

NEW YORK STATE



2002-03 FIRST QUARTER FINANCIAL PLAN UPDATE

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Introduction _____

This is the first quarterly update to the State's 2002-03 Financial Plan, submitted pursuant to section 23 of the State Finance Law. The update provides estimates for the major categories of receipts and disbursements, summarizes actual operating results through June, and reports GAAP-basis Financial Plan preliminary results for 2001-02 and projections for 2002-03.

Overview

The 2002-03 Financial Plan remains balanced, with no significant economic or budgetary risks having emerged since the Enacted Budget that would adversely affect projected results for the fiscal year.

The overall forecast of the national and State economies remains unchanged from the Enacted Budget published in May 2002. General Fund receipts and transfers from other funds are estimated at \$39.90 billion in 2002-03, a decrease of \$1.25 billion from the prior year.

Current spending projections for the General Fund, State Funds and All Governmental Funds also remain unchanged from the Enacted Budget and are summarized in the following table.

2002-03 Spending Projections (millions of dollars)				
	Size of the Budget	Dollar Change from 2001-02	% Change from 2001-02	Average Annual % Growth Without STAR (94-95 to 02-03)
General Fund	40,214	(1,008)	(2.4)	2.3
State Funds	59,358	2,380	4.2	3.7
All Governmental Funds	89,556	5,081	6.0	4.3

Note: All Governmental Funds spending projections do not include \$2.76 billion in federal "flow-through" disaster aid to New York City.

The General Fund closing balance on March 31, 2003 is projected at \$716 million and remains unchanged from the Enacted Budget.

Explanation of the Financial Plan

The State's Financial Plan forecasts receipts and disbursements for the fiscal year. The economic forecast of the Division of the Budget (DOB) and the State's tax and fee structure serve as the basis for projecting receipts. After consulting with public and private sector experts, DOB prepares a detailed economic forecast for both the nation and New York, showing Gross Domestic Product (GDP), employment levels, inflation, wages, consumer spending, and other relevant economic indicators. It then projects the yield of the State's revenue structure against the backdrop of these forecasts.

Projected disbursements are based on agency staffing levels, program caseloads, levels of service needs, formulas contained in State and Federal law, inflation and other factors. The factors that affect spending estimates vary by program. For example, welfare spending is based primarily on anticipated caseloads that are estimated by analyzing historical trends, projected economic conditions and changes in Federal law. In criminal justice, spending estimates are based on recent trends and data from the criminal justice system, as well as on estimates of the State's prison population. All projections account for the timing of payments, since not all the amounts appropriated in the Budget are disbursed in the same fiscal year.

The State's Fund Structure

The State accounts for all of its spending and receipts by the fund in which the activity takes place (such as the General Fund or the Capital Projects Fund), and the broad category or purpose of that activity (such as State Operations or Capital Projects). The Financial Plan tables sort all State projections and results by fund and category.

The General Fund receives the majority of State taxes. State Funds include the General Fund and funds specified for dedicated purposes, with the exception of Federal Funds. The All Governmental Funds Financial Plan, which includes State Funds and Federal Funds, is comprised of four major fund types:

- The General Fund, which receives most of the State's tax revenue and accounts for spending on programs that are not supported directly by dedicated fees and revenues;
- Special Revenue Funds, which receive Federal grants, certain dedicated taxes, fees and other revenues that are used for a specified purpose;
- Capital Projects Funds, which account for costs incurred in the construction and reconstruction of roads, bridges, prisons, and other infrastructure projects; and
- Debt Service Funds, which pay principal, interest and related expenses on long-term bonds issued by the State and its public authorities.

Within each of these fund types, receipts and disbursements are classified by major categories of the Financial Plan (e.g., Taxes, Miscellaneous Receipts, Grants to Local Governments, State Operations). Summary charts display the annual change for receipts and disbursements, and a narrative explanation of major changes follows each chart. The tables at the end of the Report summarize projected General Fund, State Funds and All Governmental Funds receipts and disbursements for the 2002-03 fiscal year.

General Fund Financial Plan

National Economy

Although the events of September 11 were a substantial blow to the U.S. economy, the resilience of the U.S. consumer, combined with an expansionary fiscal and monetary policy, has helped to keep the nation's first recession in ten years relatively mild. Real U.S. GDP declined for only one quarter — the third quarter of 2001. The national economy grew an unexpected 1.7 percent in the fourth quarter of 2001, followed by growth of 6.1 percent in the first quarter of 2002.

The surprisingly strong economic growth of the last two quarters has improved the U.S. economic outlook for 2002 relative to that expressed in January's Executive Budget but is very similar to the one forecast in the Enacted Budget. Both the robust growth in real consumer spending and the unexpected strength of the housing market underlie an upward revision to national economic growth. Real U.S. GDP is expected to grow 2.5 percent for 2002, following growth of 1.2 percent in 2001. The outlook for personal income is similar to that expressed in the Enacted Budget. DOB expects U.S. personal income to grow 3.0 percent for 2002, with its largest component, wages and salaries, expected to grow 2.6 percent. The U.S. unemployment rate is forecast to average 6.0 percent for this year.

In contrast, the outlook for corporate profits has deteriorated since January. Following a steep decline of over 30 percent in the fourth quarter of 2001, producing a decline of 17.4 percent for the year, U.S. corporate profits are now expected to fall 7.0 percent in 2002. The projection for the stock market is more negative than the Enacted Budget forecast, as markets continue to struggle with the broadening investigations into the accounting standards of U.S. companies.

Major Economic Indicators			
	2001	2002	2003
Gross Domestic Product (real)	1.2	2.5	3.2
Personal Income	4.9	3.0	5.4
Corporate Profits	(17.4)	(7.0)	8.6
Consumer Price Index	2.8	1.6	2.7
Note: Numbers above are percent change/calendar year. DOB estimates are based on National Income and Product Account data through April 2002, except for nonagricultural employment and the unemployment rate which are based on U.S. Department of Labor data through early May 2002.			

There are significant risks to the current forecast, foremost among them being equity market instability fueled by accounting troubles and fears of further terrorist attacks. In addition, a further escalation of tensions in the Middle East could put upward pressure on energy prices, negatively impacting both consumer spending and corporate profits. Higher energy prices could also delay the global recovery, reducing export growth below expectations. A weakening dollar could lead to higher-than-expected inflation, pressuring the Federal Reserve Board to increase interest rates sooner or higher than expected. A weakening of growth in consumer spending or a failure of investment spending to grow could result in a return to recessionary conditions. In contrast, a stronger-than-anticipated global recovery could result in stronger export and profits growth than expected.

State Economy

As expected, the events of September 11 had a devastating impact on the State economy. DOB is now estimating State employment to have declined 0.5 percent in 2001 to be followed by an estimated decline of 0.8 percent for 2002. Wages and salaries are expected to show an increase of 2.4 percent for 2001, and a projected decline of 1.5 percent for 2002. Total State personal income, of which wages and salaries are the largest component, is projected to grow 0.5 percent in 2002, following growth of 2.9 percent for 2001.

Major Economic Indicators			
	2001	2002	2003
Personal Income	2.9	0.5	3.5
Nonagricultural Employment	(0.5)	(0.8)	0.9
Unemployment Rate	4.9	6.4	5.8
Note: Numbers above are percent change/calendar year. Personal income and nonagricultural employment growth for 2001 and all forecasts for 2002 and 2003 are projected by DOB.			

A significant risk to the New York forecast is from weaker than expected growth for both the national and international economies which could delay the onset of the State's recovery. This would result in even slower employment and income growth than projected. In contrast, stronger national and international growth could result in an earlier recovery than projected.

The cleanup of the World Trade Center site is proceeding faster than anticipated. If the rebuilding process also proceeds at a faster pace, employment growth, especially in the construction related trades, could be stronger than projected. However, Wall Street compensation fell precipitously in early 2002. If economic conditions and/or market dynamics were to cause this trend to continue, it would represent the greatest downside risk to the New York forecast by delaying the State's economic recovery.

General Fund Receipts

General Fund Receipts (millions of dollars)			
SFY:	2001-02	2002-03	Annual Change
Total Tax Receipts	37,371	35,076	(2,295)
All Other Receipts	3,773	4,822	1,049
Total Receipts	41,144	39,898	(1,246)

Total General Fund receipts in support of the 2002-03 Financial Plan remain unchanged from the Enacted Budget and are projected to be \$39.90 billion, a decrease of \$1.25 billion from the \$41.14 billion received in 2001-02. This total includes \$35.08 billion in tax receipts, \$2.15 billion in miscellaneous receipts, and \$2.67 billion in transfers from other funds. The decline reflects the negative impact of the World Trade Center attacks on receipts and an associated reduction of revenue reserves moved through the refund reserve account from 2001-02. The decline is within the range of revenue loss expected given the severe impact of the events of September 11 on the State's revenue base.

2002-2003 First Quarter Financial Plan Update

Personal income tax receipts are projected to fall by just over \$2.51 billion from 2001-02. This large fall-off in receipts is due to a combination of economic weakness associated with the events of September 11, and a reduction in revenue reserves flowing through the refund reserve account.

Receipts for user taxes and fees are projected to total \$7.11 billion, roughly unchanged from reported 2001-02 collections. Included in this category are: receipts from the State sales tax, cigarette and tobacco products; alcoholic beverage taxes and fees; and motor vehicle license and registration fees.

The unchanged expectation in this category is attributable to several offsetting factors. The sales tax base is projected to grow by 3.0 percent yielding a projected cash growth of 3.8 percent, after correcting for law changes and other timing related issues. In addition, an increase in alcoholic beverage tax receipts and newly enacted legislation increasing the tax on tobacco products and increasing most alcoholic beverage control license fees is expected to boost receipts in this tax category.

Decreases in the motor vehicle fees, cigarette tax, and auto rental tax components offset most of the gains. The decline in General Fund cigarette tax receipts is the result of the increased dedication of these receipts to the Tobacco Control and Insurance Initiatives Pool. The decline in motor vehicle fees and auto rental taxes in the General Fund largely reflect the increased dedication of these sources to the Dedicated Highway and Bridge Trust Fund.

Business taxes are projected to total \$3.84 billion, an increase of \$226 million from 2001-02. This increase is due primarily to a statutory increase in the first installment payment rules applied to the largest business taxpayers and the anticipated revenue expected from the tax amnesty program enacted with the 2002-03 Budget.

Other tax receipts are now projected to total \$787 million or \$16 million below last year's amount. Sources in this category include the estate and gift tax, the real property gains tax and pari-mutuel taxes. Previously enacted legislation to repeal both the real property gains tax and the gift tax and to reduce the estate and pari-mutuel taxes have significantly reduced the yield from this category of receipts.

Miscellaneous receipts are expected to reach \$2.15 billion, an increase of \$523 million from 2001-02. The expected increase reflects the impact of revenue actions taken with the 2002-03 Budget. The major revenue enhancements include: \$328 million in abandoned property; \$115 million in bond issuance charges; \$42 million from the Power Authority of the State of New York to fund the Power for Jobs program; and \$38 million from the surcharge on wireless communication services.

Transfers from other funds are expected to total \$2.67 billion, or \$526 million more than total receipts from this category during 2001-02. Total transfers of sales taxes in excess of LGAC debt service requirements are expected to increase by \$58 million, while transfers from all other funds are expected to increase by \$468 million from actual collections in 2001-02 reflecting legislation enacted with the 2002-03 Budget including Environmental Protection Fund transfers to the General Fund.

The annual change in receipts is explained in more detail by financial plan category in the Enacted Budget Report published in May 2002.

General Fund Disbursements

General Fund Disbursements (millions of dollars)		
2001-02	2002-03	Annual Change
41,222	40,214	(1,008)

Total General Fund disbursements, including transfers to support capital projects, debt service and other purposes, remain unchanged from the Enacted Budget and are estimated at \$40.21 billion for 2002-03, a decrease of \$1.01 billion or 2.4 percent from 2001-02. The spending is consistent with 2001-02 funding levels for most ongoing programmatic activities. The annual decline results primarily from the utilization of Federal Temporary Assistance to Needy Families (TANF) surplus reserves (\$955 million) and other non-General Fund sources to maintain program commitments at a reduced General Fund cost (\$1.5 billion). These reductions are partially offset by annual increases for pensions and other fringe benefit costs (\$197 million), school aid (\$186 million on a fiscal year basis), and underlying programmatic increases in health care.

Spending in Grants to Local Assistance is estimated at \$26.85 billion in 2002-03, a decrease of \$987 million (3.5 percent) from the 2001-02 fiscal year. While overall spending declines, funding for some programs is increasing, including education and higher education, as well as to support underlying growth in Medicaid and other health programs. These increases are more than offset from maximizing the use of non-General Fund revenue sources to finance program costs, including the use of nursing home assessments (\$266 million), alternate funding sources for various Medicaid and health programs (\$872 million), and the use of Federal TANF reserves for higher education and welfare assistance programs (\$955 million).

State Operations is projected at \$7.82 billion, a decrease of \$24 million or 0.3 percent from the prior year. This net decrease results from proposed spending restraint and revenue maximization efforts (\$382 million) offset by the annualized costs of labor agreements and related costs with State employee unions (\$358 million).

Disbursements for General State Charges are estimated at \$2.85 billion, an increase of \$197 million (7.4 percent) from the prior year. The projected growth is primarily attributable to rising health insurance costs and pension fund investment losses.

Transfers for debt service total \$1.85 billion in 2002-03, a reduction of \$235 million from the 2001-02 fiscal year. The decrease is primarily attributable to continued savings from the use of \$1 billion in Debt Reduction Reserve Fund monies to reduce high cost debt, the use of the new lower-cost State Personal Income Tax Revenue Bonds to finance capital projects, and the impact of legislation that will enhance the State's ability to manage its bond portfolio and reduce borrowing costs.

Transfers for capital projects is projected at \$174 million in 2002-03, a decrease of \$115 million from the prior year which reflects the one-time conversion of certain capital projects from pay-as-you-go financing to bonding.

The State's cost of transfers to the State University total \$86 million in 2002-03, an increase of \$17 million over 2001-02 primarily due to financing the State's share of an outstanding SUNY loan.

All other transfers, which reflect the remaining transfers from the General Fund to other funds, are estimated to total \$593 million in 2002-03, an increase of \$139 million. The growth is attributable to increases in Medicaid payments to SUNY hospitals (\$89 million) and the State's subsidy to the Court Facilities Incentive Aid Fund to support Judiciary capital projects (\$52 million).

The annual change in spending is explained in more detail by financial plan category in the Enacted Budget Report published in May 2002.

Reserves/General Fund Closing Balance

The use of reserves and the General Fund closing balance remain unchanged from the Enacted Budget.

The July Financial Plan Update projects a March 31, 2003 closing General Fund balance of \$716 million. The closing fund balance is comprised \$710 million in the permanent rainy day fund (the Tax Stabilization Reserve Fund), after a seventh consecutive maximum deposit at the end of 2001-02, and \$6 million in the Contingency Reserve Fund.

First Quarter Cash-Basis Results

The General Fund ended the first quarter with a balance of approximately \$1.76 billion, \$221 million below the estimate in the Enacted Budget Financial Plan. The variance below the Enacted Plan results from lower receipts of approximately \$259 million offset by lower spending of \$38 million.

Total General Fund receipts and transfers from other funds totaled \$11.45 billion in the first quarter. Receipts were \$259 million lower than the Enacted Budget cash flow projections. While significant, it appears that a large portion of this shortfall is related to the timing of payments for personal income, business and user taxes.

First-quarter personal income tax receipts fell nearly \$129 million short of cash flow estimates. This shortfall primarily reflects lower than anticipated estimated tax prepayments for the quarter. Historically, the percentage of estimated income tax paid in June has varied considerably. This is due to many factors including the interaction of estimated payment rules and taxpayer expectations of income tax liability. Withholding collections were only slightly below estimates indicating the wage and employment base is relatively consistent with the forecast contained in the Enacted Budget. Another positive result was reported refund payments, which fell below expectation in June. This suggests the possibility of better than expected results in August and October when extensions to file on 2001 tax liability lapse.

Business tax receipts through the first quarter of the fiscal year are down \$105 million compared to the Enacted Budget cash flow projections. This is partially attributable to the timing of payments by utility companies. It is expected utility sector payments will improve later in the fiscal year. Receipts for user taxes and fees during the first quarter were \$41 million below the Enacted Budget estimate. The shortfall can be largely attributed to the timing of certain sales and cigarette tax revenues and should not materially affect overall receipts for 2002-03. Other tax receipts for the first quarter increased \$21 million above the Enacted Budget and largely reflect better-than-expected estate tax payments, which is a major component of this category.

Total General Fund disbursements and transfers to other funds totaled \$10.73 billion in the first quarter. The results were \$38 million below the estimate of disbursements in the Enacted Budget Financial Plan. The modest decrease of \$38 million is attributable to the timing of payments and is not anticipated to lower projected year-end spending.

Spending for most major categories, including Medicaid and school aid, are on track with initial estimates. While still too preliminary to forecast a change in year-end results, spending to date for State operations and welfare are occurring at rates lower than expected in the Enacted Budget cash flow.

Governmental Funds Financial Plans

Federal Disaster Assistance to Localities

Over the next several years, a substantial amount of Federal aid is projected to flow through the State to localities for disaster response and reconstruction activities related to the WTC attacks. This Federal “flow-through” disaster aid totaled \$569 million in 2001-02 and is projected to total \$2.76 billion in 2002-03 as rebuilding efforts reach full capacity. Nearly all of the Federal disaster aid is expected to flow from the Federal Emergency Management Agency through the State Emergency Management Office (SEMO) to New York City and other localities affected by the disaster. This “flow-through” spending is not counted in the All Governmental Funds actual results and estimates contained in this Update.

State Funds

State Funds Disbursements (millions of dollars)		
2001-02	2002-03	Annual Change
56,978	59,358	2,380

State Funds disbursements remain unchanged from the Enacted Budget and are projected at \$59.36 billion in 2002-03, an increase of \$2.38 billion or 4.2 percent from 2001-02. The year-to-year growth in State Funds is primarily comprised of higher spending for Medicaid (\$1.35 billion), capital projects (\$786 million), various health care programs, including the EPIC prescription drug program and Child Health Plus (\$288 million), school aid (\$282 million), the community service provider assistance program (\$188 million), transportation (\$193 million), fringe benefits (\$134 million), and the STAR local tax relief program (\$120 million). These increases are partially offset by the decrease in the General Fund, excluding transfers, described earlier (\$814 million) and lower spending for debt service (\$592 million). All other spending grows by \$445 million, or less than one percent. The annual change in spending is explained in more detail in the Enacted Budget Report published in May 2002.

All Governmental Funds

All Governmental Funds Disbursements (millions of dollars)		
2001-02	2002-03	Annual Change
84,475	89,556	5,081

All Governmental Funds spending remain unchanged from the Enacted Budget and is estimated at \$89.56 billion in 2002-03, an annual increase of \$5.08 billion or 6 percent. The spending growth is comprised of the State Funds increase of \$2.38 billion described above and growth in Federal grants of \$2.70 billion. Federal aid increases are primarily for Medicaid, including payments to State-operated mental health and retardation facilities and SUNY hospitals (\$1.55 billion), the share of the college tuition assistance program financed by TANF (\$380 million), social welfare initiatives authorized under TANF (\$319 million), services for children and families (\$223 million) and the Federal share of Child Health Plus (\$126 million). All other Federal support grows by \$103 million, or less than one percent. The annual change in spending is explained in more detail in the Enacted Budget Report published in May 2002.

GAAP-Basis Financial Plans

The General Fund and All Governmental Funds Financial Plans are also prepared in accordance with Generally Accepted Accounting Principles (GAAP). The GAAP projections for both years are based on the accounting principles applied by the State Comptroller in the financial statements to be issued for the 2001-02 State fiscal year, but do not reflect any pending proposals of the Governmental Accounting Standards Board (GASB) or the implementation of GASB 34, which will significantly change the presentation of GAAP financial information for state and local governments.

By the end of 2002-03, the General Fund is currently estimated to have an accumulated GAAP surplus of \$173 million. This projection may be modified once the audited results for 2001-02 are known, and as additional information about cash results and taxpayer behavior becomes known during the remainder of the current fiscal year.

New York State is required to implement GASB 34 when reporting its GAAP financial results for the 2002-03 fiscal year. As a result, DOB expects to modify future GAAP updates to reflect the changes required under GASB 34. These changes will include new statements that reflect the State's net overall financial condition, including activities that affect State assets and liabilities during the fiscal year. DOB will be working with the Office of the State Comptroller to modify the form of the GAAP financial statements and develop the accompanying management and discussion analysis that describes the State's financial condition. Depending upon the availability of information, a preliminary assessment may be available in the Mid-Year Financial Plan Update.

2002-2003 First Quarter Financial Plan Update

**CASH FINANCIAL PLAN
GENERAL FUND
2001-2002 and 2002-2003
(millions of dollars)**

	<u>2001-2002</u>	<u>2002-2003</u>	
	<u>Actual</u>	<u>July</u>	<u>Change</u>
Opening fund balance	<u>1,110</u>	<u>1,032</u>	<u>(78)</u>
Receipts:			
Taxes:			
Personal income tax	25,854	23,342	(2,512)
User taxes and fees	7,098	7,105	7
Business taxes	3,616	3,842	226
Other taxes	803	787	(16)
Miscellaneous receipts	1,625	2,148	523
Transfers from other funds:			
LGAC	1,750	1,808	58
All other	398	866	468
Total receipts	<u>41,144</u>	<u>39,898</u>	<u>(1,246)</u>
Disbursements:			
Grants to local governments	27,835	26,848	(987)
State operations	7,839	7,815	(24)
General State charges	2,650	2,847	197
Transfers to other funds:			
Debt service	2,086	1,851	(235)
Capital projects	289	174	(115)
State university	69	86	17
Other purposes	454	593	139
Total disbursements	<u>41,222</u>	<u>40,214</u>	<u>(1,008)</u>
Change in fund balance	<u>(78)</u>	<u>(316)</u>	<u>(238)</u>
Closing fund balance	<u>1,032</u>	<u>716</u>	<u>(316)</u>
Tax Stabilization Reserve Fund	710	710	0
Contingency Reserve Fund	157	6	(151)
Community Projects Fund	160	0	(160)
Universal Pre-Kindergarten Fund	5	0	(5)

2002-2003 First Quarter Financial Plan Update

**CASH FINANCIAL PLAN
2002-2003 GENERAL FUND
(millions of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>July</u>
Opening fund balance	<u>1,032</u>	<u>0</u>	<u>1,032</u>
Receipts:			
Taxes:			
Personal income tax	23,342	0	23,342
User taxes and fees	7,105	0	7,105
Business taxes	3,842	0	3,842
Other taxes	787	0	787
Miscellaneous receipts	2,148	0	2,148
Transfers from other funds:			
LGAC	1,808	0	1,808
All other	866	0	866
Total receipts	<u>39,898</u>	<u>0</u>	<u>39,898</u>
Disbursements:			
Grants to local governments	26,848	0	26,848
State operations	7,815	0	7,815
General State charges	2,847	0	2,847
Transfers to other funds:			
Debt service	1,851	0	1,851
Capital projects	174	0	174
State university	86	0	86
Other purposes	593	0	593
Total disbursements	<u>40,214</u>	<u>0</u>	<u>40,214</u>
Change in fund balance	<u>(316)</u>	<u>0</u>	<u>(316)</u>
Closing fund balance	<u>716</u>	<u>0</u>	<u>716</u>
Tax Stabilization Reserve Fund	710	0	710
Contingency Reserve Fund	6	0	6

2002-2003 First Quarter Financial Plan Update

**CURRENT STATE RECEIPTS
GENERAL FUND
2001-2002 and 2002-2003
(millions of dollars)**

	<u>2001-2002</u> <u>Actual</u>	<u>2002-2003</u> <u>July</u>	<u>Change</u>
Personal income tax	25,854	23,342	(2,512)
User taxes and fees:	7,098	7,105	7
Sales and use tax	6,131	6,356	225
Cigarette and tobacco taxes	532	467	(65)
Motor vehicle fees	185	64	(121)
Alcoholic beverages taxes	178	178	0
Alcoholic beverage control license fees	34	40	6
Auto rental tax	38	0	(38)
Business taxes:	3,616	3,842	226
Corporation franchise tax	1,515	1,728	213
Corporation and utilities tax	972	1,025	53
Insurance taxes	633	597	(36)
Bank tax	496	492	(4)
Other taxes:	803	787	(16)
Estate tax	761	755	(6)
Gift tax	6	0	(6)
Real property gains tax	5	2	(3)
Pari-mutuel taxes	30	29	(1)
Other taxes	1	1	0
Total Taxes	<u>37,371</u>	<u>35,076</u>	<u>(2,295)</u>
Miscellaneous receipts	<u>1,625</u>	<u>2,148</u>	<u>523</u>
Total	<u><u>38,996</u></u>	<u><u>37,224</u></u>	<u><u>(1,772)</u></u>

2002-2003 First Quarter Financial Plan Update

**CASH FINANCIAL PLAN
2002-2003 ALL GOVERNMENTAL FUNDS
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	1,032	1,047	(268)	169	1,980
Receipts:					
Taxes	35,076	4,225	1,673	2,479	43,453
Miscellaneous receipts	2,148	9,591	2,507	626	14,872
Federal grants	0	28,783	1,576	0	30,359
Total receipts	<u>37,224</u>	<u>42,599</u>	<u>5,756</u>	<u>3,105</u>	<u>88,684</u>
Disbursements:					
Grants to local governments	26,848	35,442	1,241	0	63,531
State operations	7,815	7,193	0	7	15,015
General State charges	2,847	560	0	0	3,407
Debt service	0	0	0	3,550	3,550
Capital projects	0	4	4,049	0	4,053
Total disbursements	<u>37,510</u>	<u>43,199</u>	<u>5,290</u>	<u>3,557</u>	<u>89,556</u>
Other financing sources (uses):					
Transfers from other funds	2,674	3,002	199	4,984	10,859
Transfers to other funds	(2,704)	(2,477)	(1,241)	(4,537)	(10,959)
Bond and note proceeds	0	0	260	0	260
Net other financing sources (uses)	<u>(30)</u>	<u>525</u>	<u>(782)</u>	<u>447</u>	<u>160</u>
Change in fund balance	<u>(316)</u>	<u>(75)</u>	<u>(316)</u>	<u>(5)</u>	<u>(712)</u>
Closing fund balance	<u>716</u>	<u>972</u>	<u>(584)</u>	<u>164</u>	<u>1,268</u>

2002-2003 First Quarter Financial Plan Update

**CASH FINANCIAL PLAN
2002-2003 STATE FUNDS
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	1,032	1,127	(154)	169	2,174
Receipts:					
Taxes	35,076	4,225	1,673	2,479	43,453
Miscellaneous receipts	2,148	9,449	2,507	626	14,730
Federal grants	0	0	0	0	0
Total receipts	<u>37,224</u>	<u>13,674</u>	<u>4,180</u>	<u>3,105</u>	<u>58,183</u>
Disbursements:					
Grants to local governments	26,848	10,051	1,024	0	37,923
State operations	7,815	4,118	0	7	11,940
General State charges	2,847	393	0	0	3,240
Debt service	0	0	0	3,550	3,550
Capital projects	0	4	2,701	0	2,705
Total disbursements	<u>37,510</u>	<u>14,566</u>	<u>3,725</u>	<u>3,557</u>	<u>59,358</u>
Other financing sources (uses):					
Transfers from other funds	2,674	942	199	4,984	8,799
Transfers to other funds	(2,704)	(227)	(1,230)	(4,537)	(8,698)
Bond and note proceeds	0	0	260	0	260
Net other financing sources (uses)	<u>(30)</u>	<u>715</u>	<u>(771)</u>	<u>447</u>	<u>361</u>
Change in fund balance	<u>(316)</u>	<u>(177)</u>	<u>(316)</u>	<u>(5)</u>	<u>(814)</u>
Closing fund balance	<u>716</u>	<u>950</u>	<u>(470)</u>	<u>164</u>	<u>1,360</u>

2002-2003 First Quarter Financial Plan Update

**CASH FINANCIAL PLAN
2002-2003 SPECIAL REVENUE FUNDS
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	1,127	(80)	1,047
Receipts:			
Taxes	4,225	0	4,225
Miscellaneous receipts	9,449	142	9,591
Federal grants	0	28,783	28,783
Total receipts	<u>13,674</u>	<u>28,925</u>	<u>42,599</u>
Disbursements:			
Grants to local governments	10,051	25,391	35,442
State operations	4,118	3,075	7,193
General State charges	393	167	560
Debt service	0	0	0
Capital projects	4	0	4
Total disbursements	<u>14,566</u>	<u>28,633</u>	<u>43,199</u>
Other financing sources (uses):			
Transfers from other funds	942	2,060	3,002
Transfers to other funds	(227)	(2,250)	(2,477)
Bond and note proceeds	0	0	0
Net other financing sources (uses)	<u>715</u>	<u>(190)</u>	<u>525</u>
Change in fund balance	<u>(177)</u>	<u>102</u>	<u>(75)</u>
Closing fund balance	<u>950</u>	<u>22</u>	<u>972</u>

2002-2003 First Quarter Financial Plan Update

**CASH FINANCIAL PLAN
2002-2003 CAPITAL PROJECTS FUNDS
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>(154)</u>	<u>(114)</u>	<u>(268)</u>
Receipts:			
Taxes	1,673	0	1,673
Miscellaneous receipts	2,507	0	2,507
Federal grants	0	1,576	1,576
Total receipts	<u>4,180</u>	<u>1,576</u>	<u>5,756</u>
Disbursements:			
Grants to local governments	1,024	217	1,241
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	2,701	1,348	4,049
Total disbursements	<u>3,725</u>	<u>1,565</u>	<u>5,290</u>
Other financing sources (uses):			
Transfers from other funds	199	0	199
Transfers to other funds	(1,230)	(11)	(1,241)
Bond and note proceeds	260	0	260
Net other financing sources (uses)	<u>(771)</u>	<u>(11)</u>	<u>(782)</u>
Change in fund balance	<u>(316)</u>	<u>0</u>	<u>(316)</u>
Closing fund balance	<u>(470)</u>	<u>(114)</u>	<u>(584)</u>

2002-2003 First Quarter Financial Plan Update

GAAP FINANCIAL PLAN GENERAL FUND 2001-2002 AND 2002-2003 (millions of dollars)

	2001-2002 Preliminary Actual	2002-2003 July	Change
Revenues:			
Taxes:			
Personal income tax	22,547	22,566	19
User taxes and fees	7,136	7,230	94
Business taxes	3,412	4,328	916
Other taxes	1,129	779	(350)
Miscellaneous receipts	2,924	3,996	1,072
Total revenues	<u>37,148</u>	<u>38,899</u>	<u>1,751</u>
Expenditures:			
Grants to local governments	28,627	28,426	(201)
State operations	9,705	10,051	346
General State charges	2,337	2,330	(7)
Debt service	16	23	7
Capital projects	0	1	1
Total expenditures	<u>40,685</u>	<u>40,831</u>	<u>146</u>
Other financing sources (uses):			
Transfers from other funds	5,369	6,122	753
Transfers to other funds	(5,340)	(4,883)	457
Proceeds of general obligation bonds	0	0	0
Proceeds from financing arrangements/ advance refundings	205	259	54
Net other financing sources (uses)	<u>234</u>	<u>1,498</u>	<u>1,264</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(3,303)</u>	<u>(434)</u>	<u>2,869</u>
Accumulated surplus	<u>607</u>	<u>173</u>	

2002-2003 First Quarter Financial Plan Update

GAAP FINANCIAL PLAN 2002-2003 GENERAL FUND (millions of dollars)

	30-Day	Change	July
Revenues:			
Taxes:			
Personal income tax	23,696	(1,130)	22,566
User taxes and fees	7,079	151	7,230
Business taxes	3,778	550	4,328
Other taxes	790	(11)	779
Miscellaneous receipts	3,848	148	3,996
Total revenues	39,191	(292)	38,899
Expenditures:			
Grants to local governments	28,203	223	28,426
State operations	9,995	56	10,051
General State charges	2,354	(24)	2,330
Debt service	23	0	23
Capital projects	0	1	1
Total expenditures	40,575	256	40,831
Other financing sources (uses):			
Transfers from other funds	5,284	838	6,122
Transfers to other funds	(5,043)	160	(4,883)
Proceeds of general obligation bonds	0	0	0
Proceeds from financing arrangements/ advance refundings	316	(57)	259
Net other financing sources (uses)	557	941	1,498
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(827)	393	(434)
Accumulated surplus	619	(446)	173

2002-2003 First Quarter Financial Plan Update

**GAAP FINANCIAL PLAN
2002-2003 ALL GOVERNMENTAL FUNDS
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Revenues:					
Taxes	34,903	4,224	1,674	2,483	43,284
Federal Grants	0	29,833	1,570	0	31,403
Lottery	0	5,525	0	0	5,525
Patient Fees	0	0	0	317	317
Miscellaneous Revenues	3,996	1,715	408	39	6,158
Total revenues	<u>38,899</u>	<u>41,297</u>	<u>3,652</u>	<u>2,839</u>	<u>86,687</u>
Expenditures:					
Grants to local governments	28,426	33,496	1,163	0	63,085
State operations	10,051	5,202	0	7	15,260
General State charges	2,330	230	0	0	2,560
Debt service	23	0	0	2,883	2,906
Capital projects	1	2	3,889	0	3,892
Total expenditures	<u>40,831</u>	<u>38,930</u>	<u>5,052</u>	<u>2,890</u>	<u>87,703</u>
Other financing sources (uses):					
Transfers from other funds	6,122	1,206	173	5,087	12,588
Transfers to other funds	(4,883)	(3,748)	(1,287)	(5,026)	(14,944)
Proceeds of general obligation bonds	0	0	260	0	260
Proceeds from financing arrangements/ advance refundings	259	0	1,808	0	2,067
Net other financing sources (uses)	<u>1,498</u>	<u>(2,542)</u>	<u>954</u>	<u>61</u>	<u>(29)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(434)</u>	<u>(175)</u>	<u>(446)</u>	<u>10</u>	<u>(1,045)</u>