

# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

July 20, 2007

The Honorable Nancy Wyman  
State Comptroller  
55 Elm Street  
Hartford, Connecticut 06106

Dear Comptroller Wyman:

The following information on the State's General Fund for Fiscal Year 2006-2007 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. Estimates are as of June 30, 2007. The balance in the General Fund prior to the passage of P.A. 07-1, June Special Session would have been projected at \$1,046.4 million. This number compares to last month's estimate of \$910.3 million and reflects projected increases in revenue of \$52 million and expenditures and lapse improvements of \$84.1 million including \$39.8 million in the Department of Social Services and \$19.8 million in the Comptroller's Fringe Benefit accounts.

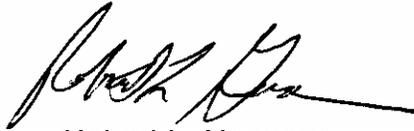
Public Act 07-1, June Special Session, which was signed by Governor Rell on June 26, 2007, includes several actions which impact the FY '07 projected General Fund surplus. These include providing \$40.2 million in new appropriations or transfers to fund projected FY '07 deficiencies, continuing \$135.9 million for expenditures in FY '08, appropriating \$613.7 million for expenditures in FY '08 and FY '09, which includes \$300 million to provide full funding of the Teacher's Retirement pension system in the biennium, and transferring \$80 million from FY '07 to FY '09. The net impact of all of the changes is that the remaining un-appropriated surplus is now projected at \$249.2 million. This amount would be deposited in the Budget Reserve Fund. This letter has incorporated all of the changes to FY '07 included in the Public Act 07-1, June Special Session, to the best of our ability.

This month's letter reflects an overall increase in General Fund projected revenue of \$52.0 million. The largest revenue change was an increase in our federal grant revenue estimate of \$22.1 million, related primarily to an increase in federal revenue received by the Department of Social Services. For fiscal year 2007, the Department of Revenue Services refunded \$14.5 million less than originally projected and thus we are increasing our revenue projection for this line item. Corporation Tax and Real Estate Conveyance Tax revenue estimates have been revised upward by \$8.0 million and \$6.0 million respectively to reflect the positive variance in collections to date through the end of the fiscal year. We made minor adjustments to a number of projections to reflect final collection information in a number of revenue streams for a net increase of \$1.4 million. A majority of these adjustments were positive. It should be noted that the revenue estimates for fiscal year 2007 are not final, as we are currently in the accrual period for several revenue streams.

The estimated lapse in the Special Transportation Fund is projected at \$36.4 million. The net revenue estimates for the Special Transportation fund decreased by \$6.1 million. The largest revenue change was a decrease in Motor Vehicle Receipts of \$5.6 million to reflect final collection information. We made several minor adjustments to a number of revenue streams for a net decrease of \$0.5 million. It should be noted that the revenue estimates for fiscal year 2007 are not final, as we are currently in the accrual period for several revenue streams. The Special Transportation Fund is projected to have an overall balance in the fund of \$193.2 million on June 30, 2007.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert L. Genuario', with a long horizontal flourish extending to the right.

Robert L. Genuario  
Secretary

RLG:dd  
Attachments

Summary  
July 20, 2007

State of Connecticut  
Summary of Changes  
General Fund and Special Transportation Fund  
Projected to June 30, 2007  
(In Millions)

**General Fund**

Balance - June 20, 2007 \$ 910.3

Revenues

Corporation	8.0	
Public Service	2.2	
Inheritance & Estate	(4.6)	
Insurance Companies	(5.9)	
Real Estate Conveyance	6.0	
Refund of Taxes	14.5	
Transfers - Special Revenue	5.2	
Licenses, Permits, Fees	7.1	
Federal Grants	22.1	
All Other	(2.6)	52.0

Expenditures

Additional Requirements	0.0	
Lapses after P.A. 07-1, June Special Session	(37.6)	
Other Impact of P.A. 07-1 June Special Session	(668.2)	
Miscellaneous Adjustments/Rounding	(7.3)	(713.1)

Balance - July 20, 2007 \$ 249.2

**Special Transportation Fund**

Balance - June 20, 2007 \$ 185.6

Revenues

Sales Tax - DMV	(1.0)	
Refunds of Taxes	0.2	
Motor Vehicle Receipts	(5.6)	
Licenses, Permits, Fees	0.1	
Refunds of Payments	0.2	(6.1)

Expenditures - Additional Lapse 13.7 13.7

Balance - July 20, 2007 \$ 193.2

State of Connecticut  
General Fund  
Statement of Revenues, Expenditures, and Results of Operations  
Projected to June 30, 2007  
As of June 30, 2007  
(In Millions)

	General Assembly <u>Budget Plan</u> <sup>1.</sup>	Revised Estimates <u>OPM</u> <sup>2.</sup>	Over/ <u>(Under)</u>
<b>REVENUE</b>			
Taxes	\$12,150.7	\$12,615.4	\$464.7
Less: Refunds	<u>(900.0)</u>	<u>(752.5)</u>	<u>147.5</u>
Taxes - Net	11,250.7	11,862.9	612.2
Other Revenue	1,119.3	1,232.9	113.6
Other Sources	<u>2,628.0</u>	<u>2,665.6</u>	<u>37.6</u>
TOTAL Revenue	\$14,998.0	\$15,761.4	\$763.4
<b>EXPENDITURES</b>			
Appropriations	\$14,952.1	\$15,570.3	\$618.2
Net Additional Requirements	0.0	0.0	0.0
Less: Estimated Lapses	<u>(115.0)</u>	<u>(180.4)</u>	<u>(65.4)</u>
TOTAL Expenditures	\$14,837.2	\$15,389.9	\$552.7
Balance from Operations	\$160.8	\$371.6	\$210.8
Reserve for Use in FY 2008-09	0.0	(80.0)	(80.0)
Miscellaneous Adjustments	<u>0.0</u>	<u>(42.4)</u> <sup>3.</sup>	<u>(42.4)</u>
Estimated Balance 6/30/07	<u>\$160.8</u>	<u>\$249.2</u>	<u>\$88.4</u>

1. PA 06-186

2. PA 07-01, June Special Session

3. SA 07-05

State of Connecticut  
General Fund  
Revenue Estimates  
Projected to June 30, 2007  
As of June 30, 2007  
(In Millions)

TAXES	
Personal Income	\$6,725.0
Sales and Use	3,492.2
Corporation	895.0
Public Service Corporations	230.7
Inheritance and Estate	179.9
Insurance Companies	253.0
Cigarettes	272.0
Real Estate Conveyance	207.5
Oil Companies	135.0
Alcoholic Beverages	46.5
Admissions and Dues	33.6
Miscellaneous	145.0
TOTAL - TAXES	<u>\$12,615.4</u>
Less: Refunds of Taxes	(746.5)
R & D Credit Exchange	<u>(6.0)</u>
TOTAL - TAXES - NET	<u>\$11,862.9</u>
OTHER REVENUE	
Transfers - Special Revenue	\$283.8
Indian Gaming Payments	430.5
Licenses, Permits, Fees	151.8
Sales of Commodities and Services	35.7
Rents, Fines, Escheats	51.8
Investment Income	85.0
Miscellaneous	194.8
Refunds of Payments	<u>(0.5)</u>
TOTAL - OTHER REVENUE	<u>\$1,232.9</u>
OTHER SOURCES	
Federal Grants	\$2,610.9
Transfer from Tobacco Settlement Fund	100.0
Transfers to Other Funds	<u>(45.3)</u>
TOTAL - OTHER SOURCES	<u>\$2,665.6</u>
TOTAL - GENERAL FUND REVENUE	\$15,761.4

State of Connecticut - General Fund  
Appropriation Adjustments - Net Additional Requirements  
Projected to June 30, 2007  
As of June 30, 2007

Additional Requirements

\$0

State of Connecticut  
General Fund  
Estimated Lapses  
Projected to June 30, 2007  
As of June 30, 2007

Legislative Unallocated Lapses	\$7,000,000
Office of Policy and Management	6,100,000
Department of Revenue Services	3,200,000
Department of Public Safety	2,900,000
Department of Economic & Community Development	2,700,000
Mental Health and Addiction Services	3,700,000
Teachers Retirement Board	2,500,000
Department of Children and Families	5,500,000
Judicial	3,100,000
Department of Social Services	62,800,000
Higher Education Alternative Retirement	4,600,000
State Employees Health Service Cost	3,500,000
Retired State Employees Health Services	21,000,000
Fringe Benefits - Social Security	6,000,000
All Other Lapses	21,700,000
Debt Service	11,000,000
General Personal Services Reduction	8,700,000
General Other Expenses Reductions	4,400,000
Total	<u>\$180,400,000</u>

State of Connecticut  
2006-07 General Fund  
Summary of Operations Per Letter to the Comptroller  
(In Millions)

	Budget Plan <sup>1</sup>	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007
REVENUE	\$14,998.0	\$15,052.4	\$15,057.6	\$15,129.5	\$15,344.3	\$15,354.4	\$15,357.0	\$15,357.0	\$15,377.0	\$15,466.3	\$15,662.0	\$15,709.4	\$15,761.4
Appropriations	14,952.1	14,952.1	14,952.1	14,952.1	14,952.1	14,952.1	14,952.1	14,952.1	14,952.1	14,952.1	14,952.1	14,952.1	15,570.3
Additional Requirements	0.0	0.0	0.0	15.1	15.1	19.0	25.0	25.0	24.7	38.0	38.0	29.9	0.0
Less: Estimated Lapses	<u>(115.0)</u>	<u>(115.0)</u>	<u>(115.0)</u>	<u>(115.0)</u>	<u>(124.0)</u>	<u>(136.0)</u>	<u>(146.0)</u>	<u>(148.0)</u>	<u>(158.0)</u>	<u>(181.0)</u>	<u>(191.0)</u>	<u>(218.0)</u>	<u>(180.4)</u>
TOTAL - Estimated Expenditures	14,837.2	14,837.2	14,837.2	14,852.2	14,843.2	14,835.1	14,831.1	14,829.1	14,818.8	14,809.1	14,799.1	14,764.0	15,389.9
Balance from Operations	160.8	215.2	220.4	277.3	501.1	519.3	525.9	527.9	558.2	657.2	862.9	945.4	371.6
Reserve for Use in FY 2008-09 Compt.'s Misc. Adjustments/Rounding	0.0	<u>(2.3)</u>	<u>(7.5)</u>	<u>(10.9)</u>	<u>(14.6)</u>	<u>(17.1)</u>	<u>(18.1)</u>	<u>(20.0)</u>	<u>(22.0)</u>	<u>(28.9)</u>	<u>(32.3)</u>	<u>(35.1)</u>	<u>(80.0)</u> <u>(42.4)</u>
Estimated Balance 6/30/07	\$160.8	\$212.9	\$212.9	\$266.4	\$486.5	\$502.2	\$507.8	\$507.9	\$536.2	\$628.3	\$830.6	\$910.3	\$249.2

1. PA 06-186

State of Connecticut  
Special Transportation Fund  
Analysis of Budget Plan  
Projected to June 30, 2007  
As of June 30, 2007  
(In Millions)

	General Assembly <u>Budget Plan</u> <sup>1.</sup>	Revised Estimates <u>OPM</u> <sup>2.</sup>	Over/ (Under)
Surplus Carried Forward from 2005-06	\$135.9	\$133.4	(\$2.5)
<b>REVENUE</b>			
Taxes	\$702.6	\$687.3	(\$15.3)
Less: Refunds of Taxes	<u>(8.6)</u>	<u>(7.9)</u>	<u>0.7</u>
Taxes - Net	694.0	679.4	(14.6)
Other Revenue	<u>411.5</u>	<u>411.2</u>	<u>(0.3)</u>
TOTAL - Revenue	\$1,105.5	\$1,090.6	(\$14.9)
<b>EXPENDITURES</b>			
Appropriations	\$1,067.2	\$1,067.2	\$0.0
Additional Appropriations	0.0	0.0	0.0
Less: Estimated Lapses	<u>(11.0)</u>	<u>(36.4)</u>	<u>(25.4)</u>
TOTAL - Expenditures	\$1,056.2	\$1,030.8	(\$25.4)
Balance from Operations	\$49.3	\$59.8	\$10.5
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/07	<u>\$185.2</u>	<u>\$193.2</u>	<u>\$8.0</u>

1. PA 06-186

2. Per the October 2, 2006 Comptroller's Letter to Governor Rell the Fiscal Year 2006 ending balance was \$133.4 million in the Special Transportation Fund.

Statement 2T  
July 20, 2007

State of Connecticut  
Special Transportation Fund  
Revenue Estimates  
Projected to June 30, 2007  
As of June 30, 2007  
(In Millions)

TAXES	
Motor Fuels	\$478.4
Oil Companies	141.0
Sales Tax DMV	67.9
TOTAL - TAXES	<u>687.3</u>
Less: Refunds of Taxes	<u>(7.9)</u>
TOTAL - TAXES - NET	\$679.4
OTHER REVENUE	
Motor Vehicle Receipts	\$224.7
Licenses, Permits, Fees	170.5
Interest Income	46.0
Transfers to Other Funds	(27.3)
Refunds of Payments	<u>(2.7)</u>
TOTAL - OTHER REVENUE	<u>\$411.2</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,090.6

Statement 3T  
July 20, 2007

State of Connecticut  
Special Transportation Fund  
Appropriation Adjustments - Additional Appropriations  
Projected to June 30, 2007  
As of June 30, 2007

Additional Appropriations	\$0
Total	<u>\$0</u>

Statement 4T  
July 20, 2007

State of Connecticut  
Special Transportation Fund  
Estimated Lapse  
Projected to June 30, 2007  
As of June 30, 2007

Insurance and Risk Management	\$2,100,000
Department of Motor Vehicle	254,000
Department of Transportation	6,695,000
Fringe Benefits	1,342,000
DAS - Workers' Compensation Claims	79,000
Debt Service Lapse	25,939,000
Total	<u>\$36,409,000</u>

State of Connecticut  
2006-07 Special Transportation Fund  
Summary of Operations Per Letter to the Comptroller  
(In Millions)

	Budget Plan <sup>1</sup>	July 2006	August 2006	September 2006 <sup>2</sup>	October 2006	November 2006	December 2006	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007
Beginning Balance	\$135.9	\$135.9	\$135.9	\$133.4	\$133.4	\$133.4	\$133.4	\$133.4	\$133.4	\$133.4	\$133.4	\$133.4	\$133.4
Revenue	<u>1,105.5</u>	<u>1,087.5</u>	<u>1,087.5</u>	<u>1,087.5</u>	<u>1,087.5</u>	<u>1,087.5</u>	<u>1,091.5</u>	<u>1,091.5</u>	<u>1,091.5</u>	<u>1,091.5</u>	<u>1,092.5</u>	<u>1,096.7</u>	<u>1,090.6</u>
Total Available	1,241.4	1,223.4	1,223.4	1,220.9	1,220.9	1,220.9	1,224.9	1,224.9	1,224.9	1,224.9	1,225.9	1,230.1	1,224.0
Appropriations	1,067.2	1,067.2	1,067.2	1,067.2	1,067.2	1,067.2	1,067.2	1,067.2	1,067.2	1,067.2	1,067.2	1,067.2	1,067.2
Additional Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.0	0.0	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>(18.6)</u>	<u>(18.6)</u>	<u>(18.6)</u>	<u>(18.6)</u>	<u>(18.6)</u>	<u>(22.7)</u>	<u>(36.4)</u>
TOTAL - Estimated Expenditures	1,056.2	1,056.2	1,056.2	1,056.2	1,056.2	1,056.2	1,049.1	1,049.1	1,049.1	1,048.6	1,048.6	1,044.5	1,030.8
Balance from Operations	49.3	31.3	31.3	31.3	31.3	31.3	42.4	42.4	42.4	42.9	43.9	52.2	59.8
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 6/30/07	\$185.2	\$167.2	\$167.2	\$164.7	\$164.7	\$164.7	\$175.8	\$175.8	\$175.8	\$176.3	\$177.3	\$185.6	\$193.2

1. PA 06-186

2. Per the October 2, 2006 Comptroller's Letter to Governor Rell the Fiscal Year 2006 ending balance was \$133.4 million in the Special Transportation Fund.