



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

July 21, 2014

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 2014 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. In compliance 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).

General Fund

We project that the General Fund will close with a \$121.3 million balance from operations, net of funds carrying forward into fiscal year 2015 as a result of statutory provisions and recently enacted legislation. By law, the surplus will be deposited to the Budget Reserve Fund, bringing the estimated balance of that fund to \$392.0 million. This is the third consecutive year that the state has made a deposit to the Rainy Day Fund, and marks another step toward rebuilding reserves that will serve as an important contingency against any future economic downturn.

Revenues

Revenues are being revised upward by \$63.0 million over last month's forecast. Most of the change is in Federal Grants, up \$42.1 million largely due to final adjustments to federal Medicaid awards and lower than anticipated funding needs for the federal share of Medicaid, resulting in a greater attribution of Medicaid reimbursements to General Fund revenue. Estimated Personal Income Tax revenue is up \$37.2 million due to strengthening withholding collections. All other revenue changes net to a negative \$16.3 million. It should be noted that several significant revenue sources are still being tallied through August 7th as part of the accrual process for FY 2014.

Expenditures

Overall, agencies are projected lapse \$154.8 million more than the budget plan. Estimated lapses by agency are detailed in Statement 4 of the attached report, and include all funds held back from allotment pursuant to the budget plan. Note that these lapses are net of amounts to be carried forward from FY 2014 into FY 2015 in accordance with statutory provisions and various public acts from the 2013 and 2014 legislative sessions.

Special Transportation Fund

In the Special Transportation Fund, estimated revenues have been revised downward by \$2.9 million from last month's forecast, reflecting final collection information. It should be noted, however, that the Motor Fuels Tax is still being tallied through August 7th as part of the accrual process for FY 2014. In total, estimated expenditures will end the year \$1.2 million above the budget plan; lapses by agency are detailed in Statement 4T of the attached report. Our expenditure estimates also reflect sums projected to carry forward from FY 2014 into FY 2015 in accordance with statutory provisions and various public acts from the 2013 and 2014 legislative sessions. Overall, we anticipate closing the year with a net \$4.2 million operating surplus in the Special Transportation Fund, and the fund balance is projected to be \$168.8 million on June 30, 2014, \$2.4 million higher than the budget plan.

This is our final estimate for fiscal year 2014. While these projections are the best that can be made at this time, it is important to note that some adjustments are expected during the year-end closing process before final results become available.

Sincerely,

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

Benjamin Barnes
Secretary

Summary
July 21, 2014

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2014
As of June 30, 2014
(In Millions)

General Fund

Balance from Operations - Prior Month		\$	33.2
Revenues			
Personal Income Tax	37.2		
Sales and Use Tax	(7.5)		
Federal Revenue	42.1		
All Other Changes (Net)	<u>(8.8)</u>		63.0
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	25.1		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>25.1</u>
Estimated Balance from Operations - June 30, 2014		\$	<u>121.3</u>

Special Transportation Fund

Fund Balance as of June 30, 2013		\$	164.6
Balance from Operations - Prior Month			2.4
Revenues			
Motor Fuels Tax	2.0		
Motor Vehicle Receipts	(3.7)		
All Changes (net)	<u>(1.2)</u>		<u>(2.9)</u>
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	4.7		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>4.7</u>
Estimated Fund Balance - June 30, 2014		\$	<u>168.8</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2014
As of June 30, 2014
(In Millions)

	General Assembly Budget Plan	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	\$ 15,517.5	\$ 15,466.3	\$ (51.2)
Less: Refunds	(1,183.5)	(1,187.5)	(4.0)
Taxes - Net	\$ 14,334.0	\$ 14,278.8	\$ (55.2)
Other Revenue	1,153.7	1,233.9	80.2
Other Sources ¹	1,705.4	1,627.4	(78.0)
TOTAL Revenue	\$ 17,193.1	\$ 17,140.1	\$ (53.0)
EXPENDITURES			
Initial Current Year Appropriations ^{1,2}	\$ 17,361.4	\$ 17,361.4	\$ -
Prior Year Appropriations Continued to FY 2014 ³		112.4	112.4
TOTAL Initial and Continued Appropriations	\$ 17,361.4	\$ 17,473.8	\$ 112.4
Appropriation Adjustments ⁴	-	(15.2)	(15.2)
TOTAL Adjusted Appropriations	\$ 17,361.4	\$ 17,458.6	\$ 97.2
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(172.6)	(327.4)	(154.8)
Estimated Appropriations to be Continued to FY 2015		(85.9)	(85.9)
TOTAL Estimated Expenditures	\$ 17,188.7	\$ 17,045.3	\$ (143.4)
Net Change in Fund Balances - Continuing Appropriations	-	(26.5)	(26.5)
Miscellaneous Adjustments/Rounding	-	-	-
Net Change in Unassigned Fund Balance - 6/30/2014	\$ 4.4	\$ 121.3	\$ 116.9

1. Note that, in a departure from the budgets enacted in previous years, the adopted budget "net appropriates" the Medicaid account in the Department of Social Services. This change in practice makes Connecticut's budget treatment of Medicaid consistent with the budgets of other states. A total of \$2,768.7 million was removed from both budgeted revenues and appropriations to accomplish this transition.

2. P.A. 13-184, as amended by P.A. 13-247.

3. P.A. 13-184, as amended by P.A. 13-247, and other statutory provisions.

4. P.A. 14-47 sections 34, 35, 41 & 42, and Reserve for Salary Adjustment transfers to other funds.

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2014
As of June 30, 2014
(In Millions)

	General Assembly Budget Plan	Revised Estimates OPM	Over/ (Under)
TAXES			
Personal Income	\$ 8,808.8	\$ 8,670.0	\$(138.8)
Sales and Use	4,044.0	4,102.1	58.1
Corporation	723.5	778.0	54.5
Public Service Corporations	279.6	292.6	13.0
Inheritance and Estate	173.2	168.0	(5.2)
Insurance Companies	271.2	240.7	(30.5)
Cigarettes	390.4	374.0	(16.4)
Real Estate Conveyance	143.8	179.2	35.4
Oil Companies	36.8	39.3	2.5
Electric Generation	17.5	15.3	(2.2)
Alcoholic Beverages	59.8	59.3	(0.5)
Admissions and Dues	37.0	39.7	2.7
Health Provider Tax	512.0	490.0	(22.0)
Miscellaneous	19.9	18.1	(1.8)
TOTAL - TAXES	\$ 15,517.5	\$ 15,466.3	\$ (51.2)
Less: Refunds of Taxes	(1,073.5)	(1,077.9)	(4.4)
Earned Income Tax Credit	(104.5)	(104.5)	-
R & D Credit Exchange	(5.5)	(5.1)	0.4
TOTAL - TAXES - NET	\$ 14,334.0	\$ 14,278.8	\$ (55.2)
OTHER REVENUE			
Transfers - Special Revenue	\$ 313.9	\$ 323.2	\$ 9.3
Indian Gaming Payments	285.3	279.9	(5.4)
Licenses, Permits, Fees	301.2	319.2	18.0
Sales of Commodities and Services	38.2	40.5	2.3
Rents, Fines, Escheats	114.5	129.6	15.1
Investment Income	1.3	-	(1.3)
Miscellaneous	169.1	208.1	39.0
Refunds of Payments	(69.8)	(66.6)	3.2
TOTAL - OTHER REVENUE	\$ 1,153.7	\$ 1,233.9	\$ 80.2
OTHER SOURCES			
Federal Grants	\$ 1,312.7	\$ 1,244.1	\$ (68.6)
Transfer from Tobacco Settlement Fund	107.0	107.0	-
Transfers to Other Funds	285.7	276.3	(9.4)
TOTAL - OTHER SOURCES	\$ 1,705.4	\$ 1,627.4	\$ (78.0)
TOTAL - GENERAL FUND REVENUE	\$ 17,193.1	\$ 17,140.1	\$ (53.0)

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2014
As of June 30, 2014

No Additional Requirements

\$ -

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2014
As of June 30, 2014

Legislative Management	\$ 10,800,795
Auditors of Public Accounts	781,921
Commission on Aging	125,577
Permanent Commission on the Status of Women	75,944
Commission on Children	50,466
Latino & Puerto Rican Affairs Comm	162,919
African-American Affairs Commission	68,948
Asian Pacific American Affairs Commission	23,628
Governor's Office	347,935
Secretary of the State	685,136
Lieutenant Governor's Office	229,807
State Treasurer	418,779
State Comptroller	1,422,271
Department of Revenue Services	3,996,863
Office of Governmental Accountability	561,725
Office of Policy and Management	3,433,667
Department of Veterans Affairs	558,534
Department of Administrative Services	4,179,800
Attorney General	2,698,710
Division of Criminal Justice	1,316,936
Dept of Emergency Services and Public Protection	916,744
Department of Motor Vehicles	2,349
Military Department	652,582
Department of Consumer Protection	1,766,516
Department of Labor	781,646
Comm-Human Rights & Opportunities	397,300
Office of Protection and Advocacy	66,071
Department of Agriculture	187,704
Department of Energy and Environmental Protection	1,617,319
Council on Environmental Quality	654
Dept of Economic and Community Development	409,532
Department of Housing	6,863,566
Agricultural Experiment Station	425,820
Department of Public Health	4,423,334
Office of the Chief Medical Examiner	167,574
Department of Developmental Services	9,384,598
Department of Mental Health and Addiction Services	5,986,944
Psychiatric Security Review Board	7,700
Department of Social Services	81,329,546
State Department on Aging	319,852
Department of Rehabilitation	630,351

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2014
As of June 30, 2014

Department of Education	18,036,676
Office of Early Childhood	3,240,259
State Library	256,161
Office of Higher Education	1,356,397
University of Connecticut	845,634
University of Connecticut Health Center	523,372
Teachers' Retirement Board	6,135,598
Board of Regents for Higher Education	1,257,221
Department of Correction	1,171,800
Department of Children and Families	38,531,319
Judicial Department	10,822,517
Public Defender Services Commission	381,413
State Treasurer - Debt Service	63,827,200
State Comptroller- Miscellaneous	2,813
State Comptroller - Fringe Benefits	32,146,385
Workers' Compensation Claims - DAS	597,775
Total	<u>\$ 327,410,603</u>

State of Connecticut
2013-14 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan 1	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	Updated March 2014	April 2014	May 2014	June 2014
REVENUE	\$ 17,193.1	\$ 17,193.1	\$ 17,126.1	\$ 17,249.5	\$ 17,394.8	\$ 17,614.3	\$ 17,614.3	\$ 17,614.3	\$ 17,614.3	\$ 17,152.8	\$ 17,152.6	\$ 17,077.1	\$ 17,140.1
Appropriations 2	17,361.4	17,361.4	17,361.4	17,361.4	17,361.4	17,361.4	17,361.4	17,361.4	17,361.4	17,361.4	17,346.4	17,346.2	17,346.2
Additional Requirements	0.0	0.0	20.0	23.2	30.7	44.3	44.9	44.1	44.1	39.0	0.0	0.0	0.0
Less: Estimated Lapses	(172.6)	(172.6)	(172.6)	(270.9)	(270.5)	(297.5)	(296.4)	(296.1)	(296.1)	(291.0)	(237.2)	(302.3)	(327.4)
TOTAL - Estimated Expenditures	17,188.7	17,188.7	17,114.9	17,113.6	17,121.5	17,108.2	17,109.9	17,109.4	17,109.4	17,109.4	17,109.2	17,043.9	17,018.8
Balance from Operations	4.4	4.4	11.2	135.9	273.3	506.1	504.4	504.9	504.9	43.4	43.4	33.2	121.3
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 from Operations - 6/30/14	\$ 4.4	\$ 4.4	\$ 11.2	\$ 135.9	\$ 273.3	\$ 506.1	\$ 504.4	\$ 504.9	\$ 504.9	\$ 43.4	\$ 43.4	\$ 33.2	\$ 121.3

1. P.A. 13-184, as amended by P.A. 13-247.

2. P.A. 13-184, as amended by P.A. 13-247 and P.A. 14-47 and RSA transfers to other funds.

Statement 1T
July 21, 2014

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2014
As of June 30, 2014
(In Millions)

	General Assembly <u>Budget Plan</u> ¹	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Fund Balance as of June 30, 2013 ²	\$ 165.9	\$ 164.6	\$ (1.3)
REVENUE			
Taxes	\$ 962.0	\$ 970.7	\$ 8.7
Less: Refunds of Taxes	<u>(6.5)</u>	<u>(7.0)</u>	<u>(0.5)</u>
Taxes - Net	955.5	963.7	8.2
Other Revenue	<u>288.2</u>	<u>288.4</u>	<u>0.2</u>
TOTAL - Revenue	<u>\$ 1,243.7</u>	<u>\$ 1,252.1</u>	<u>\$ 8.4</u>
EXPENDITURES			
Appropriations ³	\$ 1,254.2	\$ 1,255.2	\$ 1.0
Net Additional Requirements	-	-	-
Less: Estimated Lapses	<u>(11.0)</u>	<u>(10.8)</u>	<u>0.2</u>
TOTAL - Expenditures	<u>\$ 1,243.2</u>	<u>\$ 1,244.4</u>	<u>\$ 1.2</u>
Balance from Operations	\$ 0.5	\$ 7.7	\$ 7.2
Miscellaneous Adjustments	<u>-</u>	<u>(3.5)</u>	<u>(3.5)</u>
Estimated Fund Balance - June 30, 2014	<u>\$ 166.4</u>	<u>\$ 168.8</u>	<u>\$ 2.4</u>

1. P.A. 13-184.

2. Budget plan as estimated by the Office of Policy and Management. Revised estimates per the Comptroller's September 3, 2013 letter.

3. OPM estimate reflects P.A. 13-184 as amended by P.A. 14-47.

Statement 2T
July 21, 2014

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2014
As of June 30, 2014
(In Millions)

	<u>General Assembly Budget Plan</u>	<u>Revised Estimates OPM</u>	<u>Over/ (Under)</u>
TAXES			
Motor Fuels	\$ 502.9	\$ 507.8	\$ 4.9
Oil Companies	380.7	380.7	-
Sales Tax DMV	78.4	82.2	3.8
TOTAL - TAXES	<u>962.0</u>	<u>970.7</u>	<u>8.7</u>
Less: Refunds of Taxes	(6.5)	(7.0)	(0.5)
TOTAL - TAXES - NET	<u>\$ 955.5</u>	<u>\$ 963.7</u>	<u>\$ 8.2</u>
OTHER REVENUE			
Motor Vehicle Receipts	\$ 234.0	\$ 236.1	\$ 2.1
Licenses, Permits, Fees	138.5	136.3	(2.2)
Interest Income	3.8	5.5	1.7
Federal Grants	13.1	12.1	(1.0)
Transfers (To)/From Other Funds	(98.0)	(98.0)	-
Refunds of Payments	(3.2)	(3.6)	(0.4)
TOTAL - OTHER REVENUE	<u>\$ 288.2</u>	<u>\$ 288.4</u>	<u>\$ 0.2</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$ 1,243.7	\$ 1,252.1	\$ 8.4

Statement 3T
July 21, 2014

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2014
As of June 30, 2014

No Additional Requirements

\$ -

Statement 4T
July 21, 2014

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2014
As of June 30, 2014

Department of Administrative Services	\$ 1,196,293
Department of Motor Vehicles	342,987
Department of Transportation	2,890,118
State Treasurer - Debt Service	4,616,620
State Comptroller - Fringe Benefits	1,518,575
Workers' Compensation Claims - DAS	211,428
Total	<u>\$ 10,776,021</u>

State of Connecticut
2013-14 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	Updated March 2014	April 2014	May 2014	June 2014
Beginning Balance ²	\$ 165.9	\$ 165.9	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6
Revenue	1,243.7	1,243.7	1,243.7	1,245.8	1,244.5	1,250.6	1,251.7	1,251.7	1,251.7	1,251.3	1,254.3	1,255.0	1,252.1
Total Available	1,409.6	1,409.6	1,408.3	1,410.4	1,409.1	1,415.2	1,416.3	1,416.3	1,416.3	1,415.9	1,418.9	1,419.6	1,416.7
Appropriations ³	1,254.2	1,254.2	1,254.2	1,254.2	1,254.2	1,254.2	1,254.2	1,254.2	1,254.2	1,254.2	1,255.2	1,255.2	1,255.2
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	0.6	7.8	13.3	11.3	0.0	0.0	0.0
Less: Estimated Lapses	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)	(11.6)	(11.8)	(12.1)	(12.1)	(1.9)	(6.1)	(10.8)
TOTAL - Estimated Expenditures	1,243.2	1,243.2	1,243.2	1,243.2	1,243.2	1,243.2	1,243.2	1,250.2	1,255.4	1,253.4	1,253.3	1,249.1	1,244.4
Balance from Operations	0.5	0.5	0.5	2.6	1.3	7.4	8.5	1.5	(3.7)	(2.1)	1.0	5.9	7.7
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	(3.5)	(3.5)	(3.5)
Estimated Balance 6/30/14	\$166.4	\$166.4	\$165.1	\$167.2	\$165.9	\$172.0	\$173.1	\$166.1	\$160.9	\$162.5	\$162.1	\$167.0	\$168.8

1. P.A. 13-184.

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 3, 2013 letter.

3. P.A. 13-184 as amended by P.A. 14-47.