

June 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

After accounting for the cancellation of the planned issuance of \$646.1 million in Economic Recovery Revenue Bonds (ERRBs) as per Public Act 11-61, we are projecting a General Fund balance of \$85.5 million, an improvement of \$51.8 million over last month's projection. Revenues reflect a net decrease of \$592.7 million, based on an improvement of \$53.4 million since last month, offset by the cancellation of the planned issuance of ERRBs. This month's letter reflects only small changes in aggregate expenditure projections, which have increased by \$5.6 million over last month's estimate, while projected adjustments to General Fund resources, primarily those related to refunds of escheated property, have decreased by \$4 million. Note that the 2009 agreement with SEBAC requires that \$14.5 million be deposited in the trust fund for Other Post Employment Benefits (OPEB) as a result of the positive operating balance forecast in January and confirmed in the Comptroller's February 1st letter. It should also be noted that, per Sec. 511 of Public Act 09-3, June Special Session, any remaining balance at year end must be used to redeem Economic Recovery Notes issued to finance the FY 2009 deficit.

Revenues

This month's revenue projections include several adjustments which result in an overall net increase of \$53.4 million. The income tax estimate has been revised upward by \$40 million due to continued strength in both withholding and estimates payments. We are also projecting an additional \$6.0 million in Oil Companies tax revenue as oil prices continue to remain high. Insurance Companies tax revenue had previously been underperforming its target, but with June's strong performance we are increasing our revenue projection by \$7.5 million. Other miscellaneous revenue adjustments net to a negative \$0.1 million.

As noted above, the State will no longer be issuing \$646.1 million in Economic Recovery Revenue Bonds and thus the revenue schedule reflects the deletion of this source.

Expenditures

This month's letter reflects the passage of Public Act 11-61, which included net deficiency appropriations totaling \$329.2 million, as well as Finance Advisory Committee action on June 2nd and releases of certain holdbacks to address agency expenditure requirements. Accordingly, we are no longer projecting any agency deficiencies. Lapses are currently estimated to total \$398.3 million. While the release of portions of holdbacks related to certain budgeted lapses has been necessary, particularly those for reducing consultant contracts and reducing other expenses to FY 2007 levels, 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, as detailed in Statement 4.

Special Transportation Fund

In the Special Transportation Fund, our revenue projections have decreased by \$1.5 million, reflecting a minor adjustment over last month's projection. Expenditure projections reflect a net improvement of \$1.2 million and the impact of the deficiency appropriations included in PA 11-61. Overall, an annual operating surplus of \$1.0 million is forecast, and the fund balance on June 30, 2011 is anticipated to be \$106.4 million.

It is important to note that while these projections are the best that can be made at this time, estimates may need to be adjusted as the fiscal year concludes and the year end closing process commences.

Sincerely,

A handwritten signature in blue ink that reads "Benjamin Barnes". The signature is written in a cursive style with a large initial "B".

Benjamin Barnes
Secretary

Summary
June 20, 2011

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2011
As of May 31, 2011
(In Millions)

General Fund

Balance - May 20, 2011		\$	679.8
Revenues			
Personal Income Tax	40.0		
Insurance Companies	7.5		
Oil Companies	6.0		
Transfers to the Resources of the G.F.	(646.1)		
All Other	(0.1)		(592.7)
			<hr/>
Expenditures			
Additional Requirements	15.4		
Estimated Lapses	(21.0)		
Miscellaneous Adjustments/Rounding	4.0		(1.6)
			<hr/>
Balance - June 20, 2011		\$	85.5
Reserved Balance ¹ :			<hr/> (85.5)
			<hr/>
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 - May 20, 2011			1.3
Revenues			
Motor Fuels Tax	(2.0)		
Licenses, Permits, Fees	1.0		
All Other	(0.5)		(1.5)
			<hr/>
Expenditures			
Additional Requirements	4.0		
Estimated Lapses	(2.8)		
Miscellaneous Adjustments/Rounding	0.0		1.2
			<hr/>
Estimated Balance - June 30, 2011		\$	<hr/> 106.4

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2011
As of May 31, 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	\$12,928.1	\$986.6
Less: Refunds	<u>(\$1,019.8)</u>	<u>(\$968.5)</u>	<u>\$51.3</u>
Taxes - Net	\$10,921.7	\$11,959.6	\$1,037.9
Other Revenue	\$1,202.7	\$1,281.7	\$79.0
Other Sources	<u>\$5,543.0</u>	<u>\$4,794.6</u>	<u>(\$748.4)</u>
TOTAL Revenue	\$17,667.4	\$18,035.9	\$368.5
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>(\$398.3)</u>	<u>(\$102.0)</u>
TOTAL Expenditures	\$17,667.2	\$17,894.4	\$227.2
Balance from Operations	\$0.2	\$141.5	\$141.3
Miscellaneous Adjustments	<u>\$0.0</u>	<u>(\$56.0)</u>	<u>(\$56.0)</u>
Estimated Balance 6/30/11	\$0.2	\$85.5	\$85.3
Reserved Balance ^{3.}	<u>(\$0.2)</u>	<u>(\$85.5)</u>	<u>(\$85.3)</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 May 31, 2011
(In Millions)

TAXES	
Personal Income	\$7,220.0
Sales and Use	3,342.0
Corporation	770.4
Public Service Corporations	269.1
Inheritance and Estate	240.0
Insurance Companies	222.5
Cigarettes	403.9
Real Estate Conveyance	85.2
Oil Companies	154.0
Alcoholic Beverages	48.7
Admissions and Dues	34.1
Miscellaneous	138.2
TOTAL - TAXES	<u>\$12,928.1</u>
Less: Refunds of Taxes	(960.0)
R & D Credit Exchange	<u>(8.5)</u>
TOTAL - TAXES - NET	<u>\$11,959.6</u>
OTHER REVENUE	
Transfers - Special Revenue	\$289.0
Indian Gaming Payments	360.0
Licenses, Permits, Fees	247.0
Sales of Commodities and Services	35.8
Rents, Fines, Escheats	149.0
Investment Income	0.5
Miscellaneous	202.2
Refunds of Payments	<u>(1.8)</u>
TOTAL - OTHER REVENUE	<u>\$1,281.7</u>
OTHER SOURCES	
Federal Grants	\$4,200.6
Transfers to the Resources of the General Fund	668.0
Transfer from Tobacco Settlement Fund	95.4
Transfers to Other Funds	<u>(169.4)</u>
TOTAL - OTHER SOURCES	<u>\$4,794.6</u>
TOTAL - GENERAL FUND REVENUE	\$18,035.9

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2011
As of May 31, 2011

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

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2011
As of May 31, 2011

Reduce Outside Consultant Contracts-Legislative	\$ 492,305
General Personal Services Reduction-Legislative	476,000
General Other Expenses Reduction-Legislative	374,000
Office of Legislative Management	6,000,000
Auditors of Public Accounts	1,700,000
Reduce OE to FY 2007 Levels-Legislative	1,111,306
Personal Services Reductions-Legislative	1,205,311
DOIT Lapse-Legislative	25,175
Management Lapse- Legislative	903,520
Reduce Outside Consultant Contracts-Executive	76,686,479
General Personal Services Reduction-Executive	11,538,800
General Other Expenses Reduction-Executive	9,066,200
Reduce OE to FY 2007 Levels-Executive	20,255,263
General Personal Services Reduction-Judicial	1,985,200
General Other Expenses Reduction-Judicial	1,529,172
Reduce Outside Consultant Contracts-Judicial	2,587,829
Enhance Agency Outcomes	-
Secretary of the State	490,000
Elections Enforcement Commission	550,000
Freedom of Information Commission	270,000
Office of the State Treasurer	470,000
Department of Revenue Services	1,650,000
Division of Special Revenue	900,000
Office of Policy and Management	1,260,000
Department of Information Technology	290,000
Department of Public Works	1,530,000
Department of Veterans' Affairs	1,000,000
Office of the Attorney General	630,000
Department of Consumer Protection	680,000
Commission on Human Rights and Opportunities	500,000
Department of Economic and Community Development	200,000
Department of Emergency Management and Homeland Security	270,000
Department of Environmental Protection	3,640,000
Department of Developmental Services	27,500,000
Department of Mental Health and Addiction Services	5,760,000
Department of Social Services	12,180,000
State Department of Education	2,600,000
Department of Correction	7,940,000
Department of Children and Families	26,090,000
Office of the State Treasurer - Debt Service	46,310,000

Statement 4
June 20, 2011

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2011
As of May 31, 2011

OSC - Fringe Benefits
Total

119,700,000
\$398,346,560

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	
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	
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	
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>	
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	0.0
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	0.0
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>	
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	\$0.0

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 May 31, 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	\$720.9	\$0.6
Less: Refunds of Taxes	<u>(6.9)</u>	<u>(7.0)</u>	<u>(0.1)</u>
Taxes - Net	713.4	713.9	0.5
Other Revenue	<u>466.6</u>	<u>456.2</u>	<u>(10.4)</u>
TOTAL - Revenue	\$1,180.0	\$1,170.1	(\$9.9)
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>(18.8)</u>	<u>(7.8)</u>
TOTAL - Expenditures	\$1,176.9	\$1,169.1	(\$7.8)
Balance from Operations	\$3.1	\$1.0	(\$2.1)
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/11	<u>\$104.3</u>	<u>\$106.4</u>	<u>\$2.1</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
June 20, 2011

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2011
As of May 31, 2011
(In Millions)

TAXES	
Motor Fuels	\$485.3
Oil Companies	165.3
Sales Tax DMV	70.3
TOTAL - TAXES	<u>720.9</u>
Less: Refunds of Taxes	<u>(7.0)</u>
TOTAL - TAXES - NET	\$713.9
OTHER REVENUE	
Motor Vehicle Receipts	\$220.9
Licenses, Permits, Fees	138.0
Interest Income	5.5
Federal Grants	9.3
Transfers (To)/From Other Funds	85.8
Refunds of Payments	<u>(3.3)</u>
TOTAL - OTHER REVENUE	\$456.2
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,170.1

Statement 3T
June 20, 2011

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2011
As of May 31, 2011

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

Statement 4T
June 20, 2011

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2011
As of May 31, 2011

Office of the State Treasurer - Debt Service	\$13,000,000
OSC - Fringe Benefits	\$5,050,000
Department of Motor Vehicles	\$730,000
Total	<u>\$18,780,000</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	
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>	
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	0.0
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	
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	
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>	
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	0.0
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	0.0
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	\$0.0

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.