



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

July 20, 2016

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 2016 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. Note that our projections reflect the state's estimated year-end balance from operations in accordance with Generally Accepted Accounting Principles (GAAP).

General Fund

We project that the General Fund will close with a \$279.4 million deficit for Fiscal Year 2016, about 1.6% of the fund, and a change of \$36.4 million from the estimate provided to you last month. It should be noted that GAAP accrual adjustments will not be finalized for several months and could potentially materially impact our projection. In accordance with existing law, the projected deficit would be extinguished via transfer from the Budget Reserve Fund.

Revenues

Projected revenues this month are revised upward by \$19.9 million compared to last month's estimate. The largest change is in Federal Grants, up \$66.0 million to reflect federal funds drawn down this past fiscal year. The Corporation Tax has been revised downward by \$30.0 million due to lower than anticipated June quarterly payments. The Personal Income Tax has been revised downward by \$25.0 million due primarily to collections of estimated taxes falling slightly below target during June. All other changes net to a positive \$8.9 million. It should be noted that several significant revenue sources totaling approximately \$900 million are still projected to be received through August 5th as part of the accrual process for FY 2016.

Expenditures

Overall, expenditures are projected to be \$173.1 million below the originally adopted budget plan. This amount is net of any funds carrying forward into fiscal year 2017 as a result of statutory provisions and recently enacted legislation. Estimated lapses by agency are detailed in Statement 4, attached.

Special Transportation Fund

We are projecting that the Special Transportation Fund will end the year with an operating deficit of \$25.9 million, an improvement of \$0.9 million over last month's projection.

Transportation Fund revenues have been revised upward by \$1.9 million as several revenue sources are now considered final for FY 2016. It should be noted that approximately \$150.0 million is still projected to be received through August 5th for the Motor Fuels Tax, Sales and Use Tax collections dedicated to the Transportation Fund, and the Oil Companies Tax as part of the accrual process for FY 2016. In total, estimated expenditures will end the year \$32.6 million below the budget plan; lapses by agency are detailed in Statement 4T, attached. Our expenditure estimates also reflect sums projected to carry forward from FY 2016 into FY 2017 in accordance with statutory provisions. Overall, we anticipate closing the year with a fund balance of \$154.1 million on June 30, 2016.

This is our final estimate for FY 2016. While these projections are the best that can be made at this time, it is important to note that adjustments are expected during the year-end closing process before final results are available.

Sincerely,

A handwritten signature in cursive script, appearing to read "Benjamin Barnes".

Benjamin Barnes
Secretary

Summary
July 20, 2016

State of Connecticut
Summary of Changes from Prior Month
General Fund and Special Transportation Fund
Projected to June 30, 2016
As of June 30, 2016
(In Millions)

General Fund

Balance from Operations - Prior Month		\$	(315.8)
Revenues			
Personal Income Tax	(25.0)		
Sales and Use Tax	(10.0)		
Corporation	(30.0)		
Federal Grants	66.0		
All changes (net)	<u>18.9</u>		19.9
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	16.5		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>16.5</u>
Estimated Balance from Operations - June 30, 2016		\$	<u>(279.4)</u>

Special Transportation Fund

Fund Balance as of June 30, 2015		\$	180.0
Balance from Operations - Prior Month			(26.8)
Revenues			
All changes (net)	<u>1.9</u>		1.9
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	(1.0)		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>(1.0)</u>
Estimated Fund Balance - June 30, 2016		\$	<u>154.1</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2016
As of June 30, 2016
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	\$ 16,936.5	\$ 16,309.6	\$ (626.9)
Less: Refunds	(1,224.9)	(1,230.8)	(5.9)
Taxes - Net	\$ 15,711.6	\$ 15,078.8	\$ (632.8)
Other Revenue	1,174.3	1,207.6	33.3
Other Sources	1,276.5	1,422.7	146.2
TOTAL Revenue	\$ 18,162.4	\$ 17,709.1	\$ (453.3)
EXPENDITURES			
Initial Current Year Appropriations	\$ 18,362.2	\$ 18,362.2	\$ -
Prior Year Appropriations Continued to FY 2016 ²		65.0	65.0
TOTAL Initial and Continued Appropriations	\$ 18,362.2	\$ 18,427.2	\$ 65.0
Appropriation Adjustments	-	-	-
TOTAL Adjusted Appropriations	\$ 18,362.2	\$ 18,427.2	\$ 65.0
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(200.6)	(373.7)	(173.1)
Estimated Appropriations to be Continued to FY 2017		(93.1)	(93.1)
TOTAL Estimated Expenditures	\$ 18,161.6	\$ 17,960.4	\$ (201.2)
Net Change in Fund Balances - Continuing Appropriations	-	28.1	28.1
Miscellaneous Adjustments/Rounding	-	-	-
Net Change in Unassigned Fund Balance - 6/30/2016	\$ 0.8	\$ (279.4)	\$ (280.2)

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess.

2. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess., and other statutory provisions.

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2016
As of June 30, 2016
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
TAXES			
Personal Income	\$ 9,834.4	\$ 9,175.0	\$ (659.4)
Sales and Use	4,121.1	4,182.1	61.0
Corporation	902.2	854.4	(47.8)
Public Service Corporations	308.0	265.8	(42.2)
Inheritance and Estate	173.4	221.8	48.4
Insurance Companies	243.8	238.8	(5.0)
Cigarettes	361.2	370.9	9.7
Real Estate Conveyance	194.7	196.7	2.0
Oil Companies	-	-	-
Alcoholic Beverages	61.7	63.0	1.3
Admissions and Dues	38.3	39.3	1.0
Health Provider Tax	676.9	684.7	7.8
Miscellaneous	20.8	17.1	(3.7)
TOTAL - TAXES	\$ 16,936.5	\$ 16,309.6	\$ (626.9)
Less: Refunds of Taxes	(1,090.4)	(1,095.8)	(5.4)
Earned Income Tax Credit	(127.4)	(127.4)	-
R & D Credit Exchange	(7.1)	(7.6)	(0.5)
TOTAL - TAXES - NET	\$ 15,711.6	\$ 15,078.8	\$ (632.8)
OTHER REVENUE			
Transfers - Special Revenue	\$ 343.4	\$ 341.0	\$ (2.4)
Indian Gaming Payments	258.8	265.9	7.1
Licenses, Permits, Fees	308.5	296.6	(11.9)
Sales of Commodities and Services	38.0	43.5	5.5
Rents, Fines, Escheats	126.0	138.5	12.5
Investment Income	2.5	1.9	(0.6)
Miscellaneous	171.3	180.5	9.2
Refunds of Payments	(74.2)	(60.3)	13.9
TOTAL - OTHER REVENUE	\$ 1,174.3	\$ 1,207.6	\$ 33.3
OTHER SOURCES			
Federal Grants	\$ 1,265.2	\$ 1,301.6	\$ 36.4
Transfer from Tobacco Settlement Fund	106.6	110.6	4.0
Transfers From/(To) Other Funds	(95.3)	10.5	105.8
Transfers to the Resources of the Special Trans. Fund	-	-	-
TOTAL - OTHER SOURCES	\$ 1,276.5	\$ 1,422.7	\$ 146.2
TOTAL - GENERAL FUND REVENUE	\$ 18,162.4	\$ 17,709.1	\$ (453.3)

1. P.A. 15-5, June Special Session, section 496

Statement 3
July 20, 2016

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2016
As of June 30, 2016

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

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2016
As of June 30, 2016

Office of Legislative Management	\$ 7,057,266
Auditors of Public Accounts	1,368,032
Commission on Aging	17,342
Permanent Commission on the Status of Women	127,999
Commission on Children	5,902
Latino and Puerto Rican Affairs Commission	50,253
African-American Affairs Commission	(2,501)
Asian Pacific American Affairs Commission	27,015
Governors' Office	340,597
Secretary of the State	978,195
Lieutenant Governors' Office	159,825
State Treasurer	208,639
State Comptroller	2,069,006
Department of Revenue Services	4,465,613
Office of Governmental Accountability	1,103,894
Office of Policy and Management	18,060,194
Department of Veterans' Affairs	1,721,286
Department of Administrative Services	13,586,875
Office of the Attorney General	3,551,102
Department of Criminal Justice	1,639,200
Department of Emergency Services and Public Protection	9,064,377
Military Department	880,583
Department of Consumer Protection	1,777,916
Department of Labor	5,017,249
Commission on Human Rights and Opportunities	562,223
Office of Protection and Advocacy for Persons with Disabilities	92,331
Department of Agriculture	391,589
Department of Energy and Environmental Protection	4,681,477
Commission on Environmental Quality	10,316
Department of Economic and Community Development	7,286,479
Department of Housing	5,719,355
Agricultural Experiment Station	781,071
Department of Public Health	4,755,546
Office of the Chief Medical Examiner	182,241
Department of Developmental Services	13,779,215
Department of Mental Health and Addiction Services	16,703,510
Psychiatric Security Review Board	11,707
Department of Social Services	61,741,587
State Department on Aging	388,769
Department of Rehabilitation Services	1,046,282
State Department of Education	45,062,812

Statement 4
July 20, 2016

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2016
As of June 30, 2016

Office of Early Childhood	4,046,120
State Library	752,155
Office of Higher Education	845,496
University of Connecticut	3,553,801
University Of Connecticut Health Center	418,369
Teachers' Retirement Board	452,880
Board of Regents for Higher Education	3,525,183
Department of Correction	28,874,221
Department of Children and Families	25,238,853
Judicial Department	29,373,223
Public Defenders Services Commission	3,457,334
OTT - Debt Service	4,843,246
OSC - Miscellaneous	7,336,287
OSC - Fringe Benefits	23,094,940
DAS - Workers' Compensation Claims	1,430,196
Total	<u>\$ 373,714,673</u>

State of Connecticut
2015-16 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	Updated March 2016	April 2016	May 2016	June 2016
REVENUE	\$ 18,162.4	\$ 18,162.4	\$ 18,066.3	\$ 17,948.9	\$ 17,944.9	\$ 18,080.7	\$ 18,053.9	\$ 18,053.9	\$ 17,875.9	\$ 17,732.4	\$ 17,732.4	\$ 17,689.2	\$ 17,709.1
Appropriations	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2
Additional Requirements	0.0	0.0	6.9	8.5	8.5	44.3	45.5	62.1	63.2	66.0	66.4	0.0	0.0
Less: Estimated Lapses	(200.6)	(200.6)	(303.4)	(303.4)	(303.4)	(326.0)	(346.7)	(350.5)	(418.7)	(436.7)	(437.1)	(357.2)	(373.7)
TOTAL - Estimated Expenditures	18,161.6	18,161.6	18,065.7	18,067.3	18,067.3	18,080.5	18,061.0	18,073.8	18,006.7	17,991.5	17,991.5	18,005.0	17,988.5
Balance from Operations	0.8	0.8	0.6	(118.4)	(122.4)	0.2	(7.1)	(19.9)	(130.8)	(259.1)	(259.1)	(315.8)	(279.4)
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 from Operations - 6/30/16	\$0.8	\$0.8	\$0.6	(\$118.4)	(\$122.4)	\$0.2	(\$7.1)	(\$19.9)	(\$130.8)	(\$259.1)	(\$259.1)	(\$315.8)	(\$279.4)

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess.

Statement 1T
July 20, 2016

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2016
As of June 30, 2016
(In Millions)

	General Assembly <u>Budget Plan</u> ¹	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Fund Balance as of June 30, 2015 ²	\$ 195.5	\$ 180.0	\$ (15.5)
REVENUE			
Taxes	\$ 1,080.7	\$ 973.2	\$ (107.5)
Less: Refunds of Taxes	<u>(7.3)</u>	<u>(17.4)</u>	<u>(10.1)</u>
Taxes - Net	1,073.4	955.8	(117.6)
Other Revenue	<u>394.7</u>	<u>401.8</u>	<u>7.1</u>
TOTAL - Revenue	\$ 1,468.1	\$ 1,357.6	\$ (110.5)
EXPENDITURES			
Appropriations	\$ 1,428.1	\$ 1,428.1	\$ -
Net Additional Requirements	-	-	-
Less: Estimated Lapses	<u>(12.0)</u>	<u>(44.6)</u>	<u>(32.6)</u>
TOTAL - Expenditures	\$ 1,416.1	\$ 1,383.5	\$ (32.6)
Balance from Operations	\$ 52.0	\$ (25.9)	\$ (77.9)
Miscellaneous Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Estimated Fund Balance - June 30, 2016	<u>\$ 247.5</u>	<u>\$ 154.1</u>	<u>\$ (93.4)</u>

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess.

2. Budget plan as estimated by the Office of Policy and Management. Revised estimates per the Comptroller's September 30, 2015 letter.

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2016
As of June 30, 2016
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
TAXES			
Motor Fuels	\$ 499.0	\$ 516.8	\$ 17.8
Oil Companies	339.1	259.0	(80.1)
Sales & Use Tax	158.6	110.2	(48.4)
Sales Tax DMV	84.0	87.2	3.2
TOTAL - TAXES	<u>1,080.7</u>	<u>973.2</u>	<u>(107.5)</u>
Less: Refunds of Taxes	(7.3)	(17.4)	(10.1)
TOTAL - TAXES - NET	<u>\$ 1,073.4</u>	<u>\$ 955.8</u>	<u>\$ (117.6)</u>
OTHER REVENUE			
Motor Vehicle Receipts	\$ 245.8	\$ 251.5	\$ 5.7
Licenses, Permits, Fees	139.3	140.2	0.9
Interest Income	7.7	7.8	0.1
Federal Grants	12.1	12.2	0.1
Transfers (To)/From Other Funds	(6.5)	(6.5)	-
Transfers From the General Fund	-	-	-
Refunds of Payments	(3.7)	(3.4)	0.3
TOTAL - OTHER REVENUE	<u>\$ 394.7</u>	<u>\$ 401.8</u>	<u>\$ 7.1</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	<u>\$ 1,468.1</u>	<u>\$ 1,357.6</u>	<u>\$ (110.5)</u>

1. P.A. 15-5, June Special Session, section 497.

Statement 3T
July 20, 2016

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2016
As of June 30, 2016

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

Statement 4T
July 20, 2016

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2016
As of June 30, 2016

Department of Administrative Services	\$ 2,337,924
Department of Motor Vehicles	1,677,672
Department of Energy and Environmental Protection	193,580
Department of Transportation	23,626,947
Department of Social Services	66,812
DAS - Workers' Compensation Claims	1,144,924
OTT - Debt Service	7,986,526
Comptroller - Fringe Benefits	7,522,885
Total	<u>\$ 44,557,270</u>

State of Connecticut
2015-16 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	Updated March 2016	April 2016	May 2016	June 2016
Beginning Balance ²	\$ 195.5	\$ 195.5	\$ 209.5	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0
Revenue	<u>1,468.1</u>	<u>1,474.1</u>	<u>1,448.9</u>	<u>1,448.9</u>	<u>1,423.5</u>	<u>1,388.2</u>	<u>1,388.8</u>	<u>1,388.8</u>	<u>1,379.8</u>	<u>1,375.9</u>	<u>1,370.9</u>	<u>1,355.7</u>	<u>1,357.6</u>
Total Available	1,663.6	1,669.6	1,658.4	1,628.9	1,603.5	1,568.2	1,568.8	1,568.8	1,559.8	1,555.9	1,550.9	1,535.7	1,537.6
Appropriations	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1
Additional Requirements	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
Less: Estimated Lapses	<u>(12.0)</u>	<u>(12.0)</u>	<u>(12.0)</u>	<u>(12.0)</u>	<u>(12.0)</u>	<u>(39.9)</u>	<u>(39.3)</u>	<u>(39.3)</u>	<u>(33.7)</u>	<u>(37.0)</u>	<u>(37.9)</u>	<u>(45.6)</u>	<u>(44.6)</u>
TOTAL - Estimated Expenditures	1,416.1	1,416.1	1,416.1	1,416.1	1,416.1	1,388.2	1,388.8	1,388.8	1,394.4	1,391.1	1,390.2	1,382.5	1,383.5
Balance from Operations	52.0	58.0	32.8	32.8	7.4	0.0	0.0	0.0	(14.6)	(15.2)	(19.3)	(26.8)	(25.9)
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 6/30/16	\$247.5	\$253.5	\$242.3	\$212.8	\$187.4	\$180.0	\$180.0	\$180.0	\$165.4	\$164.8	\$160.7	\$153.2	\$154.1

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess.

2. Budget Plan and the months of July and August as estimated by the Office of Policy and Management. September and thereafter per the Comptroller's September 30, 2015 letter.