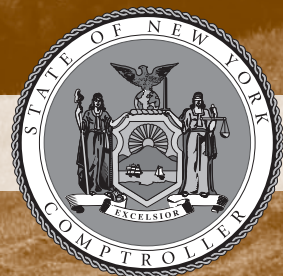


STATE OF NEW YORK

Financial Condition Report

For Fiscal Year Ended March 31, 2011

Thomas P. DiNapoli, State Comptroller



STATE OF NEW YORK

Financial Condition Report

For Fiscal Year Ended March 31, 2011

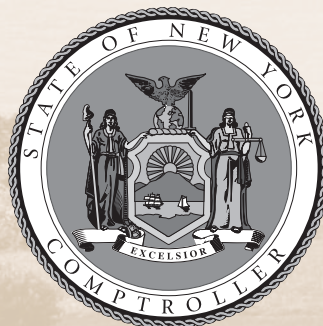
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Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

State of New York

for the Fiscal Year Ended

March 31, 2010



President

Executive Director

COMPTROLLER'S 2011 REPORT ON THE FINANCIAL CONDITION OF NEW YORK STATE

This report provides citizens with an overview of the financial condition of New York State. It presents selected financial, economic, and demographic information in an easy-to-understand format.

It also presents basic information on trends in State receipts (revenues) and spending (disbursements), the State's financial position as measured by Generally Accepted Accounting Principles (GAAP), and selected economic and demographic trends affecting the State. This report fills an information need not met by the traditional, more detailed financial reports issued by the Comptroller's Office, and is meant to complement these other reports, not replace them. Detailed accounting data can be found in reports such as the *Comprehensive Annual Financial Report*.

Financial condition is a broad concept aimed at assessing the ability of a government to meet current and future financial and service obligations. It deals with the State's ability to deliver acceptable levels of services at acceptable levels of taxation, while achieving budget balance and making required debt service payments and pension contributions.

The Office of the State Comptroller was honored this past year when it received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the *2010 Financial Condition Report*.

MESSAGE FROM THE COMPTROLLER

I am pleased to present the Financial Condition Report for the State of New York for the fiscal year ended March 31, 2011.

New York State has shown resilience in challenging times. While New Yorkers have been hit hard by the Great Recession, our past investments in infrastructure, facilities for culture, education and recreation, a well-educated workforce, innovative businesses, progressive human services organizations, and a world-leading financial sector provide a sound foundation for a return to prosperity.

In the past year, the State's financial position has benefited from an improving economy. However, the economic recovery, which began in 2010, remains slow and uneven, with high unemployment and a stagnant housing industry continuing to be causes for concern. New York has also had to grapple with the consequences of its past poor budgeting practices. For many years, State budgets have included overly optimistic revenue estimates, unrealistic spending targets, and excessive reliance on temporary or non-recurring revenues. In this respect, the State Fiscal Year (SFY) 2011-12 Enacted Budget represents significant progress.

The SFY 2011-12 Enacted Budget includes actions to close a projected \$10 billion budget gap in the current year and begins to seriously address the State's structural deficit without relying heavily on new taxes, fees or one-shot revenues, or borrowing money to pay for operating expenses. Although challenges and risks remain, the SFY 2011-12 Enacted Budget moves the State closer to long-term structural balance.

The tenuous economic recovery and global instability, as well as the State's uncertain ability to achieve the full amount of projected savings or revenue within the current year still pose risks to the current budget plan.

In certain cases, projections, such as those for tax revenue growth, may prove overly optimistic. In other cases, savings targets in areas such as Medicaid and the State workforce may be difficult to achieve. Further, the \$10 billion projected current year gap was closed largely with spending reductions. The impact of spending reductions on services and on the economy is uncertain.

While the SFY 2011-12 Enacted Budget sets the State on a more sustainable fiscal course, enactment of comprehensive fiscal reform and debt reform will help to ensure that these positive actions continue.



Thomas P. DiNapoli
STATE COMPTROLLER

GOVERNMENT-WIDE FINANCIAL DATA

New York State's government-wide financial statements include a Statement of Net Assets (Deficits) and a Statement of Activities, both of which distinguish between the State's governmental and business-type activities. (Component Unit data not shown.)

Governmental activities

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

Business-type activities

Revenues are received by the State from its 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 – Senior Colleges (CUNY) are reported here.

The full accrual method of accounting is used by many businesses and recognizes revenue and expenses when the earning process is complete regardless of when cash is received or disbursed. This results in a long-term perspective on finances.

Condensed Statement of Activities – Primary Government

For the year ended March 31, 2011

(amounts in millions)

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenues
Governmental activities:			
Education	\$32,478	\$4,322	\$(28,156)
Public health	52,618	38,733	(13,885)
Public welfare	17,091	12,590	(4,501)
Public safety	6,143	730	(5,413)
Transportation	7,778	3,491	(4,287)
Environment and recreation	1,625	742	(883)
Support and regulate business	1,827	1,430	(397)
General government	9,707	4,156	(5,551)
Interest on debt	2,040	30	(2,010)
Total governmental activities	131,307	66,224	(65,083)
Business-type activities:			
Lottery	5,250	7,868	2,618
Unemployment insurance	9,414	8,813	(601)
State University of New York	9,032	5,646	(3,386)
City University of New York	2,950	1,479	(1,471)
Total business-type activities	26,646	23,806	(2,840)
Total primary government	\$157,953	\$90,030	(67,923)
General revenues and net transfers:			
Taxes			61,823
Other			5,548
Net transfers			(432)
Total general revenues and net transfers			66,939
Change in Net Assets (decrease)			\$(984)

Condensed Statement of Net Assets (Deficits) – Primary Government

As of March 31, 2011

(amounts in millions)

	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Cash and investments	\$9,570	\$5,858	\$15,428
Receivables, net	22,075	3,726	25,801
Internal balances	(504)	721	217
Other assets	933	232	1,165
Capital assets	82,776	10,374	93,150
Total Assets	114,850	20,911	135,761
Deferred outflows of resources	86	69	155
Total Assets and Deferred Outflows of Resources	114,936	20,980	135,916
Liabilities and Deferred Inflows of Resources			
Tax refunds payable	9,136	—	9,136
Payable to local governments	5,864	—	5,864
Accrued liabilities and accounts payable	9,022	1,845	10,867
Other liabilities due within one year	5,131	3,215	8,346
Liabilities due in more than one year	58,135	16,534	74,669
Total Liabilities	87,288	21,594	108,882
Deferred inflows of resources	—	4	4
Total Liabilities and Deferred Inflows of Resources	87,288	21,598	108,886
Net Assets (Deficits)			
Invested in capital assets net of related debt	65,118	685	65,803
Restricted for debt service and other purposes	3,014	1,108	4,122
Unrestricted deficits	(40,484)	(2,411)	(42,895)
Total Net Assets (Deficits)	\$27,648	\$(618)	\$27,030

The Statement of Net Assets (Deficits) reports the State's total assets and liabilities. The Statement of Net Assets (Deficits) reports the difference between assets and liabilities into three categories: Capital Assets Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets.

The Statement of Activities reports the expenses of each of the State's programs, reduced by the revenues generated by those programs, to arrive at net program expense. The net program expense is then reduced by general revenues and other gains and losses to arrive at a change in net assets for the year.

For prior years' comparative government-wide data, please see the Statistical Section of the Comprehensive Annual Financial Report (Net Assets by Component, Changes in Net Assets, and Program Revenues by Function schedules).

FUND FINANCIAL DATA

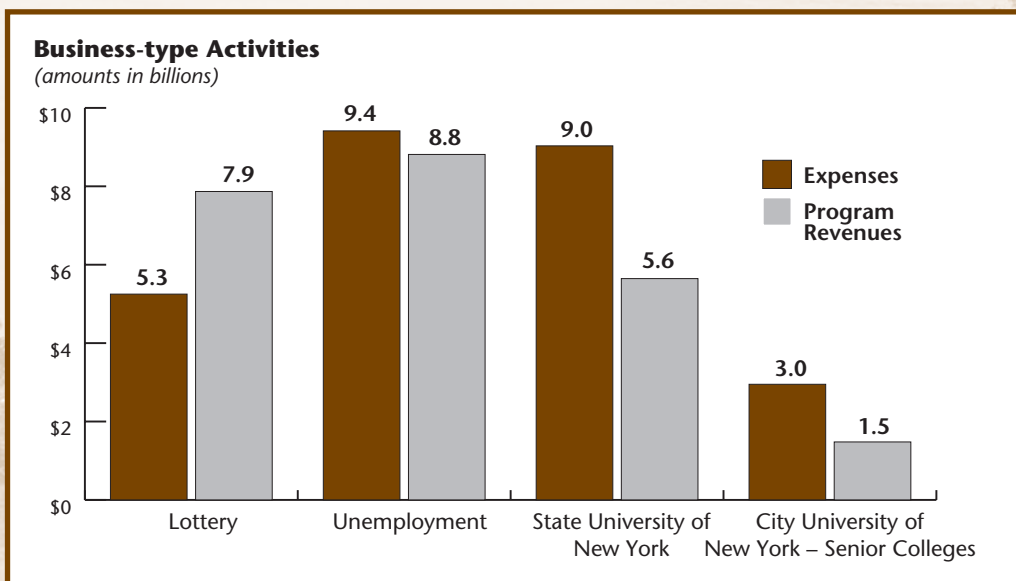
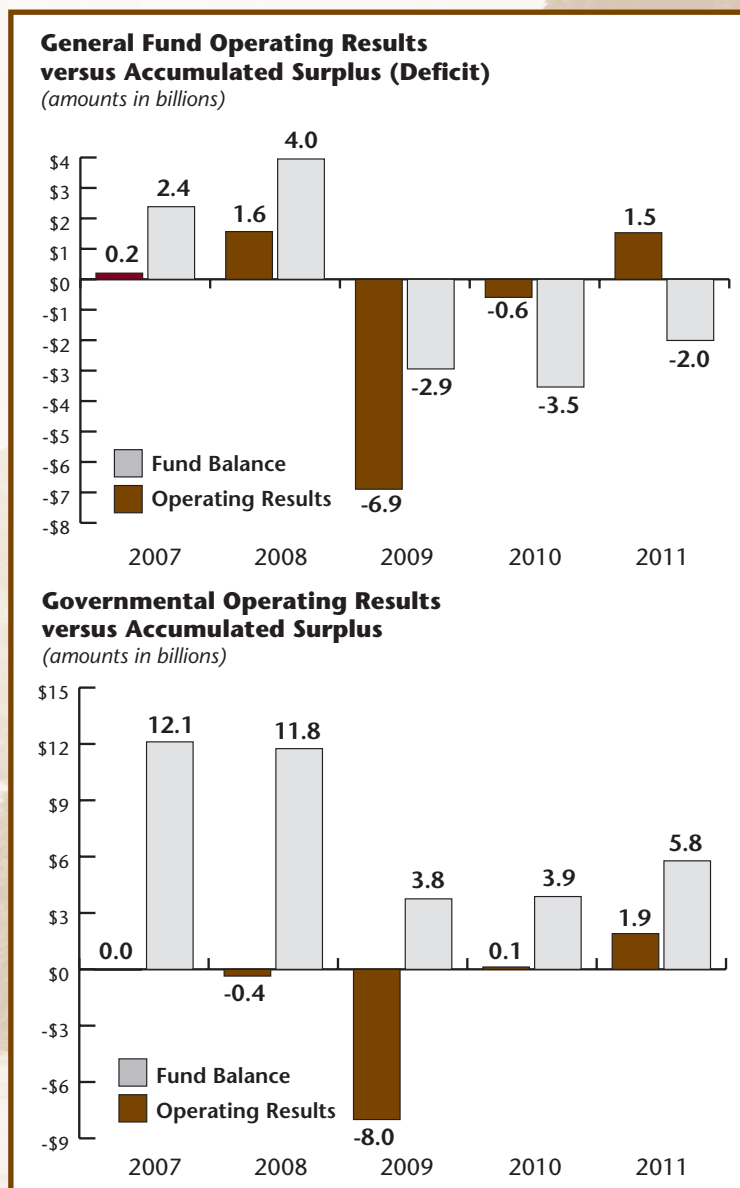
The State also prepares fund financial statements. Funds represent sources of funding and spending for particular purposes. The General Fund is used to report sources of funds and expenditures that are not required to be accounted for in another separate fund. In New York, significant sources of funds that normally would be reported in the General Fund have been pledged or dedicated to other funds for repayment of debt or project funding and are therefore reported in other governmental funds.

Fund financial statements provide a short-term view of government finances. Thus, payment of fund expenditures from proceeds of long-term borrowing will not have any impact on the fund balance, because the liability to repay the borrowing is not reported in the fund.

The relationship between fund operating results and accumulated fund balance (or deficit) is graphically depicted at right. Operating results are the net change in fund balance in a reporting period; the amount by which accumulated fund balance increased or decreased during the reporting period.

- As of the year ended March 31, 2011, the State's governmental funds reported a combined operating surplus of \$1.9 billion, increasing the combined fund balance from \$3.9 billion at April 1, 2010 to \$5.8 billion at March 31, 2011.
- The combined governmental funds operating surplus included a surplus of \$1.5 billion in the General Fund which resulted from expenditures exceeding revenues by \$8 billion, which was offset by other financing sources of \$9.5 billion to the General Fund. The General Fund accumulated fund deficit decreased from \$3.5 billion at April 1, 2010 to \$2 billion at March 31, 2011.

For more detail, please see the **Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) in the Comprehensive Annual Financial Report.**

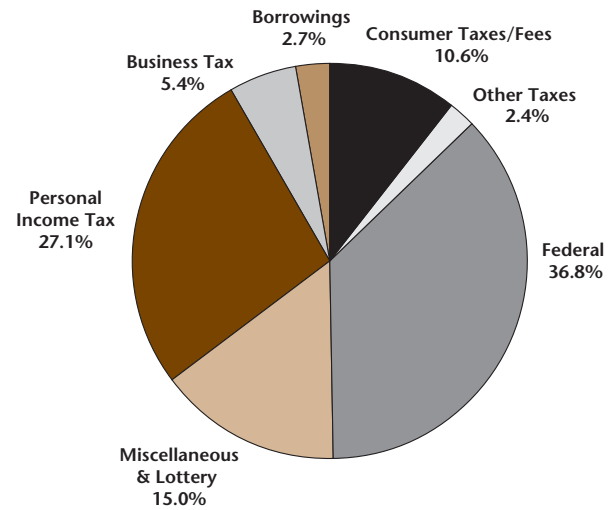


TOTAL RECEIPTS

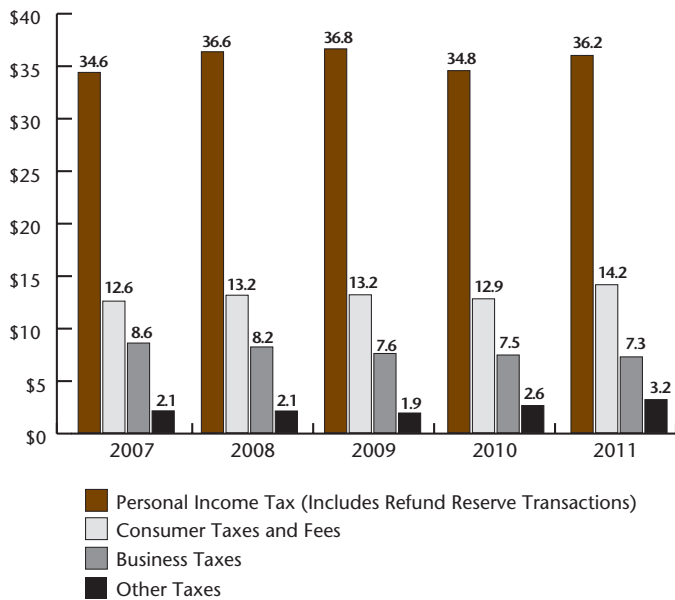
Revenues are affected by economic changes and changes in federal and State policies. Tax base is a measure of the State's ability to generate revenue. A decreasing tax base may force spending reductions and/or increased taxes. Receipts are revenues that have been recorded on a cash basis. Appendix 3 contains State receipts by major source for the past five fiscal years.

- Receipts have increased \$21.3 billion (18.9 percent) since 2007.
- In 2011, total tax receipts of \$60.9 billion represented a 5.2 percent increase over 2007 tax receipts.
- Receipts from the federal government increased 38.6 percent since 2007. Medicaid was responsible for the largest increase in federal cash receipts. During fiscal years 2009 through 2011, the State received additional federal funding under the American Recovery and Reinvestment Act.
- Personal income tax and consumer taxes accounted for 37.7 percent of 2011 receipts, and have increased 6.8 percent since 2007.
- During fiscal year 2011, the State experienced a 4.2 percent increase in personal income tax (PIT) receipts – its largest tax revenue source. However, this reflects \$500 million in non-recurring refunds made in April 2010 that were delayed from the previous fiscal year.

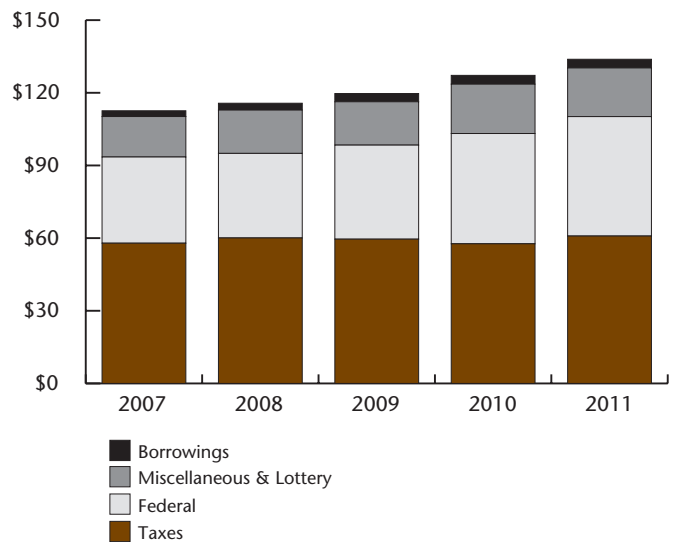
New York's 2011 Receipts Sources



Tax Receipts by Year
(amounts in billions)



Total State Receipts
(amounts in billions)

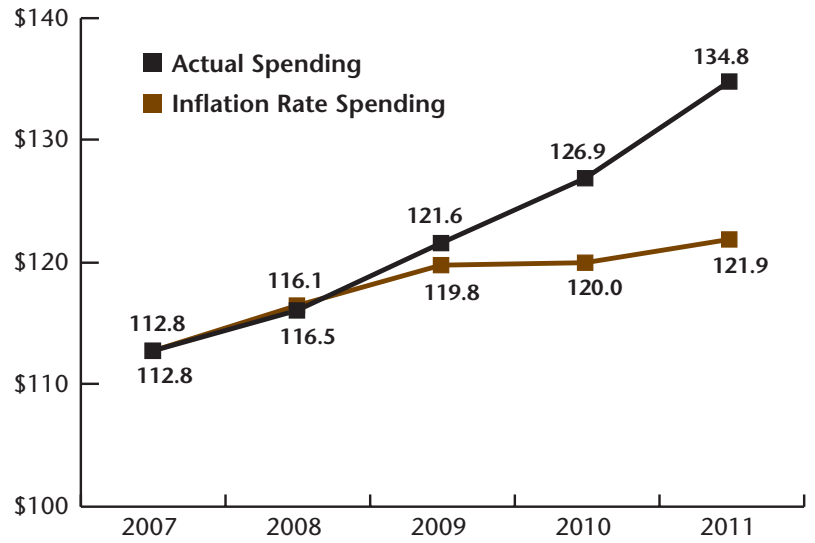


TOTAL SPENDING

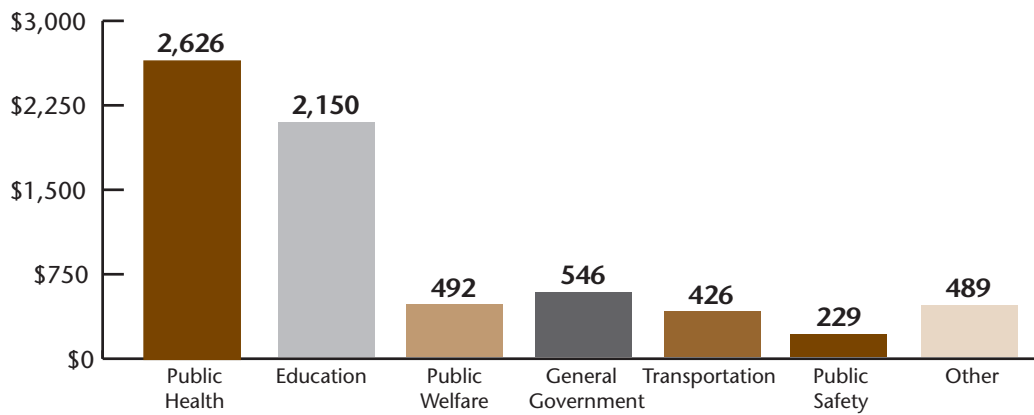
Spending data can be used to evaluate the State's program priorities and, compared to revenue data, can be used to measure the State's ability to support continuing programs. Appendices 1 and 2 show a history of State spending by major program for the past five fiscal years.

- State spending, including spending from federal funds, totaled \$134.8 billion in 2011, an increase of \$7.9 billion (6.2 percent) from the prior year.
- Spending in fiscal year 2011 was artificially high by \$2.06 billion because of education payments made in the first quarter that were delayed from the fourth quarter of fiscal year 2010.
- Since 2007, growth in State spending (19.5 percent) has outpaced inflation (Consumer Price Index of 8.1 percent).
- State spending has been partially paid for by borrowing \$15.8 billion since 2007, including \$3.6 billion in 2011.
- New York's spending in 2011 was \$6,958 per person.
- Public health and education spending represents 68.6 percent of total State spending.

Actual State Spending versus Spending at the Rate of Inflation
(amounts in billions)

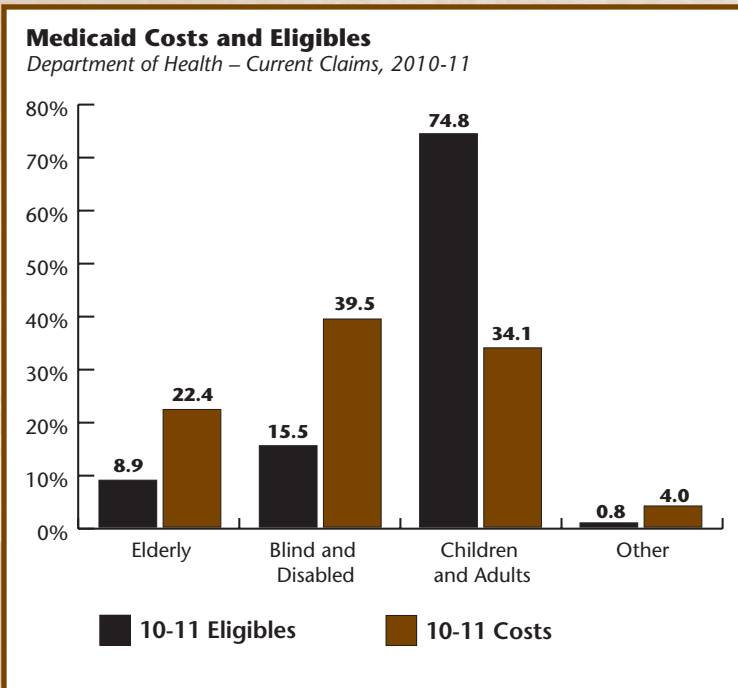


2011 Total State Spending per Person by Program Area

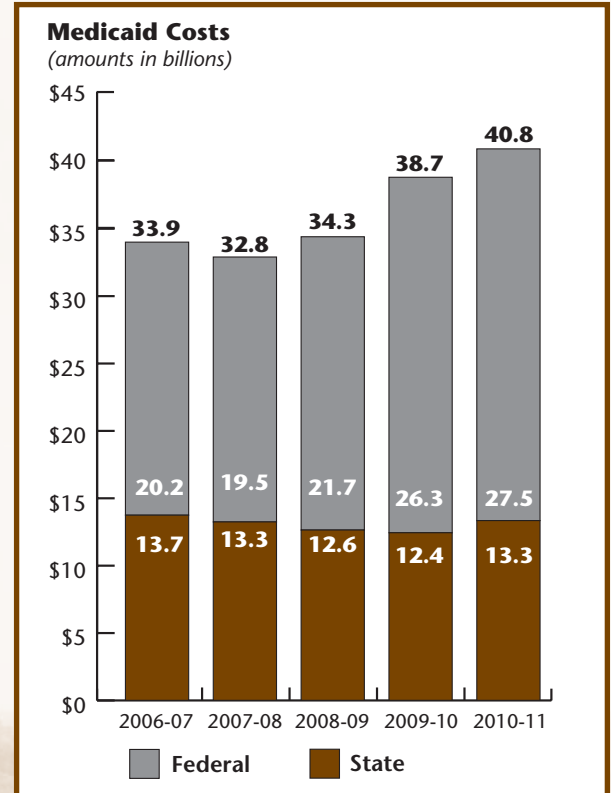


PUBLIC HEALTH

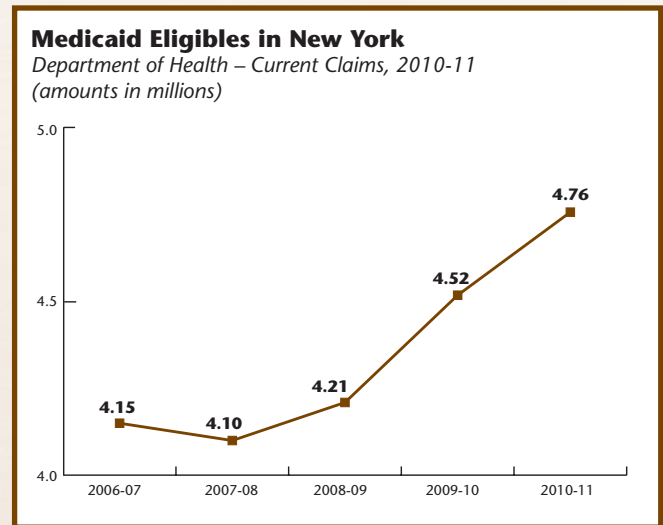
- Medicaid costs increased in SFY 2010-11 by approximately \$2.1 billion, or 5.4 percent, to \$40.8 billion, while the average monthly number of eligible recipients increased by 241,007, or 5.3 percent, to nearly 4.8 million. These increases, while smaller than SFY 2009-10, reflect the effects of the tenuous economic recovery.¹
- Adults accounted for the largest portion of the average monthly increase in eligible recipients, growing by 139,646, or 8.5 percent, to nearly 1.8 million, and surpassed children as the largest share of all eligible recipients. The number of children with Medicaid coverage increased by 57,801, or 3.4 percent, to over 1.7 million. The number of eligible elderly recipients increased by 18,945, or 4.7 percent, to 424,622, while the number of disabled recipients increased by 22,217, or 3.1 percent, to 736,777. The number of other eligible recipients, mostly legal immigrants, increased by 2,398, or 6.3 percent, to 40,464.²
- While children and adults continued to comprise nearly three-quarters of all average monthly eligible recipients, they accounted for 34.1 percent of Medicaid costs. Elderly, blind and disabled recipients continued to make up about a quarter of eligible recipients, but accounted for 61.9 percent of Medicaid costs.³



1. Eligibility figures reflect DOH data for the period from April 2010 through February 2011. Data for March 2011 not available.
2. All figures in this paragraph reflect DOH data for the period from April 2010 through February 2011. Data for March 2011 not available.
3. Eligibility references reflect DOH data for the period from April 2010 through February 2011. Data for March 2011 not available. Cost references reflect DOH data for the period from April 2010 through September 2010. Cost data for the period from October 2010 through March 2011 not available.
4. Eligibility references reflect DOH data for the period from April 2010 through February 2011. Data for March 2011 not available.

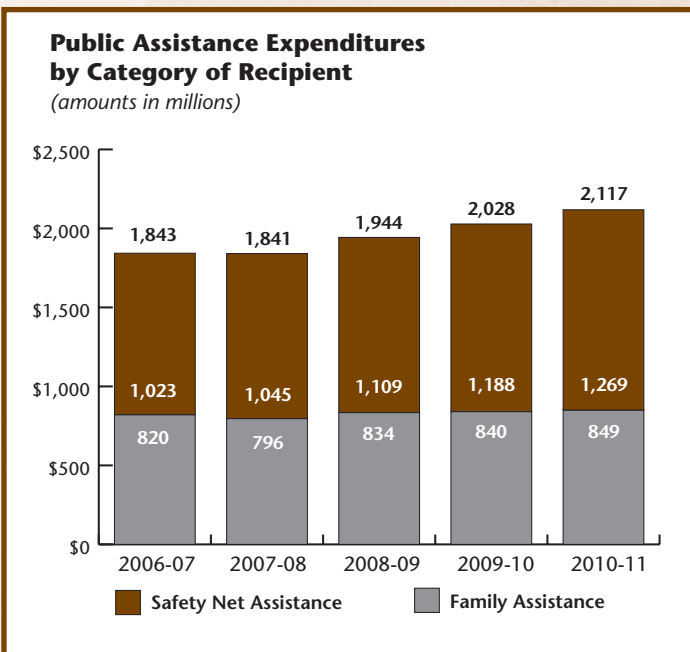
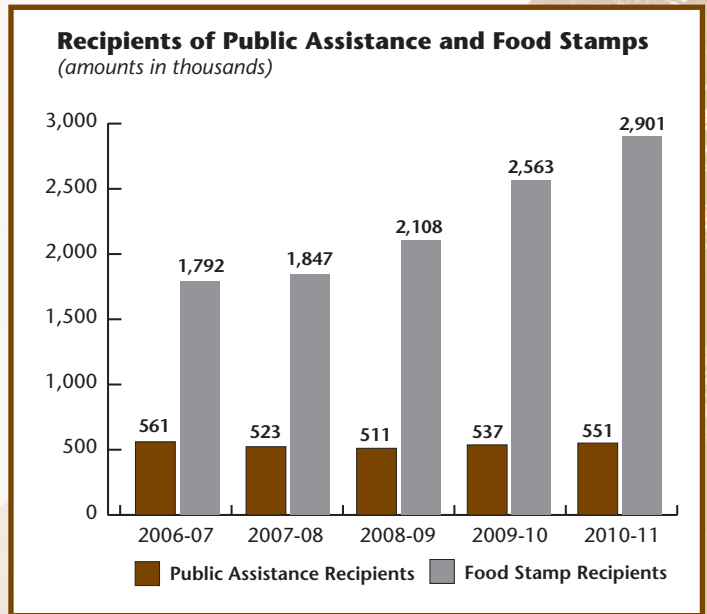


- Family Health Plus, the Medicaid expansion program implemented in SFY 2001-02 for adults without health insurance but with income or resources too high to qualify for Medicaid, experienced a 1.3 percent increase in average monthly eligible recipients in SFY 2010-11 and a 6.7 percent increase in costs. The average monthly number of eligible recipients increased by 5,445 to 411,439, while year-to-year costs increased by \$97.0 million to \$1.5 billion in SFY 2010-11.⁴

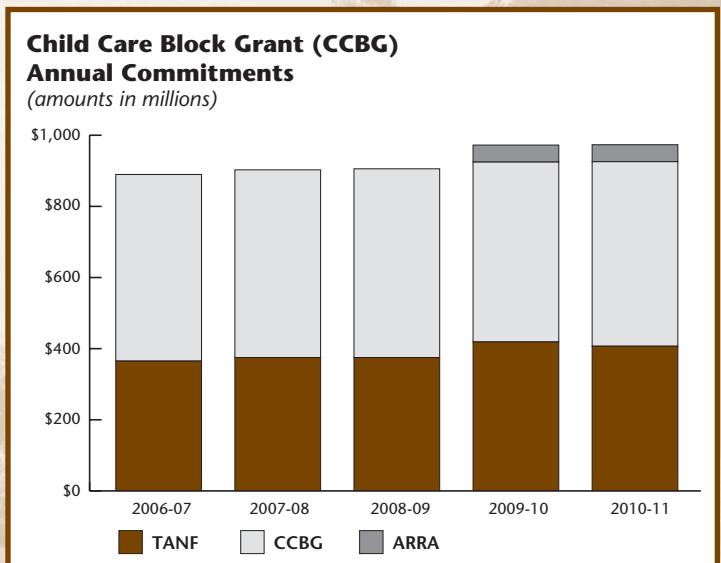


PUBLIC WELFARE

- Public assistance caseloads and costs increased in SFY 2010-11, particularly in the Safety Net Assistance Program (SNAP), which is financed by the State and county governments to provide assistance for individuals and families exhausting the five-year federal limit on family assistance. The increases in public assistance, while the same as or smaller than SFY 2009-10, reflect the effects of the tenuous economic recovery.
- The average monthly number of public assistance recipients grew by 14,292, or 2.7 percent, to 551,326 in SFY 2010-11, or about half of last year's growth. Expenditures increased by 4.4 percent, the same rate as SFY 2009-10, to \$2.1 billion in SFY 2010-11.
- While the number of family assistance recipients and their associated costs, which are financed solely by the federal government, increased slightly in SFY 2010-11, the number of safety net assistance recipients and their costs grew at a faster rate. The average monthly number of safety net assistance recipients grew by 12,116, or 4.3 percent, to 296,507 recipients after increasing 5.9 percent in SFY 2009-10. Safety net expenditures grew by \$81 million, or 6.8 percent, to nearly \$1.3 billion in SFY 2010-11 after increasing 7.1 percent in SFY 2009-10.



- The Food Stamp Program experienced slower, but still substantial, growth in SFY 2010-11, increasing by 338,246 recipients, or 13.2 percent, to 2.9 million recipients after growing by 21.6 percent in SFY 2009-10. Food Stamp Program costs, financed solely by the federal government, grew by \$560.9 million, or 11.9 percent, to over \$5.2 billion in SFY 2010-11 after increasing by 54 percent in SFY 2009-10.
- The State's Child Care Block Grant subsidies for public assistance and low-income families, financed by a combination of federal, State and local sources, held steady in SFY 2010-11 after increasing by \$67 million, or 7.4 percent, to \$976 million in SFY 2009-10, due in part to federal stimulus funding. This funding will no longer be available in SFY 2011-12.

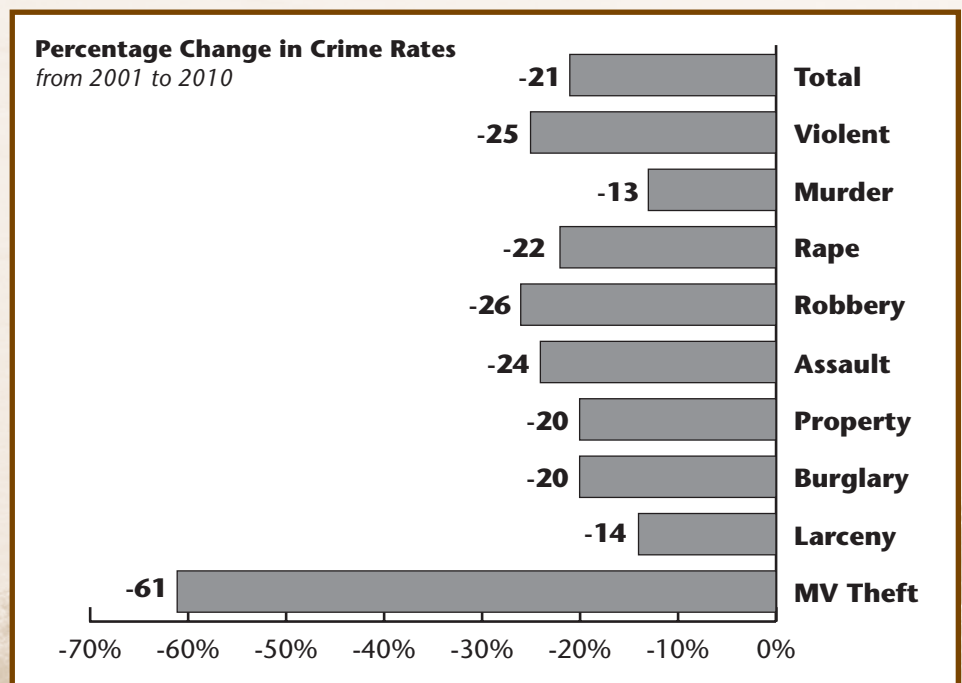
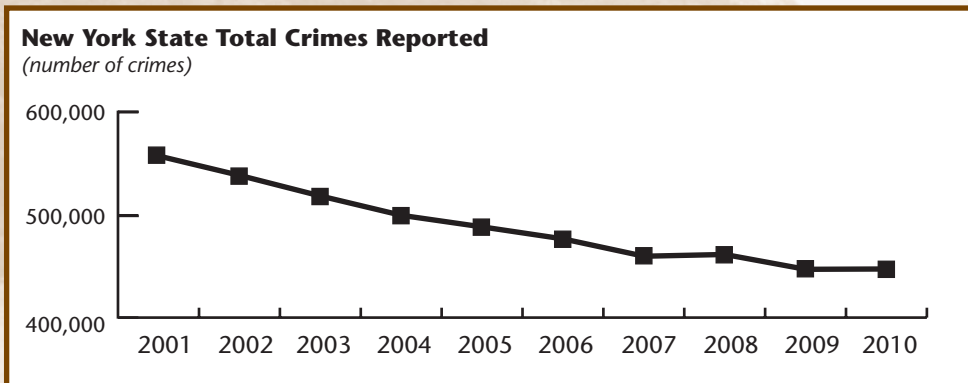
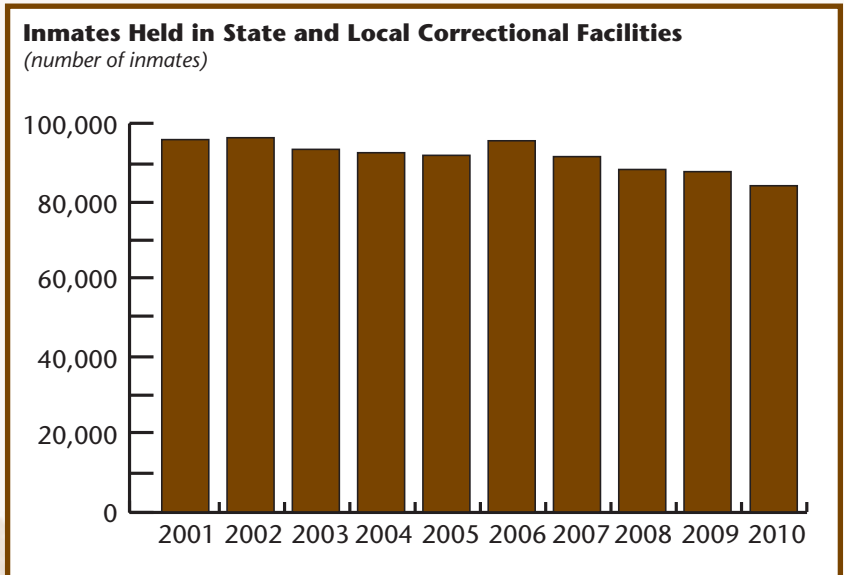


PUBLIC SAFETY

■ A total of 84,289 inmates were held in 144 State and local correctional facilities at the end of 2010 (including 67 State correctional facilities, 61 county jail facilities, and 16 New York City correctional facilities). Overall, there has been a decline in the inmate population of more than 11,000 (11.6 percent) since the year 2001.

■ The total number of crimes reported in New York State declined by 108,622, or 19.5 percent, from 2001 to 2010. This trend is illustrated by the falling crime rates across all major categories of crimes.

■ The Governor has announced the closing of seven prisons including Buffalo Work Release, Camp Georgetown in Madison County, Summit Shock in Schoharie County and Fulton Work Release in the Bronx, as well as three male medium security facilities: Arthur Kill on Staten Island, Mid-Orange in Orange County and Oneida.

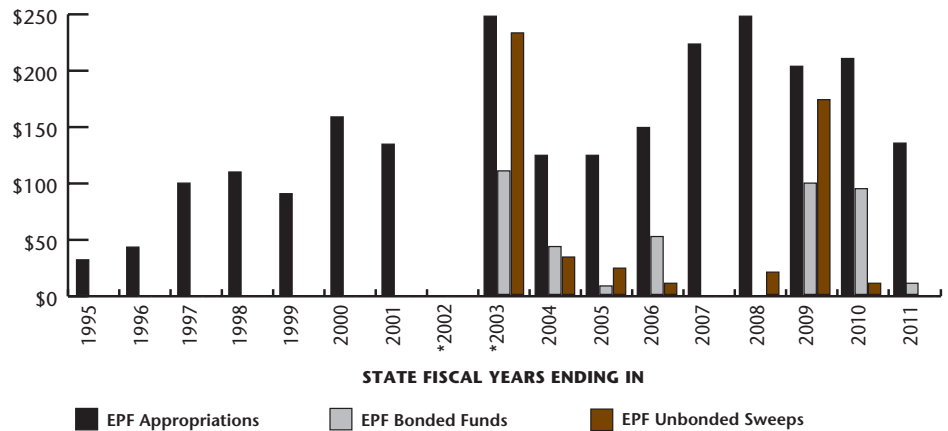


ENVIRONMENT

■ The Environmental Protection Fund (EPF) is New York State's primary source of capital funding for conservation and recreational purposes. Since the EPF was established in 1993, more than \$2.3 billion has been appropriated and \$1.6 billion disbursed in support of environmental programs. In SFY 2010-11, \$134 million was appropriated to the EPF, reflecting a decrease of 36.8 percent from the SFY 2009-10 appropriation level. EPF spending from appropriations and reappropriations totaled \$148 million in SFY 2010-11, an increase of 6.4 percent from SFY 2009-10 but 17.7 percent below the historic high spending level reached in SFY 2008-09.

History of EPF Appropriations and Sweeps Backed by General Fund Repayment Authorization and Bonding

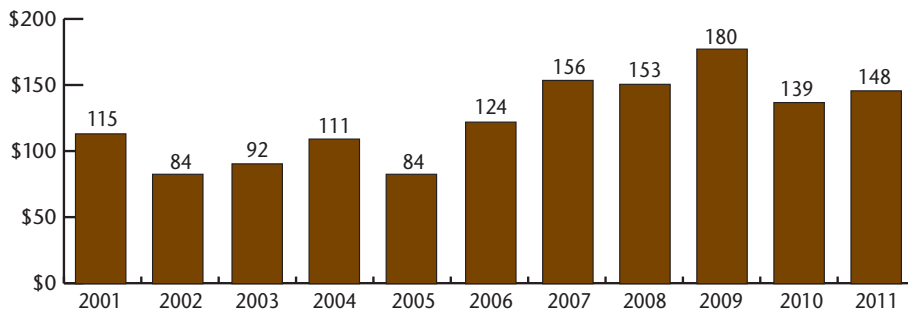
(amounts in millions)



* No appropriation was enacted for the EPF in FYE 2002; there were two EPF appropriations enacted in FYE 2003.

EPF Disbursements by Fiscal Year

(amounts in millions)



EPF Cash Sweeps and Bonding

■ Recently enacted State budgets have transferred funds totaling \$913.7 million (39 percent of total EPF appropriations) from the EPF to address shortfalls in the State General Fund. To date, \$406.5 million (17.3 percent of total appropriations) has been replaced with revenues from public authority-issued bonds, obligating the State to repay the bonds with debt service.

■ A total of \$507.2 million (21.6 percent of total appropriations) has been swept from the EPF without being replaced by bonded funds, although the State Division of Budget is authorized to repay up to \$447 million of these funds if needed to meet the obligations of EPF programs.

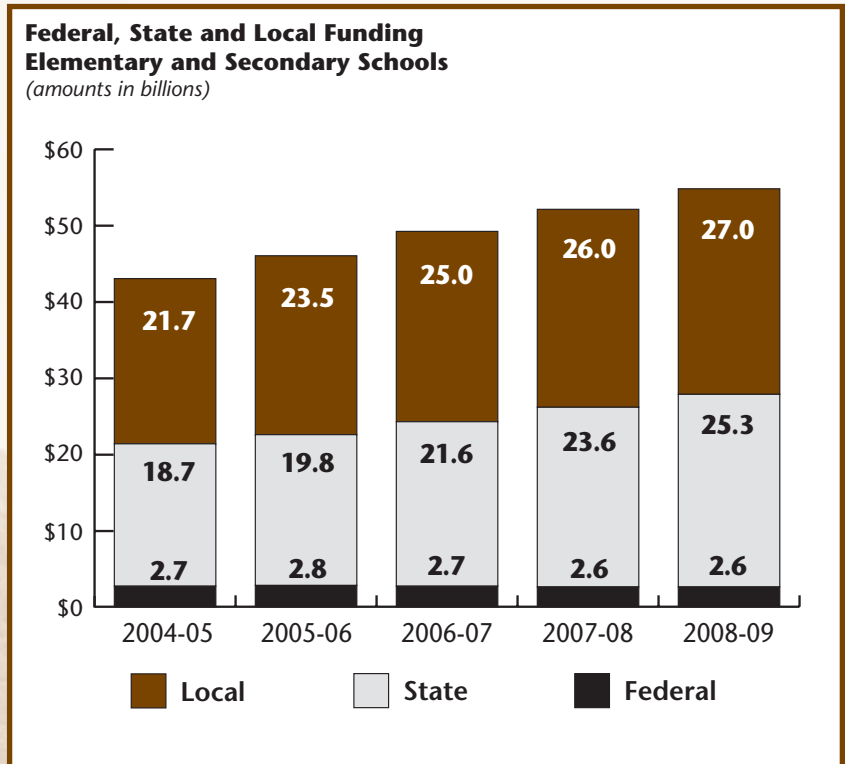
Parks, Energy, Environment, and Agriculture

- The SFY 2011-12 Enacted Budget created a new economic development program called Recharge New York to create and retain jobs by allocating 910 megawatts (MW) of low cost power from the Power Authority of the State of New York.
- New York State has the lowest per-capita energy consumption in the nation, and 21.4 percent of electricity consumed in the State is generated from renewable sources.
- New York State is tied with Vermont for the lowest per-capita emissions of climate change inducing carbon dioxide (9.8 tons per year) in the nation.
- New York's farms generated \$3.7 billion in receipts from commodities in 2009.
- New York is the third leading milk producing state with 12 billion pounds produced in 2009.
- New York State ranked first in the nation in the number of State parks, recreation areas and natural areas available to its residents.

EDUCATION

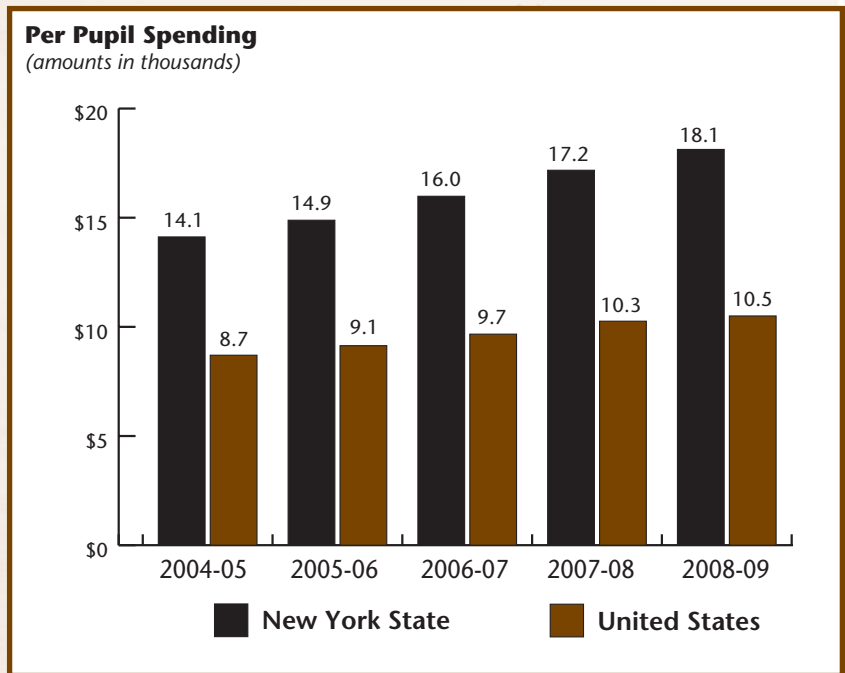
Elementary and Secondary

- According to the U.S. Census Bureau, for the 2008-09 school year, New York was the highest among the states in per pupil expenditures for public elementary and secondary education, at \$18,126, representing an increase of 5.5 percent from the previous year. This amount is 72.6 percent higher than the national average of \$10,499 per pupil.
- Over the last five years, annual per pupil spending has increased an average 6.4 percent in New York, compared to 4.8 percent for the nation.
- In 2008-09, support for public elementary and secondary schools came from State, local, and federal sources in the amounts of \$27.0 billion, \$25.3 billion, and \$2.6 billion respectively. State support includes the School Tax Relief Program (STAR), totaling \$3.5 billion in 2008-09.
- In school budgets proposed for the 2011-12 school year, property tax increases averaged 3.4 percent, above the 3.2 percent increase for last year, but below the 3.9 percent average annual increase from 2005 to 2010.



Higher Education

- In calendar year 2010, there were 910,977 full-time and 361,602 part-time students in degree-credit enrollments in New York higher education institutions. New York has a higher proportion of private colleges than most states, with 185 independent and proprietary colleges containing nearly 45 percent of statewide full-time equivalent (FTE) enrollment.
- Average costs of tuition and fees for full-time, in-state students at public four-year institutions in the 2010-11 academic year were \$6,230 for resident SUNY students and \$5,083 for resident CUNY students. Average full-time tuition and fees at two-year community colleges totaled \$4,040 at SUNY and \$3,553 at CUNY.
- Nearly 398,000 students received State Tuition Assistance Program (TAP) awards in the 2009-10 academic year, totaling \$901 million.
- The State spent \$272 per person on higher education in 2009, ranking New York 24th in the nation for higher education spending per capita.



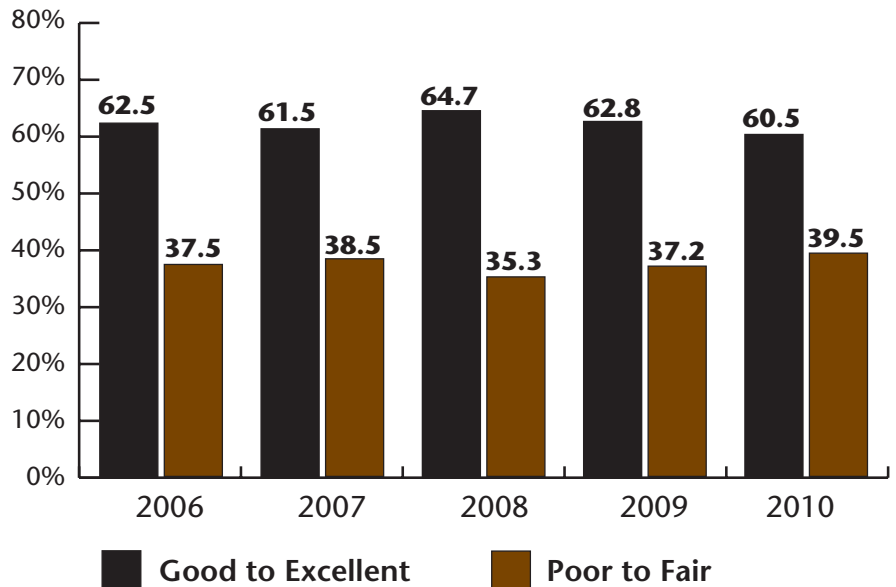
TRANSPORTATION

Data on the condition of highways and bridges, as provided by the State Department of Transportation, offer insight into the quality of infrastructure which is used daily by residents and businesses.

- The State is responsible for maintaining more than 42,500 lane miles of highway.
- The number of highway lane miles rated poor/fair has increased by 6.3 percent since 2006.
- In 2010, 60.5 percent of the State's highways were rated good to excellent, a 1.9 percent decline since 2006.
- The State is responsible for maintaining more than 7,800 bridges, of which 31.8 percent were rated deficient in 2010 as compared to 29.3 percent in 2006, reflecting little change.

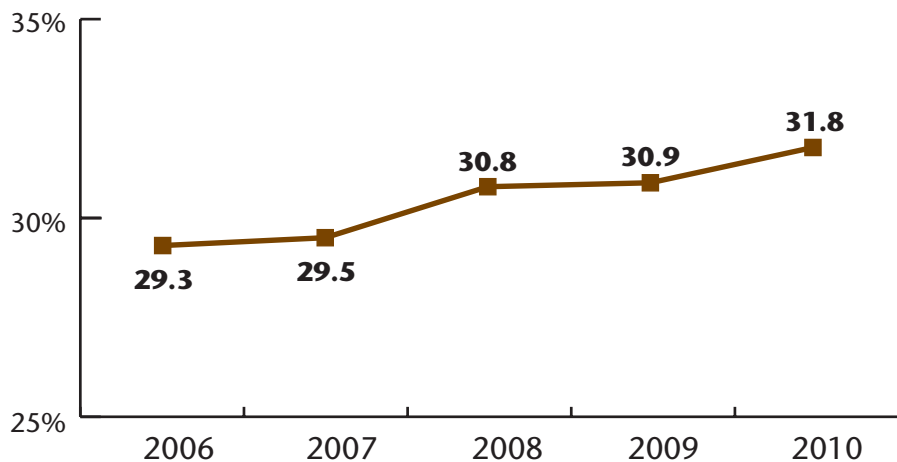
Highway Condition Ratings in New York

(as a percentage of total lane miles)



Deficient Bridges in New York

(as a percentage of total number of bridges)



- The State's 2010 percentage (31.8 percent) of deficient bridges compares to the nationwide percentage of 20.7 percent. A deficient rating means a bridge is either structurally or functionally deficient, but not a current safety threat.

LOCAL GOVERNMENT

Although the recession officially ended two years ago and the national economy is showing signs of recovery, local governments in New York continue to face significant challenges. Local government officials continue to grapple with a weakened local revenue base, resulting from the negative impact of the housing market on property values, sales tax revenues that have yet to match pre-recession levels and losses in State assistance. At the same time, there is upward pressure on operational costs; and a growing concern over unsustainable property tax burdens for New York residents.

Although these are hardly new issues, their persistence could further erode the financial stability of local governments across the State.

Housing

Foreclosures declined in 2010 for both upstate and downstate, however, for both regions the number of foreclosures remains roughly twice the pre-recession level. The downstate area has been hit hardest by the housing crisis, accounting for 85 percent of the statewide foreclosures in 2010 (compared to having only two-thirds of the statewide housing units).

While the number of homes sold in 2010 remains 35 percent below that of 2006, the rate of decline in home sales has slowed in the past two years. In addition, sale prices have recently increased, indicating that the housing market downturn may be coming to an end for New York State.

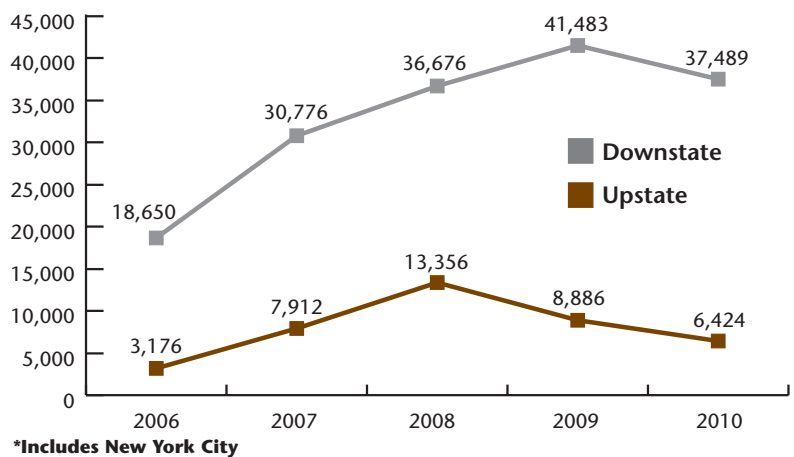
Property Tax – School District Impact

Because property taxes are levied on the total value of all property in a district, these revenues are directly affected when housing values fluctuate. In the early 2000s, property values rose sharply, allowing school districts to drop their tax rates and still collect more total tax revenue (levy) from their tax base. When property values fall – as they have more recently – school districts typically must increase their tax rates in order to raise the same amount in tax levy; any increase in levy can lead to even sharper increases in rates.

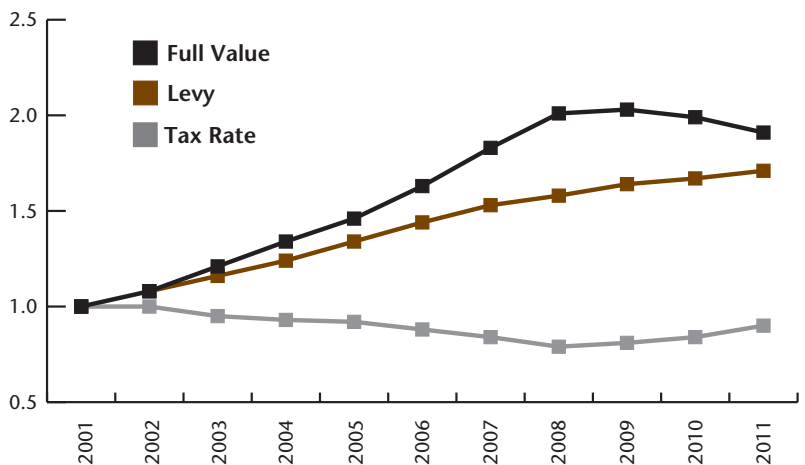
From 2001 to 2008, when property values (excluding NYC) were growing by an average of 10.5 percent per year, levies grew by an average of 6.8 percent per year – faster than either personal income (4.8 percent) or inflationary growth (2.9 percent) during the period. In contrast, between 2008 and 2011, property values statewide dropped by an average of -1.6 percent per year (-4.8 percent overall), and levies grew by only 2.7 percent per year.

Starting in school year 2012-13, school districts will be subject to a tax levy cap of 2 percent per year, unless they are able to get a supermajority vote to exceed that limit. However, if property values continue to decline, school tax rates will rise even with a cap in place.

**Properties in Foreclosure
Upstate vs. Downstate***



**Index of Levy, Full Value and Tax Rates
School Districts (excluding NYC), 2001-2011**
(Index 2001 = 1.0)



Sales Tax

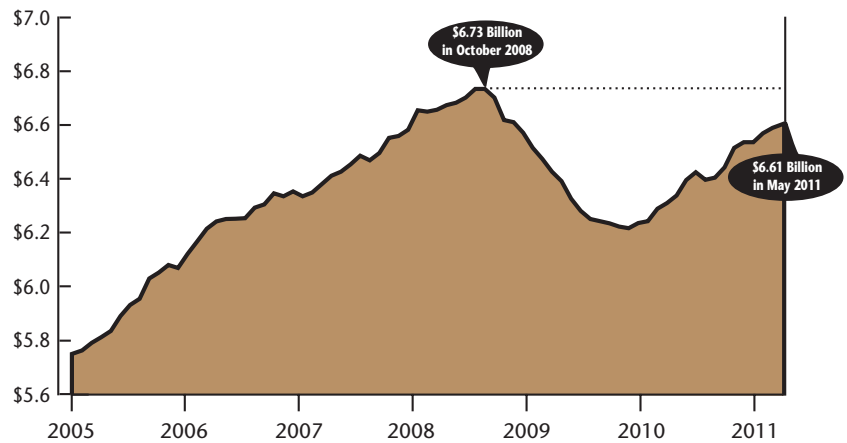
The sales tax is a critical component of the local tax base – second only to the property tax on a statewide basis. And, for counties, it represents the most important single source of local revenue. Since peaking in 2008, counties have sustained significant losses. Through 2010 and into 2011, some recovery is evident. Following a 5.9 percent decline in 2009, county sales tax collections grew from \$6.2 billion in 2009 to \$6.5 billion in 2010, a 4.7 percent increase. In May 2011, county sales tax collections were at \$6.6 billion, the same level they were at in early 2008.

Census Impacts

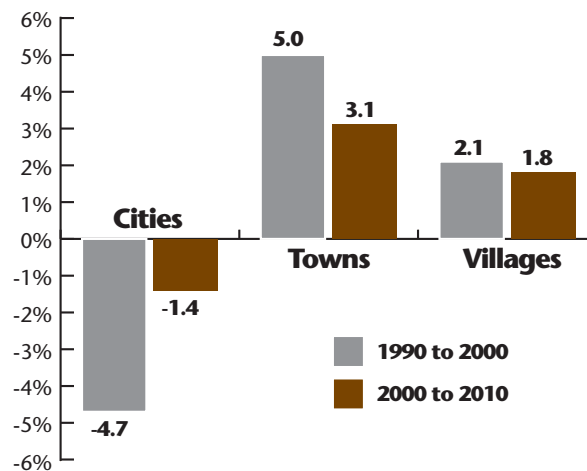
According to the 2010 Census, New York State's population increased by 2.1 percent between 2000 and 2010 – the fifth slowest rate of growth among all states nationwide. Although the State's total population growth was relatively stagnant, the changes have been more pronounced at the local and regional levels. While the rate of growth remained stable in villages, it slowed in towns. In cities, the rate of decline slowed, and 29 of the State's 61 cities experienced population loss, compared to 44 in the prior 10-year period.

Unless changes are made to current allocation formulas, lower populations in cities could cause them to receive less federal and State aid as well as less in sales tax sharing revenues from county collections. In addition, population loss tends to depress property values, making it harder for cities to raise local taxes.

**County Sales Tax Collections
(excluding NYC), January 2005 to May 2011**
(12-month moving total — amounts in billions)



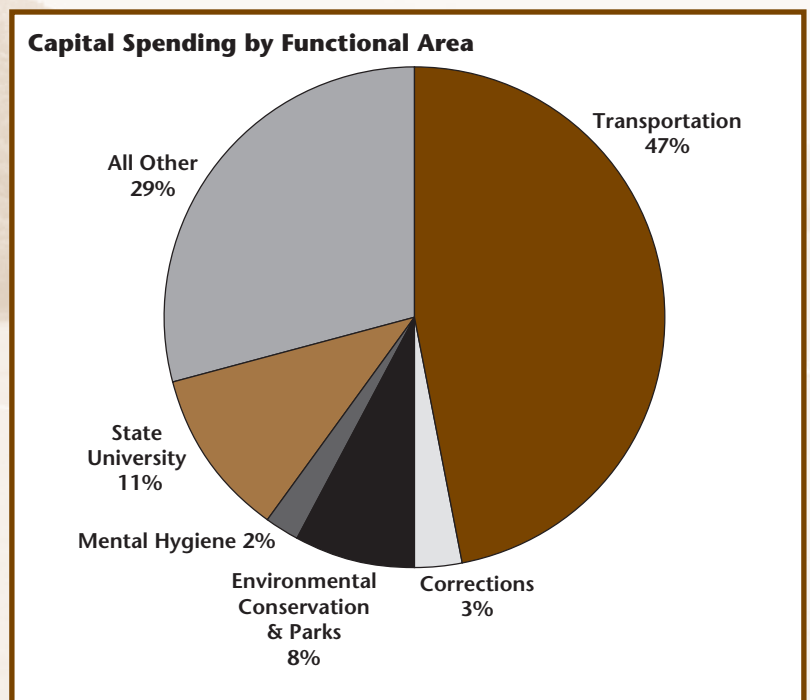
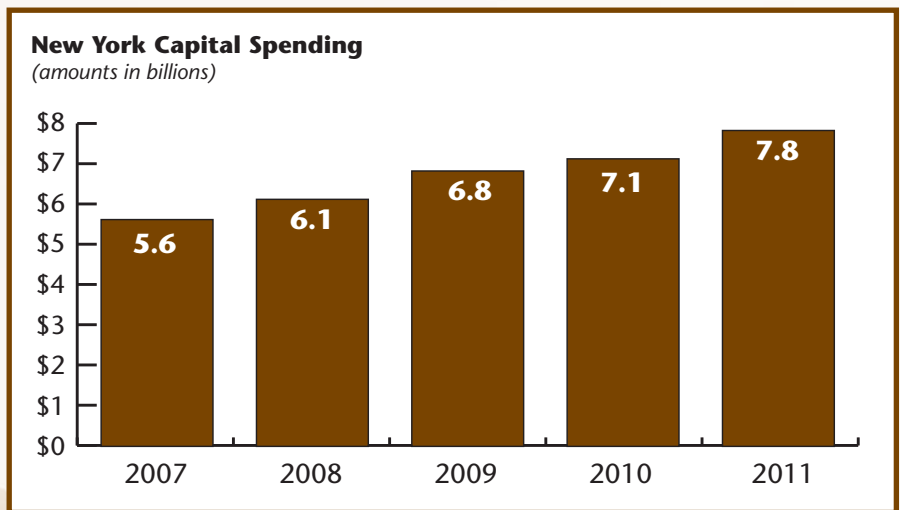
Population Change by Type of Government



CAPITAL

A deterioration in capital assets can have a direct impact on the State's economy and its ability to attract and retain business. Capital assets not only include highways and bridges, but also include education, government, health and recreation facilities.

- Overall capital spending in 2011 was \$2.2 billion (39 percent) higher than in 2007. Transportation and other related spending accounts for most of the increase.
- In 1994, the pay-as-you-go share of non-federal capital financing was 51 percent. Since then, pay-as-you-go financing has averaged 39 percent.
- In the current Capital Program and Financing Plan, spending is projected to average \$8.6 billion per year through 2015-16. At the same time, the projected share of non-federal capital spending financed on a pay-as-you-go basis will average 38 percent over the 5-year period.
- At March 31, 2011, the State reported \$93.2 billion in capital assets, an increase of \$2.6 billion or 2.9 percent from the prior year. Capital assets include buildings and building improvements, construction in progress, equipment, land, land improvements, land preparation, intangible assets and infrastructure such as roads and bridges.



NEW YORK'S PUBLIC AUTHORITIES

Public authorities are legally separate entities that are created by government to provide services to the public as well as to State and local governments. While public authorities are generally supported through revenues derived from their activities, State and local governments do, in some cases, provide financial assistance and support for operating and other expenses. New Yorkers pay for public authorities in the form of rates, tolls or fees, and New York taxes offset authority-related tax exemptions and pay the debt service on certain authority-issued debt.

- As of December 31, 2010, the 17 public authorities shown in the chart below had debt outstanding of \$100 million or more, and the aggregate debt outstanding, including refunding bonds, of these public authorities was nearly \$161 billion, only a portion of which constitutes State debt.
- Public authorities and subsidiaries that submit annual employee data to the Comptroller via the Public Authorities Information Reporting System (PARIS) reported over 149,000 employees in 2010.*
- Public authorities and subsidiaries that submit annual procurement data to the Comptroller via PARIS reported making payments of nearly \$7.9 billion pursuant to contracts in 2010.*

The fiscal stability of the State is related in part to the fiscal stability of certain public authorities closely related to the State. The State's access to public credit markets could be impaired if certain public authorities closely associated to the State were to default on their obligations.

*The data contained in PARIS and used in this report is self-reported by the authorities. Not all authorities have complied with reporting requirements for 2010.

Outstanding Debt of Certain Authorities ⁽¹⁾⁽²⁾⁽³⁾ as of December 31, 2010 (amounts in millions)

Source: Office of the State Comptroller

⁽¹⁾ Includes only authorities with \$100 million or more in debt outstanding which are reported as component units or joint ventures of the State in the Comprehensive Annual Financial Report (CAFR).

⁽²⁾ Reflects original par amounts for bonds and financing arrangements or original gross proceeds in the case of capital appreciation bonds. Amounts outstanding do not reflect accretion of capital appreciation bonds or premiums received.

⁽³⁾ Includes short-term and long-term debt.

⁽⁴⁾ Reflects debt for which the primary repayment source is from State appropriations or assigned revenues of the State.

⁽⁵⁾ Includes debt previously issued by New York State Medical Care Facilities Finance Agency, which was consolidated with the Dormitory Authority on September 1, 1995. The debt also includes \$234 million in bonds outstanding issued by the Dormitory Authority for Roswell Park Cancer Institute.

⁽⁶⁾ Includes \$700 million in bonds outstanding issued by the Convention Center Development Corporation, a subsidiary of the Urban Development Corporation.

⁽⁷⁾ Includes \$155 million in bonds issued by the Energy Research and Development Authority and included in amounts reported for both ERDA and LIPA.

Authority	Total Debt	State Debt ⁽⁴⁾
Dormitory Authority ⁽⁵⁾	\$43,617	\$20,940
Metropolitan Transportation Authority	22,911	2,090
Port Authority of NY & NJ	16,363	—
Thruway Authority	14,107	11,153
Housing Finance Agency	11,128	1,125
UDC/ESDC ⁽⁶⁾	10,366	9,367
Triborough Bridge and Tunnel Authority	8,858	48
Environmental Facilities Corporation	8,338	972
Long Island Power Authority ⁽⁷⁾	6,853	—
Energy Research and Development Authority ⁽⁷⁾	4,522	—
Local Government Assistance Corporation	3,330	3,330
State of New York Mortgage Agency	3,325	—
Tobacco Settlement Financing Corporation	3,012	3,012
Power Authority	1,925	—
Battery Park City Authority	1,073	—
Municipal Bond Bank Agency	774	396
Niagara Frontier Transportation Authority	182	—
TOTAL OUTSTANDING	\$160,684	\$52,433

DEBT

The debt burden of a governmental entity directly affects its ability to provide current services as well as its long-term fiscal health. Existence of high levels of government borrowing may:

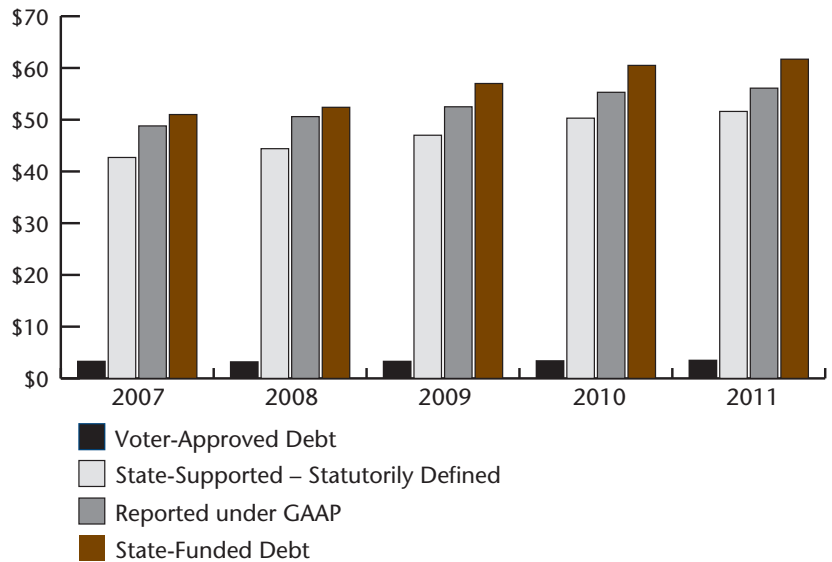
- Indicate that the State is unable to support current programs with current revenues.
 - Force future program reductions, increased taxation or additional borrowing when future resources are needed to repay debt.
 - Limit capacity to finance additional capital assets, budgetary deficits and capital grants.
- Several different measurements of the State's debt burden are reported at March 31, 2011:
 - Constitutionally recognized (voter approved) general obligation debt (\$3.5 billion).
 - State-Supported debt as statutorily defined in the Debt Reform Act of 2000, certificates of participation and certain capital leases for State facilities (\$51.6 billion).
 - Debt reported in accordance with full accrual accounting - GAAP (\$56.1 billion).
 - State-Funded debt (\$61.7 billion). This category has been defined by the State Comptroller as a comprehensive measurement of the State's debt burden, and includes all instances where the State makes payments with State resources, directly or indirectly, to a public authority, bank trustee or municipal issuer to enable them to make payments on debt issued for State purposes. Over 94 percent of the debt counted within this category was issued by public authorities and without voter approval.

- Since 2007, State-Funded debt and State-Supported debt had the highest percentage increase at 21 percent each while voter approved debt, by far the smallest category of debt, increased by 6 percent and debt recognized in accordance with GAAP increased 15 percent.

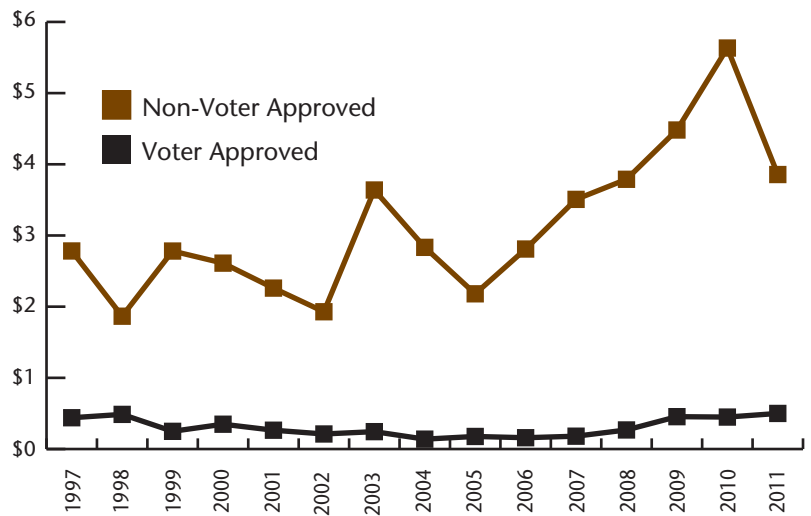
- In 2010, New York State was the second most indebted state behind California and had nearly twice as much debt as the third most indebted state. New York State also ranked fifth among all states in debt per person.

- On March 31, 2011, New York's State-Funded debt outstanding per person was \$3,184, which was equal to 6.5 percent of personal income.

New York's Debt
(amounts in billions)

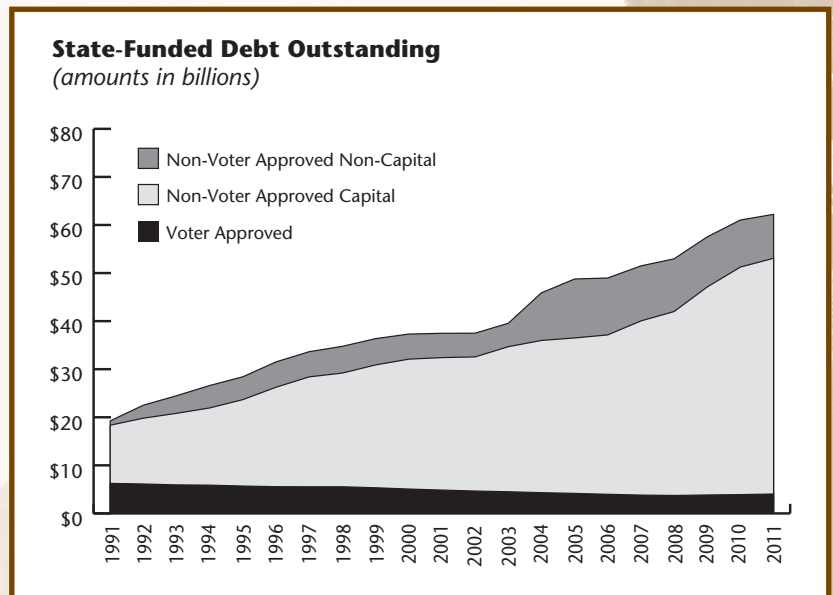


State Debt Issuance
(amounts in billions)



- The 2011-12 Enacted Five-Year Capital Program & Financing Plan projects that the State will issue 1.25 times more debt than it will retire, with \$22.5 billion in new State-Supported debt issued and \$18.1 billion in State-Supported debt retired through March 31, 2016.

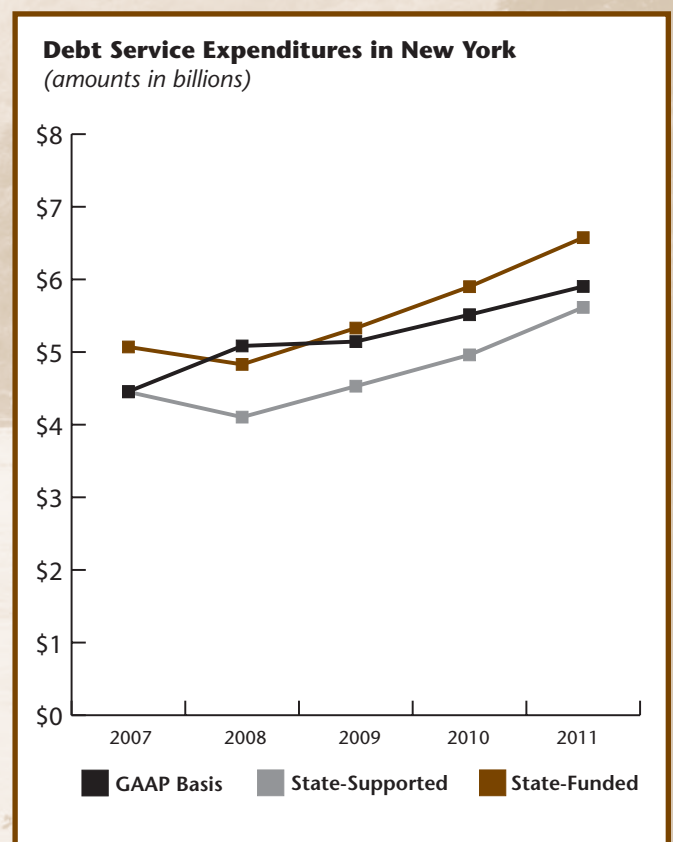
- Based upon scheduled repayment dates, the State's accumulated deficit financing (\$6.7 billion as of March 31, 2011) will not be fully repaid until fiscal year 2026. This includes bonds issued by the New York Local Government Assistance Corporation, Municipal Bond Bank Agency, and the Tobacco Settlement Financing Corporation. There is an additional \$2.4 billion in debt outstanding associated with budget relief issued by the Sales Tax Asset Receivable Corporation, which will not be fully repaid until 2034, as well as debt associated with the sale of Attica.



- Debt service is among the fastest growing categories of the budget, with a large portion of the increase attributable to debt previously issued for non-capital purposes, including deficit financing and budget relief. State-Funded debt service totaled \$6.6 billion in SFY 2010-11 and is expected to grow to \$7.9 billion by 2016, based on projected issuance and retirement amounts from New York State and New York City.

- Significant differences exist between debt reported under the State-Funded measurement (cash reporting) criteria and debt reported under GAAP: State-Funded debt includes certain obligations that are not recognized as a State liability under GAAP, including \$2.2 billion in bonds outstanding issued in fiscal year 2005 that will be repaid from future sales tax revenues of the State and \$4.4 billion in bonds outstanding issued by New York City's Transitional Finance Authority since fiscal year 2007 that will be repaid with pledged local assistance payments from the State; debt reported under GAAP but not counted in the State-Funded debt measurement includes bond premiums (\$1.9 billion), accumulated accretion on capital appreciation bonds (\$70 million), and vendor financed capital lease obligations and mortgage loan commitments (\$399 million).

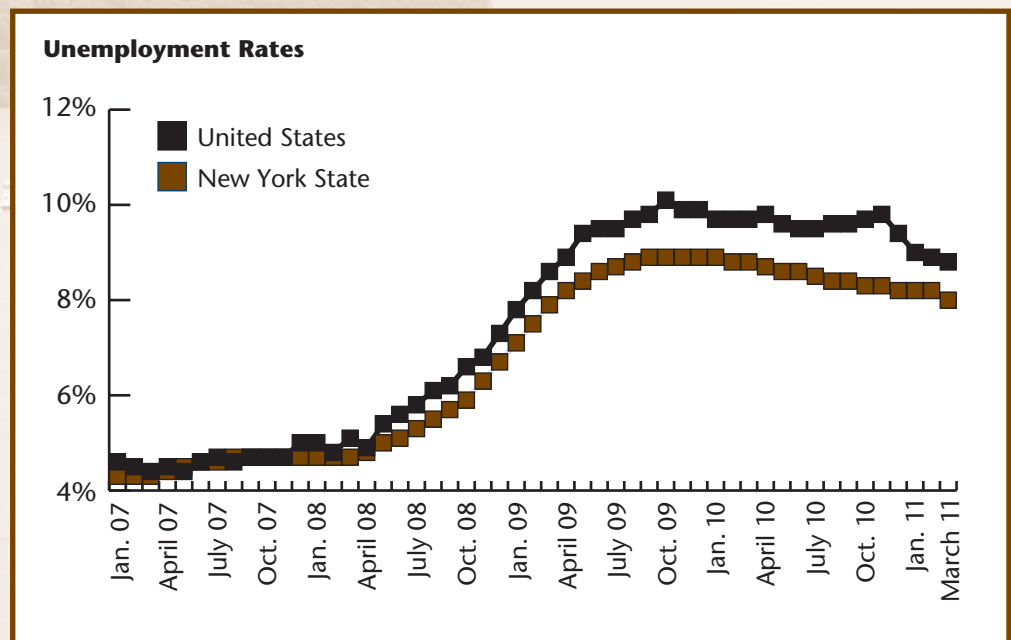
- The State's general obligation bond ratings on March 31, 2011 were assigned as follows: Aa2 by Moody's Investors Service, AA by Fitch Ratings, and AA by Standard & Poor's (S&P) Rating Services.



ECONOMIC AND DEMOGRAPHIC TRENDS

Economic and demographic trends affect both the demand for State services (such as education, Medicaid, social assistance, and economic development) and the level of revenue that can be generated to fund these programs.

- During 2010, economic conditions began to improve for the nation, with the Gross Domestic Product (GDP) increasing by 2.9 percent, the largest increase in five years. Economic growth was boosted by a federal stimulus program, which had the greatest effects on GDP growth in the fourth quarter of 2009 (5 percent) and the first quarter of 2010 (3.7 percent). The rate of growth then slowed in subsequent quarters, easing to 1.9 percent in the first quarter of 2011.
- GDP growth early in 2010 was driven by strong gains in business spending and inventory replacement. Consumer spending also strengthened as the year progressed, but then slowed during the first quarter of 2011 as consumer confidence began to fall. Government spending contracted sharply in the first quarter of 2011 in response to growing budgetary cutbacks.
- For the second consecutive year, the net worth of American households increased, growing by \$3 trillion (5.6 percent) in 2010. Despite this improvement, net worth remained \$7.1 trillion below the peak reached in 2007, before the fall in home prices and the decline in the value of financial assets.
- Consumers are paying down their debt levels and are more cautious about taking on new debt. In 2010, the overall level of outstanding consumer debt fell for a second consecutive year, and was 5.9 percent below its peak in 2008. Despite the decline, debt levels were still 49 percent higher than in 2000.
- Modest job growth resumed in 2010. On a seasonally adjusted basis, total national employment increased by 1.5 million jobs between February 2010 and March 2011; however, this represents only about one-sixth of the 8.8 million jobs lost during the recession. Job growth was restrained by weak private sector gains and declines in public sector employment as governments eliminated jobs as a result of budget cutbacks.
- The housing market remains weak. National home values, as measured by the S&P/Case-Shiller Home Price Index, dropped by more than a third between April 2006 and May 2009. Home values then rose by 4.7 percent through June 2010, after which prices resumed their declines, falling by another 4.3 percent between June 2010 and March 2011.
- The large inventory of homes in the foreclosure process has contributed to the weakness in the housing market. Although banks temporarily suspended filings in the second half of 2010 in response to documentation problems, the number of filings still rose in the nation, and the foreclosure filing rate per 1,000 households edged up to 22.3 from 21.9 in 2009.

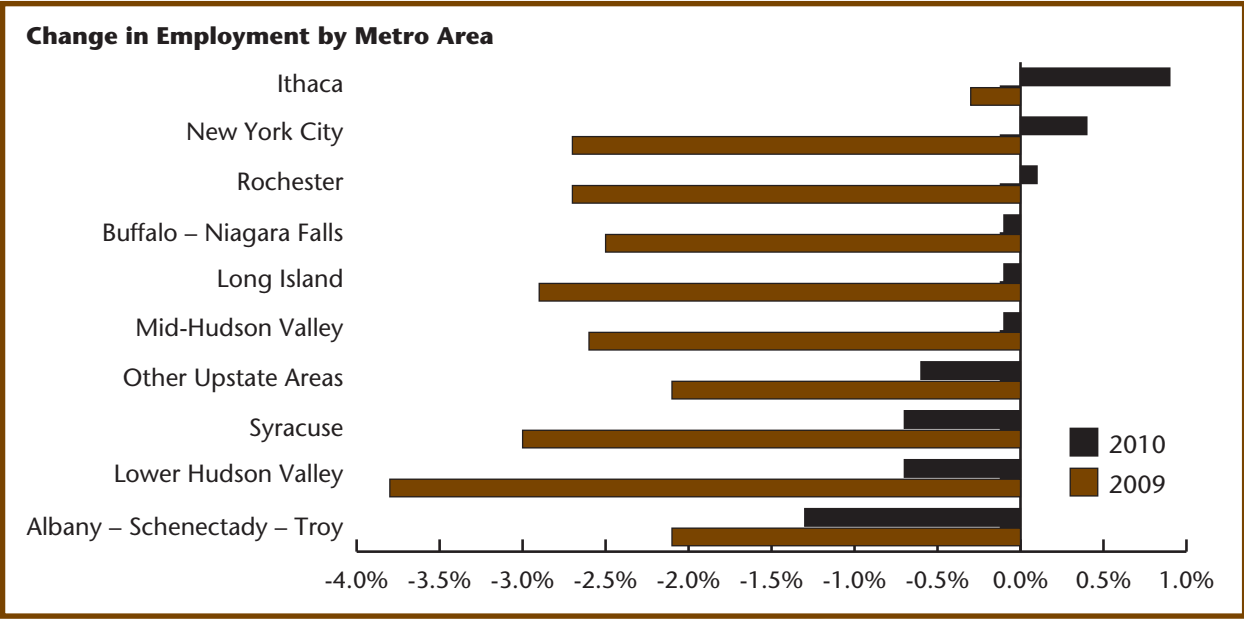


Job Growth and Employment Levels — New York State versus the United States Change compared to one year earlier

(levels are in thousands of jobs)

	New York State		United States	
	Percent Change 2010	2010 Level	Percent Change 2010	2010 Level
Manufacturing	-4.0%	456.8	-2.7%	11,524
Mining and Construction	-5.8%	310.9	-7.1%	6,231
Trade, Transportation & Utilities	-0.1%	1,456.7	-1.2%	24,605
Information	-2.9%	252.0	-3.3%	2,711
Financial Activities	-1.6%	665.9	-1.8%	7,630
Professional and Business Services	0.9%	1,100.0	0.7%	16,688
Educational and Health Services	2.3%	1,703.7	1.9%	19,564
Leisure and Hospitality	2.8%	732.9	-0.4%	13,020
Other Services	0.1%	364.8	-0.1%	5,364
Government	-0.9%	1,509.9	-0.3%	22,482
Total Nonfarm	0.0%	8,553.3	-0.8%	129,818

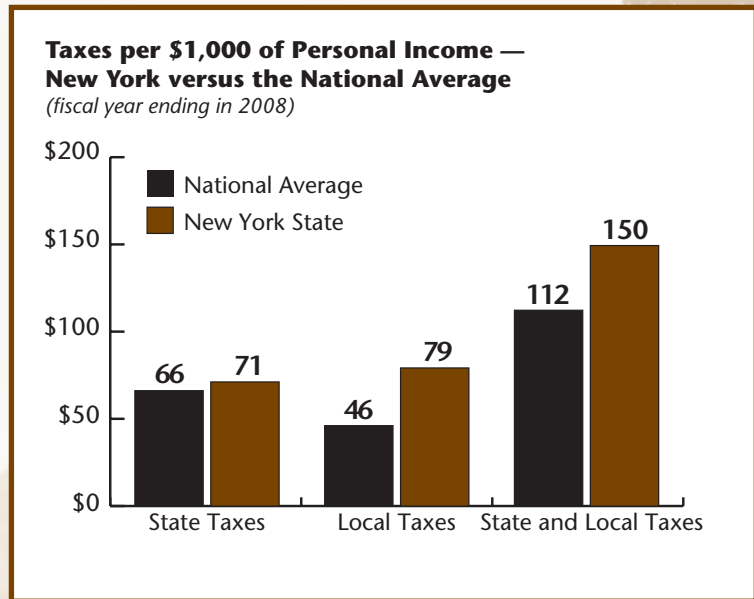
- In New York State, the number of foreclosure filings fell by 12.8 percent in 2010, and the filing rate declined to 5.5 per 1,000 households, which ranked 42nd among all states. While the foreclosure crisis is less severe in New York State than in many other parts of the nation, the percentage of mortgages in the State that are at some point in the foreclosure process continues to rise, reaching 5.3 percent in the first quarter of 2011—five times greater than before the recession.
- New York State's economy performed better than the nation's in 2010. The State's inflation-adjusted GDP increased by 5.1 percent in 2010, the first annual increase since 2007. The State's growth far outpaced the national growth rate and was ranked second among the states.
- New York lost jobs at a lower rate than the nation during the recession. On a seasonally adjusted basis, total employment fell by 3.8 percent in New York State compared with 6.3 percent for the nation. Between December 2009 and March 2011, employment in New York has risen by 1.1 percent, about the same rate as the nation. During this period, the State recovered 92,800 jobs, or more than one quarter of its recessionary losses.
- On an average annual basis, employment during calendar year 2010 still declined by 0.8 percent nationally, but was virtually unchanged within New York State. New York ranked tenth among the states for employment growth that year.
- Within the State, employment continued to decline for most metropolitan areas during 2010. Ithaca was one of three areas with employment growth (along with New York City and Rochester), and its rate of growth (0.9 percent) was the highest in the State.
- Unemployment rates rose sharply during the recession and have remained high. The nation's seasonally adjusted unemployment rate peaked at 10.1 percent in October 2009—a 26-year high—and had only declined to 8.8 percent in March 2011.
- New York State's unemployment rate has been lower than the national rate since the onset of the recession, but it rose to 8.9 percent in September 2009—a 17-year high. Through March 2011, the State's unemployment rate declined by less than one percentage point—to 8 percent.



- Personal income rebounded in 2010 following a decline in 2009. Nationally, personal income increased by 3 percent, while New York State’s gain of 4.1 percent was the second-highest growth rate among all the states. Wages—the largest component of personal income—increased by 4.4 percent in New York State in 2010 after falling by 7.2 percent in 2009.
- Wall Street activity has traditionally generated a disproportionate share of State tax revenues because of high levels of compensation, profitability, and capital gains. The industry’s share of State tax revenues had been as high as 20 percent before the financial crisis, but has since fallen to a still substantial 15 percent. The rebound in personal income and wages reflects Wall Street’s continued recovery from the financial crisis. During 2010, the broker/dealer operations of New York Stock Exchange member firms earned \$27.6 billion, second only to the record profits of \$61.4 billion earned in 2009.
- The record profits in 2009 fueled a 27 percent increase in cash bonuses, most of which were paid in the first quarter of 2010. As a result, wages in the securities industry rose by 12.8 percent in 2010 and the industry accounted for more than one-third of the increase in total wages statewide that year.
- The State’s population is growing slowly. Between 2000 and 2010, New York’s population grew by 401,300 to reach 19.4 million people. New York’s rate of population increase during this period (2.1 percent) ranked 46th among the states.
- New York City’s population also grew by 2.1 percent between 2000 and 2010, to reach nearly 8.2 million people. The City accounted for 42.2 percent of the State’s population in 2010.
- Nearly 4.1 million people live in the nearby suburbs of New York City (Nassau, Suffolk, Westchester, and Rockland counties), accounting for another 21.1 percent of the State’s population. Between 2000 and 2010, the population in these counties grew by 3.3 percent.

TAXES: WHERE NEW YORK STANDS

- In fiscal year 2008, New York's combined State and local tax revenues were 33.9 percent above the national average per \$1,000 of personal income. Local taxes were 71.7 percent above the national average while State taxes were only 7.6 percent above the national average.
- New York has the third highest combined State and local taxes as a percentage of personal income in the nation with local taxes ranking first and State taxes ranking twenty-fourth.
- Local property tax levies grew by 82 percent from 2000 to 2010, three times the rate of inflation during that period (27 percent).
- In 2006, New York taxpayers with incomes exceeding \$200,000 represented 5.5 percent of all taxpayers, but accounted for 54 percent of all State taxes paid in New York.
- New York relies more heavily on the personal income tax as a source of revenue than most states. According to the U.S. Census Bureau, in 2010 personal income tax as a percentage of total taxes was 54.7 percent in New York while the national average was 33.6 percent.



IMPLICATIONS FOR THE FUTURE

The SFY 2011-12 Enacted Budget included actions intended to eliminate a projected current services deficit of \$10 billion in 2011-12 as well as lower out-year gaps from a cumulative total of \$53.3 billion to \$9.8 billion. Over 75 percent of the actions taken are estimated to be recurring in nature. Recurring actions are good because they help reduce the State's structural budget imbalance. Previous budgets have addressed similarly sized deficits, largely with temporary or non-recurring actions, thereby worsening the State's budget imbalance. Although the SFY 2010-11 Enacted Budget addressed a \$9.2 billion current services deficit, large cumulative out-year gaps remained. This is due to the fact that fewer than half of the actions taken were considered recurring, leaving over \$37 billion unaddressed from an initial projection of \$57.1 billion.

Total spending from All Governmental Funds is projected to approach \$145.9 billion in SFY 2014-15, representing an increase of 9.9 percent from SFY 2010-11 figures (adjusted for non-recurring spending actions in SFY 2010-11) and 44.9 percent from SFY 2004-05 (the first year total All Governmental Funds spending exceeded \$100 billion).¹ All Governmental Funds receipts are projected to reach \$141.7 billion in SFY 2014-15, representing an increase of 5.9 percent from SFY 2010-11 (adjusted for non-recurring revenue actions in SFY 2010-11) and 40.8 percent from SFY 2004-05.

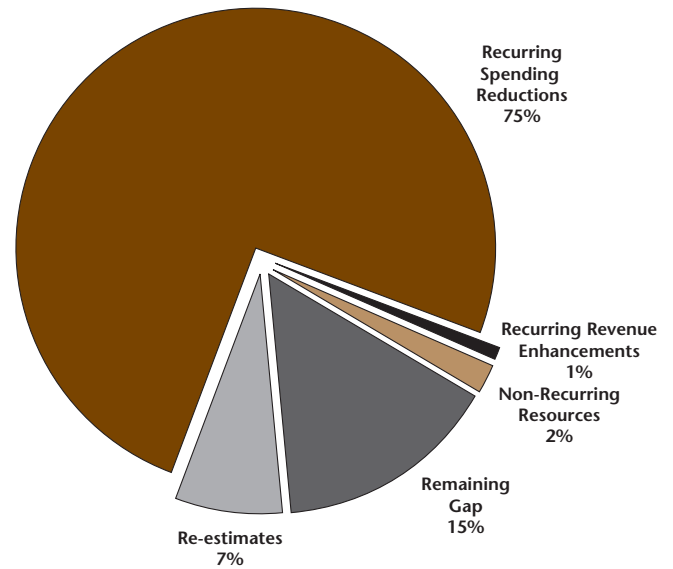
While the SFY 2011-12 Enacted Budget took important steps to address the State's structural budget imbalance, average annual spending growth in All Governmental Funds is still projected to exceed revenue growth through SFY 2014-15 (2.4 percent in spending growth compared to 1.4 percent in receipts growth). However, this difference is significantly smaller than the projected average annual out-year growth in the SFY 2010-11 Enacted Budget (4.4 percent in spending growth compared to 2.2 percent in receipts growth).

The SFY 2011-12 Enacted Budget does not follow recent historic spending trends where Medicaid and School Aid drove growth.

¹ To address a potential cash shortfall in the last quarter of SFY 2009-10, the Division of the Budget delayed \$500 million in Personal Income Tax refunds and a \$2.1 billion school aid payment until the first quarter of SFY 2010-11.

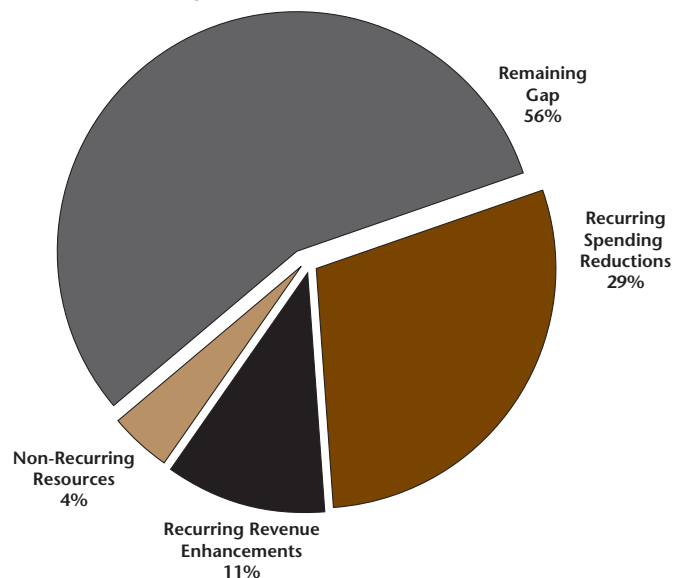
General Fund Gap Closing Plan

SFY 2011-12 through SFY 2014-15



General Fund Gap Closing Plan

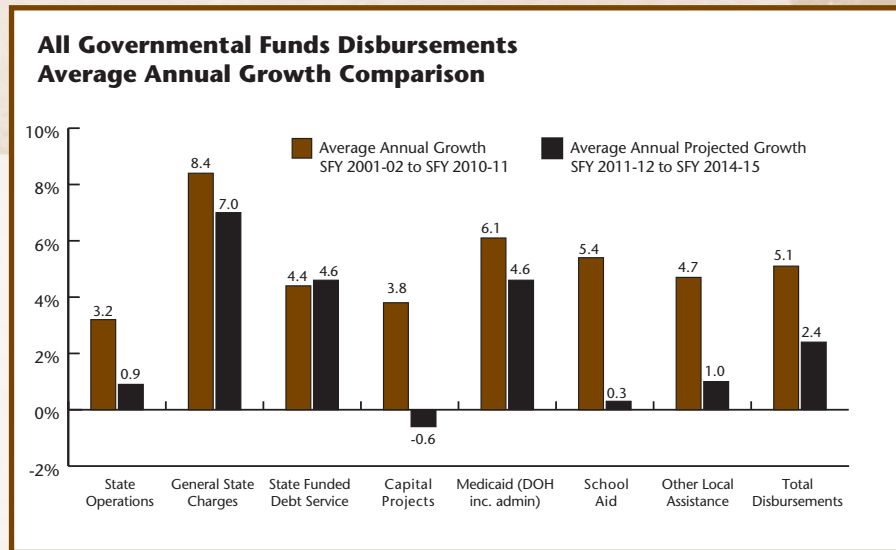
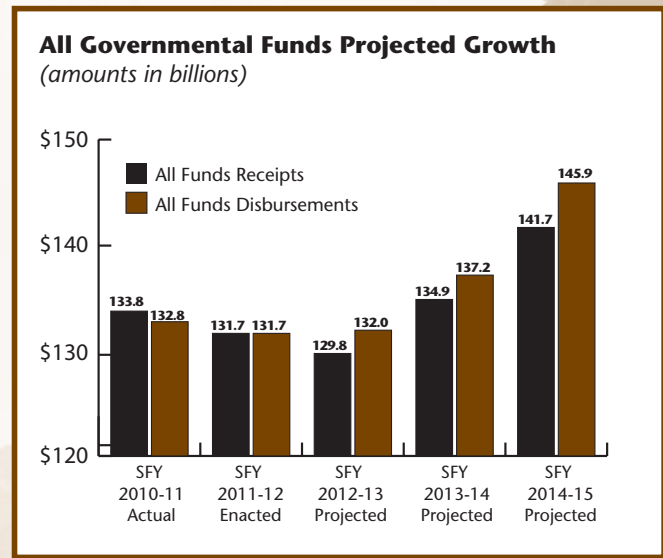
SFY 2010-11 through SFY 2013-14



While Medicaid and School Aid are projected to continue to represent the largest shares of State spending, average annual growth for each over the next four years is projected to decline compared to the previous ten years. State-Funded Debt Service is the only major category of spending where the average annual growth is projected to increase over the next four years. Conversely, Capital Projects is the only major category of spending that will experience an annual average decline over the next four years.

The Comptroller’s Strategy for Fiscal Reform includes measures that would ensure fiscal stability and strengthen the State’s finances by reforming how budgets are created, implemented and planned. The Comptroller’s statutory and constitutional reform package includes the following:

- Three-year plan to close projected budget deficits
- Strengthen the revenue consensus process
- Increase reserves
- Restrict the use of non-recurring resources to non-recurring expenses
- Require public conference committees
- Strengthen the capital planning process
- Enact comprehensive debt reform
- Enhance transparency in budget documents.



APPENDIX 1

STATE FUNDS SPENDING BY MAJOR SERVICE FUNCTION

(amounts in millions)

State Funds Spending for the Fiscal Year Ended March 31:	2007	2008	2009	2010	2011
EDUCATION	\$29,733	\$32,079	\$33,606	\$32,304	\$35,087
Public Schools	19,051	20,868	22,523	20,022	23,466
School Tax Relief (STAR)	3,321	3,559	3,224	3,411	3,234
State University of New York	5,289	5,546	5,844	6,208	6,120
City University of New York	1,065	1,101	1,067	1,638	1,310
Tuition Assistance Program	866	860	812	847	815
Higher Education Services Corporation	89	90	87	132	95
Cultural Programs	52	55	49	46	47
STAR PROPERTY TAX REBATES	673	1,099	1,212	2	—
PUBLIC HEALTH	22,254	22,116	21,590	21,422	21,797
Health and Mental Health Services ⁽¹⁾	8,592	8,861	9,027	9,011	8,498
Medical Assistance (Medicaid)	13,662	13,255	12,563	12,411	13,299
PUBLIC WELFARE	3,681	4,254	4,049	4,128	3,911
Public Welfare	3,275	3,819	3,596	3,694	3,499
Public Housing	198	220	232	235	205
Employment Services	208	215	221	199	207
PUBLIC SAFETY	4,049	4,075	4,011	4,330	3,925
Criminal Justice & Correctional Alternatives	1,161	1,226	1,240	1,323	1,185
Emergency Management & Security Services	183	163	118	119	112
Prisons and Reformatories	2,705	2,686	2,653	2,888	2,628
TRANSPORTATION	4,288	4,880	5,238	6,028	6,474
Traffic Safety	198	210	220	225	219
Transportation	4,090	4,670	5,018	5,803	6,255
ENVIRONMENT AND RECREATION	920	998	1,030	939	864
Environmental Protection	583	658	613	561	558
Parks, Recreation & Historic Preservation	337	340	417	378	306
SUPPORT AND REGULATE BUSINESS	599	900	1,155	1,001	1,240
Commerce, Industry & Agriculture	439	604	812	738	994
Regulate Business	160	296	343	263	246
SHARE GENERAL REVENUES WITH LOCAL GOVERNMENTS	1,198	949	1,240	1,274	1,058
REPAY BORROWED MONEY AND REDUCE DEBT	4,451	4,104	4,530	4,961	5,615
GENERAL GOVERNMENT	8,771	9,135	9,218	9,655	10,148
Executive Agencies	1,148	1,174	1,186	1,171	1,079
Office of the State Comptroller	177	176	186	177	174
Office of the Attorney General	180	176	199	182	168
Legislature	213	217	222	226	223
Court Administration	1,729	1,794	1,967	2,005	2,028
Pension Contributions & Other Employee Benefits	4,953	5,248	5,152	5,457	6,060
Other	371	350	306	437	416
TOTAL STATE FUNDS SPENDING	\$80,617	\$84,589	\$86,879	\$86,044	\$90,119

(1) To facilitate improved accounting, the Division of the Budget has reclassified certain Special Revenue Funds from Federal Operating to State Operating Funds. For comparison purposes, prior years Health and Mental Health Services have been restated.

APPENDIX 2

FEDERAL FUNDS SPENDING BY MAJOR SERVICE FUNCTION

(amounts in millions)

Federal Funds Spending for the Fiscal Year Ended March 31:	2007	2008	2009	2010	2011
EDUCATION	\$3,780	\$3,539	\$3,733	\$4,619	\$6,566
Public Schools	3,600	3,330	3,515	4,227	6,062
State University of New York	167	188	206	311	403
City University of New York	—	—	—	14	33
Tuition Assistance Program	7	17	8	62	59
Higher Education Services Corporation	6	3	4	4	8
Cultural Programs	—	1	—	1	1
PUBLIC HEALTH	21,349	20,750	23,051	27,652	29,094
Health and Mental Health Services(1)	1,120	1,187	1,292	1,319	1,599
Medical Assistance (Medicaid)	20,229	19,563	21,759	26,333	27,495
PUBLIC WELFARE	4,635	4,608	5,362	5,632	5,623
Public Welfare	4,170	4,177	4,909	5,045	5,057
Public Housing	15	15	15	13	16
Employment Services	450	416	438	574	550
PUBLIC SAFETY	467	550	400	579	518
Criminal Justice & Correctional Alternatives	172	182	204	374	255
Emergency Management & Security Services	266	335	152	184	233
Prisons and Reformatories	29	33	44	21	30
TRANSPORTATION	1,308	1,392	1,479	1,572	1,785
Traffic Safety	12	14	16	17	19
Transportation	1,296	1,378	1,463	1,555	1,766
ENVIRONMENT AND RECREATION	195	220	175	201	415
Environmental Protection	187	213	164	192	408
Parks, Recreation & Historic Preservation	8	7	11	9	7
SUPPORT AND REGULATE BUSINESS	19	12	13	11	13
Commerce, Industry & Agriculture	18	11	12	10	12
Regulate Business	1	1	1	1	1
SHARE GENERAL REVENUES WITH LOCAL GOVERNMENTS	105	121	116	229	274
GENERAL GOVERNMENT	289	277	364	338	418
Executive Agencies	41	34	110	71	129
Office of the Attorney General	24	22	26	27	23
Court Administration	5	5	6	6	6
Pensions Contributions and Other Employee Benefits	219	216	222	234	260
TOTAL FEDERAL FUNDS SPENDING	<u>\$32,147</u>	<u>\$31,469</u>	<u>\$34,693</u>	<u>\$40,833</u>	<u>\$44,706</u>

(1) To facilitate improved accounting, the Division of the Budget has reclassified certain Special Revenue Funds from Federal Operating to State Operating Funds. For comparison purposes, prior years Health and Mental Health Services have been restated.

APPENDIX 3
STATE RECEIPTS BY MAJOR SOURCE
(amounts in millions)

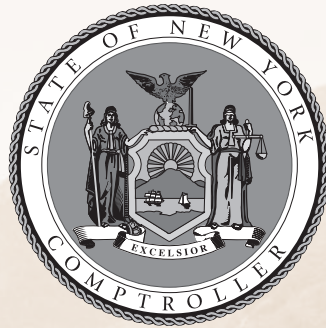
State Receipts for the Fiscal Year Ended March 31:	2007	2008	2009	2010	2011
TOTAL TAXES	\$57,912	\$60,075	\$59,571	\$57,667	\$60,869
PERSONAL INCOME TAX	34,580	36,564	36,840	34,751	36,209
CONSUMER TAXES	12,629	13,197	13,237	12,852	14,205
Sales and Use	10,739	11,296	10,985	10,527	11,538
Cigarette/Tobacco Products	985	976	1,340	1,366	1,616
Motor Fuel	513	525	504	507	516
Beverage	194	205	206	226	230
Highway Use	153	148	141	137	129
Auto Rental	45	47	61	76	95
MCTD Taxicab Ride	—	—	—	13	81
BUSINESS TAXES	8,606	8,231	7,604	7,458	7,279
Corporation Franchise	4,228	3,997	3,220	2,511	2,846
Corporation and Utilities	820	802	863	953	814
Insurance	1,258	1,219	1,181	1,491	1,351
Bank	1,210	1,058	1,233	1,399	1,178
Petroleum Business	1,090	1,155	1,107	1,104	1,090
OTHER TAXES	2,097	2,083	1,890	2,606	3,176
Real Property Gains	—	—	—	(1)	—
Estate and Gift	1,053	1,037	1,165	866	1,219
Pari-Mutuel	21	24	23	19	17
Real Estate Transfer	1,022	1,021	701	493	580
Racing and Exhibition	1	1	1	1	1
MCTD Mobility	—	—	—	1,228	1,359
GAMING – LOTTERY INCOME, VLT & CASINO	2,611	2,904	2,800	2,951	3,210
FEDERAL RECEIPTS	35,579	34,909	38,833	45,524	49,304
OTHER RECEIPTS	14,100	14,988	15,097	17,433	16,880
Student Tuition and Fees (SUNY/CUNY)	2,096	2,123	2,279	2,501	2,585
Patient/Client Care	1,638	1,533	1,585	1,818	1,766
Income from Investments	501	535	225	106	28
Abandoned Property	701	686	692	569	640
Unclaimed Bottle Deposits	—	—	—	46	118
Refunds & Reimbursements	710	1,003	1,039	1,296	1,193
Public Benefit Corporations ⁽¹⁾	238	498	679	622	278
Regulatory Assessments	1,594	1,496	1,876	3,038	2,568
EPIC Fees and Rebates	308	264	203	202	203
Public Asset Sale-Non Profit Conversion	514	1,003	233	95	—
Transfers from Public Goods Pool	2,936	3,014	3,274	3,808	4,081
Miscellaneous Licenses, Fees and Other	2,864	2,833	3,012	3,332	3,420
BORROWED AND ADDED TO DEBT	2,376	2,816	3,391	3,621	3,583
Bonds and Notes Issued by the State	181	269	457	448	525
Public Authority Financings	2,195	2,547	2,934	3,173	3,058
TOTAL RECEIPTS	\$112,578	\$115,692	\$119,692	\$127,196	\$133,846

⁽¹⁾ Includes general receipts and Public Authority cost recoveries.

STATE OF NEW YORK

Financial Condition Report

For Fiscal Year Ended March 31, 2011



Thomas P. DiNapoli
STATE COMPTROLLER

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DATA SOURCES

NYS Office of the State Comptroller

NYS Division of the Budget

NYS Department of Corrections and
Community Supervision

NYS Division of Criminal Justice Services

NYS Education Department

NYS Department of Health

NYS Higher Education Services Corporation

NYS Department of Labor

NYS Department of Taxation and Finance

NYS Office of Temporary and Disability Assistance

NYS Department of Transportation

State University of New York

City University of New York

NYC Office of Management and Budget

U.S. Commerce Department — Bureau of the Census and
Bureau of Economic Analysis

U.S. Department of Labor — Bureau of Labor Statistics

The Center for the Study of Education Policy,
Illinois State University

IHS Global Insight

RealtyTrac

Statistical View of America – Congressional Quarterly

Securities Industry and Financial Markets Association

Fitch Ratings

Moody's Investors Service

Standard and Poor's Rating Services



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