

The seal of the State of New York is centered in the background. It features an eagle with wings spread, perched atop a globe. Below the globe is a shield depicting a landscape with a sun, a river, and a plow. Two female figures stand on either side of the shield: one holding a torch and the other holding scales of justice. A banner at the bottom of the seal reads "EXCELSIOR".

*New York State
2001-2002 Mid-Year
Financial Plan Update*

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INTRODUCTION

This is the second quarterly update to the State's 2001-2002 cash-basis Financial Plan, submitted pursuant to section 23 of the State Finance Law. The update describes revisions to the September Financial Plan Report based on more recent data and legislative action through the end of October. It also summarizes actual operating results for the first six months of the fiscal year.

OVERVIEW / WORLD TRADE CENTER UPDATE

In the aftermath of the tragic events of September 11, it has become clear that the slowing national economy will result in reduced state and local tax receipts nationwide. The magnitude of the national economic slowdown when coupled with the direct impact of the attacks on New York is difficult to ascertain at this time. Declining consumer confidence, reductions in travel and tourism-related industries, and deeper than anticipated declines in corporate profits have led DOB to revise elements of its most recent forecast to reflect both the impact of the deeper economic slowdown, as well as of the World Trade Center disaster.

On October 16, 2001, the Governor announced a plan to reduce State spending by at least \$3 billion for fiscal years 2001-2002 and 2002-2003 primarily through a hiring freeze, early retirements, reductions in nonessential State expenditures and additional expenditure actions to be identified by State agencies. The savings from the Governor's plan are not yet reflected in this Financial Plan Update. The State's reserves will also be used to maintain budget balance for the remainder of the 2001-2002 fiscal year. Depending upon the final magnitude of economic and revenue losses associated with the attack, additional actions might be necessary to balance the 2002-2003 budget, particularly if Federal aid is not forthcoming.

On October 24, 2001, legislation was enacted to help bolster the State's economy, create jobs, maintain essential services, and begin to meet the fiscal challenges resulting from the terrorists attacks. This legislation produced the following cash changes in the General Fund in 2001-2002 to support multi-year investments in these areas:

- \$100 million in funding for not-for-profit organizations that provide critical human services or emergency relief services;
- \$118 million in additional support for certain educational programs, such as grants to school districts, Teacher Support Aid, Teacher Centers and Small Cities Aid which was funded by redirecting savings from other programs, including building aid changes;
- \$68 million for an economic stimulus program, to provide grants and loans to businesses to support job creation, and establish eight new Empire Zones;
- \$188 million in savings from the use of existing Federal Temporary Assistance to Needy Families (TANF) resources to provide funding for welfare and child welfare costs that otherwise would be borne by taxpayers;
- \$114 million in savings as a result of legislation to eliminate the negative impact on State tax receipts from the Tennessee Gas Pipeline court case; and

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- the necessary authorization to extend the Quick Draw Lottery game, the Lofts Law, and the Child Health Plus program until March 31, 2002.

In addition, the October legislation included new gaming measures to help stimulate the economy and offset the fiscal impact on the State and local governments of the national economic decline. These new measures are expected to generate revenues beginning in fiscal year 2002-2003 and include authorization to build up to six casinos on Native American land, to install video lottery terminals at several New York racetracks, to allow New York to participate in a multi-State lottery game, and to issue bonds under a new, lower-cost, revenue bond financing structure. No revenue from these new measures is expected in the current fiscal year.

The following table summarizes current spending levels for the General Fund, State Funds, and All Governmental Funds under the 2001-2002 Mid-Year Financial Plan Update.

(\$ in millions)	September	Change	October
General Fund	41,993	(20)	41,973
State Funds	57,957	(20)	57,937
All Governmental Funds	84,050	224	84,274

The 2001-2002 October Financial Plan Update reflects a net decrease in reserves of \$1.5 billion. This change in reserves does not yet reflect the current year savings associated with the Governor's 18 month plan to generate \$3 billion in fiscal relief. The decrease is primarily due to the State projecting a current year revenue loss of \$1.63 billion from the impact of the World Trade Center disaster. This represents roughly the mid-point of the current year range of revenue loss and is described in more detail in the General Fund Receipts section below. Offsetting the revenue decrease is \$134 million in savings from legislative action through the end of October.

ECONOMIC FORECAST

The cataclysmic events of September 11 have had a substantial negative impact on the New York City, State, and national economies. The Division of the Budget now believes that the U.S. economy is in recession and will be through early 2002. As the epicenter of the September 11 attack, the New York State economy is bearing the brunt of the consequent employment losses. In addition to those who perished, thousands of workers have been relocated out of State, at least temporarily. Moreover, workers continue to lose their jobs due to the contraction in business activity resulting directly or indirectly from the disaster.

National Economy

The Division of the Budget is now forecasting a national recession stretching into the beginning of 2002. Prior to the events of September 11, the national economy was already heading into a more severe slow down than previously expected. Many private sector firms were experiencing declining profits, resulting in employee layoffs, declining investment, and declining equity markets. The national economy had lost approximately 770,000 private sector jobs since March, while the manufacturing sector had lost over one million jobs in the last 14 months. Declining employment and household wealth had begun to erode the confidence of consumers, who had kept the weakened economy growing through the first half of this year.

The slow down became a virtual standstill on, and immediately following, September 11. Since the attack, the airline industry has lost substantial revenues, retail sales have been weak, and tourist activity remains significantly below the pre-September 11 level. However, the Federal Reserve, the President, and Congress appear to be moving aggressively to impart both monetary and fiscal stimulus. Given our assumptions of the magnitude of the stimulus, the Division of the Budget is forecasting that the U.S. economy, as measured by real U.S. GDP, will grow 1.0 percent for 2001 and 0.9 percent for 2002.

Private sector profits have declined significantly this year and are expected to fall further, resulting in additional rounds of employee layoffs. The unemployment rate is expected to rise from 4.7 percent for 2001 to 6.2 percent for 2002. Moreover, the Division of the Budget does not expect either equity values or employment to significantly rebound during 2002. U.S. personal income is expected to grow 5.0 percent for 2001 and 4.0 percent for 2002, following much higher growth of 7.0 percent for 2000. The reduction in household wealth, combined with rising unemployment and slower income growth, is expected to cause consumers to dramatically curtail spending. Real personal consumption spending is projected to grow 2.3 percent for 2001, followed by growth of only 0.6 percent for 2002.

There are significant risks to the current forecast. If either monetary or fiscal policy is less effective than expected, the recession could be both longer and deeper than predicted. Weaker corporate profits than projected could, in turn, produce even more employee layoffs and less capital investment than anticipated. Similarly, if the stock market fails to rebound as expected, the resulting additional loss of household wealth, coupled with employee layoffs could further reduce wage, personal income, and consumption growth. World economic growth could be substantially worse than expected.

However, if monetary and fiscal policies are more effective than projected, or if the stock market rebounds earlier than expected, economic growth could rise above the forecast. Finally, the current outlook is predicated upon the assumption that no additional major disruption will occur again within the forecasting period. However, with the nation at war abroad and on high alert domestically, the risk of an adverse shock to the U.S. economy is extremely high.

State Economy

It is estimated that more than 25 million square feet of office space was either destroyed or damaged by the World Trade Center disaster. In the immediate aftermath, economic activity was restricted in the area of Manhattan below 14th Street, where over 710,000 are employed. Many firms were unable to conduct business. The financial markets remained closed for an unprecedented four days, and a large number of high-paying jobs have been relocated out of New York, at least temporarily. Transportation and communications continue to be disrupted. In addition, with the nation now at war with terrorism, domestic security risks have risen yet again. Unfortunately, Washington and New York remain the focal point of these risks. This implies that we cannot expect the travel and tourism industries – which are vital to the economies of both the State and New York City but are extremely sensitive to security and related factors — to recover any time soon.

The Division of the Budget estimates that tens of thousands of workers may have been lost or displaced from New York, at least temporarily, due to the events of September 11. The sector hardest hit by the disaster was the finance industry, which is estimated to have lost 30,000 workers, many of whom have been either laid off or relocated out-of-State. Other industries expected to experience severe losses are business and media services, hotel and

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motel services, retail trade, arts and entertainment services, and transportation. In contrast, as part of the reconstruction process, the construction sector is expected to experience a net gain in employment. On an annual average basis, State employment is expected to grow a modest 0.4 percent for 2001 and decline 1.2 percent for 2002.

The Division of the Budget estimates that the events of September 11 will also have a significantly negative impact on securities industry profits. The fall in profit growth is expected to result in an equally severe decline in finance and insurance industry cash bonuses. This decline is expected to be exacerbated by firms weighting their bonus payouts more heavily in favor of stock options, as well as the transfer of dislocated workers out-of-State. Lower growth in both employment and bonus income is expected to result in personal income growth of 2.8 percent for 2001, followed by growth of 1.3 percent for 2002.

The most significant risks to the New York economic forecast pertain to the pace of layoffs related to the events of September 11, and the impact of both the disaster itself and deteriorating economic conditions on employee wages. Fewer layoffs, stronger financial markets, and higher employee bonuses than projected imply a brighter picture of the State economy than reflected in the current forecast. Similarly, greater job losses, weaker financial markets, and smaller bonus payments than expected imply a dimmer picture.

GENERAL FUND

Receipts

2001-2002 General Fund Receipts (\$ in millions)		
September	Change	October
43,608	(1,518)	42,090

The General Fund receipts estimates for 2001-2002 have been revised down sharply from the September Financial Plan. The estimates have been reduced by a net of \$1.52 billion. The World Trade Center disaster is expected to have a profoundly negative impact on the New York economy which will result in a significant, previously unanticipated drain on tax receipts of \$1.63 billion. This loss is partially offset by legislative action in October to eliminate the negative impact on receipts from the Tennessee Gas Pipeline court case.

Personal Income Tax

2001-2002 Personal Income Tax (\$ in millions)		
September	Change	October
28,181	(1,085)	27,096

The personal income tax receipts estimate for 2001-2002 has been adjusted downward by \$1.09 billion from the September Financial Plan. The estimate reflects economic weakness associated with the September 11 attack and its aftermath. Most importantly, the revised estimate reflects significant reductions in wages, employment, financial sector bonuses, and taxable capital gains realizations. The revised estimate results in actual year-over-year

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decreases in New York State adjusted gross income and personal income tax liability for both the 2001 and 2002 years.

The estimate for withholding tax has been decreased by \$941 million, reflecting reduced estimates for wages, bonuses, and employment. The Division of the Budget assumes a decrease of 50 percent in security industry bonuses from the prior fiscal year.

Estimated tax installment payments have been decreased by \$120 million from the September Financial Plan. This reduction reflects installment payment decreases on 2001 tax liability, compared to last year, for every quarter except the December quarter, which is expected to include delayed payments from the September installment. These decreases are due to reductions in the projected growth of non-wage income. The Division of the Budget assumes a decrease in taxable capital gains of 35 percent from the prior tax year.

Estimates for payments with extension requests and current refunds remain unchanged from the September Financial Plan, reflecting little deviation from expected payments with the near completion of processing 2000 tax year returns. However, offsets and prior-year refunds have been decreased by \$40 million to reflect year-to-date payments. The estimate for payments with final returns has been increased by \$20 million, in response to higher-than-expected collections received.

The estimate for assessment collections has been reduced by \$95 million, reflecting the disruption of audit operations caused by the September 11 tragedy.

User Taxes and Fees

2001-2002 User Taxes and Fees (\$ in millions)		
September	Change	October
7,094	(52)	7,042

The estimate for user taxes and fees is \$7.04 billion, which is \$52 million below the September Financial Plan estimate of \$7.09 billion.

The estimate for sales tax (including LGAC receipts) is \$8.13 billion, or \$75 million lower than the September Financial Plan estimate. The World Trade Center disaster has had a significant adverse effect on consumer confidence, lowered tourism spending, and reduced overall consumer spending.

The estimate for the cigarette and tobacco tax is \$4 million higher than the September Financial Plan estimate, reflecting higher-than-anticipated cigarette tax receipts for the first seven months of 2001-2002.

The estimate for auto rental tax is \$4 million below the September Financial Plan estimate, reflecting the negative impact of the World Trade Center disaster on tourism spending.

The estimates for motor vehicle fees (\$2 million), the alcohol beverage tax (\$1 million), and alcohol beverage control license fees (\$1 million) have been raised by \$4 million reflecting collection experience to date.

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Business Taxes

2001-2002 Business Taxes (\$ in millions)		
September	Change	October
3,979	(329)	3,650

Business tax collections are expected to decline by \$329 million from the September Financial Plan. In general, this reflects lower receipts due to the World Trade Center disaster as well as deteriorating economic conditions. Losses attributable to the World Trade Center will primarily affect New York State financial services firms. Other factors include declining corporate profits due to the weakening economy and losses associated with poor loan performance in the banking industry.

Corporation franchise tax receipts are estimated to be \$215 million below the September Financial Plan. World Trade Center effects account for most of the decline in 2001-2002. Estimates also reflect the downward trend in the overall economy and more specifically in corporate profits.

Bank franchise taxes are expected to decline by \$89 million from the September Financial Plan. Again, World Trade Center effects account for a large portion of the loss, and overall economic weakness accounts for the remaining decline.

Corporation and utilities taxes are expected to decline by \$50 million from the September Financial Plan. Effects of the World Trade Center disaster were concentrated on the downstate electric and telecommunication utilities. Full assessments of infrastructure losses for the utility and telecommunications sectors have not yet been completed. Receipts for 2001-2002 have been adjusted to reflect legislation enacted in 2001 which reinstated the section 189 Gas Import Tax, which was ruled unconstitutional by the New York State Court of Appeals in the Tennessee Gas Pipeline Company case. This action increases the 2001-2002 estimate by \$114 million.

Insurance taxes are expected to increase by \$25 million over the September Financial Plan. The World Trade Center disaster is expected to decrease receipts by \$23 million, while the overall positive insurance income picture for 2001 more than offsets this negative impact.

Other Taxes

2001-2002 Other Taxes (\$ in millions)		
September	Change	October
757	(36)	721

Other taxes include receipts from the estate and gift taxes, the real property gains tax, pari-mutuel taxes, and the boxing and wrestling exhibitions tax. The estate tax accounts for nearly 95 percent of the receipts in this category. Pari-mutuel taxes account for 4 percent, with the remaining 1 percent derived from the small amounts of real property gains tax and the gift tax still being received after their repeal.

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The Division of the Budget has reduced its estimate from \$757 million in the September Financial Plan to \$721 million. Thus, DOB estimates receipts from this category to be \$74 million below receipts in 2000-2001 and \$36 million below the September Financial Plan estimates.

The primary factors accounting for the decline in this category are year-to-date results, the impact of the revised economic forecast, and the effects of prior tax reductions and repeals.

Miscellaneous Receipts

2001-2002 Miscellaneous Receipts (\$ in millions)		
September	Change	October
1,499	7	1,506

Miscellaneous receipts are expected to reach \$1.51 billion, up \$7 million from the September Financial Plan. This largely results from an increased estimate for investment income.

Transfers from Other Funds

2001-2002 Transfers from Other Funds (\$ in millions)		
September	Change	October
2,098	(23)	2,075

Transfers from other funds are expected to total \$2.07 billion, a decrease of \$23 million from the September Financial Plan. The majority of this change is due to transfers of sales tax in excess of LGAC debt service requirements. A slight decrease is anticipated in transfers from other sources.

Disbursements

2001-2002 General Fund Disbursements (\$ in millions)		
September	Change	October
41,993	(20)	41,973

General Fund disbursements are now projected to total \$41.97 billion in 2001-2002, a decrease of \$20 million from the September Financial Plan. The net change of \$20 million results from a combination of actions designed to fund certain critical programs while keeping spending from growing in this time of economic uncertainty.

The lower spending from the September Plan primarily reflects savings of \$188 million associated with the utilization of existing Federal TANF resources to fund welfare and child welfare costs that otherwise would be borne by taxpayers, offset by \$100 million in support for

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not-for-profit organizations and about \$68 million for the new economic stimulus program. The \$100 million will be transferred from the General Fund to the Miscellaneous Special Revenue Fund and be disbursed to various not-for-profit groups that provide critical human services or emergency relief services. The economic stimulus package includes funding for economic development programs, such as grants and loans to businesses to support job creation, high-tech/biotech initiatives, and tourism promotion through the "I Love New York" marketing campaign.

Increases in additional support for educational programs, such as grants to school districts, Teacher Support Aid, Teacher Centers, and Small Cities Aid, are offset by redirecting resources from other programs, including building aid changes.

Reserves/General Fund Closing Balance

As a result of the impact of the WTC disaster, the 2001-2002 October Update reflects a decrease in reserves of \$1.5 billion from the Financial Plan Report released in September. The net decrease of \$1.5 billion results from:

- \$1.63 billion in lower receipts from the negative impact of the WTC, and
- \$134 million in net savings from the impact of October legislation as discussed earlier.

After the planned use of \$1.2 billion in the STAR Fund and the reserves noted above, General Fund reserves are now projected to be \$1.06 billion at the end of 2001-2002. These reserves do not yet reflect the impact of the Governor's \$3 billion plan to reduce spending for fiscal years 2001-2002 and 2002-2003. The current reserves include \$627 million in the permanent rainy day fund (the Tax Stabilization Reserve Fund), \$281 million in remaining WTC reserves, and \$151 million in the litigation reserve (the Contingency Reserve Fund).

The General Fund closing balance is projected at \$1.22 billion, and includes the reserves noted above as well as \$142 million in the Community Projects Fund and \$14 million in the Universal Pre-Kindergarten Fund which are already committed to existing programs.

2002-2003 General Fund Financial Plan Projections

A preliminary analysis indicates that the State will have a 2002-2003 budget gap significantly higher than the \$2.5 billion gap published in the 2001-2002 Executive Budget in January 2001. This gap is expected to increase by \$2 billion to \$6 billion as a result of the terrorist attacks on America. The Governor's \$3 billion savings plan, which is not yet reflected in these numbers, will help offset the negative impact on the Financial Plan from the WTC attacks.

The Governor will submit a balanced budget and Financial Plan for 2002-2003 with the upcoming Executive Budget.

Six Months Cash-Basis Results

The General Fund ended the first six months with a balance of \$5.55 billion, \$489 million below the estimate in the September Financial Plan. This negative variance results from lower receipts of \$502 million offset by lower spending of \$13 million.

Total General Fund receipts and transfer from other funds totaled \$23.56 billion through September. Receipts were \$502 million lower than the September cash flow projections. This reflects a loss of receipts associated with the World Trade Center disaster. A portion of this shortfall resulted from an administrative filing extension granted to individuals and businesses adversely impacted by the attack.

Total General Fund disbursements and transfers to other funds totaled \$19.11 billion through September. The results were generally consistent with the estimate of disbursements in the September Financial Plan. The modest decrease of \$13 million from the September Plan is attributable to the timing of payments and is not anticipated to affect year-end results.

OTHER GOVERNMENTAL FUNDS

All Governmental Funds

2001-2002 All Governmental Funds (\$ in millions)		
September	Change	October
84,050	224	84,274

All Governmental Funds spending is now estimated at \$84.27 billion in 2001-2002, an increase of \$224 million over the September Financial Plan. This increase primarily reflects the utilization of \$244 million in existing Federal TANF resources to provide the State and local governments with funding to cover welfare and child welfare costs, offset by the State Funds decrease described below.

State Funds

2001-2002 State Funds (\$ in millions)		
September	Change	October
57,957	(20)	57,937

State Funds disbursements are projected at \$57.94 billion, a decrease of \$20 million. Consistent with the General Fund, the change is related to savings from the utilization of existing Federal TANF resources for welfare and child welfare costs (\$188 million), primarily offset by costs for the new economic stimulus package (\$68 million) and additional not-for-profit assistance (\$100 million).

DEBT REFORM ACT

The Debt Reform Act of 2000 imposed phased-in caps that limit new debt outstanding to four percent of personal income and new debt service costs to five percent of total governmental funds receipts. To immediately constrain State debt levels, the Act applies to all new State-supported debt issued on and after April 1, 2000 (excluding certain refunding bonds). The debt outstanding and debt service caps began in 2000-2001 at .75 percent each.

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Section 23 of the State Finance Law requires the calculation of the caps imposed by the Act to be submitted with the Financial Plan Update most proximate to October 31 of each year. As shown in the table below, debt outstanding and debt service are well within the caps imposed by the Act.

Debt Outstanding Cap (\$ in millions)	
New Debt Outstanding	2,524
Personal Income (CY 2000)	655,583
Debt Outstanding (% of PI)	.39%
Cap Imposed by Debt Reform Act	.75%

Debt Service Cap (\$ in millions)	
New Debt Service	75
Governmental Funds Receipts	83,527
Debt Service (% of Gov't Fund Receipts)	.09%
Cap Imposed by Debt Reform Act	.75%

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

	<u>September</u>	<u>Change</u>	<u>October</u>
Opening fund balance	<u>1,098</u>	<u>0</u>	<u>1,098</u>
Receipts:			
Taxes			
Personal income tax	28,181	(1,085)	27,096
User taxes and fees	7,094	(52)	7,042
Business taxes	3,979	(329)	3,650
Other taxes	757	(36)	721
Miscellaneous receipts	1,499	7	1,506
Transfers from other funds:			
LGAC	1,739	(19)	1,720
All other	359	(4)	355
Total receipts	<u>43,608</u>	<u>(1,518)</u>	<u>42,090</u>
Disbursements:			
Grants to local governments	28,453	(126)	28,327
State operations	7,808	6	7,814
General State charges	2,659	0	2,659
Debt service	0	0	0
Transfers to other funds:			
Debt service	2,289	0	2,289
Capital projects	316	0	316
State university	69	0	69
Other purposes	399	100	499
Total disbursements	<u>41,993</u>	<u>(20)</u>	<u>41,973</u>
Change in fund balance	<u>1,615</u>	<u>(1,498)</u>	<u>117</u>
Closing fund balance	<u>2,713</u>	<u>(1,498)</u>	<u>1,215</u>
Tax Stabilization Reserve Fund	627	0	627
Contingency Reserve Fund	151	0	151
Community Projects Fund	142	0	142
Universal Pre-Kindergarten Fund	14	0	14
Fiscal Responsibility Reserve	1,479	(1,479)	0
Reserve for WTC/Other Costs	300	(19)	281

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

	<u>September</u>	<u>Change</u>	<u>October</u>
Personal income tax	28,181	(1,085)	27,096
User taxes and fees	7,094	(52)	7,042
Sales and use tax	6,151	(56)	6,095
Cigarette and tobacco taxes	497	4	501
Motor fuel tax	0	0	0
Motor vehicle fees	200	2	202
Alcoholic beverage taxes	176	1	177
Alcoholic beverage control license fees	31	1	32
Auto rental tax	39	(4)	35
Business taxes	3,979	(329)	3,650
Corporation franchise tax	2,000	(215)	1,785
Corporation and utilities taxes	861	(50)	811
Insurance taxes	580	25	605
Bank tax	538	(89)	449
Petroleum business taxes	0	0	0
Other taxes	757	(36)	721
Estate and gift taxes	722	(36)	686
Real property gains tax	5	0	5
Pari-mutuel taxes	29	0	29
Other taxes	1	0	1
Total taxes	<u>40,011</u>	<u>(1,502)</u>	<u>38,509</u>
Miscellaneous receipts	<u>1,499</u>	<u>7</u>	<u>1,506</u>
Total	<u><u>41,510</u></u>	<u><u>(1,495)</u></u>	<u><u>40,015</u></u>

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**CASH FINANCIAL PLAN
2001-2002 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	1,098	2,199	(89)	422	3,630
Receipts:					
Taxes	38,509	2,855	1,539	2,643	45,546
Miscellaneous receipts	1,506	6,941	1,768	614	10,829
Federal grants	0	25,041	1,451	0	26,492
Total receipts	<u>40,015</u>	<u>34,837</u>	<u>4,758</u>	<u>3,257</u>	<u>82,867</u>
Disbursements:					
Grants to local governments	28,327	29,571	967	0	58,865
State operations	7,814	6,600	0	7	14,421
General State charges	2,659	462	0	0	3,121
Debt service	0	0	0	3,913	3,913
Capital projects	0	5	3,949	0	3,954
Total disbursements	<u>38,800</u>	<u>36,638</u>	<u>4,916</u>	<u>3,920</u>	<u>84,274</u>
Other financing sources (uses):					
Transfers from other funds	2,075	2,611	595	4,995	10,276
Transfers to other funds	(3,173)	(2,063)	(778)	(4,101)	(10,115)
Bond and note proceeds	0	0	237	0	237
Use of Debt Reduction Reserve Fund	0	0	0	(500)	(500)
Net other financing sources (uses)	<u>(1,098)</u>	<u>548</u>	<u>54</u>	<u>394</u>	<u>(102)</u>
Change in fund balance	<u>117</u>	<u>(1,253)</u>	<u>(104)</u>	<u>(269)</u>	<u>(1,509)</u>
Closing fund balance	<u>1,215</u>	<u>946</u>	<u>(193)</u>	<u>153</u>	<u>2,121</u>

2001-2002 Mid-Year Financial Plan Update

**CASH FINANCIAL PLAN
2001-2002 STATE FUNDS
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	<u>1,098</u>	<u>2,193</u>	<u>68</u>	<u>422</u>	<u>3,781</u>
Receipts:					
Taxes	38,509	2,855	1,539	2,643	45,546
Miscellaneous receipts	1,506	6,805	1,768	614	10,693
Federal grants	0	0	0	0	0
Total receipts	<u>40,015</u>	<u>9,660</u>	<u>3,307</u>	<u>3,257</u>	<u>56,239</u>
Disbursements:					
Grants to local governments	28,327	7,684	769	0	36,780
State operations	7,814	3,747	0	7	11,568
General State charges	2,659	307	0	0	2,966
Debt service	0	0	0	3,913	3,913
Capital projects	0	3	2,707	0	2,710
Total disbursements	<u>38,800</u>	<u>11,741</u>	<u>3,476</u>	<u>3,920</u>	<u>57,937</u>
Other financing sources (uses):					
Transfers from other funds	2,075	876	595	4,995	8,541
Transfers to other funds	(3,173)	(120)	(767)	(4,101)	(8,161)
Bond and note proceeds	0	0	237	0	237
Use of Debt Reduction Reserve Fund	0	0	0	(500)	(500)
Net other financing sources (uses)	<u>(1,098)</u>	<u>756</u>	<u>65</u>	<u>394</u>	<u>117</u>
Change in fund balance	<u>117</u>	<u>(1,325)</u>	<u>(104)</u>	<u>(269)</u>	<u>(1,581)</u>
Closing fund balance	<u>1,215</u>	<u>868</u>	<u>(36)</u>	<u>153</u>	<u>2,200</u>

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**CASH FINANCIAL PLAN
2001-2002 SPECIAL REVENUE FUNDS
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>2,193</u>	<u>6</u>	<u>2,199</u>
Receipts:			
Taxes	2,855	0	2,855
Miscellaneous receipts	6,805	136	6,941
Federal grants	0	25,041	25,041
Total receipts	<u>9,660</u>	<u>25,177</u>	<u>34,837</u>
Disbursements:			
Grants to local governments	7,684	21,887	29,571
State operations	3,747	2,853	6,600
General State charges	307	155	462
Debt service	0	0	0
Capital projects	3	2	5
Total disbursements	<u>11,741</u>	<u>24,897</u>	<u>36,638</u>
Other financing sources (uses):			
Transfers from other funds	876	1,735	2,611
Transfers to other funds	(120)	(1,943)	(2,063)
Bond and note proceeds	0	0	0
Net other financing sources (uses)	<u>756</u>	<u>(208)</u>	<u>548</u>
Change in fund balance	<u>(1,325)</u>	<u>72</u>	<u>(1,253)</u>
Closing fund balance	<u>868</u>	<u>78</u>	<u>946</u>

2001-2002 Mid-Year Financial Plan Update

**CASH FINANCIAL PLAN
2001-2002 CAPITAL PROJECTS FUNDS
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>68</u>	<u>(157)</u>	<u>(89)</u>
Receipts:			
Taxes	1,539	0	1,539
Miscellaneous receipts	1,768	0	1,768
Federal grants	0	1,451	1,451
Total receipts	<u>3,307</u>	<u>1,451</u>	<u>4,758</u>
Disbursements:			
Grants to local governments	769	198	967
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	2,707	1,242	3,949
Total disbursements	<u>3,476</u>	<u>1,440</u>	<u>4,916</u>
Other financing sources (uses):			
Transfers from other funds	595	0	595
Transfers to other funds	(767)	(11)	(778)
Bond and note proceeds	237	0	237
Net other financing sources (uses)	<u>65</u>	<u>(11)</u>	<u>54</u>
Change in fund balance	<u>(104)</u>	<u>0</u>	<u>(104)</u>
Closing fund balance	<u>(36)</u>	<u>(157)</u>	<u>(193)</u>