



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

June 20, 2006

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 2005-2006 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 May 31, 2006. The balance in the General Fund (prior to passage of Public Act 06-186) is currently projected at \$910.0 million. This number compares to last month's estimate of \$790.5 million and reflects projected increases in revenue of \$104.0 million over last month, and expenditure and lapse improvements of \$15.5 million.

Public Act 06-186, which was signed by Governor Rell on May 7, 2006, includes several actions which impact the projected FY'06 General Fund surplus. These include appropriating \$26.03 million to fund projected FY'06 deficiencies, continuing \$91 million for expenditure in FY'07, and appropriating \$394.46 million for a variety of items including \$245.65 million for Teachers Retirement pensions and \$85.5 million to Debt Service to pre-pay the remaining Economic Recovery Notes. The net impact of all of these changes is that the remaining un-appropriated surplus is now projected at \$424.6 million. This amount would be deposited into the Budget Reserve Fund. This letter has incorporated all of the changes to FY'06 included in Public Act 06-186 to the best of our ability.

This month's letter includes several adjustments to our revenue projections which result in an overall increase of \$104.0 million. We are revising the income tax upward by \$50 million as May withholding receipts exceeded their target by approximately \$15 million and June estimated payments to date are on track to exceed their target by approximately \$35 million. Due to significant Estate tax collections in early June, we are increasing our revenue estimate for this tax by \$30 million. We are also projecting an additional \$8.0 million in Rents, Fines, and Escheat revenue as a result of an antitrust penalty payment. Licenses, Permits, and Fees revenue collection had previously been underperforming its targets, however with May's strong performance; we are increasing our revenue projection by \$11.0 million for this account. Other miscellaneous revenue adjustments net to a positive \$5.0 million.

No changes to revenue projections for the Special Transportation Fund are being made this month.

A deficiency appropriation to the DAS-Workers Compensation Claims account for the Special Transportation Fund of \$920,000 was included in Public Act 06-186. The Special Transportation Fund is projected to have an overall balance in the fund of \$136.0 million on June 30, 2006.

It should be noted that while these projections are the best that can be made at this time, estimates may have to be adjusted to reflect changes in the economy, expenditure patterns and/or other factors.

Sincerely,

Robert L. Genuario
Secretary

RLG:dd
Attachments

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2006
As of May 31, 2006
(In Millions)

	General Assembly Budget Plan ^{1.}	Revised Estimates OPM ^{2., 3.}	Over/ (Under)
REVENUE			
Taxes	\$11,236.4	\$11,952.1	\$715.7
Less: Refunds	<u>(781.0)</u>	<u>(733.0)</u>	<u>48.0</u>
Taxes - Net	10,455.4	11,219.1	763.7
Other Revenue	1,107.2	1,230.5	123.3
Other Sources	<u>2,571.1</u>	<u>2,511.1</u>	<u>(60.0)</u>
TOTAL Revenue	\$14,133.7	\$14,960.7	\$827.0
EXPENDITURES			
Appropriations	\$14,237.1	\$14,660.6	\$423.5
Net Additional Requirements	0.0	0.0	0.0
Less: Estimated Lapses	<u>(105.4)</u>	<u>(150.7)</u>	<u>(45.3)</u>
TOTAL Expenditures	\$14,131.7	\$14,509.9	\$378.2
Balance from Operations	\$2.0	\$450.8	\$448.8
Miscellaneous Adjustments	<u>0.0</u>	<u>(26.2)</u>	<u>(26.2)</u>
Estimated Balance 6/30/06	<u>\$2.0</u>	<u>\$424.6</u>	<u>\$422.6</u>

1. PA 05-251

2. Includes P.A. 05-2, October 25 Special Session appropriations.

3. Includes P.A. 06-186.

Summary
June 20, 2006

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2006
(In Millions)

General Fund

Balance - May 22, 2006 \$ 305.1

Revenues

Personal Income Tax	50.0	
Inheritance & Estate	30.0	
Admissions & Dues	1.0	
Transfers-Special Revenue	4.0	
Licenses, Permits, Fees	11.0	
Rents, Fines, Escheats	8.0	104.0

Expenditures

Additional Requirements - No Change	0.0	
Additional Lapses	18.0	
Miscellaneous Adjustments/Rounding	(2.5)	15.5

Balance - June 20, 2006 \$ 424.6

Special Transportation Fund

Balance - May 22, 2006 \$ 136.0

Revenues - No Change 0.0

Expenditures

Additional Requirements - No Change	0.0	
Additional Lapses - No Change	0.0	
Miscellaneous Adjustments/Rounding - No Change	0.0	-

Balance - June 20, 2006 \$ 136.0

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2006
As of May 31, 2006
(In Millions)

	General Assembly Budget Plan ^{1.}	Revised Estimates OPM ^{2., 3.}	Over/ (Under)
REVENUE			
Taxes	\$11,236.4	\$11,952.1	\$715.7
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EXPENDITURES			
Appropriations	\$14,237.1	\$14,660.6	\$423.5
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TOTAL Expenditures	\$14,131.7	\$14,509.9	\$378.2
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Miscellaneous Adjustments	<u>0.0</u>	<u>(26.2)</u>	<u>(26.2)</u>
Estimated Balance 6/30/06	<u>\$2.0</u>	<u>\$424.6</u>	<u>\$422.6</u>

1. PA 05-251
2. Includes P.A. 05-2, October 25 Special Session appropriations.
3. Includes P.A. 06-186.

Statement 2
June 20, 2006

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2006
As of May 31, 2006
(In Millions)

TAXES	
Personal Income	\$6,170.0
Sales and Use	3,402.0
Corporation	781.3
Public Service Corporations	228.9
Inheritance and Estate	193.8
Insurance Companies	265.3
Cigarettes	275.0
Real Estate Conveyance	205.0
Oil Companies	212.5
Alcoholic Beverages	45.0
Admissions and Dues	35.0
Miscellaneous	138.3
TOTAL - TAXES	<u>\$11,952.1</u>
Less: Refunds of Taxes	(726.0)
R & D Credit Exchange	(7.0)
TOTAL - TAXES - NET	<u>\$11,219.1</u>
OTHER REVENUE	
Transfers - Special Revenue	\$289.5
Indian Gaming Payments	428.5
Licenses, Permits, Fees	166.0
Sales of Commodities and Services	33.0
Rents, Fines, Escheats	94.0
Investment Income	50.0
Miscellaneous	170.0
Refunds of Payments	(0.5)
TOTAL - OTHER REVENUE	<u>\$1,230.5</u>
OTHER SOURCES	
Federal Grants	\$2,549.0
Transfer from Tobacco Settlement Fund	89.4
Transfers to Other Funds	(127.3)
TOTAL - OTHER SOURCES	<u>\$2,511.1</u>
TOTAL - GENERAL FUND REVENUE	\$14,960.7

Statement 3
June 20, 2006

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2006
As of May 31, 2006

Additional Requirements

\$0

Statement 4
June 20, 2006

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2006
As of May 31, 2006

Legislative Unallocated Lapses	\$2,200,000
Estimated Unallocated Lapses	24,940,000
Debt Service	31,700,000
Department of Social Services	78,800,000
General Personal Services Reduction	8,900,000
General Other Expenses Reductions	3,160,000
Centralize Business Operations	<u>1,000,000</u>
Total	<u><u>\$150,700,000</u></u>

State of Connecticut
2005-06 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ^{1.}	July 2005	August 2005	September 2005	October 2005 ^{2.}	November 2005	December 2005	January 2006	February 2006	March 2006	April 2006 ^{3.}	May 2006	June 2006
REVENUE	\$14,133.7	\$14,133.7	\$14,164.6	\$14,302.3	\$14,458.5	\$14,482.9	\$14,606.1	\$14,660.8	\$14,687.6	\$14,710.6	\$14,856.7	\$14,960.7	
Appropriations	14,237.1	14,237.1	14,237.1	14,237.1	14,240.1	14,240.1	14,240.1	14,240.1	14,240.1	14,240.1	14,660.6	14,660.6	
Additional Requirements	0.0	0.0	0.0	30.6	34.9	35.5	38.1	38.1	43.4	43.5	0.0	0.0	
Less: Estimated Lapses	<u>(105.4)</u>	<u>(105.4)</u>	<u>(105.4)</u>	<u>(105.4)</u>	<u>(130.3)</u>	<u>(130.3)</u>	<u>(196.1)</u>	<u>(209.6)</u>	<u>(201.1)</u>	<u>(193.6)</u>	<u>(132.7)</u>	<u>(150.7)</u>	
TOTAL - Estimated Expenditures	14,131.7	14,131.7	14,131.7	14,162.3	14,144.7	14,145.3	14,082.1	14,068.6	14,082.4	14,090.0	14,527.9	14,509.9	
Balance from Operations	2.0	2.0	32.9	140.0	313.8	337.6	524.0	592.2	605.4	620.6	328.8	450.8	
Compt.'s Misc. Adjustments/Rounding	<u>0.0</u>	<u>(0.8)</u>	<u>(3.8)</u>	<u>(4.6)</u>	<u>(7.4)</u>	<u>(9.8)</u>	<u>(12.2)</u>	<u>(15.2)</u>	<u>(19.1)</u>	<u>(22.7)</u>	<u>(23.7)</u>	<u>(26.2)</u>	
Estimated Balance 6/30/06	\$2.0	\$1.2	\$29.1	\$135.4	\$306.4	\$327.8	\$511.8	\$577.0	\$586.3	\$597.9	\$305.1	\$424.6	

1. PA 05-251

2. Includes P.A. 05-2, October 25 Special Session appropriations.

3. Includes P.A. 06-186.

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2006
As of May 31, 2006
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ (Under)
Surplus Carried Forward from 2004-05 ^{2.}	\$126.1	\$132.0	\$5.9
REVENUE			
Taxes	\$604.5	\$595.5	(\$9.0)
Less: Refunds of Taxes	<u>(8.6)</u>	<u>(9.0)</u>	<u>(0.4)</u>
Taxes - Net	595.9	586.5	(9.4)
Other Revenue	<u>390.3</u>	<u>400.6</u>	<u>10.3</u>
TOTAL - Revenue	\$986.2	\$987.1	\$0.9
EXPENDITURES			
Appropriations	\$993.6	\$994.5	\$0.9
Additional Appropriations	0.0	0.0	0.0
Less: Estimated Lapses	<u>(11.0)</u>	<u>(11.0)</u>	<u>0.0</u>
TOTAL - Expenditures	\$982.6	\$983.5	\$0.9
Balance from Operations	\$3.6	\$3.6	\$0.0
Miscellaneous Adjustments	<u>0.0</u>	<u>0.4</u>	<u>0.4</u>
Estimated Balance 6/30/06	<u>\$129.7</u>	<u>\$136.0</u>	<u>\$6.3</u>

1. PA 05-251

2. At the time the General Assembly adopted the Budget Plan the Special Transportation Fund had an estimated year ending balance of \$126.1 million. Per OPM, the unaudited final balance of \$132.0 million is used in the Revised Estimates column.

3. Includes P.A. 06-186.

Statement 2T
June 20, 2006

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2006
As of May 31, 2006
(In Millions)

TAXES	
Motor Fuels	\$482.0
Oil Companies	43.5
Sales Tax DMV	70.0
TOTAL - TAXES	<u>595.5</u>
Less: Refunds of Taxes	<u>(9.0)</u>
TOTAL - TAXES - NET	\$586.5
OTHER REVENUE	
Motor Vehicle Receipts	\$233.8
Licenses, Permits, Fees	161.5
Interest Income	38.0
Transfers to Other Funds	(29.9)
Refunds of Payments	<u>(2.8)</u>
TOTAL - OTHER REVENUE	\$400.6
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$987.1

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Additional Appropriations
Projected to June 30, 2006
As of May 31, 2006

Additional Appropriations	\$0
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Statement 4T
June 20, 2006

State of Connecticut
Special Transportation Fund
Estimated Lapse
Projected to June 30, 2006
As of May 31, 2006

Estimated Unallocated Lapses	\$6,840,000
Fringe Benefits	2,000,000
Insurance & Risk Management	500,000
Debt Service	<u>1,660,000</u>
Total	\$11,000,000

State of Connecticut
2005-06 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2005	August 2005	September 2005	October 2005	November 2005	December 2005	January 2006	February 2006	March 2006	April ³ 2006	May 2006	June 2006
Beginning Balance ²	\$126.1	\$126.1	\$126.1	\$126.1	\$126.1	\$126.1	\$126.1	\$132.0	\$132.0	\$132.0	\$132.0	\$132.0	
Revenue	<u>986.2</u>	<u>986.2</u>	<u>992.0</u>	<u>988.3</u>	<u>989.3</u>	<u>989.3</u>	<u>988.3</u>	<u>988.3</u>	<u>986.7</u>	<u>987.0</u>	<u>987.1</u>	<u>987.1</u>	<u></u>
Total Available	1,112.3	1,112.3	1,118.1	1,114.4	1,115.4	1,115.4	1,114.4	1,120.3	1,118.7	1,119.0	1,119.1	1,119.1	
Appropriations	993.6	993.6	993.6	993.6	993.6	993.6	993.6	993.6	993.6	993.6	994.5	994.5	
Additional Appropriations	0.0	0.0	3.0	3.7	3.7	3.7	7.2	7.2	0.9	0.9	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>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u></u>
TOTAL - Estimated Expenditures	982.6	982.6	985.6	986.3	986.3	986.3	989.8	989.8	983.5	983.5	983.5	983.5	
Balance from Operations	3.6	3.6	6.4	2.0	3.0	3.0	(1.5)	(1.5)	3.2	3.5	3.6	3.6	
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>(0.4)</u>	<u>0.4</u>	<u>0.4</u>	<u></u>
Estimated Balance 6/30/06	\$129.7	\$129.7	\$132.5	\$128.1	\$129.1	\$129.1	\$124.6	\$130.5	\$135.2	\$135.1	\$136.0	\$136.0	

1. PA 05-251

2. At the time the General Assembly adopted the Budget Plan the Special Transportation Fund had an estimated year ending balance of \$126.1 million. Per OPM, the unaudited final balance of \$132.0 million is used in the Revised Estimates column in the February 21, 2006 letter.

3. Includes P.A. 06-186.