



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

July 20, 2011

The Honorable Kevin Lembo
State Comptroller
55 Elm Street
Hartford, Connecticut 06106

Dear Comptroller Lembo:

The following information on the State's General Fund for fiscal year 2011 is provided in accordance with Section 4-66 of the General Statutes. In addition, an analysis of the Special Transportation Fund is included due to the significant nature of this fund. It should be noted that these projections reflect the state's current modified cash basis of accounting.

General Fund

We are projecting a General Fund balance of \$158.9 million, an improvement of \$73.4 million over last month's projection. Revenues reflect an improvement of \$47.0 million and aggregate expenditure projections have improved by \$26.4 million over last month's estimate. Of this anticipated balance, the 2009 agreement with SEBAC requires that \$14.5 million be deposited in the trust fund for retiree health care. Any remaining balance at year end must be used to redeem Economic Recovery Notes issued to finance the FY 2009 deficit in accordance with Sec. 511 of Public Act 09-3, June Special Session.

Revenues

Projected General Fund revenue has increased \$47.0 million over last month's estimate. Corporation Tax and Real Estate Conveyance Tax revenue estimates have been revised upward by \$14.0 million and \$2.5 million respectively to reflect the positive variance in collections to date through the end of the accrual period. Federal grant revenues are estimated to increase by \$13.4 million, primarily due to an adjustment in federal revenue received by the Department of Social Services. Other changes reflect final collection information, including increases in Special Revenue Transfers of \$4.1 million, License, Permits and Fees of \$3.4 million and Miscellaneous Revenue of \$7.8 million. All other adjustments result in a net increase of \$1.8 million. It should be noted that several significant revenue sources are still being tallied through August 5th as part of the accrual process for FY 2011.

Expenditures

Lapses are currently estimated to total \$426.3 million, even after accounting for over \$23.2 million in debt service funds that were carried forward from FY 2011 into FY 2012 as per section 10 of Public Act 11-1 of the June Special Session. As noted last month, sufficient levels

of lapses have occurred across a variety of agencies and accounts to more than satisfy all budgeted lapse targets for the fiscal year, and are detailed in Statement 4.

Special Transportation Fund

In the Special Transportation Fund, this spring's higher gasoline prices have significantly curbed consumption, falling by 1.1% this fiscal year, resulting in a reduction of estimated motor fuels tax revenue by \$2 million. All other revenue changes are minor adjustments to reflect final collection information and net to an increase of \$4.3 million. Expenditure projections reflect a net improvement of \$4.0 million. Overall, an annual operating surplus of \$7.3 million is forecast, and the fund balance on June 30, 2011 is anticipated to be \$112.7 million.

It should be noted that while these projections are the best that can be made at this time, some adjustments are expected as part of the year end closing process.

Sincerely,

A handwritten signature in blue ink, appearing to read "Benjamin Barnes". The signature is fluid and cursive, with the first name being more prominent.

Benjamin Barnes
Secretary

Summary
July 20, 2011

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2011
As of June 30, 2011
(In Millions)

General Fund

Balance - June 20, 2011		\$	85.5
Revenues			
Corporation	14.0		
Federal Grants	13.4		
Transfers - Special Revenue	4.1		
Licenses, Permits, Fees	3.4		
Real Estate Conveyance	2.5		
Miscellaneous	7.8		
All Other	1.8		47.0
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	28.0		
Miscellaneous Adjustments/Rounding	(1.6)		26.4
Balance - July 20, 2011		\$	158.9
Reserved Balance ¹			(158.9)
Estimated Balance - June 30, 2011		\$	-

1. \$14.5 million for OPEB trust fund per 2009 SEBAC agreement, with remainder applied to Economic Recovery Notes per Sec. 511, P.A. 09-3, June Spec. Sess.

Special Transportation Fund

Carry Forward FY 2009-10 Surplus		\$	105.4
Balance - June 20, 2011			1.0
Revenues			
Motor Fuels Tax	(2.0)		
Licenses, Permits, Fees	3.0		
All Other	1.3		2.3
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	4.0		
Miscellaneous Adjustments/Rounding	0.0		4.0
Estimated Balance - June 30, 2011		\$	112.7

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2011
As of June 30, 2011
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u> ^{2.}	Over/ <u>(Under)</u>
REVENUE			
Taxes	\$11,941.5	\$12,940.7	\$999.2
Less: Refunds	<u>(\$1,019.8)</u>	<u>(\$964.7)</u>	<u>\$55.1</u>
Taxes - Net	\$10,921.7	\$11,976.0	\$1,054.3
Other Revenue	\$1,202.7	\$1,293.6	\$90.9
Other Sources	<u>\$5,543.0</u>	<u>\$4,813.3</u>	<u>(\$729.7)</u>
TOTAL Revenue	\$17,667.4	\$18,082.9	\$415.5
EXPENDITURES			
Appropriations	\$17,963.5	\$18,292.7	\$329.2
Net Additional Requirements	\$0.0	\$0.0	\$0.0
Less: Estimated Lapses	<u>(\$296.3)</u>	<u>(\$426.3)</u>	<u>(\$130.0)</u>
TOTAL Expenditures	\$17,667.2	\$17,866.4	\$199.2
Balance from Operations	\$0.2	\$216.5	\$216.3
Miscellaneous Adjustments	<u>\$0.0</u>	<u>(\$57.6)</u>	<u>(\$57.6)</u>
Estimated Balance 6/30/11	\$0.2	\$158.9	\$158.7
Reserved Balance ^{3.}	<u>(\$0.2)</u>	<u>(\$158.9)</u>	<u>(\$158.7)</u>
Estimated Balance - June 30, 2011	\$0.0	\$0.0	\$0.0

1. P.A. 10-179 as amended by P.A. 10-1, JSS and P.A. 10-2, JSS.

2. Revised appropriation and ERRB cancellation per Sec. 49, 50, 70, 71, and 187 of PA 11-61.

3. \$14.5 million for OPEB trust fund per 2009 SEBAC agreement, with remainder applied to Economic Recovery Notes per Sec. 511, P.A. 09-3, June Spec. Sess.

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2011
As of June 30, 2011
(In Millions)

TAXES	
Personal Income	\$7,220.0
Sales and Use	3,342.0
Corporation	784.4
Public Service Corporations	269.1
Inheritance and Estate	237.6
Insurance Companies	220.6
Cigarettes	403.9
Real Estate Conveyance	87.7
Oil Companies	154.0
Alcoholic Beverages	48.7
Admissions and Dues	34.5
Miscellaneous	138.2
TOTAL - TAXES	<u>\$12,940.7</u>
Less: Refunds of Taxes	(956.1)
R & D Credit Exchange	<u>(8.6)</u>
TOTAL - TAXES - NET	<u>\$11,976.0</u>
OTHER REVENUE	
Transfers - Special Revenue	\$293.1
Indian Gaming Payments	359.6
Licenses, Permits, Fees	250.4
Sales of Commodities and Services	35.5
Rents, Fines, Escheats	146.5
Investment Income	0.4
Miscellaneous	210.0
Refunds of Payments	<u>(1.9)</u>
TOTAL - OTHER REVENUE	<u>\$1,293.6</u>
OTHER SOURCES	
Federal Grants	\$4,214.0
Transfers to the Resources of the General Fund	673.3
Transfer from Tobacco Settlement Fund	95.4
Transfers to Other Funds	<u>(169.4)</u>
TOTAL - OTHER SOURCES	<u>\$4,813.3</u>
TOTAL - GENERAL FUND REVENUE	\$18,082.9

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2011
As of June 30, 2011

No Additional Requirements	0
Total	<u>\$0</u>

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2011
As of June 30, 2011

Legislative Management	\$ 11,100,000
Auditors of Public Accounts	2,400,000
Secretary of the State	1,100,000
Elections Enforcement Commission	800,000
State Treasurer	700,000
State Comptroller	1,800,000
Department of Revenue Services	3,900,000
Division of Special Revenue	1,500,000
Office of Policy and Management	5,100,000
Department of Veterans Affairs	2,700,000
Office of Workforce Competitiveness	500,000
Department of Administrative Services	3,700,000
Department of Information Technology	3,200,000
Department of Construction Services	11,600,000
Attorney General	1,300,000
Division of Criminal Justice	1,100,000
Dept of Emergency Services and Public Protection	12,300,000
Military Department	800,000
Department of Consumer Protection	900,000
Comm-Human Rights & Opportunities	800,000
Emergency Mgmt/Homeland Security	700,000
Department of Energy and Environmental Protection	4,600,000
Commission on Culture and Tourism	900,000
Dept of Economic and Community Development	1,900,000
Department of Public Health	5,200,000
Department of Developmental Services	34,600,000
Dept Mental Health & Addiction Svs	33,800,000
Department of Social Services	39,800,000
Department of Education	18,700,000
Bd of Educ & Services for the Blind	500,000
State Library	1,100,000
Financial and Academic Affairs for Higher Ed	700,000
Department of Correction	14,200,000
Department of Children and Families	44,000,000
Judicial Department	6,800,000
State Treasurer - Debt Service	19,800,000
State Comptroller - Fringe Benefits	126,500,000
All Other Agencies	5,200,000
Total	<u>\$426,300,000</u>

State of Connecticut
2010-11 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
REVENUE	\$17,667.4	\$17,865.5	\$17,865.5	\$17,934.8	\$17,934.8	\$17,943.6	\$18,062.2	\$18,062.2	\$18,111.9	\$18,245.3	\$18,628.6	\$18,035.9	\$18,082.9
Appropriations	17,963.5	17,963.5	17,963.5	17,963.5	17,963.5	17,963.5	17,963.5	17,963.5	17,963.5	17,963.5	17,963.5	18,292.7	18,292.7
Additional Requirements	0.0	171.7	171.2	233.4	233.4	253.3	315.7	315.7	321.0	345.2	344.6	0.0	0.0
Less: Estimated Lapses	<u>(296.3)</u>	<u>(246.3)</u>	<u>(263.8)</u>	<u>(302.4)</u>	<u>(302.4)</u>	<u>(334.4)</u>	<u>(334.2)</u>	<u>(334.2)</u>	<u>(349.0)</u>	<u>(351.5)</u>	<u>(419.3)</u>	<u>(398.3)</u>	<u>(426.3)</u>
TOTAL - Estimated Expenditures	17,667.2	17,888.9	17,870.8	17,894.5	17,894.5	17,882.4	17,945.0	17,945.0	17,935.5	17,957.2	17,888.8	17,894.4	17,866.4
Balance from Operations	0.2	(23.4)	(5.3)	40.3	40.3	61.2	117.2	117.2	176.4	288.1	739.8	141.5	216.5
Compt.'s Misc. Adjustments/Rounding	<u>0.0</u>	<u>(40.0)</u>	<u>(40.0)</u>	<u>(40.0)</u>	<u>(40.0)</u>	<u>(60.0)</u>	<u>(60.0)</u>	<u>(60.0)</u>	<u>(60.0)</u>	<u>(60.0)</u>	<u>(60.0)</u>	<u>(56.0)</u>	<u>(57.6)</u>
Estimated Balance 6/30/11 ²	\$0.2	(\$63.4)	(\$45.3)	\$0.3	\$0.3	\$1.2	\$57.2	\$57.2	\$116.4	\$228.1	\$679.8	\$85.5	\$158.9

1. P.A. 10-179 as amended by P.A. 10-1, JSS and P.A. 10-2, JSS

2. Balance to be applied to: \$14.5 million to OPEB trust fund per 2009 SEBAC agreement, with remainder for Economic Recovery Notes per Sec. 511, P.A. 09-3, June Spec. Sess.

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2011
As of June 30, 2011
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u> ^{3.}	Over/ (Under)
Surplus Carried Forward from 2009-10 ^{2.}	\$101.2	\$105.4	\$4.2
REVENUE			
Taxes	\$720.3	\$720.5	\$0.2
Less: Refunds of Taxes	<u>(6.9)</u>	<u>(6.8)</u>	<u>0.1</u>
Taxes - Net	713.4	713.7	0.3
Other Revenue	<u>466.6</u>	<u>458.7</u>	<u>(7.9)</u>
TOTAL - Revenue	\$1,180.0	\$1,172.4	(\$7.6)
EXPENDITURES			
Appropriations	\$1,187.9	\$1,187.9	\$0.0
Net Additional Requirements	0.0	0.0	0.0
Less: Estimated Lapses	<u>(11.0)</u>	<u>(22.8)</u>	<u>(11.8)</u>
TOTAL - Expenditures	\$1,176.9	\$1,165.1	(\$11.8)
Balance from Operations	\$3.1	\$7.3	\$4.2
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/11	<u>\$104.3</u>	<u>\$112.7</u>	<u>\$8.4</u>

1. P.A. 10-179 as amended by P.A. 10-1, JSS and P.A. 10-2, JSS.

2. Budget Plan as estimated by the Office of Policy and Management. Revised Estimates per the Comptroller's September 1, 2010 letter.

3. Revised appropriation per Sec. 72, 73 of PA 11-61.

Statement 2T
July 20, 2011

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2011
As of June 30, 2011
(In Millions)

TAXES	
Motor Fuels	\$483.3
Oil Companies	165.3
Sales Tax DMV	71.9
TOTAL - TAXES	<u>720.5</u>
Less: Refunds of Taxes	<u>(6.8)</u>
TOTAL - TAXES - NET	\$713.7
OTHER REVENUE	
Motor Vehicle Receipts	\$220.1
Licenses, Permits, Fees	141.0
Interest Income	5.5
Federal Grants	9.3
Transfers (To)/From Other Funds	85.8
Refunds of Payments	<u>(3.0)</u>
TOTAL - OTHER REVENUE	\$458.7
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,172.4

Statement 3T
July 20, 2011

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2011
As of June 30, 2011

No Additional Requirements	<u>\$0</u>
Total	\$0

Statement 4T
July 20, 2011

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2011
As of June 30, 2011

Department of Administrative Services	\$	1,600,000
Department of Motor Vehicles		300,000
Department of Transportation		1,100,000
State Treasurer - Debt Service		13,400,000
State Comptroller - Fringe Benefits		5,100,000
Workers' Compensation Claims - DAS		1,300,000
Total		<u>22,800,000</u>

State of Connecticut
2010-11 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
Beginning Balance ²	\$101.2	\$101.2	\$105.4	\$105.4	\$105.4	\$105.4	\$105.4	\$105.4	\$105.4	\$105.4	\$105.4	\$105.4	\$105.4
Revenue	<u>1,180.0</u>	<u>1,181.6</u>	<u>1,181.6</u>	<u>1,182.3</u>	<u>1,182.3</u>	<u>1,178.8</u>	<u>1,173.2</u>	<u>1,173.2</u>	<u>1,173.2</u>	<u>1,170.7</u>	<u>1,171.6</u>	<u>1,170.1</u>	<u>1,172.4</u>
Total Available	1,281.2	1,282.8	1,287.0	1,287.7	1,287.7	1,284.2	1,278.6	1,278.6	1,278.6	1,276.1	1,277.0	1,275.5	1,277.8
Appropriations	1,187.9	1,187.9	1,187.9	1,187.9	1,187.9	1,187.9	1,187.9	1,187.9	1,187.9	1,187.9	1,187.9	1,187.9	1,187.9
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	4.0	0.0	0.0
Less: Estimated Lapses	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u>(14.8)</u>	<u>(14.8)</u>	<u>(14.8)</u>	<u>(20.3)</u>	<u>(21.6)</u>	<u>(18.8)</u>	<u>(22.8)</u>
TOTAL - Estimated Expenditures	1,176.9	1,176.9	1,176.9	1,176.9	1,176.9	1,176.9	1,173.1	1,173.1	1,173.1	1,171.7	1,170.3	1,169.1	1,165.1
Balance from Operations	3.1	4.7	4.7	5.4	5.4	1.9	0.1	0.1	0.1	(1.0)	1.3	1.0	7.3
Compt's Misc. Adjustments/Rounding	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/11	\$104.3	\$105.9	\$110.1	\$110.8	\$110.8	\$107.3	\$105.5	\$105.5	\$105.5	\$104.5	\$106.7	\$106.4	\$112.7

1. P.A. 10-179 as amended by P.A. 10-1, JSS and P.A. 10-2, JSS

2. Budget Plan and the month of July as estimated by the Office of Policy and Management. August and thereafter per the Comptroller's September 1, 2010 Letter.