



OFFICE OF THE STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

Comptroller's Fiscal Update: Year-End Results for State Fiscal Year 2013-14

May 2014

Introduction

Although U.S. and New York State economic growth softened in State Fiscal Year (SFY) 2013-14, tax collections showed signs of real improvement. Growth in All Funds tax receipts was more than three times the estimated rate of inflation, and for the first time since SFY 2006-07, year-end collections exceeded initial projections in the Enacted Budget Financial Plan.

Federal receipts ended the year \$3.7 billion below the latest projections and spending from federal funds (special revenue and capital funds) was \$3.1 billion below projections, both primarily due to the timing of disaster assistance payments and reimbursements.

Largely because of these timing issues, disbursements from All Governmental Funds ended the year \$3.3 billion below February 2014 projections (the latest projections). This significant variance is largely due to the timing of disaster aid payments through the State's local assistance grants. The SFY 2013-14 results reflected the second consecutive year in which disaster-related receipts and federally funded expenditures were substantially below projections.

Costs for State Operations were \$91.7 million higher than anticipated. Spending for Capital Projects ended the year \$383.8 million below the latest projections, while General State Charges ended the year \$22 million lower than the latest projections. Disbursements for debt service were \$338.7 million higher than anticipated.

The State ended SFY 2013-14 with a General Fund balance of just over \$2.235 billion, \$526 million higher than initially anticipated in the SFY 2013-14 Enacted Budget Financial Plan. This represents the highest closing balance since SFY 2007-08, when the General Fund closed the year with a balance of nearly \$2.8 billion.¹ While a strong closing balance indicates a strengthening of the State's short-term financial condition, the SFY 2013-14 Enacted Budget included nearly \$5 billion in non-recurring State resources used to support recurring spending, according to

¹ The General Fund ended SFY 2009-10 with a balance of \$2.3 billion but only because \$2.9 billion in school aid and Medicaid payments, as well as Personal Income Tax refunds, were delayed from the last quarter of SFY 2009-10 to the first quarter of SFY 2010-11. See www.osc.state.ny.us/reports/budget/2010/yearend0410.pdf.

analysis by the Office of the State Comptroller.² During the fiscal year, the General Fund benefited from over \$540 million in additional non-recurring resources that were not anticipated when the Budget was enacted in March 2013. Continued dependence on temporary resources indicates that the goal of achieving structural budgetary balance remains challenging.

All Governmental Funds Results – SFY 2013-14

Receipts

The State started the 2013-14 fiscal year on a positive note – with higher tax receipts than anticipated, primarily because of the better-than-anticipated April 2013 settlement of Personal Income Tax (PIT) payments.

Figure 1 illustrates that tax collections in All Governmental Funds ended the year \$339 million higher than initial projections and \$276 million above the most recent projections from February 2014, the latter reflecting \$328 million in prepaid PIT refunds that were initially anticipated for SFY 2014-15. All Funds tax collections increased \$3.4 billion, or 5.1 percent, from SFY 2012-13 results and would have been higher – with growth exceeding 5.6 percent – if refunds had not been prepaid. The New York State Division of the Budget (DOB) has estimated that its Composite Consumer Price Index for the State rose 1.5 percent during the fiscal year.³

Figure 1

All Governmental Funds Receipts SFY 2013-14 – Actual vs. Plan Projections (in millions of dollars)

	SFY 2013-14 Enacted Financial Plan (May)	SFY 2013-14 Mid-Year Financial Plan Update (November)	SFY 2013-14 3rd Quarter Financial Plan Update (February)	SFY 2013-14 Actual (unaudited)	Difference in Year End Projections - Actual less Enacted Plan	Difference in Year End Projections - Actual less Mid-Year Plan	Difference in Year End Projections - Actual less 3rd Quarter Plan
Receipts:							
Personal Income Tax	42,543	42,543	42,828	42,961	418	418	133
Consumption and Use Taxes	15,116	15,116	15,107	15,100	(16)	(16)	(7)
Business Taxes	8,638	8,611	8,186	8,258	(380)	(353)	72
Other Taxes	3,054	3,054	3,293	3,372	318	318	79
Total Taxes	69,351	69,324	69,414	69,690	339	366	276
Miscellaneous Receipts	23,621	24,175	23,850	24,234	613	59	384
Federal Grants	47,433	47,433	47,506	43,789	(3,644)	(3,644)	(3,717)
Total Receipts	140,405	140,932	140,770	137,713	(2,692)	(3,219)	(3,057)

Note: Totals may not add due to rounding

Sources: Division of the Budget, Office of the State Comptroller

² See www.osc.state.ny.us/reports/budget/2013/financial_plan0713.pdf. The Enacted Budget also included approximately \$5.1 billion in non-recurring federal resources associated with Superstorm Sandy.

³ *New York State FY 2015 Economic and Revenue Outlook*, New York State Division of the Budget, p. 137.

In the SFY 2013-14 Enacted Budget Financial Plan, All Funds total receipts were expected to increase \$7.2 billion, or 5.4 percent, largely reflecting an increase in federal receipts for disaster assistance. The last Financial Plan update for SFY 2013-14 anticipated an increase of approximately \$7.6 billion or 5.7 percent from SFY 2012-13 and \$365 million over initial projections from the Enacted Budget, reflecting higher-than-anticipated miscellaneous receipts and tax revenue.

Year-end results indicate that receipts increased \$4.6 billion, or 3.4 percent, but were almost \$3.1 billion below projections. This reflects considerably lower-than-anticipated federal funding associated with disaster aid payments that were expected throughout the year. Federally funded receipts and spending for disaster-related purposes were also substantially below projections in SFY 2012-13.

Personal Income Tax

Throughout much of SFY 2013-14, year-to-date PIT growth reported in the Comptroller's Monthly Report on State Funds Cash Basis of Accounting (commonly known as the Monthly Cash Report) was largely attributable to settlement collections from April 2013. While such expectations were reflected in projections made in the SFY 2013-14 Enacted Budget Financial Plan, actual PIT collections in April 2013 were \$70.2 million higher than anticipated. Figure 2 illustrates how projections for PIT collections changed throughout the year.

Figure 2

Components of Personal Income Tax – SFY 2013-14 Projections vs. Actual (in millions of dollars)

	SFY 2013-14 Enacted Financial Plan (May)	SFY 2013-14 Mid-Year Financial Plan Update (November)	SFY 2013-14 3rd Quarter Financial Plan Update (February)	SFY 2013-14 Actual (unaudited)	Difference in Year End Projections - Actual less Enacted Plan	Difference in Year End Projections - Actual less Mid-Year Plan	Difference in Year End Projections - Actual less 3rd Quarter Plan
Personal Income Tax							
Withholding	33,166	33,066	33,160	33,368	202	302	208
Current Year Estimated	8,718	8,718	9,548	9,454	736	736	(94)
Prior Year Estimated	5,120	5,170	5,179	5,183	63	13	4
Final Returns	2,186	2,311	2,378	2,416	230	105	38
Other	1,231	1,231	1,217	1,155	(76)	(76)	(62)
Gross Collections	50,421	50,496	51,482	51,575	1,154	1,079	93
State/City Offset	(423)	(498)	(641)	(615)	(192)	(117)	26
Refunds	(7,455)	(7,455)	(8,013)	(7,999)	(544)	(544)	14
Reported PIT Collections	42,543	42,543	42,828	42,961	418	418	133

Note: Totals may not add due to rounding

Sources: Division of the Budget, Office of the State Comptroller, Department of Tax and Finance

PIT collections in April 2013 were affected by federal tax increases that occurred in January 2013. At that time, when it became apparent that certain temporary federal tax reductions were ending, many taxpayers took steps to realize income and investment gains before the increase took effect, thus significantly increasing State PIT collections in December 2012 and early January 2013. This temporary increase in collections occurred again in April 2013 as taxpayers settled (or extended) their 2012 tax liability.

PIT collections increased 29.7 percent in April 2013 compared to those a year earlier. PIT collections increased 3.4 percent during the remaining 11 months of SFY 2013-14 compared to the same period in the prior year, and ended the fiscal year 6.8 percent higher than the previous year. The end-of-year total was \$132.8 million higher than the latest projections issued by DOB in February and \$417.8 million higher than initial projections in April 2013. Before the end of the fiscal year, the State paid an additional \$328 million in refunds initially planned for SFY 2014-15; total reported collections would have been higher if not for this prepayment.

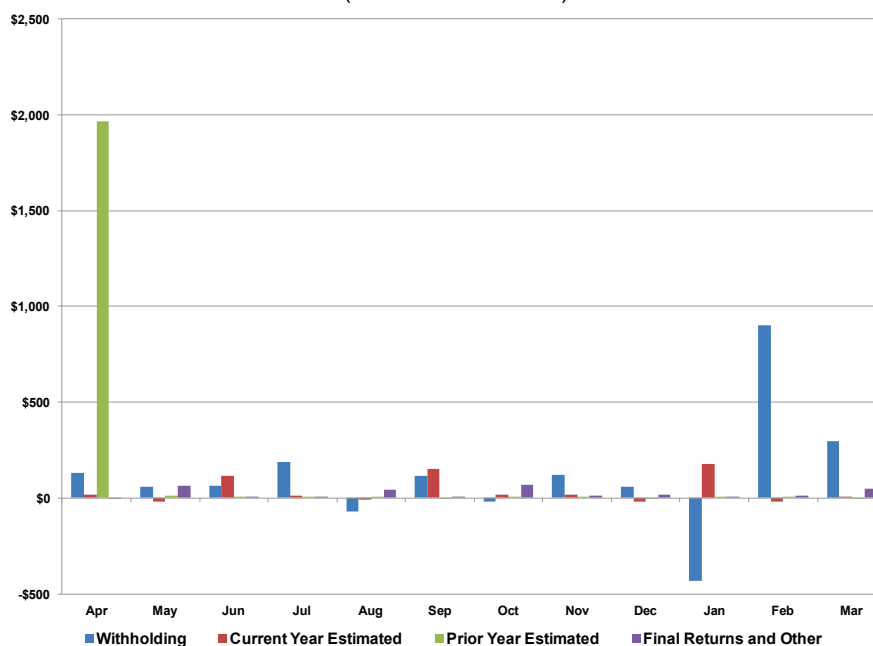
DOB's updated projection for PIT current year estimated payments increased \$830 million from the projections in the Enacted Budget Financial Plan. Actual results were \$94 million lower than the final Quarterly Update, but \$736 million higher than the Enacted Budget Financial Plan estimate.⁴

PIT gross collections, before refunds and offsets, grew 8.7 percent, or \$4.1 billion, for the year, a significantly higher increase than initial projections of 6.3 percent. Figure 3 illustrates that nearly half of the growth (47.5 percent) occurred in April 2013 from taxpayers settling their 2012 liabilities.

Figure 3

Monthly PIT Growth Comparison

(in millions of dollars)



Sources: Division of the Budget, Office of the State Comptroller, Department of Tax and Finance

⁴ Current Year Estimated payments primarily reflect quarterly payments on current income from individuals who estimate tax payments instead of having taxes taken directly out of their paychecks. This is often used for business owners and people who have variable income throughout the year. Prior Year Estimated payments reflect those payments that are made by these same people to settle their tax liability for a previous year, similar to the way that people who have taxes withheld from their paychecks either get a refund because they paid too much or a bill to pay the remaining liability after they file their tax returns.

Withholding receipts, collected straight from paychecks, increased 6.8 percent for the year. Figure 3 illustrates strong growth in the months of February and March 2014, largely illustrating financial sector bonuses and a strong stock market. The decline in January 2014 was primarily a matter of timing, in that certain payments expected at the end of January were instead received in the early days of February.

Consumption and Use Taxes

Consumption taxes made up approximately 22 percent of All Funds tax collections during the fiscal year, and sales tax collections represented approximately 83 percent of consumption taxes. Figure 4 illustrates how projections changed throughout the year compared to collections.

Figure 4

Consumption and Use Taxes – SFY 2013-14 Projections vs. Actual (in millions of dollars)

Consumption and Use Taxes	SFY 2013-14 Enacted Financial Plan (May)	SFY 2013-14 Mid-Year Financial Plan Update (November)	SFY 2013-14 3rd Quarter Financial Plan Update (February)	SFY 2013-14 Actual (unaudited)	Difference in Year End Projections - Actual less Enacted Plan	Difference in Year End Projections - Actual less Mid-Year Plan	Difference in Year End Projections - Actual less 3rd Quarter Plan
Sales and Use	12,530	12,531	12,595	12,588	58	57	(7)
Auto Rental	114	114	114	114	-	-	-
Cigarette/Tobacco Products	1,491	1,491	1,421	1,453	(38)	(38)	32
Motor Fuel	500	500	500	473	(27)	(27)	(27)
Alcoholic Beverage	251	251	251	250	(1)	(1)	(1)
Highway Use	140	140	140	136	(4)	(4)	(4)
Metropolitan Commuter Taxi	90	90	86	85	(5)	(5)	(1)
Total Collections	15,116	15,117	15,107	15,100	(16)	(17)	(7)

Note: Totals may not add due to rounding

Sources: Division of the Budget, Office of the State Comptroller

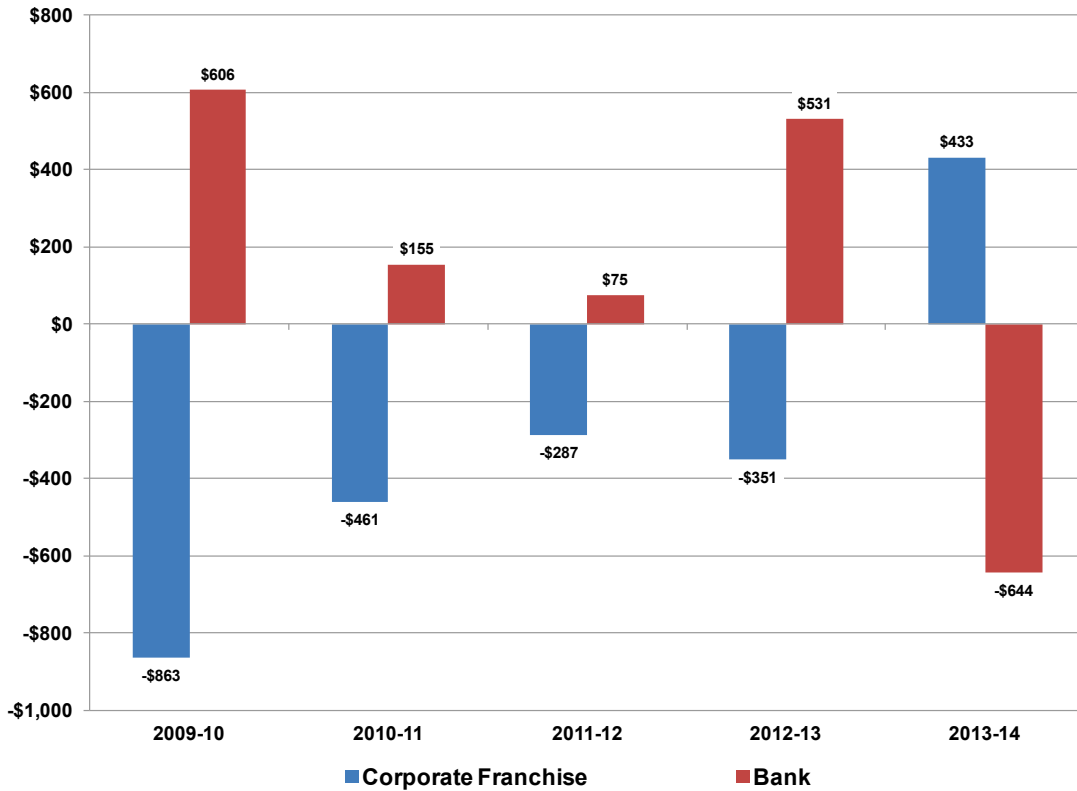
In the SFY 2013-14 Enacted Budget Financial Plan, consumption tax collections were projected to increase \$501 million, or 3.4 percent, to \$15.1 billion. Within this category, sales tax collections were projected to increase 4.5 percent or \$541 million. By year-end, sales tax projections had been increased by \$65 million. The year ended with sales tax collections of \$12.6 billion, representing an increase of \$598.4 million or 5.0 percent, \$57.6 million over initial projections, but \$7.4 million below the latest projections.

Business Taxes

Business taxes can be very volatile and difficult to predict, as illustrated in Figure 5. Historically, Corporate Franchise and Bank taxes have represented between 50 and 60 percent of total business tax collections. However, these two taxes also make up most of the annual variance from Financial Plan projections of business tax receipts. Figure 5 illustrates the difference between initial projections included in the Enacted Budgets and actual collections for corporate franchise and bank taxes over the last five years.

Figure 5

**Change from Initial Projections to Final Collections of Business Taxes
SFY 2009-10 through SFY 2013-14**
(in millions of dollars)



Sources: Division of the Budget, Office of the State Comptroller

In SFY 2012-13, business tax collections exceeded initial projections by \$234 million, representing the first time since SFY 2006-07 that final receipts exceeded initial projections. In SFY 2013-14, the picture of collections relative to projections reverted to previous form, as receipts ended the year \$380 million below initial projections.

In contrast to recent trends, however, Bank tax collections were \$644 million below initial projections and Corporate Franchise tax collections exceeded initial projections by \$433 million. Insurance tax receipts for the year were 9 percent below initial Financial Plan projections.

Figure 6

Business Taxes – SFY 2013-14 Projections vs. Actual
(in millions of dollars)

Business Taxes	SFY 2013-14 Enacted Financial Plan (May)	SFY 2013-14 Mid-Year Financial Plan Update (November)	SFY 2013-14 3rd Quarter Financial Plan Update (February)	SFY 2013-14 Actual (unaudited)	Difference in Year End Projections - Actual less Enacted Plan	Difference in Year End Projections - Actual less Mid-Year Plan	Difference in Year End Projections - Actual less 3rd Quarter Plan
Corporate Franchise	3,379	3,359	3,561	3,812	433	453	251
Corporate and Utilities	788	781	794	797	9	16	3
Insurance	1,587	1,587	1,457	1,444	(143)	(143)	(13)
Bank	1,694	1,694	1,189	1,050	(644)	(644)	(139)
Petroleum Business	1,190	1,190	1,185	1,155	(35)	(35)	(30)
Total Collections	8,638	8,611	8,186	8,258	(380)	(353)	72

Note: Totals may not add due to rounding

Sources: Division of the Budget, Office of the State Comptroller

Other Taxes

Other taxes – those besides the PIT, consumption and business taxes – include the Real Estate Transfer Tax, the Estate Tax and the mobility tax. Since the mobility tax was enacted in 2009, the category of “Other” tax collections has averaged approximately 4.5 percent of All Funds tax collections.

DOB initially projected that Other taxes would total \$3.1 billion, representing an increase just under 2 percent, or \$59 million, from SFY 2012-13 levels. Year-end collections were \$318 million higher than initial estimates, primarily because of Estate and Real Estate Transfer taxes. This additional funding was not included in the Financial Plan until the Third Quarter Update to the SFY 2013-14 Enacted Budget Financial Plan, which was included in the SFY 2014-15 Executive Budget released in January. Although estimates for Real Estate Transfer taxes were increased in the Financial Plan Updated for the 30 Day Amendments, actual collections were still \$78 million over Plan, as illustrated in Figure 7.

Figure 7

Other Taxes – SFY 2013-14 Projections vs. Actual
(in millions of dollars)

Other Taxes	SFY 2013-14 Enacted Financial Plan (May)	SFY 2013-14 Mid-Year Financial Plan Update (November)	SFY 2013-14 3rd Quarter Financial Plan Update (February)	SFY 2013-14 Actual (unaudited)	Difference in Year End Projections - Actual less Enacted Plan	Difference in Year End Projections and Results - Actual less Mid-Year Plan	Difference in Year End Projections and Results - Actual less 3rd Quarter Plan February
Estate	1,050	1,050	1,220	1,238	188	188	18
Pari-Mutuel	18	18	17	17	(1)	(1)	(0)
Real Estate Transfer	740	740	833	911	171	171	78
Racing and Exhibitions/Other	1	1	1	1	-	-	-
Metropolitan Commuter Mobility	1,245	1,245	1,222	1,204	(41)	(41)	(18)
Total Collections	3,054	3,054	3,293	3,372	318	318	79

Note: Totals may not add due to rounding.

Sources: Division of the Budget, Office of the State Comptroller

Miscellaneous Receipts

Miscellaneous receipts include fees, fines, interest earnings, refunds and reimbursements, Lottery and other gambling revenue, as well as revenues of various agencies such as tuition for State University of New York (SUNY) colleges and universities and assessments charged to health care providers. Proceeds from State-supported bonds issued by public authorities are collected as a miscellaneous receipt in capital projects funds, as are various issuance charges. Many non-recurring resources are also collected and reported as miscellaneous receipts.

In SFY 2013-14, miscellaneous receipts collected in All Governmental Funds were initially expected to decline by \$415 million or 1.7 percent to \$23.6 billion, primarily because of the loss of a one-time \$340 million settlement received the previous year from Standard Chartered Bank. DOB lowered projections by \$300 million in the Third Quarter Update to the SFY 2013-14 Enacted Budget Financial Plan, of which \$175 million was due to the lack of proceeds from the expected not-for-profit to for-profit conversion of certain insurance companies and \$125 million was due to lower abandoned property proceeds. Both of these were identified as risks in the Comptroller's review of the SFY 2013-14 Enacted Budget.⁵ Figure 8 shows Financial Plan projections compared to actual results for Miscellaneous Receipts.

Figure 8

Miscellaneous Receipts – SFY 2013-14 Projections vs. Actual

(in millions of dollars)

Miscellaneous Receipts	SFY 2013-14 Enacted Financial Plan (May)	SFY 2013-14 Mid-Year Financial Plan Update (November)	SFY 2013-14 3rd Quarter Financial Plan Update (February)	SFY 2013-14 Actual (unaudited)	Difference in Year End Projections - Actual less Enacted Plan	Difference in Year End Projections - Actual less Mid-Year Plan	Difference in Year End Projections - Actual less 3rd Quarter Plan
General Fund	3,096	3,306	3,251	3,219	123	(87)	(32)
Special Revenue	15,842	15,861	15,614	16,776	934	915	1,162
Capital Projects	4,211	4,211	4,188	3,540	(672)	(672)	(649)
Debt Service	472	797	797	699	227	(98)	(98)
Total Collections	23,621	24,175	23,850	24,234	613	59	384

Note: Totals may not add due to rounding

Source: Division of the Budget, Office of the State Comptroller

Largely because of non-recurring revenues received in SFY 2014-15 (nearly \$750 million), actual year-end receipts exceeded projections in the Enacted Budget Financial Plan as well as DOB's latest projections. Per exclusivity agreements included in the Upstate New York Gaming Economic Development Act and existing Tribal State Compacts, the State collected associated payments from the Seneca Nation of Indians and the St. Regis Mohawk Tribe for the first time since 2010 and from the Oneida Indian Nation for the first time ever. The SFY 2013-14 Enacted

⁵ The Comptroller's *Report on the State Fiscal Year 2013-14 Enacted Budget and Financial Plan* identified revenues from insurance conversions and abandoned property among the risks to the Financial Plan.

Budget Financial Plan projected receipts totaling \$133.2 million from these payments (of which \$104.8 million was expected to be transferred to the General Fund). An additional \$8 million was anticipated for gaming regulation. By year-end, \$545 million was collected, \$404 million more than initially expected.

The State also benefitted from three new settlements in SFY 2013-14 – from Deloitte Financial Advisory Services (\$10 million), Bank of Tokyo-Mitsubishi UJF (\$250 million) and JP Morgan (\$81.5 million). These settlements produced a total of \$341.5 million in revenue that was unanticipated when the Budget was enacted.

Federal Receipts

Federal grants represent the largest single source of revenue for the State. Federal grants typically finance more than one-quarter of total on-budget capital spending by the State. In SFY 2013-14, the State collected \$43.8 billion from the federal government for various programs. The largest of these are Medicaid, cash assistance for low income families and education. Federal assistance also included \$2.3 billion for capital projects. Figure 9 illustrates the changes in projections for federal receipts during the fiscal year and actual results.

Figure 9

Federal Receipts by Fund – SFY 2013-14 Projections vs. Actual

(in millions of dollars)

Federal Receipts	SFY 2013-14 Enacted Financial Plan (May)	SFY 2013-14 Mid-Year Financial Plan Update (November)	SFY 2013-14 3rd Quarter Financial Plan Update (February)	SFY 2013-14 Actual (unaudited)	Difference in Year End Projections - Actual less Enacted Plan	Difference in Year End Projections - Actual less Mid-Year Plan	Difference in Year End Projections - Actual less 3rd Quarter Plan
General Fund	2	2	2	0	(2)	(2)	(2)
Special Revenue	45,138	45,138	45,186	41,405	(3,733)	(3,733)	(3,781)
Capital Projects	2,221	2,221	2,246	2,313	92	92	67
Debt Service	72	72	72	71	(1)	(1)	(1)
Total Collections	47,433	47,433	47,506	43,789	(3,644)	(3,644)	(3,717)

Note: Totals may not add due to rounding

Source: Division of the Budget, Office of the State Comptroller

Over the past decade, the State has benefitted from billions of dollars in various extraordinary aid packages, including the American Recovery and Reinvestment Act of 2009 (ARRA) as well as funding for response to major storms (Hurricane Irene, Tropical Storm Lee and, most recently, Superstorm Sandy). However, federal receipts are typically reimbursements and can be volatile in nature, reflecting timing of both State expenditures that are reimbursable and federal payments on such claims. For instance, collection of federal receipts associated with disaster assistance ended the year significantly lower than anticipated throughout the year, up to and including the last Financial Plan update released in February.

As a result, year-end federal receipts were more than \$3.7 billion below projected levels. The SFY 2013-14 results reflected the second consecutive year in which

disaster-related receipts and federally funded expenditures were substantially below projections. The SFY 2014-15 Enacted Budget Financial Plan is expected to provide new information regarding projections and timing of payments.

Disbursements

The SFY 2013-14 Enacted Budget Financial Plan projected that All Funds spending would increase by 5.6 percent or \$7.4 billion from SFY 2012-13 levels to \$140.5 billion, including \$5.1 billion in non-recurring, federally funded disaster assistance and \$600 million in new, recurring federally funded spending associated with the Affordable Care Act. Actual results show All Funds spending totaled \$137.5 billion in SFY 2013-14, an increase of 3.3 percent or \$4.4 billion, with most growth occurring in Local Assistance grants (up \$2.9 billion), General State Charges (up \$604.6 million) and State Operations (up \$579.4 million). Figure 10 illustrates how spending projections throughout the year compared to actual year-end results.

All Funds spending ended the year \$3.0 billion lower than initial projections and \$3.3 billion less than the latest projections, primarily due to disaster assistance spending. Actual spending from capital funds, which is also often subject to timing issues, was also significantly below projections. Miscellaneous receipts collected in capital projects funds, which can correlate to capital spending, ended the year \$671.5 million below initial projections and \$648.5 million below final projections, primarily due to the timing of bond sales. Actual spending for debt service totaled \$6.4 billion, representing an increase of \$261.8 million or 4.3 percent. This was \$657 million higher than initially planned and \$339 million over final projections. This growth includes prepayments of \$380 million initially planned for SFY 2014-15.

Figure 10

All Governmental Funds Disbursements – SFY 2013-14 Projections vs. Actual (in millions of dollars)

	SFY 2013-14 Enacted Financial Plan (May)	SFY 2013-14 Mid-Year Financial Plan Update (November)	SFY 2013-14 3rd Quarter Financial Plan Update (February)	SFY 2013-14 Actual (unaudited)	Difference in Year End Projections - Actual less Enacted Plan	Difference in Year End Projections - Actual less Mid-Year Plan	Difference in Year End Projections - Actual less 3rd Quarter Plan
Disbursements:							
Grants to Local Governments	101,944	102,076	101,936	98,573	(3,371)	(3,503)	(3,363)
State Operations	19,548	19,569	19,670	19,762	214	193	92
General State Charges	7,407	7,376	7,302	7,280	(127)	(96)	(22)
Debt Service	5,743	6,060	6,061	6,400	657	340	339
Capital Projects	5,897	5,893	5,896	5,512	(385)	(381)	(384)
Total Disbursements	140,539	140,974	140,865	137,527	(3,013)	(3,448)	(3,339)

Note: Totals may not add due to rounding

Source: Division of the Budget, Office of the State Comptroller

Local Assistance

The SFY 2013-14 Enacted Budget projected All Funds Local Assistance payments would increase 6.8 percent or \$6.5 billion from SFY 2012-13 levels. The majority of the increase was attributed to disaster assistance payments for Superstorm Sandy clean up. Other significant increases were expected in Medicaid and school aid. Including federal payments for those programs as well as disaster assistance, the Enacted Budget projected that more than 80 percent of the growth in Local Assistance would come from federal funds.

Figure 11

All Governmental Funds Local Assistance Disbursements – SFY 2013-14 Projections vs. Actual (in millions of dollars)

	SFY 2013-14 Enacted Financial Plan (May)	SFY 2013-14 Mid-Year Financial Plan Update (November)	SFY 2013-14 3rd Quarter Financial Plan Update (February)	SFY 2013-14 Actual (unaudited)	Difference in Year End Projections - Actual less Enacted Plan	Difference in Year End Projections - Actual less Mid-Year Plan	Difference in Year End Projections - Actual less 3rd Quarter Plan
Local Assistance Payments							
General Fund	40,258	40,258	40,383	39,940	(318)	(318)	(443)
Special Revenue State	19,306	19,438	19,112	19,466	160	28	354
Special Revenue Federal	40,276	40,276	40,334	36,925	(3,351)	(3,351)	(3,409)
Capital Projects State	1,382	1,382	1,385	1,270	(112)	(112)	(115)
Capital Projects Federal	722	722	722	972	250	250	250
Total Disbursements	101,944	102,076	101,936	98,573	(3,371)	(3,503)	(3,364)

Note: Totals may not add due to rounding

Source: Division of the Budget, Office of the State Comptroller

Projections for year-end Local Assistance spending increased just \$58 million from the SFY 2013-14 Enacted Budget Financial Plan to the last Financial Plan Update for the year. However, Local Assistance spending through the end of the year was 3.0 percent, or \$2.9 billion, higher than SFY 2012-13 results. This was \$3.4 billion lower than the latest projections, primarily due to the timing of disaster assistance payments, as depicted in Figure 11 in the Special Revenue Federal category.

State Operations and General State Charges

The SFY 2013-14 Enacted Budget projected State Operations would increase 1.9 percent or \$366 million from SFY 2012-13, primarily in State and federal special revenue funds, which were expected to increase \$437 million and \$225 million, respectively. Spending from the General Fund was projected to decline 3.7 percent or \$292 million, reflecting newly enacted gap-closing measures that cut \$325 million from projected baseline growth.

General State Charges were initially projected to increase \$731 million or 10.9 percent, primarily due to health insurance costs for existing and retired employees as well as the State's pension contribution.

Year-end results indicate that actual spending from the General Fund was \$255 million below initial projections and \$345 million below final projections, whereas spending from State special revenue funds was \$298 million over initial projections and \$256 million over final projections. Spending from federal special revenue funds ended the year \$173 million over initial projections and \$182 million over final projections. Actual spending for General State Charges was \$127 million under initial projections and \$22 million below the last projections.

Figure 12

**All Funds State Operations and General State Charges Disbursements –
SFY 2013-14 Projections vs. Actual**
(in millions of dollars)

State Operations and General State Charges	SFY 2013-14 Enacted Financial Plan (May)	SFY 2013-14 Mid-Year Financial Plan Update (November)	SFY 2013-14 3rd Quarter Financial Plan Update (February)	SFY 2013-14 Actual (unaudited)	Difference in Year End Projections - Actual less Enacted Plan	Difference in Year End Projections - Actual less Mid-Year Plan	Difference in Year End Projections - Actual less 3rd Quarter Plan
General Fund	7,564	7,568	7,654	7,309	(255)	(259)	(345)
Special Revenue State	10,220	10,236	10,262	10,518	298	282	256
Special Revenue Federal	1,724	1,725	1,715	1,897	173	172	182
Other	40	40	39	37	(3)	(3)	(2)
Total State Operations	19,548	19,569	19,670	19,762	214	193	92
General State Charges	7,407	7,376	7,302	7,280	(127)	(96)	(22)
Total Disbursements for State Operations and General State Charges	26,955	26,945	26,972	27,042	87	97	70

Note: Totals may not add due to rounding
Sources: Division of the Budget, Office of the State Comptroller

Capital Projects and Debt Service

Spending for capital projects is typically subject to a number of timing-related issues ranging from the cost or availability of building materials to conditions in the bond market. In SFY 2013-14, disbursements for capital projects to be paid with State funds were initially expected to increase \$441 million or 10.2 percent from SFY 2012-13 amounts. Capital disbursements funded with federal grants were projected to increase \$55 million or 5.2 percent. Total projected capital projects spending was \$5.5 billion.

By year-end, capital spending totaled \$5.5 billion, with just under \$4.5 billion from State funds and \$1.1 billion from federal funds. This represents an increase of 2.1 percent or \$112.7 million over the prior year. Spending for capital projects was below projections for much of the year and actual results continued the trend, as illustrated in Figure 13.

Figure 13

**All Governmental Funds Capital and Debt Service Disbursements –
SFY 2013-14 Projections vs. Actual**
(in millions of dollars)

	SFY 2013-14 Enacted Financial Plan (May)	SFY 2013-14 Mid-Year Financial Plan Update (November)	SFY 2013-14 3rd Quarter Financial Plan Update (February)	SFY 2013-14 Actual (unaudited)	Difference in Year End Projections - Actual less Enacted Plan	Difference in Year End Projections - Actual less Mid-Year Plan	Difference in Year End Projections - Actual less 3rd Quarter Plan
Capital Projects and Debt Service							
State Capital Projects	4,774	4,764	4,741	4,454	(320)	(310)	(287)
Federal Capital Projects	1,118	1,118	1,144	1,055	(63)	(63)	(89)
Debt Service	5,743	6,060	6,061	6,400	657	340	339
Total Disbursements	11,635	11,942	11,946	11,909	274	(33)	(37)

Note: Totals may not add due to rounding. State Capital Projects disbursements include a small amount of capital spending from special revenue funds (\$5 million in Financial Plan projections and \$3.3 million in actual results).
Sources: Division of the Budget, Office of the State Comptroller

Debt service was initially projected to decline 6.4 percent or \$395 million. However, this anticipated decline was primarily due to a prepayment of \$204 million in SFY 2012-13 and the removal of debt service payments associated with SUNY dormitories from within the budget. If those actions had not occurred, DOB's initial projections would have shown debt service increasing 3.8 percent.

Actual year-end results show debt service increased 4.3 percent. This reflects another \$380 million in prepayments made in SFY 2013-14 that were previously projected to be made in SFY 2014-15. This shift has the effect of increasing base year spending and decreasing the figure in the subsequent year. Figure 14 illustrates that, after adjusting for these changes, growth in debt service during the year was 8.6 percent.

Figure 14

Adjusted and Unadjusted Debt Service Growth
(in millions of dollars)

	SFY 2012-13	SFY 2013-14	Dollar Growth	Percentage Growth
Reported Debt Service	6,138	6,400	262	4.3%
Less SUNY Dormitories	(202)	-		
Less Prepayment	(204)	(380)		
Plus Prepayment		204		
Adjusted Debt Service	5,732	6,224	492	8.6%

Sources: Division of the Budget, Office of the State Comptroller

General Fund Closing Balance and Reserves

The General Fund ended SFY 2013-14 with a balance of \$2.235 billion. This was \$625 million more than the year-end balance for SFY 2012-13 and \$432 million more than projected in the last Financial Plan update.

Figure 15 compares restricted and unrestricted reserve levels within the General Fund.

Figure 15

**General Fund Balance and Reserves – SFY 2013-14 Year-End
Projected vs. Actual**
(in millions of dollars)

	2012-13 Actual	2013-14 Enacted Projection	2013-14 Actual (unaudited)
Statutory Reserves			
Tax Stabilization Reserve Fund	1,131	1,131	1,131
Rainy Day Reserve	175	175	350
Contingency Reserve Fund	21	21	21
Community Projects Fund	93	68	87
Refund Reserve (Unrestricted)	190	314	646
Total	1,610	1,709	2,235

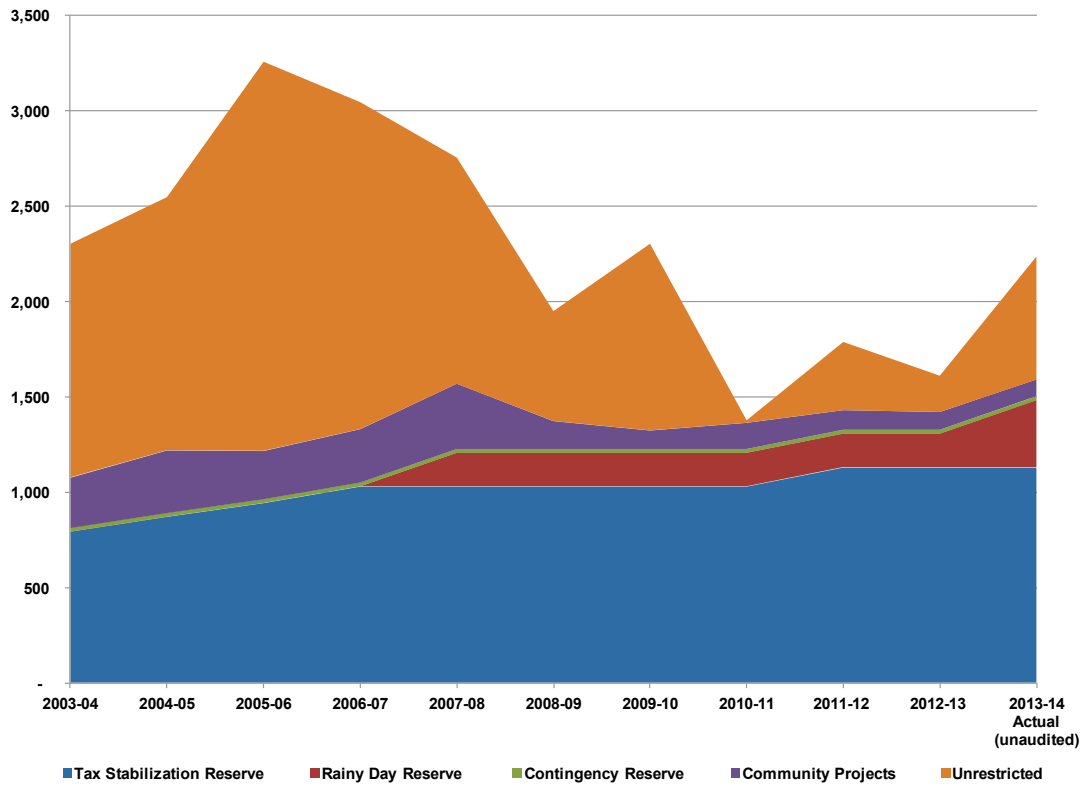
Sources: Division of the Budget, Office of the State Comptroller

While overall General Fund reserves are lower than in most years from the period just before the Great Recession, the State’s cash position is significantly better than in any of the past three years.

At the end of SFY 2013-14, \$175 million was deposited in the Rainy Day Fund, increasing its balance to \$350 million. This was the first deposit to the Rainy Day Fund since SFY 2007-08. The balance of restricted reserves has been increased to just under \$1.6 billion, reflecting the highest amount of restricted reserves in more than a decade.

Figure 16

General Fund Reserve History – SFY 2003-04 through SFY 2013-14
(in millions of dollars)



Sources: Division of the Budget, Office of the State Comptroller