STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

July 20, 2010

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 2009-2010 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. Expenditure and revenue estimates are as of June 30, 2010.

We are currently estimating a surplus of $393.3 million in the General Fund. However, it should be noted that Public Act 10-179 requires that any general fund surplus in FY 2010 be transferred to FY 2011 to help balance the FY 2011 budget as well as to reduce the borrowing budgeted for FY 2011. The projected surplus represents an improvement of $150.4 million over last month's letter. This change is primarily attributable to continued improvement in the state's revenue receipts coupled with a $45.9 million increase in General Fund lapses, and an offsetting adjustment of $4.2 million, primarily for refunds of escheated property. Although on a budgetary basis FY 2010 will conclude with a surplus, this would not have been the case were it not for the use of close to $1.3 billion from the budget reserve fund, $843.5 million in federal stimulus funding, $129.5 million from the cancellation of a scheduled sales tax reduction, the deferral of a $100 million contribution to the State Employees Retirement System (SERS), and deficit mitigation efforts. Even with the improving revenue picture outlined below, the budget for FY 2011 will still require borrowing approximately $700 million to remain in balance.

Estimated General Fund revenue is being revised upward by $108.7 million as several revenue sources continue to show marked improvement. The sales tax has been revised upward by $38.9 million as it continues to exceed its monthly target. Refunds of taxes have improved by $14.1 million as non-income tax refunds concluded the fiscal year below projections. Insurance companies revenue has also been revised upward by $12.9 million as estimated payments were stronger than anticipated. Licenses, permits, and fees registered a strong finish to the fiscal year and have been revised upward by $20 million, and federal grants concluded the fiscal year with a positive variance of $9.8 million. All other revenue changes net to a positive $13 million. It should be noted that several significant revenue sources are still being tallied through August 6th as part of the accrual process for FY 2010.

On the expenditure side, the passage of Public Act 10-179 together with Finance Advisory Committee action and the release of certain holdbacks have eliminated additional requirements within agencies, with the exception of the Commission on Children, which is anticipated to experience a deficiency of $26,379 in its Personal Services account. Overall, total General Fund lapses are now estimated at $560.7 million, which includes the $100 million SERS payment deferral and $59 million in gubernatorial rescissions. This lapse total represents an increase of $45.9 million over our June 20th estimate and more than $87 million beyond the amount included in the FY 2010 budget as amended.

In the Special Transportation Fund, this month's letter reflects a $5.2 million increase in the estimated June 30, 2010 fund balance. This change is based on an $800,000 improvement on the expenditure side combined with a $4.4 million improvement in projected revenues. The fund balance for FY 2010 is currently projected to be $103.7 million.

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

Sincerely,

Brenda L. Sisco
Acting Secretary

Summary
July 20, 2010

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2010
As of June 30, 2010
(In Millions)

General Fund		
Balance - June 21, 2010		$ 242.9
Revenues		
Sales & Use	38.9	
Insurance Companies	12.9	
Refund of Taxes	14.1	
Licenses, Permits, Fees	20.0	
Federal Grants	9.8	
All Other - Net	13.0	108.7
Expenditures		
Additional Requirements - No Change	0.0	
Estimated Lapses	45.9	
Miscellaneous Adjustments/Rounding	(4.2)	41.7
Balance - July 20, 2010		$ 393.3
Special Transportation Fund		
Carry Forward FY 2008-09 Surplus		$ 93.6
Balance - June 21, 2010		4.9
Revenues		
All Other - Net	4.4	4.4
Expenditures		
Additional Requirements - No Change	0.0	
Estimated Lapses	0.8	0.8
Balance - July 20, 2010		$ 103.7

Statement 1
July 20, 2010

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2010
As of June 30, 2010
(In Millions)

	General Assembly Budget Plan [1.]	Revised Estimates OPM [2.]	Over/ (Under)
REVENUE			
Taxes	$12,017.5	$11,908.8	($108.7)
Less: Refunds	(1,089.9)	(1,070.3)	19.6
Taxes - Net	10,927.6	$10,838.5	(89.1)
Other Revenue	1,307.1	1,386.6	79.5
Other Sources	5,137.7	5,410.8	273.1
TOTAL Revenue	$17,372.4	$17,635.9	$263.5
EXPENDITURES			
Appropriations	$17,843.6	$17,766.0	($77.6)
Net Additional Requirements	0.0	0.0	0.0
Less: Estimated Lapses	(473.3)	(560.7)	(87.4)
TOTAL Expenditures	$17,370.3	$17,205.3	($165.0)
Balance from Operations	$2.1	$430.6	$428.5
Miscellaneous Adjustments	0.0	(37.3)	(37.3)
Estimated Balance 6/30/10 [3.]	$2.1	$393.3	$391.2

1. P.A. 09-3 of the June Special Session, as amended by P.A. 09-8, September Special Session, P.A. 09-7, September Special Session and P.A. 09-5 of the September Special Session
2. Appropriation as amended by P.A. 10-3
3. Per P.A. 10-179, as amended, any unappropriated surplus from FY 10 will be transferred to FY 11.

Statement 2
July 20, 2010

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2010
As of June 30, 2010
(In Millions)

TAXES	
Personal Income	$6,560.5
Sales and Use	3,175.0
Corporation	671.6
Public Service Corporations	260.0
Inheritance and Estate	177.6
Insurance Companies	226.5
Cigarettes	392.0
Real Estate Conveyance	97.3
Oil Companies	124.4
Alcoholic Beverages	47.6
Admissions and Dues	35.1
Miscellaneous	141.2
TOTAL - TAXES	$11,908.8
Less: Refunds of Taxes	(1,061.4)
R & D Credit Exchange	(8.9)
TOTAL - TAXES - NET	$10,838.5
OTHER REVENUE	
Transfers - Special Revenue	$289.3
Indian Gaming Payments	384.3
Licenses, Permits, Fees	262.9
Sales of Commodities and Services	33.7
Rents, Fines, Escheats	253.1
Investment Income	3.5
Miscellaneous	161.0
Refunds of Payments	(1.2)
TOTAL - OTHER REVENUE	$1,386.6
OTHER SOURCES	
Federal Grants	$4,047.5
Transfer from Tobacco Settlement Fund	101.6
Transfers (To)/From Other Funds	1,261.7
TOTAL - OTHER SOURCES	$5,410.8
TOTAL - GENERAL FUND REVENUE	$17,635.9

Statement 3
July 20, 2010

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2010
As of June 30, 2010

Commission on Children	$26,379
Total	$26,379

Statement 4
July 20, 2010

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2010
As of June 30, 2010

Office of Legislative Management	$10,300,000
Auditors of Public Accounts	2,400,000
Secretary of the State	2,900,000
State Treasurer	1,000,000
State Comptroller	2,600,000
Department of Revenue Services	10,900,000
Division of Special Revenue	2,300,000
Office of Policy and Management	11,400,000
Department of Veterans Affairs	3,700,000
Department of Administrative Services	5,600,000
Department of Information Technology	6,200,000
Department of Public Works	4,400,000
Attorney General	4,400,000
Division of Criminal Justice	5,000,000
Department of Public Safety	11,800,000
Military Department	1,000,000
Department of Consumer Protection	1,900,000
Department of Labor	2,100,000
Department of Environmental Protection	9,400,000
Commission on Culture and Tourism	1,500,000
Department of Economic & Community Development	4,300,000
Department of Public Health	5,600,000
Department of Developmental Services	34,400,000
Department of Mental Health & Addiction Services	38,300,000
Department of Social Services	24,800,000
Department of Education	24,000,000
State Library	2,400,000
Department of Higher Education	1,200,000
University of Connecticut	2,300,000
University of Connecticut Health Center	1,200,000
Teachers' Retirement Board	1,100,000
Regional Community-Technical Colleges	1,300,000
Department of Correction	36,900,000
Department of Children and Families	62,700,000
Judicial Department	33,400,000
Public Defender Services Commission	3,100,000
State Treasurer - Debt Service	8,300,000
State Comptroller - Fringe Benefits	160,400,000
OPM - Reserve for Salary Adjustments	1,500,000
All Other Agencies	12,700,000
Total	$560,700,000

Statement 5
July 20, 2010

State of Connecticut
2009-10 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan [1]	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April [2] 2010	May 2010	June 2010
REVENUE	$17,372.4	$17,375.4	$17,375.4	$17,203.3	$17,127.3	$17,239.1	$17,029.5	$17,029.5	$17,029.5	$17,058.2	$17,468.3	$17,527.2	$17,635.9
Appropriations	17,843.6	17,847.9	17,847.9	17,843.9	17,843.6	17,843.6	17,843.6	17,843.6	17,843.6	17,843.6	17,766.0	17,766.0	17,766.0
Additional Requirements	0.0	0.0	0.0	212.5	212.5	234.5	193.7	193.7	143.5	129.3	10.0	0.0	0.0
Less: Estimated Lapses	(473.3)	(473.3)	(473.3)	(473.3)	(473.3)	(524.3)	(524.3)	(524.3)	(624.3)	(622.4)	(504.3)	(514.8)	(560.7)
TOTAL - Estimated Expenditures	17,370.3	17,374.6	17,374.6	17,583.1	17,582.8	17,553.8	17,513.0	17,513.0	17,362.8	17,350.5	17,271.7	17,251.2	17,205.3
Balance from Operations	2.1	0.8	0.8	(379.8)	(455.5)	(314.7)	(483.5)	(483.5)	(333.3)	(292.3)	196.6	276.0	430.6
Compt.'s Misc. Adjustments/Rounding	0.0	0.0	0.0	(8.7)	(11.0)	(13.2)	(17.0)	(20.4)	(23.2)	(27.5)	(29.8)	(33.1)	(37.3)
Estimated Balance 6/30/10 [3]	$2.1	$0.8	$0.8	($388.5)	($466.5)	($327.9)	($500.5)	($503.9)	($356.5)	($319.8)	$166.9	$242.9	$393.3

1. P.A. 09-3 of the June Special Session, as amended by P.A. 09-8, September Special Session, P.A. 09-7, September Special Session and P.A. 09-5 of the September Special Session
2. Appropriation as amended by P.A. 10-3
3. Per P.A. 10-179, as amended, any unappropriated surplus from FY 10 will be transferred to FY 11.

Statement 1T
July 20, 2010

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2010
As of June 30, 2010
(In Millions)

	General Assembly Budget Plan [1.]	Revised Estimates OPM [2.]	Over/ (Under)
Surplus Carried Forward from 2008-09	$93.6	$93.6	$0.0
REVENUE			
Taxes	$691.4	$710.1	$18.7
Less: Refunds of Taxes	(6.6)	(7.3)	(0.7)
Taxes - Net	684.8	702.8	18.0
Other Revenue	430.9	414.6	(16.3)
TOTAL - Revenue	$1,115.7	$1,117.4	$1.7
EXPENDITURES			
Appropriations	$1,135.9	$1,135.9	$0.0
Additional Appropriations	0.0	0.0	0.0
Less: Estimated Lapses	(21.2)	(28.6)	(7.4)
TOTAL - Expenditures	$1,114.7	$1,107.3	($7.4)
Balance from Operations	$1.0	$10.1	$9.1
Miscellaneous Adjustments	0.0	0.0	0.0
Estimated Balance 6/30/10	$94.6	$103.7	$9.1

1. P.A. 09-3 of the June Special Session, as amended by P.A. 09-8, September Special Session and P.A. 09-7, September Special Session
2. Appropriation as amended by P.A. 10-3

Statement 2T
July 20, 2010

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2010
As of June 30, 2010
(In Millions)

TAXES	
Motor Fuels	$500.4
Oil Companies	141.9
Sales Tax DMV	67.8
TOTAL - TAXES	710.1
Less: Refunds of Taxes	(7.3)
TOTAL - TAXES - NET	$702.8
OTHER REVENUE	
Motor Vehicle Receipts	$220.7
Licenses, Permits, Fees	137.6
Interest Income	6.5
Federal Grants	3.3
Transfers (To)/From Other Funds	49.4
Refunds of Payments	(2.9)
TOTAL - OTHER REVENUE	$414.6
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	$1,117.4

Statement 3T
July 20, 2010

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2010
As of June 30, 2010

No Additional Requirements	$0
Total	$0

Statement 4T
July 20, 2010

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2010
As of June 30, 2010

Department of Administrative Services	$500,000
Department of Motor Vehicles	5,200,000
Department of Transportation	600,000
State Treasurer - Debt Service	10,400,000
State Comptroller - Fringe Benefits	11,900,000
Total	$28,600,000

Statement 5T
July 20, 2010

State of Connecticut
2009-10 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan [1]	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April [2] 2010	May 2010	June 2010
Beginning Balance	$93.6	$93.6	$93.6	$93.6	$93.6	$93.6	$93.6	$93.6	$93.6	$93.6	$93.6	$93.6	$93.6
Revenue	1,115.7	1,106.5	1,109.5	1,118.7	1,118.7	1,118.7	1,127.1	1,127.1	1,127.1	1,125.3	1,113.6	1,113.0	1,117.4
Total Available	1,209.3	1,200.1	1,203.1	1,212.3	1,212.3	1,212.3	1,220.7	1,220.7	1,220.7	1,218.9	1,207.2	1,206.6	1,211.0
Appropriations	1,135.9	1,127.6	1,127.6	1,135.9	1,135.9	1,135.9	1,135.9	1,135.9	1,135.9	1,135.9	1,135.9	1,135.9	1,135.9
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	6.0	6.0	6.0	2.0	0.0	0.0	0.0
Less: Estimated Lapses	(21.2)	(21.2)	(21.2)	(21.2)	(21.2)	(22.1)	(28.1)	(28.1)	(28.1)	(26.8)	(25.5)	(27.8)	(28.6)
TOTAL - Estimated Expenditures	1,114.6	1,106.4	1,106.4	1,114.6	1,114.7	1,113.8	1,113.8	1,113.8	1,113.8	1,111.1	1,110.4	1,108.1	1,107.3
Balance from Operations	1.1	0.1	3.1	4.1	4.0	4.9	13.3	13.3	13.3	14.2	3.2	4.9	10.1
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 6/30/10	$94.7	$93.7	$96.7	$97.7	$97.6	$98.5	$106.9	$106.9	$106.9	$107.8	$96.8	$98.5	$103.7

1. P.A. 09-3 of the June Special Session, as amended by P.A. 09-8, September Special Session, P.A. 09-7, September Special Session and P.A. 09-5 of the September Special Session
2. Appropriation as amended by P.A. 10-3