



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

July 20, 2012

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 2012 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. Consistent with Executive Order No. 1 issued January 5, 2011, these projections reflect the state's estimated year-end balance in accordance with Generally Accepted Accounting Principles (GAAP) as well as an estimated balance from operations on a budgetary basis.

General Fund

An improvement of \$72.0 million over our June 20th estimate is projected, resulting in an operating deficit on a GAAP basis of \$195.3 million for fiscal year 2012. On a budgetary basis, an operating deficit of \$120.3 million is forecast. It should be noted, however, that Section 28 of Public Act 12-104 transferred funds held for future debt service into the Budget Reserve Fund (BRF) in order to resolve the projected fiscal year 2012 operating deficit.

Once the budgetary operating deficit is addressed, approximately \$102.0 million will be available in the BRF. This is an important step toward rebuilding reserves as a contingency against the next economic downturn. In addition, additional funds in the Budget Reserve Fund are an offset to the GAAP-basis fund deficit and will benefit the State's balance sheet.

Revenues

Estimated General Fund revenues are being revised upward by \$56.3 million over last month's projection. Personal income tax collections thus far in the month of July are running ahead of target and are being revised upward by \$16.0 million. Inheritance and Estate tax collections are being revised upward by \$15.2 million due to several large payments received prior to the close of the fiscal year. License, Permits and Fees are being revised upward by \$13.5 million due to strong receipts in the months of May and June which exceeded their targets. Miscellaneous revenue is being revised upward by \$25.0 million to reflect better than anticipated recoveries of certain revenue items. All other changes net to a negative \$13.4 million. It should be noted that several significant revenue sources will continue to be tallied through August 7th as part of the accrual process for FY 2012.

Expenditures

Overall, expenditures are estimated at \$6.8 million above appropriated levels, an improvement of \$15.7 million from our June 20th estimate. As noted last month, deficiency transfers in PA 12-104 as well as action taken during Finance Advisory Committee meetings have eliminated projected shortfalls. Statewide lapses are currently estimated to total \$771.1 million, and are detailed in Statement 4 of the attached report.

Special Transportation Fund

Overall, the projected balance in the Special Transportation Fund has improved by \$7.3 million over our June 20th estimate. This change is attributable to a net improvement in revenue of \$0.7 million, primarily the result of improved motor vehicle receipts, and expenditure improvements of \$6.6 million, mostly within the Department of Transportation and in accounts managed by the Department of Administrative Services. In total, expenditures are anticipated to fall \$67.5 million below appropriated levels. Overall, an annual operating surplus of \$37.9 million is forecast, and the fund balance on June 30, 2012 is anticipated to be \$145.3 million.

This is our final estimate for fiscal year 2012. 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 before final results become available.

Sincerely,

A handwritten signature in black ink, appearing to read "Benjamin Barnes", written in a cursive style.

Benjamin Barnes
Secretary

Summary
July 20, 2012

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2012
As of June 30, 2012
(In Millions)

General Fund

Balance - projected as of June 20, 2012		\$	(192.3)
Revenues			
Personal Income Tax	16.0		
Inheritance & Estate Taxes	15.2		
Licenses, Permits and Fees	13.5		
Miscellaneous Revenues	25.0		
All Other Changes	<u>(13.4)</u>		56.3
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	15.7		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>15.7</u>
Balance - projected as of July 20, 2012		\$	(120.3)
Reserved Balance ¹			<u>(75.0)</u>
Estimated Balance - June 30, 2012 - GAAP Basis		\$	<u>(195.3)</u>

1. Up to \$75,000,000 is reserved for GAAP per Sec. 46 of P.A. 11-48, with the balance applied to Economic Recovery Notes per Sec. 511, P.A. 09-3, June Spec. Sess.

Special Transportation Fund

Carry Forward FY 2010-11 Surplus		\$	107.4
Balance - projected as of June 20, 2012			30.6
Revenues			
Sales Tax - DMV	0.6		
Motor Vehicle Receipts	0.4		
All Other Changes	<u>(0.3)</u>		0.7
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	6.6		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>6.6</u>
Estimated Balance - June 30, 2012		\$	<u>145.3</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2012
As of June 30, 2012
(In Millions)

	General Assembly Budget Plan ¹ .	Revised Estimates OPM ² .	Over/ (Under)
REVENUE			
Taxes	\$14,954.4	\$14,933.2	(\$21.2)
Less: Refunds	<u>(\$935.3)</u>	<u>(\$1,108.8)</u>	<u>(\$173.5)</u>
Taxes - Net	\$14,019.1	\$13,824.4	(\$194.7)
Other Revenue	\$1,226.5	\$1,209.0	(\$17.5)
Other Sources	<u>\$3,543.0</u>	<u>\$3,560.8</u>	<u>\$17.8</u>
TOTAL Revenue	\$18,788.6	\$18,594.2	(\$194.4)
EXPENDITURES			
Appropriations	\$19,485.6	\$19,485.6	\$0.0
Net Additional Requirements	\$0.0	\$0.0	\$0.0
Less: Estimated Lapses	<u>(\$777.9)</u>	<u>(\$771.1)</u>	<u>\$6.8</u>
TOTAL Expenditures	\$18,707.7	\$18,714.5	\$6.8
Balance from Operations	\$80.9	(\$120.3)	(\$201.2)
Miscellaneous Adjustments	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Estimated Balance - Budgetary Basis	\$80.9	(\$120.3)	(\$201.2)
Reserved Balance - GAAP ³	<u>(\$75.0)</u>	<u>(\$75.0)</u>	<u>\$0.0</u>
Estimated Balance - GAAP Basis	\$5.9	(\$195.3)	(\$201.2)
Reserved Balance -Other ³	<u>(\$5.9)</u>	<u>\$0.0</u>	<u>\$5.9</u>
Remaining Balance - 6/30/2012	\$0.0	(\$195.3)	(\$195.3)

1. P.A. 11-6, as amended by P.A. 11-61 and P.A. 11-1, June Spec. Sess.

2. As amended by P.A. 11-1, October Spec. Sess.

3. Up to \$75,000,000 is reserved for GAAP per Sec. 46 of P.A. 11-48, with the balance 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, 2012
As of June 30, 2012
(In Millions)

TAXES	
Personal Income	\$8,300.0
Sales and Use	3,851.5
Corporation	717.9
Public Service Corporations	250.7
Inheritance and Estate	191.7
Insurance Companies	237.6
Cigarettes	422.5
Real Estate Conveyance	101.0
Oil Companies	150.2
Electric Generation	71.0
Alcoholic Beverages	58.9
Admissions and Dues	34.4
Health Provider Tax	525.9
Miscellaneous	19.9
TOTAL - TAXES	<u>\$14,933.2</u>
Less: Refunds of Taxes	(1,004.0)
Earned Income Tax Credit	(101.2)
R & D Credit Exchange	(3.6)
TOTAL - TAXES - NET	<u>\$13,824.4</u>
OTHER REVENUE	
Transfers - Special Revenue	\$313.8
Indian Gaming Payments	344.6
Licenses, Permits, Fees	283.4
Sales of Commodities and Services	35.0
Rents, Fines, Escheats	120.2
Investment Income	0.5
Miscellaneous	195.0
Refunds of Payments	(83.5)
TOTAL - OTHER REVENUE	<u>\$1,209.0</u>
OTHER SOURCES	
Federal Grants	\$3,607.5
Transfer from Tobacco Settlement Fund	96.1
Transfers to Other Funds	(142.8)
TOTAL - OTHER SOURCES	<u>\$3,560.8</u>
TOTAL - GENERAL FUND REVENUE	\$18,594.2

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2012
As of June 30, 2012

No Additional Requirements
Total

\$	-
\$	-

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2012
As of June 30, 2012

Unallocated Lapse	\$	-
Unallocated Lapse - Legislative		-
Unallocated Lapse - Judicial		-
General Personal Services Reduction - Legislative		476,000
General Personal Services Reduction - Executive		7,543,144
General Other Expenses Reduction - Legislative		374,000
General Other Expenses Reduction - Executive		8,585,016
Labor-Management Savings - Legislative		4,586,734
Labor-Management Savings - Executive		375,686,297
Labor-Management Savings - Judicial		26,077,533
February 28, 2012 Rescissions		42,536,822
Legislative Management		5,366,000
Auditors of Public Accounts		881,000
Commission on Aging		6,900
Permanent Commission on the Status of Women		19,700
Commission on Children		1,600
Latino & Puerto Rican Affairs Comm		9,600
African-American Affairs Commission		9,600
Asian Pacific American Affairs Commission		90,800
Governor's Office		94,000
Misc Appropriation to the Governor		1
Secretary of the State		660,000
Lieutenant Governor's Office		115,000
State Treasurer		410,000
State Treasurer - Debt Service		80,630,000
State Comptroller		568,000
State Comptroller- Miscellaneous		1,661,000
State Comptroller - Fringe Benefits		36,247,000
Department of Revenue Services		1,860,000
Office of Governmental Accountability		1,077,000
Office of Policy and Management		3,621,000
OPM - Reserve for Salary Adjustments		73,760,000
Department of Veterans Affairs		134,000
Department of Administrative Services		3,732,000
Workers' Compensation Claims - DAS		733,000
Department of Construction Services		69,000
Attorney General		743,000
Division of Criminal Justice		12,000
Department of Emergency Services and Public Protection		950,000
Department of Motor Vehicles		900

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2012
As of June 30, 2012

Military Department	154,000
Department of Consumer Protection	506,000
Department of Labor	701,000
Commission on Human Rights & Opportunities	255,000
Office of Protection and Advocacy	15,000
Department of Agriculture	141,000
Department of Energy and Environmental Protection	1,743,000
Council on Environmental Quality	8,600
Dept of Economic and Community Development	254,000
Agricultural Experiment Station	-
Department of Public Health	6,132,000
Office of the Chief Medical Examiner	187,000
Department of Developmental Services	12,658,000
Department of Mental Health & Addiction Services	5,564,000
Psychiatric Security Review Board	3,000
Department of Social Services	27,337,000
Bureau of Rehabilitation Services	502,000
Department of Education	3,602,000
State Library	476,000
Office of Financial and Academic Affairs for Higher Education	640,000
University of Connecticut	-
University of Connecticut Health Center	-
Teachers' Retirement Board	422,000
Board of Regents for Higher Education	130,000
Department of Correction	11,525,000
Department of Children and Families	18,543,000
Judicial Department	220,000
Public Defender Services Commission	75,000
	-
Total	<u>\$ 771,121,247</u>

State of Connecticut
2011-12 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2011	August 2011	September 2011	October 2011 ²	November 2011	December 2011	January 2012	February 2012	Updated March 2012	April 2012	May 2012	June 2012
REVENUE	\$18,788.6	\$18,788.6	\$18,788.6	\$18,786.0	\$18,777.5	\$18,777.0	\$18,693.9	\$18,693.9	\$18,670.4	\$18,545.3	\$18,545.3	\$18,537.9	\$18,594.2
Appropriations	19,485.6	19,485.6	19,485.6	19,485.6	19,485.6	19,485.6	19,485.6	19,485.6	19,485.6	19,485.6	19,485.6	19,485.6	19,485.6
Additional Requirements	0.0	0.0	17.0	33.0	12.0	7.2	107.6	107.6	109.3	102.6	0.0	0.0	0.0
Less: Estimated Lapses	(777.9)	(777.9)	(792.9)	(808.2)	(799.2)	(799.5)	(900.7)	(935.2)	(936.9)	(843.1)	(742.8)	(755.4)	(771.1)
TOTAL - Estimated Expenditures	18,707.7	18,707.7	18,709.7	18,710.4	18,698.4	18,693.3	18,692.5	18,658.0	18,658.0	18,745.1	18,742.8	18,730.2	18,714.5
Balance from Operations	80.9	80.9	78.9	75.6	79.1	83.7	1.4	35.9	12.4	(199.8)	(197.5)	(192.3)	(120.3)
Misc. Adjustments/Rounding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Est. Balance 6/30/12 - Budgetary Basis	\$80.9	\$80.9	\$78.9	\$75.6	\$79.1	\$83.7	\$1.4	\$35.9	\$12.4	(\$199.8)	(\$197.5)	(\$192.3)	(\$120.3)
Reserved Balance - GAAP ³	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)
Est. Balance 6/30/12 - GAAP Basis	\$5.9	\$5.9	\$3.9	\$0.6	\$4.1	\$8.7	(\$73.6)	(\$39.1)	(\$62.6)	(\$274.8)	(\$272.5)	(\$267.3)	(\$195.3)

1. P.A. 11-6, as amended by P.A. 11-61 and P.A. 11-1, June Spec. Sess.

2. As amended by P.A. 11-1, October Spec. Sess.

3. Up to \$75,000,000 is reserved for GAAP per Sec. 46 of P.A. 11-48, with the balance applied to Economic Recovery Notes per Sec. 511, P.A. 09-3, June Spec. Sess.

Statement 1T
July 20, 2012

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2012
As of June 30, 2012
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
Surplus Carried Forward from 2010-11 ²	\$107.5	\$107.4	(\$0.1)
REVENUE			
Taxes	\$805.8	\$795.3	(\$10.5)
Less: Refunds of Taxes	<u>(7.2)</u>	<u>(7.0)</u>	<u>0.2</u>
Taxes - Net	798.6	788.3	(10.3)
Other Revenue	<u>463.9</u>	<u>444.0</u>	<u>(19.9)</u>
TOTAL - Revenue	\$1,262.5	\$1,232.3	(\$30.2)
EXPENDITURES			
Appropriations	\$1,315.4	\$1,315.4	\$0.0
Net Additional Requirements	0.0	0.0	0.0
Less: Estimated Lapses	<u>(53.5)</u>	<u>(121.0)</u>	<u>(67.5)</u>
TOTAL - Expenditures	\$1,261.9	\$1,194.4	(\$67.5)
Balance from Operations	\$0.6	\$37.9	\$37.3
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance - June 30, 2012	<u>\$108.1</u>	<u>\$145.3</u>	<u>\$37.2</u>

1. P.A. 11-6, as amended by P.A. 11-61 and P.A. 11-1, June Spec. Sess.

2. Budget plan as estimated by the Office of Policy and Management. Revised estimates per the Comptroller's Sept. 1, 2011 letter.

Statement 2T
July 20, 2012

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2012
As of June 30, 2012
(In Millions)

TAXES	
Motor Fuels	\$491.8
Oil Companies	226.9
Sales Tax DMV	76.6
TOTAL - TAXES	<u>795.3</u>
Less: Refunds of Taxes	(7.0)
TOTAL - TAXES - NET	<u>\$788.3</u>
OTHER REVENUE	
Motor Vehicle Receipts	\$235.4
Licenses, Permits, Fees	136.6
Interest Income	2.0
Federal Grants	12.9
Transfers (To)/From Other Funds	60.1
Refunds of Payments	(3.0)
TOTAL - OTHER REVENUE	<u>\$444.0</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,232.3

Statement 3T
July 20, 2012

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2012
As of June 30, 2012

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

Statement 4T
July 20, 2012

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2012
As of June 30, 2012

Labor-Management Savings	\$ 39,354,017
State Treasurer - Debt Service	38,869,000
State Comptroller - Fringe Benefits	8,341,000
OPM - Reserve for Salary Adjustments	17,535,000
Department of Administrative Services	1,761,000
Workers' Compensation Claims - DAS	910,000
Department of Motor Vehicles	1,198,000
Department of Transportation	13,027,000
Department of Rehabilitation Services	-
Total	<u><u>\$ 120,995,017</u></u>

State of Connecticut
2011-12 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	Updated March 2012	April 2012	May 2012	June 2012
Beginning Balance ²	\$107.5	\$107.5	\$107.4	\$107.4	\$107.4	\$107.4	\$107.4	\$107.4	\$107.4	\$107.4	\$107.4	\$107.4	\$107.4
Revenue	1,262.5	1,262.5	1,262.5	1,243.7	1,243.7	1,243.7	1,227.8	1,227.8	1,227.8	1,228.2	1,228.2	1,231.6	1,232.3
Total Available	1,370.0	1,370.0	1,369.9	1,351.1	1,351.1	1,351.1	1,335.2	1,335.2	1,335.2	1,335.6	1,335.6	1,339.0	1,339.7
Appropriations	1,315.4	1,315.4	1,315.4	1,315.4	1,315.4	1,315.4	1,315.4	1,315.4	1,315.4	1,315.4	1,315.4	1,315.4	1,315.4
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.0
Less: Estimated Lapses	(53.5)	(53.5)	(53.5)	(73.5)	(73.5)	(83.5)	(91.1)	(89.1)	(89.1)	(90.4)	(91.0)	(114.4)	(121.0)
TOTAL - Estimated Expenditures	1,261.9	1,261.9	1,261.9	1,241.9	1,241.9	1,231.9	1,226.1	1,226.3	1,226.3	1,225.0	1,224.4	1,201.0	1,194.4
Balance from Operations	0.6	0.6	0.6	1.8	1.8	11.8	1.7	1.5	1.5	3.2	3.8	30.6	37.9
Compt's Misc. Adjustments/Rounding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Estimated Balance 6/30/12	\$108.1	\$108.1	\$108.0	\$109.2	\$109.2	\$119.2	\$109.1	\$108.9	\$108.9	\$110.6	\$111.2	\$138.0	\$145.3

1. P.A. 11-6, as amended by P.A. 11-61 and P.A. 11-1, June Spec. Sess.

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, 2011 Letter.