STATE OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
March 31, 2009

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, 2009

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

It is my responsibility to present the Comprehensive Annual Financial Report for the State of New York for the fiscal year ended March 31, 2009.

The State of New York continues to face serious challenges to its fiscal health. Over the remainder of the current year and the next three years, the State will face projected annual budget gaps that total more than $38 billion as spending is forecast to rise from $121.6 billion through March 31, 2009 to approximately $149 billion by 2012-13.

State-funded debt outstanding is expected to increase to more than $67.5 billion by March 31, 2014, from the State Fiscal Year (SFY) 2008-09 level of $57 billion. This increase will drive State-funded annual debt service costs to an estimated $7.8 billion from $5.3 billion, making debt service one of the fastest growing major spending categories in the State budget.

The SFY 2009-10 State budget was developed against the backdrop of the most serious economic crisis since the Great Depression. Due to the availability of federal stimulus funds and temporary tax increases, the State budget deferred difficult decisions on spending needed to set the State on a path towards fiscal stability. Instead of constraining spending to available revenues, the State again used temporary revenue as a short-term solution to the State's budget crisis and did not address the State's long-term structural budget imbalance.

New York can no longer afford growth in spending to outpace growth of revenue. New York needs a strong dose of fiscal discipline, which has been lacking for far too long. The stakes are high and the consequences are real. The State must make difficult decisions today to help prepare for a prosperous tomorrow.

Signed,

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, 2009 are free of material misstatement. Independent audit procedures include examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. An audit also includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal controls over financial reporting. Accordingly, the independent auditor expressed no opinion with respect to internal controls over financial reporting. The independent auditor believed that their audit provided a reasonable basis for rendering an unqualified opinion that the State's basic financial statements for the fiscal year ended March 31, 2009 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, 554 villages and 702 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

In December 2007, the nation entered into a recession caused by the downturn in the housing market and the worldwide financial crisis. National home values peaked in June 2006 and fell by 32 percent through April 2009. The worldwide financial crisis made it more difficult for businesses and consumers to access credit, and significantly reduced the value of financial assets. The stock market, as measured by the Dow Jones Industrial Average, declined by 53.8 percent between October 2007 and early March 2009. As a result of the declines in home values and asset prices, the net worth of American households declined by 17.4 percent in 2008. Consumer confidence plunged and consumer spending (which accounts for two thirds of the economy) fell sharply. The Gross Domestic Product (GDP) declined at an annualized rate of 6.3 percent in the last quarter of 2008 and 5.5 percent in the first quarter of 2009—the deepest declines in any two consecutive quarters in more than 30 years. By May 2009, the nation's cumulative job losses since December 2007 had reached 6 million.

New York State entered into the economic slowdown later than most states as it continued to create jobs until July 2008. While New York State's economy was less affected than other parts of the country by the downturn in housing, the State's economy was deeply affected by the worldwide financial crisis. The securities industry is a major component of New York's economy, having accounted for up to 20 percent of the State's tax revenues before the downturn. As 2008 progressed, the worldwide financial crisis deepened—in New York City one major investment firm failed, two others were sold, and the remaining large independent investment firms converted to bank holding companies. Many other firms received government support. For 2008 as a whole, the securities industry lost a record $42.6 billion. In addition, year-end bonuses for the industry in New York City fell by 44 percent to $18.4 billion. The declines in securities industry profitability and bonuses have significantly reduced State revenues.

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 $37.9 billion. For further information, refer to Note 14 of the Notes to the Basic Financial Statements.

Budgetary and Other Control Systems

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

Cash Management

Cash deposits into the State Treasury are controlled jointly by the State Comptroller and the Commissioner of Taxation and Finance. Cash is managed in pooled investment funds to maximize interest earnings. Investments are made in accordance with the State Finance Law. Cash is invested in repurchase agreements involving United States Treasury obligations, United States Treasury bills, commercial paper, government sponsored agencies, and certificates of deposit. For the fiscal year ended March 31, 2009, the average daily balance of pooled investment funds was $10 billion, with an average yield of 1.7 percent and total investment income of $168.3 million. Cash deposits not held in the State Treasury and controlled by various other State officials are generally held in interest-bearing accounts.

Risk Management

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

State and Local Retirement System

The State and Local Retirement System, covering most non-teaching State employees and local government employees outside of New York City, reported combined net assets available for retirement benefits of $110.9 billion, as compared to the previous year-end amount of $155.8 billion. For further information refer to Note 12 of the Notes to the Basic Financial Statements.

General Governmental Results

An operating deficit of $6.9 billion is reported in the General Fund for the fiscal year ended March 31, 2009. As a result, the General Fund now has an accumulated fund deficit of $2.9 billion. The State completed its fiscal year ended March 31, 2009 with a combined Governmental Funds operating deficit of $8 billion as compared to a combined Governmental Funds operating deficit in the preceding fiscal year of $360 million. The combined operating deficit of $8 billion for the fiscal year ended March 31, 2009 included an operating deficit in the General Fund of $6.9 billion and in the Other Governmental Funds of $1.3 billion, offset by an operating surplus in the General Obligation Debt Service Fund of $148 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, 2009 includes a fund balance of $3.8 billion represented by liabilities of $24.7 billion and by assets available to liquidate such liabilities of $28.4 billion. The Governmental Funds fund balance includes a $2.9 billion accumulated deficit General Fund balance.

Certificate of Achievement

The Office of the State Comptroller was honored for the 20th consecutive year to receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the State's 2008 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

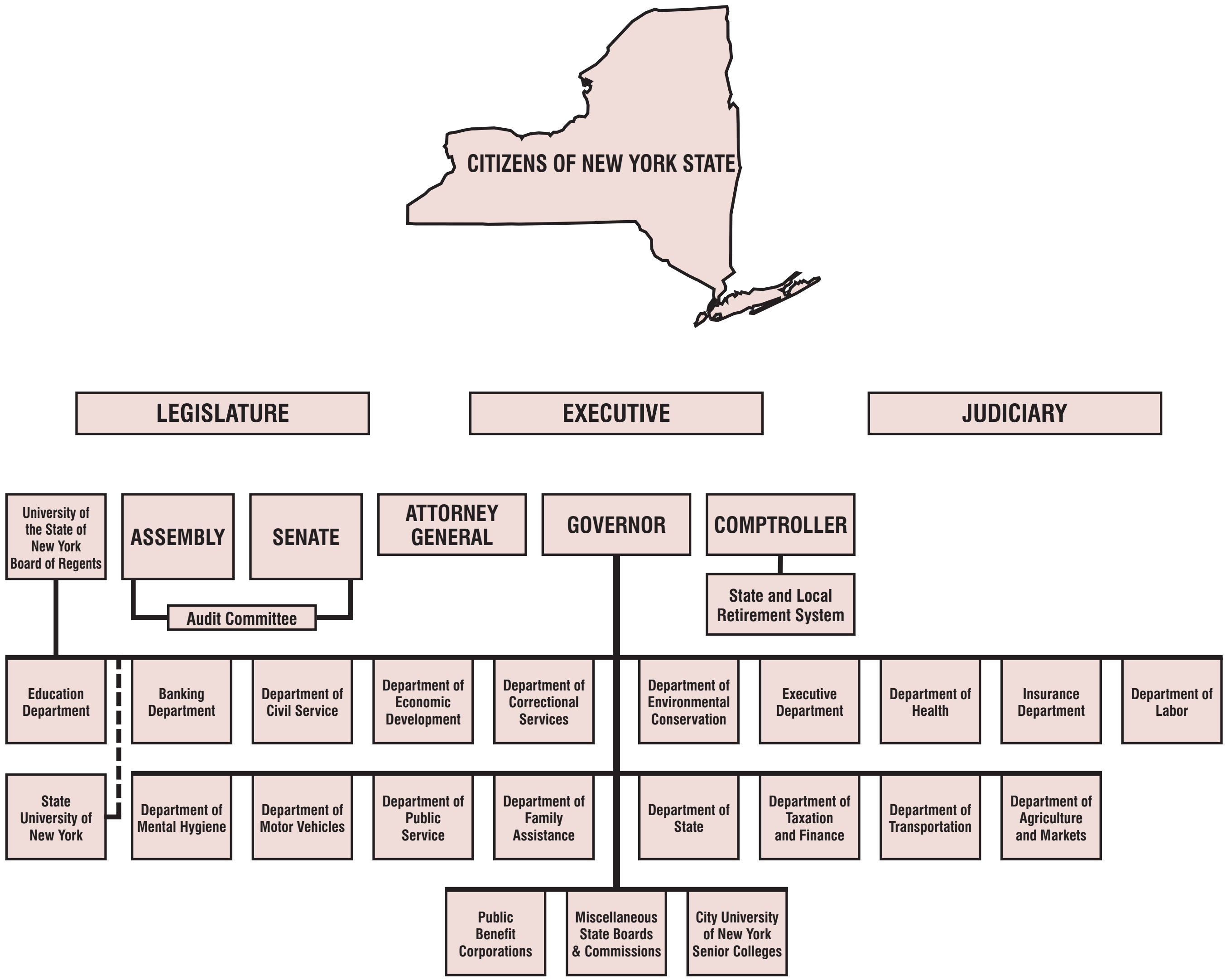
State of New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2008

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

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

Judicial

Jonathan Lippman, Chief Judge of the Court of Appeals of New York

Legislative

Malcolm A. Smith, Temporary President of the Senate • **Sheldon Silver,** Speaker of the Assembly
Dean G. Skelos, 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

Independent Auditor's 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, 2009, 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 64% of the total assets and 77% of the total revenues of the aggregate discretely presented component unit amounts. The State University of New York represents 100% of the total assets and total revenues of the SUNY fund and 58% of the total assets and 27% of the total revenues of the business-type activities. The Tuition Savings Program represents 5% of the total assets and 1% 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, 2009, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1r and note 10, the State adopted the provisions of Governmental Accounting Standards Board Statement No. 49 *Accounting and Financial Reporting for Pollution Remediation Activities,* as of April 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2009 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 in the audit of the basic financial statements and, in our opinion, 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 24, 2009

STATE OF NEW YORK

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

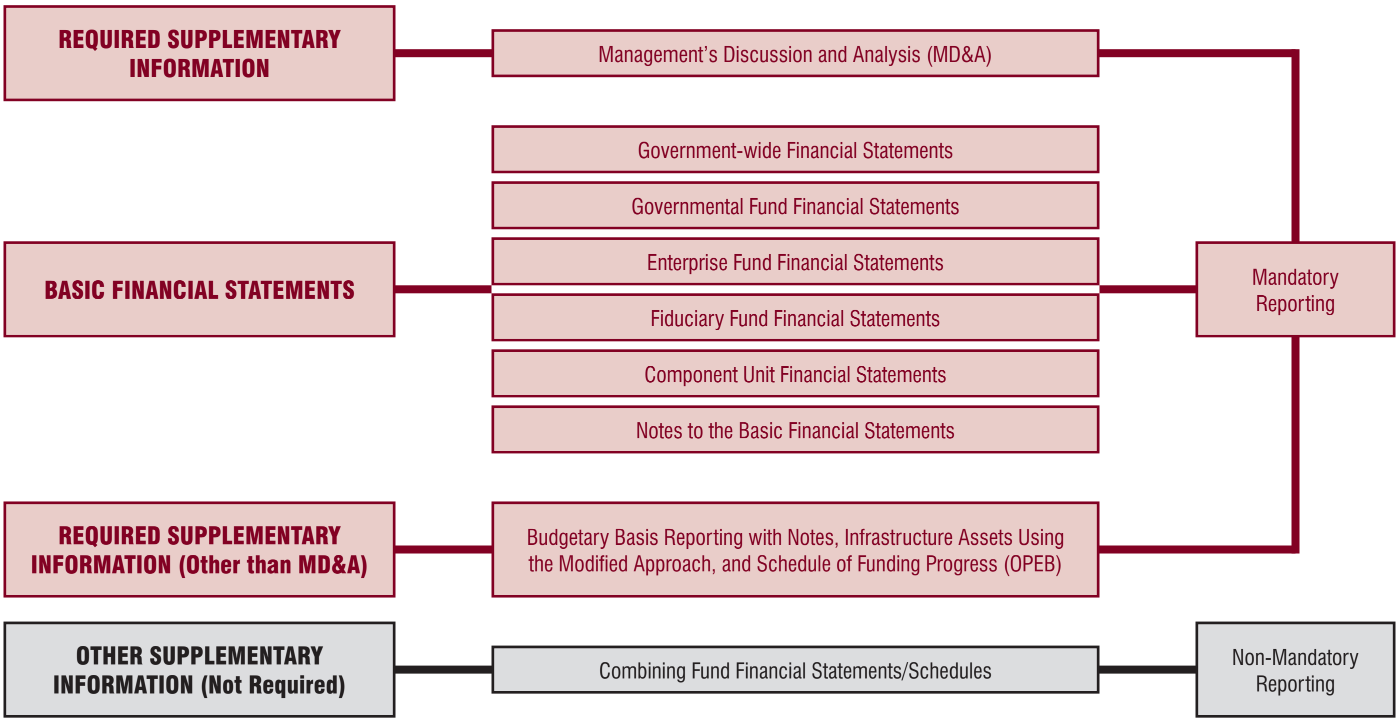
Management's discussion and analysis (MD&A) provides a narrative overview and analysis of the financial activities of the State of New York for the fiscal year ended March 31, 2009. The MD&A is intended to serve as an introduction to the State's basic financial statements, which have the following components: (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 $33.9 billion, comprised of $125.9 billion in total assets offset by $92 billion in total liabilities (Table 1).
- The State's net assets decreased by $13.8 billion as a result of this year's operations and restatements. The net assets for governmental activities decreased by $12.6 billion (29 percent) and net assets of business-type activities decreased by $1.2 billion (28.1 percent) (Table 2).
- The State's governmental activities had total revenues of $111.1 billion, which were less than total expenses of $120.9 billion, excluding transfers to business-type activities of $2.2 billion, by $9.7 billion (Table 2).
- The total cost of all the State's programs, which includes $20.8 billion in business-type activities, was $141.7 billion (Table 2).
- The General Fund reported a deficit this year of $6.9 billion, which decreased the accumulated fund balance to a $2.9 billion deficit.
- The State reported additional Federal funding of $1.7 billion in Medicaid, $59 million for unemployment benefits and $43 million for additional human services programs from the American Recovery and Reinvestment Act (Federal Stimulus) as of March 31, 2009.
- Total debt outstanding at year-end was $52.5 billion, comprised of $43.6 billion in governmental activities and $8.9 billion in business-type activities (Table 5).

USING THIS ANNUAL REPORT

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



Reporting the State as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

- ***Governmental activities***—Most of the State's basic services are reported here, including education, public health, public welfare, public safety, transportation, environment and recreation, support and regulation of business, general government, and interest on long-term debt. Federal grants, personal income taxes, consumption and use taxes, business and other taxes, 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 46 separate legal entities in its report, as disclosed in Notes 1 and 14 of the Notes to the Basic Financial Statements. Although legally separate, these "component units" are important because the State is financially accountable for them and may be affected by their financial well-being. In addition, the State blends two other component units in the governmental activities because they provide services exclusively to the State.

Reporting the State's Most Significant Funds

Fund Financial Statements

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

- ***Governmental Funds***—Most of the State's basic services and expenditures are reported in governmental funds, which focus on how money flows into and out of those funds and the balances 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 are not recognized in the governmental funds statements. Capital assets and long-term liabilities are examples of assets and liabilities that are not recognized in the governmental funds statements. The governmental funds statements provide a detailed short-term view of the State's general government operations and the basic services it provides. Governmental funds information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. The 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 $33.9 billion, comprised of $64 billion in capital assets net of related debt, and $4.9 billion in restricted net assets offset by an unrestricted net assets deficit of $35 billion.

Net assets reported for governmental activities decreased by $12.6 billion from a year ago, decreasing from $43.5 billion to $30.9 billion. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—had a deficit of $35 billion at March 31, 2009. 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, 2009 and 2008

(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Assets:						
Non-capital assets:						
Cash and investments	$ 9,631	$ 11,962	$ 6,831	$ 6,688	$ 16,462	$ 18,650
Receivables, net	15,859	20,080	3,573	3,378	19,432	23,458
Other	965	1,005	219	210	1,184	1,215
Total non-capital assets	**26,455**	**33,047**	**10,623**	**10,276**	**37,078**	**43,323**
Capital assets	80,419	79,194	8,445	7,773	88,864	86,967
Total assets	**106,874**	**112,241**	**19,068**	**18,049**	**125,942**	**130,290**
Liabilities:						
Liabilities due within one year	24,672	22,943	4,190	2,763	28,862	25,706
Liabilities due in more than one year	51,308	45,788	11,847	11,069	63,155	56,857
Total liabilities	**75,980**	**68,731**	**16,037**	**13,832**	**92,017**	**82,563**
Net assets (deficit):						
Invested in capital assets, net of related debt	63,476	62,800	569	353	64,045	63,153
Restricted	2,838	3,535	2,042	3,057	4,880	6,592
Unrestricted (deficit)	(35,420)	(22,825)	420	807	(35,000)	(22,018)
Total net assets	**$ 30,894**	**$ 43,510**	**$ 3,031**	**$ 4,217**	**$ 33,925**	**$ 47,727**

The deficit in unrestricted governmental net assets, which increased by nearly $12.6 billion in 2009, 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 ($3.6 billion), eliminating the need for seasonal borrowing by the LGAC ($3.8 billion), local highway and bridge projects ($3.5 billion), local mass transit projects ($2.2 billion), and a wide variety of grants and other expenditures not resulting in State capital assets ($11.3 billion). This deficit in unrestricted net assets of governmental activities can be expected to continue for as long as the State continues to have obligations outstanding for purposes other than the acquisition of State governmental capital assets.

Net assets for business-type activities decreased by $1.2 billion (28.1 percent), to $3 billion in 2009 compared to $4.2 billion in 2008. The decrease in net assets for business-type activities was caused primarily by: unemployment benefit payments for the Unemployment Insurance Fund exceeding employer contributions and investment earnings ($962 million); SUNY operating expenses exceeding operating revenues and State support ($337 million); and a net restatement of CUNY's beginning net assets ($2 million). This was partially offset by increases in net assets reported by CUNY Senior Colleges and Lottery. CUNY Senior College operating revenues and State support exceeded operating expenses ($110 million); and Lottery revenues exceeded expenses, including education aid transfers ($5 million).

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

Table 2
Changes in Net Assets for the Fiscal Years Ended March 31, 2009 and 2008

(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	$ 8,559	$ 7,713	$ 11,458	$ 11,271	$ 20,017	$ 18,984
Operating grants and contributions	40,401	36,509	5,667	4,518	46,068	41,027
Capital grants and contributions	1,344	1,305	69	61	1,413	1,366
General revenues:						
Taxes	56,577	63,060	—	—	56,577	63,060
Other	4,239	4,873	570	758	4,809	5,631
Total revenues	**111,120**	**113,460**	**17,764**	**16,608**	**128,884**	**130,068**
Expenses:						
Education	32,184	31,215	—	—	32,184	31,215
Public health	47,233	44,777	—	—	47,233	44,777
Public welfare	13,824	12,491	—	—	13,824	12,491
Public safety	6,066	6,011	—	—	6,066	6,011
Transportation	7,164	6,595	—	—	7,164	6,595
Other	14,396	12,266	—	—	14,396	12,266
Lottery	—	—	5,235	5,044	5,235	5,044
Unemployment insurance	—	—	4,562	2,412	4,562	2,412
State University of New York	—	—	8,379	7,965	8,379	7,965
City University of New York	—	—	2,617	2,443	2,617	2,443
Total expenses	**120,867**	**113,355**	**20,793**	**17,864**	**141,660**	**131,219**
Increase/(decrease) in net assets before transfers	**(9,747)**	**105**	**(3,029)**	**(1,256)**	**(12,776)**	**(1,151)**
Transfers	(2,226)	(1,922)	1,845	1,543	(381)	(379)
Changes in net assets	**(11,973)**	**(1,817)**	**(1,184)**	**287**	**(13,157)**	**(1,530)**
Net assets, beginning of year, as restated	**42,867**	**45,327**	**4,215**	**3,930**	**47,082**	**49,257**
Net assets, end of year	**$ 30,894**	**$ 43,510**	**$ 3,031**	**$ 4,217**	**$ 33,925**	**$ 47,727**

Governmental Activities

The State's total revenues for governmental activities of $111.1 billion were less than its total expenses of $120.9 billion by $9.7 billion (Table 2). However, as shown in the Statement of Activities on page 32, the amount that State taxpayers ultimately financed for activities through State taxes and other State revenues was $60.8 billion, including education aid transfers from the State Lottery of $2.5 billion, grants and contributions of $41.7 billion, and revenues derived by those who directly benefited from the programs of $8.6 billion. Overall, the State's governmental program revenues, including intergovernmental aid, fees for services and capital grants, were $50.3 billion in 2009. The State paid for the remaining "public benefit" portion of governmental activities with $56.6 billion in taxes and $4.2 billion in other revenues including investment earnings.

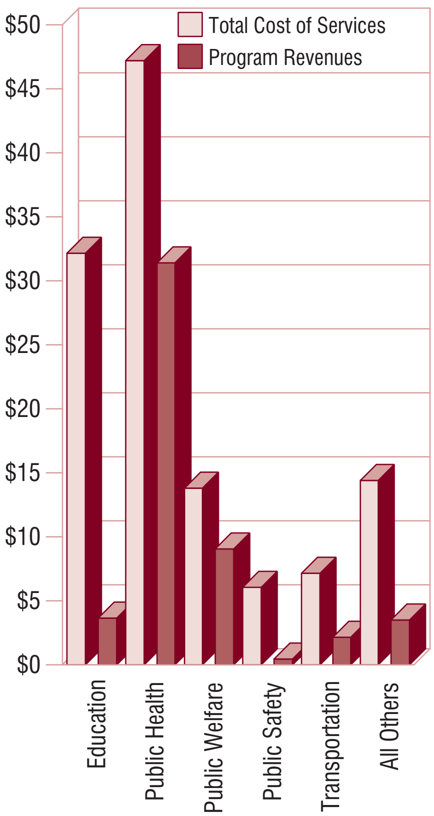
Table 3 presents the cost of State support for each of the State's five largest programs: education, public health, public welfare, public safety, and transportation, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial obligation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

Table 3
Governmental Activities for the Fiscal Years Ended March 31, 2009 and 2008

(Amounts in millions)

	2009			2008
	Total Cost of Services	Program Revenues	Net Cost of Services	Net Cost of Services
Education	$ 32,184	$ 3,684	$ 28,500	$ 27,900
Public health	47,233	31,402	15,831	15,877
Public welfare	13,824	9,056	4,768	4,176
Public safety	6,066	481	5,585	5,095
Transportation	7,164	2,158	5,006	4,751
All others	14,396	3,523	10,873	10,029
Totals	**$ 120,867**	**$ 50,304**	**$ 70,563**	**$ 67,828**

PROGRAM COSTS
VS.
PROGRAM REVENUES
(AMOUNTS IN MILLIONS)



Business-type Activities

The cost of all business-type activities this year was $20.8 billion (Table 2). The increase in expenses for business-type activities was caused primarily by increases in unemployment benefit payments for the Unemployment Insurance 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 $1.8 billion after some activity costs were paid by: those directly benefiting from the programs ($11.5 billion), grants and contributions ($5.7 billion), and other miscellaneous revenue ($570 million). The increase in revenues from operating grants and contributions was due to the implementation of new Federal reimbursable benefit programs to aid in relief for the sharp increase in unemployment benefit payments. The increase in revenues from charges for services was primarily caused by increases in Lottery ticket sales, student enrollment, residence hall occupancy levels and modest increases in room rates and fee revenues.

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 $3.8 billion. Included in this year's total change in fund balance is a deficit of $6.9 billion in the State's General Fund. The General Fund deficit is attributable to several factors, including a decrease of $4.7 billion in personal income tax revenue, a $69 million decrease in consumption and use taxes, a $280 million decrease in business tax revenue and a $183 million decrease in other taxes; offset by a $30 million increase in miscellaneous revenues. The decrease in personal income tax revenues primarily resulted from declining financial markets, the deteriorating real estate market and the deepening recession. The decline in business taxes is due to a slowdown in corporate profitability and a decrease in audit and compliance receipts. The decrease in General Fund revenues was combined with a $2.1 billion increase in expenditures. Local assistance expenditures increased by nearly $1.6 billion, due primarily to increased spending for education programs. State operations increased $518 million, due primarily to negotiated salary increases and increased health insurance costs.

The State ended the 2008-09 fiscal year with a General Fund accumulated deficit fund balance of $2.9 billion. The decrease of the fund balance is due primarily to a decrease in all major tax revenues.

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 $805 million in 2008-09. The General Fund ended the fiscal year with a closing cash fund balance of $1.9 billion, which consisted of $1.2 billion in the State's rainy day reserve funds ($1 billion in the Tax Stabilization Reserve Account and $175 million in the new Rainy Day Reserve Account), $145 million in the Community Projects Account, $21 million in the Contingency Reserve Account, and $577 million in general reserves.

Actual operating results were $82 million less favorable than anticipated in the original financial plan, but fell above the projections in the final financial plan by $435 million. The original financial plan projected that expenditures would exceed receipts by $723 million in 2008-09. During the fiscal year, actual receipts and disbursements were less than the level forecast in the original financial plan. The 2008-09 Enacted Budget plan assumed base tax growth of 2.6 percent for the fiscal year. However, base tax collections for 2008-09 actually declined from the prior year by approximately 3 percent. This is the result of weaker than anticipated collections in all major tax areas. Total disbursements from 2008-09 were lower than projected in the original financial plan, primarily attributable to the receipt of unplanned General Fund relief from the temporary increase in the Federal matching rate for Medicaid expenditures (FMAP), the deferral of CUNY senior college payments and State operations savings resulting from statewide cost-cutting initiatives.

The final financial plan (issued on January 15, 2009) projected negative General Fund operating results of $1.2 billion, or $435 million below actual results. The most significant variances from the final financial plan include lower-than-anticipated collections in all major tax areas, and the Federal increase in FMAP. These declines were partially offset by increased payments from the General Fund to the Lottery Fund to support school aid. This was the result of the non-payment from a private operator for development rights related to a VLT facility at Aqueduct Racetrack, and lower lottery and VLT receipts.

The State's General Fund GAAP deficit of $6.9 billion reported on page 36 differs from the General Fund's budgetary basis deficit of $805 million reported in the reconciliation found under Budgetary Basis Reporting on page 96. 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 2009, the State has $88.9 billion invested in a broad range of capital assets, including equipment, buildings, construction in progress, land preparation, and infrastructure, which primarily includes roads and bridges (Table 4). This amount represents a net increase (including additions and deductions) of $1.9 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	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Land and land improvements	$ 3,978	$ 3,773	$ 515	$ 489	$ 4,493	$ 4,262
Land preparation	3,191	3,083	—	—	3,191	3,083
Buildings	4,595	4,208	5,261	5,100	9,856	9,308
Equipment and library books	236	225	771	718	1,007	943
Construction in progress	3,692	3,589	1,514	1,147	5,206	4,736
Infrastructure	64,727	64,316	348	284	65,075	64,600
Artwork and historical treasures	—	—	36	35	36	35
Totals	**$ 80,419**	**$ 79,194**	**$ 8,445**	**$ 7,773**	**$ 88,864**	**$ 86,967**

The State-owned roads and bridges that are maintained by the Department of Transportation are being reported using the modified approach. As allowed by the reporting provisions in GASB Statement No. 34, infrastructure assets that meet prescribed criteria do not have to be depreciated but must be maintained at levels defined by State policy. The State is responsible for maintaining more than 42,500 lane miles of highway and 7,860 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 $1.3 billion in 2009.

The State's 2009-10 fiscal year capital budget calls for it to spend $9.1 billion for capital projects in the 2008-09 fiscal year, of which $4.3 billion is for transportation projects. To pay for these capital projects the State plans to use $303 million in general obligation bond proceeds, $5.1 billion in other financing arrangements with public authorities, $1.9 billion in Federal funds, and $1.8 billion in funds on hand or received during the year. More detailed information about the State's capitalization policy for capital assets is presented in Note 1 of the Notes to the Basic Financial Statements.

Debt Administration

The State has obtained long-term financing in the form of voter-approved General Obligation debt (voter-approved debt) and other obligations that are authorized by legislation but not approved by the voters (non-voter-approved debt), including lease-purchase and contractual obligations where the State's legal obligation to make payments is subject to and paid from annual appropriations made by the Legislature or assignment of revenue in the case of Tobacco Settlement Revenue Bonds. One minor exception, Equipment and Building Capital Leases, and Mortgage Loan Commitments, which represent $405 million as of March 31, 2009, 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 20 percent of total outstanding State-supported debt, and interest rate exchange agreements (swaps) that do not exceed 20 percent of total outstanding State-supported debt. At March 31, 2009, the State had $1.8 billion in State-supported (net) variable rate bonds outstanding and $4.3 billion in interest rate exchange agreements, in which the State issues variable rate bonds and enters into a swap agreement that converts the rate effectively to a fixed rate. Risks related to these transactions are explained in Note 7 of the financial statements.

In addition, the State has $1.8 billion in convertible bonds, which bear a fixed rate until future mandatory tender dates in 2011, 2012 and 2013, at which time they can convert to either a fixed or variable rate. The interest rate mode will be determined close to the conversion date. Similar to the convertible bonds, the State also entered into approximately $618 million in swaps that create synthetic variable rate exposure in the future. In these transactions, the State issued fixed rate bonds and entered into forward-starting swaps in which it receives a fixed rate that exceeds the rate it pays on the bonds and pays the Securities Industry and Financial Markets Association (SIFMA) variable rate, resulting in the State paying net variable rates. The net result is the State will be paying interest at a fixed rate through 2014, and at a variable rate between 2014 and 2030.

At March 31, 2009, variable rate bonds, net of those subject to the fixed rate swaps, were equal to 3.8 percent of the State-supported debt portfolio. Variable rate bonds that were converted to a synthetic fixed rate through swap agreements of $4.3 billion were equal to 9.3 percent of the total State-supported debt portfolio. Additionally, the State and CUNY reported $419 million and $177 million, respectively, in fixed-to-variable rate swap agreements outstanding, which are excluded from the statutory cap because at the time the transactions were completed, they offset specific risks in the State's swap portfolio.

At March 31, 2009, the State had $52.5 billion in bonds, notes, and other financing agreements outstanding compared with $50.6 billion last year, an increase of $1.9 billion as shown below in Table 5.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
General obligation bonds (voter-approved)	$ 3,367	$ 3,264	$ —	$ —	$ 3,367	$ 3,264
Tobacco Settlement Financing Corporation bonds	3,588	3,870	—	—	3,588	3,870
MBBA Special Purpose School Aid bonds	442	464	—	—	442	464
Capital lease obligations	26	37	287	231	313	268
Mortgage loan commitments	—	—	92	96	92	96
Unamortized bond premiums (discounts)	1,426	1,423	(39)	(51)	1,387	1,372
Accumulated accretion on capital appreciation bonds	175	255	—	—	175	255
State-supported debt as defined by the State Finance Law	34,534	32,462	8,595	8,511	43,129	40,973
Totals	**$ 43,558**	**$ 41,775**	**$ 8,935**	**$ 8,787**	**$ 52,493**	**$ 50,562**

During the 12 month period reported, the State issued $8.6 billion in bonds, of which $3.9 billion was for refunding and $4.7 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		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Voter-approved debt:						
General obligation:						
New issues	$ 455	$ 268	$ —	$ —	$ 455	$ 268
Refunding issues	—	—	—	—	—	—
Total voter-approved debt	**455**	**268**	**—**	**—**	**455**	**268**
Non-voter-approved debt:						
Other financing arrangements:						
New issues	3,689	3,238	563	827	4,252	4,065
Refunding issues	3,874	2,280	—	28	3,874	2,308
Total non-voter-approved debt	**7,563**	**5,518**	**563**	**855**	**8,126**	**6,373**
Totals	**$ 8,018**	**$ 5,786**	**$ 563**	**$ 855**	**$ 8,581**	**$ 6,641**

The State's assigned general obligation bond ratings are as follows: AA by Standard & Poor's Investor Services (S&P), Aa3 by Moody's Investor Service, and AA- by Fitch Investor Service. The State Constitution, with exceptions for emergencies, limits the amount of general obligation bonds that can be issued to that amount approved by the voters for a single work or purpose in a general election. Currently, the State has $2.7 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 new State-supported debt issued and related debt service costs. The Act also limits the use of debt to capital works and purposes, and establishes a maximum length of term for repayment of 30 years. The Act applies to all State-supported debt. The Debt Reform Act does not apply to debt issued prior to April 1, 2000 or to other obligations issued by public authorities where the State is not the direct obligor.

ECONOMIC FACTORS AFFECTING THE STATE

In December 2007, the nation entered into a recession caused by the downturn in the housing markets and the worldwide financial crisis. As 2008 progressed, national job losses mounted and economic output contracted, with the rates of decline accelerating as the financial crisis reached a critical stage in the fall. The recession and the financial crisis, which have continued into 2009, are now acknowledged as the worst since the Great Depression.

National home values peaked in June 2006 and have continued falling into 2009. Through April 2009, the S&P/Case-Shiller Home Price Index showed that national home values had fallen by 32 percent from their peak. In some metropolitan areas—notably in Arizona, California, Florida, and Nevada—price declines approached 50 percent. (In the downstate New York metropolitan area, home prices had declined by 20.9 percent.)

The worldwide financial crisis has made it more difficult for businesses and consumers to access credit, and has significantly reduced the value of financial assets. The Dow Jones Industrial Average, for example, fell from its historic peak of 14,164 in October 2007 to 6,547 in early March 2009—a decline of 53.8 percent. As a result of the declines in home values and asset prices, the Federal Reserve reported that the net worth of American households was reduced by nearly $10.9 trillion over the course of 2008—a decline of 17.4 percent.

These developments have had a significant impact on economic activity. Reduced access to credit has constricted business investment. Consumer confidence plunged—the Conference Board's Index of Consumer Confidence reached a record low in February 2009—causing consumer spending to fall sharply and the savings rate to begin rising (in April 2009, the savings rate reached 5.7 percent, the highest level since February 1995). Although for all of 2008 the nation's inflation-adjusted Gross Domestic Product (GDP) increased at an annual rate of 1.1 percent (the slowest rate of increase since 2001), in the last quarter of the year the GDP declined at an annualized rate of 6.3 percent. In the first quarter of 2009, the GDP declined at a 5.5 percent annualized rate. These were the deepest declines in any two consecutive quarters in more than 30 years. Average annual employment in the nation fell by 0.4 percent in 2008, the first decline since 2003. Job losses totaled more than 3 million on a seasonally adjusted basis between December 2007 and December 2008. By May 2009, the nation's cumulative job losses had reached 6 million.

The inflation rate surged during the first and second quarters of 2008, largely driven by rising energy costs. During these two quarters, the year-over-year national inflation rate for all items was 4 percent and 7.5 percent, respectively. As oil retreated from its record high ($147 per barrel, reached in July 2008), and as the severity of the national recession increased, inflation began to fall. The overall year-over-year inflation rate eased to 4 percent in the third quarter, and then prices fell by 10.2 percent in the fourth quarter.

New York State entered into the economic slowdown later than most states, as it continued to create jobs until July 2008. While New York State's economy was less affected than other parts of the country by the downturn in housing, the worldwide financial crisis had a greater impact on New York, especially as the financial crisis intensified in late 2008. Because of the recession's later start in New York, the State performed relatively better in employment than many other states did during 2008, but the deep financial impact to New York meant that output and incomes were affected relatively more in New York that year.

Growth in New York State's inflation-adjusted GDP slowed to 1.6 percent in 2008, the lowest rate of growth since 2003. Among all the states, New York's ranking for GDP growth fell from 7th in 2007 to 18th in 2008. IHS Global Insight estimates that statewide GDP declined at annualized rates of 5.9 percent in the fourth quarter of 2008 and 4.5 percent in the first quarter of 2009.

As job losses started later in New York State than in the nation, average annual employment in the State still grew, by 0.7 percent in 2008. Overall, 28 states experienced employment declines in 2008, compared with 3 states in 2007. As a result, New York's ranking for job growth climbed to 12th among the states in 2008, compared to 20th in 2007. The opposite was true for personal income—growth in New York's personal income slowed to 4 percent in 2008 and its ranking for income growth among the states fell to 29th in 2008 from 18th in 2007.

On a per capita basis, personal income in New York averaged $48,076 in 2008, which exceeded the national level ($30,751) and was sixth-highest among all the states. After adjustment for inflation, per capita income in New York showed a slight decline of 0.1 percent in 2008, compared with a 0.9 percent decline in the nation (inflation-adjusted per capita income declined in 37 of the states). New York ranked 18th among the states for per capita income growth in 2008.

New York State's economy has been affected by the financial crisis. The securities industry is a major component of New York's economy, having accounted for up to 20 percent of the State's tax revenues before the downturn. As the worldwide financial crisis deepened—in New York City one major investment firm failed, two others were sold, and the remaining large independent investment firms converted to bank holding companies. Many other firms received Federal government support. For 2008 as a whole, the securities industry lost a record $42.6 billion. In addition, year-end bonuses for the securities industry in New York City fell by 44 percent to $18.4 billion. The declines in profitability and bonuses have significantly reduced State tax revenues.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

Statement of Net Assets

March 31, 2009
(Amounts in millions)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS:				
Cash and investments	$ 9,631	$ 6,831	$ 16,462	$ 38,586
Receivables, net of allowances for uncollectibles:				
Taxes	9,323	—	9,323	—
Due from Federal government	4,920	—	4,920	—
Loans, leases and notes	—	—	—	36,920
Other	2,498	3,065	5,563	3,282
Internal balances	(882)	508	(374)	—
Other assets	965	219	1,184	5,854
Intangible assets	—	—	—	2,746
Capital assets:				
Land, infrastructure and construction in progress	75,239	2,062	77,301	7,105
Buildings, equipment, land improvements and infrastructure, net of depreciation	5,180	6,383	11,563	53,633
Total assets	**106,874**	**19,068**	**125,942**	**148,126**
LIABILITIES:				
Tax refunds payable	7,959	—	7,959	—
Accounts payable	1,326	494	1,820	625
Accrued liabilities	7,318	1,136	8,454	16,743
Due to Federal government	—	1,053	1,053	—
Payable to local governments	3,901	—	3,901	—
Interest payable	517	266	783	—
Pension contributions payable	82	—	82	259
Deferred revenues	442	383	825	1,079
Long-term liabilities:				
Due within one year	3,127	858	3,985	5,551
Due in more than one year:				
Tax refunds payable	759	—	759	—
Accrued liabilities	4,554	616	5,170	447
Payable to local governments	325	—	325	—
Lottery prizes payable	—	1,236	1,236	—
Pension contributions payable	423	—	423	40
Other postemployment benefits	4,388	1,481	5,869	3,336
Pollution remediation	484	—	484	—
Obligations under lease/purchase and other financing arrangements	38,155	8,514	46,669	—
Deferred loss on refunding	(790)	—	(790)	—
Notes payable	—	—	—	635
Bonds payable	3,010	—	3,010	72,360
Other long-term liabilities	—	—	—	9,175
Total liabilities	**75,980**	**16,037**	**92,017**	**110,250**
NET ASSETS:				
Invested in capital assets, net of related debt	63,476	569	64,045	21,803
Restricted for:				
Unemployment benefits	—	351	351	—
Debt service	2,321	—	2,321	3,355
Other specified purposes	517	1,691	2,208	8,766
Unrestricted (deficit)	(35,420)	420	(35,000)	3,952
Total net assets	**$ 30,894**	**$ 3,031**	**$ 33,925**	**$ 37,876**

See accompanying notes to the basic financial statements.

Statement of Activities

For the Year Ended March 31, 2009

(Amounts in millions)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government:				
Governmental activities:				
Education	$ 32,184	$ 73	$ 3,611	$ —
Public health	47,233	4,459	26,943	—
Public welfare	13,824	458	8,595	3
Public safety	6,066	194	233	54
Transportation	7,164	336	561	1,261
Environment and recreation	1,276	297	90	26
Support and regulate business	1,911	822	13	—
General government	9,457	1,920	355	—
Interest on long-term debt	1,752	—	—	—
Total governmental activities	**120,867**	**8,559**	**40,401**	**1,344**
Business-type activities:				
Lottery	5,235	7,660	—	—
Unemployment insurance	4,562	—	3,582	—
State University of New York	8,379	3,279	1,392	69
City University of New York	2,617	519	693	—
Total business-type activities	**20,793**	**11,458**	**5,667**	**69**
Total primary government	**$ 141,660**	**$ 20,017**	**$ 46,068**	**$ 1,413**
Total component units	**$ 31,540**	**$ 17,728**	**$ 6,429**	**$ 2,654**

General revenues:
- Taxes:
  - Personal income
  - Consumption and use
  - Business
  - Other
- Grants and contributions not restricted to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets—beginning of year, as restated

Net assets—end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities (Primary Government)	Business-type Activities (Primary Government)	Total (Primary Government)	Component Units
$ (28,500)	$ —	$ (28,500)	$ —
(15,831)	—	(15,831)	—
(4,768)	—	(4,768)	—
(5,585)	—	(5,585)	—
(5,006)	—	(5,006)	—
(863)	—	(863)	—
(1,076)	—	(1,076)	—
(7,182)	—	(7,182)	—
(1,752)	—	(1,752)	—
(70,563)	**—**	**(70,563)**	**—**
—	2,425	2,425	—
—	(980)	(980)	—
—	(3,639)	(3,639)	—
—	(1,405)	(1,405)	—
—	**(3,599)**	**(3,599)**	**—**
(70,563)	**(3,599)**	**(74,162)**	**—**
			(4,729)
33,108	—	33,108	—
13,910	—	13,910	—
7,661	—	7,661	—
1,898	—	1,898	—
—	—	—	1,506
256	270	526	567
3,983	300	4,283	2,122
60,816	**570**	**61,386**	**4,195**
(2,226)	1,845	(381)	—
58,590	**2,415**	**61,005**	**4,195**
(11,973)	**(1,184)**	**(13,157)**	**(534)**
42,867	**4,215**	**47,082**	**38,410**
$ 30,894	**$ 3,031**	**$ 33,925**	**$ 37,876**

Balance Sheet

GOVERNMENTAL FUNDS

March 31, 2009
(Amounts in millions)

	Major Funds					
	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Eliminations	Total
ASSETS:						
Cash and investments	$ 2,968	$ 251	$ 1,332	$ 5,080	$ —	**$ 9,631**
Receivables, net of allowances for uncollectibles:						
Taxes	7,125	—	1,822	376	—	**9,323**
Due from Federal government	—	4,469	—	451	—	**4,920**
Other	760	279	457	945	—	**2,441**
Due from other funds	1,235	11	—	617	(206)	**1,657**
Other assets	406	33	20	10	—	**469**
Total assets	**$ 12,494**	**$ 5,043**	**$ 3,631**	**$ 7,479**	**$ (206)**	**$ 28,441**
LIABILITIES:						
Tax refunds payable	$ 6,225	$ —	$ 1,528	$ 206	$ —	**$ 7,959**
Accounts payable	694	53	170	409	—	**1,326**
Accrued liabilities	2,939	2,951	4	218	—	**6,112**
Payable to local governments	2,343	1,092	98	368	—	**3,901**
Due to other funds	2,451	239	154	987	(206)	**3,625**
Pension contributions payable	82	—	—	—	—	**82**
Deferred revenues	704	707	68	205	—	**1,684**
Total liabilities	**15,438**	**5,042**	**2,022**	**2,393**	**(206)**	**24,689**
FUND BALANCES:						
Reserved for:						
Encumbrances	767	1,082	—	6,151	—	**8,000**
Debt service	—	—	1,731	590	—	**2,321**
Tax stabilization	1,031	—	—	—	—	**1,031**
Refund	577	—	—	—	—	**577**
Other specified purposes	249	—	—	233	—	**482**
Unreserved:						
General	(5,568)	—	—	—	—	**(5,568)**
Federal special revenue	—	(1,081)	—	—	—	**(1,081)**
Special revenue	—	—	—	2,677	—	**2,677**
Debt service	—	—	(122)	233	—	**111**
Capital projects	—	—	—	(4,798)	—	**(4,798)**
Total fund balances (deficits)	**(2,944)**	**1**	**1,609**	**5,086**	**—**	**3,752**
Total liabilities and fund balances	**$ 12,494**	**$ 5,043**	**$ 3,631**	**$ 7,479**	**$ (206)**	**$ 28,441**

See accompanying notes to the basic financial statements.

Reconciliation of the Balance Sheet

GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

March 31, 2009
(Amounts in millions)

Total fund balances—governmental funds	**$**	**3,752**
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		80,419
Some of the State's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds		1,242
Medicaid cost recoveries not available soon enough to reduce current period expenditures		57
Deferred charges related to bond issuance costs		496
Some liabilities (listed below) are not due and payable in the current period and therefore are not reported in the funds:		
Interest payable		(517)
Due to business-type activities		(120)
Long-term liabilities due within one year		(3,127)
Tax refunds payable		(759)
Accrued liabilities		(4,554)
Payable to local governments		(325)
Pension contributions payable		(423)
Other postemployment benefits		(4,388)
Pollution remediation		(484)
Lease/purchase and other financing arrangements		(38,155)
Deferred loss on refunding		790
Bonds payable		(3,010)
Total net assets—governmental activities	**$**	**30,894**

See accompanying notes to the basic financial statements.

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

GOVERNMENTAL FUNDS

Year Ended March 31, 2009
(Amounts in millions)

	Major Funds					
	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Eliminations	Total
REVENUES:						
Taxes:						
Personal income	$ 19,262	$ —	$ 9,307	$ 4,527	$ —	$ 33,096
Consumption and use	8,183	—	—	5,721	—	13,904
Business	5,670	—	—	2,041	—	7,711
Other	1,088	—	—	681	—	1,769
Federal grants	45	39,696	—	1,896	—	41,637
Public health/patient fees	—	—	—	3,734	—	3,734
Tobacco settlement	—	—	506	88	—	594
Miscellaneous	5,980	60	77	2,893	(739)	8,271
Total revenues	**40,228**	**39,756**	**9,890**	**21,581**	**(739)**	**110,716**
EXPENDITURES:						
Local assistance grants:						
Social services	12,601	29,146	—	2,994	—	44,741
Education	21,157	3,375	—	6,515	—	31,047
Mental hygiene	1,686	166	—	146	—	1,998
General purpose	1,220	—	—	—	—	1,220
Health and environment	1,789	984	—	1,819	—	4,592
Transportation	571	34	—	3,504	—	4,109
Criminal justice	253	178	—	85	—	516
Miscellaneous	537	424	—	1,940	—	2,901
State operations:						
Personal service	8,948	617	—	254	—	9,819
Non-personal service	3,318	675	55	2,334	(688)	5,694
Pension contributions	907	48	—	18	—	973
Other fringe benefits	3,643	188	—	60	(51)	3,840
Capital construction	—	—	—	5,127	—	5,127
Debt service, including payments on financing arrangements	—	—	3,296	838	—	4,134
Total expenditures	**56,630**	**35,835**	**3,351**	**25,634**	**(739)**	**120,711**
Excess (deficiency) of revenues over expenditures	**(16,402)**	**3,921**	**6,539**	**(4,053)**	**—**	**(9,995)**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	15,614	—	2,889	6,642	(22,384)	2,761
Transfers to other funds	(6,491)	(3,920)	(9,295)	(7,750)	22,384	(5,072)
General obligation bonds issued	—	—	—	455	—	455
Premiums on general obligation bonds issued	—	—	—	4	—	4
Financing arrangements/advance refundings issued	368	—	2,236	4,959	—	7,563
Payments to escrow agents for advance refundings	—	—	(2,275)	(1,651)	—	(3,926)
Premiums on financing arrangements/ advance refundings	16	—	54	141	—	211
Net other financing sources (uses)	**9,507**	**(3,920)**	**(6,391)**	**2,800**	**—**	**1,996**
Net change in fund balances	**(6,895)**	**1**	**148**	**(1,253)**	**—**	**(7,999)**
Fund balances at April 1, 2008	**3,951**	**—**	**1,461**	**6,339**	**—**	**11,751**
Fund balances (deficits) at March 31, 2009	**$ (2,944)**	**$ 1**	**$ 1,609**	**$ 5,086**	**$ —**	**$ 3,752**

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, 2009

(Amounts in millions)

Net change in fund balances—total governmental funds		**$ (7,999)**
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	$ (305)	
Disposal of assets	(293)	
Purchase of assets	1,823	
		1,225
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	$ 2,419	
Long-term debt proceeds	(8,233)	
Payments to refunding agent	3,926	
		(1,888)
Revenues in the statement of activities that do not provide current financial resources and are not reported in the funds		282
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	$ (527)	
State operations	(2,951)	
Transfers to business-type activities	(120)	
Other	5	
		(3,593)
Change in net assets of governmental activities		**$ (11,973)**

See accompanying notes to the basic financial statements.

Statement of Net Assets

ENTERPRISE FUNDS

March 31, 2009
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2008 SUNY	June 30, 2008 CUNY	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 44	$ —	$ 1,213	$ 240	**$ 1,497**
Investments	186	—	301	409	**896**
Deposits with trustees	—	—	—	213	**213**
Receivables, net of allowance for uncollectibles	480	1,518	787	133	**2,918**
Due from other funds	—	—	414	181	**595**
Other assets	12	—	60	32	**104**
Total current assets	**722**	**1,518**	**2,775**	**1,208**	**6,223**
Noncurrent assets:					
Restricted cash and cash equivalents	—	—	74	4	**78**
Long-term investments	1,376	—	1,368	199	**2,943**
Deposits with trustees	—	—	887	317	**1,204**
Receivables, net of allowance for uncollectibles	—	—	143	4	**147**
Due from other funds	—	—	89	—	**89**
Capital assets:					
Land, construction in progress and artwork	—	—	1,231	831	**2,062**
Buildings and equipment, net of depreciation	—	—	4,514	1,869	**6,383**
Other assets	7	—	68	40	**115**
Total noncurrent assets	**1,383**	**—**	**8,374**	**3,264**	**13,021**
Total assets	**2,105**	**1,518**	**11,149**	**4,472**	**19,244**
LIABILITIES:					
Current liabilities:					
Accounts payable	20	—	339	135	**494**
Accrued liabilities	191	114	631	446	**1,382**
Other postemployment benefits	—	—	6	—	**6**
Due to Federal government	—	1,053	—	—	**1,053**
Lottery prizes payable	185	—	—	—	**185**
Due to other funds	176	—	—	—	**176**
Interest payable	—	—	201	65	**266**
Deferred revenues	12	—	258	113	**383**
Obligations under lease/purchase and other financing arrangements	3	—	284	134	**421**
Total current liabilities	**587**	**1,167**	**1,719**	**893**	**4,366**
Noncurrent liabilities:					
Accrued liabilities	—	—	534	82	**616**
Other postemployment benefits	—	—	1,313	168	**1,481**
Lottery prizes payable	1,236	—	—	—	**1,236**
Obligations under lease/purchase and other financing arrangements	4	—	5,652	2,858	**8,514**
Total noncurrent liabilities	**1,240**	**—**	**7,499**	**3,108**	**11,847**
Total liabilities	**1,827**	**1,167**	**9,218**	**4,001**	**16,213**
NET ASSETS:					
Invested in capital assets, net of related debt	—	—	641	(72)	**569**
Restricted for:					
Nonexpendable purposes	—	—	264	38	**302**
Expendable purposes	—	—	917	400	**1,317**
Unemployment benefits	—	351	—	—	**351**
Future prizes	72	—	—	—	**72**
Unrestricted	206	—	109	105	**420**
Total net assets	**$ 278**	**$ 351**	**$ 1,931**	**$ 471**	**$ 3,031**

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Assets

ENTERPRISE FUNDS

Year Ended March 31, 2009

(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2008 SUNY	June 30, 2008 CUNY	Total
OPERATING REVENUES:					
Ticket sales	$ 7,660	$ —	$ —	$ —	$ 7,660
Employer contributions	—	3,582	—	—	3,582
Tuition and fees, net	—	—	952	502	1,454
Government grants and contracts	—	—	1,098	578	1,676
Private grants and contracts	—	—	274	81	355
Hospitals and clinics	—	—	1,596	—	1,596
Auxiliary enterprises	—	—	731	17	748
Other	—	—	102	36	138
Total operating revenues	**7,660**	**3,582**	**4,753**	**1,214**	**17,209**
OPERATING EXPENSES:					
Benefits paid	—	4,562	—	—	4,562
Prizes	4,003	—	—	—	4,003
Commissions and fees	966	—	—	—	966
Educational and general	—	—	5,098	2,276	7,374
Hospitals and clinics	—	—	1,823	—	1,823
Auxiliary enterprises	—	—	758	14	772
Instant game ticket costs	33	—	—	—	33
Depreciation and amortization	5	—	376	151	532
Other	153	—	8	—	161
Total operating expenses	**5,160**	**4,562**	**8,063**	**2,441**	**20,226**
Operating income (loss)	**2,500**	**(980)**	**(3,310)**	**(1,227)**	**(3,017)**
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	124	18	132	53	327
Other income (expense)	—	—	13	32	45
Private gifts, grants, contracts	—	—	99	5	104
Federal and city appropriations	—	—	20	34	54
Net increase in the fair value of investments	—	—	(35)	(22)	(57)
Plant and equipment write-off	—	—	(10)	—	(10)
Interest expense	(75)	—	(306)	(176)	(557)
Total nonoperating revenues (expenses)	**49**	**18**	**(87)**	**(74)**	**(94)**
Income (loss) before other revenues and transfers	**2,549**	**(962)**	**(3,397)**	**(1,301)**	**(3,111)**
State transfers	—	—	2,971	995	3,966
Education aid transfer	(2,544)	—	—	—	(2,544)
Capital appropriations	—	—	9	414	423
Capital gifts and grants	—	—	69	—	69
Additions to permanent endowments	—	—	11	2	13
Increase in net assets	**5**	**(962)**	**(337)**	**110**	**(1,184)**
Net assets—beginning of year, as restated	**273**	**1,313**	**2,268**	**361**	**4,215**
Net assets—end of year	**$ 278**	**$ 351**	**$ 1,931**	**$ 471**	**$ 3,031**

See accompanying notes to the basic financial statements.

Statement of Cash Flows

ENTERPRISE FUNDS

Year Ended March 31, 2009
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2008 SUNY	June 30, 2008 CUNY	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from:					
Contributions	$ —	$ 3,494	$ —	$ —	**$ 3,494**
Ticket sales	7,650	—	—	—	**7,650**
Tuition and fees	—	—	961	506	**1,467**
Government grants and contracts	—	—	1,114	657	**1,771**
Private grants and contracts	—	—	323	—	**323**
Hospitals and clinics	—	—	1,573	—	**1,573**
Auxiliary enterprises	—	—	716	17	**733**
Other	—	—	118	211	**329**
Payments for:					
Claims	—	(4,524)	—	—	**(4,524)**
Prizes	(4,057)	—	—	—	**(4,057)**
Commissions and fees	(1,030)	—	—	—	**(1,030)**
Operating expenses	(131)	—	(5,960)	(1,984)	**(8,075)**
Other	—	—	(88)	(157)	**(245)**
Net cash provided (used) by operating activities	**2,432**	**(1,030)**	**(1,243)**	**(750)**	**(591)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer to education	(2,954)	—	—	—	**(2,954)**
Temporary loan from Federal government	—	1,240	—	—	**1,240**
Repayment of temporary loan from Federal government	—	(244)	—	—	**(244)**
Government transfers	410	—	1,927	965	**3,302**
Private gifts and grants	—	—	78	—	**78**
Gifts and grants for other than capital purposes	—	—	—	4	**4**
Private gifts for endowment purposes	—	—	—	2	**2**
Proceeds from short-term loans	—	—	55	—	**55**
Repayment of short-term loans	—	—	(69)	—	**(69)**
Loans issued to students	—	—	—	(8)	**(8)**
Collection of loans from students	—	—	—	6	**6**
Direct loan receipts	—	—	276	—	**276**
Direct loan disbursements	—	—	(276)	—	**(276)**
Other receipts	—	16	19	1	**36**
Transfers	—	—	—	31	**31**
Other payments	—	—	—	(5)	**(5)**
Net cash provided (used) by noncapital financing activities	**(2,544)**	**1,012**	**2,010**	**996**	**1,474**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from capital debt	—	—	742	—	**742**
Capital transfers	—	—	9	414	**423**
Purchase of capital assets	(4)	—	(228)	(298)	**(530)**
Payments to contractors	—	—	(612)	—	**(612)**
Principal payments on capital leases	—	—	(260)	(275)	**(535)**
Interest payments on capital leases	—	—	(305)	(169)	**(474)**
Capital gifts and grants received	—	—	63	—	**63**
Proceeds from sale of capital assets	—	—	2	—	**2**
Other receipts (payments)	—	—	(2)	—	**(2)**
Pollution remediation obligations	—	—	—	(1)	**(1)**
Increase in deposits held by bond trustees	—	—	—	249	**249**
Increase (decrease) in amounts held by the DASNY	—	—	—	(5)	**(5)**
Net cash used by capital financing activities	**(4)**	**—**	**(591)**	**(85)**	**(680)**

(Continued)

Statement of Cash Flows (cont'd)

ENTERPRISE FUNDS

Year Ended March 31, 2009
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2008 SUNY	June 30, 2008 CUNY	Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest, dividends and realized gains on investments	4	18	152	53	**227**
Proceeds from sales and maturities of investments	189	—	4,040	1,398	**5,627**
Purchases of investments	(140)	—	(4,209)	(1,614)	**(5,963)**
Net proceeds from swaps of investment securities	2	—	—	—	**2**
Increase in restricted cash	—	—	—	2	**2**
Decrease in collateral held for securities lending	—	—	—	(2)	**(2)**
Net cash provided (used) by investing activities	**55**	**18**	**(17)**	**(163)**	**(107)**
Net increase (decrease) in cash and cash equivalents	**(61)**	**—**	**159**	**(2)**	**96**
Cash and cash equivalents—beginning of year, as restated	105	—	1,128	246	**1,479**
Cash and cash equivalents—end of year	**$ 44**	**$ —**	**$ 1,287**	**$ 244**	**$ 1,575**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 2,500	$ (980)	$ (3,310)	$ (1,227)	**$ (3,017)**
Adjustments to reconcile operating income (loss) to net cash provided (used) by nonoperating and noncash activities:					
Depreciation and amortization	5	—	376	151	**532**
Other nonoperating and noncash items	—	—	1,023	—	**1,023**
Change in assets and liabilities:					
Receivables, net	(8)	(88)	(15)	(5)	**(116)**
Other assets	(3)	—	(11)	2	**(12)**
Lottery prizes payable	(19)	—	—	—	**(19)**
Unclaimed and future prizes	(35)	—	—	—	**(35)**
Accrued liabilities	(6)	—	91	250	**335**
Other postemployment benefits	—	—	528	71	**599**
Deferred revenues	(2)	—	75	8	**81**
Other payables	—	38	—	—	**38**
Net cash provided (used) by operating activities	**$ 2,432**	**$ (1,030)**	**$ (1,243)**	**$ (750)**	**$ (591)**
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
New capital leases/debt agreements	$ —	$ —	$ 183	$ —	**$ 183**
Noncash gifts	$ —	$ —	$ 2	$ 3	**$ 5**
Increase in unrealized gains on investments	$ 42	$ —	$ —	$ —	**$ 42**
Amortization of investment discount	$ 76	$ —	$ —	$ —	**$ 76**

See accompanying notes to the basic financial statements.

Statement of Fiduciary Net Assets

FIDUCIARY FUNDS

March 31, 2009
(Amounts in millions)

	Pension Trusts	Private-Purpose Trusts	Agency
ASSETS:			
Cash and investments	$ —	$ 7,244	$ 2,888
Retirement system investments:			
Short-term investments	3,826	—	—
Government bonds	27,025	—	—
Corporate bonds	9,516	—	—
Domestic equities	34,332	—	—
International equities	13,539	—	—
Private equities	10,564	—	—
Absolute return strategy investments	2,381	—	—
Real estate and mortgage loans	7,777	—	—
Securities lending collateral, invested	13,040	—	—
Forward foreign exchange contracts	322	—	—
Receivables, net of allowances for uncollectibles	2,854	138	117
Due from other funds	—	942	313
Capital assets, at cost, net of accumulated depreciation	27	—	267
Total assets	**125,203**	**8,324**	**$ 3,585**
LIABILITIES:			
Securities lending obligations	13,272	—	—
Forward foreign exchange contracts	321	—	—
Accounts payable—investments	323	—	20
Accounts payable—benefits	182	—	—
Other liabilities	167	1,306	1,876
Payable to local governments	—	—	1,666
Due to other funds	—	—	23
Total liabilities	**14,265**	**1,306**	**$ 3,585**
NET ASSETS:			
Held in trust for pension benefits and other purposes	**$ 110,938**	**$ 7,018**	

See accompanying notes to the basic financial statements.

Statement of Changes in Fiduciary Net Assets

FIDUCIARY FUNDS

Year Ended March 31, 2009
(Amounts in millions)

	Pension Trusts	Private-Purpose Trusts
Additions:		
Investment earnings:		
Interest income	$ 1,722	$ —
Dividend income	1,531	237
Other income	223	—
Securities lending income	546	—
Net decrease in the fair value of investments	(43,720)	(2,060)
Total investment loss	**(39,698)**	**(1,823)**
Less:		
Securities lending expenses	(368)	—
Investment expenses	(363)	(42)
Net investment loss	**(40,429)**	**(1,865)**
Contributions:		
College savings	—	2,751
Employers	2,456	—
Members	273	—
Interest on accounts receivable	31	—
Other	125	—
Total contributions	**2,885**	**2,751**
Net transfers from General Fund	—	210
Total additions	**(37,544)**	**1,096**
Deductions:		
College aid redemptions	—	1,790
Benefits paid:		
Retirement allowances	7,032	—
Death benefits	180	—
Other benefits	53	—
Administrative expenses	99	—
Claims paid	—	237
Total deductions	**7,364**	**2,027**
Net decrease	**(44,908)**	**(931)**
Net assets held in trust for pension benefits and other purposes at April 1, 2008	**155,846**	**7,949**
Net assets held in trust for pension benefits and other purposes at March 31, 2009	**$ 110,938**	**$ 7,018**

See accompanying notes to the basic financial statements.

Combining Statement of Net Assets

DISCRETELY PRESENTED COMPONENT UNITS

March 31, 2009
(Amounts in millions)

	Major Component Units				
	Power Authority	Housing Finance Agency	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority
ASSETS:					
Cash and investments	$ 2,092	$ 1,700	$ 469	$ 4,846	$ 5,813
Receivables, net of allowances for uncollectibles:					
Loans, leases, and notes	95	8,307	—	—	33,965
Other	196	49	64	2,952	678
Other assets	887	—	68	2,336	—
Intangible assets	—	—	—	—	—
Capital assets:					
Construction in progress	158	—	529	5,990	—
Land and buildings, net of depreciation	3,579	—	3,927	37,333	14
Total assets	**7,007**	**10,056**	**5,057**	**53,457**	**40,470**
LIABILITIES:					
Accounts payable	—	7	—	497	—
Accrued liabilities	520	96	143	2,035	1,297
Pension contributions payable	—	—	—	259	—
Deferred revenues	—	99	44	391	82
Notes payable	338	—	—	—	—
Bonds payable	37	106	56	191	4,225
Current portion of other long-term liabilities	—	—	16	240	10
Due in more than one year:					
Accrued liabilities	—	—	—	86	158
Pension contributions payable	—	—	—	40	—
Other postemployment benefits	—	29	95	2,638	21
Deferred revenues	773	224	—	—	—
Notes payable	548	—	—	—	—
Bonds payable	1,196	9,023	2,344	25,936	34,014
Other long-term liabilities	1,028	(5)	11	2,810	83
Total liabilities	**4,440**	**9,579**	**2,709**	**35,123**	**39,890**
NET ASSETS:					
Invested in capital assets, net of related debt	1,685	—	2,193	15,790	14
Restricted for:					
Debt service	—	374	86	972	—
Other specified purposes	41	—	96	96	485
Unrestricted (deficit)	841	103	(27)	1,476	81
Total net assets	**$ 2,567**	**$ 477**	**$ 2,348**	**$ 18,334**	**$ 580**

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
$ 258	$ 2,719	$ 11,583	$ 1,892	$ 3,878	$ 4,584	$ (1,248)	**$ 38,586**
155	7,039	—	3,192	7,957	558	(24,348)	**36,920**
406	243	161	30	155	534	(2,186)	**3,282**
2,072	171	78	111	—	165	(34)	**5,854**
2,742	—	—	—	—	4	—	**2,746**
307	—	—	—	—	121	—	**7,105**
5,418	1,089	—	—	—	2,273	—	**53,633**
11,358	**11,261**	**11,822**	**5,225**	**11,990**	**8,239**	**(27,816)**	**148,126**
—	—	—	—	—	121	—	**625**
641	462	10,388	170	278	862	(149)	**16,743**
—	—	—	—	—	—	—	**259**
—	—	373	—	—	91	(1)	**1,079**
200	55	—	—	—	—	—	**593**
241	521	—	121	318	88	(1,337)	**4,567**
103	—	—	—	—	22	—	**391**
28	70	—	—	30	75	—	**447**
—	—	—	—	—	—	—	**40**
14	7	—	24	3	505	—	**3,336**
—	—	—	—	2	363	(10)	**1,352**
—	85	—	—	—	2	—	**635**
6,394	7,829	—	3,117	6,809	2,266	(26,568)	**72,360**
3,448	381	—	(5)	—	104	(32)	**7,823**
11,069	**9,410**	**10,761**	**3,427**	**7,440**	**4,499**	**(28,097)**	**110,250**
(56)	960	—	—	—	1,217	—	**21,803**
—	—	—	1,805	—	103	15	**3,355**
229	686	—	—	4,534	2,599	—	**8,766**
116	205	1,061	(7)	16	(179)	266	**3,952**
$ 289	**$ 1,851**	**$ 1,061**	**$ 1,798**	**$ 4,550**	**$ 3,740**	**$ 281**	**$ 37,876**

Combining Statement of Activities

DISCRETELY PRESENTED COMPONENT UNITS

Year Ended March 31, 2009

(Amounts in millions)

	Major Component Units				
	Power Authority	Housing Finance Agency	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority
Expenses:					
Program operations	$ 2,701	$ 135	$ 453	$ 10,543	$ 98
Interest on long-term debt	90	274	96	1,209	1,739
Other interest	26	—	—	—	—
Depreciation and amortization	173	—	223	1,791	—
Other expenses	60	4	—	—	150
Total expenses	**3,050**	**413**	**772**	**13,543**	**1,987**
Program revenues:					
Charges for services	3,185	310	575	5,515	1,683
Operating grants and contributions	—	80	22	2,790	—
Capital grants and contributions	—	—	18	2,450	—
Total program revenues	**3,185**	**390**	**615**	**10,755**	**1,683**
Net program revenues (expenses)	**135**	**(23)**	**(157)**	**(2,788)**	**(304)**
General revenues:					
Non-State grants and contributions not restricted to specific programs	—	—	—	1,371	—
Investment earnings:					
Restricted	—	46	—	—	66
Unrestricted	80	—	3	—	1
Miscellaneous	84	1	24	454	162
Total general revenues	**164**	**47**	**27**	**1,825**	**229**
Change in net assets	**299**	**24**	**(130)**	**(963)**	**(75)**
Net assets—beginning of year, as restated	**2,268**	**453**	**2,478**	**19,297**	**655**
Net assets—end of year	**$ 2,567**	**$ 477**	**$ 2,348**	**$ 18,334**	**$ 580**

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
	$ 3,109	$ 803	$ 1,961	$ 45	$ 192	$ 4,945	$ (9)	**$ 24,976**
	308	427	—	140	344	85	(1,438)	**3,274**
	15	—	—	—	—	10	—	**51**
	247	13	—	3	—	153	—	**2,603**
	4	68	27	101	—	224	(2)	**636**
	3,683	**1,311**	**1,988**	**289**	**536**	**5,417**	**(1,449)**	**31,540**
	3,640	48	1,453	168	17	2,068	(934)	**17,728**
	—	1,145	—	1	18	2,895	(522)	**6,429**
	—	—	—	—	118	68	—	**2,654**
	3,640	**1,193**	**1,453**	**169**	**153**	**5,031**	**(1,456)**	**26,811**
	(43)	**(118)**	**(535)**	**(120)**	**(383)**	**(386)**	**(7)**	**(4,729)**
	—	—	—	—	—	135	—	**1,506**
	—	—	—	70	169	46	—	**397**
	24	12	—	—	—	50	—	**170**
	45	323	101	81	348	499	—	**2,122**
	69	**335**	**101**	**151**	**517**	**730**	**—**	**4,195**
	26	**217**	**(434)**	**31**	**134**	**344**	**(7)**	**(534)**
	263	**1,634**	**1,495**	**1,767**	**4,416**	**3,396**	**288**	**38,410**
	$ 289	**$ 1,851**	**$ 1,061**	**$ 1,798**	**$ 4,550**	**$ 3,740**	**$ 281**	**$ 37,876**

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

NOTES TO THE BASIC FINANCIAL STATEMENTS

March 31, 2009

Note 1 Summary of Significant Accounting Policies

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

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

a. Reporting Entity

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

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

Blended Component Units

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

The Tobacco Settlement Financing Corporation (TSFC) was created by Part D3 of Chapter 62 of the Laws of 2003. TSFC was created as a subsidiary of the State of New York Municipal Bond Bank Agency (Agency). The directors of the Agency are members of TSFC. TSFC is governed by a seven member board, 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, 2009 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 GASB 20, the State has elected only to follow those Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB), issued prior to December 1, 1989. However, the Power Authority of the State of New York and the Long Island Power Authority have elected to continue to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. In addition, the State Insurance Fund prepares financial statements in conformity with accounting practices prescribed or permitted by the Insurance Department of the State of New York (Insurance Department). The Insurance Department recognizes only New York Statutory Accounting Practices for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under New York State Insurance Law.

The State reports the following major and other governmental funds:

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

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

General Obligation Debt Service Fund—accounts for the payment of principal and interest on the State's general obligation debt, the payments on certain lease/purchase or other contractual obligations and transactions related to the Tobacco Settlement Financing Corporation.

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

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

The State reports the following major Enterprise Funds:

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

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

SUNY Fund—accounts for the operation of the State University of New York (SUNY). Information reported in this fund is obtained from the audited financial statements prepared by SUNY for the fiscal year ended June 30, 2008.

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, 2008.

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

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

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

Private Purpose Trust Funds—are used to account for resources legally held in trust as escheat property and resources held in trust to facilitate savings for higher education expenses, pursuant to the New York State tuition savings program. There is no requirement that any portion of these resources be preserved as capital. Information reported for the tuition savings program is obtained from the audited financial statements prepared by the program for the fiscal year ended December 31, 2008.

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 $243 million are included in cash and investments at March 31, 2009. At various times during the year, compensating balances could be substantially higher. Cash balances not held in the State Treasury and controlled by various State officials are generally deposited in interest-bearing accounts or other legally stipulated investments. Additional information about the State's cash and investments is provided in Note 2.

Generally, for purposes of reporting cash flows, cash includes cash and cash equivalents. Cash equivalents are composed of liquid assets with maturities of 90 days or less. The Enterprise Funds Statement of Cash Flows uses the direct method of reporting cash flows.

All investments with a maturity of more than a year are recorded on the Statement of Net Assets and the balance sheet at fair value and all investment income, including changes in the fair value of investments, is reported as revenue. Investments of the short-term investment pool have a maturity of one year or less and are recorded at cost. Fair values were determined using market values at the applicable entities' year-end.

e. Receivables

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

f. Internal Balances

All outstanding balances between funds at the end of the fiscal year are referred to as "due to/from other funds" on the governmental fund financial statements. Generally, the effect of interfund activity within the governmental funds has been removed. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." For the most part, the remaining difference is a result of different year-ends 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; and infrastructure assets such as roads and bridges. Capital assets are reported at historical cost or estimated historical cost and donated capital assets are valued at their estimated fair market value at the date of donation.

Equipment that has a cost in excess of $40 thousand at the date of acquisition and has an expected useful life of two or more years is capitalized. All initial building costs and building improvements and land and land improvements in excess of $100 thousand are capitalized. Infrastructure assets in excess of $1 million are also capitalized. Software is not capitalized. The State chose the option in GASB Statement 34 of not recording non-major infrastructure assets at transition except for Department of Transportation (DOT) infrastructure assets. Therefore, non-DOT infrastructure assets acquired prior to April 1, 2002 were deemed to be non-major relative to total infrastructure and are not reported. However, prospective reporting of non-DOT depreciable infrastructure acquired subsequent to April 1, 2002 is included in the capital asset balances at March 31, 2009.

The costs of normal repairs and maintenance that do not add to the value or extend lives of assets materially are not capitalized, but are shown as expenses in the year incurred. Expenses relating to roads and bridges that add to the capacity and efficiency of the road and bridge networks are not expensed but are capitalized. All maintenance and preservation costs relating to roads and bridges will be expensed and not capitalized.

Buildings, land improvements and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

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

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

The State has elected to use the modified approach for reporting and accounting for its highways and bridges reported by 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 and equipment items with a unit cost of more than $5 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 artwork, historical treasures and library books with a unit cost of more than $5 thousand. SUNY and CUNY capital assets, with the exception of land, construction in progress and works of art and historical treasures, are depreciated on a straight-line basis over their estimated useful lives ranging from 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 debt service expenditures.

j. Compensated Absences

The estimated vacation leave liability for State employees at March 31, 2009 is $876 million and represents an increase of $47 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, but 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 $209 million and $54 million for SUNY and CUNY, respectively, at June 30, 2008.

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 $37 million for sick leave credits in accrued liabilities as of June 30, 2008.

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, 2009 are accrued. Prize monies to meet long-term prize payments are invested in United States government-backed obligations that are recorded at fair value. Lottery prize liabilities are recorded at a discounted value equivalent to the related investments. At March 31, 2009, the prize liabilities of approximately $2.2 billion were reported at a discounted value of approximately $1.4 billion (at interest rates ranging from 0.27 percent to 9.41 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. At March 31, 2009, $2.9 billion was reported as restricted net assets because of restrictions imposed by enabling legislation. When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

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

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

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

n. Reservations of Fund Balance

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

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, 2009, the Governmental Funds had an other specified purposes balance of $482 million consisting of $249 million in the General Fund and $233 million in Other Governmental Funds. Other specified purposes in the General Fund included $175 million for rainy day reserves, $50 million for community projects, $3 million for appropriated loans and $21 million for contingency reserves. Other specified purposes in the Other Governmental Funds included $140 million for appropriated loans and $93 million for health care reform.

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 $10.9 million was paid on behalf of 3,643 retirees and recorded as an expenditure in the General Fund.

p. Deficit Fund Balances

As of March 31, 2009, fund deficits were reported in the following Capital Projects Funds: the Dedicated Highway and Bridge Trust Fund ($302 million), the Mental Hygiene Facilities Capital Improvement Fund ($146 million), the Housing Program Fund ($121 million) and the Department of Transportation Engineering Services Fund ($27 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 ($7 million), which is a Special Revenue Fund, also had a fund deficit. The deficit is a 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, 2009, the State adopted GASB Statement 49 (GASBS 49), *Accounting and Financial Reporting for Pollution Remediation Obligations*, establishing accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The standard excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care and nuclear power plant decommissioning. The effects of applying this standard are disclosed in Note 10.

The provisions of GASBS 49 require the measurement of pollution remediation liabilities at April 1, 2008; therefore, the State's beginning net assets have been restated. The following is a reconciliation of the total net assets as previously reported as of March 31, 2008 to the beginning net assets balance (amounts in millions):

Net assets at March 31, 2008	$	43,510
Adoption of GASBS 49		(643)
Total net assets at April 1, 2008	**$**	**42,867**

The net assets of CUNY Senior Colleges, as previously reported as of June 30, 2007 and reported in the business-type activities, were also restated due to the implementation of GASBS 49 as follows (amounts in millions):

Net assets at June 30, 2007	$	363
Adoption of GASBS 49		(2)
Total net assets at July 1, 2007	**$**	**361**

The State's component units also implemented GASBS 49 and restated beginning net assets as required by the standard.

Note 2 Cash and Investments

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

Deposits

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

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

For demand accounts, checking accounts or certificates of 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 deposits with financial institutions were fully collateralized (carrying amount of account balance was $550 million and the average available bank balance was $457 million; the total amount of certificates of deposits was $5.1 billion) at fiscal year-end, except for accounts with a total book balance of $246 million, and a bank balance of $340 million. Total securities held by the State's fiscal agent was $5.8 billion and a surety bond in the amount of $515 million was used as collateral. At March 31, 2009, primary government deposits totaling $340 million were exposed to custodial credit risk because they were uninsured and uncollateralized.

Governmental Activities, Private Purpose and Agency Funds

Investments

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

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

As of March 31, 2009 (except for the Tuition Savings Program, which is as of December 31, 2008), 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	$ 1,480	$ 1,480	$ —	$ —	$ —
U.S. Treasury notes	641	212	429	—	—
U.S. Treasury strips	182	124	58	—	—
Government sponsored agencies	1,463	1,449	14	—	—
Repurchase agreements	568	558	—	1	9
Commercial paper	2,175	2,175	—	—	—
Certificates of deposit	370	370	—	—	—
Money markets	674	674	—	—	—
Forward purchase agreements	57	—	—	—	57
Other	63	40	1	—	22
Subtotal	**7,673**	**$ 7,082**	**$ 502**	**$ 1**	**$ 88**
Mutual funds	6,992				
Equity securities	78				
Investments held in an agent or trust capacity	330				
Total	**$ 15,073**				

Included in the table are securities which either were not acquired for investment purposes or cannot be classified or categorized, and are being held by the State in an agent or trust capacity. Employers seeking self-insurer status for workers' compensation purposes may deposit securities specified by Section 235 of the New York State Banking Law with the Chairman of the Workers' Compensation Board. The State holds these securities (carrying amount $42 million, which approximates fair value) only as an agent for the employers. Securities which are unclaimed at financial institutions are transferred periodically to the State and are held temporarily by the State until they can be liquidated. The securities or proceeds can be claimed by the owners under established procedures. These securities had a carrying amount and fair value of $222 million at March 31, 2009. The State holds cash and securities deposited by contractors in lieu of retainage on contract payments (carrying amount and fair value of $66 million).

Credit Risk

State law limits investments in commercial paper, repurchase agreements and corporate bonds to the highest ratings issued by two nationally recognized statistical rating organizations (NRSROs). Investments in commercial paper and repurchase agreements are limited to a rating of A-1 by Standard & Poor's Corporation (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 GASB Statement 40. Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields, and share price fluctuations due to changes in interest rates. The underlying mutual funds in which the Tuition Savings Program invests are not rated by any 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. The following table presents the fair value of investments by type (amounts in millions):

Investment Type	Fair Value
U.S. Treasury bills	$ 1,051
U.S. Treasury notes	275
Government sponsored agencies	1,463
Repurchase agreements	363
Forward purchase agreements	57
Other	56
Total	**$ 3,265**

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. At March 31, 2009, the Public Asset Fund (an Other Governmental Fund) held 100 percent of its investments in WellPoint, Inc. common stock representing approximately $78 million.

Foreign Currency Risk

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

Business-type Activities

Deposits

SUNY does not have a formal policy for collateral requirements for cash deposits. Deposits not held in the State Treasury that are not covered by depository insurance are: uncollateralized ($59 million); collateralized with securities held by a pledging financial institution ($25 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 ($5 million).

CUNY's cash and cash equivalents were held by depositories and amounted to $169 million, of which $8 million was insured and $161 million was uninsured and uncollateralized, or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in CUNY's name.

Investments

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

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

As of June 30, 2008 (except for the State Lottery which is as of March 31, 2009), the business-type activities had the following investments and maturities (amounts in millions):

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
U.S. Treasury strips	$ 1,815	$ 388	$ 432	$ 337	$ 658
U.S. Treasury bills	885	885	—	—	—
U.S. Treasury notes/bonds	222	190	21	3	8
Mutual fund non-equities	211	132	38	39	2
U.S. agency mortgage-backed securities	79	61	—	—	18
Government sponsored agencies	61	19	14	11	17
Corporate bonds	58	2	22	16	18
Asset-backed securities	50	1	36	8	5
Repurchase agreements	25	25	—	—	—
International fund non-equities	14	1	2	3	8
U.S. Government bonds other	9	—	3	3	3
Commercial paper	6	6	—	—	—
U.S. Government TIPS	6	—	—	3	3
Municipal bonds	4	—	1	2	1
Certificates of deposit	3	2	1	—	—
Subtotal	**3,448**	**$ 1,712**	**$ 570**	**$ 425**	**$ 741**
Equity securities	820				
Alternative investments	220				
International stocks	219				
Cash equivalents	196				
Mutual fund equities	136				
International mutual fund equities	50				
Money market funds	43				
Other	88				
Total	**$ 5,220**				

At June 30, 2008, CUNY held $220 million of alternative investments in the Commonfund for Short Term Fund (the Fund). On September 29, 2008, CUNY was notified that Wachovia Bank, N.A., as trustee of the Fund, is resigning as trustee, has initiated the process of terminating the Fund, and has established procedures for an orderly liquidation and distribution of the assets of the Fund over a period of time. At March 31, 2009, the balance in the Fund was $79 million due to market fluctuations and withdrawals made from the Fund.

Credit Risk

Generally, SUNY individual fixed income investment securities must be of investment grade. SUNY maintains a portfolio which possesses an overall weighted average rating by Moody's and 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 holds $7 million in U.S. mortgage-backed securities which are not rated by S&P; however, there is an implied AAA rating in the market.

As of June 30, 2008, SUNY and CUNY had the following investments with ratings (amounts in millions):

Investment Type	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**Not Rated**
Mutual funds non-equities	$ 104	$ 69	$ —	$ —	$ —	$ —	$ 38
Asset-backed securities	47	1	—	1	—	—	1
Corporate bonds	3	11	18	17	2	2	5
U.S. agency mortgage-backed securities	79	—	—	—	—	—	—
Government sponsored agencies	43	—	—	—	—	—	18
Repurchase agreements	—	—	—	—	—	—	25
International funds non-equities	3	2	1	1	1	—	6
Municipal bonds	1	2	1	—	—	—	—
Commercial paper	5	—	—	—	—	—	1
Total	**$ 285**	**$ 85**	**$ 20**	**$ 19**	**$ 3**	**$ 2**	**$ 94**

Custodial Credit Risk

At June 30, 2008, SUNY had $887 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, 2008, CUNY's $24 million in securities lending transactions are held in the name of the investment's counterparty, not in CUNY's name. CUNY also has $536 million held by DASNY or the bond trustee, not in CUNY's name. CUNY's investment policy does not formally address custodial credit risk.

Securities Lending

CUNY lends certain securities to broker-dealers and other entities under a contractual agreement with its custodian. In exchange for the securities loaned, CUNY receives collateral, which has an underlying fair value in amounts not less than 102 percent of securities lent. The custodian may invest the cash collateral in U.S. Government securities or repurchase agreements, which are fully collateralized by U.S. Government securities, high grade corporate obligations, high grade asset-backed securities or domestic money market instruments (carrying amount and fair value of $26 million). The custodian may not invest the collateral in any securities which cause the dollar-weighted average portfolio maturity of the cash collateral to exceed 45 days or the dollar-weighted average mismatch (the relationship between the maturities of the invested collateral and the maturities of the securities loaned) to exceed 30 days.

The CUNY Senior Colleges are indemnified against borrowers who fail to return securities, provide inadequate collateral to replace the securities, or fail to pay distributions by securities' issuers while the securities are on loan. Further, CUNY cannot pledge or sell any of the collateral received unless the borrower defaults. At June 30, 2008, CUNY had no credit risk resulting from securities lending transactions.

At June 30, 2008, investments include $24 million of repurchase agreements that have been lent out in accordance with securities lending contracts for which cash collateral has been received. Further, at June 30, 2008, CUNY also received securities having a fair value of $2 million as collateral on securities lending contracts.

Interest Rate Risk

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

Foreign Currency Risk

SUNY's exposure to foreign currency risk for investments held at June 30, 2008, by currency denomination, was as follows (amounts in millions):

Currency	Fair Value
Euro	$ 38
Japanese Yen	30
British Pound Sterling	21
South Korean Won	10
Brazilian Real Cruzeiro	9
Hong Kong Dollar	9
Swiss Franc	9
Australian Dollar	9
Taiwanese Dollar	8
Swedish Krona	4
Singapore Dollar	4
Canadian Dollar	3
Mexican Nuevo Peso	3
South African Rand	3
Norwegian Krone	2
Thailand Baht	2
Indian Rupee	2
Malaysian Ringgit	2
Other	14
Total	**$ 182**

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, 2008, the investment pool consisted of 146 million units with a fair value of $146.4 million.

Note 3 Taxes Receivable and Tax Refunds Payable

Taxes Receivable

Taxes receivable represent amounts owed by taxpayers for the 2008 calendar year and the first quarter of the 2009 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 2009 calendar year, payments with final returns which relate to the 2008 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, 2009 and assessments which relate to prior tax periods.

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

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

Taxes receivable at March 31, 2009 for the governmental funds totaled $9.3 billion. The following table summarizes taxes receivable by major tax type for the governmental funds (amounts in millions):

	General	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds
Current taxes receivable:				
Personal income	$ 5,304	$ 1,768	$ —	$ 7,072
Consumption and use	546	—	302	848
Business	213	—	61	274
Other	746	—	16	762
Subtotal	**6,809**	**1,768**	**379**	**8,956**
Long-term taxes receivable:				
Personal income	204	68	—	272
Consumption and use	43	—	15	58
Business	38	—	—	38
Other	132	—	—	132
Subtotal	**417**	**68**	**15**	**500**
Allowance for uncollectibles	(101)	(14)	(18)	(133)
Total	**$ 7,125**	**$ 1,822**	**$ 376**	**$ 9,323**

Tax Refunds Payable

Tax refunds payable primarily represent amounts owed to taxpayers because of overpayments of their 2008 calendar year and first quarter 2009 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 (2009) tax liability and payments of 2008 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, 2009 are summarized as follows (amounts in millions):

	Current			Total	
	General	General Obligation Debt Service	Other Governmental Funds	Current	Long-term
Governmental Activities:					
Personal income	$ 4,782	$ 1,528	$ —	$ 6,310	$ 308
Consumption and use	60	—	38	98	213
Business	1,333	—	167	1,500	217
Other	50	—	1	51	21
Total	**$ 6,225**	**$ 1,528**	**$ 206**	**$ 7,959**	**$ 759**

Note 4 Other Receivables

Other receivables at March 31, 2009 are summarized as follows (amounts in millions):

	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Total Governmental Activities
Governmental Activities:					
Other current receivables:					
Public health/patient fees	$ —	$ —	$ —	$ 639	$ 639
State of New York Mortgage Agency	9	—	—	—	9
Other	506	279	457	200	1,442
Subtotal	**515**	**279**	**457**	**839**	**2,090**
Other long-term receivables:					
Public health/patient fees	—	—	—	31	31
Other	291	—	—	269	560
Subtotal	**291**	**—**	**—**	**300**	**591**
Gross receivables	**806**	**279**	**457**	**1,139**	**2,681**
Allowance for uncollectibles	(46)	—	—	(194)	(240)
Total governmental funds receivable	**$ 760**	**$ 279**	**$ 457**	**$ 945**	**2,441**
Other long-term receivables:					
Medicaid cost recoveries					57
Total					**$ 2,498**

	Lottery	Unemployment Insurance Benefits	SUNY	CUNY	Total
Enterprise Funds:					
Other current receivables:					
Ticket sales	$ 480	$ —	$ —	$ —	$ 480
Public health/patient fees	—	—	567	—	567
Student loans	—	—	163	36	199
Contributions	—	2,276	—	—	2,276
Benefit overpayments	—	196	—	—	196
State agencies/municipalities	—	32	—	—	32
Other	1	10	252	122	385
Subtotal	**481**	**2,514**	**982**	**158**	**4,135**
Allowance for uncollectibles	(1)	(996)	(195)	(25)	(1,217)
Net current receivables	**480**	**1,518**	**787**	**133**	**2,918**
Other long-term receivables:					
Other	—	—	165	20	185
Allowance for uncollectibles	—	—	(22)	(16)	(38)
Net long-term receivables	**—**	**—**	**143**	**4**	**147**
Total receivables	**$ 480**	**$ 1,518**	**$ 930**	**$ 137**	**$ 3,065**

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).

Pursuant to Section 2429-b(2) of the Public Authorities Law, the State of New York Mortgage Agency has certified that there was an excess balance of $8.5 million in the Mortgage Insurance Fund at March 31, 2009 which was reported in the General Fund. As required by law, this amount was remitted to the General Fund during June 2009.

Note 5 Capital Assets

Capital asset activity for the year ended March 31, 2009 was as follows (amounts in millions):

	Balance April 1, 2008	Additions	Retirements	Balance March 31, 2009
Governmental Activities:				
Depreciable assets:				
Buildings and building improvements	$ 8,984	$ 680	$ 36	$ 9,628
Land improvements	450	53	—	503
Infrastructure	127	50	—	177
Equipment	628	63	24	667
Total depreciable assets	**10,189**	**846**	**60**	**10,975**
Less accumulated depreciation:				
Buildings and building improvements	(4,776)	(277)	(20)	(5,033)
Land improvements	(300)	(14)	—	(314)
Infrastructure	(11)	(6)	—	(17)
Equipment	(403)	(46)	(18)	(431)
Total accumulated depreciation	**(5,490)**	**(343)**	**(38)**	**(5,795)**
Total depreciable assets, net	**4,699**	**503**	**22**	**5,180**
Non-depreciable assets:				
Land	3,623	171	5	3,789
Land preparation	3,083	108	—	3,191
Construction in progress (buildings)	510	352	418	444
Construction in progress (roads and bridges)	3,079	882	713	3,248
Infrastructure (roads and bridges)	64,200	595	228	64,567
Total non-depreciable assets	**74,495**	**2,108**	**1,364**	**75,239**
Governmental activities, capital assets, net	**$ 79,194**	**$ 2,611**	**$ 1,386**	**$ 80,419**

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008
Business-type Activities:				
SUNY:				
Depreciable assets:				
Infrastructure and land improvements	$ 519	$ 86	$ 11	$ 594
Buildings	6,000	395	57	6,338
Equipment and library books	2,142	240	76	2,306
Total depreciable assets	**8,661**	**721**	**144**	**9,238**
Less accumulated depreciation:				
Infrastructure and land improvements	(328)	(18)	(11)	(335)
Buildings	(2,678)	(157)	(48)	(2,787)
Equipment and library books	(1,477)	(196)	(71)	(1,602)
Total accumulated depreciation	**(4,483)**	**(371)**	**(130)**	**(4,724)**
Total depreciable assets, net	**4,178**	**350**	**14**	**4,514**
Non-depreciable assets:				
Land	276	27	—	303
Construction in progress	752	635	487	900
Artwork	27	1	—	28
Total non-depreciable assets	**1,055**	**663**	**487**	**1,231**
SUNY capital assets, net	**5,233**	**1,013**	**501**	**5,745**
CUNY:				
Depreciable assets:				
Buildings and building improvements	3,122	39	—	3,161
Land improvements	52	—	—	52
Equipment	332	50	35	347
Infrastructure	103	1	—	104
Total depreciable assets	**3,609**	**90**	**35**	**3,664**
Less accumulated depreciation:				
Buildings and building improvements	(1,344)	(107)	—	(1,451)
Land improvements	(48)	(1)	—	(49)
Equipment	(279)	(34)	(33)	(280)
Infrastructure	(10)	(5)	—	(15)
Total accumulated depreciation	**(1,681)**	**(147)**	**(33)**	**(1,795)**
Total depreciable assets, net	**1,928**	**(57)**	**2**	**1,869**
Non-depreciable assets:				
Land	209	—	—	209
Construction in progress	395	239	20	614
Artwork and historical treasures	8	—	—	8
Total non-depreciable assets	**612**	**239**	**20**	**831**
CUNY capital assets, net	**2,540**	**182**	**22**	**2,700**
Business-type activities, capital assets, net	**$ 7,773**	**$ 1,195**	**$ 523**	**$ 8,445**

For year ended March 31, 2009, depreciation expense was charged to the following governmental functions (amounts in millions):

	Governmental Activities
Allocation of Depreciation:	
Education	$ 4
Public health	111
Public welfare	7
Public safety	116
Transportation	26
Environment and recreation	19
Support and regulate business	1
General government	59
Total depreciation expense	**$ 343**

For the year ended June 30, 2008, depreciation expense was charged to the following business-type functions (amounts in millions):

	Business-type Activities
Allocation of Depreciation:	
SUNY	$ 371
CUNY	147
Total depreciation expense	**$ 518**

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.

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

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

Purpose	Outstanding April 1, 2008	Issued*	Redeemed*	Outstanding March 31, 2009
Accelerated capacity and transportation				
improvements of the 1990s	$ 742	$ —	$ 93	$ 649
Clean water/clean air*	871	58	88	841
Environmental quality:				
Land acquisition	73	—	12	61
Solid waste management	593	—	56	537
Environmental quality protection:				
Air*	28	—	7	21
Land and wetlands	56	1	9	48
Water	143	—	18	125
Housing:				
Low income	71	—	11	60
Middle income	50	—	4	46
Pure waters	102	1	12	91
Rail preservation	22	—	5	17
Transportation capital facilities:				
Mass transportation	36	—	11	25
Aviation	31	—	4	27
Energy conservation through improved transportation	29	—	4	25
Rebuild New York—transportation infrastructure renewal:				
Highways, parkways, bridges	7	—	2	5
Rapid transit, rail, aviation	27	—	3	24
Rebuild and Renew New York transportation:				
Highway facilities	203	132	12	323
Canals and waterways	—	8	—	8
Aviation	—	16	—	16
Mass transit—DOT	4	8	—	12
Mass transit—MTA	129	198	5	322
Rail and port—DOT	4	36	—	40
Total	**$ 3,221**	**$ 458**	**$ 356**	**$ 3,323**

**Includes $3 million of prior year proceeds that were transferred between bond programs.*

Debt service expenditures (principal and interest) related to the above general obligation bonds during the year were $480 million. The total amount of general obligation bonds authorized but not issued at March 31, 2009 was $2.7 billion. At March 31, 2009, approximately $102 million of bonds defeased by refunding transactions in prior years remain outstanding.

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

Fiscal Year	Principal	Interest	Total
2010	$ 355	$ 123	$ 478
2011	343	113	456
2012	323	100	423
2013	298	89	387
2014	268	77	345
2015-2019	932	253	1,185
2020-2024	360	135	495
2025-2029	240	74	314
2030-2034	119	36	155
2035-2039	85	12	97
Total	**$ 3,323**	**$ 1,012**	**$ 4,335**

Debt service requirements on approximately $541 million in general obligation variable rate bonds were calculated using the variable rates in effect as of March 31, 2009, which ranged from 0.17 percent to 3.2 percent. Debt service requirements for fixed rate issues were calculated based upon actual rates ranging from 2 percent to 6.8 percent.

Note 7 Obligations Under Lease/Purchase and Other Financing Arrangements

Governmental Activities Debt

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

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

Chapter 59 of the Laws of 2000 enacted the Debt Reform Act (Act) which applies to all new State-supported debt issued on and after April 1, 2000. The Act imposes statutory limitations which restrict the issuance of State-supported debt to capital purposes only and establishes a maximum term of 30 years for such debt. The Act also imposes phased-in caps that ultimately limit the amount of new State-supported debt (issued on and after April 1, 2000) to 4 percent of State personal income, and new State-supported debt service (on debt issued on and after April 1, 2000) to 5 percent of total governmental funds receipts. The Act requires the limitations be calculated by October 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, 2008, the cumulative debt outstanding and debt service caps were both 3.32 percent. There was $21 billion of new State-supported debt outstanding applicable to the debt reform cap, which was about $8.8 billion below the statutory debt outstanding limitation. The debt service cost on this new debt was $1.7 billion, about $2.1 billion below the statutory debt service limitation. The Act does not apply to debt which is not considered State-supported and therefore does not encompass State-guaranteed debt, moral obligation debt, and contingent-contractual obligation financing such as the bonds issued by the Tobacco Settlement Financing Corporation (TSFC).

The State and some of its public authorities who issue debt on behalf of the State have purchased letters of credit and standby purchase agreements from various providers to ensure that the liquidity needs of variable rate demand bonds can be met. As of March 31, 2009, these agreements covered $4.5 billion of variable rate demand bonds outstanding, with costs ranging from 14 to 125 basis points of the amount of credit provided with expiration dates ranging from May 20, 2009 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 Obligation Debt Service Fund. These deposits are used to make debt service payments on PIT bonds, with excess amounts returned to the General Fund. In the event that the State Legislature fails to appropriate amounts required to make debt service payments on the PIT bonds, or if required payments have not been made when due, the legislation requires that deposits continue to be made to the Revenue Bond Tax Fund until amounts on deposit equal the greater of 25 percent of personal income tax receipts or $6 billion. Amounts in excess of that needed for current debt service are subsequently transferred to the General Fund. The first PIT bonds were issued on May 9, 2002 and approximately $13.7 billion were outstanding as of March 31, 2009.

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, 2009, LGAC certified the release for the State payment of $170 million to the City.

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

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

Issuer	Outstanding April 1, 2008	Issued	Redeemed	Outstanding March 31, 2009
Public Benefit Corporations (PBCs):				
Dormitory Authority	$ 7,485	$ 2,237	$ 1,415	$ 8,307
Environmental Facilities Corporation	859	279	55	1,083
Energy Research & Development Authority	3	—	2	1
Housing Finance Agency	1,382	150	64	1,468
Local Government Assistance Corporation	4,021	792	964	3,849
Municipal Bond Bank Agency	463	—	21	442
Metropolitan Transportation Authority	2,219	—	49	2,170
Tobacco Settlement Financing Corporation	3,871	—	283	3,588
Triborough Bridge & Tunnel Authority	152	—	34	118
Thruway Authority	9,889	1,364	855	10,398
Urban Development Corporation	6,452	2,741	2,053	7,140
Total	**$ 36,796**	**$ 7,563**	**$ 5,795**	**$ 38,564**

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

Certain of the underlying bond indentures require the maintenance of various reserves. Such amounts totaled $903 million at March 31, 2009 and are reported as cash in the General Obligation Debt Service Fund and appropriate Other Governmental Funds, with a corresponding reservation of fund balance.

Following is a summary of the future minimum rental payments for lease/purchase and contractual obligation financing arrangements, including fixed rate interest at rates ranging from 1.5 percent to 7.5 percent and variable rate interest at rates ranging from 0.1 percent to 3.4 percent (amounts in millions):

Fiscal Year	Principal	Interest	Net Swap Amount	Total
2010	$ 1,932	$ 1,807	$ 88	$ 3,827
2011	2,028	1,713	90	3,831
2012	2,349	1,570	90	4,009
2013	2,423	1,462	90	3,975
2014	2,314	1,371	89	3,774
2015-2019	11,710	5,134	373	17,217
2020-2024	9,439	2,538	171	12,148
2025-2029	4,323	1,123	62	5,508
2030-2034	1,593	301	12	1,906
2035-2039	453	46	—	499
Total	**$ 38,564**	**$ 17,065**	**$ 1,065**	**$ 56,694**

Future debt service is calculated using rates in effect at March 31, 2009 for variable rate bonds. The net swap payment amounts were calculated by subtracting the future variable rate interest payment subject to swap agreements from the synthetic fixed rate amount intended to be achieved by the swap agreements.

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

The State is also committed under numerous capital leases, including EDP and telecommunications equipment, and real property capital leases. Debt service expenditures for these obligations during the year were $12 million and will require future principal and interest payments totaling $26 million and $5 million, respectively. Following is a summary of the principal and interest payments, some of which are financed by transfers from the General Fund to the General

Obligation Debt Service Fund, for the remaining lease periods of these capital leases (amounts in millions):

Fiscal Year	Principal	Interest	Total
2010	$ 4	$ 1	$ 5
2011	3	1	4
2012	3	1	4
2013	2	1	3
2014	2	—	2
2015-2019	9	1	10
2020-2024	3	—	3
Total	**$ 26**	**$ 5**	**$ 31**

Refunding

During the fiscal year ended March 31, 2009, the State, acting through its public authorities, refunded $3.9 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 $3.9 billion at a $93 million premium and releasing a net amount of $4 million from reserves and debt service accounts. The result will produce an estimated gain of $493 million in future cash flow, with an estimated present value gain of $359 million. The deferred accounting loss was $111 million, of which $106 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
New York Local Government Assistance Corporation Bond Series 2008B*	$ 588	$ 587	$ 204	$ 167
New York Local Government Assistance Corporation Bond Series 2008C	204	215	15	13
NYS Dormitory Authority CUNY Community College State Share Series 2008A	10	10	1	1
NYS Dormitory Authority CUNY Community College State Share Series 2008B*	18	18	—	—
NYS Dormitory Authority CUNY Community College State Share Series 2008C, D & E*	33	32	—	—
NYS Dormitory Authority PIT Education Board Series 2008C*	5	5	3	1
NYS Dormitory Authority PIT Economic Development & Housing Bond Series 2008C*	51	58	8	6
NYS Dormitory Authority Mental Health Facilities Revenue Bond Series 2008D	192	193	8	7
NYS Dormitory Authority Mental Health Facilities Revenue Bond Series 2008E	41	40	2	1
NYS Dormitory Authority Mental Health Facilities Revenue Bond Series 2008F*	170	150	66	33
NYS Dormitory Authority Mental Health Facilities Revenue Bond Series 2009A-1*	443	457	23	8
NYS Thruway Authority PIT Transportation Bond Series 2008A	98	100	4	3
NYS Thruway Authority General Highway and Bridge Trust Fund Bond Series 2008B	323	325	10	9
NYS Thruway Authority General Highway and Bridge Trust Fund Bond Series 2009A-2	32	32	1	1
NYS Urban Development Corporation Service Contract Revenue Bond Series 2008A & B*	870	875	—	—
NYS Urban Development Corporation Service Contract Revenue Bond Series 2008C*	124	125	7	4
NYS Urban Development Corporation Service Contract Revenue Bond Series 2008D	672	664	141	105
Total	**$ 3,874**	**$ 3,886**	**$ 493**	**$ 359**

**Refundings undertaken to convert auction 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, 2009, approximately $4 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 $7.6 billion is funded by payments from the State's General Fund. The remainder of the debt of SUNY and CUNY ($1.3 billion) is funded from student fees and other operating aid provided by the State.

The following represents year-end principal balances (June 30, 2008 for SUNY and CUNY and March 31, 2009 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	$ 4,549	$ 418	$ 184	$ 4,783
SUNY Dormitory Facilities	752	145	24	873
CUNY Dormitory Facilities	3,146	—	251	2,895
Unamortized discount/premium	(51)	—	(12)	(39)
Total Dormitory Authority	**8,396**	**563**	**447**	**8,512**
Lottery Capital Lease Commitments	11	—	4	7
SUNY Capital Lease Commitments	220	113	53	280
CUNY Capital Lease and Mortgage Loan Commitments	96	—	4	92
CUNY Line of Credit	2	—	—	2
CUNY Certificates of Participation	56	—	18	38
CUNY Oracle Financing Agreement	6	—	2	4
Total (See note 8)	**$ 8,787**	**$ 676**	**$ 528**	**$ 8,935**

The following represents a year-end summary at June 30, 2008 of future minimum debt service payments on the bonds issued by DASNY for SUNY, including interest rates ranging from 2.25 percent to 7.5 percent (amounts in millions):

Fiscal Year	Principal	Interest	Total
2009	$ 219	$ 328	$ 547
2010	210	314	524
2011	237	302	539
2012	293	251	544
2013	319	237	556
2014-2018	1,446	946	2,392
2019-2023	1,060	629	1,689
2024-2028	914	372	1,286
2029-2033	663	159	822
2034-2038	295	31	326
Total	**$ 5,656**	**$ 3,569**	**$ 9,225**

The following represents a year-end summary at June 30, 2008 of future minimum debt service payments on the bonds issued by DASNY for CUNY Senior Colleges, including interest rates ranging from 3 percent to 7.5 percent (amounts in millions):

Fiscal Year	Principal	Interest	Net Swap Amount	Total
2009	$ 120	$ 135	$ 14	$ 269
2010	176	127	14	317
2011	121	119	14	254
2012	176	111	14	301
2013	150	103	14	267
2014-2018	719	403	60	1,182
2019-2023	633	243	29	905
2024-2028	459	130	16	605
2029-2033	257	50	2	309
2034-2038	84	8	—	92
Total	**$ 2,895**	**$ 1,429**	**$ 177**	**$ 4,501**

The following represents a year-end summary at June 30, 2008 for SUNY and CUNY and a year-end summary at March 31, 2009 for the Lottery of future minimum debt service payments on certificates of participation, 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**	**Principal**	**Interest**
2009	$ —	$ —	$ 65	$ 10	$ 23	$ 3	$ 88	$ 13
2010	3	—	55	8	24	2	82	10
2011	2	—	43	6	5	2	50	8
2012	2	—	34	5	4	1	40	6
2013	—	—	28	3	3	1	31	4
2014-2018	—	—	34	8	71	1	105	9
2019-2023	—	—	17	2	—	—	17	2
2024-2028	—	—	3	—	—	—	3	—
2029-2033	—	—	1	—	—	—	1	—
Total	**$ 7**	**$ —**	**$ 280**	**$ 42**	**$ 130**	**$ 10**	**$ 417**	**$ 52**

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, 2008 totaled $1 billion.

During SUNY's fiscal year ended June 30, 2008, PIT bonds were issued for the purpose of financing capital construction and major rehabilitation for educational facilities in the amount of $418.1 million. Also during the year, SUNY entered into agreements with DASNY to issue residential hall facility obligations totaling $145.4 million for the purpose of financing capital construction and major rehabilitation for residential hall facilities.

In prior years, SUNY defeased various obligations, whereby proceeds of new obligations were placed in an irrevocable trust to provide for all future debt service payments on the defeased obligations. Accordingly, the trust account assets and liabilities for the defeased obligations are not included in SUNY's financial statements. As of March 31, 2008, $1.31 billion and $346.9 million of outstanding educational and residence hall facility obligations, respectively, were considered defeased. At June 30, 2008, $705.6 million of CUNY bonds outstanding are considered defeased for CUNY Senior Colleges.

During CUNY's fiscal year ended June 30, 2008, DASNY paid off $87.9 million of bonds outstanding related to CUNY Senior Colleges that were due for future periods. On August 28, 2008, DASNY issued refunding bonds with a par value of $341.1 million and original issue premium of $17.2 million on behalf of CUNY Senior Colleges.

Interest Rate Exchange Agreements (Swaps)

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

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

- Counterparties have a credit rating from at least one 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 affect debts reported under both governmental activities and business-type activities.

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

Swap Variable Rate to Fixed Rate (Synthetic Fixed Rate)

The State had approximately $4.3 billion of swaps ($3.552 billion of which related to governmental activities and $796 million related to business-type activities) outstanding that were issued to synthetically create fixed rate debt from variable rate debt. The $4.3 billion portfolio includes 79 separate pay-fixed, receive-variable interest rate swap agreements with nine counterparties. In September 2008, all existing swap agreements with Lehman Brothers were terminated as a result of its bankruptcy, reducing the number of counterparties to eight.

The table below summarizes the terms and fair values at March 31, 2009 for governmental activities and at June 30, 2008 for business-type activities. The weighted average intended fixed rate of the $3.6 billion and $796 million in variable-to-fixed rate swaps was approximately 3.3 percent and 3.35 percent, respectively, excluding support costs on the underlying variable rate bonds, as displayed in the following table (amounts in millions):

Issuer	Notional Amount	Effective Dates	Average Swap Rate	Final Maturity Dates	Fair Value
Governmental Activities:					
NYS Dormitory Authority	$ 765	4/10/2003-7/15/2003	3.2%	2/15/2026-7/1/2031	$ (88)
NYS Urban Development Corporation	644	11/26/2002-12/22/2004	3.6%	1/1/2030-3/15/2033	(127)
NYS Housing Finance Agency	455	2/13/2003-3/10/2005	3.4%	9/15/2021-3/15/2033	(64)
NY Local Government Assistance Corporation	1,210	2/20/2003-2/26/2004	3.2%	4/1/2021-4/1/2024	(164)
NYS Thruway Authority	478	11/6/2003	3.4%	3/15/2021	(60)
Subtotal	**3,552**				**(503)**
Business-type Activities (as of June 30, 2008):					
NYS Dormitory Authority—CUNY	796	4/10/2003-3/2/2005	3.35%	7/1/2031-3/15/2032	(31)
Total	**$ 4,348**				**$ (534)**

The bonds and the related synthetic fixed rate swap agreements have final maturities occurring through March 15, 2033, and the swaps' total notional amount of $4.3 billion matches the $4.3 billion variable-rate bonds. Under the swap agreements, the State pays the counterparties a fixed payment at rates ranging from 2.86 percent to 3.66 percent and receives a variable payment computed as 65 percent of the one month LIBOR rate. The bonds' variable-rate coupons are based upon rates determined by remarketing agents for bonds in the weekly interest rate mode and by auction rate agents for bonds in the auction rate mode.

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

Based on market conditions, the synthetic fixed rate swap portfolios reported under governmental activities at March 31, 2009 and business-type activities at June 30, 2008 have estimated fair market values of a negative $503 million and negative $31 million, respectively, indicating the size of the payments the State would need to make under governmental activities and business-type activities if these existing swaps were terminated at those respective dates. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted back using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. The fair market value, which fluctuates 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 (or fair market value) of outstanding swaps on a monthly basis. Exposure to counterparties is well-diversified among eight counterparties, who have total notional amounts ranging from $188 million to $974 million. All the counterparties, with the exception of three, had a credit rating from at least one NRSRO that is within the two highest investment grade categories as of March 31, 2009. Of the counterparties whose rating fell below the required rating, none were required to post collateral for 102 percent of the mark-to-market value of any swaps because the values were negative to the State.

For those swaps with positive fair value, the swaps' fair values represent the State's credit exposure to the counterparties. Certain DASNY swap agreements contain set-off provisions. Under the terms of the agreements, should an agreement terminate, close-out set-off provisions permit all outstanding transactions with the related counterparty to terminate and net the transaction's fair values so that a single sum will be owed by, or owed to, the State.

Swap Fixed Rate to Variable Rate (Synthetic Variable Rate)

The State also had additional swaps outstanding of $419 million related to governmental activities and $177 million related to business-type activities that were issued to synthetically create variable rate debt. The portfolio includes 17 separate pay-variable, receive-fixed interest rate swap agreements (which includes seven forward start agreements) with five counterparties. Synthetic variable rate debt is being utilized because it can provide variable rate debt at a lower cost than traditional (or natural) variable rate debt, since it does not require additional support costs (liquidity agreements, insurance, brokerage dealer fees, and remarketing fees).

The table below summarizes the terms and fair values of the State's swaps that synthetically create variable interest rates reported under governmental activities at March 31, 2009 and business-type activities at June 30, 2008, respectively (amounts in millions):

Issuer	Notional Amount	Effective Dates	Average Swap Rate	Final Maturity Dates	Fair Value
Governmental Activities:					
NYS Dormitory Authority	$ 86	3/24/2005-3/15/2017	3.15%	3/15/2010-3/15/2030	$ 2
NYS Urban Development Corporation. . .	235	12/22/2004-3/15/2014	2.80%	3/15/2010-3/15/2025	15
NYS Housing Finance Agency	98	4/19/2005	4.56%	3/15/2013-3/15/2015	7
Subtotal	**419**				**24**
Business-type Activities (as of June 30, 2008):					
NYS Dormitory Authority—CUNY	177	7/1/2016-3/15/2017	N/A	7/1/2024-3/15/2030	1
Total	**$ 596**				**$ 25**

Approximately $471 million of the $596 million in synthetic variable rate swaps reported in the table above are forward starting, with beginning effective dates that range from March 15, 2014 to March 15, 2017. Because a significant portion of the synthetic variable rate swaps are forward starting with no rate in effect at March 31, 2009, an average swap rate in effect at March 31, 2009 is not presented for synthetic variable rate swaps. The balance, $125 million, creates synthetic variable rate exposure immediately with a weighted average swap rate paid of 4.24 percent.

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

Based on market conditions, the synthetic variable rate swap portfolios reported under governmental activities at March 31, 2009 and business-type activities at June 30, 2008 have estimated fair market values of positive $24 million and positive $1 million, respectively, indicating the size of the payments the State would receive under governmental activities and business-type activities if these existing swaps were terminated at the respective dates. The fair values were estimated using the zero-coupon method. Should the counterparties fail to perform according to the terms of the swap contracts, the maximum possible loss equivalent to the related swaps' net positive fair value, assuming set-off, is $25 million. The fixed rate to variable rate swaps with DASNY are also subject to the same set-off provisions described above for the variable-to-fixed rate swaps. Counterparty exposure is diversified among five counterparties, with total notional amounts ranging from $17 million to $229 million. Each counterparty, with the exception of two, had a credit rating from at least one NRSRO that is within the two highest investment grade categories as of March 31, 2009. The two counterparties whose credit ratings fell below the two highest investment grades were required to post collateral for 102 percent of the mark-to-market value of those swaps whose values were positive to the State.

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, 2009 under such operating leases totaled $224 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
2010	$ 203
2011	165
2012	155
2013	136
2014	102
2015-2019	301
2020-2024	76
2025-2029	36
2030-2034	8
2035-2039	8
2040-2044	9
2045-2049	9
2050-2054	10
2055-2059	9
Total	**$ 1,227**

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, 2008 for SUNY and CUNY and March 31, 2009 for Lottery) (amounts in millions):

Fiscal Year	Business-type Activities
2009	$ 58
2010	58
2011	52
2012	44
2013	36
2014-2018	95
2019-2023	10
2024-2028	2
Total	**$ 355**

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	**$ 699**	**$ 60**	**$ —**	**$ 759**	**$ —**
Accrued liabilities:					
Payroll and fringe benefits	$ 177	$ 6	$ —	$ 183	—
Compensated absences	829	850	803	876	30
Medicaid	721	157	8	870	120
Health insurance	192	—	—	192	—
Litigation	97	153	36	214	141
Workers' compensation reserve	1,887	549	266	2,170	289
Arbitrage rebate	21	37	9	49	2
Due to Federal government	—	301	—	301	—
Loan from component unit	—	215	—	215	—
Miscellaneous	21	66	21	66	—
Total	**$ 3,945**	**$ 2,334**	**$ 1,143**	**$ 5,136**	**582**
Payable to local governments:					
Education aid—prior year adjustment	$ 80	$ —	$ 18	$ 62	—
Handicapped pupil aid	82	99	—	181	—
Emergency management	51	24	—	75	—
Miscellaneous	9	7	9	7	—
Total	**$ 222**	**$ 130**	**$ 27**	**$ 325**	**—**
Pension contributions payable	**$ 481**	**$ —**	**$ 58**	**$ 423**	**—**
Other postemployment benefits	**$ 2,099**	**$ 3,253**	**$ 964**	**$ 4,388**	**—**
Pollution remediation	**$ 643**	**$ 128**	**$ 135**	**$ 636**	**152**
General obligation bonds payable:					
General obligation bonds payable	$ 3,221	$ 455	$ 353	$ 3,323	355
Plus or minus deferred amounts:					
For unamortized premiums/discounts	43	4	3	44	2
Net Amount	**3,264**	**459**	**356**	**3,367**	**357**
Deferred loss on refunding	(49)	—	(3)	(46)	—
Total	**$ 3,215**	**$ 459**	**$ 353**	**$ 3,321**	**357**
Other financing arrangements:					
Capital leases	$ 37	$ —	$ 11	$ 26	4
Other financing arrangements	36,796	7,563	5,795	38,564	1,932
Plus deferred amounts:					
For unamortized premiums/discounts	1,423	212	209	1,426	100
For accreted discount on bonds	255	21	101	175	—
Net Amount	**38,511**	**7,796**	**6,116**	**40,191**	**2,036**
Deferred loss on refunding	(808)	(111)	(175)	(744)	—
Total	**$ 37,703**	**$ 7,685**	**$ 5,941**	**$ 39,447**	**2,036**
Total due within one year					**$ 3,127**

CHANGES IN LONG-TERM LIABILITIES—BUSINESS-TYPE ACTIVITIES

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Accrued liabilities:					
Compensated absences	$ 317	$ 115	$ 130	$ 302	$ 205
Litigation	132	22	45	109	20
Interfund loan	130	5	25	110	17
Miscellaneous	320	28	7	341	4
Total	**$ 899**	**$ 170**	**$ 207**	**$ 862**	**246**
Other postemployment benefits:					
SUNY (June 30, 2008)	$ 791	$ 767	$ 239	$ 1,319	6
CUNY (June 30, 2008)	97	71	—	168	—
Total	**$ 888**	**$ 838**	**$ 239**	**$ 1,487**	**6**
Lottery prizes payable	**$ 1,364**	**$ 249**	**$ 192**	**$ 1,421**	**185**
Other financing arrangements:					
Lottery	$ 11	$ —	$ 4	$ 7	3
SUNY (June 30, 2008)	5,521	676	261	5,936	284
CUNY (June 30, 2008)	3,306	—	275	3,031	134
Minus deferred amounts for unamortized discounts (June 30, 2008)	(51)	—	(12)	(39)	—
Total	**$ 8,787**	**$ 676**	**$ 528**	**$ 8,935**	**421**
Total due within one year					**$ 858**

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, 2009 for governmental activities (amounts in millions):

Description	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Total Governmental Activities
Payroll	$ 835	$ 41	$ —	$ 64	$ 940
Fringe benefits	381	17	—	28	426
Medicaid	1,653	2,890	—	—	4,543
Health programs	3	—	—	—	3
Miscellaneous	67	3	4	126	200
Total governmental funds	**$ 2,939**	**$ 2,951**	**$ 4**	**$ 218**	**6,112**
Payable to fiduciary funds					1,206
Total					**$ 7,318**

Payable to Local Governments—Governmental Funds

The following table summarizes amounts payable to local governments at March 31, 2009 for governmental funds (amounts in millions):

Description	General	Federal Special Revenue	General Obligation Debt Service	Other Governmental Funds	Total
Education programs	$ 766	$ 31	$ —	$ 56	$ 853
Temporary and disability assistance	606	816	—	—	1,422
Local health programs	487	36	—	—	523
Mental hygiene programs	38	16	—	—	54
Criminal justice programs	37	34	—	1	72
Children and family services programs	79	34	—	1	114
Local share of tax revenues	235	—	98	50	383
Miscellaneous	95	125	—	260	480
Total	**$ 2,343**	**$ 1,092**	**$ 98**	**$ 368**	**$ 3,901**

Accrued Liabilities—Business-type Activities

The following table summarizes accrued liabilities at March 31, 2009 for Enterprise Funds (June 30, 2008 for SUNY and CUNY) (amounts in millions):

Description	Lottery	Unemployment Insurance Benefit	SUNY	CUNY	Total
Payroll	$ —	$ —	$ 193	$ 72	$ 265
Fringe benefits	—	—	65	48	113
Compensated absences	2	—	209	91	302
Litigation	—	—	109	—	109
Interfund loan	—	—	110	—	110
Employer overpayments	—	39	—	—	39
Benefits due claimants	—	37	—	—	37
Unclaimed and future prizes	189	—	—	—	189
Miscellaneous	—	38	479	317	834
Total	**$ 191**	**$ 114**	**$ 1,165**	**$ 528**	**$ 1,998**

Note 9 Interfund Transactions and Other Transfers

Interfund Transfers

Interfund transfers for the year ended March 31, 2009 consisted of the following (amounts in millions):

	Transfers To Other Funds								
Transfers From Other Funds	General	General Obligation Debt Service	Other Governmental	Elimination	Total Governmental Funds	SUNY	CUNY	Fiduciary	Total
General	$ —	$ 1,792	$ 824	$ —	**$ 2,616**	$ 2,613	$ 1,052	$ 210	**$ 6,491**
Federal Special Revenue	677	—	3,082	—	**3,759**	161	—	—	**3,920**
General Obligation Debt Service	8,500	—	7	—	**8,507**	527	261	—	**9,295**
Other Governmental	6,383	1,065	177	—	**7,625**	25	100	—	**7,750**
Elimination	—	—	—	(22,384)	**(22,384)**	—	—	—	**(22,384)**
Total Governmental Funds	**15,560**	**2,857**	**4,090**	**(22,384)**	**123**	**3,326**	**1,413**	**210**	**5,072**
SUNY	49	32	8	—	**89**	77	20	—	**186**
Lottery	—	—	2,544	—	**2,544**	—	—	—	**2,544**
Fiduciary	5	—	—	—	**5**	—	—	—	**5**
Non-current	—	—	—	—	**—**	120	—	—	**120**
Total	**$ 15,614**	**$ 2,889**	**$ 6,642**	**$ (22,384)**	**$ 2,761**	**$ 3,523**	**$ 1,433**	**$ 210**	**$ 7,927**

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 Obligation Debt Service Fund for excess funds not needed for debt service on revenue bonds backed by personal income tax revenues totaled $8.5 billion. Transfers to the General Fund from Other Governmental Funds include: mental health patient fees in excess of debt service and rental reserve requirements of $3 billion, excess sales tax receipts not needed for LGAC debt service requirements of $2 billion, and excess real property transfer tax receipts from clean water and clean air programs of $351 million. The transfers from the General Fund to Fiduciary Funds ($210 million) represented unclaimed funds needed to pay claims. Transfers from the General Fund to Other Governmental Funds are made for State capital projects ($236 million), for State debt service payments ($1.7 billion), and to the Enterprise Funds as State support to the SUNY and CUNY Funds ($3.7 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 ($3.1 billion) and transfers to SUNY to defease debt ($100 million). Transfers from the Lottery to Other Governmental Funds represent Lottery support for school aid payments ($2.5 billion). The eliminations of $22.4 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, 2008. 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 $381 million.

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, 2009 (amounts in millions):

	Due To Other Funds								
Due From Other Funds	**General**	**Federal Special Revenue**	**General Obligation Debt Service**	**Other Governmental**	**Elimination**	**Total Governmental Funds**	**Business-type Activities**	**Fiduciary**	**Total**
General	$ —	$ 157	$ 152	$ 907	$ —	**$ 1,216**	$ 19	$ —	**$ 1,235**
Federal Special Revenue	8	—	—	—	—	**8**	3	—	**11**
Other Governmental . .	342	75	—	8	—	**425**	192	—	**617**
Elimination.	—	—	—	—	(206)	**(206)**	—	—	**(206)**
Total Governmental Funds	**350**	**232**	**152**	**915**	**(206)**	**1,443**	**214**	**—**	**1,657**
Business-type Activities	907	7	—	62	—	**976**	—	—	**976**
Fiduciary	1,194	—	2	10	—	**1,206**	26	23	**1,255**
Non-current	—	—	—	—	—	**—**	120	—	**120**
Total	**$ 2,451**	**$ 239**	**$ 154**	**$ 987**	**$ (206)**	**$ 3,625**	**$ 360**	**$ 23**	**$ 4,008**

The more significant balances due to/from other funds include $600 million due to the General Fund to cover cash overdrafts in the short-term investment pool. These temporary interfund loans include $14 million to the Federal Special Revenue Fund and $586 million to Other Governmental Funds. Due to other funds in the General Obligation Debt Service Fund for amounts owed to the General Fund for $45.2 million 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, 2008. 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 $374 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 $1.7 billion in Medicaid, $59 million for unemployment benefits and $43 million for additional human services programs from the American Recovery and Reinvestment Act (Federal Stimulus) as of March 31, 2009. Substantially all Federal grants are subject to either the Federal Single Audit Act or to financial and compliance audits by grantor agencies of the Federal government or their designees. Disallowances by Federal program officials as a result of these audits may become liabilities of the State.

DASNY has $682 million outstanding of Secured Hospital Revenue Bonds for financing mortgage loans to various hospitals in New York City. The hospitals are committed to pay the debt service, and reserves have been established to cover deficiencies incurred by the hospitals. However, if both of these funding sources are inadequate, the State may be called upon to pay the debt service. Any such payments would require authorization by the State Legislature.

The New York State Constitution provides that the State may guarantee repayment of certain borrowings of the Job Development Authority (JDA) to carry out designated projects. The State has never been called upon to make any direct payments pursuant to such guarantees. However, in 1996, the State entered into an agreement with JDA and the New York State Urban Development Corporation (UDC) whereby UDC will provide funding needed by JDA to meet its debt service obligations through March 31, 2010. JDA required no financial assistance to meet debt service obligations during the State Fiscal year ended March 31, 2009. As of March 31, 2009, JDA had $32 million of State-guaranteed bonds and notes outstanding (with an additional $24 million authorized but not issued).

In order to provide additional inducement to investors to purchase the obligations of certain public benefit corporations, the legislation creating these corporations authorizes the State to make up any deficiencies in their debt service reserve funds, subject to legislative appropriation (effectively, a "moral obligation" to back the corporations' credit). Such "moral obligation" does not constitute full faith and credit obligations of the State. As of March 31, 2009, approximately $39 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 $711 million has been recognized as a long-term accrued liability in the governmental activities.

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

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

Workers' compensation is provided with the State Insurance Fund acting as the State's administrator and claims processing agent. Under an agreement with the State Insurance Fund, the State pays only what is necessary to fund claims. Based on actuarial calculations, discounted at 3.25 percent as of March 31, 2009, the State is liable for unfunded claims and incurred but not reported claims totaling $2.2 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 2008 and 2009 were (amounts in millions):

Fiscal Year	Claim Liability Beginning of Year	Increase in Liability Estimate	Payments and Decreases in Liability Estimate	Claim Liability End of Year
2007-2008	$ 1,936	$ 375	$ 326	$ 1,985
2008-2009	$ 1,985	$ 766	$ 246	$ 2,505

The State Finance Law requires the Abandoned Property Fund (Fund), a Private Purpose Trust Fund, to have a minimum 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, 2009, the Abandoned Property Fund included $222 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, 2009 of approximately $10 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, 2009, the amount reported in the Fund for claimant liability is $1.2 billion and the amount reported in the General Fund as due to the Fund is $942 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 $210 million.

The State is liable for costs relating to the closure and post-closure of landfills totaling $22 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 49 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 $128 million, spent $129 million in pollution remediation obligation related activities, recognized adjustments decreasing the liability by $6 million, and recovered $11 million from other responsible parties. At March 31, 2009, the State had an outstanding pollution remediation liability of $636 million, with an estimated potential recovery of $84 million from other responsible parties.

The State and the New York State Energy Research and Development Authority have filed a lawsuit against the Federal government regarding the liabilities and responsibilities for the environmental issues associated with the West Valley site. The parties are currently engaged in mediation. Any outcome is expected to 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. Various manufacturers, including the original participating manufacturers, have adjusted payments downward or indicated that they plan on adjusting subsequent payments downward to states and territories, or otherwise have deposited or will deposit payments into a special disputed payments account awaiting determination of entitlement to adjustments.

The State and local shares have been reduced by participating manufacturers based on adjustment provisions. A lawsuit was filed in 2006 by the Attorney General of New York to recover the settlement payments that were withheld from the State. Litigation continues to recover the funds withheld.

The Federal Government Centers for Medicaid and Medicare Services (CMS) has issued or proposed rules, that if they were to become effective, could have an adverse impact on the State's financial plan. Implementation has been delayed as part of the American Recovery and Reinvestment Act. The State is actively lobbying the Federal government for an extension or modification of the current moratorium or other administrative or statutory relief.

The Office of the Inspector General (OIG) of the Federal Department of Health and Human Services has engaged in audits of the State's School Supportive Health Services Program with regard to Medicaid reimbursements. The audits recommend that certain claims be disallowed. The State disagrees with the findings and has requested they be withdrawn. The OIG has also issued a draft report for Medicaid reimbursements for personal care services in New York City. The OIG has identified that some payments lacked sufficient support. The State and New York City have disagreed with the findings and have submitted a formal response.

Several unions have not reached labor settlement agreements with the State at this time. Settlements would 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.

The State had awarded a contract in excess of $2 billion for the development of a statewide wireless network for public safety and public service agencies. During the 2008-2009 fiscal year, this contract was canceled by the State. The parties are currently in litigation proceedings.

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 $334 million, of which $120 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 nearly $356 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 changes in net plan assets allocated to the System. In these statements, GLIP amounts are apportioned and included in either ERS or PFRS.

The State Comptroller is sole trustee and administrative head of the System. The System is a cost sharing multiple-employer defined benefit pension plan. On March 31, 2009, there were 3,026 participating government employers. Employees of the State constituted about 36 percent and 17 percent of the members for the ERS and PFRS, respectively, during the 2008-2009 fiscal year.

The System provides retirement benefits as well as death and disability benefits. Benefits vest after five years of credited service. Retirement benefits are established by the New York State Retirement and Social Security Law (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. 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 Office of the State Comptroller (OSC), Division of Pension Investment and Cash Management.

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

Approximately 71.9 percent of the System's $37 billion long-term bond portfolio is guaranteed by the Federal government and has no credit risk. The remainder of the portfolio is exposed to credit risk as follows; 23.1 percent is rated A or higher by Moody's and 5 percent is rated B, 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 8.1 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 to manage a securities lending program. This program is subject to a written contract between the System and the Custodian who acts as security lending agent for the System. The Custodian is authorized to lend securities within the borrower limits and guidelines established by the System. Types of collateral received from borrowers for securities loaned are cash and government securities. The Custodian is authorized to invest the cash collateral in short-term investments that are legal for the System. These include domestic corporate and bank notes, U.S. Treasury obligations, obligations of Federal agencies, and repurchase agreements. All rights of ownership to government securities pledged as collateral remain with the borrower except in the event of default. The System has not experienced any losses resulting from the default of a borrower or lending agent during the year ended March 31, 2009 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 which might arise from managing the program in a manner inconsistent with the contract. The System manages its market rate risk by recording investments at market value daily and maintaining the value of the collateral held by the System in excess of the value of the securities loaned.

As of March 31, 2009, the fair value of securities on loan was $14 billion. The associated collateral was $14.4 billion, of which $13.3 billion was cash collateral and $1.1 billion was securities held as collateral. The fair value of the invested cash collateral, as of March 31, 2009, was $13 billion and the securities lending obligations were $13.3 billion. The unrealized loss in invested cash collateral on March 31, 2009 was $231.8 million, which is reflected in the Statement of Changes in Fiduciary Net Assets, "Net decrease 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, 2009 was 39 days, matching term investments were 10 days and the overall average term to maturity of investment collateral for all loans was 38 days. Approximately 97 percent of all loans were open loans, while 3 percent represented direct matching loans.

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

Foreign Currency Risk—The System's investment policies permit it to invest up to 16 percent of its assets in publicly traded international equity investments. The System's current position in such equity securities, invested in directly and through commingled funds, is approximately $12.6 billion.

The System also has foreign investments held in U.S. dollars of $1.7 billion, a net forward foreign currency contracts position of $26 thousand, $3.7 billion in private equities and ARS funds, and $1.6 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 $20.6 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, 2009, 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 fiscal year ended 2005, 2006 and 2007 bill and deficiency payments (which an employer may incur when joining the System and are payable for up to 25 years). The average employer contribution rate, excluding the 10-year amortization, for ERS and PFRS for the fiscal year ended March 31, 2009 was approximately 8.5 percent and 15.8 percent of payroll, respectively.

Funding of the System is accomplished through member and employer contributions and the investment earnings on these contributions, according to the RSSL. The System uses the aggregate actuarial funding method, which does not identify or separately amortize unfunded actuarial accrued liabilities. As required under GASB Statement No. 50, *Pension Disclosures* (an amendment of GASB No. 25 and No. 27), following is a schedule of funding progress using the entry age normal funding method to approximate the funding status of the System as of the most recent actuarial valuation date. This 2009 actuarial valuation performed on April 1, 2008, determined employer contributions for the year ending March 31, 2010.

The funded status of the System as of April 1, 2008, 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	4/1/2008	$ 128,916	$ 120,183	$ (8,733)	107.3%	$ 22,779	(38.3)%
PFRS	4/1/2008	$ 22,767	$ 21,072	$ (1,695)	108.0%	$ 2,926	(57.9)%

**Unfunded Actuarial Accrued Liability (UAAL)*

Significant actuarial assumptions used in the April 1, 2007 and April 1, 2008 valuations to determine employer contributions for the years ended March 31, 2009 and March 31, 2010 were: interest rate of 8 percent, salary scale for ERS of 5.4 percent and for PFRS of 6.7 percent, decrement tables 4/1/00-3/31/05 System's experience, and inflation rate of 3 percent.

The actuarial asset value for domestic bonds and mortgages is amortized value. Short-term investments are at market value. Normally, all other investments use a five-year moving average of market values method assuming a 7 percent rate of expected appreciation. This method immediately recognizes regular investment income (interest and dividends) while phasing in unexpected appreciation/depreciation over a five-year period. It treats realized or unrealized gains (or losses) in the same manner. For fiscal year 2009, the April 1, 2007 valuation reflects a market restart in 2004 and the third year of the phase-in to a full five-year smoothing method. The April 1, 2008 valuation reflects the fourth year of the phase-in.

CONTRIBUTIONS

Employers' contributions receivable are presented net of withdrawals, refunds, advance employer payments, and credits due employers. Receivable amounts from participating employers include $62.5 million for new plan adoptions and retroactive membership. Receivable amounts from the State for other amortizations total $33 million.

Chapter 260 of the Laws of 2004 authorized employers to amortize over ten years, at 5 percent interest, the portion of their annual bill for fiscal year ended 2005 that exceeded 7 percent of payroll. The amortized amount receivable from New York State as of March 31, 2009 is $328.4 million and from Participating Employers is $82.4 million.

Chapter 260 of the Laws of 2004 authorized employers to amortize over ten years, at 5 percent interest, the portion of their annual bill for fiscal year ended 2006 that exceeded 9.5 percent of payroll. The amortized amount receivable as of March 31, 2009 from the State is $117.4 million and from participating employers is $23.5 million.

Chapter 260 of the Laws of 2004 authorized local employers to amortize over ten years, at 5 percent interest, the portion of their annual bill for fiscal year ended 2007 that exceeded 10.5 percent of payroll. The amortized amount receivable as of March 31, 2009 from participating employers is $20.2 million.

The State's contributions to the System for the years ended March 31, 2009, 2008, and 2007 were $899 million, $1.2 billion, and $1.1 billion, respectively, which equaled 100 percent, 100 percent, and 102 percent of the required contributions for each respective year.

The following presentation displays the Schedule of Plan Net Assets for the System as of March 31, 2009 (amounts in millions):

SCHEDULE OF PLAN NET ASSETS
March 31, 2009

	Employees' Retirement System	Police & Fire Retirement System	Total
Assets:			
Investments:			
Short-term investments	$ 3,250	$ 576	$ 3,826
Government bonds	22,955	4,070	27,025
Corporate bonds	8,083	1,433	9,516
Domestic equities	29,162	5,170	34,332
International equities	11,500	2,039	13,539
Private equities	8,973	1,591	10,564
Absolute return strategy investments	2,022	359	2,381
Real estate and mortgage loans	6,606	1,171	7,777
Total investments	**92,551**	**16,409**	**108,960**
Securities lending collateral, invested	11,076	1,964	13,040
Forward foreign exchange contracts	273	49	322
Receivables, net of allowances for uncollectibles	2,442	412	2,854
Capital assets, at cost, net of accumulated depreciation	23	4	27
Total assets	**106,365**	**18,838**	**125,203**
Liabilities:			
Securities lending collateral, due to borrowers	11,273	1,999	13,272
Forward foreign exchange contracts	273	48	321
Accounts payable—investments	274	49	323
Accounts payable—benefits	158	24	182
Other liabilities	145	22	167
Total liabilities	**12,123**	**2,142**	**14,265**
Net assets held in trust for pension benefits	**$ 94,242**	**$ 16,696**	**$ 110,938**

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 $973 million reported in the Governmental Funds includes pension costs related to employee services rendered during the year, retirement incentive programs and employer amortizations authorized by Chapter 260 of the Laws of 2004. Pension contributions payable reported in the General Fund of $82 million is for accrued retirement incentive programs and the employer amortization. In addition, $423 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 597,000 New York State, PA and PE employees and retirees. Eligible covered dependents bring the total number of covered individuals to approximately 1.234 million. SUNY participates in NYSHIP, but CUNY does not. Of the State's 46 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	203,961	41,657	113,357	358,975
Vestee Participants	744	155	315	1,214
COBRA Participants	1,004	348	768	2,120
Other Inactive Participants**	132,477	15,114	86,605	234,196
Total Participants	**338,186**	**57,274**	**201,045**	**596,505**

**Includes State and SUNY participants.*
***Includes retiree, dependent survivor, long-term disability and preferred list enrollees.*

During the fiscal year ended March 31, 2009, NYSHIP provided health insurance coverage through: the Empire Plan, an indemnity health insurance plan with managed care components; 12 Health Maintenance Organizations (HMOs); and the Student Employee Health Plan (SEHP). Generally, these include hospital, medical, mental health and substance abuse benefits, and prescription drug benefits.

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

Substantially all of the State's employees may become eligible for post retirement benefits if they reach 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%
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. 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, 2009, the State paid $964 million on behalf of the plan.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal 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, 2009 are as follows (amounts in millions):

Governmental Activities:		
Annual required contribution	$	3,246
Interest on net OPEB obligation at beginning of year		87
Adjustment to annual required contribution		(80)
Annual OPEB cost		**3,253**
Contributions made		(964)
Increase in OPEB obligation		2,289
Net obligation at beginning of year		2,099
Net obligation at end of year	**$**	**4,388**
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 GASB Statement 45, 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 fiscal years ended March 31, 2009 and 2008 were as follows (amounts in millions):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
3/31/09	$ 3,253	29.63%	$ 4,388
3/31/08	$ 3,097	32.23%	$ 2,099

Actuarial Methods and Assumptions

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

The actuarial valuation was performed as of April 1, 2006 with results projected to April 1, 2008 for the fiscal year ended March 31, 2009. The State's $3.3 billion annual OPEB cost was determined using the frozen entry age actuarial cost method allocating costs on a level basis over earnings. The State's $43.6 billion unfunded actuarial accrued liability, determined using the frozen entry age actuarial cost method as of April 1, 2006 and projected to April 1, 2008, is amortized over an open period of 30 years using the level percentage of projected payroll amortization method.

The frozen entry age actuarial cost method is used to determine the annual required contribution amounts and the annual net OPEB obligation. The actuarial assumptions utilized a 4.155 percent discount rate which was the average short-term investment pool rate for the past 15 years. The assumptions also utilized an annual healthcare cost trend rate of 10 percent for medical and 12 percent for 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 trend. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Business-type Activities

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

CUNY retirees receive retiree healthcare benefits through the New York City Health Benefits Program which is a single-employer defined benefit healthcare plan. The program covers individuals who receive pensions from one of the following three pension plans within the New York City Retirement System (NYCRS): New York City Employees' Retirement System, New York City Teachers' Retirement System and New York 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 by decrements to a rate of 5 percent after 10 years.

SUNY's and CUNY's annual OPEB costs and changes in net OPEB obligations for the year ended June 30, 2008 are as follows (amounts in millions):

	SUNY*	CUNY**
Business-type Activities:		
Annual required contribution and annual OPEB cost	$ 957	$ 79
Benefits paid during the year	(239)	(27)
Change in assumption	—	11
Increase in OPEB obligation	718	63
Net obligation at beginning of year	601	66
Net obligation at end of year	**$ 1,319**	**$ 129**
Actuarial accrued liability (AAL) July 1, 2007	$ 9,072	$ 898
Funded OPEB plan assets	—	—
Unfunded actuarial accrued liability (UAAL) June 30, 2008	**$ 9,072**	**$ 898**
Funded ratio	— %	— %
Covered payroll	2,751	718
UAAL as percentage of covered payroll	329.8%	125.1%

**The SUNY Research Foundation, a blended component unit of SUNY, reports other postemployment benefits in accordance with SFAS No. 158,* Employers' Accounting for Defined Benefit and Other Postretirement Plans.

***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 and Other Postretirement Plans. *CUNY Senior Colleges' other postemployment benefits liability reported in the Statement of Net Assets, Enterprise Funds ($168 million), includes the CUNY Senior Colleges' net obligation above ($129 million), and the funded status of the CUNY Research Foundation's plan as of June 30, 2008 ($39 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 a variety of purposes for the benefit of the State's citizenry such as economic development, financing and public transportation. They are not subject to State constitutional restrictions on the incurrence of debt, which apply to the State itself, and may issue bonds and notes within legislatively authorized amounts.

Corporations are generally supported by revenues derived from their activities, although the State has provided financial assistance, in some cases of a recurring nature, to certain Corporations for operating and other expenses. Financial assistance in the form of appropriated loans, contributed capital or operating subsidies for certain Corporations, principally the Metropolitan Transportation Authority, the Roswell Park Cancer Institute, and the Urban Development Corporation was provided in the fiscal year ended March 31, 2009 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
Battery Park City Authority	October 31, 2008*
Dormitory Authority of the State of New York	March 31, 2009*
Health Research, Inc.	March 31, 2009*
Long Island Power Authority	December 31, 2008*
New York State Foundation for Science, Technology, and Innovation	March 31, 2009*
New York State Higher Education Services Corporation	March 31, 2009*

Entities Audited by Other Auditors:	Fiscal Year-End
Aggregate Trust Fund	December 31, 2008
Agriculture and New York State Horse Breeding Development Fund Corporation	December 31, 2008*
Albany Convention Center Authority	December 31, 2008*
Capital District Transportation Authority	March 31, 2009*
Central New York Regional Transportation Authority	March 31, 2009*
City University of New York—Senior College Foundations	June 30, 2008
Homeless Housing and Assistance Corporation	March 31, 2009*
Housing Trust Fund Corporation	March 31, 2009*
Hudson River-Black River Regulating District	June 30, 2008*
Industrial Exhibit Authority	March 31, 2009
Metropolitan Transportation Authority	December 31, 2008*
Metro-North Commuter Railroad Company	December 31, 2008
The Long Island Rail Road Company	December 31, 2008
Triborough Bridge and Tunnel Authority	December 31, 2008
Metropolitan Suburban Bus Authority	December 31, 2008*
New York City Transit Authority	December 31, 2008*
Staten Island Rapid Transit Operating Authority	December 31, 2008*
MTA Capital Construction Company	December 31, 2008
MTA Bus Company	December 31, 2008*
First Mutual Transportation Assurance Company	December 31, 2008
Municipal Bond Bank Agency	October 31, 2008
Natural Heritage Trust.	March 31, 2009*
Nelson A. Rockefeller Empire State Plaza Performing Arts	March 31, 2009*
New York City Off-Track Betting Corporation	March 31, 2009*
New York Convention Center Operating Corporation	March 31, 2009*
New York Racing Association, Inc	December 31, 2008
New York State Affordable Housing Corporation	March 31, 2009
New York State Bridge Authority	December 31, 2008*
New York State Energy Research and Development Authority	March 31, 2009*
New York State Environmental Facilities Corporation	March 31, 2009*
New York State Health Foundation	December 31, 2008
New York State Housing Finance Agency	October 31, 2008
New York State Job Development Authority	March 31, 2009*
New York State Olympic Regional Development Authority	March 31, 2009*
New York State Theatre Institute	March 31, 2009*
New York State Thoroughbred Breeding and Development Fund Corporation	December 31, 2008*
New York State Thruway Authority	December 31, 2008*
Niagara Frontier Transportation Authority	March 31, 2009*
Ogdensburg Bridge and Port Authority	March 31, 2009*
Port of Oswego Authority.	March 31, 2009*
Power Authority of the State of New York	December 31, 2008*
Research Foundation for Mental Hygiene, Inc	March 31, 2009*
Rochester-Genesee Regional Transportation Authority	March 31, 2009*
Roosevelt Island Operating Corporation	March 31, 2009*
Roswell Park Cancer Institute	March 31, 2009*
State Insurance Fund	December 31, 2008
State of New York Mortgage Agency	October 31, 2008
State University of New York Foundations	June 30, 2008
Urban Development Corporation	March 31, 2009*

**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-six discrete entities presented comprise 95 percent of the combined assets and 82 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 decreased by $287 million on the Combining Statement of Activities for Discretely Presented Component Units to reflect the addition of the New York City Off-Track Betting Corporation as a component unit 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. DASNY, 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, 2009, the liability reported for such debt was approximately $20.9 billion. At March 31, 2009, EFC's balance sheet did not include $267 million in bonds it issued for certain private companies and $1.1 billion 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 $3.6 billion at March 31, 2009, 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, 1,040,000 and 800,000 kilowatts, respectively. During the State fiscal year, NYPA temporarily loaned approximately $215 million of reserves to the State treasury. The State recorded a corresponding liability for the same amount in the financial statements. The individual financial statements of NYPA are available on the web at *www.nypa.gov*.

Housing Finance Agency

The 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 $13.8 billion to finance housing projects, and approximately $2.3 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, 2008 is approximately $9.1 billion. The individual financial statements of the HFA can be obtained by contacting them at *www.nyhomes.org*.

Thruway Authority

The New York State Thruway Authority (NYSTA) was created as a public benefit corporation by the Legislature in 1950 with powers to construct, operate and maintain a Thruway system. In 1991, the Legislature empowered 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 State 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 Bonds (HBTF) to reimburse the State for expenditures made by the State's Department of Transportation in connection with the State's multi-year Highway and Bridge Capital Program.

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

Metropolitan Transportation Authority

The Metropolitan Transportation Authority (MTA) was created to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York City metropolitan area. The accounts presented as the MTA are the combined accounts of its ten affiliates and subsidiaries. The MTA operates the largest transit and commuter rail transportation system in North America and one of the largest in the world. The MTA is dependent upon the State for a portion of its revenues. During the MTA fiscal year ended December 31, 2008, the MTA reported $2.6 billion in payments from the State. A significant portion of that aid was in payments from the State's Mass Transportation Operating Assistance Fund, a Special Revenue Fund, which derives a major portion of its receipts from taxes imposed in the Metropolitan Transportation District for this purpose. The State also provides funding to pay the debt service on approximately $2.2 billion in bonds issued by MTA for its capital projects. The State has limited issuance of this debt to $165 million in annual debt service with a final maturity not to exceed July 1, 2031. Debt service on MTA State Service Contract debt has been fully utilized. Capital assets acquired prior to April 1982 for the New York City Transit Authority (NYCTA) were funded primarily by New York City through capital grants. New York City has title to a substantial portion of such assets and they are not included among the assets reported under MTA. In certain instances, title to real property used by the Triborough Bridge and Tunnel Authority (TBTA) may revert to New York City in the event TBTA determines it is not needed for corporate purposes. The Federal government has a contingent equity interest in assets acquired by the MTA with Federal funds, and upon disposal of such assets, the Federal government may have a right to its share of the proceeds from the sale. The individual financial statements of the MTA can be obtained by contacting them at *www.mta.info*.

Dormitory Authority

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 $38 billion consist mainly of debt issued for health care facilities ($9.2 billion), independent institutions ($8.5 billion), New York State agency projects ($7.2 billion), SUNY projects ($6.9 billion) and CUNY projects ($3.4 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: special projects financed by revenue bonds, economic development projects, and real estate projects financed by general and corporate purpose bonds. A brief description of these activities follows:

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

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

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.nylovesbiz.com.*

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 $1.1 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 *www.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. SONYMA also provides mortgage insurance for qualifying real property loans through its Mortgage Insurance Program. 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.

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. SONYMA provides certain financial guarantees that are not fully recognized in its financial statements. As of October 31, 2008, SONYMA had issued guarantees of approximately $1.8 billion, of which a minimum of 20 percent has been provided as part of the fund balance, for potential claims. When an insured mortgage is in default, the insured amount is established as a liability reserve. The financial statements of SONYMA can be obtained by contacting them at *www.nyhomes.org.*

Environmental Facilities Corporation

The New York State Environmental Facilities Corporation (EFC) is a public benefit corporation, formed pursuant to the New York State Environmental Facilities

Corporation Act. The mission of EFC is to promote environmental quality by providing low-cost capital and expert technical assistance to municipalities, businesses and State agencies for environmental projects in New York State. Its purpose is to help public and private entities comply with Federal and State environmental requirements. EFC is governed by a board of directors which consists of seven members.

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

Eliminations

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

Note 15 Joint Ventures

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

The Port Authority is a municipal corporate instrumentality of the States of New York and New Jersey created by compact between the two states in 1921 with the consent of the Congress of the United States. The 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 $10.7 billion of consolidated bonds and notes. Consolidated bonds and notes are equally and ratably secured by a pledge of the net revenues of all existing facilities and any additional facilities which may be financed in whole or in part through the medium of consolidated bonds and notes.

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

Consolidated financial statements of the Port Authority for the fiscal year ended December 31, 2008 disclosed the following (amounts in millions):

Financial Position

Total assets	$	25,037
Total liabilities		(15,206)
Net assets	**$**	**9,831**

Operating Results

Operating revenues	$	3,527
Operating expenses		(2,464)
Depreciation and amortization		(716)
Expenses related to September 11, 2001		458
Income from operations		**805**
Passenger facility charges		211
Financial income (expense), net		(493)
Contribution in aid of construction and grants		321
World Trade Center retail insurance proceeds		50
Net income	**$**	**894**

Changes in Net Assets

Balance at January 1, 2008	$	8,937
Net income		894
Balance at December 31, 2008	**$**	**9,831**

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, 2009 except for business-type activities related to SUNY and CUNY Enterprise Funds reported as of June 30, 2008. Subsequent to those dates, the following bonds and other financing arrangements were issued (amounts in millions):

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

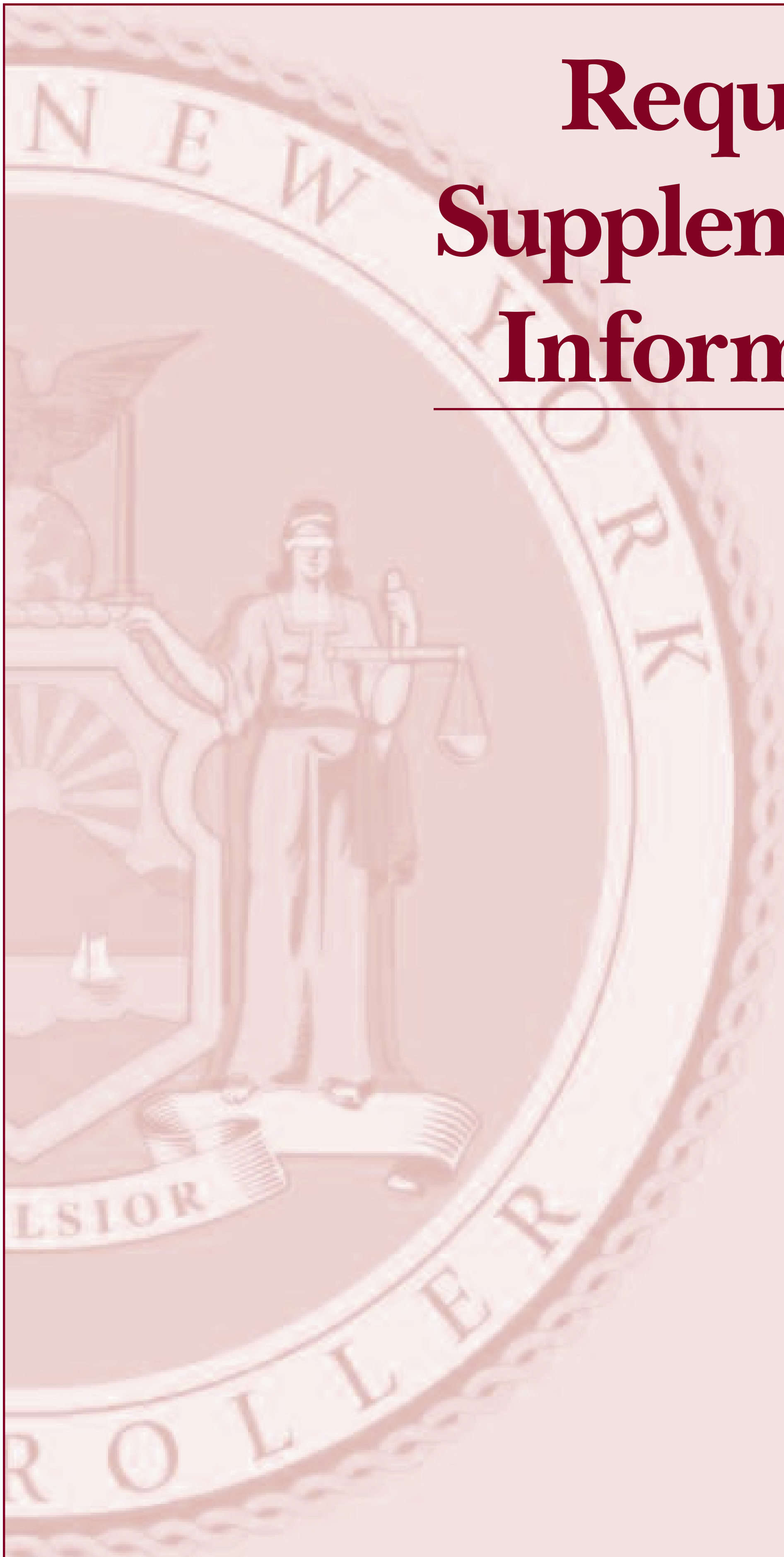
Issuer	Purpose	Date	Series	Par Amount
Dormitory Authority	CUNY Senior Colleges, Refunding	8/28/2008	Fifth General Resolution Revenue Bonds, Series 2008A	$ 98
Dormitory Authority	CUNY Senior Colleges, Refunding	8/28/2008	Fifth General Resolution Revenue Bonds, Series 2008B	$244
Dormitory Authority	SUNY Dormitory Facilities	9/11/2008	Lease Revenue Bonds, Series 2008A	$129
Dormitory Authority	CUNY Senior Colleges	11/25/2008	Personal Income Tax, Series 2008B	$106
Dormitory Authority	CUNY Senior Colleges, Refunding	11/25/2008	Personal Income Tax, Series 2008C	$ 19
Dormitory Authority	SUNY Educational Facilities	11/25/2008	Personal Income Tax, Series 2008B	$407
Dormitory Authority	SUNY Educational Facilities, Refunding	11/25/2008	Personal Income Tax, Series 2008C	$ 34
Dormitory Authority	CUNY Senior Colleges, Refunding	12/11/2008	Fifth General Resolution Revenue Bonds, Series 2008C	$312
Dormitory Authority	CUNY Senior Colleges, Refunding	12/11/2008	Fifth General Resolution Revenue Bonds, Series 2008D	$125
Dormitory Authority	CUNY Senior Colleges, Refunding	12/11/2008	Fifth General Resolution Revenue Bonds, Series 2008E	$ 93
Urban Development Corporation	SUNY Equipment	1/15/2009	Personal Income Tax, Series 2009B-1	$ 3
Dormitory Authority	CUNY Senior Colleges	2/19/2009	Personal Income Tax, Series 2009A	$ 59
Dormitory Authority	SUNY Educational Facilities	2/19/2009	Personal Income Tax, Series 2009A	$ 88
NYS Thruway Authority	Transportation	6/16/2009	Personal Income Tax, Series 2009A	$431
NYS Thruway Authority	Dedicated Highway and Bridge Trust Fund	6/30/2009	Second General Highway and Bridge Trust Fund Bonds, Series 2009B	$300
Dormitory Authority	General Purpose	7/1/2009	Personal Income Tax, Series 2009A	$584
Dormitory Authority	General Purpose, Refunding	7/1/2009	Personal Income Tax, Series 2009B	$204
Dormitory Authority	General Purpose, Refunding	7/1/2009	Personal Income Tax, Series 2009C	$ 10

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

Required Supplementary Information



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

MAJOR FUNDS—GENERAL FUND AND FEDERAL SPECIAL REVENUE FUND

For the Year Ended March 31, 2009
(Amounts in millions) (Unaudited)

	General			
	Financial Plan Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final		
RECEIPTS:				
Taxes	$ 40,610	$ 38,603	$ 38,302	$ (301)
Miscellaneous	2,505	3,124	3,105	(19)
Federal grants	41	41	45	4
Total receipts	**43,156**	**41,768**	**41,452**	**(316)**
DISBURSEMENTS:				
Local assistance grants(1)	39,126	38,193	37,040	1,153
State operations(1)	8,662	8,353	8,312	41
General state charges	3,023	3,119	3,084	35
Capital projects	—	—	—	—
Total disbursements	**50,811**	**49,665**	**48,436**	**1,229**
Excess (deficiency) of receipts over disbursements	**(7,655)**	**(7,897)**	**(6,984)**	**913**
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	12,482	12,368	12,350	(18)
Transfers to other funds	(5,550)	(5,711)	(6,171)	(460)
Net other financing sources (uses)	**6,932**	**6,657**	**6,179**	**(478)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (723)**	**$ (1,240)**	**$ (805)**	**$ 435**

Notes:

(1) Spending authority has not been exceeded by $2,742 million in the Federal Special Revenue Fund because the Final Financial Plan (published approximately 10 weeks before fiscal year-end) does not reflect an increase in spending authority of $2,742 million approved for local assistance grants and state operations through March 31, 2009 from the American Recovery and Reinvestment Act (Federal Stimulus) related projects.

See notes to required supplementary information.

Federal Special Revenue

Financial Plan Amounts Original	Financial Plan Amounts Final	Actual (Budgetary Basis)	Variance with Final Budget
$ —	$ —	$ —	$ —
109	101	178	77
33,920	34,032	36,906	2,874
34,029	**34,133**	**37,084**	**2,951**
28,832	28,733	31,401	(2,668)
1,404	1,421	1,495	(74)
243	255	220	35
—	1	—	1
30,479	**30,410**	**33,116**	**(2,706)**
3,550	**3,723**	**3,968**	**245**
1	1	—	(1)
(3,551)	(3,673)	(3,933)	(260)
(3,550)	**(3,672)**	**(3,933)**	**(261)**
$ —	**$ 51**	**$ 35**	**$ (16)**

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. 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 2008.

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	$ (805)	$ 35
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	85	20
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	(95)	—
Temporary interfund cash loans	19	(128)
Basis of accounting differences:		
Revenue accrual adjustments	(4,019)	(93)
Expenditure accrual adjustments	(2,080)	167
Net Change in Fund Balances	**$ (6,895)**	**$ 1**

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 42,544 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 7,860 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 2008-2009 (amounts in millions):

Pavement and Bridge Condition Summary as of December 31:

Year	Pavement Average Surface Rating	Bridges Average Condition Rating
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)

	2009	2008	2007	2006	2005
Total roads	$ 1,088	$ 981	$ 967	$ 931	$ 936
Total bridges	203	329	222	178	243
Total	**$ 1,291**	**$ 1,310**	**$ 1,189**	**$ 1,109**	**$ 1,179**

Estimated Preservation/Maintenance Costs as of March 31:

(Amounts in millions)

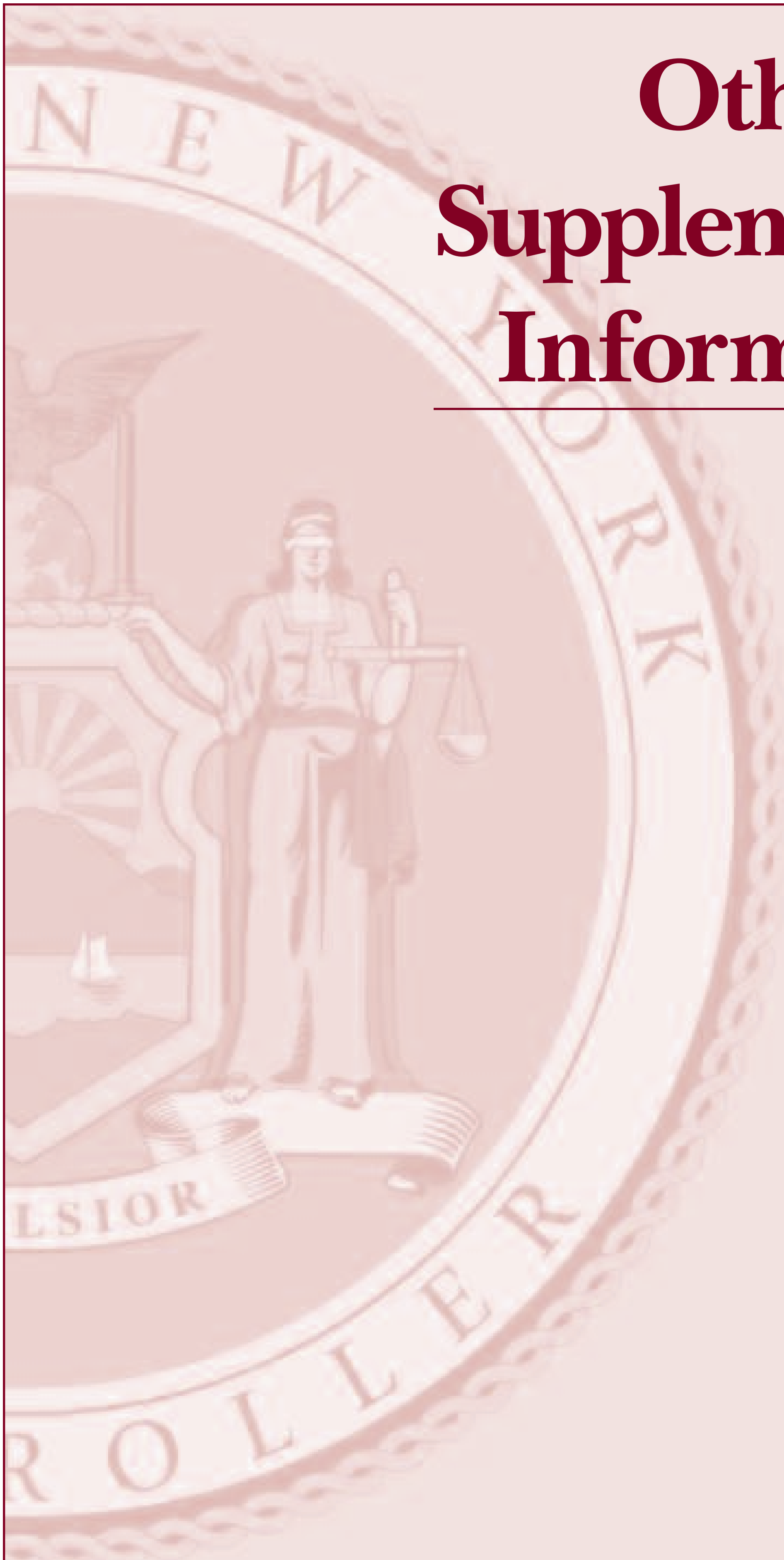
	2009	2008	2007	2006	2005
Total roads	$ 1,015	$ 914	$ 878	$ 793	$ 788
Total bridges	116	200	195	209	137
Total	**$ 1,131**	**$ 1,114**	**$ 1,073**	**$ 1,002**	**$ 925**

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, 2006	$ —	$ 39,059	$ 39,059	—%	$ 7,177	544.2%
April 1, 2008	$ —	$ 46,316	$ 46,316	—%	$ 8,864	522.5%
Business-type Activities:						
SUNY						
April 1, 2006	$ —	$ 8,481	$ 8,481	—%	$ 2,224	381.3%
CUNY						
June 30, 2006	$ —	$ 936	$ 936	—%	$ 696	134.5%

Other Supplementary Information



STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

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, 2009

(Amounts in millions)

	Local Assistance	State Purposes	Tax Stabilization Reserve	Community Projects	Rainy Day
ASSETS:					
Cash and investments	$ 5	$ —	$ 1,031	$ 144	$ 175
Receivables, net of allowance for uncollectibles:					
Taxes	—	7,125	—	—	—
Other	532	81	—	—	—
Due from other funds	10	799	—	—	—
Other assets	116	172	—	—	—
Total assets	**$ 663**	**$ 8,177**	**$ 1,031**	**$ 144**	**$ 175**
LIABILITIES:					
Tax refunds payable	$ —	$ 6,225	$ —	$ —	$ —
Accounts payable	—	563	—	—	—
Accrued liabilities	1,685	961	—	1	—
Payable to local governments	2,225	—	—	24	—
Due to other funds	882	1,419	—	—	—
Pension contributions payable	—	82	—	—	—
Deferred revenues	1	417	—	—	—
Total liabilities	**4,793**	**9,667**	**—**	**25**	**—**
FUND BALANCES (DEFICITS):					
Reserved for:					
Encumbrances	300	90	—	69	—
Tax stabilization	—	—	1,031	—	—
Refund	—	—	—	—	—
Other specified purposes	1	2	—	50	175
Unreserved	(4,431)	(1,582)	—	—	—
Total fund balances (deficits)	**(4,130)**	**(1,490)**	**1,031**	**119**	**175**
Total liabilities and fund balances (deficits)	**$ 663**	**$ 8,177**	**$ 1,031**	**$ 144**	**$ 175**

See independent auditors' report.

Refund Reserve	Fringe Benefit Escrow	Earmarked Revenue	Miscellaneous	Eliminations	Totals 2009	Totals 2008
$ 389	$ —	$ 1,138	$ 86	$ —	**$ 2,968**	$ 3,764
—	—	—	—	—	**7,125**	9,830
—	3	138	6	—	**760**	370
188	546	36	44	(388)	**1,235**	2,654
—	—	118	—	—	**406**	428
$ 577	**$ 549**	**$ 1,430**	**$ 136**	**$ (388)**	**$ 12,494**	**$ 17,046**
$ —	$ —	$ —	$ —	$ —	**$ 6,225**	$ 6,163
—	—	82	49	—	**694**	605
—	—	279	13	—	**2,939**	2,469
—	—	91	3	—	**2,343**	2,061
—	2	496	40	(388)	**2,451**	1,308
—	—	—	—	—	**82**	9
—	—	286	—	—	**704**	480
—	**2**	**1,234**	**105**	**(388)**	**15,438**	**13,095**
—	—	288	20	—	**767**	799
—	—	—	—	—	**1,031**	1,031
577	—	—	—	—	**577**	1,187
—	—	—	21	—	**249**	529
—	547	(92)	(10)	—	**(5,568)**	405
577	**547**	**196**	**31**	**—**	**(2,944)**	**3,951**
$ 577	**$ 549**	**$ 1,430**	**$ 136**	**$ (388)**	**$ 12,494**	**$ 17,046**

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

GENERAL FUND

Year Ended March 31, 2009
(Amounts in millions)

	Local Assistance	State Purposes	Tax Stabilization Reserve	Community Projects	Rainy Day
REVENUES:					
Taxes:					
Personal income	$ —	$ 19,262	$ —	$ —	$ —
Consumption and use	—	8,179	—	—	—
Business	—	5,670	—	—	—
Other	—	1,088	—	—	—
Federal grants	—	45	—	—	—
Miscellaneous	7	2,458	—	—	—
Total revenues	**7**	**36,702**	**—**	**—**	**—**
EXPENDITURES:					
Local assistance grants:					
Social services	12,013	—	—	23	—
Education	21,128	—	—	21	—
Mental hygiene	442	—	—	6	—
General purpose	1,220	—	—	—	—
Health and environment	1,367	—	—	11	—
Transportation	569	—	—	2	—
Criminal justice	191	—	—	14	—
Miscellaneous	379	—	—	89	—
State operations:					
Personal service	—	5,420	—	—	—
Non-personal service	—	1,832	—	—	—
Pension contribution	—	907	—	—	—
Other fringe benefits	—	1,235	—	—	—
Total expenditures	**37,309**	**9,394**	**—**	**166**	**—**
Excess (deficiency) of revenues over expenditures	**(37,302)**	**27,308**	**—**	**(166)**	**—**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	40,260	13,506	—	18	—
Transfers to other funds	(4,050)	(45,790)	—	(54)	—
Financing arrangements/advance refundings issued	368	—	—	—	—
Premiums on financing arrangements/ advance refundings	16	—	—	—	—
Net other financing sources (uses)	**36,594**	**(32,284)**	**—**	**(36)**	**—**
Net change in fund balances	**(708)**	**(4,976)**	**—**	**(202)**	**—**
Fund balances (deficits) at April 1, 2008	**(3,422)**	**3,486**	**1,031**	**321**	**175**
Fund balances (deficits) at March 31, 2009	**$ (4,130)**	**$ (1,490)**	**$ 1,031**	**$ 119**	**$ 175**

See independent auditors' report.

Refund Reserve	Fringe Benefit Escrow	Earmarked Revenue	Miscellaneous	Eliminations	Totals 2009	Totals 2008
$ —	$ —	$ —	$ —	$ —	**$ 19,262**	$ 23,948
—	—	4	—	—	**8,183**	8,252
—	—	—	—	—	**5,670**	5,950
—	—	—	—	—	**1,088**	1,271
—	—	—	—	—	**45**	52
—	2,237	2,663	626	(2,011)	**5,980**	5,950
—	**2,237**	**2,667**	**626**	**(2,011)**	**40,228**	**45,423**
—	—	565	—	—	**12,601**	13,445
—	—	7	1	—	**21,157**	19,511
—	—	1,238	—	—	**1,686**	1,532
—	—	—	—	—	**1,220**	928
—	—	410	1	—	**1,789**	1,426
—	—	—	—	—	**571**	446
—	—	47	1	—	**253**	242
—	—	69	—	—	**537**	712
—	—	3,405	123	—	**8,948**	8,407
—	84	1,498	451	(547)	**3,318**	3,522
—	—	—	—	—	**907**	1,052
—	2,353	1,463	56	(1,464)	**3,643**	3,317
—	**2,437**	**8,702**	**633**	**(2,011)**	**56,630**	**54,540**
—	**(200)**	**(6,035)**	**(7)**	**—**	**(16,402)**	**(9,117)**
577	—	6,545	88	(45,380)	**15,614**	16,234
(1,187)	—	(755)	(35)	45,380	**(6,491)**	(5,884)
—	—	—	—	—	**368**	325
—	—	—	—	—	**16**	9
(610)	**—**	**5,790**	**53**	**—**	**9,507**	**10,684**
(610)	**(200)**	**(245)**	**46**	**—**	**(6,895)**	**1,567**
1,187	**747**	**441**	**(15)**	**—**	**3,951**	**2,384**
$ 577	**$ 547**	**$ 196**	**$ 31**	**$ —**	**$ (2,944)**	**$ 3,951**

STATE OF NEW YORK COMPTROLLER

EXCELSIOR

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, 2009
(Amounts in millions)

	Federal USDA-FNS	Federal DHHS	Federal Education	Federal DHHS Block Grant	Federal Operating Grants
ASSETS:					
Cash and investments	$ —	$ —	$ —	$ 1	$ 175
Receivables, net of allowance for uncollectibles:					
Due from Federal government	34	4,202	85	8	123
Other	17	262	—	—	—
Due from other funds	—	5	3	1	1
Other assets	9	14	2	4	4
Total assets	**$ 60**	**$ 4,483**	**$ 90**	**$ 14**	**$ 303**
LIABILITIES:					
Accounts payable	$ 3	$ 16	$ 8	$ —	$ 14
Accrued liabilities	2	2,909	10	—	9
Payable to local governments	41	918	36	2	95
Due to other funds	5	131	36	11	36
Deferred revenues	8	509	—	1	149
Total liabilities	**59**	**4,483**	**90**	**14**	**303**
FUND BALANCES:					
Reserved for encumbrances	12	66	139	12	820
Unreserved	(11)	(66)	(139)	(12)	(820)
Total fund balances	**1**	**—**	**—**	**—**	**—**
Total liabilities and fund balances	**$ 60**	**$ 4,483**	**$ 90**	**$ 14**	**$ 303**

See independent auditors' report.

			Totals	
Unemployment Insurance Administration	**Unemployment Insurance Occupational Training**	**Federal Employment and Training Grants**	**2009**	**2008**
$ 75	$ —	$ —	**$ 251**	$ 323
14	—	3	**4,469**	4,646
—	—	—	**279**	20
1	—	—	**11**	230
—	—	—	**33**	25
$ 90	**$ —**	**$ 3**	**$ 5,043**	**$ 5,244**
$ 10	$ —	$ 2	**$ 53**	$ 55
21	—	—	**2,951**	2,644
—	—	—	**1,092**	1,451
19	—	1	**239**	344
40	—	—	**707**	750
90	**—**	**3**	**5,042**	**5,244**
21	—	12	**1,082**	964
(21)	—	(12)	**(1,081)**	(964)
—	**—**	**—**	**1**	**—**
$ 90	**$ —**	**$ 3**	**$ 5,043**	**$ 5,244**

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

FEDERAL SPECIAL REVENUE FUND

Year Ended March 31, 2009

(Amounts in millions)

	Federal USDA-FNS	Federal DHHS	Federal Education	Federal DHHS Block Grant	Federal Operating Grants
REVENUES:					
Federal grants	$ 4,823	$ 30,432	$ 2,939	$ 401	$ 643
Miscellaneous	3	—	—	—	4
Total revenues	**4,826**	**30,432**	**2,939**	**401**	**647**
EXPENDITURES:					
Local assistance grants:					
Social services	3,452	25,436	—	250	5
Education	691	—	2,680	—	4
Mental hygiene	—	92	4	58	12
Health and environment	580	374	15	15	—
Transportation	—	—	—	—	34
Criminal justice	—	2	—	—	176
Miscellaneous	—	201	—	34	31
State operations:					
Personal service	23	175	92	14	143
Non-personal service	37	242	93	16	180
Pension contribution	2	15	7	1	8
Other fringe benefits	7	61	29	3	30
Total expenditures	**4,792**	**26,598**	**2,920**	**391**	**623**
Excess of revenues over expenditures	**34**	**3,834**	**19**	**10**	**24**
OTHER FINANCING USES:					
Transfers to other funds	(33)	(3,834)	(19)	(10)	(24)
Other financing uses	**(33)**	**(3,834)**	**(19)**	**(10)**	**(24)**
Net change in fund balances	**1**	**—**	**—**	**—**	**—**
Fund balances at April 1, 2008	**—**	**—**	**—**	**—**	**—**
Fund balances at March 31, 2009	**$ 1**	**$ —**	**$ —**	**$ —**	**$ —**

See independent auditors' report.

Unemployment Insurance Administration	Unemployment Insurance Occupational Training	Federal Employment and Training Grants	Totals 2009	Totals 2008
$ 260	$ 7	$ 191	$ 39,696	$ 36,005
53	—	—	60	69
313	7	191	39,756	36,074
—	—	3	29,146	26,337
—	—	—	3,375	3,190
—	—	—	166	168
—	—	—	984	894
—	—	—	34	24
—	—	—	178	171
4	—	154	424	689
158	—	12	617	566
83	7	17	675	567
14	—	1	48	48
54	—	4	188	178
313	7	191	35,835	32,832
—	—	—	3,921	3,242
—	—	—	(3,920)	(3,243)
—	—	—	(3,920)	(3,243)
—	—	—	1	(1)
—	—	—	—	1
$ —	$ —	$ —	$ 1	$ —

STATE OF NEW YORK
COMPTROLLER
EXCELSIOR

General Obligation Debt Service Fund

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

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

Combining Schedule of Balance Sheet Accounts

GENERAL OBLIGATION DEBT SERVICE FUND

March 31, 2009
(Amounts in millions)

	General Obligation Debt Service Account	Tobacco Settlement Financing Corporation	Totals 2009	Totals 2008
ASSETS:				
Cash and investments	$ 833	$ 499	**$ 1,332**	$ 1,236
Receivables, net of allowance for uncollectibles:				
Taxes	1,822	—	**1,822**	2,743
Other	—	457	**457**	455
Due from other funds	20	—	**20**	—
Total assets	**$ 2,675**	**$ 956**	**$ 3,631**	**$ 4,434**
LIABILITIES:				
Tax refunds payable	$ 1,528	$ —	**$ 1,528**	$ 1,558
Accounts payable	170	—	**170**	175
Accrued liabilities	4	—	**4**	5
Payable to local governments	98	—	**98**	81
Due to other funds	154	—	**154**	1,091
Deferred revenues	68	—	**68**	63
Total liabilities	**2,022**	**—**	**2,022**	**2,973**
FUND BALANCES:				
Reserved for debt service	775	956	**1,731**	1,632
Unreserved	(122)	—	**(122)**	(171)
Total fund balances	**653**	**956**	**1,609**	**1,461**
Total liabilities and fund balances	**$ 2,675**	**$ 956**	**$ 3,631**	**$ 4,434**

See independent auditors' report.

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

GENERAL OBLIGATION DEBT SERVICE FUND

Year Ended March 31, 2009

(Amounts in millions)

	General Obligation Debt Service Account	Tobacco Settlement Financing Corporation	Totals 2009	Totals 2008
REVENUES:				
Taxes:				
Personal income tax	$ 9,307	$ —	**$ 9,307**	$ 10,180
Tobacco settlement	—	506	**506**	475
Miscellaneous	77	—	**77**	66
Total revenues	**9,384**	**506**	**9,890**	**10,721**
EXPENDITURES:				
Non-personal service	55	—	**55**	38
Debt service, including payments on financing arrangements	2,827	469	**3,296**	3,352
Total expenditures	**2,882**	**469**	**3,351**	**3,390**
Excess of revenues over expenditures	**6,502**	**37**	**6,539**	**7,331**
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	2,889	—	**2,889**	2,651
Transfers to other funds	(9,288)	(7)	**(9,295)**	(10,294)
Financing arrangements/advance refundings issued	2,236	—	**2,236**	1,500
Payments to escrow agents for advance refundings	(2,275)	—	**(2,275)**	(1,559)
Premiums on financing arrangements/advance refundings	54	—	**54**	70
Net other financing uses	**(6,384)**	**(7)**	**(6,391)**	**(7,632)**
Net change in fund balances	**118**	**30**	**148**	**(301)**
Fund balances at April 1, 2008	**535**	**926**	**1,461**	**1,762**
Fund balances at March 31, 2009	**$ 653**	**$ 956**	**$ 1,609**	**$ 1,461**

See independent auditors' report.

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

GENERAL OBLIGATION DEBT SERVICE FUND

Year Ended March 31, 2009
(Amounts in millions)

	Financial Plan	Actual	Variance
RECEIPTS:			
Taxes	$ 9,171	$ 9,210	$ 39
Total receipts	**9,171**	**9,210**	**39**
DISBURSEMENTS:			
State operations	48	31	17
Debt service	3,652	3,664	(12)
Total disbursements	**3,700**	**3,695**	**5**
Excess of receipts over disbursements	**5,471**	**5,515**	**44**
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	2,857	2,889	32
Transfers to other funds	(8,327)	(8,404)	(77)
Net other financing sources (uses)	**(5,470)**	**(5,515)**	**(45)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 1**	**$ —**	**$ (1)**

See independent auditors' report.

Other Governmental Funds

Combining Balance Sheet

OTHER GOVERNMENTAL FUNDS

March 31, 2009
(Amounts in millions)

	Special Revenue	Debt Service	Capital Projects	Totals 2009	Totals 2008
ASSETS:					
Cash and investments	$ 2,429	$ 693	$ 1,958	**$ 5,080**	$ 6,639
Receivables, net of allowance for uncollectibles:					
Taxes	129	180	67	**376**	412
Due from Federal government	—	—	451	**451**	437
Other	657	85	203	**945**	877
Due from other funds	458	74	85	**617**	422
Other assets	3	—	7	**10**	50
Total assets	**$ 3,676**	**$ 1,032**	**$ 2,771**	**$ 7,479**	**$ 8,837**
LIABILITIES:					
Tax refunds payable	$ 165	$ 21	$ 20	**$ 206**	$ 197
Accounts payable	25	3	381	**409**	447
Accrued liabilities	128	5	85	**218**	119
Payable to local governments	181	—	187	**368**	765
Due to other funds	65	144	778	**987**	836
Deferred revenues	141	36	28	**205**	134
Total liabilities	**705**	**209**	**1,479**	**2,393**	**2,498**
FUND BALANCES:					
Reserved for:					
Encumbrances	201	—	5,950	**6,151**	6,188
Debt service	—	590	—	**590**	672
Other specified purposes	93	—	140	**233**	801
Unreserved	2,677	233	(4,798)	**(1,888)**	(1,322)
Total fund balances	**2,971**	**823**	**1,292**	**5,086**	**6,339**
Total liabilities and fund balances	**$ 3,676**	**$ 1,032**	**$ 2,771**	**$ 7,479**	**$ 8,837**

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

OTHER GOVERNMENTAL FUNDS

Year Ended March 31, 2009
(Amounts in millions)

	Special Revenue	Debt Service	Capital Projects	Totals 2009	Totals 2008
REVENUES:					
Taxes:					
Personal income	$ 4,527	$ —	$ —	**$ 4,527**	$ 4,664
Consumption and use	1,874	2,712	1,135	**5,721**	5,618
Business	1,414	—	627	**2,041**	2,213
Other	—	444	237	**681**	1,021
Federal grants	—	—	1,896	**1,896**	1,745
Public health/patient fees	3,340	394	—	**3,734**	3,900
Tobacco settlement	88	—	—	**88**	105
Miscellaneous	2,407	100	386	**2,893**	2,794
Total revenues	**13,650**	**3,650**	**4,281**	**21,581**	**22,060**
EXPENDITURES:					
Local assistance grants:					
Social services	2,993	—	1	**2,994**	2,907
Education	5,881	—	634	**6,515**	7,507
Mental hygiene	14	—	132	**146**	159
Health and environment	1,506	—	313	**1,819**	2,103
Transportation	2,869	—	635	**3,504**	3,164
Criminal justice	85	—	—	**85**	80
Miscellaneous	1,355	—	585	**1,940**	1,741
State operations:					
Personal service	254	—	—	**254**	257
Non-personal service	2,301	33	—	**2,334**	2,243
Pension contribution	18	—	—	**18**	17
Other fringe benefits	60	—	—	**60**	51
Capital construction	—	—	5,127	**5,127**	4,467
Debt service, including payments on financing arrangements	—	838	—	**838**	726
Total expenditures	**17,336**	**871**	**7,427**	**25,634**	**25,422**
Excess (deficiency) of revenues over expenditures	**(3,686)**	**2,779**	**(3,146)**	**(4,053)**	**(3,362)**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	2,825	3,179	638	**6,642**	5,919
Transfers to other funds	(323)	(6,096)	(1,331)	**(7,750)**	(7,484)
General obligation bonds issued	—	—	455	**455**	268
Premiums on general obligation bonds issued	—	—	4	**4**	2
Financing arrangements/advance refundings issued	—	1,638	3,321	**4,959**	3,692
Payments to escrow agents for advance refundings	—	(1,651)	—	**(1,651)**	(824)
Premiums on financing arrangements/ advance refundings	—	38	103	**141**	164
Net other financing sources (uses)	**2,502**	**(2,892)**	**3,190**	**2,800**	**1,737**
Net change in fund balances	**(1,184)**	**(113)**	**44**	**(1,253)**	**(1,625)**
Fund balances at April 1, 2008	**4,155**	**936**	**1,248**	**6,339**	**7,964**
Fund balances at March 31, 2009	**$ 2,971**	**$ 823**	**$ 1,292**	**$ 5,086**	**$ 6,339**

See independent auditors' report.

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

OTHER GOVERNMENTAL FUNDS

Year Ended March 31, 2009
(Amounts in millions)

	Special Revenue			Debt Service		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	$ 7,813	$ 7,780	$ (33)	$ 3,143	$ 3,031	$ (112)
Miscellaneous	12,804	12,912	108	779	845	66
Federal grants	—	—	—	—	—	—
Total receipts	**20,617**	**20,692**	**75**	**3,922**	**3,876**	**(46)**
DISBURSEMENTS:						
Local assistance grants	17,402	17,470	(68)	—	—	—
State operations	8,825	9,104	(279)	25	25	—
General state charges	2,089	2,021	68	—	—	—
Debt service	—	—	—	962	866	96
Capital projects	7	9	(2)	—	—	—
Total disbursements	**28,323**	**28,604**	**(281)**	**987**	**891**	**96**
Excess (deficiency) of receipts over disbursements	**(7,706)**	**(7,912)**	**(206)**	**2,935**	**2,985**	**50**
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds, net	—	—	—	—	—	—
Transfers from other funds	6,601	8,010	1,409	3,082	3,200	118
Transfers to other funds	(568)	(1,166)	(598)	(6,014)	(6,173)	(159)
Net other financing sources (uses)	**6,033**	**6,844**	**811**	**(2,932)**	**(2,973)**	**(41)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (1,673)**	**$ (1,068)**	**$ 605**	**$ 3**	**$ 12**	**$ 9**

See independent auditors' report.

Capital Projects

Financial Plan	Actual	Variance
$ 2,056	$ 2,015	$ (41)
2,900	3,025	125
1,906	1,882	(24)
6,862	**6,922**	**60**
484	1,356	(872)
—	—	—
—	—	—
—	—	—
6,195	5,474	721
6,679	**6,830**	**(151)**
183	**92**	**(91)**
349	456	107
594	679	85
(1,303)	(1,301)	2
(360)	**(166)**	**194**
$ (177)	**$ (74)**	**$ 103**

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.

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

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

Combining Balance Sheet

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

March 31, 2009
(Amounts in millions)

	School Tax Relief (STAR)	Health Care Reform Act Resources	Dedicated Mass Transportation Trust	ENCON Special Revenue	Conservation
ASSETS:					
Cash and investments	$ 20	$ 553	$ 96	$ 5	$ 32
Receivables, net of allowance for uncollectibles:					
Taxes	—	53	16	—	—
Other	—	423	—	—	—
Due from other funds	93	164	12	1	—
Other assets	—	—	—	—	—
Total assets	**$ 113**	**$ 1,193**	**$ 124**	**$ 6**	**$ 32**
LIABILITIES:					
Tax refunds payable	$ —	$ —	$ 8	$ —	$ —
Accounts payable	—	13	2	3	—
Accrued liabilities	108	1	—	4	1
Payable to local governments	—	38	2	—	—
Due to other funds	—	8	—	6	8
Deferred revenues	—	24	—	—	—
Total liabilities	**108**	**84**	**12**	**13**	**9**
FUND BALANCES (DEFICITS):					
Reserved for:					
Encumbrances	—	49	67	7	1
Other specified purposes	—	—	—	—	—
Unreserved	5	1,060	45	(14)	22
Total fund balances (deficits)	**5**	**1,109**	**112**	**(7)**	**23**
Total liabilities and fund balances (deficits)	**$ 113**	**$ 1,193**	**$ 124**	**$ 6**	**$ 32**

See independent auditors' report.

Environmental Protection and Spill Compensation	Mass Transportation Operating Assistance	Public Asset	Miscellaneous	Totals 2009	Totals 2008
$ —	$ 185	$ 93	$ 1,445	**$ 2,429**	$ 3,692
—	60	—	—	**129**	120
79	—	—	155	**657**	581
3	—	—	185	**458**	211
—	—	—	3	**3**	42
$ 82	**$ 245**	**$ 93**	**$ 1,788**	**$ 3,676**	**$ 4,646**
$ —	$ 156	$ —	$ 1	**$ 165**	$ 156
4	—	—	3	**25**	23
1	—	—	13	**128**	27
—	50	—	91	**181**	152
5	4	—	34	**65**	66
68	—	—	49	**141**	67
78	**210**	**—**	**191**	**705**	**491**
6	1	—	70	**201**	247
—	—	93	—	**93**	350
(2)	34	—	1,527	**2,677**	3,558
4	**35**	**93**	**1,597**	**2,971**	**4,155**
$ 82	**$ 245**	**$ 93**	**$ 1,788**	**$ 3,676**	**$ 4,646**

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

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

Year Ended March 31, 2009
(Amounts in millions)

	School Tax Relief (STAR)	Health Care Reform Act Resources	Dedicated Mass Transportation Trust	ENCON Special Revenue	Conservation
REVENUES:					
Taxes:					
Personal income	$ 4,527	$ —	$ —	$ —	$ —
Consumption and use	—	907	286	—	—
Business	—	—	358	—	—
Public health/patient fees	—	3,340	—	—	—
Tobacco settlement	—	89	—	—	—
Miscellaneous	1	14	9	88	42
Total revenues	**4,528**	**4,350**	**653**	**88**	**42**
EXPENDITURES:					
Local assistance grants:					
Social services	—	2,991	—	—	—
Education	3,319	—	—	—	—
Mental hygiene	—	8	—	—	—
Health and environment	—	1,506	—	—	—
Transportation	—	—	663	—	—
Criminal justice	—	—	—	—	—
Miscellaneous	1,212	2	—	—	—
State operations:					
Personal service	—	11	—	45	15
Non-personal service	—	58	—	41	14
Pension contribution	—	1	—	4	2
Other fringe benefits	—	4	—	14	5
Total expenditures	**4,531**	**4,581**	**663**	**104**	**36**
Excess (deficiency) of revenues over expenditures	**(3)**	**(231)**	**(10)**	**(16)**	**6**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	—	240	—	14	1
Transfers to other funds	—	(270)	—	(13)	(2)
Net other financing sources (uses)	**—**	**(30)**	**—**	**1**	**(1)**
Net change in fund balances	**(3)**	**(261)**	**(10)**	**(15)**	**5**
Fund balances (deficits) at April 1, 2008	**8**	**1,370**	**122**	**8**	**18**
Fund balances (deficits) at March 31, 2009	**$ 5**	**$ 1,109**	**$ 112**	**$ (7)**	**$ 23**

See independent auditors' report.

Environmental Protection and Spill Compensation	Mass Transportation Operating Assistance	Public Asset	Miscellaneous	Eliminations	Totals 2009	Totals 2008
$ —	$ —	$ —	$ —	$ —	**$ 4,527**	$ 4,664
—	647	—	34	—	**1,874**	1,626
—	1,056	—	—	—	**1,414**	1,564
—	—	—	—	—	**3,340**	3,274
—	—	—	(1)	—	**88**	105
61	21	—	2,171	—	**2,407**	2,348
61	**1,724**	**—**	**2,204**	**—**	**13,650**	**13,581**
—	—	—	2	—	**2,993**	2,907
—	—	—	2,562	—	**5,881**	6,248
—	—	—	6	—	**14**	40
—	—	—	—	—	**1,506**	1,829
—	2,206	—	—	—	**2,869**	2,727
—	—	—	85	—	**85**	80
—	—	—	141	—	**1,355**	1,239
12	3	—	168	—	**254**	257
19	1	24	2,144	—	**2,301**	2,224
1	—	—	10	—	**18**	17
5	1	—	31	—	**60**	51
37	**2,211**	**24**	**5,149**	**—**	**17,336**	**17,619**
24	**(487)**	**(24)**	**(2,945)**	**—**	**(3,686)**	**(4,038)**
—	69	—	240,504	(238,003)	**2,825**	2,836
(17)	(1)	(233)	(237,790)	238,003	**(323)**	(125)
(17)	**68**	**(233)**	**2,714**	**—**	**2,502**	**2,711**
7	**(419)**	**(257)**	**(231)**	**—**	**(1,184)**	**(1,327)**
(3)	**454**	**350**	**1,828**	**—**	**4,155**	**5,482**
$ 4	**$ 35**	**$ 93**	**$ 1,597**	**$ —**	**$ 2,971**	**$ 4,155**

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

OTHER GOVERNMENTAL FUNDS—SPECIAL REVENUE FUNDS

Year Ended March 31, 2009
(Amounts in millions)

	School Tax Relief			Mass Transportation Operating Assistance		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	$ 4,440	$ 4,434	$ (6)	$ 1,791	$ 1,768	$ (23)
Miscellaneous	—	—	—	20	22	2
Total receipts	**4,440**	**4,434**	**(6)**	**1,811**	**1,790**	**(21)**
DISBURSEMENTS:						
Local assistance grants	4,440	4,436	4	2,206	2,206	—
State operations	—	—	—	5	4	1
General state charges	—	—	—	2	1	1
Capital projects	—	—	—	—	—	—
Total disbursements	**4,440**	**4,436**	**4**	**2,213**	**2,211**	**2**
Deficiency of receipts over disbursements	**—**	**(2)**	**(2)**	**(402)**	**(421)**	**(19)**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	—	—	—	81	68	(13)
Transfers to other funds	—	—	—	(23)	(1)	22
Net other financing sources	**—**	**—**	**—**	**58**	**67**	**9**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ (2)**	**$ (2)**	**$ (344)**	**$ (354)**	**$ (10)**

See independent auditors' report.

State Special Revenue Account			Other		
Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
$ 4	$ 4	$ —	$ 1,578	$ 1,574	$ (4)
2,295	2,949	654	10,489	9,941	(548)
2,299	**2,953**	**654**	**12,067**	**11,515**	**(552)**
1,967	2,431	(464)	8,789	8,397	392
4,746	5,050	(304)	4,074	4,050	24
1,708	1,667	41	379	353	26
1	—	1	6	9	(3)
8,422	**9,148**	**(726)**	**13,248**	**12,809**	**439**
(6,123)	**(6,195)**	**(72)**	**(1,181)**	**(1,294)**	**(113)**
9,280	6,789	(2,491)	157	15,043	14,886
(3,378)	(755)	2,623	(84)	(14,300)	(14,216)
5,902	**6,034**	**132**	**73**	**743**	**670**
$ (221)	**$ (161)**	**$ 60**	**$ (1,108)**	**$ (551)**	**$ 557**

(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, 2009

(Amounts in millions)

	Eliminations		Total		
	Financial Plan	Actual	Financial Plan	Actual	Variance
RECEIPTS:					
Taxes	$ —	$ —	$ 7,813	$ 7,780	$ (33)
Miscellaneous	—	—	12,804	12,912	108
Total receipts	**—**	**—**	**20,617**	**20,692**	**75**
DISBURSEMENTS:					
Local assistance grants	—	—	17,402	17,470	(68)
State operations	—	—	8,825	9,104	(279)
General state charges	—	—	2,089	2,021	68
Capital projects	—	—	7	9	(2)
Total disbursements	**—**	**—**	**28,323**	**28,604**	**(281)**
Deficiency of receipts over disbursements	**—**	**—**	**(7,706)**	**(7,912)**	**(206)**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	(2,917)	(13,890)	6,601	8,010	1,409
Transfers to other funds	2,917	13,890	(568)	(1,166)	(598)
Net other financing sources	**—**	**—**	**6,033**	**6,844**	**811**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ —**	**$ —**	**$ (1,673)**	**$ (1,068)**	**$ 605**

See independent auditors' report.

Debt Service Funds

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

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

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

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

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

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

Combining Balance Sheet

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

March 31, 2009
(Amounts in millions)

	Debt Reduction Reserve	Mental Health Services	State Housing Debt	Department of Health Income	Clean Water/ Clean Air
ASSETS:					
Cash and investments	$ —	$ 92	$ —	$ 50	$ —
Receivables, net of allowance for uncollectibles:					
Taxes	—	—	—	—	16
Other	—	41	22	21	—
Due from other funds	—	69	—	5	—
Total assets	**$ —**	**$ 202**	**$ 22**	**$ 76**	**$ 16**
LIABILITIES:					
Tax refunds payable	$ —	$ —	$ —	$ —	$ 1
Accounts payable	—	—	—	—	—
Accrued liabilities	—	—	—	5	—
Due to other funds	—	—	—	—	—
Deferred revenues	—	5	16	1	—
Total liabilities	**—**	**5**	**16**	**6**	**1**
FUND BALANCES:					
Reserved for debt service	—	35	—	20	—
Unreserved	—	162	6	50	15
Total fund balances	**—**	**197**	**6**	**70**	**15**
Total liabilities and fund balances	**$ —**	**$ 202**	**$ 22**	**$ 76**	**$ 16**

See independent auditors' report.

Local Government Assistance Tax	Totals 2009	Totals 2008
$ 551	**$ 693**	$ 743
164	**180**	216
1	**85**	84
—	**74**	103
$ 716	**$ 1,032**	**$ 1,146**
$ 20	**$ 21**	$ 20
3	**3**	2
—	**5**	—
144	**144**	153
14	**36**	35
181	**209**	**210**
535	**590**	672
—	**233**	264
535	**823**	**936**
$ 716	**$ 1,032**	**$ 1,146**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

Year Ended March 31, 2009

(Amounts in millions)

	Debt Reduction Reserve	Mental Health Services	State Housing Debt	Department of Health Income	Clean Water/ Clean Air
REVENUES:					
Taxes:					
Consumption and use	$ —	$ —	$ —	$ —	$ —
Other	—	—	—	—	444
Patient fees	—	284	—	110	—
Miscellaneous	—	77	16	2	—
Total revenues	**—**	**361**	**16**	**112**	**444**
EXPENDITURES:					
Non-personal service	—	18	—	3	—
Debt service, including payments on financing arrangements	50	385	20	29	—
Total expenditures	**50**	**403**	**20**	**32**	**—**
Excess (deficiency) of revenues over expenditures	**(50)**	**(42)**	**(4)**	**80**	**444**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	58	3,069	2	50	—
Transfers to other funds	(109)	(3,048)	—	(132)	(463)
Financing arrangements/advance refundings issued	—	846	—	—	—
Payments to escrow agents for advance refundings	—	(844)	—	—	—
Premiums on financing arrangements/ advance refundings	—	21	—	—	—
Net other financing sources (uses)	**(51)**	**44**	**2**	**(82)**	**(463)**
Net change in fund balances	**(101)**	**2**	**(2)**	**(2)**	**(19)**
Fund balances at April 1, 2008	**101**	**195**	**8**	**72**	**34**
Fund balances at March 31, 2009	**$ —**	**$ 197**	**$ 6**	**$ 70**	**$ 15**

See independent auditors' report.

Local Government Assistance Tax	Totals 2009	Totals 2008
$ 2,712	$ 2,712	$ 2,779
—	444	809
—	394	626
5	100	64
2,717	3,650	4,278
12	33	19
354	838	726
366	871	745
2,351	2,779	3,533
—	3,179	2,864
(2,344)	(6,096)	(6,391)
792	1,638	780
(807)	(1,651)	(824)
17	38	46
(2,342)	(2,892)	(3,525)
9	(113)	8
526	936	928
$ 535	$ 823	$ 936

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

OTHER GOVERNMENTAL FUNDS—DEBT SERVICE FUNDS

Year Ended March 31, 2009

(Amounts in millions)

	Mental Health Services			Clean Water/Clean Air		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	$ —	$ —	$ —	$ 513	$ 464	$ (49)
Miscellaneous	328	298	(30)	—	—	—
Total receipts	**328**	**298**	**(30)**	**513**	**464**	**(49)**
DISBURSEMENTS:						
State operations	8	7	1	—	—	—
Debt service	340	343	(3)	—	—	—
Total disbursements	**348**	**350**	**(2)**	**—**	**—**	**—**
Excess (deficiency) of receipts over disbursements	**(20)**	**(52)**	**(32)**	**513**	**464**	**(49)**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	2,917	3,091	174	—	—	—
Transfers to other funds	(2,883)	(3,048)	(165)	(513)	(464)	49
Net other financing sources (uses)	**34**	**43**	**9**	**(513)**	**(464)**	**49**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 14**	**$ (9)**	**$ (23)**	**$ —**	**$ —**	**$ —**

See independent auditors' report.

Local Government Assistance Tax: Financial Plan	Local Government Assistance Tax: Actual	Local Government Assistance Tax: Variance	Other: Financial Plan	Other: Actual	Other: Variance
$ 2,630	$ 2,567	$ (63)	$ —	$ —	$ —
1	—	(1)	450	547	97
2,631	**2,567**	**(64)**	**450**	**547**	**97**
10	11	(1)	7	7	—
385	360	25	237	163	74
395	**371**	**24**	**244**	**170**	**74**
2,236	**2,196**	**(40)**	**206**	**377**	**171**
—	—	—	165	109	(56)
(2,236)	(2,196)	40	(382)	(465)	(83)
(2,236)	**(2,196)**	**40**	**(217)**	**(356)**	**(139)**
$ —	**$ —**	**$ —**	**$ (11)**	**$ 21**	**$ 32**

(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, 2009

(Amounts in millions)

	Total		
	Financial Plan	Actual	Variance
RECEIPTS:			
Taxes	$ 3,143	$ 3,031	$ (112)
Miscellaneous	779	845	66
Total receipts	**3,922**	**3,876**	**(46)**
DISBURSEMENTS:			
State operations	25	25	—
Debt service	962	866	96
Total disbursements	**987**	**891**	**96**
Excess (deficiency) of receipts over disbursements	**2,935**	**2,985**	**50**
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	3,082	3,200	118
Transfers to other funds	(6,014)	(6,173)	(159)
Net other financing sources (uses)	**(2,932)**	**(2,973)**	**(41)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 3**	**$ 12**	**$ 9**

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, 2009
(Amounts in millions)

	State Capital Projects	Dedicated Highway & Bridge Trust	Environmental Protection	Transportation Capital Facilities Bond	Environmental Quality Protection Bond	Rebuild & Renew New York Transportation Bond	Environmental Quality Bond
ASSETS:							
Cash and investments	$ 1,396	$ 7	$ 64	$ 3	$ 2	$ 191	$ 16
Receivables, net of allowance for uncollectibles:							
Taxes	—	67	—	—	—	—	—
Due from Federal government	—	—	—	—	—	—	—
Other	178	16	1	—	—	—	—
Due from other funds	22	87	—	—	—	—	—
Other assets	—	—	—	—	—	—	—
Total assets	**$ 1,596**	**$ 177**	**$ 65**	**$ 3**	**$ 2**	**$ 191**	**$ 16**
LIABILITIES:							
Tax refunds payable	$ —	$ 20	$ —	$ —	$ —	$ —	$ —
Accounts payable	145	82	7	—	—	—	—
Accrued liabilities	5	66	—	—	—	—	—
Payable to local governments	115	3	4	—	—	—	—
Due to other funds	69	306	—	—	—	6	—
Deferred revenues	21	2	—	—	—	—	—
Total liabilities	**355**	**479**	**11**	**—**	**—**	**6**	**—**
FUND BALANCES (DEFICITS):							
Reserved for:							
Encumbrances	730	1,184	223	—	—	—	—
Other specified purposes	121	18	—	—	—	—	—
Unreserved	390	(1,504)	(169)	3	2	185	16
Total fund balances (deficits)	**1,241**	**(302)**	**54**	**3**	**2**	**185**	**16**
Total liabilities and fund balances (deficits)	**$ 1,596**	**$ 177**	**$ 65**	**$ 3**	**$ 2**	**$ 191**	**$ 16**

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 2009	Totals 2008
$ 42	$ —	$ 25	$ —	$ —	$ —	$ 131	$ 81	$ —	**$ 1,958**	$ 2,204
—	—	—	—	—	—	—	—	—	**67**	76
—	451	—	—	—	—	—	—	—	**451**	437
8	—	—	—	—	—	—	—	—	**203**	212
—	204	—	—	—	—	—	1	(229)	**85**	108
—	—	—	—	7	—	—	—	—	**7**	8
$ 50	**$ 655**	**$ 25**	**$ —**	**$ 7**	**$ —**	**$ 131**	**$ 82**	**$ (229)**	**$ 2,771**	**$ 3,045**
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	**$ 20**	$ 21
10	83	—	—	3	9	33	9	—	**381**	422
3	—	—	—	—	8	—	3	—	**85**	92
—	64	—	—	—	1	—	—	—	**187**	613
6	329	—	121	31	128	—	11	(229)	**778**	617
5	—	—	—	—	—	—	—	—	**28**	32
24	**476**	**—**	**121**	**34**	**146**	**33**	**23**	**(229)**	**1,479**	**1,797**
79	3,093	—	3	35	353	196	54	—	**5,950**	5,941
—	—	—	—	—	—	—	1	—	**140**	451
(53)	(2,914)	25	(124)	(62)	(499)	(98)	4	—	**(4,798)**	(5,144)
26	**179**	**25**	**(121)**	**(27)**	**(146)**	**98**	**59**	**—**	**1,292**	**1,248**
$ 50	**$ 655**	**$ 25**	**$ —**	**$ 7**	**$ —**	**$ 131**	**$ 82**	**$ (229)**	**$ 2,771**	**$ 3,045**

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

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2009
(Amounts in millions)

	State Capital Projects	Dedicated Highway & Bridge Trust	Environmental Protection	Transportation Capital Facilities Bond	Environmental Quality Protection Bond	Rebuild & Renew New York Transportation Bond	Environmental Quality Bond
REVENUES:							
Taxes:							
Consumption and use	$ —	$ 1,130	$ —	$ —	$ —	$ —	$ —
Business	—	627	—	—	—	—	—
Other	—	—	237	—	—	—	—
Federal grants	—	—	—	—	—	—	—
Miscellaneous	—	158	5	—	—	—	—
Total revenues	**—**	**1,915**	**242**	**—**	**—**	**—**	**—**
EXPENDITURES:							
Local assistance grants:							
Social services	1	—	—	—	—	—	—
Education	634	—	—	—	—	—	—
Mental hygiene	26	—	—	—	—	—	—
Health and environment	195	—	3	—	—	—	—
Transportation	156	41	—	—	—	—	—
Miscellaneous	305	—	25	—	—	—	—
Capital construction	883	2,110	146	—	—	2	—
Total expenditures	**2,200**	**2,151**	**174**	**—**	**—**	**2**	**—**
Excess (deficiency) of revenues over expenditures	**(2,200)**	**(236)**	**68**	**—**	**—**	**(2)**	**—**
OTHER FINANCING SOURCES (USES):							
Transfers from other funds	765	560	—	—	—	—	—
Transfers to other funds	(56)	(952)	(354)	—	(4)	(296)	(5)
General obligation bonds issued	—	—	—	—	1	397	—
Premiums on general obligation bonds issued	—	—	—	—	—	4	—
Financing arrangements issued	1,657	542	194	—	—	—	—
Premiums on financing arrangements/ advance refundings	56	25	7	—	—	—	—
Net other financing sources (uses)	**2,422**	**175**	**(153)**	**—**	**(3)**	**105**	**(5)**
Net change in fund balances	**222**	**(61)**	**(85)**	**—**	**(3)**	**103**	**(5)**
Fund balances (deficits) at April 1, 2008	**1,019**	**(241)**	**139**	**3**	**5**	**82**	**21**
Fund balances (deficits) at March 31, 2009	**$ 1,241**	**$ (302)**	**$ 54**	**$ 3**	**$ 2**	**$ 185**	**$ 16**

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 2009	Totals 2008
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 5	$ —	**$ 1,135**	$ 1,213
—	—	—	—	—	—	—	—	—	**627**	649
—	—	—	—	—	—	—	—	—	**237**	212
—	1,896	—	—	—	—	—	—	—	**1,896**	1,745
29	3	—	135	—	2	—	54	—	**386**	382
29	**1,899**	**—**	**135**	**—**	**2**	**—**	**59**	**—**	**4,281**	**4,201**
—	—	—	—	—	—	—	—	—	**1**	—
—	—	—	—	—	—	—	—	—	**634**	1,259
—	—	—	—	—	106	—	—	—	**132**	119
1	114	—	—	—	—	—	—	—	**313**	274
—	438	—	—	—	—	—	—	—	**635**	437
—	—	—	96	—	—	—	159	—	**585**	502
116	1,038	—	32	10	284	288	218	—	**5,127**	4,467
117	**1,590**	**—**	**128**	**10**	**390**	**288**	**377**	**—**	**7,427**	**7,058**
(88)	**309**	**—**	**7**	**(10)**	**(388)**	**(288)**	**(318)**	**—**	**(3,146)**	**(2,857)**
14	—	3	1	7	2	—	50	(764)	**638**	219
(37)	(317)	(49)	—	—	—	—	(25)	764	**(1,331)**	(968)
—	—	54	—	—	—	—	3	—	**455**	268
—	—	—	—	—	—	—	—	—	**4**	2
58	—	—	—	—	283	298	289	—	**3,321**	2,912
2	—	—	—	—	7	2	4	—	**103**	118
37	**(317)**	**8**	**1**	**7**	**292**	**300**	**321**	**—**	**3,190**	**2,551**
(51)	**(8)**	**8**	**8**	**(3)**	**(96)**	**12**	**3**	**—**	**44**	**(306)**
77	**187**	**17**	**(129)**	**(24)**	**(50)**	**86**	**56**	**—**	**1,248**	**1,554**
$ 26	**$ 179**	**$ 25**	**$ (121)**	**$ (27)**	**$ (146)**	**$ 98**	**$ 59**	**$ —**	**$ 1,292**	**$ 1,248**

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

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2009

(Amounts in millions)

	State Capital Projects			Dedicated Highway and Bridge Trust		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	$ —	$ —	$ —	$ 1,819	$ 1,773	$ (46)
Miscellaneous	1,358	1,245	(113)	692	726	34
Federal grants	—	—	—	—	—	—
Total receipts	**1,358**	**1,245**	**(113)**	**2,511**	**2,499**	**(12)**
DISBURSEMENTS:						
Local assistance grants	115	537	(422)	—	36	(36)
Capital projects	1,869	1,398	471	2,141	2,121	20
Total disbursements	**1,984**	**1,935**	**49**	**2,141**	**2,157**	**(16)**
Excess (deficiency) of receipts over disbursements	**(626)**	**(690)**	**(64)**	**370**	**342**	**(28)**
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds, net	—	—	—	—	—	—
Transfers from other funds	658	722	64	540	560	20
Transfers to other funds	(34)	(32)	2	(953)	(951)	2
Net other financing sources (uses)	**624**	**690**	**66**	**(413)**	**(391)**	**22**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (2)**	**$ —**	**$ 2**	**$ (43)**	**$ (49)**	**$ (6)**

See independent auditors' report.

Federal Capital Projects			Department of Transportation Engineering Services		
Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
$ —	$ —	$ —	$ —	$ —	$ —
—	3	3	—	—	—
1,906	1,882	(24)	—	—	—
1,906	**1,885**	**(21)**	**—**	**—**	**—**
154	542	(388)	—	—	—
1,453	1,035	418	7	10	(3)
1,607	**1,577**	**30**	**7**	**10**	**(3)**
299	**308**	**9**	**(7)**	**(10)**	**(3)**
—	—	—	—	—	—
—	—	—	7	7	—
(291)	(318)	(27)	—	—	—
(291)	**(318)**	**(27)**	**7**	**7**	**—**
$ 8	**$ (10)**	**$ (18)**	**$ —**	**$ (3)**	**$ (3)**

(Continued)

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

OTHER GOVERNMENTAL FUNDS—CAPITAL PROJECTS FUNDS

Year Ended March 31, 2009

(Amounts in millions)

	Other			Eliminations	
	Financial Plan	Actual	Variance	Financial Plan	Actual
RECEIPTS:					
Taxes	$ 237	$ 242	$ 5	$ —	$ —
Miscellaneous	850	1,051	201	—	—
Federal grants	—	—	—	—	—
Total receipts	**1,087**	**1,293**	**206**	**—**	**—**
DISBURSEMENTS:					
Local assistance grants	215	241	(26)	—	—
Capital projects	725	910	(185)	—	—
Total disbursements	**940**	**1,151**	**(211)**	**—**	**—**
Excess (deficiency) of receipts over disbursements	**147**	**142**	**(5)**	**—**	**—**
OTHER FINANCING SOURCES (USES):					
Bond and note proceeds, net	349	456	107	—	—
Transfers from other funds	51	73	22	(662)	(683)
Transfers to other funds	(687)	(683)	4	662	683
Net other financing sources (uses)	**(287)**	**(154)**	**133**	**—**	**—**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (140)**	**$ (12)**	**$ 128**	**$ —**	**$ —**

See independent auditors' report.

Total		
Financial Plan	Actual	Variance
$ 2,056	$ 2,015	$ (41)
2,900	3,025	125
1,906	1,882	(24)
6,862	**6,922**	**60**
484	1,356	(872)
6,195	5,474	721
6,679	**6,830**	**(151)**
183	**92**	**(91)**
349	456	107
594	679	85
(1,303)	(1,301)	2
(360)	**(166)**	**194**
$ (177)	**$ (74)**	**$ 103**

STATE OF NEW YORK
EXCELSIOR
COMPTROLLER

Fiduciary Funds

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

Private Purpose Trust Funds:

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

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

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, 2009
(Amounts in millions)

	Agriculture Producer's Security	Milk Producer's Security	Abandoned Property	Tuition Savings Program	Totals 2009	Totals 2008
ASSETS:						
Cash and investments	$ 3	$ 7	$ 224	$ 7,010	**$ 7,244**	$ 8,566
Receivables, net of allowance for uncollectibles	—	—	106	32	**138**	158
Due from other funds	—	—	942	—	**942**	305
Total assets	**3**	**7**	**1,272**	**7,042**	**8,324**	**9,029**
LIABILITIES:						
Accrued liabilities	—	—	1,272	34	**1,306**	1,080
Total liabilities	**—**	**—**	**1,272**	**34**	**1,306**	**1,080**
NET ASSETS:						
Reserved for other specified purposes	3	7	—	7,008	**7,018**	7,949
Total net assets	**$ 3**	**$ 7**	**$ —**	**$ 7,008**	**$ 7,018**	**$ 7,949**

See independent auditors' report.

Combining Statement of Changes in Fiduciary Net Assets

PRIVATE PURPOSE TRUSTS

March 31, 2009
(Amounts in millions)

	Agriculture Producer's Security	Milk Producer's Security	Abandoned Property	Tuition Savings Program	Totals 2009	Totals 2008
Additions:						
Dividend income	$ —	$ —	$ —	$ 237	$ 237	$ 224
Other income	—	—	—	—	—	1
Net increase in the fair value of investments	—	—	—	(2,060)	(2,060)	197
Total investment and other losses	**—**	**—**	**—**	**(1,823)**	**(1,823)**	**422**
Less:						
Investment expenses	—	—	—	(42)	(42)	(38)
Net investment and other losses	**—**	**—**	**—**	**(1,865)**	**(1,865)**	**384**
Contributions:						
College savings	—	—	—	2,751	2,751	2,788
Total contributions	**—**	**—**	**—**	**2,751**	**2,751**	**2,788**
Net transfers from General Fund	—	—	210	—	210	186
Total additions	**—**	**—**	**210**	**886**	**1,096**	**3,358**
Deductions:						
College aid redemptions	—	—	—	1,790	1,790	1,516
Claims paid	—	—	237	—	237	159
Total deductions	**—**	**—**	**237**	**1,790**	**2,027**	**1,675**
Net decrease	**—**	**—**	**(27)**	**(904)**	**(931)**	**1,683**
Net assets held in trust at April 1, 2008	**3**	**7**	**27**	**7,912**	**7,949**	**6,266**
Net assets held in trust at March 31, 2009	**$ 3**	**$ 7**	**$ —**	**$ 7,008**	**$ 7,018**	**$ 7,949**

See independent auditors' report.

Combining Statement of Fiduciary Net Assets

AGENCY FUNDS

March 31, 2009
(Amounts in millions)

	School Capital Facilities Financing Reserve	Employees Health Insurance	Social Security Contribution	NYS Employee Payroll Withholding	Employees Dental Insurance
ASSETS:					
Cash and investments	$ 38	$ 386	$ 27	$ 104	$ —
Receivables, net of allowance for uncollectibles	—	79	—	—	6
Due from other funds	—	13	—	—	3
Other assets	—	267	—	—	—
Total assets	**$ 38**	**$ 745**	**$ 27**	**$ 104**	**$ 9**
LIABILITIES:					
Accounts payable	$ —	$ —	$ —	$ —	$ —
Accrued liabilities	38	130	27	104	—
Payable to local governments	—	613	—	—	9
Due to other funds	—	2	—	—	—
Total liabilities	**$ 38**	**$ 745**	**$ 27**	**$ 104**	**$ 9**

See independent auditors' report.

Management Confidential Group Insurance	CUNY Senior College Operating	MMIS Statewide Escrow	Sole Custody	Miscellaneous	Totals 2009	Totals 2008
$ 1	$ 57	$ 165	$ 1,509	$ 601	**$ 2,888**	$ 3,140
—	—	—	10	22	**117**	468
—	—	255	7	35	**313**	296
—	—	—	—	—	**267**	532
$ 1	**$ 57**	**$ 420**	**$ 1,526**	**$ 658**	**$ 3,585**	**$ 4,436**

$ —	$ 12	$ —	$ —	$ 8	**$ 20**	$ 80
1	45	395	507	629	**1,876**	2,274
—	—	4	1,019	21	**1,666**	1,339
—	—	21	—	—	**23**	743
$ 1	**$ 57**	**$ 420**	**$ 1,526**	**$ 658**	**$ 3,585**	**$ 4,436**

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

March 31, 2009
(Amounts in millions)

	Balance April 1, 2008	Additions	Deductions	Balance March 31, 2009
School Capital Facilities Financing Reserve				
ASSETS:				
Cash and investments	$ 40	$ 29	$ 31	**$ 38**
Due from other funds	—	15	15	**—**
Total assets	**$ 40**	**$ 44**	**$ 46**	**$ 38**
LIABILITIES:				
Accounts payable	$ —	$ 24	$ 24	**$ —**
Accrued liabilities	40	36	38	**38**
Total liabilities	**$ 40**	**$ 60**	**$ 62**	**$ 38**
Employees Health Insurance				
ASSETS:				
Cash and investments	$ 286	$ 6,789	$ 6,689	**$ 386**
Receivables, net of allowance for uncollectibles	34	79	34	**79**
Due from other funds	12	103	102	**13**
Other assets	532	267	532	**267**
Total assets	**$ 864**	**$ 7,238**	**$ 7,357**	**$ 745**
LIABILITIES:				
Accounts payable	$ 31	$ 6,201	$ 6,232	**$ —**
Accrued liabilities	300	7,451	7,621	**130**
Payable to local governments	532	613	532	**613**
Due to other funds	1	46	45	**2**
Total liabilities	**$ 864**	**$ 14,311**	**$ 14,430**	**$ 745**
Social Security Contribution				
ASSETS:				
Cash and investments	$ 50	$ 1,079	$ 1,102	**$ 27**
Due from other funds	—	1	1	**—**
Total assets	**$ 50**	**$ 1,080**	**$ 1,103**	**$ 27**
LIABILITIES:				
Accounts payable	$ —	$ 1,075	$ 1,075	**$ —**
Accrued liabilities	38	1,183	1,194	**27**
Due to other funds	12	—	12	**—**
Total liabilities	**$ 50**	**$ 2,258**	**$ 2,281**	**$ 27**

(Continued)

See independent auditors' report.

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

AGENCY FUNDS

March 31, 2009
(Amounts in millions)

	Balance April 1, 2008	Additions	Deductions	Balance March 31, 2009
NYS Employee Payroll Withholding				
ASSETS:				
Cash and investments	$ 103	$ 4,153	$ 4,152	**$ 104**
Due from other funds	—	2	2	**—**
Total assets	**$ 103**	**$ 4,155**	**$ 4,154**	**$ 104**
LIABILITIES:				
Accounts payable	$ —	$ 3,307	$ 3,307	**$ —**
Accrued liabilities	103	4,347	4,346	**104**
Due to other funds	—	81	81	**—**
Total liabilities	**$ 103**	**$ 7,735**	**$ 7,734**	**$ 104**
Employees Dental Insurance				
ASSETS:				
Cash and investments	$ 5	$ 95	$ 100	**$ —**
Receivables, net of allowance for uncollectibles	4	6	4	**6**
Due from other funds	1	10	8	**3**
Total assets	**$ 10**	**$ 111**	**$ 112**	**$ 9**
LIABILITIES:				
Accounts payable	$ —	$ 83	$ 83	**$ —**
Accrued liabilities	—	85	85	**—**
Payable to local governments	6	9	6	**9**
Due to other funds	4	—	4	**—**
Total liabilities	**$ 10**	**$ 177**	**$ 178**	**$ 9**
Management Confidential Group Insurance				
ASSETS:				
Cash and investments	$ 1	$ 9	$ 9	**$ 1**
Total assets	**$ 1**	**$ 9**	**$ 9**	**$ 1**
LIABILITIES:				
Accounts payable	$ —	$ 8	$ 8	**$ —**
Accrued liabilities	1	6	6	**1**
Total liabilities	**$ 1**	**$ 14**	**$ 14**	**$ 1**

(Continued)

See independent auditors' report.

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

AGENCY FUNDS

March 31, 2009
(Amounts in millions)

	Balance April 1, 2008	Additions	Deductions	Balance March 31, 2009
CUNY Senior College Operating				
ASSETS:				
Cash and investments	$ 42	$ 1,657	$ 1,642	**$ 57**
Due from other funds	3	69	72	**—**
Total assets	**$ 45**	**$ 1,726**	**$ 1,714**	**$ 57**
LIABILITIES:				
Accounts payable	$ 44	$ 1,616	$ 1,648	**$ 12**
Accrued liabilities	1	1,983	1,939	**45**
Due to other funds	—	29	29	**—**
Total liabilities	**$ 45**	**$ 3,628**	**$ 3,616**	**$ 57**
MMIS Statewide Escrow				
ASSETS:				
Cash and investments	$ 187	$ 128,276	$ 128,298	**$ 165**
Due from other funds	236	819	800	**255**
Total assets	**$ 423**	**$ 129,095**	**$ 129,098**	**$ 420**
LIABILITIES:				
Accounts payable	$ —	$ 39,186	$ 39,186	**$ —**
Accrued liabilities	338	308,204	308,147	**395**
Payable to local governments	63	1,405	1,464	**4**
Due to other funds	22	91	92	**21**
Total liabilities	**$ 423**	**$ 348,886**	**$ 348,889**	**$ 420**
Sole Custody				
ASSETS:				
Cash and investments	$ 1,628	$ 1,508	$ 1,627	**$ 1,509**
Receivables, net of allowance for uncollectibles	3	11	4	**10**
Due from other funds	8	7	8	**7**
Total assets	**$ 1,639**	**$ 1,526**	**$ 1,639**	**$ 1,526**
LIABILITIES:				
Accrued liabilities	$ 925	$ 507	$ 925	**$ 507**
Payable to local governments	714	1,019	714	**1,019**
Total liabilities	**$ 1,639**	**$ 1,526**	**$ 1,639**	**$ 1,526**

(Continued)

See independent auditors' report.

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

AGENCY FUNDS

March 31, 2009
(Amounts in millions)

Miscellaneous

	Balance April 1, 2008	Additions	Deductions	Balance March 31, 2009
ASSETS:				
Cash and investments	$ 798	$ 3,862	$ 4,059	**$ 601**
Receivables, net of allowance for uncollectibles	427	53	458	**22**
Due from other funds	36	953	954	**35**
Total assets	**$ 1,261**	**$ 4,868**	**$ 5,471**	**$ 658**
LIABILITIES:				
Accounts payable	$ 5	$ 644	$ 641	**$ 8**
Accrued liabilities	528	6,064	5,963	**629**
Payable to local governments	24	22	25	**21**
Due to other funds	704	1,095	1,799	**—**
Total liabilities	**$ 1,261**	**$ 7,825**	**$ 8,428**	**$ 658**

Total Assets and Liabilities—All Agency Funds

	Balance April 1, 2008	Additions	Deductions	Balance March 31, 2009
ASSETS:				
Cash and investments	$ 3,140	$ 147,457	$ 147,709	**$ 2,888**
Receivables, net of allowance for uncollectibles	468	149	500	**117**
Due from other funds	296	1,978	1,961	**313**
Other assets	532	267	532	**267**
Total assets	**$ 4,436**	**$ 149,851**	**$ 150,702**	**$ 3,585**
LIABILITIES:				
Accounts payable	$ 80	$ 52,144	$ 52,204	**$ 20**
Accrued liabilities	2,274	329,866	330,264	**1,876**
Payable to local governments	1,339	3,068	2,741	**1,666**
Due to other funds	743	1,342	2,062	**23**
Total liabilities	**$ 4,436**	**$ 386,420**	**$ 387,271**	**$ 3,585**

See independent auditors' report.

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

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 fourteen 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 26 other non-major component units listed in Note 14.

Combining Statement of Net Assets

DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS

March 31, 2009
(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:						
Cash and investments	$ 249	$ 255	$ 605	$ 31	$ 669	$ 120
Receivables, net of allowances for uncollectibles:						
Loans, leases, and notes	—	—	9	493	—	—
Other	64	10	4	10	20	42
Other assets	—	—	48	—	—	5
Intangible assets	—	—	—	—	—	—
Capital assets:						
Construction in progress	—	—	—	—	—	—
Land and buildings, net of depreciation	2	—	450	—	17	—
Total assets	**315**	**265**	**1,116**	**534**	**706**	**167**
LIABILITIES:						
Accounts payable	52	—	4	—	25	21
Accrued liabilities	20	11	132	11	51	—
Deferred revenues	—	—	35	—	1	—
Bonds payable	—	—	18	27	2	—
Current portion of other long-term liabilities	—	—	—	—	3	—
Due in more than one year:						
Accrued liabilities	3	—	17	27	—	10
Other postemployment benefits	47	—	15	—	7	—
Deferred revenues	170	—	184	—	—	—
Notes payable	—	—	—	—	—	—
Bonds payable	—	—	1,014	486	—	—
Other long-term liabilities	—	—	—	—	4	4
Total liabilities	**292**	**11**	**1,419**	**551**	**93**	**35**
NET ASSETS (DEFICITS):						
Invested in capital assets, net of related debt	—	—	—	—	14	—
Restricted for:						
Debt service	—	—	113	(18)	—	—
Other specified purposes	—	84	284	—	598	132
Unrestricted (deficit)	23	170	(700)	1	1	—
Total net assets (deficits)	**$ 23**	**$ 254**	**$ (303)**	**$ (17)**	**$ 613**	**$ 132**

See independent auditors' report.

Niagara Frontier Transportation Authority	Roswell Park Cancer Institute Corporation	SUNY Foundations	CUNY Foundations	Miscellaneous	Eliminations	Totals	
						2009	2008
$ 71	$ 264	$ 981	$ 388	$ 951	$ —	$ 4,584	$ 4,219
—	—	—	—	56	(453)	105	120
18	61	103	106	96	(2)	532	483
10	26	46	12	18	—	165	169
—	—	—	—	4	—	4	4
84	—	10	—	27	—	121	94
654	322	324	10	494	—	2,273	2,165
837	673	1,464	516	1,646	(455)	7,784	7,254
—	—	—	—	19	—	121	104
29	80	110	7	411	—	862	767
3	—	2	—	50	—	91	114
10	11	9	—	11	(36)	52	28
4	—	—	—	15	—	22	27
—	—	—	—	18	—	75	45
30	99	—	—	307	—	505	215
4	—	—	—	5	—	363	286
—	—	—	—	2	—	2	2
156	255	268	—	87	(685)	1,581	1,651
58	—	—	—	38	—	104	90
294	445	389	7	963	(721)	3,778	3,329
540	79	106	—	478	—	1,217	1,117
—	—	—	—	8	—	103	90
52	82	749	458	160	—	2,599	2,183
(49)	67	220	51	37	266	87	535
$ 543	$ 228	$ 1,075	$ 509	$ 683	$ 266	$ 4,006	$ 3,925

Combining Statement of Activities

DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS

Year Ended March 31, 2009

(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	$ 557	$ 1,377	$ 124	$ 2	$ 306	$ 830
Interest on long-term debt	—	—	31	24	—	—
Other interest	—	—	—	—	—	—
Depreciation and amortization	—	—	8	—	1	—
Other expenses	44	3	—	—	8	1
Total expenses	**601**	**1,380**	**163**	**26**	**315**	**831**
Program revenues:						
Charges for services	3	—	212	27	18	862
Operating grants and contributions	594	1,407	—	—	83	—
Capital grants and contributions	—	—	—	—	—	—
Total program revenues	**597**	**1,407**	**212**	**27**	**101**	**862**
Net program revenues (expenses)	**(4)**	**27**	**49**	**1**	**(214)**	**31**
General revenues:						
Non-State grants and contributions not restricted to specific programs	—	—	—	—	—	—
Investment earnings:						
Restricted	—	—	—	1	—	—
Unrestricted	—	4	—	—	2	1
Miscellaneous	—	5	—	—	392	—
Total general revenues	**—**	**9**	**—**	**1**	**394**	**1**
Change in net assets	**(4)**	**36**	**49**	**2**	**180**	**32**
Net assets (deficits)—beginning of year, as restated	**27**	**218**	**(352)**	**(19)**	**433**	**100**
Net assets (deficits)—end of year	**$ 23**	**$ 254**	**$ (303)**	**$ (17)**	**$ 613**	**$ 132**

See independent auditors' report.

Niagara Frontier Transportation Authority	Roswell Park Cancer Institute Corporation	SUNY Foundations	CUNY Foundations	Miscellaneous	Eliminations	Totals	
						2009	**2008**
$ 186	$ 400	$ 138	$ 49	$ 976	$ —	**$ 4,945**	$ 4,228
—	11	13	—	6	(33)	**52**	38
9	—	—	—	1	—	**10**	11
52	28	13	—	51	—	**153**	144
7	24	99	27	11	—	**224**	131
254	**463**	**263**	**76**	**1,045**	**(33)**	**5,384**	**4,552**
62	294	109	—	481	(22)	**2,046**	1,850
47	96	163	108	397	(22)	**2,873**	2,459
23	—	—	—	45	—	**68**	66
132	**390**	**272**	**108**	**923**	**(44)**	**4,987**	**4,375**
(122)	**(73)**	**9**	**32**	**(122)**	**(11)**	**(397)**	**(177)**
49	39	—	—	47	—	**135**	114
—	—	21	6	18	—	**46**	26
—	—	10	—	33	—	**50**	107
39	35	2	3	23	—	**499**	469
88	**74**	**33**	**9**	**121**	**—**	**730**	**716**
(34)	**1**	**42**	**41**	**(1)**	**(11)**	**333**	**539**
577	**227**	**1,033**	**468**	**684**	**277**	**3,673**	**3,386**
$ 543	**$ 228**	**$ 1,075**	**$ 509**	**$ 683**	**$ 266**	**$ 4,006**	**$ 3,925**

STATE OF NEW YORK
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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 SEVEN FISCAL YEARS

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

	Fiscal Year				
	2003	2004	2005	2006	2007
REVENUES:					
Taxes:					
Personal income	$ 21,967	$ 25,150	$ 28,382	$ 31,695	$ 34,615
Consumption and use	11,408	12,552	13,710	13,859	13,568
Business	5,049	4,879	5,699	6,929	8,488
Other	1,212	1,210	1,821	1,898	2,024
Federal grants	35,312	38,241	37,480	36,625	38,163
Public health/patient fees	3,325	3,439	3,449	3,149	3,810
Tobacco settlement	745	317	113	110	107
Miscellaneous	5,681	6,285	7,937	13,228	9,145
Total revenues	**84,699**	**92,073**	**98,591**	**107,493**	**109,920**
EXPENDITURES:					
Local assistance grants:					
Social services	36,220	38,616	38,711	40,062	42,794
Education	21,282	23,323	24,205	25,459	27,711
Mental hygiene	1,331	1,384	1,336	1,422	1,207
General purpose	847	869	1,016	1,047	1,192
Health and environment	3,052	3,395	3,490	4,221	4,857
Transportation	3,370	2,437	2,510	3,097	2,984
Criminal justice	300	519	370	337	461
Miscellaneous	2,488	2,708	2,459	1,471	2,555
State operations:					
Personal service	8,036	7,785	8,050	8,405	8,780
Non-personal service	5,404	5,340	5,189	6,208	5,751
Pension contribution	177	475	691	964	1,078
Other fringe benefits	2,308	2,792	3,147	3,257	3,314
Capital construction	3,362	3,608	3,599	4,048	4,404
Debt service, including payments on financing arrangements:					
Principal—(General Obligation)	390	349	331	341	352
Interest—(General Obligation)	182	160	153	146	146
Other	2,398	2,931	2,996	3,528	3,094
Total expenditures	**91,147**	**96,691**	**98,253**	**104,013**	**110,680**
Excess (deficiency) of revenues over expenditures	**(6,448)**	**(4,618)**	**338**	**3,480**	**(760)**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	2,238	2,628	2,947	2,295	2,707
Transfers to other funds	(3,637)	(3,182)	(3,560)	(3,914)	(5,202)
General obligation bonds issued	246	147	178	159	180
Premiums on general obligation bonds issued	—	—	—	1	2
Financing arrangements/advance refundings issued	9,778	12,705	4,344	5,029	3,562
Payments on advance refundings	(6,481)	(4,443)	(2,137)	(3,201)	(534)
Net other financing sources (uses)	**2,144**	**7,855**	**1,772**	**369**	**715**
Net change in fund balances	**$ (4,304)**	**$ 3,237**	**$ 2,110**	**$ 3,849**	**$ (45)**
Debt service (principal and interest) as a percentage of non-capital expenditures	**0.66%**	**0.55%**	**0.52%**	**0.49%**	**0.47%**

Source: Office of the State Comptroller

Fiscal Year	
2008	**2009**
$ 38,792	$ 33,096
13,870	13,904
8,163	7,711
2,292	1,769
37,802	41,637
3,900	3,734
580	594
8,641	8,271
114,040	**110,716**
42,689	44,741
30,208	31,047
1,859	1,998
928	1,220
4,423	4,592
3,634	4,109
493	516
3,142	2,901
9,230	9,819
6,178	5,694
1,117	973
3,500	3,840
4,467	5,127
350	353
139	127
3,589	3,654
115,946	**120,711**
(1,906)	**(9,995)**
2,709	2,761
(4,810)	(5,072)
268	455
2	4
5,517	7,563
(2,140)	(3,715)
1,546	**1,996**
$ (360)	**$ (7,999)**
0.44%	**0.42%**

Net Assets by Component

LAST SEVEN FISCAL YEARS

(Accrual basis of accounting)
(Amounts in millions)

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

Source: Office of the State Comptroller

Fiscal Year			
2008		2009	
$	62,800	$	63,476
	2,304		2,321
	1,231		517
	(22,825)		(35,420)
$	**43,510**	**$**	**30,894**
$	353	$	569
	1,313		351
	1,744		1,691
	807		420
$	**4,217**	**$**	**3,031**
$	63,153	$	64,045
	1,313		351
	2,304		2,321
	2,975		2,208
	(22,018)		(35,000)
$	**47,727**	**$**	**33,925**

Changes in Net Assets

LAST SEVEN FISCAL YEARS

(Accrual basis of accounting)
(Amounts in millions)

	Fiscal Year				
	2003	2004	2005	2006	2007
EXPENSES:					
Governmental activities:					
Education	$ 21,215	$ 22,845	$ 24,023	$ 25,303	$ 28,222
Public health	35,427	38,013	39,540	41,631	44,869
Public welfare	11,230	11,642	10,697	10,669	11,291
Public safety	4,948	5,961	5,597	5,001	5,521
Transportation	6,043	4,740	4,614	5,836	5,893
Environment and recreation	1,163	1,259	1,324	1,193	1,226
Support and regulate business	873	1,250	927	1,507	1,062
General government	6,467	7,041	6,937	8,280	8,684
Interest on long-term debt	1,206	1,851	1,684	1,712	1,478
Total governmental activities expenses	**88,572**	**94,602**	**95,343**	**101,132**	**108,246**
Business-type activities:					
Lottery	3,717	3,993	4,298	4,721	4,945
Unemployment insurance	4,590	3,877	2,638	2,507	2,344
State University of New York	5,484	5,732	6,138	6,396	7,003
City University of New York	1,852	1,953	1,903	2,056	2,246
Total business-type activities expenses	**15,643**	**15,555**	**14,977**	**15,680**	**16,538**
Total primary government expenses	**$ 104,215**	**$ 110,157**	**$ 110,320**	**$ 116,812**	**$ 124,784**
PROGRAM REVENUES:					
Governmental activities:					
Charges for services:					
Education	$ 144	$ 158	$ 125	$ 123	$ 95
Public health	3,350	3,305	3,437	8,273	5,141
Public welfare	561	708	313	702	385
Public safety	222	158	193	198	185
Transportation	203	318	209	216	235
Environment and recreation	286	321	246	227	258
Support and regulate business	443	398	247	276	487
General government	670	1,627	2,122	1,724	1,050
Operating grants and contributions	34,383	36,526	36,020	35,333	36,752
Capital grants and contributions	1,158	1,047	1,423	1,277	1,392
Total governmental activities program revenues	**41,420**	**44,566**	**44,335**	**48,349**	**45,980**
Business-type activities:					
Charges for services:					
Lottery	5,396	5,848	6,271	6,803	7,175
State University of New York	2,243	2,152	2,726	2,700	2,948
City University of New York	330	373	437	463	484
Operating grants and contributions	5,551	5,389	4,762	4,736	4,504
Capital grants and contributions	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	**$ 54,948**	**$ 58,444**	**$ 58,546**	**$ 63,131**	**$ 61,164**
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**
$ 31,215	$ 32,184
44,777	47,233
12,491	13,824
6,011	6,066
6,595	7,164
1,275	1,276
1,288	1,911
7,841	9,457
1,862	1,752
113,355	**120,867**
5,044	5,235
2,412	4,562
7,965	8,379
2,443	2,617
17,864	20,793
$ 131,219	**$ 141,660**
$ 88	$ 73
4,676	4,459
597	458
208	194
264	336
291	297
539	822
1,050	1,920
36,509	40,401
1,305	1,344
45,527	**50,304**
7,548	7,660
3,219	3,279
504	519
4,518	5,667
61	69
15,850	**17,194**
$ 61,377	**$ 67,498**
$ (67,828)	$ (70,563)
(1,660)	(3,599)
$ (69,488)	**$ (74,162)**

(Continued)

Changes in Net Assets (cont'd)

LAST SEVEN FISCAL YEARS

(Accrual basis of accounting)
(Amounts in millions)

	Fiscal Year 2003	2004	2005	2006	2007
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:					
Governmental activities:					
Taxes:					
Personal income	$ 21,945	$ 25,129	$ 28,344	$ 31,694	$ 34,745
Consumption and use	11,404	12,528	13,703	13,837	13,561
Business	5,049	4,832	5,676	6,901	8,527
Other	1,214	1,217	1,817	1,897	2,022
Grants and contributions not restricted to specific programs	—	645	—	—	—
Investment earnings	282	444	683	685	833
Miscellaneous	3,736	3,171	4,107	4,055	4,240
Transfers	(1,761)	(1,240)	(1,218)	(1,479)	(2,332)
Total governmental activities	**41,869**	**46,726**	**53,112**	**57,590**	**61,596**
Business-type activities:					
Investment earnings	391	169	81	127	366
Miscellaneous	188	173	453	505	292
Transfers	1,349	923	789	757	1,159
Total business-type activities	**1,928**	**1,265**	**1,323**	**1,389**	**1,817**
Total primary government	**$ 43,797**	**$ 47,991**	**$ 54,435**	**$ 58,979**	**$ 63,413**
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
$ 38,756	$ 33,108
13,856	13,910
8,157	7,661
2,291	1,898
—	—
997	256
3,876	3,983
(1,922)	(2,226)
66,011	**58,590**
639	270
119	300
1,543	1,845
2,301	**2,415**
$ 68,312	**$ 61,005**
$ (1,817)	$ (11,973)
287	(1,184)
$ (1,530)	**$ (13,157)**

Fund Balances

GOVERNMENTAL FUNDS
LAST SEVEN 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
1999-2000	$ 23,599	$ 8,615	$ 515	$ 2,160	$ 655	$ 1,705	$ 4,639	$ 41,888
2000-2001	27,371	9,147	535	2,508	553	962	4,178	45,254
2001-2002	24,004	8,836	513	1,559	558	1,156	4,666	41,292
2002-2003	21,967	9,309	552	1,655	514	1,083	4,537	39,617
2003-2004	25,150	10,433	543	1,657	442	860	4,706	43,791
2004-2005	28,382	11,587	557	2,070	427	812	5,777	49,612
2005-2006	31,695	11,199	530	2,985	974	813	6,185	54,381
2006-2007	34,615	10,828	517	4,170	993	809	6,763	58,695
2007-2008	38,792	11,197	520	3,964	967	795	6,882	63,117
2008-2009	33,096	10,906	500	3,265	1,330	875	6,508	56,480

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

Note: Figures restated for prior period adjustments.

Fiscal Year	
2008	**2009**
$ 3,546	$ 2,624
405	(5,568)
$ 3,951	**$ (2,944)**
$ 10,257	$ 9,787
(964)	(1,081)
3,558	2,677
(5,144)	(4,798)
93	111
$ 7,800	**$ 6,696**

Program Revenues by Function/Program

LAST SEVEN FISCAL YEARS

(Accrual basis of accounting)
(Amounts in millions)

	Program Revenues				
	2003	2004	2005	2006	2007
FUNCTION/PROGRAM:					
Governmental activities:					
Education	$ 2,628	$ 3,259	$ 3,480	$ 3,833	$ 3,766
Public health	24,636	26,505	26,878	31,526	29,514
Public welfare	9,046	8,321	7,678	8,204	7,882
Public safety	1,727	2,170	1,452	480	697
Transportation	1,554	1,620	1,873	1,782	1,924
Environment and recreation	552	538	496	428	451
Support and regulate business	475	406	266	299	503
General government	802	1,747	2,212	1,797	1,243
Total governmental activities	**41,420**	**44,566**	**44,335**	**48,349**	**45,980**
Business-type activities:					
Lottery	5,396	5,848	6,271	6,803	7,175
Unemployment insurance	3,911	3,590	2,727	2,754	2,490
State University of New York	3,409	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	**$ 54,948**	**$ 58,444**	**$ 58,546**	**$ 63,131**	**$ 61,164**

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

Source: New York State and Local Retirement System

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

Program Revenues

2008	2009
$ 3,315	$ 3,684
28,900	31,402
8,315	9,056
916	481
1,844	2,158
493	413
552	835
1,192	2,275
45,527	**50,304**
7,548	7,660
2,389	3,582
4,719	4,740
1,194	1,212
15,850	**17,194**
$ 61,377	**$ 67,498**

Fiscal Year

2005	2006	2007	2008	2009
$ 227,308	$ 241,173	$ 250,158	$ 265,676	$ 273,316
2,964,843	2,782,147	2,718,551	2,648,448	2,456,223
9,679,979	17,615,876	17,416,082	3,163,728	(40,428,820)
122,767	94,556	131,863	116,112	155,918
12,994,897	**20,733,752**	**20,516,654**	**6,193,964**	**(37,543,363)**
5,512,849	5,867,718	6,218,783	6,653,820	7,031,621
161,857	161,249	164,632	181,693	180,491
65,324	78,506	79,772	90,304	99,229
16,159	43,901	48,316	47,521	53,387
5,756,189	**6,151,374**	**6,511,503**	**6,973,338**	**7,364,728**
$ 7,238,708	**$ 14,582,378**	**$ 14,005,151**	**$ (779,374)**	**$ (44,908,091)**

Personal Income Tax Filers and Liability by Income Level

FOR EIGHT YEARS STATED

(Amounts in thousands)

1998

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

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

1999

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

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

2002

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

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

2003

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

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

Source: New York State Department of Taxation and Finance

Notes:

(1) Calendar Years after 2005 are not yet available; please see www.tax.state.ny.us for additional information.

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

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

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

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

2004
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%**

2005[1]
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%**

Personal Income by Industry

LAST EIGHT CALENDAR YEARS

(Amounts in millions)

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

Source: Bureau of Economic Analysis

Notes:

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

Calendar year 2008 data is estimated. For more information, please see www.bea.gov.

Calendar Year

2006	2007	2008
$ 818,426	**$ 914,432**	**$ 937,010**
592	**1,170**	**1,015**
667,882	**724,080**	**752,457**
574,142	**622,711**	**644,763**
1,255	1,216	1,300
2,175	1,739	2,456
5,762	6,855	6,672
27,266	28,776	30,092
45,552	46,153	46,448
30,446	31,959	32,434
33,112	34,444	35,081
13,636	14,657	14,614
38,277	41,203	44,959
120,710	144,606	147,543
17,321	17,938	16,196
76,751	80,728	88,121
18,708	21,174	20,949
20,661	22,334	23,332
14,588	15,381	16,354
67,272	69,867	72,827
8,790	9,532	9,807
14,757	16,010	16,718
17,100	18,136	18,859
93,740	**101,369**	**107,694**
10,939	11,813	12,072
3,340	3,555	3,831
79,460	86,002	91,791

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)
1999	6.85%	$ 20,000	$ 40,000	$ 30,000	3.55%
2000	6.85%	20,000	40,000	30,000	3.81%
2001	6.85%	20,000	40,000	30,000	4.13%
2002	6.85%	20,000	40,000	30,000	3.53%
2003	7.70%	500,000	500,000	500,000	3.24%
2004	7.70%	500,000	500,000	500,000	3.64%
2005	7.70%	500,000	500,000	500,000	3.85%
2006	6.85%	20,000	40,000	30,000	3.93%
2007	6.85%	20,000	40,000	30,000	4.23%
2008	6.85%	20,000	40,000	30,000	4.24%

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

Notes:

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

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

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

Ratios of Outstanding Debt by Type

LAST EIGHT 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

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 for personal income and population data.

Legal Debt Margin Information

LAST EIGHT 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
$ 10,400	$ 10,400	$ 10,400
5,650	5,650	5,650
1,135	1,135	1,135
250	—	—
17,435	**17,185**	**17,185**
4,700	4,700	4,700
69,889	76,538	79,696
$ 92,024	**$ 98,423**	**$ 101,581**
$ 3,302	$ 3,221	$ 3,323
4,204	4,021	3,849
38,750	40,823	42,868
46,256	**48,065**	**50,040**
$ 45,768	**$ 50,358**	**$ 51,541**
50.27%	**48.84%**	**49.26%**

Ratios of General Obligation Debt Outstanding and Legal Debt Margin

LAST EIGHT 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
$ 3,302	**$ 3,221**	**$ 3,323**
$ 171	**$ 167**	**$ 170**
$ 17,435	$ 17,185	$ 17,185
3,302	3,221	3,323
$ 14,133	**$ 13,964**	**$ 13,862**
81.06%	**81.26%**	**80.66%**

Pledged Revenue Coverage

TEN FISCAL YEARS STATED
(Cash basis of accounting)
(Amounts in thousands)

New York Local Government Assistance Corporation Bonds[a]

	Sales Tax Revenues				
Fiscal Year	Revenue Bond Tax Fund Receipts	Operating Expenses	Net Available Revenues	Annual Debt Service	Debt Service Coverage
2000	$ 2,045,844	$ 13,000	$ 2,032,844	$ 315,313	6.45
2001	2,091,901	10,676	2,081,225	323,631	6.43
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

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

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 EIGHT 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

Source: Office of the State Comptroller

Notes:

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

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

Demographic and Economic Statistics I

LAST TEN CALENDAR YEARS

Year	Population (1000s)	Personal Income (1000s)	Per Capita Personal Income	Unemployment Rate
1999	18,197	$619,658,834	$ 34,053	5.1%
2000	18,976	663,005,163	34,939	4.6%
2001	19,011	679,885,648	35,763	4.9%
2002	19,158	677,604,314	35,369	5.8%
2003	19,190	691,123,302	36,015	6.0%
2004	19,227	737,755,932	38,371	5.5%
2005	19,255	805,717,000	41,845	4.8%
2006	19,306	818,426,220	42,392	4.4%
2007	19,298	914,431,670	47,385	4.2%
2008	19,490	937,009,617	48,076	4.9%

Sources:

Bureau of Economic Analysis

U.S. Department of Commerce

U.S. Census Bureau

New York State Department of Labor

Employment by Industry

SEVEN 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
10,952,095	**11,039,874**
8,925,539	9,047,065
2,026,556	1,992,809
35,724	34,782
1,990,832	1,958,027
52,102	**50,784**
10,899,993	**10,989,090**
9,399,820	**9,478,570**
23,707	23,744
9,959	10,675
40,506	40,119
508,530	527,531
598,993	584,955
394,772	397,410
1,065,731	1,073,776
337,573	334,622
312,293	302,404
733,599	731,480
466,261	470,170
866,101	869,279
135,334	137,157
539,449	559,928
401,273	405,562
1,466,699	1,483,772
295,198	299,829
598,360	616,162
605,482	609,995
1,500,173	**1,510,520**
127,015	127,046
57,590	57,087
246,101	247,038
1,069,467	1,079,349

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
1999	272,691	0.90%	18,197	0.12%
2000	282,193	3.48%	18,976	4.28%
2001	285,108	1.03%	19,011	0.18%
2002	287,985	1.01%	19,158	0.77%
2003	290,850	0.99%	19,190	0.17%
2004	293,657	0.97%	19,227	0.19%
2005	296,410	0.94%	19,255	0.15%
2006	299,398	1.01%	19,306	0.26%
2007	301,621	0.74%	19,298	–0.04%
2008	304,060	0.81%	19,490	0.99%

Sources:

U.S. Census Bureau

Bureau of Economic Analysis

New York State Department of Labor

New York State Department of Motor Vehicles

New York State Education Department

Government Employees by Level of Government

NEW YORK STATE 1998–2007

(Annual averages in thousands)

	Employees	
Fiscal Years	State(1)	Local(2)
1998	256.7	1,027.1
1999	258.8	1,045.5
2000	261.7	1,059.0
2001	263.3	1,064.2
2002	267.8	1,086.6
2003	263.7	1,088.9
2004	261.8	1,091.6
2005	261.4	1,098.3
2006	259.1	1,101.3
2007	261.7	1,115.7

Source: 2007 New York State Statistical Yearbook, Rockefeller Institute of Government

Notes:

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

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

Per Capita Personal Income			Civilian Labor Force				
U.S.	State of New York	New York as a Percentage of U.S.	Employed (1000s)	Unemployed (1000s)	Unemployment Rate	Public School Enrollment	Motor Vehicles Registered
$ 27,939	$ 34,053	121.9%	8,626	431	5.1%	2,850,824	10,436,939
29,845	34,939	117.1%	8,729	397	4.6%	2,844,110	10,661,161
30,574	35,763	117.0%	8,711	370	4.9%	2,839,536	10,706,563
30,810	35,369	114.8%	8,712	542	5.8%	2,832,217	10,445,409
31,484	36,015	114.4%	8,675	556	6.0%	2,875,088	10,414,200
33,050	38,371	116.1%	8,741	506	5.5%	2,857,079	10,449,816
34,586	41,845	121.0%	8,902	444	4.8%	2,864,037	10,476,513
36,276	42,392	116.9%	9,033	412	4.4%	2,776,870	10,551,341
38,611	47,385	122.7%	9,046	395	4.2%	2,715,068	10,664,811
39,751	48,076	120.9%	9,147	472	4.9%	2,684,024	10,697,644

Select State Agency Employment

MARCH 2009

Agency	Actual March 2008	Estimated March 2009
Major Agencies:		
State University	41,009	40,632
Correctional Services	32,179	31,673
Mental Retardation	22,579	22,503
Mental Health	17,014	17,071
Transportation	10,245	9,897
Health	5,690	5,807
State Police	5,870	5,989
Taxation and Finance	4,781	5,036
Children and Family Services	3,980	3,966
Environmental Conservation	3,779	3,546
Education	3,207	3,220
Temporary and Disability Assistance	2,244	2,280
Subtotal	**152,577**	**151,620**
Other Major Agencies	18,160	18,507
Minor Agencies	12,313	12,925
Other	16,704	16,348
GRAND TOTAL	**199,754**	**199,400**

Source: New York State Division of Budget 2009-10 Executive Budget Five-Year Financial Plan (www.budget.state.ny.us)

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

Operating Indicators

LAST EIGHT 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
11	11	11
5,927	5,989	5,989
64	64	64
417,000	427,000	440,000
211	213	213
60 million	55 million	55 million

Capital Asset Balances by Function

LAST SEVEN FISCAL YEARS

(Amounts in millions)

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

Source: Office of the State Comptroller

Notes:

(1) Depreciable

(2) Roads and Bridges, non-depreciable

Figures restated for prior period adjustments.

Fiscal Year	
2008	2009
$ 1,954	$ 2,192
3,146	3,344
174	180
34	34
371	399
106	107
2,910	3,073
289	299
8,984	**9,628**
59	63
30	30
7	8
1,134	1,246
1	1
143	148
2,249	2,293
3,623	**3,789**
36	62
217	227
17	19
6	6
107	114
1	2
53	60
13	13
450	**503**
125	162
90	90
19	19
4	5
41	51
5	5
64	57
280	278
628	**667**
11	11
62	91
29	33
25	42
127	**177**
64,200	**64,567**

Membership by Type of Benefit Plan

AS OF MARCH 31, 2009

Retirement System	Retirement Plan Membership: Tier 1	Tier 2	Tier 3 & 4
New York State and Local Employees Retirement System	16,829	18,097	608,774
New York State and Local Police and Fire Retirement System	576	35,632	—

Source: New York State and Local Retirement System

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

Principal Participating Employers

TEN MOST RECENT FISCAL YEARS

Participating Government	2000 Covered Employees	Rank	Percentage of Total System	2001 Covered Employees	Rank	Percentage of Total System	2002 Covered Employees	Rank	Percentage of Total System
State	221,626	1	36.66%	227,877	1	36.37%	222,186	1	34.83%
Counties	121,843	2	20.16%	125,814	2	20.08%	124,347	2	19.49%
Schools	103,695	3	17.15%	110,369	3	17.61%	115,757	3	18.15%
Miscellaneous	69,226	4	11.45%	72,098	4	11.51%	83,914	4	13.16%
Towns	40,045	5	6.63%	41,301	5	6.59%	42,254	5	6.62%
Cities	31,808	6	5.26%	32,332	6	5.16%	32,283	6	5.06%
Villages	16,236	7	2.69%	16,774	7	2.68%	17,155	7	2.69%
Total	604,479		100.00%	626,565		100.00%	637,896		100.00%

Participating Government	2007 Covered Employees	Rank	Percentage of Total System	2008 Covered Employees	Rank	Percentage of Total System
State	221,515	1	33.43%	226,439	1	33.43%
Counties	121,817	3	18.38%	122,982	3	18.16%
Schools	128,518	2	19.40%	132,132	2	19.51%
Miscellaneous	95,262	4	14.38%	98,283	4	14.51%
Towns	46,284	5	6.98%	47,567	5	7.02%
Cities	31,049	6	4.69%	31,406	6	4.64%
Villages	18,188	7	2.74%	18,512	7	2.73%
Total	662,633		100.00%	677,321		100.00%

Source: New York State and Local Retirement System

Notes:

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

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

2003

Covered Employees	Rank	Percentage of Total System
221,807	1	34.09%
125,220	2	19.25%
121,668	3	18.70%
88,352	4	13.58%
43,628	5	6.71%
32,178	6	4.95%
17,690	7	2.72%
650,543		**100.00%**

2004

Covered Employees	Rank	Percentage of Total System
213,539	1	33.28%
123,328	3	19.22%
123,616	2	19.26%
88,249	4	13.75%
44,072	5	6.87%
31,307	6	4.88%
17,610	7	2.74%
641,721		**100.00%**

2005

Covered Employees	Rank	Percentage of Total System
214,937	1	33.18%
123,839	3	19.12%
126,068	2	19.46%
89,285	4	13.79%
44,778	5	6.91%
31,092	6	4.80%
17,759	7	2.74%
647,758		**100.00%**

2006

Covered Employees	Rank	Percentage of Total System
216,996	1	33.17%
121,322	3	18.54%
126,925	2	19.40%
93,327	4	14.26%
45,654	5	7.13%
31,038	6	4.74%
18,029	7	2.76%
653,291		**100.00%**

2009

Covered Employees	Rank	Percentage of Total System
225,963	1	33.23%
122,356	3	18.00%
133,876	2	19.69%
100,052	4	14.72%
47,743	5	7.02%
31,326	6	4.61%
18,592	7	2.73%
679,908		**100.00%**

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

STATE OF NEW YORK
Office of the State Comptroller

Organization

Thomas P. DiNapoli
Comptroller

Mary Louise Mallick
First Deputy Comptroller

Shawn Thompson
Executive Director, Executive Operations

Margaret Becker
Deputy Comptroller
Budget and Policy Analysis

Kevin Belden
Chief Information Officer

Daniel Berry
Deputy Comptroller
Payroll, Accounting
and Revenue Services

Luke Bierman
General Counsel

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

Lynn Canton
Deputy Comptroller
State Government Accountability

Angela Dixon
Deputy Comptroller
Human Resources
and Administration

Raudline Etienne
Chief Investment Officer

Celia Gonzalez
Deputy Comptroller
Diversity Programs

Steven Hancox
Deputy Comptroller
Local Government and
School Accountability

George King
Inspector General

Kevin Murray
Deputy Comptroller
Retirement Services

Mark Pattison
Executive Deputy Comptroller
State and Local Government
Accountability

Joan Sullivan
Executive Deputy Comptroller
Office of Operations

Dennis Tompkins
Director of Communications

Division of Payroll, Accounting and Revenue Services

Bureau of Financial Reporting & Oil Spill Remediation

Executive Director:
David Hasso, CPA, CGFM

Assistant Director:
Suzette Barsoum Baker,
CPA, CGFM

Managers:
Deidre Clark
Timothy Reilly, Esq., CPA

Supervising Accountants:
Michael Mezz
Maureen Shaw

Associate Accountants:
Donna Greenberg, CPA
Jennifer Hallanan
Maria Moran, CPA

Accountant Aide:
Mary Helen Ryder

Student Intern:
Max Petraglia

Senior Accountant:
Sandra Trzcinski, CGAP, APM

State Program Examiner:
Heidi Nark

Program Research Specialist:
Coraline Falco

Bureau of State Accounting Operations

Director:
Thomas Mahoney

Assistant Director:
Melody Goetz

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