixed interest rate swaps	914	Deferred Outflow	(13)	Derivative Instruments	(72)
Subtotal	**1,814**		**10**		**(162)**
Business-type Activities (as of June 30, 2010):					
Cash Flow Hedges:					
Dormitory Authority—CUNY Pay-fixed interest rate swaps	416	Deferred Outflow	(21)	Derivative Instruments	(63)
CUNY—Student Residence Pay-fixed interest rate swaps	69	Deferred Outflow	(2)	Derivative Instruments	(6)
Subtotal	**485**		**(23)**		**(69)**
Fair Value Hedges:					
Dormitory Authority—CUNY Receive-fixed interest rate swaps	177	Deferred Inflow	3	Investment	4
Total	**$ 2,476**		**$ (10)**		**$ (227)**

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 value, which fluctuates based on market conditions, is monitored closely by the Division of the Budget (DOB) and the public benefit corporations that issue swaps on behalf of the State. DOB reviews the actual mark-to-market (fair value) of outstanding swaps on a monthly basis.

On September 22, 2010, the State terminated its entire receive-fixed interest rate swap portfolio, including the fair value hedge reported under business-type activities in the table above. The State received termination payments totaling $43 million ($32 million of which related to governmental activities and $11 million related to business-type activities) from the counterparties involved. The effects of the termination related to business-type activities will be reported in their financial statements for the fiscal year ended June 30, 2011.

Also during the year, portions of the pay-fixed interest rate swap agreements held by UDC and HFA were terminated through a current refunding and defeasance of a portion of the hedged debt. The State made termination payments totaling $48 million to the counterparties involved.

The table below summarizes the terms of the State's hedging derivative instruments outstanding at March 31, 2011 for governmental activities and at June 30, 2010 for business-type activities (amounts in millions):

Issuer/Type	Underlying Debt	Notional Amount	Effective Date	Final Maturity Date	Terms
Governmental Activities:					
Dormitory Authority:					
Pay-fixed interest rate swaps	CUNY 5th Res Series 2008C, D Bonds	$ 24	4/10/2003	1/1/2025-7/1/2031	Pay 3.36%; Receive 65% LIBOR
Pay-fixed interest rate swaps	Mental Health Series 2003D-2 Bonds	195	7/15/2003	2/15/2031	Pay 3.044%; Receive 65% LIBOR
Urban Development Corporation:					
Pay-fixed interest rate swaps	Correctional/ Youth Series 2008A Bonds	200	11/26/2002	1/1/2030	Pay 3.578%; Receive 65% LIBOR
Pay-fixed interest rate swaps	PIT (State Fac & Equip) Series 2004A-3 Bonds	224	12/22/2004	3/15/2033	Pay 3.49%; Receive 65% LIBOR
Housing Finance Agency:					
Pay-fixed interest rate swaps	Service Contract Revenue Series 2003L, M Bonds	177	8/28/2003	9/15/2021	Pay 3.66%; Receive 65% LIBOR
Pay-fixed interest rate swaps	PIT (Eco Dev & Housing) Series 2005C Bonds	80	3/10/2005	3/15/2033	Pay 3.336%; Receive 65% LIBOR
Local Government Assistance Corporation:					
Pay-fixed interest rate swaps	Series 2003A, 2008B Bonds	809	2/20/2003	4/1/2022-4/1/2024	Pay 3.15% to 3.26%; Receive 65% LIBOR
Pay-fixed interest rate swaps	Series 2008B Bonds	105	2/26/2004	4/1/2021	Pay 3.194%; Receive 65% LIBOR
Subtotal		**1,814**			
Business-type Activities (as of June 30, 2010):					
Dormitory Authority—CUNY:					
Pay-fixed interest rate swaps	CUNY 5th Res Series 2008C, D Bonds	416	4/10/2003	1/1/2025-7/1/2031	Pay 3.36%; Receive 65% LIBOR
Pay-fixed interest rate swaps	Queens Student Residences Mortgage Loan	69	6/1/2008	4/23/2018	Pay 3.028%; Receive 67% LIBOR-BBA
Subtotal		**485**			
Receive-fixed interest rate swaps	CUNY 5th Res Series 2005A Bonds	98	7/1/2016	7/1/2024	Receive 4.442%; Pay SIFMA
Receive-fixed interest rate swaps	PIT (Education) Series 2005B Bonds	79	3/15/2017	3/15/2030	Receive 4.338%; Pay SIFMA
Subtotal		**177**			
Total		**$ 2,476**			

Risks

Credit Risk

The State is exposed to credit risk on interest rate swap agreements in asset positions (positive fair values). To minimize its exposure to loss related to credit risk, it is the State's policy to require each counterparty to have credit ratings from at least one NRSRO within the two highest investment grade categories and ratings from any other NRSRO within the three highest investment grade categories, or the counterparty's payment obligations must 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 following table presents the counterparty credit ratings as of March 31, 2011 (amounts in millions):

Counterparty	Notional Amount	Credit Ratings Moody's	S&P	Fitch
Citibank	$ 353	A1	A+	A+
Goldman	343	Aa1	AAA	—
JP Morgan	473	Aa1	AA–	AA–
Merrill	118	Aa3	A+	A+
Morgan Stanley	374	A2	A	A
RBS Citizens Bank, NA	69	—	A–	—
Societe Generale	188	Aa2	A+	A+
UBS	381	Aa3	A+	A+
Total	**$ 2,299**			

Certain of the State's 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.

The aggregate fair value of interest rate swap agreements in asset positions was $4 million relating to business-type activities at June 30, 2010. This represents the maximum loss that would be recognized at the reporting date should the counterparties fail to perform according to the terms of the swap contracts. This maximum exposure would be reduced by $2 million, the fair value of collateral that was held at June 30, 2010, and when taking into account netting arrangements with those counterparties, no net credit exposure to the State would exist.

Interest Rate Risk

Interest rate swaps expose the State to interest rate risk. On its synthetic variable rate swaps, the State is required to pay a variable rate of interest to the counterparties based upon the SIFMA Municipal Swap Index. As that index increases, the net payments the State would have to make on the swaps increase.

Basis Risk

The State is exposed to basis risk on its pay-fixed interest rate swaps, which is the possibility that the variable rate payments received by the State in the swap are less than the variable rate payments made by the State on the underlying bonds issued. Because the swaps are based on a percentage of LIBOR there is a possibility that this floating rate will not match the actual interest rates set in the tax-exempt market on the underlying bonds. Times when the mismatch may be out of favor to the State are in very low interest rate environments or if major changes in the tax code were to be enacted causing tax-exempt floating-rate bonds to trade less favorably in comparison to taxable floating rate bonds. Should the relationship between LIBOR and the actual variable rate payments converge, the expected cost savings may not materialize.

Termination Risk

The swap contracts use the International Swap Dealers Association Master Agreement (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 interest payment will be based solely upon the rate required by the related bonds as issued. When a termination occurs, a mark-to-market (or fair market value) calculation is performed to determine whether the State is owed 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.

Rollover Risk

The State is exposed to rollover risk on interest rate swap agreements that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these swap agreements terminate, or in the case of a termination option, when the option is exercised, the State will be re-exposed to the risks being hedged by the swap agreement. The State is exposed to rollover risk on the Queens Student Residences mortgage loan pay-fixed interest rate swap scheduled to mature in April 2018 because the hedged debt is scheduled to mature in June 2043.

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, 2011 under such operating leases, totaled $182 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
2012	$ 175
2013	156
2014	123
2015	111
2016	88
2017-2021	266
2022-2026	50
2027-2031	24
2032-2036	8
2037-2041	8
2042-2046	9
2047-2051	10
2052-2056	11
2057-2061	4
Total	**$ 1,043**

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, 2010 for SUNY and CUNY and March 31, 2011 for Lottery) (amounts in millions):

Fiscal Year	Business-type Activities
2011	$ 60
2012	54
2013	48
2014	40
2015	34
2016-2020	78
2021-2025	28
2026-2030	1
Total	**$ 343**

In December 2010, $102 million of Pledged Assessment Revenue Bonds, Series 2010A, were issued by the Dormitory Authority of the State of New York. These bonds are special revenue obligations of the Dormitory Authority. Principal and interest on the Series 2010A Bonds are payable from the pledged assessments to be assessed and collected by the Chair of the Workers' Compensation Board. The State determined that the transaction meets the criteria under GASBS No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenue*, since the pledged revenues are formally committed to directly collateralize or secure debt of a component unit. The Pledged Assessment Revenue Bonds are reported as collateralized borrowing in the State's financial statements (amounts in millions):

Fiscal Year	Principal	Interest	Total
2012	$ —	$ 4	$ 4
2013	16	4	20
2014	16	3	19
2015	10	3	13
2016	15	3	18
2017-2021	45	7	52
Total	**$ 102**	**$ 24**	**$ 126**

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	**$ 823**	**$ 200**	**$ —**	**$ 1,023**	**$ —**
Accrued liabilities:					
Payroll and fringe benefits	$ 184	$ 4	$ —	$ 188	—
Compensated absences	767	843	742	868	71
Medicaid	934	—	225	709	90
Health insurance	192	—	—	192	—
Litigation	306	132	153	285	205
Workers' compensation reserve	2,429	467	318	2,578	310
Arbitrage rebate	53	4	3	54	7
Due to Federal government	266	—	67	199	—
Due to component unit	318	—	—	318	—
Miscellaneous	17	19	18	18	1
Total	**$ 5,466**	**$ 1,469**	**$ 1,526**	**$ 5,409**	**684**
Payable to local governments:					
Education aid—prior year adjustment	$ 71	$ 52	$ —	$ 123	—
Handicapped pupil aid	290	207	—	497	—
Emergency management	12	6	—	18	—
Miscellaneous	2	—	—	2	—
Total	**$ 375**	**$ 265**	**$ —**	**$ 640**	**—**
Pension contributions payable	**$ 332**	**$ 457**	**$ 79**	**$ 710**	**—**
Other postemployment benefits	**$ 6,068**	**$ 3,096**	**$ 1,014**	**$ 8,150**	**—**
Pollution remediation	**$ 574**	**$ 230**	**$ 104**	**$ 700**	**107**
Collateralized borrowing	**$ —**	**$ 102**	**$ —**	**$ 102**	**—**
General obligation bonds payable:					
General obligation bonds payable	$ 3,400	$ 829	$ 704	$ 3,525	361
Plus or minus deferred amounts:					
For unamortized premiums/discounts	61	42	3	100	6
Net Amount	**3,461**	**871**	**707**	**3,625**	**367**
Deferred loss on refunding	(43)	(3)	(3)	(43)	—
Total	**$ 3,418**	**$ 868**	**$ 704**	**$ 3,582**	**367**
Other financing arrangements:					
Capital leases	$ 25	$ —	$ 4	$ 21	4
Other financing arrangements	40,665	3,831	4,082	40,414	2,534
Plus deferred amounts:					
For unamortized premiums/discounts	1,607	333	166	1,774	144
For accreted discount on bonds	113	9	52	70	—
Net Amount	**42,410**	**4,173**	**4,304**	**42,279**	**2,682**
Deferred loss on refunding	(797)	(61)	(76)	(782)	—
Total	**$ 41,613**	**$ 4,112**	**$ 4,228**	**$ 41,497**	**2,682**
Derivative instruments	**$ —**	**$ 162**	**$ —**	**$ 162**	**—**
Total due within one year					**$ 3,840**

CHANGES IN LONG-TERM LIABILITIES—BUSINESS-TYPE ACTIVITIES

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Accrued liabilities:					
Compensated absences	$ 327	$ 174	$ 157	$ 344	$ 232
Litigation	204	215	35	384	68
Interfund loan	86	—	25	61	17
Miscellaneous	365	47	21	391	7
Total	**$ 982**	**$ 436**	**$ 238**	**$ 1,180**	**324**
Due to Federal government	**$ 3,073**	**$ 992**	**$ 202**	**$ 3,863**	**1,748**
Lottery prizes payable	**$ 1,448**	**$ 166**	**$ 184**	**$ 1,430**	**172**
Other postemployment benefits:					
SUNY (June 30, 2010)	$ 1,698	$ 678	$ 226	$ 2,150	—
CUNY (June 30, 2010)	234	98	28	304	—
Total	**$ 1,932**	**$ 776**	**$ 254**	**$ 2,454**	**—**
Other financing arrangements:					
Lottery	$ 4	$ —	$ 2	$ 2	2
SUNY (June 30, 2010)	6,325	1,096	692	6,729	305
CUNY (June 30, 2010)	3,114	667	284	3,497	133
Minus deferred amounts for unamortized discounts (June 30, 2010)	(30)	12	(12)	(6)	—
Total	**$ 9,413**	**$ 1,775**	**$ 966**	**$ 10,222**	**440**
Derivative instruments	**$ —**	**$ 69**	**$ —**	**$ 69**	**—**
Deferred inflows of resources	**$ —**	**$ 4**	**$ —**	**$ 4**	**—**
Total due within one year					**$ 2,684**

Litigation and 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, 2011 for governmental activities (amounts in millions):

Description	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Total Governmental Activities
Payroll	$ 444	$ 36	$ —	$ 39	$ 519
Fringe benefits	213	1	—	18	232
Medicaid	2,256	3,862	—	—	6,118
Health programs	3	—	—	—	3
Miscellaneous	288	6	6	162	462
Total governmental funds	**$ 3,204**	**$ 3,905**	**$ 6**	**$ 219**	**7,334**
Payable to fiduciary funds					939
Total					**$ 8,273**

Payable to Local Governments—Governmental Funds

The following table summarizes amounts payable to local governments at March 31, 2011 for governmental funds (amounts in millions):

Description	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Total
Education programs	$ 1,214	$ 45	$ —	$ 13	$ 1,272
Temporary and disability assistance	727	1,419	—	—	2,146
Local health programs	562	351	—	28	941
Mental hygiene programs	37	10	—	1	48
Criminal justice programs	53	67	—	—	120
Children and family services programs	374	72	—	—	446
Local share of tax revenues	—	—	74	—	74
Miscellaneous	186	202	—	429	817
Total	**$ 3,153**	**$ 2,166**	**$ 74**	**$ 471**	**$ 5,864**

Accrued Liabilities—Business-type Activities

The following table summarizes accrued liabilities at March 31, 2011 for Enterprise Funds (June 30, 2010 for SUNY and CUNY) (amounts in millions):

Description	Lottery	Unemployment Insurance Benefit	SUNY	CUNY	Total
Payroll	$ —	$ —	$ 215	$ 59	$ 274
Fringe benefits	—	—	67	41	108
Compensated absences	2	—	240	102	344
Litigation	—	—	384	—	384
Interfund loan	—	—	61	—	61
Employer overpayments	—	23	—	—	23
Benefits due claimants	—	16	—	—	16
Unclaimed and future prizes	325	—	—	—	325
Miscellaneous	—	1	536	131	668
Total	**$ 327**	**$ 40**	**$ 1,503**	**$ 333**	**$ 2,203**

Note 9 Interfund Transactions and Other Transfers

Interfund Transfers

Interfund transfers for the year ended March 31, 2011 consisted of the following (amounts in millions):

	Transfers To Other Funds								
Transfers From Other Funds	General	General Debt Service	Other Governmental	Elimination	Total Governmental Funds	SUNY	CUNY	Fiduciary	Total
General	$ —	$ 1,815	$ 1,206	$ —	**$ 3,021**	$ 2,299	$ 1,029	$ 289	**$ 6,638**
Federal Special Revenue	490	—	3,729	—	**4,219**	416	—	—	**4,635**
General Debt Service	8,092	—	1	—	**8,093**	903	—	—	**8,996**
Other Governmental	7,141	1,628	108	—	**8,877**	10	—	—	**8,887**
Elimination	—	—	—	(24,071)	**(24,071)**	—	—	—	**(24,071)**
Total Governmental Funds	**15,723**	**3,443**	**5,044**	**(24,071)**	**139**	**3,628**	**1,029**	**289**	**5,085**
SUNY	45	41	36	—	**122**	—	—	—	**122**
Lottery	—	—	3,049	—	**3,049**	—	—	—	**3,049**
Fiduciary	5	—	—	—	**5**	—	—	—	**5**
Non-current	—	—	—	—	**—**	253	—	—	**253**
Total	**$ 15,773**	**$ 3,484**	**$ 8,129**	**$ (24,071)**	**$ 3,315**	**$ 3,881**	**$ 1,029**	**$ 289**	**$ 8,514**

Transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. 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 Debt Service Fund for excess funds not needed for debt service on revenue bonds backed by personal income tax revenues totaled $8.1 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 $3.7 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 $348 million. The transfers from the General Fund to Fiduciary Funds ($289 million) represent unclaimed funds needed to pay claims. Transfers from the General Fund to Other Governmental Funds are made for State capital projects ($312 million), for State debt service payments ($1.7 billion), and to the Enterprise Funds as State support to the SUNY and CUNY Funds ($3.3 billion). Transfers from the Federal Special Revenue Fund and Other Governmental Funds are comprised of the Federal share of Medicaid payments for a variety of purposes, including transfers to the Mental Health Services Fund for recipients residing in State-operated mental health and retardation facilities ($3.8 billion). Transfers from the Lottery to Other Governmental Funds represent Lottery support for school aid payments ($3.1 billion). The eliminations of $24.1 billion represent transfers made between the Governmental Funds.

Transfers from the Governmental Funds to the SUNY and CUNY Funds are reported as transfers to other funds by the Governmental Funds and as State appropriations by the SUNY and CUNY Funds. As explained in Note 1, the amounts reported for the SUNY and CUNY Funds are derived from their annual financial statements for the fiscal year ended June 30, 2010. Therefore, because of the different fiscal year-end for the SUNY and CUNY Funds, total transfers to other funds exceed total transfers from other funds by $432 million. The following is a reconciliation of transfers resulting from different year-ends (amounts in millions):

Net Governmental Funds	$ (1,770)
Net Fiduciary Funds	284
Non-current	(253)
Total Governmental Activities transfers	(1,739)
Business-type activities transfers:	
State	4,020
Education aid	(3,049)
Capital	336
Total Business-type Activities transfers	1,307
Total transfers	**$ (432)**

Due To/From Other Funds

The following is a summary of the amounts due to other funds and due from other funds at March 31, 2011 (amounts in millions):

	Due To Other Funds							
Due From Other Funds	**General**	**Federal Special Revenue**	**General Debt Service**	**Other Governmental**	**Elimination**	**Total Governmental Funds**	**Business-type Activities**	**Total**
General	$ —	$ 347	$ 467	$ 891	$ —	**$ 1,705**	$ 17	**$ 1,722**
Federal Special Revenue	4	—	—	1	—	**5**	—	**5**
Other Governmental	351	320	—	—	—	**671**	314	**985**
Elimination	—	—	—	—	(941)	**(941)**	—	**(941)**
Total Governmental Funds	**355**	**667**	**467**	**892**	**(941)**	**1,440**	**331**	**1,771**
Business-type Activities	513	6	—	63	—	**582**	—	**582**
Fiduciary	939	—	—	—	—	**939**	—	**939**
Non-current	—	—	—	—	—	**—**	253	**253**
Total	**$ 1,807**	**$ 673**	**$ 467**	**$ 955**	**$ (941)**	**$ 2,961**	**$ 584**	**$ 3,545**

The more significant balances due to/from other funds include $684.2 million due to the General Fund to cover cash overdrafts in the short-term investment pool. These temporary interfund loans include $206.6 million to the Federal Special Revenue Fund and $477.6 million to Other Governmental Funds. Due to other funds in the General Debt Service Fund include $467 million for amounts owed to the General Fund for excess personal income revenues.

As explained in Note 1, the amounts reported for the SUNY and CUNY Funds are derived from their annual financial statements for the fiscal year ended June 30, 2010. Therefore, because of the different fiscal year-end of the SUNY and CUNY Funds, the total amount reported as due from other funds exceeds the total amount reported as due to other funds by $217 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. The State reported additional Federal funding of $13.6 billion from the American Recovery and Reinvestment Act (Federal Stimulus) as of March 31, 2011 for Medicaid, unemployment benefits, education and other programs. 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.

Pursuant to legislation enacted in 1985, the State entered into service contracts establishing a contingent-contractual obligation with respect to financings related to the DASNY Secured Hospital Program for the purpose of enabling certain financially distressed not-for-profit hospitals to gain access to the capital markets. The State service contracts obligate the State to pay debt service, subject to annual appropriations, on bonds in the event of shortfalls in hospital resources. As of March 2011, there are $585 million of outstanding bonds in the program with annual debt service requirements of $79 million. Authorization to issue bonds under this program expired on March 1, 1998.

As of March 2011, the financial condition of most of the hospitals in the program has deteriorated. Assuming recent trends continue, State resources will be needed to meet debt service obligations on outstanding bonds. The annual debt service payments for the five most vulnerable hospitals are approximately $53 million annually for the next 5 years.

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 would provide funding needed by JDA to meet its debt service obligations through March 31, 2011. JDA required no financial assistance to meet debt service obligations during the State fiscal year ended March 31, 2011. As of March 31, 2011, JDA had $23 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” debt to back the corporations’ credit). Such “moral obligation” does not constitute full faith and credit obligations of the State. As of March 31, 2011, approximately $26 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 $634 million has been recognized in the Statement of Net Assets.

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 in more than one year on 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 2.8 percent as of March 31, 2011, the State is liable for unfunded claims and incurred but not reported claims totaling $2.6 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 2010 and 2011 were (amounts in millions):

Fiscal Year	Claim Liability Beginning of Year	Increase in Liability Estimate	Payments and Decrease in Liability Estimate	Claim Liability End of Year
2009-2010	$ 2,505	$ 811	$ 406	$ 2,910
2010-2011	$ 2,910	$ 591	$ 384	$ 3,117

The State Finance Law requires the Abandoned Property Fund (Fund), a Private Purpose Trust Fund, to have a maximum cash balance of $750 thousand at fiscal year-end. All Abandoned Property receipts are recorded in the General Fund and are transferred to the Abandoned Property Fund for payment upon approval of a claim. At March 31, 2011, the Abandoned Property Fund included $382 million of securities not yet liquidated and not subject to the State Finance Law's cash provisions. Net collections from inception (1942) to March 31, 2011 of approximately $11.2 billion, excluding interest, represent a contingent liability to the State since the owners of such property may file claims for refunds.

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, 2011, the amount reported in the Fund for claimant liability is $1.4 billion and the amount reported in the General Fund as due to the Fund is $939 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 $289 million.

The State is liable for costs relating to the closure and post-closure of landfills totaling $17 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.

GASBS No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASBS 49 does not require the State to search for pollution, it does require the State to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the State is compelled to take action;
- The State is in violation of a pollution-related permit or license;
- The State is named or has evidence that it will be named as responsible party by a regulator;
- The State is named or has evidence that it will be named in a lawsuit to enforce a cleanup; or
- The State commences or legally obligates itself to conduct remediation activities.

Site investigation, planning and design, cleanup and site monitoring are typical remediation activities underway across the State. Several State agencies have dedicated programs, rules and regulations that routinely deal with remediation-related issues; others become aware of pollution conditions in the fulfillment of their missions. The State has the knowledge and expertise to estimate the remediation obligations presented herein based upon prior experience in identifying and funding similar remediation activities. The standard requires the State to calculate pollution remediation liabilities using the expected cash flow technique. Where the State cannot reasonably estimate a pollution remediation obligation, it does not report a liability; however, the State has not identified any of these situations.

The remediation obligation estimates that appear in this report are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce the State's obligation. Capital assets may be created when pollution remediation outlays are made under specific circumstances.

During the fiscal year, the State recognized estimated additional liabilities of $230 million, spent $101 million in pollution remediation obligation-related activities, recognized adjustments decreasing the liability by $3 million, and recovered $25 million from other responsible parties. At March 31, 2011, the State had an outstanding pollution remediation liability of $700 million, with an estimated potential recovery of $95 million from other responsible parties.

The State and the New York State Energy Research and Development Authority (NYSERDA) have been engaged in a dispute with the federal government over both the responsibility of the federal government for site cleanup at West Valley, as well as which government is liable for perpetual care of any remaining wastes after decontamination activities are complete. In August 2010, the U.S. District Court approved and entered a Consent Decree that formalized a settlement agreement that covered a number of the State's claims. The Decree identifies a specific cost share for each government for specified facilities and known areas of contamination, and sets forth a process for determining cost shares for contamination that may be identified in the future. The claim concerning responsibility for the disposal fee of some waste was not resolved and will be the subject of additional discussion or litigation. The agreement does not affect in any way the cleanup alternatives that are being or may be developed in the ongoing EIS process. Earlier, the Federal Department of Energy and NYSERDA selected Phase Decision Making as the cleanup approach. Under this approach, Phase 1 would remove many contaminated facilities from the site and undertake additional studies that may better inform decisions about future cleanup and additional decommissioning of remaining facilities. These events will influence the GASBS 49 obligation reported by the State.

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. 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. In addition, participating manufacturers brought a nationwide arbitration against the settling states, including New York, asserting that those states failed to diligently enforce their respective escrow statutes in 2003 as required to maintain the base settlement payments per the Master Settlement Agreement. This was settled in 2003. The same claim for the 2004-2006 years is currently in discovery.

Several unions have not reached labor settlement agreements with the State at this time. Settlements may result in added costs to the State. The Enacted Budget assumes spending related to these settlements, but the actual settlements could exceed the amounts in the budget.

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 $538 million, of which $253 million pertains to SUNY, 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 approximately $397 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, comprises 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 record changes in net plan assets allocated to the System. In these statements, GLIP amounts are apportioned to 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, 2011, there were 3,039 participating government employers. Employees of the State constituted about 32 percent and 17 percent of the members of ERS and PFRS, respectively, during the fiscal year ended March 31, 2011.

The System provides retirement benefits as well as death and disability benefits. Members who joined the System prior to January 1, 2010 generally need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) need ten years of service credit to be 100 percent vested. Retirement benefits are established by the New York State Retirement and Social Security Law (RSSL) 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 RSSL, 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 within the 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 their memberships 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. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits. 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 quoted 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, or, 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 Division of Pension Investment and Cash Management in the Office of the State Comptroller (OSC).

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 15.5 percent of the System's $31 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: 78.9 percent is rated A or higher by Moody's and 5.3 percent is rated Ba or Baa 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 6.17 years.

Concentration of Credit Risk—Issuer limits for investments held by the System are established for each investment area by RSSL, 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 NRSROs and a maximum of $500 million of the short-term portfolio can be invested in any one issuer. 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 or other issuer of any kind or description created or existing under the laws of the United States, any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico and obligations of Canada or any province or city of Canada, provided each obligation is rated investment grade by two NRSROs and does 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 NRSRO 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 RSSL 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 (Custodian) 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, government securities and Federal agency obligations. 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. Treasury obligations, obligations of Federal agencies, repurchase agreements and specific asset-backed securities. All rights of ownership to 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, 2011 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 any losses that might arise from managing the program in a manner inconsistent with the contract. The System manages its market rate risk by recording investments at market value daily and maintaining the value of the collateral held by the System in excess of the value of the securities loaned.

As of March 31, 2011, the fair value of securities on loan was $12.7 billion. The associated collateral was $13 billion, of which $7.5 billion was cash collateral and $5.2 million was securities held as collateral. The fair value of the invested cash collateral, as of March 31, 2011, was $7.5 billion and the securities lending obligations were $7.7 billion. The unrealized loss in invested cash collateral on March 31, 2011 was $180.9 million, which is included in the Statement of Changes in Fiduciary Net Assets, "Net appreciation in the fair value of investments."

All open security loans can be terminated on demand by either the System or the 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 three years for U.S. Treasury and Federal agency obligations and one full year for all other investments, the average term of open security loans at March 31, 2011 was 26 days. All loans were open loans. There were no direct matching loans. The collateral pool is valued at market value obtained from independent pricing services.

Foreign Currency Risk—As of March 31, 2011, the System's adopted asset allocation for publicly traded international equities is 13 percent of assets. The System's current position in such equity securities, invested directly in and through commingled funds, is approximately $22.8 billion. The System also has foreign investments held in U.S. dollars of $3.7 billion, a net forward foreign currency contracts position of negative $5 million, $6.5 billion in private equities and absolute return strategy funds, and $2.2 billion 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 $35.1 billion.

Funding Status and Funding Progress

Participating employers are required under the RSSL to contribute annually to the System. Annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2011, 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 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 10-year amortization part of their bills for fiscal years ended 2005, 2006 and 2007 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, 2011 was approximately 11.9 percent and 18.2 percent of payroll, respectively.

The System uses the aggregate actuarial funding method, which does not identify or separately amortize unfunded actuarial accrued liabilities. As required under GASBS No. 50, *Pension Disclosures*, the 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 2011 actuarial valuation performed on April 1, 2010, determined employer contributions for the year ending March 31, 2012.

The funded status of the System as of April 1, 2010, 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	4/1/2010	$ 125,482	$ 133,574	$ 8,092	93.9%	$ 24,972	32.4%
PFRS	4/1/2010	$ 22,230	$ 22,998	$ 768	96.7%	$ 3,113	24.7%

**Unfunded Actuarial Accrued Liability (UAAL)*

Significant actuarial assumptions used in the April 1, 2009 and April 1, 2010 valuations to determine employer contributions for the years ended March 31, 2011 and March 31, 2012 were: interest rates of 8 percent and 7.5 percent, respectively; salary scales for ERS of 5.4 percent and 4.9 percent, respectively; salary scales for PFRS of 6.7 percent and 6 percent, respectively; decrement tables April 1, 2000 to March 31, 2005-System's experience, and April 1, 2005 to March 31, 2010-System's experience, respectively; and inflation rates of 3 percent and 2.7 percent, respectively.

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.

Contributions

Employers' contributions receivable are presented net of withdrawals, refunds, advance employer payments, and credits due employers. Receivable amounts from participating employers include $293.4 million for amortization of retirement incentives, new plan adoptions and retroactive membership. Receivable amounts from the State for other amortizations total $323.2 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 2005 that exceeded 7 percent of payroll. The amortized amount receivable from New York State as of March 31, 2011 is $229.4 million and from participating employers is $48.5 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 as of March 31, 2011 from the State is $87.7 million and from participating employers is $17.2 million.

RSSL 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 as of March 31, 2011 from participating employers is $15.9 million.

RSSL Chapter 105 of the Laws of 2010 authorized employers to pay a lump-sum payment or amortize over a period not to exceed five years commencing March 31, 2012 the costs associated with the 2010 retirement incentive.

RSSL Chapter 57 of the Laws of 2010 authorized the State and local employers to amortize over ten years, at 5 percent interest, the portion of their annual bill for fiscal year ended 2011 that exceeded 9.5 percent of payroll for ERS and 17.5 percent of payroll for PFRS. The amortized amount receivable as of March 31, 2011 from the State is $249.6 million and from participating employers is $43.8 million.

The State's contributions to the System for the years ended March 31, 2011, 2010, and 2009 were $1.1 billion, $878 million, and $899 million, respectively, which equaled 100 percent of the required billed contributions for each respective year. In addition, the State incurred a liability of $249.6 million for the amortized amounts related to Chapter 57 of the Laws of 2010.

The following presentation displays the Schedule of Plan Net Assets for the System as of March 31, 2011 (amounts in millions):

SCHEDULE OF PLAN NET ASSETS
March 31, 2011

	Employees' Retirement System	Police & Fire Retirement System	Total
Assets:			
Investments:			
Short-term investments	$ 7,100	$ 1,260	$ 8,360
Government bonds	18,188	3,229	21,417
Corporate bonds	8,171	1,450	9,621
Domestic equities	47,320	8,400	55,720
International equities	20,573	3,652	24,225
Private equities	12,667	2,248	14,915
Absolute return strategy investments	3,819	678	4,497
Real estate and mortgage loans	7,203	1,279	8,482
Total investments	**125,041**	**22,196**	**147,237**
Securities lending collateral, invested	6,368	1,130	7,498
Forward foreign exchange contracts	651	116	767
Receivables, net of allowances for uncollectibles:			
Employers' contributions	1,216	129	1,345
Members' contributions	8	—	8
Member loans	1,064	2	1,066
Accrued interest and dividends	355	63	418
Investment sales	198	35	233
Other	253	64	317
Total receivables, net of allowances for uncollectibles	**3,094**	**293**	**3,387**
Capital assets, at cost, net of accumulated depreciation	22	4	26
Total assets	**135,176**	**23,739**	**158,915**
Liabilities:			
Securities lending collateral, due to borrowers	6,521	1,158	7,679
Forward foreign exchange contracts	656	116	772
Accounts payable—investments	303	54	357
Accounts payable—benefits	355	32	387
Other liabilities	149	22	171
Total liabilities	**7,984**	**1,382**	**9,366**
Net assets held in trust for pension benefits	**$ 127,192**	**$ 22,357**	**$ 149,549**

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, or at *www.osc.state.ny.us.*

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, and Chapter 105 and Chapter 57 of the Laws of 2010. Pension contributions payable reported in the General Fund of $189 million are for accrued retirement incentive programs and the employer amortization. In addition, $710 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 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 New York State agencies, 100 PEs, and 800 PAs in NYSHIP. NYSHIP currently covers approximately 600 thousand New York State, PA and PE employees and retirees. Eligible covered dependents bring the total number of covered individuals to approximately 1.2 million. SUNY participates in NYSHIP, but CUNY does not. Of the State's 43 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	194,262	38,652	110,189	343,103
Vestee participants	619	175	297	1,091
COBRA participants	1,047	427	719	2,193
Other inactive participants**	145,329	15,799	91,186	252,314
Total participants	**341,257**	**55,053**	**202,391**	**598,701**

**Includes State and SUNY participants.*

***Includes retiree, dependent survivor, long-term disability enrollees, young adult program enrollees and preferred list enrollees.*

During the fiscal year ended March 31, 2011, NYSHIP provided health insurance coverage through: the Empire Plan, an indemnity health insurance plan with managed care components; 11 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 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
(As Percentages of Premium Rates)

Enrollee Group	Enrollee Coverage	Dependent Coverage
Active/Preferred list	90%	75%
Retired before January 1, 1983	100%	75%
Retired on or after January 1, 1983	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%
Young Adult Option enrollees	0%	0%
Participating employers and participating agencies(2)	50%	35%

(1)State contribution for enrollee and dependent coverage is 75% of dependent coverage.
(2)Values shown are minimum employer share. Employers can pay greater percentages of premiums for their retirees.

The State reimburses Medicare eligible enrollees 100 percent of the cost of the monthly Medicare Part B premium. However, the funding of the cost of the Medicare reimbursements is no longer employer only (the employer is not billed for Medicare expenses incurred 4/1/2010 and after). A Medicare Part B component has been incorporated into the NYSHIP Premium Rates (implemented 10/1/2010 and retroactive to 4/1/2010) and is just one component of the NYSHIP premiums in which the above listed employer contribution percentages are applicable. The premium generated from the Medicare Part B NYSHIP Rate Component is utilized to make the Medicare Part B reimbursement payments to Medicare Primary NYSHIP enrollees.

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.

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, 2011, the State paid $1 billion on behalf of the plan. Refer to the RSI for a schedule of funding progress that presents multi-year trend information for actuarial values of plan assets and accrued liabilities.

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 costs 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 with interest as part of the net OPEB obligation, after adjusting for amounts previously "required." 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, 2011 are as follows (amounts in millions):

Governmental Activities:	
Annual required contribution	$ 3,071
Interest on net OPEB obligation at beginning of year	257
Adjustment to annual required contribution	(232)
Annual OPEB cost	**3,096**
Contributions made	(1,014)
Increase in OPEB obligation	2,082
Net obligation at beginning of year	6,068
Net obligation at end of year	**$ 8,150**
Actuarial accrued liability (AAL) April 1, 2008	$ 46,316
Funded OPEB plan assets	—
Unfunded actuarial accrued liability (UAAL) April 1, 2008	**$ 46,316**
Funded ratio	— %
Covered payroll	$ 8,864
UAAL as percentage of covered payroll	522.5%

In accordance with GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the actuarial valuation of OPEB also includes the value of sick leave that will be converted to reduce the retiree's share of health insurance premiums.

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
3/31/11	$ 3,096	32.75%	$ 8,150
3/31/10	$ 2,681	37.34%	$ 6,068
3/31/09	$ 3,253	29.63%	$ 4,388

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 State's $3.1 billion annual OPEB cost, determined using the April 1, 2008 actuarial valuation with results projected to April 1, 2010 for the fiscal year ended March 31, 2011, was determined using the frozen entry age actuarial cost method, allocating costs on a level basis over earnings. The annual OPEB cost includes $358 million for recently enacted federal healthcare legislation (Patient Protection and Affordable Care Act, signed March 23, 2010, as amended by the Health Care and Education Affordability Reconciliation Act, signed March 30, 2010).

The State's $46.3 billion unfunded actuarial accrued liability, determined using the frozen entry age actuarial cost method as of April 1, 2008, is amortized over an open period of 30 years using the level percentage of projected payroll amortization method. The April 1, 2010 valuation was not available at the time of this report, however, projected results, based on the April 1, 2008 valuation, estimate the April 1, 2010 unfunded actuarial accrued liability to be $53.8 billion.

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 4.243 percent discount rate that was the average short-term investment pool rate for the past 15 years. The assumptions also utilized an annual healthcare cost trend rate of 10 percent for medical and drug, including inflation, for the first fiscal year in the valuation, 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 trends. 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 4.243 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.

SUNY's annual OPEB costs and changes in net OPEB obligations for the year ended June 30, 2010 are as follows (amounts in millions):

Annual required contribution	$ 633
Interest on net OPEB obligation at beginning of year	64
Adjustment to annual required contribution	(58)
Annual OPEB cost	**639**
Contributions made	(210)
Increase in OPEB obligation	429
Net obligation at beginning of year	1,510
Net obligation at end of year	**$ 1,939**
Actuarial accrued liability (AAL) April 1, 2008	$ 9,560
Funded OPEB plan assets	—
Unfunded actuarial accrued liability (UAAL) April 1, 2008	**$ 9,560**
Funded ratio	— %
Covered payroll	$ 3,008
UAAL as percentage of covered payroll	317.8%

The SUNY Research Foundation, a blended component unit of SUNY, is not included in the numbers reported above. The SUNY Research Foundation reports other postemployment benefits in accordance with the Statement of Financial Accounting Standards (SFAS) No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans.* SUNY's other postemployment benefits liability reported in the Statement of Net Assets, Enterprise Funds ($2.2 billion), includes SUNY's net obligation above ($1.9 billion), and the funded status of the SUNY Research Foundation's plan as of June 30, 2010 ($211 million).

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 City 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 to a rate of 5 percent by 2023.

CUNY's annual OPEB costs and changes in net OPEB obligations for the year ended June 30, 2010 are as follows (amounts in millions):

Annual required contribution	$ 95
Interest on net OPEB obligation at beginning of year	7
Adjustment to annual required contribution	(7)
Annual OPEB cost	**95**
Contributions made	(28)
Increase in OPEB obligation	67
Net obligation at beginning of year	184
Net obligation at end of year	**$ 251**
Actuarial accrued liability (AAL) June 30, 2009	$ 1,043
Funded OPEB plan assets	—
Unfunded actuarial accrued liability (UAAL) June 30, 2009	**$ 1,043**
Funded ratio	— %
Covered payroll	$ 865
UAAL as percentage of covered payroll	120.6%

The CUNY Research Foundation, a blended component unit of the CUNY Senior Colleges, reports other postemployment benefits in accordance with SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans.* CUNY Senior Colleges' other postemployment benefits liability reported in the Statement of Net Assets, Enterprise Funds ($304 million), includes the CUNY Senior Colleges' net obligation above ($251 million), and the funded status of the CUNY Research Foundation's plan as of June 30, 2010 ($53 million).

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 the benefit of the State's citizenry for a variety of purposes 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, 2011 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 years indicated:

Entities Audited by KPMG LLP:	**Fiscal Year-End**
Dormitory Authority of the State of New York	March 31, 2011*
Health Research, Inc.	March 31, 2011*
Long Island Power Authority	December 31, 2010*
New York State Environmental Facilities Corporation	March 31, 2011*
New York State Foundation for Science, Technology, and Innovation	March 31, 2011*
New York State Higher Education Services Corporation	March 31, 2011*
Power Authority of the State of New York	December 31, 2010*

Entities Audited by Other Auditors:	**Fiscal Year-End**
Aggregate Trust Fund	December 31, 2010
Agriculture and New York State Horse Breeding Development Fund Corporation	December 31, 2010*
Albany Convention Center Authority	December 31, 2010*
Capital District Transportation Authority	March 31, 2011*
Central New York Regional Transportation Authority	March 31, 2011*
City University of New York—Senior College Foundations	June 30, 2010
Homeless Housing and Assistance Corporation	March 31, 2011*
Housing Trust Fund Corporation	March 31, 2011*
Hudson River-Black River Regulating District	June 30, 2010*
Hugh L. Carey Battery Park City Authority	October 31, 2010*
Metropolitan Transportation Authority	December 31, 2010*
Metro-North Commuter Railroad Company	December 31, 2010
The Long Island Rail Road Company	December 31, 2010
Triborough Bridge and Tunnel Authority	December 31, 2010
Metropolitan Suburban Bus Authority	December 31, 2010*
New York City Transit Authority	December 31, 2010*
Staten Island Rapid Transit Operating Authority	December 31, 2010*
MTA Capital Construction Company	December 31, 2010
MTA Bus Company	December 31, 2010*
First Mutual Transportation Assurance Company	December 31, 2010
Municipal Bond Bank Agency	October 31, 2010
Natural Heritage Trust.	March 31, 2011*
Nelson A. Rockefeller Empire State Plaza Performing Arts	March 31, 2011*
New York Convention Center Operating Corporation	March 31, 2011*
New York Racing Association, Inc	December 31, 2010
New York State Affordable Housing Corporation	March 31, 2011
New York State Bridge Authority	December 31, 2010*
New York State Energy Research and Development Authority	March 31, 2011*
New York State Health Foundation	December 31, 2010

Entities Audited by Other Auditors:	**Fiscal Year-End**
New York State Housing Finance Agency	October 31, 2010*
New York State Job Development Authority	March 31, 2011*
New York State Olympic Regional Development Authority	March 31, 2011*
New York State Thoroughbred Breeding and Development Fund Corporation	December 31, 2010*
New York State Thruway Authority	December 31, 2010*
Niagara Frontier Transportation Authority	March 31, 2011*
Ogdensburg Bridge and Port Authority	March 31, 2011*
Port of Oswego Authority	March 31, 2011*
Research Foundation for Mental Hygiene, Inc	March 31, 2011*
Rochester-Genesee Regional Transportation Authority	March 31, 2011*
Roosevelt Island Operating Corporation	March 31, 2011*
Roswell Park Cancer Institute	March 31, 2011*
State Insurance Fund	December 31, 2010
State of New York Mortgage Agency	October 31, 2010*
State University of New York Foundations	June 30, 2010
Urban Development Corporation	March 31, 2011*

**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-three discrete entities presented comprise 95 percent of the combined assets and 81 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 $285 million on the Combining Statement of Activities for Discretely Presented Component Units to reflect the elimination of the New York City Off-Track Betting Corporation and the New York State Theatre Institute as component units of the State, and 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, other than the amounts reported in the State's financial statements. DASNY, the New York State Housing Finance Agency (HFA), the Environmental Facilities Corporation (EFC) and the New York State Energy Research and Development Authority (NYSERDA) 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, 2011, the liability reported for such debt was approximately $22 billion. HFA reports conduit debt and related assets on its balance sheet. At October 31, 2010, the liability HFA reported for such debt was approximately $7.8 billion. At March 31, 2011, EFC's balance sheet did not include $215 million in bonds it issued for certain private companies and $944 million it issued for the State. NYSERDA has issued conduit debt for participating gas and electric companies and other third party entities, the principal of which totaled approximately $3.5 billion at March 31, 2011, which is not included on NYSERDA's balance sheet.

Power Authority

The Power Authority of the State of New York (NYPA) was created in 1931 to help provide a continuous adequate supply of dependable electric power and energy to the people of the State. NYPA generates, transmits, and sells electric power and energy principally at wholesale to various customers including private and municipal utilities. Three of NYPA'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, 1,100,000 and 800,000 kilowatts, respectively.

NYPA has loaned approximately $318 million of reserves to the State treasury. The State has recorded a corresponding liability in its financial statements. The individual financial statements of NYPA are available on the web at *www.nypa.gov.*

Housing Finance Agency

HFA was created as a public benefit corporation in 1960 under Article III of the Private Housing Finance Law. The HFA 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 HFA, through its Capital Grant Low Rent Assistance Program, rents housing to low and middle income persons and families. The HFA also participates in Federal housing assistance programs which provide interest reduction and rental assistance subsidies to eligible projects and tenants. The HFA administers the State's Housing Project Repair and Infrastructure Trust Fund Programs.

To finance low income housing, the HFA raises funds through the issuance of municipal securities and the making of mortgage loans to eligible borrowers. The HFA is authorized to issue bonds in the amount of approximately $15.3 billion to finance housing projects, and approximately $2.5 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, 2010 is approximately $9.7 billion. The individual financial statements of the HFA can be obtained by contacting them at *www.nyshcr.org*.

Thruway Authority

The New York State Thruway Authority (NYSTA) was created as a public benefit corporation by the State Legislature in 1950 with powers to construct, operate and maintain a Thruway system. In 1991, the Legislature empowered NYSTA 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 Legislature created the New York State Canal Corporation (NYSCC) as a subsidiary corporation of NYSTA to accept jurisdiction and control over the State Canal System from the State. In 1993, the Legislature authorized NYSTA 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. In 2001, the Legislature authorized NYSTA to issue Personal Income Tax (PIT) Revenue Bonds to provide funds to municipalities and other project sponsors throughout the State for qualifying local highway, bridge and multi-modal capital project expenditures under established State programs.

The financial position of and activities relating to the special bond programs (LHB, HBTF and PIT) 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 NYSTA can be obtained by contacting them at *www.thruway.ny.gov.*

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 City metropolitan area. The accounts presented as the MTA are the combined accounts of its nine 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, 2010, the MTA reported $3.9 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. Another significant portion of that aid came from the Metropolitan Commuter Transportation Mobility Tax enacted in 2009, which is a tax imposed on certain employers and self-employed individuals engaging in business within the Metropolitan Transportation District. The State also provides funding to pay the debt service on approximately $2.1 billion in bonds issued by MTA for its capital projects. The State has limited issuance of this debt to $165 million in annual debt service with a final maturity not to exceed July 1, 2031. Debt service on MTA State Service Contract debt has been fully utilized. Capital assets acquired prior to April 1982 for the New York City Transit Authority (NYCTA) were funded primarily by New York City through capital grants. New York City has title to a substantial portion of such assets and they are not included among the assets reported under MTA. In certain instances, title to real property used by the Triborough Bridge and Tunnel Authority (TBTA) may revert to New York City in the event TBTA determines it is not needed for corporate purposes. The Federal government has a contingent equity interest in assets acquired by the MTA with Federal funds, and upon disposal of such assets, the Federal government may have a right to its share of the proceeds from the sale. The individual financial statements of the MTA can be obtained by contacting them at *www.mta.info*.

Dormitory Authority

The Dormitory Authority of the State of New York (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 $43.6 billion consist mainly of debt issued for independent institutions ($10.8 billion), health care facilities ($8.5 billion), New York State agency projects ($8.5 billion), SUNY projects ($8.2 billion) and CUNY projects ($4.1 billion). The remaining debt was issued for projects for municipal facilities and other non-profit organizations. The financial statements of DASNY can be obtained at *www.dasny.org*.

Long Island Power Authority

The Long Island Power Authority (LIPA) was established as a corporate municipal instrumentality of the State. On May 28, 1998, the LIPA Acquisition Corporation, a wholly-owned subsidiary of LIPA, 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. LIPA, 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.

LIPA 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, LIPA 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 LIPA 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: economic development projects, special projects financed by revenue bonds, and real estate projects financed by general and corporate purpose bonds.

UDC's efforts in economic development projects are primarily funded by State appropriations and State supported bonds, and are directed at several activities involving civic, commercial, high technology, and industrial development within the State. UDC provides financial assistance through grants, low cost project financing, including loans and interest subsidy grants, and technical assistance in management, financing and project design. Economic development activities also include special projects, often of considerable magnitude, which are carried out through various consolidated subsidiaries.

UDC issues revenue bonds, the proceeds of which are used primarily for construction and renovation of State correctional facilities, to refinance State office facilities or construct technology facilities for universities located within the State, to finance youth facilities, to finance the acquisition of certain lands, to construct or improve various civic and community facilities, and for economic development and preservation of natural resources located throughout the State. Under related agreements, UDC receives periodic State appropriations in amounts sufficient to pay the debt service on the bonds.

UDC 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. UDC 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.esd.ny.gov.*

State Insurance Fund

The State Insurance Fund (SIF) 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 SIF 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 SIF, resulting in a fund balance of approximately $1.6 billion.

The SIF's financial statements are prepared in conformity with the accounting practices prescribed by the Insurance Department of the State of New York, which is a comprehensive basis of accounting other than the 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; and the SIF 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 SIF's financial statements. A more complete list of departures from GAAP is disclosed in the SIF's financial statements, which may be obtained from *ww3.nysif.com.*

State of New York Mortgage Agency

The State of New York Mortgage Agency (SONYMA) makes mortgages available to first-time and other qualifying home buyers through its Low Interest Rate Program and other specialized home ownership programs. To accomplish this purpose, SONYMA issues tax-exempt mortgage revenue bonds for direct issuance of forward commitments for new mortgage loans through participating financial institutions. SONYMA also provides mortgage insurance for qualifying real property loans through its Mortgage Insurance Program. 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 SONYMA. The financial statements of SONYMA can be obtained by contacting them at *www.nyshcr.org.*

Environmental Facilities Corporation

The New York State Environmental Facilities Corporation (EFC) is a public benefit corporation, formed pursuant to the New York State Environmental Facilities Corporation Act. The mission of EFC is to provide low-cost capital and expert technical assistance for environmental projects in New York State. Its purpose is to help public and private entities comply with Federal and State environmental protection and quality requirements in a cost effective manner that advances sustainable growth. EFC promotes innovative technologies and practices in all corporate programs. 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 Port 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 around 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. Governors have from time to time exercised their statutory power to veto the actions of the commissioners from their states.

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 $13.3 billion of consolidated bonds. 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, 2010 disclosed the following (amounts in millions):

Financial Position	
Total assets	$ 29,556
Total liabilities	(18,531)
Net assets	**$ 11,025**
Operating Results	
Operating revenues	$ 3,634
Operating expenses	(2,598)
Depreciation and amortization	(866)
Expenses related to September 11, 2001	53
Income from operations	**223**
Passenger facility charges	210
Financial income (expense), net	(497)
Contribution in aid of construction and grants	368
World Trade Center retail insurance proceeds	43
Net income	**$ 347**
Changes in Net Assets	
Balance at January 1, 2010	$ 10,678
Net income	347
Balance at December 31, 2010	**$ 11,025**

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, 2011 except for business-type activities related to SUNY and CUNY Enterprise Funds reported as of June 30, 2010. 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 Dormitory Facilities	9/29/2010	Lease Revenue Bonds, Series 2010A	$128
Dormitory Authority	CUNY Senior Colleges, Refunding	9/30/2010	Fifth General Resolution Revenue Bonds, Series 2010A	$139
Dormitory Authority	CUNY Senior Colleges	10/14/2010	Personal Income Tax, Series 2010E	$ 86
Dormitory Authority	CUNY Senior Colleges	10/14/2010	Personal Income Tax, Series 2010H	$312
Dormitory Authority	SUNY Educational Facilities	10/14/2010	Personal Income Tax, Series 2010E	$ 70
Dormitory Authority	SUNY Educational Facilities	10/14/2010	Personal Income Tax, Series 2010H	$163
Urban Development Corporation	CUNY Equipment	12/8/2010	Personal Income Tax, Series 2010A	$ 36
Urban Development Corporation	SUNY Equipment	12/8/2010	Personal Income Tax, Series 2010A	$ 14
Dormitory Authority	SUNY Educational Facilities, Refunding	12/16/2010	Service Contract Refunding Revenue Bonds, Series 2010	$ 93
Dormitory Authority	General Purpose	6/9/2011	Personal Income Tax, Series 2011A, B	$673
Thruway Authority	Dedicated Highway and Bridge Trust Fund	6/23/2011	Second General Highway and Bridge Trust Fund Bonds, Series 2011A-1	$407
Thruway Authority	Dedicated Highway and Bridge Trust Fund, Refunding	6/23/2011	Second General Highway and Bridge Trust Fund Bonds, Series 2011A-2	$ 38
Housing Finance Agency	Economic Development and Housing, Refunding	6/29/2011	Service Contract Refunding Revenue Bonds, Series 2011A	$ 71
Dormitory Authority	SUNY Dormitory Facilities	7/6/2011	Lease Revenue Bonds, Series 2011A	$260
Tobacco Settlement Financing Corporation	Refunding	7/7/2011	Asset-Backed Revenue Bonds, Series 2011A, B	$959
Dormitory Authority	Department of Health, Refunding	7/16/2011	Revenue Refunding Bonds, Series 2011A	$ 48
Dormitory Authority	Department of Health, Refunding	7/16/2011	Revenue Refunding Bonds (Veterans Home Issue), Series 2011A	$ 12
Dormitory Authority	General Purpose	7/21/2011	Personal Income Tax, Series 2011C, D	$909

In May 2011, the University Hospital of Brooklyn (SUNY Downstate) acquired the Long Island College Hospital (LICH) located in Brooklyn. The acquisition will enable SUNY Downstate to expand its teaching and clinical capacity, while at the same time allowing the financially troubled LICH to continue serving the local community.

In July 2011, the SUNY Upstate Medical Center (SUNY Upstate) acquired the Community General Hospital (CGH) located in Syracuse. Under the acquisition plan, SUNY Upstate acquired much of CGH's assets and property as well as some of CGH's debt. The acquisition saved nearly 900 healthcare jobs in Central New York and provided the needed space for SUNY Upstate to continue to grow its operations. Additionally, CGH's campus will provide SUNY Upstate Medical University's academic programs with a community hospital-based setting to implement an array of medical education programs.

STATE OF NEW YORK

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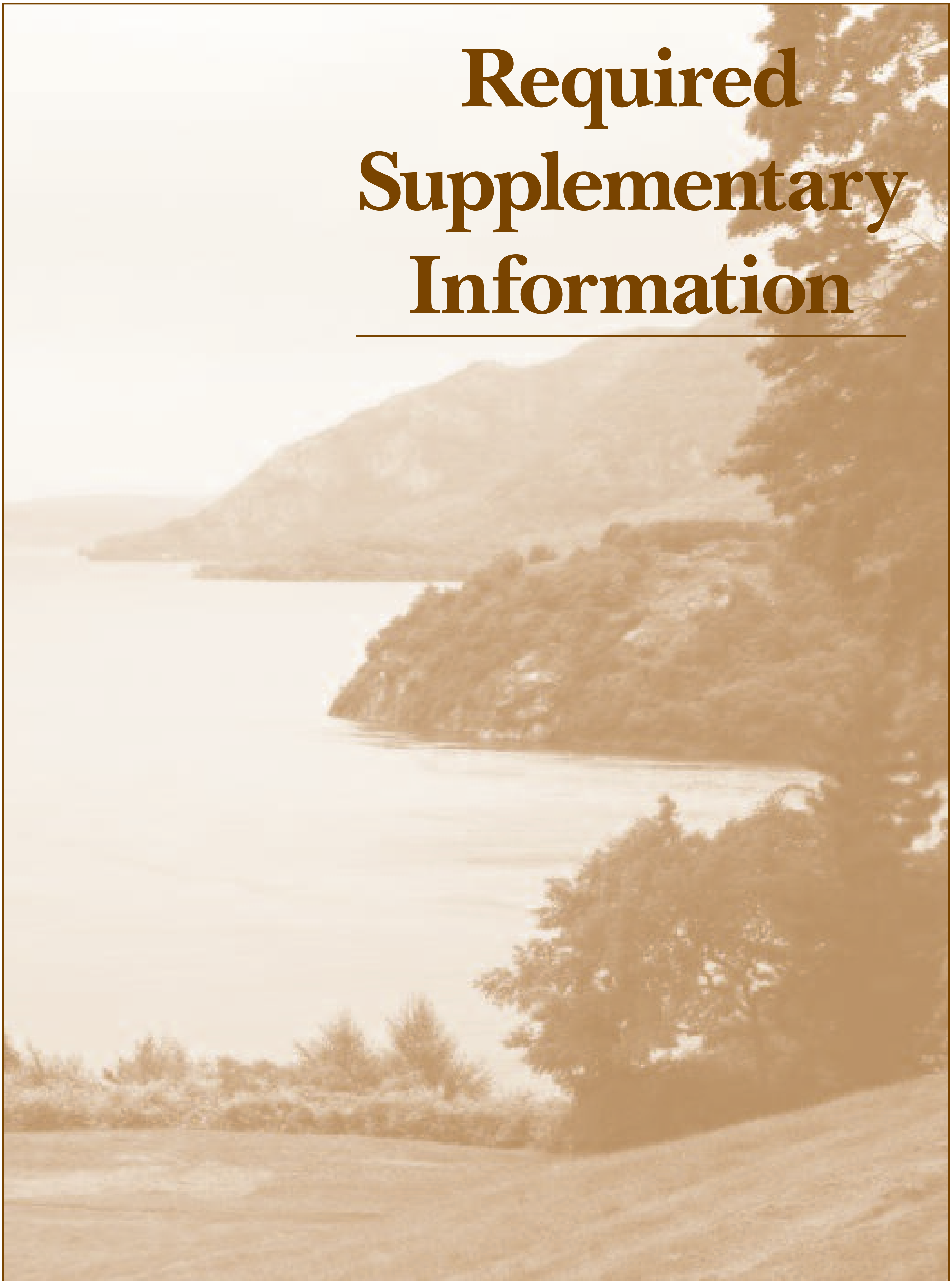
Required Supplementary Information



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

MAJOR FUNDS—GENERAL FUND AND FEDERAL SPECIAL REVENUE FUND

Year Ended March 31, 2011
(Amounts in millions) (Unaudited)

	General			
	Financial Plan Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final		
RECEIPTS:				
Taxes	$ 39,931	$ 39,187	$ 39,204	$ 17
Miscellaneous	2,897	3,083	3,095	12
Federal grants	60	60	55	(5)
Total receipts	**42,888**	**42,330**	**42,354**	**24**
DISBURSEMENTS:				
Local assistance grants	37,508	37,246	37,206	40
State operations	8,025	8,046	7,973	73
General State charges	4,128	4,111	4,187	(76)
Total disbursements	**49,661**	**49,403**	**49,366**	**37**
Excess (deficiency) of receipts over disbursements	**(6,773)**	**(7,073)**	**(7,012)**	**61**
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	11,788	11,774	12,093	319
Transfers to other funds	(5,932)	(5,646)	(6,007)	(361)
Net other financing sources (uses)	**5,856**	**6,128**	**6,086**	**(42)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (917)**	**$ (945)**	**$ (926)**	**$ 19**

See notes to required supplementary information.

Federal Special Revenue

Financial Plan Amounts Original	Financial Plan Amounts Final	Actual (Budgetary Basis)	Variance with Final Budget
$ —	$ —	$ —	$ —
135	182	152	(30)
46,923	47,422	46,693	(729)
47,058	**47,604**	**46,845**	**(759)**
40,110	40,764	40,608	156
1,758	1,824	1,696	128
263	286	260	26
42,131	**42,874**	**42,564**	**310**
4,927	**4,730**	**4,281**	**(449)**
1	1	—	(1)
(4,819)	(4,732)	(4,574)	158
(4,818)	**(4,731)**	**(4,574)**	**157**
$ 109	**$ (1)**	**$ (293)**	**$ (292)**

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 or 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. A copy of this report is available upon request by contacting the State Comptroller's Communication Office at 110 State Street, 15th floor, Albany, New York 12236 or by phone at (518) 474-4015. 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 1st, the legislature enacts special emergency appropriations to continue government functions, as was done in April 2010.

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	$ (926)	$ (293)
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	5	(5)
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	59	—
Temporary interfund cash loans	(227)	182
Basis of accounting differences:		
Revenue accrual adjustments	2,288	833
Expenditure accrual adjustments	330	(715)
Net Change in Fund Balances	**$ 1,529**	**$ 2**

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
(unaudited)

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 State 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 42,558 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 the 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 7,857 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 fiscal year 2010-2011 (amounts in millions):

Pavement and Bridge Condition Summary as of December 31:

Year	Pavement Average Surface Rating	Bridges Average Condition Rating
2010	6.84	5.37
2009	6.91	5.38
2008	6.93	5.39
2007	6.86	5.41
2006	6.90	5.42
2005	6.81	5.43
2004	6.82	5.44

Actual Preservation/Maintenance Costs as of March 31:

(Amounts in millions)

	2011	2010	2009	2008	2007
Total roads	$ 944	$ 1,140	$ 1,088	$ 981	$ 967
Total bridges	241	288	203	329	222
Total	**$ 1,185**	**$ 1,428**	**$ 1,291**	**$ 1,310**	**$ 1,189**

Estimated Preservation/Maintenance Costs as of March 31:

(Amounts in millions)

	2011	2010	2009	2008	2007
Total roads	$ 905	$ 1,072	$ 1,015	$ 914	$ 878
Total bridges	256	229	116	200	195
Total	**$ 1,161**	**$ 1,301**	**$ 1,131**	**$ 1,114**	**$ 1,073**

SCHEDULE OF FUNDING PROGRESS

(unaudited)

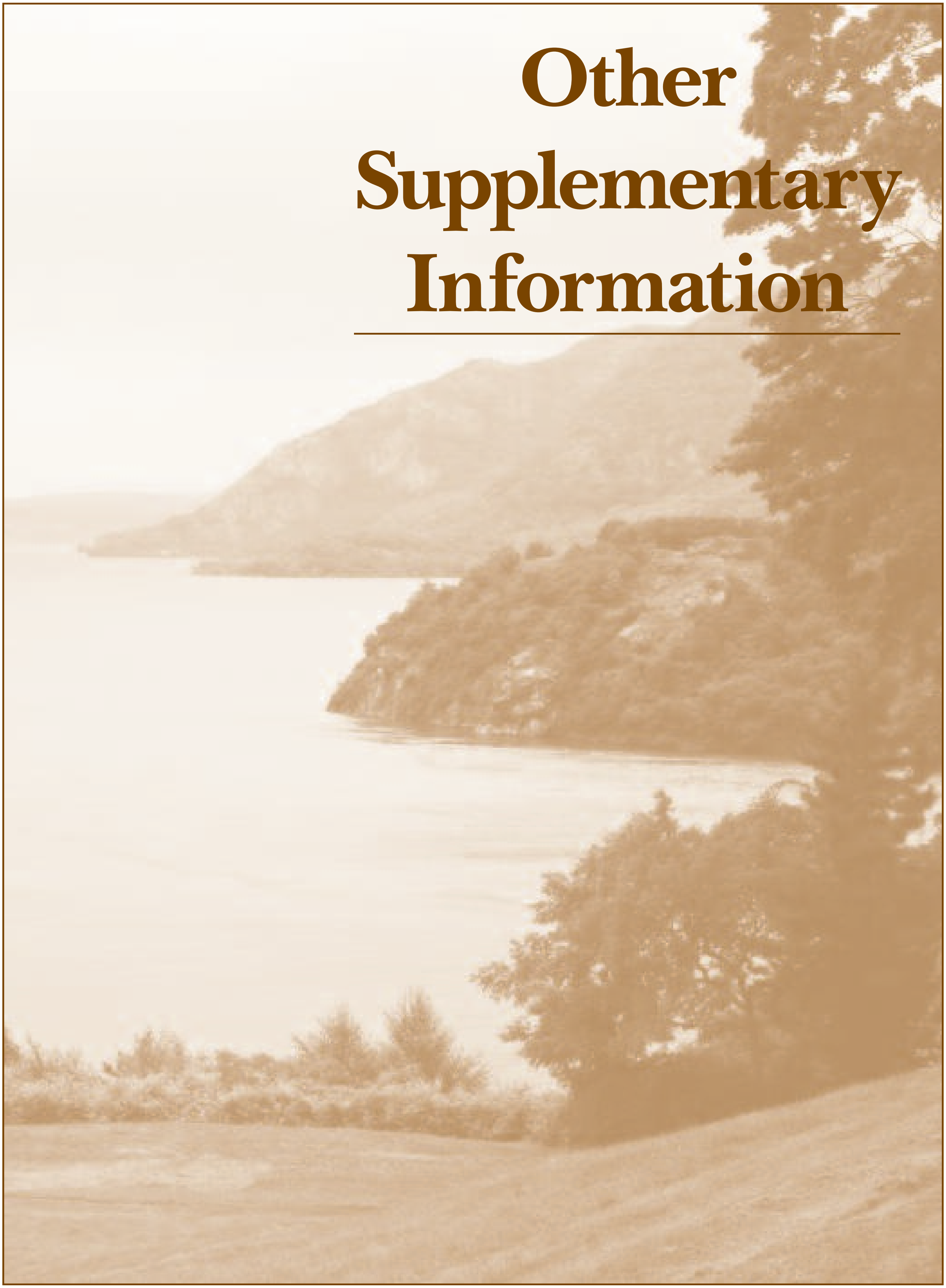
Other Postemployment Benefits

(Amounts in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Covered Payroll ((b-a)/c)
Governmental Activities*:						
April 1, 2008	$ —	$ 46,316	$ 46,316	—%	$ 8,864	522.5%
April 1, 2006	$ —	$ 39,059	$ 39,059	—%	$ 7,177	544.2%
Business-type Activities:						
SUNY						
April 1, 2008	$ —	$ 9,560	$ 9,560	—%	$ 3,008	317.8%
April 1, 2006	$ —	$ 8,261	$ 8,261	—%	$ 2,527	326.9%
CUNY						
June 30, 2009	$ —	$ 1,043	$ 1,043	—%	$ 865	120.6%
June 30, 2008	$ —	$ 950	$ 950	—%	$ 786	120.9%
June 30, 2006	$ —	$ 936	$ 936	—%	$ 696	134.5%

**The April 1, 2010 valuation was not available at the time of this report; however, projected results, based on the April 1, 2008 valuation, estimate the April 1, 2010 unfunded actuarial accrued liability to be $53.8 billion with 0 percent funding.*

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, 2011
(Amounts in millions)

	Local Assistance	State Purposes	Tax Stabilization Reserve	Community Projects	Rainy Day
ASSETS:					
Cash and investments	$ 144	$ —	$ 736	$ 136	$ 175
Receivables, net of allowance for uncollectibles:					
Taxes	—	9,080	—	—	—
Due from Federal government	—	—	—	—	—
Other	1,213	62	—	1	—
Due from other funds	2	1,131	295	—	—
Other assets	127	79	—	—	—
Total assets	**$ 1,486**	**$ 10,352**	**$ 1,031**	**$ 137**	**$ 175**
LIABILITIES:					
Tax refunds payable	$ —	$ 7,133	$ —	$ —	$ —
Accounts payable	—	188	—	—	—
Accrued liabilities	2,256	677	—	—	—
Payable to local governments	3,041	—	—	11	—
Due to other funds	322	1,391	—	—	—
Pension contributions payable	—	189	—	—	—
Deferred revenues	35	758	—	1	—
Total liabilities	**5,654**	**10,336**	**—**	**12**	**—**
FUND BALANCES (DEFICITS):					
Reserved for:					
Encumbrances	235	70	—	34	—
Tax stabilization	—	—	1,031	—	—
Refund	—	—	—	—	—
Other specified purposes	85	2	—	21	175
Unreserved	(4,488)	(56)	—	70	—
Total fund balances (deficits)	**(4,168)**	**16**	**1,031**	**125**	**175**
Total liabilities and fund balances (deficits)	**$ 1,486**	**$ 10,352**	**$ 1,031**	**$ 137**	**$ 175**

See independent auditors' report.

Refund Reserve	Fringe Benefit Escrow	Earmarked Revenue	Miscellaneous	Eliminations	Totals 2011	Totals 2010
$ —	$ —	$ 943	$ 84	$ —	**$ 2,218**	$ 3,307
—	—	—	—	—	**9,080**	7,972
—	—	—	—	—	**—**	110
—	3	193	—	—	**1,472**	863
13	678	25	45	(467)	**1,722**	1,089
—	—	126	—	—	**332**	279
$ 13	**$ 681**	**$ 1,287**	**$ 129**	**$ (467)**	**$ 14,824**	**$ 13,620**
$ —	$ —	$ —	$ —	$ —	**$ 7,133**	$ 6,996
—	—	82	39	—	**309**	459
—	—	263	8	—	**3,204**	2,558
—	—	101	—	—	**3,153**	4,279
—	19	507	35	(467)	**1,807**	1,564
—	—	—	—	—	**189**	79
—	—	244	—	—	**1,038**	1,223
—	**19**	**1,197**	**82**	**(467)**	**16,833**	**17,158**
—	—	496	25	—	**860**	843
—	—	—	—	—	**1,031**	1,031
13	—	—	—	—	**13**	978
—	—	—	21	—	**304**	273
—	662	(406)	1	—	**(4,217)**	(6,663)
13	**662**	**90**	**47**	**—**	**(2,009)**	**(3,538)**
$ 13	**$ 681**	**$ 1,287**	**$ 129**	**$ (467)**	**$ 14,824**	**$ 13,620**

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

GENERAL FUND

Year Ended March 31, 2011
(Amounts in millions)

	Local Assistance	State Purposes	Tax Stabilization Reserve	Community Projects	Rainy Day
REVENUES:					
Taxes:					
Personal income	$ —	$ 24,895	$ —	$ —	$ —
Consumption and use	—	8,578	—	—	—
Business	—	5,129	—	—	—
Other	—	1,268	—	—	—
Federal grants	—	55	—	—	—
Miscellaneous	—	3,142	—	—	—
Total revenues	**—**	**43,067**	**—**	**—**	**—**
EXPENDITURES:					
Local assistance grants:					
Social services	11,656	—	—	22	—
Education	19,821	—	—	16	—
Mental hygiene	335	—	—	3	—
General purpose	1,037	—	—	—	—
Health and environment	1,429	—	—	11	—
Transportation	475	—	—	1	—
Criminal justice	118	—	—	9	—
Miscellaneous	328	—	—	48	—
State operations:					
Personal service	—	5,399	—	—	—
Non-personal service	—	1,665	—	—	—
Pension contributions	—	1,152	—	—	—
Other fringe benefits	—	1,866	—	—	—
Total expenditures	**35,199**	**10,082**	**—**	**110**	**—**
Excess (deficiency) of revenues over expenditures	**(35,199)**	**32,985**	**—**	**(110)**	**—**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	39,951	13,566	—	155	—
Transfers to other funds	(3,782)	(45,435)	—	—	—
Financing arrangements issued	368	—	—	—	—
Premiums on bonds issued	47	—	—	—	—
Net other financing sources (uses)	**36,584**	**(31,869)**	**—**	**155**	**—**
Net change in fund balances	**1,385**	**1,116**	**—**	**45**	**—**
Fund balances (deficits) at April 1, 2010	**(5,553)**	**(1,100)**	**1,031**	**80**	**175**
Fund balances (deficits) at March 31, 2011	**$ (4,168)**	**$ 16**	**$ 1,031**	**$ 125**	**$ 175**

See independent auditors' report.

Refund Reserve	Fringe Benefit Escrow	Earmarked Revenue	Miscellaneous	Eliminations	Totals 2011	Totals 2010
$ —	$ —	$ —	$ —	$ —	**$ 24,895**	$ 22,330
—	—	—	—	—	**8,578**	8,059
—	—	—	—	—	**5,129**	5,490
—	—	—	—	—	**1,268**	873
—	—	—	—	—	**55**	71
—	2,346	3,146	521	(2,011)	**7,144**	8,060
—	**2,346**	**3,146**	**521**	**(2,011)**	**47,069**	**44,883**
—	—	747	—	—	**12,425**	11,443
—	—	25	—	—	**19,862**	20,542
—	—	1,322	—	—	**1,660**	1,644
—	—	—	—	—	**1,037**	1,251
—	—	398	—	—	**1,838**	1,677
—	—	—	—	—	**476**	461
—	—	50	—	—	**177**	211
—	—	26	—	—	**402**	493
—	—	3,343	121	—	**8,863**	8,771
—	144	1,393	379	(509)	**3,072**	3,111
—	—	—	—	—	**1,152**	810
—	2,251	1,452	59	(1,502)	**4,126**	3,715
—	**2,395**	**8,756**	**559**	**(2,011)**	**55,090**	**54,129**
—	**(49)**	**(5,610)**	**(38)**	**—**	**(8,021)**	**(9,246)**
13	—	6,850	242	(45,004)	**15,773**	14,815
(978)	—	(1,281)	(166)	45,004	**(6,638)**	(6,619)
—	—	—	—	—	**368**	431
—	—	—	—	—	**47**	25
(965)	**—**	**5,569**	**76**	**—**	**9,550**	**8,652**
(965)	**(49)**	**(41)**	**38**	**—**	**1,529**	**(594)**
978	**711**	**131**	**9**	**—**	**(3,538)**	**(2,944)**
$ 13	**$ 662**	**$ 90**	**$ 47**	**$ —**	**$ (2,009)**	**$ (3,538)**

STATE OF NEW YORK
EXCELSIOR
COMPTROLLER

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, 2011
(Amounts in millions)

	Federal USDA-FNS	Federal DHHS	Federal Education	Federal DHHS Block Grant	Federal Operating Grants
ASSETS:					
Cash and investments	$ —	$ 21	$ —	$ —	$ 144
Receivables, net of allowance for uncollectibles:					
Due from Federal government	46	5,891	284	8	125
Other	18	772	—	—	—
Due from other funds	—	1	1	—	1
Other assets	6	29	1	1	8
Total assets	**$ 70**	**$ 6,714**	**$ 286**	**$ 9**	**$ 278**
LIABILITIES:					
Accounts payable	$ 2	$ 29	$ 8	$ —	$ 18
Accrued liabilities	1	3,873	10	—	6
Payable to local governments	51	1,891	44	—	179
Due to other funds	6	360	224	9	45
Deferred revenues	6	561	—	—	30
Total liabilities	**66**	**6,714**	**286**	**9**	**278**
FUND BALANCES:					
Reserved for encumbrances	12	114	137	—	1,027
Unreserved	(8)	(114)	(137)	—	(1,027)
Total fund balances	**4**	**—**	**—**	**—**	**—**
Total liabilities and fund balances	**$ 70**	**$ 6,714**	**$ 286**	**$ 9**	**$ 278**

See independent auditors' report.

Unemployment Insurance Administration	Unemployment Insurance Occupational Training	Federal Employment and Training Grants	Totals	
			2011	2010
$ 66	$ —	$ —	$ 231	$ 347
31	—	8	6,393	6,132
—	—	—	790	438
2	—	—	5	16
—	—	—	45	33
$ 99	$ —	$ 8	$ 7,464	$ 6,966
$ 8	$ —	$ 5	$ 70	$ 81
15	—	—	3,905	3,489
—	—	1	2,166	1,954
27	—	2	673	563
49	—	—	646	877
99	—	8	7,460	6,964
34	—	5	1,329	1,343
(34)	—	(5)	(1,325)	(1,341)
—	—	—	4	2
$ 99	$ —	$ 8	$ 7,464	$ 6,966

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

FEDERAL SPECIAL REVENUE FUND

Year Ended March 31, 2011

(Amounts in millions)

	Federal USDA-FNS	Federal DHHS	Federal Education	Federal DHHS Block Grant	Federal Operating Grants
REVENUES:					
Federal grants	$ 7,048	$ 37,957	$ 5,571	$ 4	$ 1,031
Miscellaneous	4	—	—	—	—
Total revenues	**7,052**	**37,957**	**5,571**	**4**	**1,031**
EXPENDITURES:					
Local assistance grants:					
Social services	5,599	31,984	—	1	15
Education	771	5	5,191	—	7
Mental hygiene	—	218	6	—	17
Health and environment	588	510	15	—	—
Transportation	—	—	—	—	57
Criminal justice	—	—	—	—	259
Miscellaneous	—	245	3	—	332
State operations:					
Personal service	25	205	96	2	130
Non-personal service	38	245	89	1	165
Pension contributions	3	17	9	—	8
Other fringe benefits	9	56	31	—	26
Total expenditures	**7,033**	**33,485**	**5,440**	**4**	**1,016**
Excess of revenues over expenditures	**19**	**4,472**	**131**	**—**	**15**
OTHER FINANCING USES:					
Transfers to other funds	(17)	(4,472)	(131)	—	(15)
Other financing uses	**(17)**	**(4,472)**	**(131)**	**—**	**(15)**
Net change in fund balances	**2**	**—**	**—**	**—**	**—**
Fund balances at April 1, 2010	**2**	**—**	**—**	**—**	**—**
Fund balances at March 31, 2011	**$ 4**	**$ —**	**$ —**	**$ —**	**$ —**

See independent auditors' report.

Unemployment Insurance Administration	Unemployment Insurance Occupational Training	Federal Employment and Training Grants	Totals 2011	Totals 2010
$ 352	$ 4	$ 233	**$ 52,200**	$ 49,495
52	—	—	**56**	55
404	**4**	**233**	**52,256**	**49,550**
—	—	2	**37,601**	36,852
—	—	—	**5,974**	4,107
—	—	—	**241**	160
—	—	—	**1,113**	1,038
—	—	—	**57**	46
—	—	—	**259**	337
11	—	174	**765**	758
200	—	18	**676**	632
104	4	31	**677**	677
21	—	2	**60**	51
68	—	6	**196**	182
404	**4**	**233**	**47,619**	**44,840**
—	**—**	**—**	**4,637**	**4,710**
—	—	—	**(4,635)**	(4,709)
—	**—**	**—**	**(4,635)**	**(4,709)**
—	**—**	**—**	**2**	**1**
—	**—**	**—**	**2**	**1**
$ —	**$ —**	**$ —**	**$ 4**	**$ 2**

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

General Debt Service Fund

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

The General Debt Service Fund is divided into two accounts. The principal and interest payments for the State's general debt and for certain lease/purchase or other contractual obligations are made from the General 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 DEBT SERVICE FUND

March 31, 2011
(Amounts in millions)

	General Debt Service Account	Tobacco Settlement Financing Corporation	Totals 2011	Totals 2010
ASSETS:				
Cash and investments	$ 1,109	$ 452	**$ 1,561**	$ 1,280
Receivables, net of allowance for uncollectibles:				
Taxes	2,352	—	**2,352**	1,987
Other	1	388	**389**	411
Other assets	17	—	**17**	—
Total assets	**$ 3,479**	**$ 840**	**$ 4,319**	**$ 3,678**
LIABILITIES:				
Tax refunds payable	$ 1,741	$ —	**$ 1,741**	$ 1,767
Accrued liabilities	6	—	**6**	6
Payable to local governments	74	—	**74**	50
Due to other funds	467	—	**467**	98
Deferred revenues	63	—	**63**	65
Total liabilities	**2,351**	**—**	**2,351**	**1,986**
FUND BALANCES:				
Reserved for debt service	1,086	840	**1,926**	1,658
Unreserved	42	—	**42**	34
Total fund balances	**1,128**	**840**	**1,968**	**1,692**
Total liabilities and fund balances	**$ 3,479**	**$ 840**	**$ 4,319**	**$ 3,678**

See independent auditors' report.

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

GENERAL DEBT SERVICE FUND

Year Ended March 31, 2011

(Amounts in millions)

	General Debt Service Account	Tobacco Settlement Financing Corporation	Totals 2011	Totals 2010
REVENUES:				
Taxes:				
Personal income tax	$ 9,519	$ —	$ 9,519	$ 8,776
Federal grants	27	—	27	5
Tobacco settlement	—	390	390	414
Miscellaneous	38	—	38	28
Total revenues	**9,584**	**390**	**9,974**	**9,223**
EXPENDITURES:				
Non-personal service	59	—	59	34
Debt service, including payments on financing arrangements	3,722	411	4,133	3,773
Total expenditures	**3,781**	**411**	**4,192**	**3,807**
Excess (deficiency) of revenues over expenditures	**5,803**	**(21)**	**5,782**	**5,416**
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	3,484	—	3,484	3,214
Transfers to other funds	(8,995)	(1)	(8,996)	(8,547)
Refunding debt issued	1,451	—	1,451	1,128
Payments to escrow agents for refundings	(1,542)	—	(1,542)	(1,171)
Swap termination	(48)	—	(48)	(47)
Premiums on bonds issued	145	—	145	90
Net other financing sources (uses)	**(5,505)**	**(1)**	**(5,506)**	**(5,333)**
Net change in fund balances	**298**	**(22)**	**276**	**83**
Fund balances at April 1, 2010	**830**	**862**	**1,692**	**1,609**
Fund balances at March 31, 2011	**$ 1,128**	**$ 840**	**$ 1,968**	**$ 1,692**

See independent auditors' report.

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

GENERAL DEBT SERVICE FUND

Year Ended March 31, 2011
(Amounts in millions)

	Financial Plan	Actual	Variance
RECEIPTS:			
Taxes	$ 8,950	$ 9,052	$ 102
Federal grants	60	—	(60)
Miscellaneous receipts	—	57	57
Total receipts	**9,010**	**9,109**	**99**
DISBURSEMENTS:			
State operations	48	44	4
Debt service	4,724	4,878	(154)
Total disbursements	**4,772**	**4,922**	**(150)**
Excess of receipts over disbursements	**4,238**	**4,187**	**(51)**
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	3,293	3,438	145
Transfers to other funds	(7,531)	(7,625)	(94)
Net other financing uses	**(4,238)**	**(4,187)**	**51**
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, 2011
(Amounts in millions)

	Special Revenue	Debt Service	Capital Projects	Totals 2011	Totals 2010
ASSETS:					
Cash and investments	$ 2,272	$ 659	$ 2,629	**$ 5,560**	$ 5,781
Receivables, net of allowance for uncollectibles:					
Taxes	336	217	69	**622**	590
Due from Federal government	—	—	104	**104**	226
Other	725	99	188	**1,012**	931
Due from other funds	436	319	230	**985**	836
Other assets	7	—	8	**15**	13
Total assets	**$ 3,776**	**$ 1,294**	**$ 3,228**	**$ 8,298**	**$ 8,377**
LIABILITIES:					
Tax refunds payable	$ 221	$ 21	$ 20	**$ 262**	$ 232
Accounts payable	17	1	352	**370**	586
Accrued liabilities	156	9	54	**219**	202
Payable to local governments	104	—	367	**471**	544
Due to other funds	127	187	641	**955**	898
Deferred revenues	163	36	9	**208**	196
Total liabilities	**788**	**254**	**1,443**	**2,485**	**2,658**
FUND BALANCES:					
Reserved for:					
Encumbrances	156	—	7,195	**7,351**	7,685
Debt service	—	580	—	**580**	618
Other specified purposes	13	—	549	**562**	102
Unreserved	2,819	460	(5,959)	**(2,680)**	(2,686)
Total fund balances	**2,988**	**1,040**	**1,785**	**5,813**	**5,719**
Total liabilities and fund balances	**$ 3,776**	**$ 1,294**	**$ 3,228**	**$ 8,298**	**$ 8,377**

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

OTHER GOVERNMENTAL FUNDS

Year Ended March 31, 2011

(Amounts in millions)

	Special Revenue	Debt Service	Capital Projects	Totals 2011	Totals 2010
REVENUES:					
Taxes:					
Personal income	$ 3,291	$ —	$ —	**$ 3,291**	$ 3,430
Consumption and use	2,101	2,853	601	**5,555**	5,010
Business	1,362	—	624	**1,986**	2,057
Other	1,358	483	119	**1,960**	1,880
Federal grants	—	—	2,377	**2,377**	1,836
Public health/patient fees	4,211	444	—	**4,655**	4,296
Tobacco settlement	67	—	—	**67**	77
Miscellaneous	3,812	53	1,015	**4,880**	4,254
Total revenues	**16,202**	**3,833**	**4,736**	**24,771**	**22,840**
EXPENDITURES:					
Local assistance grants:					
Social services	3,824	—	44	**3,868**	4,046
Education	6,251	—	293	**6,544**	6,448
Mental hygiene	4	—	115	**119**	108
Health and environment	874	—	635	**1,509**	1,535
Transportation	3,953	—	825	**4,778**	4,616
Criminal justice	70	—	—	**70**	76
Miscellaneous	119	—	1,399	**1,518**	817
State operations:					
Personal service	318	—	—	**318**	330
Non-personal service	2,776	16	—	**2,792**	2,564
Pension contributions	22	—	—	**22**	13
Other fringe benefits	62	—	—	**62**	53
Capital construction	—	—	4,174	**4,174**	5,029
Debt service, including payments on financing arrangements	—	761	—	**761**	772
Total expenditures	**18,273**	**777**	**7,485**	**26,535**	**26,407**
Excess (deficiency) of revenues over expenditures	**(2,071)**	**3,056**	**(2,749)**	**(1,764)**	**(3,567)**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	3,304	3,749	1,076	**8,129**	7,542
Transfers to other funds	(595)	(6,885)	(1,407)	**(8,887)**	(7,895)
Collateralized borrowing	102	—	—	**102**	—
General obligation bonds issued	—	—	500	**500**	449
Financing arrangements issued	—	—	1,885	**1,885**	3,923
Refunding debt issued	—	456	—	**456**	1,072
Payments to escrow agents for refundings	—	(510)	—	**(510)**	(1,107)
Swap termination	—	—	—	**—**	(47)
Premiums on bonds issued	—	56	127	**183**	263
Net other financing sources (uses)	**2,811**	**(3,134)**	**2,181**	**1,858**	**4,200**
Net change in fund balances	**740**	**(78)**	**(568)**	**94**	**633**
Fund balances at April 1, 2010	**2,248**	**1,118**	**2,353**	**5,719**	**5,086**
Fund balances at March 31, 2011	**$ 2,988**	**$ 1,040**	**$ 1,785**	**$ 5,813**	**$ 5,719**

See independent auditors' report.

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

OTHER GOVERNMENTAL FUNDS

Year Ended March 31, 2011
(Amounts in millions)

	Special Revenue			Debt Service		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	$ 8,192	$ 8,117	$ (75)	$ 3,136	$ 3,158	$ 22
Miscellaneous	15,341	15,154	(187)	907	900	(7)
Federal grants	4	—	(4)	—	—	—
Total receipts	**23,537**	**23,271**	**(266)**	**4,043**	**4,058**	**15**
DISBURSEMENTS:						
Local assistance grants	18,487	18,089	398	—	—	—
State operations	9,565	9,351	214	31	19	12
General state charges	1,945	1,915	30	—	—	—
Debt service	—	—	—	762	737	25
Capital projects	2	19	(17)	—	—	—
Total disbursements	**29,999**	**29,374**	**625**	**793**	**756**	**37**
Excess (deficiency) of receipts over disbursements	**(6,462)**	**(6,103)**	**359**	**3,250**	**3,302**	**52**
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds, net	—	—	—	—	—	—
Transfers from other funds	7,252	8,077	825	3,870	3,808	(62)
Transfers to other funds	(931)	(1,933)	(1,002)	(7,044)	(7,067)	(23)
Net other financing sources (uses)	**6,321**	**6,144**	**(177)**	**(3,174)**	**(3,259)**	**(85)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (141)**	**$ 41**	**$ 182**	**$ 76**	**$ 43**	**$ (33)**

See independent auditors' report.

Capital Projects

Financial Plan	Actual	Variance
$ 1,328	$ 1,338	$ 10
4,189	3,848	(341)
2,466	2,499	33
7,983	**7,685**	**(298)**
2,644	2,732	(88)
—	—	—
—	—	—
—	—	—
5,630	5,113	517
8,274	**7,845**	**429**
(291)	**(160)**	**131**
578	525	(53)
1,104	1,131	27
(1,418)	(1,410)	8
264	**246**	**(18)**
$ (27)	**$ 86**	**$ 113**

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 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.

MTA Financial Assistance Fund—to account for taxes and fees imposed in the Metropolitan Commuter Transportation District dedicated for Metropolitan Transportation Authority operating and capital needs.

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, 2011
(Amounts in millions)

	School Tax Relief (STAR)	Health Care Reform Act Resources	Dedicated Mass Transportation Trust	ENCON Special Revenue	Conservation
ASSETS:					
Cash and investments	$ —	$ 433	$ 100	$ —	$ 75
Receivables, net of allowance for uncollectibles:					
Taxes	—	84	19	—	—
Other	—	396	—	9	—
Due from other funds	141	83	13	—	—
Other assets	—	—	—	—	—
Total assets	**$ 141**	**$ 996**	**$ 132**	**$ 9**	**$ 75**
LIABILITIES:					
Tax refunds payable	$ —	$ —	$ 8	$ —	$ —
Accounts payable	—	8	2	—	—
Accrued liabilities	141	1	—	4	1
Payable to local governments	—	27	4	—	—
Due to other funds	—	4	—	35	3
Deferred revenues	—	64	—	—	—
Total liabilities	**141**	**104**	**14**	**39**	**4**
FUND BALANCES (DEFICITS):					
Reserved for:					
Encumbrances	—	42	67	3	—
Other specified purposes	—	—	—	—	—
Unreserved	—	850	51	(33)	71
Total fund balances (deficits)	**—**	**892**	**118**	**(30)**	**71**
Total liabilities and fund balances (deficits)	**$ 141**	**$ 996**	**$ 132**	**$ 9**	**$ 75**

See independent auditors' report.

Environmental Protection and Spill Compensation	Mass Transportation Operating Assistance	MTA Financial Assistance Fund	Miscellaneous	Totals 2011	Totals 2010
$ 10	$ 51	$ 76	$ 1,527	**$ 2,272**	$ 1,900
—	58	175	—	**336**	303
84	—	—	236	**725**	663
—	—	19	180	**436**	296
—	—	—	7	**7**	5
$ 94	**$ 109**	**$ 270**	**$ 1,950**	**$ 3,776**	**$ 3,167**
$ —	$ 205	$ 7	$ 1	**$ 221**	$ 194
2	—	—	5	**17**	30
—	—	—	9	**156**	128
—	—	—	73	**104**	329
3	7	—	75	**127**	94
72	—	—	27	**163**	144
77	**212**	**7**	**190**	**788**	**919**
—	1	—	43	**156**	140
—	—	—	13	**13**	15
17	(104)	263	1,704	**2,819**	2,093
17	**(103)**	**263**	**1,760**	**2,988**	**2,248**
$ 94	**$ 109**	**$ 270**	**$ 1,950**	**$ 3,776**	**$ 3,167**

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

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

Year Ended March 31, 2011

(Amounts in millions)

	School Tax Relief (STAR)	Health Care Reform Act Resources	Dedicated Mass Transportation Trust	ENCON Special Revenue	Conservation
REVENUES:					
Taxes:					
Personal income	$ 3,291	$ —	$ —	$ —	$ —
Consumption and use	—	1,159	108	—	—
Business	—	—	356	—	—
Other	—	—	—	—	—
Public health/patient fees	—	4,211	—	—	—
Tobacco settlement	—	67	—	—	—
Miscellaneous	—	1	198	90	58
Total revenues	**3,291**	**5,438**	**662**	**90**	**58**
EXPENDITURES:					
Local assistance grants:					
Social services	—	3,824	—	—	—
Education	3,241	—	—	—	—
Mental hygiene	—	—	—	—	—
Health and environment	—	874	—	—	—
Transportation	—	—	598	—	—
Criminal justice	—	—	—	—	—
Miscellaneous	—	—	—	—	—
State operations:					
Personal service	—	11	—	55	20
Non-personal service	—	38	—	27	8
Pension contributions	—	1	—	5	3
Other fringe benefits	—	4	—	14	7
Total expenditures	**3,241**	**4,752**	**598**	**101**	**38**
Excess (deficiency) of revenues over expenditures	**50**	**686**	**64**	**(11)**	**20**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	—	1	—	11	—
Transfers to other funds	(50)	(428)	—	(11)	(2)
Collateralized borrowing	—	—	—	—	—
Net other financing sources (uses)	**(50)**	**(427)**	**—**	**—**	**(2)**
Net change in fund balances	**—**	**259**	**64**	**(11)**	**18**
Fund balances (deficits) at April 1, 2010	**—**	**633**	**54**	**(19)**	**53**
Fund balances (deficits) at March 31, 2011	**$ —**	**$ 892**	**$ 118**	**$ (30)**	**$ 71**

See independent auditors' report.

Environmental Protection and Spill Compensation	Mass Transportation Operating Assistance	MTA Financial Assistance Fund	Miscellaneous	Eliminations	Totals 2011	Totals 2010
$ —	$ —	$ —	$ —	$ —	**$ 3,291**	$ 3,430
—	723	111	—	—	**2,101**	1,795
—	1,006	—	—	—	**1,362**	1,423
—	—	1,358	—	—	**1,358**	1,378
—	—	—	—	—	**4,211**	3,811
—	—	—	—	—	**67**	77
52	13	189	3,211	—	**3,812**	3,194
52	**1,742**	**1,658**	**3,211**	**—**	**16,202**	**15,108**
—	—	—	—	—	**3,824**	4,045
—	—	—	3,010	—	**6,251**	6,123
—	—	—	4	—	**4**	5
—	—	—	—	—	**874**	1,151
—	1,787	1,568	—	—	**3,953**	3,965
—	—	—	70	—	**70**	76
—	—	—	119	—	**119**	140
11	3	—	218	—	**318**	330
10	1	—	2,692	—	**2,776**	2,535
2	2	—	9	—	**22**	13
4	4	—	29	—	**62**	53
27	**1,797**	**1,568**	**6,151**	**—**	**18,273**	**18,436**
25	**(55)**	**90**	**(2,940)**	**—**	**(2,071)**	**(3,328)**
—	40	23	3,234	(5)	**3,304**	2,948
(15)	(15)	(11)	(68)	5	**(595)**	(343)
—	—	—	102	—	**102**	—
(15)	**25**	**12**	**3,268**	**—**	**2,811**	**2,605**
10	**(30)**	**102**	**328**	**—**	**740**	**(723)**
7	**(73)**	**161**	**1,432**	**—**	**2,248**	**2,971**
$ 17	**$ (103)**	**$ 263**	**$ 1,760**	**$ —**	**$ 2,988**	**$ 2,248**

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

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

Year Ended March 31, 2011
(Amounts in millions)

	School Tax Relief			Mass Transportation Operating Assistance		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	$ 3,300	$ 3,263	$ (37)	$ 1,809	$ 1,777	$ (32)
Miscellaneous	—	—	—	22	12	(10)
Federal grants	—	—	—	—	—	—
Total receipts	**3,300**	**3,263**	**(37)**	**1,831**	**1,789**	**(42)**
DISBURSEMENTS:						
Local assistance grants	3,270	3,234	36	1,812	1,842	(30)
State operations	—	—	—	4	4	—
General state charges	—	—	—	1	—	1
Capital projects	—	—	—	—	—	—
Total disbursements	**3,270**	**3,234**	**36**	**1,817**	**1,846**	**(29)**
Excess (deficiency) of receipts over disbursements	**30**	**29**	**(1)**	**14**	**(57)**	**(71)**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	(30)	(29)	1	54	40	(14)
Transfers to other funds	—	—	—	(31)	(15)	16
Net other financing sources (uses)	**(30)**	**(29)**	**1**	**23**	**25**	**2**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ —**	**$ —**	**$ 37**	**$ (32)**	**$ (69)**

See independent auditors' report.

State Special Revenue Account			Other		
Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
$ —	$ —	$ —	$ 3,083	$ 3,077	$ (6)
3,730	3,401	(329)	11,589	11,741	152
1	—	(1)	3	—	(3)
3,731	**3,401**	**(330)**	**14,675**	**14,818**	**143**
2,984	2,676	308	10,421	10,337	84
5,187	4,997	190	4,374	4,350	24
1,535	1,500	35	409	415	(6)
—	—	—	2	19	(17)
9,706	**9,173**	**533**	**15,206**	**15,121**	**85**
(5,975)	**(5,772)**	**203**	**(531)**	**(303)**	**228**
10,175	7,112	(3,063)	283	23,794	23,511
(4,177)	(1,281)	2,896	47	(23,477)	(23,524)
5,998	**5,831**	**(167)**	**330**	**317**	**(13)**
$ 23	**$ 59**	**$ 36**	**$ (201)**	**$ 14**	**$ 215**

(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, 2011
(Amounts in millions)

	Eliminations		Total		
	Financial Plan	Actual	Financial Plan	Actual	Variance
RECEIPTS:					
Taxes	$ —	$ —	$ 8,192	$ 8,117	$ (75)
Miscellaneous	—	—	15,341	15,154	(187)
Federal grants	—	—	4	—	(4)
Total receipts	**—**	**—**	**23,537**	**23,271**	**(266)**
DISBURSEMENTS:					
Local assistance grants	—	—	18,487	18,089	398
State operations	—	—	9,565	9,351	214
General state charges	—	—	1,945	1,915	30
Capital projects	—	—	2	19	(17)
Total disbursements	**—**	**—**	**29,999**	**29,374**	**625**
Excess (deficiency) of receipts over disbursements	**—**	**—**	**(6,462)**	**(6,103)**	**359**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	(3,230)	(22,840)	7,252	8,077	825
Transfers to other funds	3,230	22,840	(931)	(1,933)	(1,002)
Net other financing sources (uses)	**—**	**—**	**6,321**	**6,144**	**(177)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ —**	**$ (141)**	**$ 41**	**$ 182**

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 Fund—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, 2011
(Amounts in millions)

	Mental Health Services	State Housing Debt	Department of Health Income	Clean Water/ Clean Air	Local Government Assistance Tax
ASSETS:					
Cash and investments	$ 140	$ —	$ 55	$ —	$ 464
Receivables, net of allowance for uncollectibles:					
Taxes	—	—	—	22	195
Other	59	15	25	—	—
Due from other funds	313	—	6	—	—
Total assets	**$ 512**	**$ 15**	**$ 86**	**$ 22**	**$ 659**
LIABILITIES:					
Tax refunds payable	$ —	$ —	$ —	$ —	$ 21
Accounts payable	—	—	—	—	1
Accrued liabilities	—	—	9	—	—
Due to other funds	—	—	—	22	165
Deferred revenues	4	14	3	—	15
Total liabilities	**4**	**14**	**12**	**22**	**202**
FUND BALANCES (DEFICITS):					
Reserved for debt service	100	—	20	—	460
Unreserved	408	1	54	—	(3)
Total fund balances	**508**	**1**	**74**	**—**	**457**
Total liabilities and fund balances	**$ 512**	**$ 15**	**$ 86**	**$ 22**	**$ 659**

See independent auditors' report.

Totals	
2011	**2010**
$ 659	$ 693
217	226
99	84
319	377
$ 1,294	**$ 1,380**
$ 21	$ 20
1	1
9	8
187	193
36	40
254	**262**
580	618
460	500
1,040	**1,118**
$ 1,294	**$ 1,380**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

Year Ended March 31, 2011
(Amounts in millions)

	Mental Health Services	State Housing Debt	Department of Health Income	Clean Water/ Clean Air	Local Government Assistance Tax
REVENUES:					
Taxes:					
Consumption and use	$ —	$ —	$ —	$ —	$ 2,853
Other	—	—	—	483	—
Patient fees	324	—	120	—	—
Miscellaneous	36	15	—	—	2
Total revenues	**360**	**15**	**120**	**483**	**2,855**
EXPENDITURES:					
Non-personal service	3	—	2	—	11
Debt service, including payments on financing arrangements	325	17	31	—	388
Total expenditures	**328**	**17**	**33**	**—**	**399**
Excess (deficiency) of revenues over expenditures	**32**	**(2)**	**87**	**483**	**2,456**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	3,703	4	42	—	—
Transfers to other funds	(3,766)	—	(127)	(483)	(2,509)
Refunding debt issued	—	—	—	—	456
Payments to escrow agents for refundings	—	—	—	—	(510)
Swap termination	—	—	—	—	—
Premiums on bonds issued	—	—	—	—	56
Net other financing sources (uses)	**(63)**	**4**	**(85)**	**(483)**	**(2,507)**
Net change in fund balances	**(31)**	**2**	**2**	**—**	**(51)**
Fund balances (deficits) at April 1, 2010	**539**	**(1)**	**72**	**—**	**508**
Fund balances at March 31, 2011	**$ 508**	**$ 1**	**$ 74**	**$ —**	**$ 457**

See independent auditors' report.

Totals	
2011	2010
$ 2,853	$ 2,626
483	303
444	485
53	53
3,833	3,467
16	29
761	772
777	801
3,056	2,666
3,749	3,932
(6,885)	(6,316)
456	1,072
(510)	(1,107)
—	(47)
56	95
(3,134)	(2,371)
(78)	295
1,118	823
$ 1,040	$ 1,118

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

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

Year Ended March 31, 2011
(Amounts in millions)

	Mental Health Services			Clean Water/Clean Air		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	$ —	$ —	$ —	$ 447	$ 461	$ 14
Miscellaneous	298	310	12	—	—	—
Total receipts	**298**	**310**	**12**	**447**	**461**	**14**
DISBURSEMENTS:						
State operations	8	4	4	—	—	—
Debt service	297	278	19	—	—	—
Total disbursements	**305**	**282**	**23**	**—**	**—**	**—**
Excess (deficiency) of receipts over disbursements	**(7)**	**28**	**35**	**447**	**461**	**14**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	3,826	3,760	(66)	—	—	—
Transfers to other funds	(3,821)	(3,766)	55	(447)	(461)	(14)
Net other financing sources (uses)	**5**	**(6)**	**(11)**	**(447)**	**(461)**	**(14)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (2)**	**$ 22**	**$ 24**	**$ —**	**$ —**	**$ —**

See independent auditors' report.

Local Government Assistance Tax			Other		
Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
$ 2,688	$ 2,697	$ 9	$ 1	$ —	$ (1)
1	—	(1)	608	590	(18)
2,689	**2,697**	**8**	**609**	**590**	**(19)**
13	7	6	10	8	2
347	339	8	118	120	(2)
360	**346**	**14**	**128**	**128**	**—**
2,329	**2,351**	**22**	**481**	**462**	**(19)**
—	—	—	44	198,143	198,099
(2,328)	(2,351)	(23)	(448)	(198,584)	(198,136)
(2,328)	**(2,351)**	**(23)**	**(404)**	**(441)**	**(37)**
$ 1	**$ —**	**$ (1)**	**$ 77**	**$ 21**	**$ (56)**

(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, 2011

(Amounts in millions)

	Total		
	Financial Plan	Actual	Variance
RECEIPTS:			
Taxes	$ 3,136	$ 3,158	$ 22
Miscellaneous	907	900	(7)
Total receipts	**4,043**	**4,058**	**15**
DISBURSEMENTS:			
State operations	31	19	12
Debt service	762	737	25
Total disbursements	**793**	**756**	**37**
Excess (deficiency) of receipts over disbursements	**3,250**	**3,302**	**52**
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	3,870	3,808	(62)
Transfers to other funds	(7,044)	(7,067)	(23)
Net other financing sources (uses)	**(3,174)**	**(3,259)**	**(85)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 76**	**$ 43**	**$ (33)**

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 governments, 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, 2011
(Amounts in millions)

	State Capital Projects	Dedicated Highway and Bridge Trust	Environmental Protection	Transportation Capital Facilities Bond	Environmental Quality Protection Bond	Rebuild and Renew New York Transportation Bond	Environmental Quality Bond
ASSETS:							
Cash and investments	$ 1,590	$ 74	$ 57	$ 3	$ 3	$ 228	$ 1
Receivables, net of allowance for uncollectibles:							
Taxes	—	69	—	—	—	—	—
Due from Federal government	—	—	—	—	—	—	—
Other	159	19	1	—	—	—	—
Due from other funds	155	85	—	—	—	—	—
Other assets	—	—	—	—	—	—	—
Total assets	**$ 1,904**	**$ 247**	**$ 58**	**$ 3**	**$ 3**	**$ 228**	**$ 1**
LIABILITIES:							
Tax refunds payable	$ —	$ 20	$ —	$ —	$ —	$ —	$ —
Accounts payable	119	86	11	—	—	—	—
Accrued liabilities	1	41	1	—	—	—	—
Payable to local governments	298	3	4	—	—	—	—
Due to other funds	69	266	—	—	—	10	—
Deferred revenues	2	2	—	—	—	—	—
Total liabilities	**489**	**418**	**16**	**—**	**—**	**10**	**—**
FUND BALANCES (DEFICITS):							
Reserved for:							
Encumbrances	1,165	1,439	268	—	—	—	—
Other specified purposes	531	18	—	—	—	—	—
Unreserved	(281)	(1,628)	(226)	3	3	218	1
Total fund balances (deficits)	**1,415**	**(171)**	**42**	**3**	**3**	**218**	**1**
Total liabilities and fund balances (deficits)	**$ 1,904**	**$ 247**	**$ 58**	**$ 3**	**$ 3**	**$ 228**	**$ 1**

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 2011	Totals 2010
	$ —	$ —	$ 20	$ —	$ —	$ 146	$ 168	$ 339	$ —	**$ 2,629**	$ 3,188
	—	—	—	—	—	—	—	—	—	**69**	61
	—	104	—	—	—	—	—	—	—	**104**	226
	9	—	—	—	—	—	—	—	—	**188**	184
	—	137	—	—	—	—	—	—	(147)	**230**	163
	—	—	—	—	7	—	—	1	—	**8**	8
	$ 9	**$ 241**	**$ 20**	**$ —**	**$ 7**	**$ 146**	**$ 168**	**$ 340**	**$ (147)**	**$ 3,228**	**$ 3,830**
	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	**$ 20**	$ 18
	8	93	—	—	1	6	24	4	—	**352**	555
	2	1	—	—	—	7	—	1	—	**54**	66
	—	59	—	—	—	2	—	1	—	**367**	215
	108	88	—	172	29	1	27	18	(147)	**641**	611
	5	—	—	—	—	—	—	—	—	**9**	12
	123	**241**	**—**	**172**	**30**	**16**	**51**	**24**	**(147)**	**1,443**	**1,477**
	134	3,591	—	3	22	352	191	30	—	**7,195**	7,545
	—	—	—	—	—	—	—	—	—	**549**	87
	(248)	(3,591)	20	(175)	(45)	(222)	(74)	286	—	**(5,959)**	(5,279)
	(114)	**—**	**20**	**(172)**	**(23)**	**130**	**117**	**316**	**—**	**1,785**	**2,353**
	$ 9	**$ 241**	**$ 20**	**$ —**	**$ 7**	**$ 146**	**$ 168**	**$ 340**	**$ (147)**	**$ 3,228**	**$ 3,830**

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

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2011

(Amounts in millions)

	State Capital Projects	Dedicated Highway and Bridge Trust	Environmental Protection	Transportation Capital Facilities Bond	Environmental Quality Protection Bond	Rebuild and Renew New York Transportation Bond	Environmental Quality Bond
REVENUES:							
Taxes:							
Consumption and use	$ —	$ 601	$ —	$ —	$ —	$ —	$ —
Business	—	624	—	—	—	—	—
Other	—	—	119	—	—	—	—
Federal grants	—	5	—	—	—	—	—
Miscellaneous	1	836	11	—	—	—	—
Total revenues	**1**	**2,066**	**130**	**—**	**—**	**—**	**—**
EXPENDITURES:							
Local assistance grants:							
Social services	—	—	—	—	—	—	—
Education	293	—	—	—	—	—	—
Mental hygiene	17	—	—	—	—	—	—
Health and environment	250	—	—	—	—	—	—
Transportation	250	12	—	—	—	—	—
Miscellaneous	1,165	—	25	—	—	—	—
Capital construction	378	1,960	124	—	—	2	—
Total expenditures	**2,353**	**1,972**	**149**	**—**	**—**	**2**	**—**
Excess (deficiency) of revenues over expenditures	**(2,352)**	**94**	**(19)**	**—**	**—**	**(2)**	**—**
OTHER FINANCING SOURCES (USES):							
Transfers from other funds	992	864	—	—	—	—	—
Transfers to other funds	(57)	(1,372)	(14)	—	(1)	(446)	(8)
General obligation bonds issued	—	—	—	—	1	450	8
Financing arrangements issued	1,070	—	—	—	—	—	—
Premiums on bonds issued	72	—	—	—	—	25	—
Net other financing sources (uses)	**2,077**	**(508)**	**(14)**	**—**	**—**	**29**	**—**
Net change in fund balances	**(275)**	**(414)**	**(33)**	**—**	**—**	**27**	**—**
Fund balances (deficits) at April 1, 2010	**1,690**	**243**	**75**	**3**	**3**	**191**	**1**
Fund balances (deficits) at March 31, 2011	**$ 1,415**	**$ (171)**	**$ 42**	**$ 3**	**$ 3**	**$ 218**	**$ 1**

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 2011	Totals 2010
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	**$ 601**	$ 589
—	—	—	—	—	—	—	—	—	**624**	634
—	—	—	—	—	—	—	—	—	**119**	199
—	2,372	—	—	—	—	—	—	—	**2,377**	1,836
23	2	—	105	—	2	—	35	—	**1,015**	1,007
23	**2,374**	**—**	**105**	**—**	**2**	**—**	**35**	**—**	**4,736**	**4,265**
—	—	—	41	—	—	—	3	—	**44**	1
—	—	—	—	—	—	—	—	—	**293**	325
—	—	—	—	—	98	—	—	—	**115**	103
—	385	—	—	—	—	—	—	—	**635**	384
—	559	—	—	—	—	—	4	—	**825**	651
2	—	—	89	—	—	—	118	—	**1,399**	677
91	1,194	—	—	7	133	225	60	—	**4,174**	5,029
93	**2,138**	**—**	**130**	**7**	**231**	**225**	**185**	**—**	**7,485**	**7,170**
(70)	**236**	**—**	**(25)**	**(7)**	**(229)**	**(225)**	**(150)**	**—**	**(2,749)**	**(2,905)**
12	34	—	1	7	1	—	—	(835)	**1,076**	662
(20)	(270)	(45)	—	—	—	—	(9)	835	**(1,407)**	(1,236)
—	—	32	—	—	—	—	9	—	**500**	449
—	—	—	—	—	274	266	275	—	**1,885**	3,923
—	—	1	—	—	27	1	1	—	**127**	168
(8)	**(236)**	**(12)**	**1**	**7**	**302**	**267**	**276**	**—**	**2,181**	**3,966**
(78)	**—**	**(12)**	**(24)**	**—**	**73**	**42**	**126**	**—**	**(568)**	**1,061**
(36)	**—**	**32**	**(148)**	**(23)**	**57**	**75**	**190**	**—**	**2,353**	**1,292**
$ (114)	**$ —**	**$ 20**	**$ (172)**	**$ (23)**	**$ 130**	**$ 117**	**$ 316**	**$ —**	**$ 1,785**	**$ 2,353**

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

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2011
(Amounts in millions)

	State Capital Projects			Dedicated Highway and Bridge Trust		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	$ —	$ —	$ —	$ 1,209	$ 1,219	$ 10
Miscellaneous	1,985	1,920	(65)	1,296	1,276	(20)
Federal grants	—	—	—	5	6	1
Total receipts	**1,985**	**1,920**	**(65)**	**2,510**	**2,501**	**(9)**
DISBURSEMENTS:						
Local assistance grants	1,412	1,459	(47)	45	12	33
Capital projects	1,590	1,361	229	2,055	1,960	95
Total disbursements	**3,002**	**2,820**	**182**	**2,100**	**1,972**	**128**
Excess (deficiency) of receipts over disbursements	**(1,017)**	**(900)**	**117**	**410**	**529**	**119**
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds, net	—	—	—	—	—	—
Transfers from other funds	1,056	924	(132)	936	864	(72)
Transfers to other funds	(39)	(24)	15	(1,367)	(1,372)	(5)
Net other financing sources (uses)	**1,017**	**900**	**(117)**	**(431)**	**(508)**	**(77)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ —**	**$ —**	**$ (21)**	**$ 21**	**$ 42**

See independent auditors' report.

Federal Capital Projects			Department of Transportation Engineering Services		
Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
$ —	$ —	$ —	$ —	$ —	$ —
—	2	2	—	—	—
2,461	2,494	33	—	—	—
2,461	**2,496**	**35**	**—**	**—**	**—**
845	984	(139)	—	—	—
1,197	1,159	38	3	7	(4)
2,042	**2,143**	**(101)**	**3**	**7**	**(4)**
419	**353**	**(66)**	**(3)**	**(7)**	**(4)**
—	—	—	—	—	—
—	34	34	3	7	4
(357)	(270)	87	—	—	—
(357)	**(236)**	**121**	**3**	**7**	**4**
$ 62	**$ 117**	**$ 55**	**$ —**	**$ —**	**$ —**

(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, 2011

(Amounts in millions)

	Other			Eliminations	
	Financial Plan	Actual	Variance	Financial Plan	Actual
RECEIPTS:					
Taxes	$ 119	$ 119	$ —	$ —	$ —
Miscellaneous	908	650	(258)	—	—
Federal grants	—	(1)	(1)	—	—
Total receipts	**1,027**	**768**	**(259)**	**—**	**—**
DISBURSEMENTS:					
Local assistance grants	342	277	65	—	—
Capital projects	785	626	159	—	—
Total disbursements	**1,127**	**903**	**224**	**—**	**—**
Excess (deficiency) of receipts over disbursements	**(100)**	**(135)**	**(35)**	**—**	**—**
OTHER FINANCING SOURCES (USES):					
Bond and note proceeds, net	578	525	(53)	—	—
Transfers from other funds	72	(159)	(231)	(963)	(539)
Transfers to other funds	(618)	(283)	335	963	539
Net other financing sources (uses)	**32**	**83**	**51**	**—**	**—**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (68)**	**$ (52)**	**$ 16**	**$ —**	**$ —**

See independent auditors' report.

Total		
Financial Plan	Actual	Variance
$ 1,328	$ 1,338	$ 10
4,189	3,848	(341)
2,466	2,499	33
7,983	**7,685**	**(298)**
2,644	2,732	(88)
5,630	5,113	517
8,274	**7,845**	**429**
(291)	**(160)**	**131**
578	525	(53)
1,104	1,131	27
(1,418)	(1,410)	8
264	**246**	**(18)**
$ (27)	**$ 86**	**$ 113**

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

Fiduciary Funds

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

Private Purpose Trust Funds:

Agriculture and Milk Producers' 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.

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, 2011
(Amounts in millions)

	Agriculture Producers' Security	Milk Producers' Security	Abandoned Property	Tuition Savings Program	Totals 2011	Totals 2010
ASSETS:						
Cash and investments	$ 1	$ 8	$ 384	$ 11,009	**$ 11,402**	$ 9,477
Receivables, net of allowance for uncollectibles	—	—	123	39	**162**	158
Due from other funds	—	—	939	—	**939**	814
Total assets	**1**	**8**	**1,446**	**11,048**	**12,503**	**10,449**
LIABILITIES:						
Accrued liabilities	—	—	1,446	32	**1,478**	1,373
Total liabilities	**—**	**—**	**1,446**	**32**	**1,478**	**1,373**
NET ASSETS:						
Reserved for other specified purposes	1	8	—	11,016	**11,025**	9,076
Total net assets	**$ 1**	**$ 8**	**$ —**	**$ 11,016**	**$ 11,025**	**$ 9,076**

See independent auditors' report.

Combining Statement of Changes in Fiduciary Net Assets

PRIVATE PURPOSE TRUSTS

March 31, 2011
(Amounts in millions)

	Agriculture Producers' Security	Milk Producers' Security	Abandoned Property	Tuition Savings Program	Totals 2011	Totals 2010
Additions:						
Investment income	$ —	$ —	$ —	$ 18	$ 18	$ 6
Dividend income	—	—	—	225	225	211
Other income	—	—	—	—	—	1
Net increase in the fair value of investments	—	—	—	911	911	1,137
Total investment and other losses	**—**	**—**	**—**	**1,154**	**1,154**	**1,355**
Less:						
Investment expenses	—	—	—	(40)	(40)	(39)
Net investment and other losses	**—**	**—**	**—**	**1,114**	**1,114**	**1,316**
Contributions:						
College savings	—	—	—	1,837	1,837	2,700
Total contributions	**—**	**—**	**—**	**1,837**	**1,837**	**2,700**
Net transfers from General Fund	—	—	289	—	289	220
Total additions	**—**	**—**	**289**	**2,951**	**3,240**	**4,236**
Deductions:						
College aid redemptions	—	—	—	1,001	1,001	1,957
Claims paid	—	—	289	—	289	220
Miscellaneous	1	—	—	—	1	1
Total deductions	**1**	**—**	**289**	**1,001**	**1,291**	**2,178**
Net increase (decrease)	**(1)**	**—**	**—**	**1,950**	**1,949**	**2,058**
Net assets held in trust at April 1, 2010	**2**	**8**	**—**	**9,066**	**9,076**	**7,018**
Net assets held in trust at March 31, 2011	**$ 1**	**$ 8**	**$ —**	**$ 11,016**	**$ 11,025**	**$ 9,076**

See independent auditors' report.

Combining Statement of Fiduciary Net Assets

AGENCY FUNDS

March 31, 2011
(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	$ 35	$ 349	$ 1	$ 12	$ 4
Receivables, net of allowance for uncollectibles	—	61	—	—	2
Other assets	—	116	—	—	—
Total assets	**$ 35**	**$ 526**	**$ 1**	**$ 12**	**$ 6**
LIABILITIES:					
Accounts payable	$ —	$ 1	$ —	$ —	$ —
Accrued liabilities	35	179	1	12	1
Payable to local governments	—	346	—	—	5
Total liabilities	**$ 35**	**$ 526**	**$ 1**	**$ 12**	**$ 6**

See independent auditors' report.

Management Confidential Group Insurance	CUNY Senior College Operating	MMIS Statewide Escrow	Sole Custody	Miscellaneous	Totals 2011	Totals 2010
$ 1	$ 27	$ 248	$ 1,901	$ 584	**$ 3,162**	$ 3,176
—	1	—	32	38	**134**	78
—	—	—	—	—	**116**	37
$ 1	**$ 28**	**$ 248**	**$ 1,933**	**$ 622**	**$ 3,412**	**$ 3,291**
$ —	$ 13	$ —	$ —	$ 9	**$ 23**	$ 24
1	15	248	725	575	**1,792**	1,539
—	—	—	1,208	38	**1,597**	1,728
$ 1	**$ 28**	**$ 248**	**$ 1,933**	**$ 622**	**$ 3,412**	**$ 3,291**

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

March 31, 2011
(Amounts in millions)

	Balance April 1, 2010	Additions	Deductions	Balance March 31, 2011
School Capital Facilities Financing Reserve				
ASSETS:				
Cash and investments	$ 34	$ 27	$ 26	$ 35
Due from other funds	—	8	8	—
Total assets	**$ 34**	**$ 35**	**$ 34**	**$ 35**
LIABILITIES:				
Accounts payable	$ —	$ 26	$ 26	$ —
Accrued liabilities	34	32	31	35
Total liabilities	**$ 34**	**$ 58**	**$ 57**	**$ 35**
Employees Health Insurance				
ASSETS:				
Cash and investments	$ 520	$ 6,865	$ 7,036	$ 349
Receivables, net of allowance for uncollectibles	21	61	21	61
Due from other funds	—	184	184	—
Other assets	37	116	37	116
Total assets	**$ 578**	**$ 7,226**	**$ 7,278**	**$ 526**
LIABILITIES:				
Accounts payable	$ 2	$ 7,406	$ 7,407	$ 1
Accrued liabilities	125	8,292	8,238	179
Payable to local governments	451	346	451	346
Due to other funds	—	66	66	—
Total liabilities	**$ 578**	**$ 16,110**	**$ 16,162**	**$ 526**
Social Security Contribution				
ASSETS:				
Cash and investments	$ 1	$ 1,043	$ 1,043	$ 1
Total assets	**$ 1**	**$ 1,043**	**$ 1,043**	**$ 1**
LIABILITIES:				
Accounts payable	$ —	$ 1,043	$ 1,043	$ —
Accrued liabilities	1	955	955	1
Total liabilities	**$ 1**	**$ 1,998**	**$ 1,998**	**$ 1**

(Continued)

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

AGENCY FUNDS

March 31, 2011
(Amounts in millions)

	Balance April 1, 2010	Additions	Deductions	Balance March 31, 2011
NYS Employee Payroll Withholding				
ASSETS:				
Cash and investments	$ 33	$ 4,252	$ 4,273	$ 12
Total assets	**$ 33**	**$ 4,252**	**$ 4,273**	**$ 12**
LIABILITIES:				
Accounts payable	$ —	$ 3,400	$ 3,400	$ —
Accrued liabilities	33	4,281	4,302	12
Due to other funds	—	45	45	—
Total liabilities	**$ 33**	**$ 7,726**	**$ 7,747**	**$ 12**
Employees Dental Insurance				
ASSETS:				
Cash and investments	$ 2	$ 86	$ 84	$ 4
Receivables, net of allowance for uncollectibles	6	2	6	2
Due from other funds	—	12	12	—
Total assets	**$ 8**	**$ 100**	**$ 102**	**$ 6**
LIABILITIES:				
Accounts payable	$ —	$ 82	$ 82	$ —
Accrued liabilities	1	87	87	1
Payable to local governments	7	5	7	5
Total liabilities	**$ 8**	**$ 174**	**$ 176**	**$ 6**
Management Confidential Group Insurance				
ASSETS:				
Cash and investments	$ 1	$ 9	$ 9	$ 1
Due from other funds	—	1	1	—
Total assets	**$ 1**	**$ 10**	**$ 10**	**$ 1**
LIABILITIES:				
Accounts payable	$ —	$ 8	$ 8	$ —
Accrued liabilities	1	10	10	1
Total liabilities	**$ 1**	**$ 18**	**$ 18**	**$ 1**

(Continued)

See independent auditors' report.

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

AGENCY FUNDS

March 31, 2011
(Amounts in millions)

	Balance April 1, 2010	Additions	Deductions	Balance March 31, 2011
CUNY Senior College Operating				
ASSETS:				
Cash and investments	$ 18	$ 1,792	$ 1,783	$ 27
Receivables, net of allowance for uncollectibles	1	1	1	1
Due from other funds	—	63	63	—
Total assets	**$ 19**	**$ 1,856**	**$ 1,847**	**$ 28**
LIABILITIES:				
Accounts payable	$ 9	$ 1,711	$ 1,707	$ 13
Accrued liabilities	10	1,939	1,934	15
Due to other funds	—	22	22	—
Total liabilities	**$ 19**	**$ 3,672**	**$ 3,663**	**$ 28**
MMIS Statewide Escrow				
ASSETS:				
Cash and investments	$ 294	$ 46,053	$ 46,099	$ 248
Due from other funds	—	1,315	1,315	—
Total assets	**$ 294**	**$ 47,368**	**$ 47,414**	**$ 248**
LIABILITIES:				
Accounts payable	$ —	$ 43,387	$ 43,387	$ —
Accrued liabilities	182	33,924	33,858	248
Payable to local governments	112	2,019	2,131	—
Due to other funds	—	108	108	—
Total liabilities	**$ 294**	**$ 79,438**	**$ 79,484**	**$ 248**
Sole Custody				
ASSETS:				
Cash and investments	$ 1,682	$ 1,903	$ 1,684	$ 1,901
Receivables, net of allowance for uncollectibles	22	32	22	32
Total assets	**$ 1,704**	**$ 1,935**	**$ 1,706**	**$ 1,933**
LIABILITIES:				
Accrued liabilities	$ 575	$ 727	$ 577	$ 725
Payable to local governments	1,129	1,208	1,129	1,208
Total liabilities	**$ 1,704**	**$ 1,935**	**$ 1,706**	**$ 1,933**

(Continued)

See independent auditors' report.

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

AGENCY FUNDS

March 31, 2011
(Amounts in millions)

	Balance April 1, 2010	Additions	Deductions	Balance March 31, 2011
Miscellaneous				
ASSETS:				
Cash and investments	$ 591	$ 5,004	$ 5,011	$ 584
Receivables, net of allowance for uncollectibles	28	38	28	38
Due from other funds	—	594	594	—
Total assets	**$ 619**	**$ 5,636**	**$ 5,633**	**$ 622**
LIABILITIES:				
Accounts payable	$ 13	$ 535	$ 539	$ 9
Accrued liabilities	577	5,851	5,853	575
Payable to local governments	29	41	32	38
Due to other funds	—	719	719	—
Total liabilities	**$ 619**	**$ 7,146**	**$ 7,143**	**$ 622**
Total Assets and Liabilities—All Agency Funds				
ASSETS:				
Cash and investments	$ 3,176	$ 67,034	$ 67,048	$ 3,162
Receivables, net of allowance for uncollectibles	78	134	78	134
Due from other funds	—	2,176	2,176	—
Other assets	37	116	37	116
Total assets	**$ 3,291**	**$ 69,460**	**$ 69,339**	**$ 3,412**
LIABILITIES:				
Accounts payable	$ 24	$ 57,598	$ 57,599	$ 23
Accrued liabilities	1,539	56,098	55,845	1,792
Payable to local governments	1,728	3,619	3,750	1,597
Due to other funds	—	960	960	—
Total liabilities	**$ 3,291**	**$ 118,275**	**$ 118,154**	**$ 3,412**

See independent auditors' report.

STATE OF NEW YORK COMPTROLLER

EXCELSIOR

Non-Major Component Units

The non-major component units listed are significant separate legal entities that are discretely presented in the State's financial statements. The inclusion of component units in the State's financial statements reflects the State's financial accountability for these entities.

Health Research Incorporated—administers gifts and grants in keeping with the research, prevention and treatment purposes of the New York State Department of Health and the Roswell Park Cancer Institute Corporation.

Housing Trust Fund Corporation—administers significant Federal and State low income housing programs.

Hugh L. Carey Battery Park City Authority—engages in the improvement of the Battery Park City Project Area (a 92-acre site on the lower west side of Manhattan); the creation in the area of a mixed commercial and residential community; and the making of loans secured by first mortgages to housing companies organized to provide housing within the project area.

Municipal Bond Bank Agency—provides access to the capital markets for special programs and purposes that benefit the State of New York and its municipalities.

New York State Energy Research and Development Authority—conducts and finances a multifaceted energy and environmental research and development program; promotes energy efficiency measures; manages the Western New York Nuclear Service Center at West Valley; and coordinates the State's activities on nuclear energy matters.

New York State Higher Education Services Corporation—administers the State's Guaranteed Student Loan Programs.

Niagara Frontier Transportation Authority—promotes the development and improvement of transportation and related services within the Niagara Frontier Transportation District, and operates a number of transportation related business centers including aviation, surface transportation and property management.

Roswell Park Cancer Institute Corporation—as a public hospital and medical research center, provides total care to cancer patients, conducts research into the causes, treatment and prevention of cancer, and educates those who treat and study cancer.

SUNY Foundations—include campus-related foundations and student housing corporations reported as an aggregate discretely presented component unit in the State University of New York financial statements. The campus-related foundations are responsible for the fiscal administration of revenues and support received for the promotion, development and advancement of the welfare of the campuses. The student housing corporations operate and administer certain housing and related services for students.

CUNY Foundations—include fifteen campus-related foundations reported as discretely presented component units in the City University of New York Senior Colleges' financial statements. These foundations support both academic and general needs of the colleges and their students.

Miscellaneous—aggregation of 23 other non-major component units listed in Note 14.

Combining Statement of Net Assets

DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS

March 31, 2011
(Amounts in millions)

	Health Research Incorporated	Housing Trust Fund Corporation	Hugh L. Carey Battery Park City Authority	Municipal Bond Bank Agency	NYS Energy Research & Development Authority	NYS Higher Education Services Corporation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:						
Cash and investments	$ 272	$ 241	$ 633	$ 29	$ 926	$ 106
Receivables, net of allowances for uncollectibles:						
Loans, leases, and notes	—	6	1	750	1	—
Other	66	18	3	14	30	38
Other assets	58	—	47	—	—	5
Capital assets:						
Construction in progress	—	—	—	—	—	—
Land and buildings, net of depreciation	3	—	470	—	14	—
Intangible assets	—	—	—	—	—	—
Derivative instruments	—	—	—	—	—	—
Total assets	**399**	**265**	**1,154**	**793**	**971**	**149**
Deferred outflows of resources	—	—	72	—	—	—
Total assets and deferred outflows of resources	**399**	**265**	**1,226**	**793**	**971**	**149**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:						
Accounts payable	42	—	2	—	30	17
Accrued liabilities	20	26	307	13	67	—
Pension contributions payable	—	—	—	—	—	—
Deferred revenues	—	—	40	—	4	—
Notes payable	—	—	—	—	—	—
Bonds payable	—	—	20	45	—	—
Current portion of other long-term liabilities	—	—	—	—	3	—
Due in more than one year:						
Accrued liabilities	3	—	20	27	—	10
Pension contributions payable	—	—	—	—	—	—
Other postemployment benefits	88	1	25	—	—	—
Pollution remediation	—	—	—	—	—	—
Deferred revenues	164	—	328	—	—	—
Notes payable	—	—	—	—	—	—
Bonds payable	—	—	1,067	722	—	—
Other long-term liabilities	58	—	—	—	4	5
Derivative instruments	—	—	72	—	—	—
Total liabilities	**375**	**27**	**1,881**	**807**	**108**	**32**
Deferred inflows of resources	—	—	—	—	—	—
Total liabilities and deferred inflows of resources	**375**	**27**	**1,881**	**807**	**108**	**32**
NET ASSETS (DEFICITS):						
Invested in capital assets, net of related debt	—	—	7	—	14	—
Restricted for:						
Debt service	—	—	62	—	—	—
Higher education	—	—	—	—	—	117
Insurance requirements	—	—	—	—	—	—
Other purposes	—	136	42	—	846	—
Unrestricted (deficit)	24	102	(766)	(14)	3	—
Total net assets (deficits)	**$ 24**	**$ 238**	**$ (655)**	**$ (14)**	**$ 863**	**$ 117**

See independent auditors' report.

Niagara Frontier Transportation Authority	Roswell Park Cancer Institute Corporation	SUNY Foundations	CUNY Foundations	Miscellaneous	Totals 2011	Totals 2010
$ 62	$ 369	$ 1,339	$ 410	$ 967	**$ 5,354**	$ 4,810
—	—	—	—	43	**801**	535
19	75	114	144	134	**655**	661
9	15	43	10	21	**208**	159
28	21	34	—	49	**132**	124
699	288	352	9	594	**2,429**	2,353
—	—	—	—	1	**1**	—
—	—	—	—	2	**2**	—
817	**768**	**1,882**	**573**	**1,811**	**9,582**	**8,642**
—	—	—	—	—	**72**	—
817	**768**	**1,882**	**573**	**1,811**	**9,654**	**8,642**
—	—	—	—	40	**131**	137
26	99	140	10	334	**1,042**	976
—	—	—	—	8	**8**	2
3	—	2	—	58	**107**	112
—	—	—	3	—	**3**	—
13	12	25	—	11	**126**	90
4	—	—	—	15	**22**	18
—	—	—	—	17	**77**	84
1	—	—	—	44	**45**	44
62	180	—	—	274	**630**	690
—	—	—	—	1	**1**	—
—	—	—	—	1	**493**	352
—	—	—	18	20	**38**	2
141	229	353	—	65	**2,577**	2,188
67	—	—	—	41	**175**	123
5	—	—	—	—	**77**	—
322	**520**	**520**	**31**	**929**	**5,552**	**4,818**
—	—	—	—	2	**2**	—
322	**520**	**520**	**31**	**931**	**5,554**	**4,818**
535	90	110	—	578	**1,334**	1,259
—	—	—	—	8	**70**	68
—	—	1,023	494	—	**1,634**	1,551
—	—	—	—	9	**9**	9
48	107	—	—	196	**1,375**	1,292
(88)	51	229	48	89	**(322)**	(355)
$ 495	**$ 248**	**$ 1,362**	**$ 542**	**$ 880**	**$ 4,100**	**$ 3,824**

Combining Statement of Activities

DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS

Year Ended March 31, 2011

(Amounts in millions)

	Health Research Incorporated	Housing Trust Fund Corporation	Hugh L. Carey Battery Park City Authority	Municipal Bond Bank Agency	NYS Energy Research & Development Authority	NYS Higher Education Services Corporation
EXPENSES:						
Program operations	$ 617	$ 1,666	$ 590	$ 2	$ 457	$ 967
Interest on long-term debt	—	—	29	30	—	—
Other interest	—	—	—	—	—	—
Depreciation and amortization	—	—	10	—	2	—
Other expenses	45	2	—	—	11	1
Total expenses	**662**	**1,668**	**629**	**32**	**470**	**968**
PROGRAM REVENUES:						
Charges for services	3	—	230	33	12	950
Operating grants and contributions	658	1,691	—	—	105	—
Capital grants and contributions	—	—	—	—	—	—
Total program revenues	**661**	**1,691**	**230**	**33**	**117**	**950**
Net program revenue (expenses)	**(1)**	**23**	**(399)**	**1**	**(353)**	**(18)**
GENERAL REVENUES:						
Non-State grants and contributions not restricted to specific programs	—	—	—	—	—	—
Investment earnings:						
Restricted	—	—	—	1	—	—
Unrestricted	4	—	—	—	1	—
Miscellaneous	—	4	—	—	518	—
Total general revenues	**4**	**4**	**—**	**1**	**519**	**—**
Change in net assets	**3**	**27**	**(399)**	**2**	**166**	**(18)**
Net assets (deficits)—beginning of year, as restated	**21**	**211**	**(256)**	**(16)**	**697**	**135**
Net assets (deficits)—end of year	**$ 24**	**$ 238**	**$ (655)**	**$ (14)**	**$ 863**	**$ 117**

See independent auditors' report.

Niagara Frontier Transportation Authority	Roswell Park Cancer Institute Corporation	SUNY Foundations	CUNY Foundations	Miscellaneous	Totals 2011	Totals 2010
$ 189	$ 428	$ 166	$ 47	$ 1,048	**$ 6,177**	$ 5,578
—	11	13	—	5	**88**	75
9	—	—	—	—	**9**	9
60	35	14	—	51	**172**	161
6	16	63	11	44	**199**	493
264	**490**	**256**	**58**	**1,148**	**6,645**	**6,316**
63	348	110	—	557	**2,306**	2,408
43	79	173	86	405	**3,240**	3,188
43	—	—	—	78	**121**	80
149	**427**	**283**	**86**	**1,040**	**5,667**	**5,676**
(115)	**(63)**	**27**	**28**	**(108)**	**(978)**	**(640)**
49	26	—	—	45	**120**	128
—	3	16	15	22	**57**	44
—	—	9	13	38	**65**	34
43	38	88	4	22	**717**	596
92	**67**	**113**	**32**	**127**	**959**	**802**
(23)	**4**	**140**	**60**	**19**	**(19)**	**162**
518	**244**	**1,222**	**482**	**861**	**4,119**	**3,662**
$ 495	**$ 248**	**$ 1,362**	**$ 542**	**$ 880**	**$ 4,100**	**$ 3,824**

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 NINE 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	10,753	11,852	13,005	13,101	12,734
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	324	774	514	528
Miscellaneous	6,336	6,978	7,981	13,582	9,558
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	1,537
General purpose	847	869	1,016	1,047	1,192
Health and environment	3,052	3,395	3,490	4,221	4,527
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 contributions	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)
Collateralized borrowing	—	—	—	—	—
General obligation bonds issued	246	147	178	159	180
Financing arrangements issued	3,192	8,249	2,176	1,824	3,019
Refunding debt issued	6,586	4,456	2,168	3,205	543
Payments to escrow agents for refundings	(6,481)	(4,443)	(2,137)	(3,201)	(535)
Swap termination	—	—	—	—	—
Premiums on bonds issued	—	—	—	1	3
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	**3.43%**	**3.71%**	**3.72%**	**4.03%**	**3.39%**

Source: Office of the State Comptroller

Note: Figures restated for prior period adjustments.

Fiscal Year

2008	2009	2010	2011
$ 38,792	$ 33,096	$ 34,536	$ 37,705
13,101	13,131	13,069	14,133
8,163	7,711	7,547	7,115
2,292	1,769	2,753	3,228
37,802	41,637	51,407	54,659
3,900	3,734	4,296	4,655
580	594	491	457
9,410	9,044	11,780	11,371
114,040	**110,716**	**125,879**	**133,323**
42,689	44,741	52,341	53,894
30,208	31,047	31,097	32,380
1,859	1,998	1,912	2,020
928	1,220	1,251	1,037
4,423	4,592	4,250	4,460
3,634	4,109	5,123	5,311
493	516	624	506
3,142	2,901	2,068	2,685
9,230	9,819	9,733	9,857
6,178	5,694	5,826	5,899
1,117	973	874	1,234
3,500	3,840	3,893	4,338
4,467	5,127	5,029	4,174
350	353	355	347
139	127	123	135
3,589	3,622	4,067	4,412
115,946	**120,679**	**128,566**	**132,689**
(1,906)	**(9,963)**	**(2,687)**	**634**
2,709	2,761	2,959	3,315
(4,810)	(5,072)	(5,158)	(5,085)
—	—	—	102
268	455	449	500
3,237	3,689	4,354	2,253
2,280	3,874	2,200	1,907
(2,383)	(3,926)	(2,278)	(2,052)
—	(32)	(94)	(48)
245	215	378	375
1,546	**1,964**	**2,810**	**1,267**
$ (360)	**$ (7,999)**	**$ 123**	**$ 1,901**
3.69%	**3.59%**	**3.71%**	**3.85%**

Net Assets by Component

LAST NINE 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 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
Higher education	1,401	1,082	1,104	1,257	1,344
Other purposes	91	142	151	130	104
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
Higher education	1,401	1,082	1,104	1,257	1,344
Other purposes	232	382	525	2,696	2,417
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		2009		2010		2011	
$	62,800	$	63,476	$	63,797	$	65,118
	2,304		2,321		2,277		2,506
	1,231		517		387		508
	(22,825)		(35,420)		(38,485)		(40,484)
$	**43,510**	**$**	**30,894**	**$**	**27,976**	**$**	**27,648**
$	353	$	569	$	468	$	685
	1,313		351		—		—
	1,634		1,619		1,021		1,003
	110		72		79		105
	807		420		(1,452)		(2,411)
$	**4,217**	**$**	**3,031**	**$**	**116**	**$**	**(618)**
$	63,153	$	64,045	$	64,265	$	65,803
	1,313		351		—		—
	2,304		2,321		2,277		2,506
	1,634		1,619		1,021		1,003
	1,341		589		466		613
	(22,018)		(35,000)		(39,937)		(42,895)
$	**47,727**	**$**	**33,925**	**$**	**28,092**	**$**	**27,030**

Changes in Net Assets

LAST NINE 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	858	1,018	914	974	1,069
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	**42,075**	**45,266**	**45,040**	**49,107**	**46,814**
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	8	116	15	80	73
Total business-type activities program revenues	**13,528**	**13,878**	**14,211**	**14,782**	**15,184**
Total primary government program revenues	**$ 55,603**	**$ 59,144**	**$ 59,251**	**$ 63,889**	**$ 61,998**
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	2009	2010	2011
$ 31,215	$ 32,184	$ 31,075	$ 32,478
44,777	47,233	51,499	52,618
12,491	13,824	16,226	17,091
6,011	6,066	5,641	6,143
6,595	7,164	8,112	7,778
1,275	1,276	1,338	1,625
1,288	1,911	1,713	1,827
7,841	9,457	9,234	9,707
1,862	1,752	1,839	2,040
113,355	**120,867**	**126,677**	**131,307**
5,044	5,235	5,221	5,250
2,412	4,562	10,267	9,414
7,965	8,379	9,509	9,032
2,443	2,617	2,847	2,950
17,864	**20,793**	**27,844**	**26,646**
$ 131,219	**$ 141,660**	**$ 154,521**	**$ 157,953**
$ 88	$ 73	$ 118	$ 119
4,676	4,459	5,086	5,687
597	458	1,024	751
208	194	173	167
1,033	1,109	1,317	1,425
291	297	324	315
539	822	1,528	1,413
1,050	1,920	1,989	1,848
36,509	40,401	50,058	53,072
1,305	1,344	1,240	1,427
46,296	**51,077**	**62,857**	**66,224**
7,548	7,660	7,818	7,868
3,219	3,279	3,533	3,803
504	519	541	614
4,518	5,667	10,903	11,445
61	69	48	76
15,850	**17,194**	**22,843**	**23,806**
$ 62,146	**$ 68,271**	**$ 85,700**	**$ 90,030**
$ (67,828)	$ (70,563)	$ (63,820)	$ (65,083)
(1,660)	(3,599)	(5,001)	(2,840)
$ (69,488)	**$ (74,162)**	**$ (68,821)**	**$ (67,923)**

(Continued)

Changes in Net Assets (cont'd)

LAST NINE 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	10,749	11,828	12,998	13,079	12,727
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	**41,214**	**46,026**	**52,407**	**56,832**	**60,762**
Business-type activities:					
Investment earnings	391	169	81	127	366
Miscellaneous	188	173	453	505	292
Transfers	1,349	923	789	757	1,159
Total business-type activities	**1,928**	**1,265**	**1,323**	**1,389**	**1,817**
Total primary government	**$ 43,142**	**$ 47,291**	**$ 53,730**	**$ 58,221**	**$ 62,579**
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

Note: Figures restated for prior period adjustments.

Fiscal Year			
2008	2009	2010	2011
$ 38,756	$ 33,108	$ 34,521	$ 37,629
13,087	13,137	13,076	14,115
8,157	7,661	7,662	6,892
2,291	1,898	2,780	3,187
—	—	—	—
997	256	115	84
3,876	3,983	4,906	4,663
(1,922)	(2,226)	(2,158)	(1,739)
65,242	**57,817**	**60,902**	**64,831**
639	270	39	208
119	300	235	593
1,543	1,845	1,812	1,307
2,301	**2,415**	**2,086**	**2,108**
$ 67,543	**$ 60,232**	**$ 62,988**	**$ 66,939**
$ (1,817)	$ (11,973)	$ (2,918)	$ (252)
287	(1,184)	(2,915)	(732)
$ (1,530)	**$ (13,157)**	**$ (5,833)**	**$ (984)**

Fund Balances

GOVERNMENTAL FUNDS
LAST NINE 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
2001-2002	$ 24,004	$ 8,836	$ 513	$ 1,559	$ 558	$ 1,156	$ 4,054	$ 40,680
2002-2003	21,967	9,309	552	1,655	514	1,083	3,901	38,981
2003-2004	25,150	10,433	543	1,657	442	860	4,006	43,091
2004-2005	28,382	11,587	557	2,070	427	812	5,072	48,907
2005-2006	31,695	11,199	530	2,985	974	813	5,427	53,623
2006-2007	34,615	10,828	517	4,170	993	809	5,929	57,861
2007-2008	38,792	11,197	520	3,964	967	795	6,113	62,348
2008-2009	33,096	10,906	500	3,265	1,330	875	5,735	55,707
2009-2010	34,536	10,705	516	2,541	1,389	965	7,253	57,905
2010-2011	37,705	11,479	513	2,782	1,608	796	7,298	62,181

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

Note: Figures restated for prior period adjustments.

Fiscal Year			
2008	2009	2010	2011
$ 3,546	$ 2,624	$ 3,125	$ 2,208
405	(5,568)	(6,663)	(4,217)
$ 3,951	**$ (2,944)**	**$ (3,538)**	**$ (2,009)**
$ 10,257	$ 9,787	$ 11,406	$ 11,748
(964)	(1,081)	(1,341)	(1,325)
3,558	2,677	2,093	2,819
(5,144)	(4,798)	(5,279)	(5,959)
93	111	534	502
$ 7,800	**$ 6,696**	**$ 7,413**	**$ 7,785**

Program Revenues by Function/Program

LAST NINE 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	2,209	2,320	2,578	2,540	2,758
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
Interest on long-term debt	—	—	—	—	—
Total governmental activities	**42,075**	**45,266**	**45,040**	**49,107**	**46,814**
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	3,409	3,510	4,123	4,110	4,379
City University of New York	812	930	1,090	1,115	1,140
Total business-type activities	**13,528**	**13,878**	**14,211**	**14,782**	**15,184**
Total primary government	**$ 55,603**	**$ 59,144**	**$ 59,251**	**$ 63,889**	**$ 61,998**

Source: Office of the State Comptroller

Note: Figures restated for prior period adjustments.

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

LAST TEN FISCAL YEARS

(Amounts in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Additions:					
Member contributions	$ 210,202	$ 219,192	$ 221,871	$ 227,308	$ 241,173
Employer contributions	263,846	651,931	1,286,455	2,964,843	2,782,147
Investment income(loss), net of expenses	2,730,952	(11,235,815)	27,334,752	9,679,979	17,615,876
Other	119,366	109,730	77,148	122,767	94,556
Total additions to plan net assets	**3,324,366**	**(10,254,962)**	**28,920,226**	**12,994,897**	**20,733,752**
Deductions:					
Retirement allowances	4,336,455	4,836,206	5,190,147	5,512,849	5,867,718
Death benefits	151,796	148,372	157,314	161,857	161,249
Administrative expenses	66,612	67,496	69,612	65,324	78,506
Other	88,121	45,188	76,816	16,159	43,901
Total deductions from plan assets	**4,642,984**	**5,097,262**	**5,493,889**	**5,756,189**	**6,151,374**
Change in net assets	**$ (1,318,618)**	**$ (15,352,224)**	**$ 23,426,337**	**$ 7,238,708**	**$ 14,582,378**

Source: New York State and Local Retirement System

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

Program Revenues

2008	2009	2010	2011
$ 3,315	$ 3,684	$ 3,853	$ 4,322
28,900	31,402	38,314	38,733
8,315	9,056	12,021	12,590
916	481	758	730
2,613	2,931	3,017	3,491
493	413	521	742
552	835	1,542	1,430
1,192	2,275	2,826	4,156
—	—	5	30
46,296	**51,077**	**62,857**	**66,224**
7,548	7,660	7,818	7,868
2,389	3,582	8,603	8,813
4,719	4,740	5,154	5,646
1,194	1,212	1,268	1,479
15,850	**17,194**	**22,843**	**23,806**
$ 62,146	**$ 68,271**	**$ 85,700**	**$ 90,030**

Fiscal Year

2007	2008	2009	2010	2011
$ 250,158	$ 265,676	$ 273,316	$ 284,291	$ 286,199
2,718,551	2,648,448	2,456,223	2,344,222	4,164,571
17,416,082	3,163,728	(40,428,820)	28,422,361	19,339,896
131,863	116,112	155,918	81,981	127,709
20,516,654	**6,193,964**	**(37,543,363)**	**31,132,855**	**23,918,375**
6,218,783	6,653,820	7,031,621	7,480,101	8,272,262
164,632	181,693	180,491	183,023	192,265
79,772	90,304	99,229	100,029	101,333
48,316	47,521	53,387	55,748	55,696
6,511,503	**6,973,338**	**7,364,728**	**7,818,901**	**8,621,556**
$ 14,005,151	**$ (779,374)**	**$ (44,908,091)**	**$ 23,313,954**	**$ 15,296,819**

Personal Income Tax Filers and Liability by Income Level

FOR TEN YEARS STATED

(Amounts in thousands)

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%**

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%**

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%**

2004
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%**

2007
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 2007

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under $5,000	1,221,819	14%	$ (126,447)	0%
$ 5,000–9,999	847,130	10%	(188,932)	–1%
10,000–19,999	1,317,075	15%	(406,225)	–1%
20,000–29,999	1,024,299	12%	168,782	1%
30,000–39,999	848,679	10%	720,900	2%
40,000–49,999	657,263	7%	948,389	3%
50,000–59,999	498,842	6%	983,954	3%
60,000–74,999	561,981	6%	1,482,444	5%
75,000–99,999	622,813	7%	2,288,409	8%
100,000–199,999	768,436	9%	5,276,023	18%
200,000 and over	332,655	4%	18,490,962	62%
Total	**8,700,992**	**100%**	**$29,638,258**	**100%**

2008(1)
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 2008

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under $5,000	1,292,795	15%	$ (84,305)	0%
$ 5,000–9,999	787,894	9%	(147,595)	–1%
10,000–19,999	1,256,101	15%	(386,794)	–1%
20,000–29,999	985,422	11%	148,501	0%
30,000–39,999	815,979	10%	681,716	3%
40,000–49,999	646,905	8%	942,276	3%
50,000–59,999	496,499	6%	992,709	4%
60,000–74,999	556,628	6%	1,486,364	6%
75,000–99,999	625,853	7%	2,323,346	9%
100,000–199,999	801,428	9%	5,518,224	21%
200,000 and over	321,736	4%	14,850,163	56%
Total	**8,587,240**	**100%**	**$26,324,603**	**100%**

Source: New York State Department of Taxation and Finance

Note: (1) Calendar years after 2008 are not yet available; please see www.tax.state.ny.us for additional information.

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%**

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%**

2005
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 2005

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under $5,000	1,145,067	14%	$ (66,663)	0%
$ 5,000–9,999	826,503	10%	(148,495)	–1%
10,000–19,999	1,275,641	16%	(289,586)	–1%
20,000–29,999	1,002,581	12%	294,028	1%
30,000–39,999	814,589	10%	789,437	3%
40,000–49,999	629,992	8%	968,166	4%
50,000–59,999	469,666	6%	973,557	4%
60,000–74,999	528,785	6%	1,456,936	6%
75,000–99,999	574,255	7%	2,191,923	9%
100,000–199,999	637,544	8%	4,451,432	19%
200,000 and over	257,867	3%	13,244,481	56%
Total	**8,162,490**	**100%**	**$23,865,215**	**100%**

2006
Income Tax Components of Full-Year Residents by Size of Income (All Returns) in 2006

Income Class	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Under $5,000	1,118,894	13%	$ (91,631)	0%
$ 5,000–9,999	824,596	10%	(172,332)	–1%
10,000–19,999	1,290,097	15%	(386,792)	–1%
20,000–29,999	1,016,079	12%	184,324	1%
30,000–39,999	829,814	10%	706,969	3%
40,000–49,999	640,364	8%	917,624	4%
50,000–59,999	480,661	6%	939,863	4%
60,000–74,999	543,846	7%	1,424,481	6%
75,000–99,999	597,498	7%	2,185,284	9%
100,000–199,999	704,317	8%	4,815,069	19%
200,000 and over	293,425	4%	14,291,890	56%
Total	**8,339,591**	**100%**	**$24,814,750**	**100%**

Personal Income by Industry

LAST TEN 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, employer contributions for government social insurance, employee and self-employed contributions for government social insurance, and adjustment for residence.

Calendar year 2010 data is estimated. For more information, please see www.bea.gov.

Calendar Year				
2006	2007	2008	2009	2010
$ 818,426	**$ 914,432**	**$ 937,010**	**$ 917,610**	**$ 946,054**
592	**1,170**	**1,015**	**806**	**1,209**
667,882	**724,080**	**752,457**	**700,447**	**721,629**
574,142	**622,711**	**644,763**	**588,548**	**606,487**
1,255	1,216	1,300	343	389
2,175	1,739	2,456	1,417	2,087
5,762	6,855	6,672	5,671	5,738
27,266	28,776	30,092	28,584	28,398
45,552	46,153	46,448	37,575	37,994
30,446	31,959	32,434	29,851	30,781
33,112	34,444	35,081	33,982	34,857
13,636	14,657	14,614	14,391	14,618
38,277	41,203	44,959	38,250	41,032
120,710	144,606	147,543	116,255	114,662
17,321	17,938	16,196	13,338	13,859
76,751	80,728	88,121	80,161	83,742
18,708	21,174	20,949	19,055	21,302
20,661	22,334	23,332	21,721	23,553
14,588	15,381	16,354	17,838	18,368
67,272	69,867	72,827	78,312	82,971
8,790	9,532	9,807	11,563	11,204
14,757	16,010	16,718	17,354	18,141
17,100	18,136	18,859	22,887	22,791
93,740	**101,369**	**107,694**	**111,899**	**115,142**
10,939	11,813	12,072	12,532	12,510
3,340	3,555	3,831	4,421	4,591
79,460	86,002	91,791	94,945	98,041

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)
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%
2008	6.85%	20,000	40,000	30,000	4.24%
2009	8.97%	500,000	500,000	500,000	3.53%
2010	8.97%	500,000	500,000	500,000	3.76%

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 I for personal income and population data.

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

Ratios of Outstanding Debt by Type

LAST TEN 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
2008-2009	3,367	40,191	8,935	52,493	6%	2,693
2009-2010	3,461	42,410	9,413	55,284	6%	2,829
2010-2011	3,625	42,279	10,222	56,126	6%	2,896

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 Tobacco Settlement Financing Corporation bonds, Municipal Bond Bank Agency Special Purpose School Aid bonds, Capital Lease Obligations, Unamortized Bond Premiums and Discounts, Accumulated accretion on capital appreciation bonds 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, Unamortized Bond Premiums and other State-Supported debt as defined by the State Finance Law.

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

Legal Debt Margin Information

LAST TEN 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**	**2009**	**2010**	**2011**
$ 10,400	$ 10,400	$ 10,400	$ 10,400	$ 10,400
5,650	5,650	5,650	5,650	5,650
1,135	1,135	1,135	1,135	1,135
250	—	—	—	—
17,435	**17,185**	**17,185**	**17,185**	**17,185**
4,700	4,700	4,700	4,700	4,700
69,889	76,538	79,696	79,696	82,058
$ 92,024	**$ 98,423**	**$ 101,581**	**$ 101,581**	**$ 103,943**
$ 3,302	$ 3,221	$ 3,323	$ 3,400	$ 3,525
4,204	4,021	3,849	3,639	3,330
38,750	40,823	42,868	45,638	46,857
46,256	**48,065**	**50,040**	**52,677**	**53,712**
$ 45,768	**$ 50,358**	**$ 51,541**	**$ 48,904**	**$ 50,231**
50.27%	**48.84%**	**49.26%**	**51.86%**	**51.67%**

Ratios of General Obligation Debt Outstanding and Legal Debt Margin

LAST TEN 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	2009	2010	2011
$ 3,302	**$ 3,221**	**$ 3,323**	**$ 3,400**	**$ 3,525**
$ 171	**$ 167**	**$ 170**	**$ 174**	**$ 182**
$ 17,435	$ 17,185	$ 17,185	$ 17,185	$ 17,185
3,302	3,221	3,323	3,400	3,525
$ 14,133	**$ 13,964**	**$ 13,862**	**$ 13,785**	**$ 13,660**
81.06%	**81.26%**	**80.66%**	**80.22%**	**79.49%**

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	Sales Tax Receipts	Operating Expenses	Net Available Revenues	Annual Debt Service	Debt Service Coverage
2002	$ 2,043,674	$ 4,000	$ 2,039,674	$ 290,125	7.03
2003	2,106,477	4,000	2,102,477	183,498	11.46
2004	2,266,814	4,000	2,262,814	291,618	7.76
2005	2,492,739	6,000	2,486,739	306,023	8.13
2006	2,614,565	8,000	2,606,565	313,265	8.32
2007	2,511,476	6,000	2,505,476	418,770	5.98
2008	2,645,580	6,000	2,639,580	278,891	9.46
2009	2,566,957	10,963	2,555,994	360,771	7.08
2010	2,466,528	11,218	2,455,310	332,596	7.38
2011	2,697,197	6,634	2,690,563	339,865	7.92

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
2004	$ 5,456,943	$ 884	$ 5,456,059	$ 257,967	21.15
2005	6,260,277	1,069	6,259,208	346,895	18.04
2006	6,899,930	2,058	6,897,872	515,627	13.38
2007	7,646,505	4,010	7,642,495	670,600	11.40
2008	9,140,962	7,292	9,133,670	873,653	10.45
2009	9,210,005	8,571	9,201,434	1,016,423	9.05
2010	8,687,845	9,136	8,678,709	1,411,673	6.15
2011	9,052,304	15,056	9,037,248	1,871,476	4.83

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 TEN FISCAL YEARS
(Amounts in millions)

Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds[1]	General Bonded Debt Outstanding: 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
2008-2009	3,367	173
2009-2010	3,461	177
2010-2011	3,625	187

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 I for population data.

Government Employees by Level of Government

NEW YORK STATE 2000–2009
(Annual averages in thousands)

Fiscal Years	Employees: State[1]	Employees: Local[2]
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
2007	261.7	1,115.7
2008	262.7	1,126.1
2009	261.2	1,135.8

Sources:

New York State Department of Labor

2008 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.

Demographic and Economic Statistics I

LAST TEN CALENDAR YEARS

Year	Population (1000s)	Personal Income (1000s)	Per Capita Personal Income	Unemployment Rate
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%
2008	19,490	937,009,617	48,076	4.9%
2009	19,541	917,610,217	46,958	8.1%
2010	19,378	946,053,718	48,821	8.3%

Sources:

U.S. Census Bureau

Bureau of Economic Analysis

U.S. Department of Commerce

New York State Department of Labor

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
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%
2008	304,060	0.81%	19,490	0.99%
2009	307,007	0.97%	19,541	0.26%
2010	308,746	0.57%	19,378	–0.83%

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

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
$ 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
39,751	48,076	120.9%	9,147	472	4.9%	2,684,024	10,697,644
39,138	46,958	120.0%	8,888	786	8.1%	2,654,700	10,699,846
40,584	48,821	120.3%	8,816	800	8.3%	2,647,840	10,749,952

Employment by Industry

NINE 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	2007	2008	2009
10,952,095	**11,039,874**	**11,289,001**	**10,929,753**
8,925,539	9,047,065	9,004,901	8,738,853
2,026,556	1,992,809	2,284,100	2,190,900
35,724	34,782	32,683	32,491
1,990,832	1,958,027	2,251,417	2,158,409
52,102	**50,784**	**51,724**	**51,219**
10,899,993	**10,989,090**	**11,237,277**	**10,878,534**
9,399,820	**9,478,570**	**9,708,898**	**9,352,706**
23,707	23,744	14,341	14,274
9,959	10,675	14,286	16,157
40,506	40,119	40,355	41,026
508,530	527,531	533,932	481,531
598,993	584,955	565,032	501,685
394,772	397,410	390,550	368,081
1,065,731	1,073,776	1,066,636	1,017,181
337,573	334,622	346,712	324,256
312,293	302,404	301,954	292,108
733,599	731,480	789,048	785,910
466,261	470,170	565,276	523,673
866,101	869,279	900,523	857,138
135,334	137,157	139,224	139,298
539,449	559,928	567,179	526,294
401,273	405,562	412,051	414,554
1,466,699	1,483,772	1,500,582	1,507,891
295,198	299,829	320,716	316,950
598,360	616,162	628,012	628,254
605,482	609,995	612,489	596,445
1,500,173	**1,510,520**	**1,528,379**	**1,525,828**
127,015	127,046	127,037	127,052
57,590	57,087	59,940	60,058
246,101	247,038	250,133	246,748
1,069,467	1,079,349	1,091,269	1,091,970

Select State Agency Employment

MARCH 2011

Agency	Actual March 2010	Estimated March 2011
Major Agencies:		
State University	41,900	41,815
Correctional Services	30,104	29,878
People with Developmental Disabilities	21,530	21,367
Mental Health	16,173	15,760
Transportation	9,963	8,708
Health	5,388	5,055
State Police	5,704	5,439
Taxation and Finance	5,263	5,008
Children and Family Services	3,555	3,351
Environmental Conservation	3,454	3,003
Education	2,976	2,806
Temporary and Disability Assistance	2,259	2,248
Subtotal	**148,269**	**144,438**
Other Major Agencies	13,672	12,920
Minor Agencies	11,700	11,091
Other	22,151	22,016
GRAND TOTAL	**195,792**	**190,465**

Source: New York State Division of Budget 2011-12 Executive Budget Five-Year Financial Plan (www.budget.state.ny.us)

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

Operating Indicators

LAST TEN 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	2009	2010	2011
11	11	11	11	11
5,927	5,989	5,989	5,530	5,309
64	64	64	64	64
417,000	427,000	440,000	477,000	468,000
211	213	213	214	213
60 million	55 million	55 million	55 million	55 million

Capital Asset Balances by Function

LAST NINE FISCAL YEARS

(Amounts in millions)

Function	2003	2004	2005	2006	2007
	Fiscal Year				
Land and Land Improvements:					
General government	$ 126	$ 128	$ 129	$ 127	$ 96
Public safety	174	184	195	204	226
Public welfare	22	24	24	24	24
Support/regulate business	6	6	6	6	6
Environment/recreation	914	991	1,019	1,101	1,155
Education	1	1	1	1	1
Public health	163	170	183	187	193
Transportation	2,044	2,080	2,146	2,201	2,252
Depreciation (land improvements)	(229)	(242)	(256)	(281)	(291)
Total, net of depreciation	**3,221**	**3,342**	**3,447**	**3,570**	**3,662**
Land Preparation:					
Transportation (roads)	**2,667**	**2,734**	**2,786**	**2,856**	**2,981**
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
Depreciation	(3,699)	(3,941)	(4,095)	(4,332)	(4,557)
Total, net of depreciation	**4,498**	**4,557**	**4,312**	**4,398**	**4,187**
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
Depreciation	(371)	(386)	(365)	(364)	(392)
Total, net of depreciation	**271**	**274**	**252**	**244**	**219**
Construction in Progress:					
Buildings	892	548	687	455	331
Transportation (roads and bridges)	1,927	2,241	3,103	3,122	3,038
Computer software	—	—	—	—	—
Total	**2,819**	**2,789**	**3,790**	**3,577**	**3,369**
Infrastructure:(1)					
General government	—	—	—	—	5
Public safety	—	—	6	28	55
Public welfare	—	—	—	—	—
Environment/recreation	12	18	20	20	29
Public health	—	4	24	15	16
Depreciation	—	(1)	(2)	(3)	(6)
Total, net of depreciation	**12**	**21**	**48**	**60**	**99**
Infrastructure:(2)					
Transportation	**62,749**	**62,934**	**63,056**	**63,303**	**63,803**
Intangible Assets:					
Easements	—	—	—	—	—
Computer software	—	—	—	—	—
Amortization	—	—	—	—	—
Total, net of amortization	**—**	**—**	**—**	**—**	**—**
Business-Type Activities, Net	**5,695**	**6,201**	**6,499**	**6,927**	**7,296**

Source: Office of the State Comptroller

Notes:

(1) Depreciable

(2) Roads and Bridges, non-depreciable

Figures restated for prior period adjustments.

Fiscal Year			
2008	**2009**	**2010**	**2011**
$ 95	$ 125	$ 125	$ 125
247	257	271	282
24	27	32	30
6	6	6	6
1,241	1,360	1,211	1,240
2	3	3	3
196	208	218	225
2,262	2,306	2,349	2,400
(300)	(314)	(332)	(348)
3,773	**3,978**	**3,883**	**3,963**
3,083	**3,191**	**3,271**	**3,314**
1,954	2,192	2,222	2,254
3,146	3,344	3,476	3,542
174	180	186	189
34	34	34	36
371	399	451	453
106	107	111	120
2,910	3,073	3,146	3,247
289	299	302	303
(4,776)	(5,033)	(5,293)	(5,581)
4,208	**4,595**	**4,635**	**4,563**
125	162	161	157
90	90	92	98
19	19	21	21
4	5	6	6
41	51	51	51
5	5	5	5
64	57	57	58
280	278	324	347
(403)	(431)	(460)	(489)
225	**236**	**257**	**254**
510	444	499	477
3,079	3,248	3,405	4,271
—	—	—	63
3,589	**3,692**	**3,904**	**4,811**
11	11	11	11
62	91	102	128
—	—	13	18
29	33	33	31
25	42	46	46
(11)	(17)	(24)	(33)
116	**160**	**181**	**201**
64,200	**64,567**	**65,141**	**65,451**
—	—	163	193
—	—	—	32
—	—	—	(6)
—	**—**	**163**	**219**
7,773	**8,445**	**9,206**	**10,374**

Membership by Type of Benefit Plan

AS OF MARCH 31, 2011

Retirement System	Retirement Plan Membership: Tier 1	Tier 2	Tier 3, 4 & 5
New York State and Local Employees Retirement System	10,718	12,911	614,292
New York State and Local Police and Fire Retirement System	304	33,091	1,407

Source: New York State and Local Retirement System

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

Principal Participating Employers

TEN MOST RECENT FISCAL YEARS

Participating Government	2002 Covered Employees	2002 Rank	2002 Percentage of Total System	2003 Covered Employees	2003 Rank	2003 Percentage of Total System	2004 Covered Employees	2004 Rank	2004 Percentage of Total System
State	222,186	1	34.83%	221,807	1	34.09%	213,539	1	33.28%
Counties	124,347	2	19.49%	125,220	2	19.25%	123,328	3	19.22%
Schools	115,757	3	18.15%	121,668	3	18.70%	123,616	2	19.26%
Miscellaneous	83,914	4	13.16%	88,352	4	13.58%	88,249	4	13.75%
Towns	42,254	5	6.62%	43,628	5	6.71%	44,072	5	6.87%
Cities	32,283	6	5.06%	32,178	6	4.95%	31,307	6	4.88%
Villages	17,155	7	2.69%	17,690	7	2.72%	17,610	7	2.74%
Total	**637,896**		**100.00%**	**650,543**		**100.00%**	**641,721**		**100.00%**

Participating Government	2009 Covered Employees	2009 Rank	2009 Percentage of Total System	2010 Covered Employees	2010 Rank	2010 Percentage of Total System	2011 Covered Employees	2011 Rank	2011 Percentage of Total System
State	225,963	1	33.23%	222,555	1	32.77%	218,868	1	32.53%
Counties	122,356	3	18.00%	121,282	3	17.86%	119,610	3	17.78%
Schools	133,876	2	19.69%	136,203	2	20.05%	135,358	2	20.12%
Miscellaneous	100,052	4	14.72%	100,684	4	14.82%	100,785	4	14.98%
Towns	47,743	5	7.02%	48,610	5	7.16%	48,621	5	7.23%
Cities	31,326	6	4.61%	31,186	6	4.59%	30,804	6	4.58%
Villages	18,592	7	2.73%	18,697	7	2.75%	18,677	7	2.78%
Total	**679,908**		**100.00%**	**679,217**		**100.00%**	**672,723**		**100.00%**

Source: New York State and Local Retirement System

Notes:

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

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

2005			2006			2007			2008		
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
214,937	1	33.18%	216,996	1	33.17%	221,515	1	33.43%	226,439	1	33.43%
123,839	3	19.12%	121,322	3	18.54%	121,817	3	18.38%	122,982	3	18.16%
126,068	2	19.46%	126,925	2	19.40%	128,518	2	19.40%	132,132	2	19.51%
89,285	4	13.79%	93,327	4	14.26%	95,262	4	14.38%	98,283	4	14.51%
44,778	5	6.91%	45,654	5	7.13%	46,284	5	6.98%	47,567	5	7.02%
31,092	6	4.80%	31,038	6	4.74%	31,049	6	4.69%	31,406	6	4.64%
17,759	7	2.74%	18,029	7	2.76%	18,188	7	2.74%	18,512	7	2.73%
647,758		**100.00%**	**653,291**		**100.00%**	**662,633**		**100.00%**	**677,321**		**100.00%**

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

STATE OF NEW YORK
Office of the State Comptroller

Organization

THOMAS P. DINAPOLI
Comptroller

Pete Grannis
First Deputy Comptroller

Shawn Thompson
Chief of Staff

Margaret Becker
Deputy Comptroller
Contracts and Expenditures

Kevin Belden
Deputy Comptroller
Chief Information Officer

Daniel Berry
Deputy Comptroller
Payroll, Accounting
and Revenue Services

Kenneth Bleiwas
Deputy Comptroller
Office of the State Deputy
Comptroller for NYC

Cathy Calhoun
Deputy Comptroller
Intergovernmental Relations

Angela Dixon
Deputy Comptroller
Human Resources
and Administration

Raudline Etienne
Deputy Comptroller
Pension Investment and
Cash Management

Celia Gonzalez
Deputy Comptroller
Diversity Programs

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Counsel to the Comptroller

Steve Hamilton
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Deputy Comptroller
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School Accountability

Mary Louise Mallick
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Kevin Murray
Executive Deputy Comptroller
State and Local Retirement

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Deputy Comptroller
Budget and Policy Analysis

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State Government
Accountability

Mark Pattison
Deputy Comptroller
Retirement Services

Andrew SanFilippo
Executive Deputy Comptroller
State and Local Government
Accountability

Joan Sullivan
Executive Deputy Comptroller
Office of Operations

Dennis Tompkins
Deputy Comptroller
Communications

Division of Payroll, Accounting and Revenue Services

Bureau of Financial Reporting and Oil Spill Remediation

Executive Director:
David Hasso, CPA, CGFM

Assistant Director:
Suzette Barsoum Baker,
CPA, CGFM

Assistant Chief Accountant:
Timothy Reilly, Esq., CPA

Manager:
Deidre Clark

Supervising Accountants:
Michael Mezz, CGFM
Maureen Shaw

Associate Accountants:
Donna Greenberg, CPA, CGFM
Jennifer Hallanan, CGFM
Maria Moran, CPA
Sandra Trzcinski, CGAP, APM

Senior Accountants:
Renee Bult
Bret Smith

Payroll Specialist IV:
Rowena Fuller

Senior Abandoned Property Auditor:
Augustine Ogagan

Student Intern:
Annmarie Carey

Secretary 1:
Daniela Britos

Bureau of State Accounting Operations

Director:
Thomas Mahoney

Assistant Director:
Melody Goetz

Managers:
Peter Clark
Debbie Hilson
H. Michael Luft
William McCormick