



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

September 22, 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 2015 is provided in accordance with Section 4-66 of the General Statutes. An analysis of the Special Transportation Fund is also included due to the significant nature of the fund. In compliance with Executive Order No. 1, issued January 5, 2011, these projections reflect the state's estimated year-end balance from operations in accordance with Generally Accepted Accounting Principles (GAAP).

General Fund

We continue to project a \$0.3 million balance from operations, with revenues and expenditures remaining consistent with the budget plan. Though it is early in the fiscal year to draw any conclusions, initial results indicate that Sales and Use Tax revenues are rising, and may suggest a slight improvement over the budget target. Personal Income Taxes are also rising, but not enough to suggest any change to our target for the fiscal year. In the aggregate, all other revenue sources remain on target for the year.

Last month, we noted that certain Medicaid reimbursements, primarily related to services for the Medicaid expansion population during the January-March 2014 quarter, had been deferred by the federal government pending resolution of questions relating to claiming methodologies and allowable costs. OPM and the agencies remain actively engaged with the federal government in resolving this issue, and the federal government has, at the state's request, released approximately half of the deferred funds while discussions proceed. We anticipate that this issue will be resolved in the coming weeks.

Special Transportation Fund

We project an operating surplus of \$7.7 million. Storm damage repairs at Groton-New London airport and a related insurance settlement resulted in offsetting \$1.2 million expenditure and revenue increases, and various minor changes in other projected revenue sources net to an additional \$1.0 million over last month's estimate. The fund balance on June 30, 2015 is projected to be \$181.2 million.

As always, it is important to note that while this is the best forecast that can be made at this time, estimates may need to be adjusted as the year progresses to reflect changes in the economy, expenditure patterns, and/or other factors.

Sincerely,

A handwritten signature in dark ink, appearing to read "Benjamin Barnes", with a stylized, cursive script.

Benjamin Barnes
Secretary

Summary
September 22, 2014

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2015
As of August 31, 2014
(In Millions)

General Fund

Balance from Operations - Prior Month		\$	0.3
Revenues			
All Changes (Net)	<u>0.0</u>		0.0
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>0.0</u>
Estimated Balance from Operations - June 30, 2015		\$	<u>0.3</u>

Special Transportation Fund

Fund Balance as of June 30, 2014		\$	173.5
Balance from Operations - Prior Month			6.7
Revenues			
All Changes (Net)	<u>2.2</u>		2.2
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	<u>(1.2)</u>		<u>(1.2)</u>
Estimated Fund Balance - June 30, 2015		\$	<u>181.2</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2015
As of August 31, 2014
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	\$ 16,147.2	\$ 16,147.2	\$ -
Less: Refunds	(1,232.6)	(1,232.6)	-
Taxes - Net	\$ 14,914.6	\$ 14,914.6	\$ -
Other Revenue	1,109.3	1,109.3	-
Other Sources	1,434.1	1,434.1	-
TOTAL Revenue	\$ 17,458.0	\$ 17,458.0	\$ -
 EXPENDITURES			
Initial Current Year Appropriations	\$ 17,589.8	\$ 17,589.8	\$ -
Prior Year Appropriations Continued to FY 2015 ²		85.9	85.9
TOTAL Initial and Continued Appropriations	\$ 17,589.8	\$ 17,675.7	\$ 85.9
Appropriation Adjustments	-	-	-
TOTAL Adjusted Appropriations	\$ 17,589.8	\$ 17,675.7	\$ 85.9
 Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(132.1)	(132.1)	-
Estimated Appropriations to be Continued to FY 2016		-	-
TOTAL Estimated Expenditures	\$ 17,457.7	\$ 17,543.6	\$ 85.9
 Net Change in Fund Balances - Continuing Appropriations	-	(85.9)	(85.9)
Miscellaneous Adjustments/Rounding	-	-	-
 Net Change in Unassigned Fund Balance - 6/30/2015	\$ 0.3	\$ 0.3	\$ -

1. P.A. 14-47, as amended by P.A. 14-217.

2. P.A. 14-47, as amended by P.A. 14-217, and other statutory provisions.

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2015
As of August 31, 2014
(In Millions)

	General Assembly <u>Budget Plan</u>	Revised Estimates <u>OPM</u>	Over/ (Under)
TAXES			
Personal Income	\$ 9,264.5	\$ 9,264.5	\$ -
Sales and Use	4,167.4	4,167.4	-
Corporation	704.3	704.3	-
Public Service Corporations	295.6	295.6	-
Inheritance and Estate	173.0	173.0	-
Insurance Companies	256.2	256.2	-
Cigarettes	360.9	360.9	-
Real Estate Conveyance	186.9	186.9	-
Oil Companies	34.8	34.8	-
Electric Generation	-	-	-
Alcoholic Beverages	60.7	60.7	-
Admissions and Dues	38.3	38.3	-
Health Provider Tax	509.5	509.5	-
Miscellaneous	95.2	95.2	-
TOTAL - TAXES	\$ 16,147.2	\$ 16,147.2	\$ -
Less: Refunds of Taxes	(1,105.1)	(1,105.1)	-
Earned Income Tax Credit	(120.7)	(120.7)	-
R & D Credit Exchange	(6.8)	(6.8)	-
TOTAL - TAXES - NET	\$ 14,914.6	\$ 14,914.6	\$ -
OTHER REVENUE			
Transfers - Special Revenue	\$ 323.1	\$ 323.1	\$ -
Indian Gaming Payments	278.5	278.5	-
Licenses, Permits, Fees	256.2	256.2	-
Sales of Commodities and Services	43.5	43.5	-
Rents, Fines, Escheats	118.4	118.4	-
Investment Income	0.6	0.6	-
Miscellaneous	161.9	161.9	-
Refunds of Payments	(72.9)	(72.9)	-
TOTAL - OTHER REVENUE	\$ 1,109.3	\$ 1,109.3	\$ -
OTHER SOURCES			
Federal Grants	\$ 1,299.6	\$ 1,299.6	\$ -
Transfer from Tobacco Settlement Fund	120.0	120.0	-
Transfers to Other Funds	14.6	14.6	-
TOTAL - OTHER SOURCES	\$ 1,434.1	\$ 1,434.1	\$ -
TOTAL - GENERAL FUND REVENUE	\$ 17,458.0	\$ 17,458.0	\$ -

Statement 3
September 22, 2014

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2015
As of August 31, 2014

No Additional Requirements

\$	-
----	---

Statement 4
September 22, 2014

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2015
As of August 31, 2014

Unallocated Lapse	\$ 91,676,192
Unallocated Lapse - Legislative	3,028,105
Unallocated Lapse - Judicial	7,400,672
General Lapse - Legislative	39,492
General Lapse - Executive	9,678,316
General Lapse - Judicial	282,192
Statewide Hiring Reduction - Legislative	280,000
Statewide Hiring Reduction - Executive	8,060,000
Statewide Hiring Reduction - Judicial	1,660,000
Municipal Opportunities and Regional Efficiencies Lapse	10,000,000
Total	<u>\$ 132,104,969</u>

State of Connecticut
2014-15 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015
REVENUE	\$17,458.0	\$17,458.0	\$17,458.0										
Appropriations	17,589.8	17,589.8	17,589.8										
Additional Requirements	0.0	0.0	0.0										
Less: Estimated Lapses	(132.1)	(132.1)	(132.1)										
TOTAL - Estimated Expenditures	17,457.7	17,457.7	17,457.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance from Operations	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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 - 6/30/15	\$0.3	\$0.3	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. P.A. 14-47, as amended by P.A. 14-217.

Statement 1T
September 22, 2014

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2015
As of August 31, 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, 2014 ^{2.}	\$ 168.8	\$ 173.5	\$ 4.7
REVENUE			
Taxes	\$ 965.5	\$ 966.2	\$ 0.7
Less: Refunds of Taxes	<u>(6.6)</u>	<u>(7.1)</u>	<u>(0.5)</u>
Taxes - Net	958.9	959.1	0.2
Other Revenue	<u>369.4</u>	<u>371.4</u>	<u>2.0</u>
TOTAL - Revenue	\$ 1,328.3	\$ 1,330.5	\$ 2.2
EXPENDITURES			
Appropriations	\$ 1,332.6	\$ 1,332.6	\$ -
Net Additional Requirements	-	-	-
Less: Estimated Lapses	<u>(11.0)</u>	<u>(11.0)</u>	<u>-</u>
TOTAL - Expenditures	\$ 1,321.6	\$ 1,321.6	\$ -
Balance from Operations	\$ 6.7	\$ 8.9	\$ 2.2
Miscellaneous Adjustments	<u>-</u>	<u>(1.2)</u>	<u>(1.2)</u>
Estimated Fund Balance - June 30, 2015	<u>\$ 175.5</u>	<u>\$ 181.2</u>	<u>\$ 5.7</u>

1. P.A. 14-47, as amended by P.A. 14-217.

2. Budget plan as estimated by the Office of Policy and Management. Revised estimates per the Comptroller's September 2, 2014 letter.

Statement 2T
September 22, 2014

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2015
As of August 31, 2014
(In Millions)

	General Assembly <u>Budget Plan</u>	Revised Estimates <u>OPM</u>	Over/ (Under)
TAXES			
Motor Fuels	\$ 503.8	\$ 503.9	\$ 0.1
Oil Companies	379.1	379.1	-
Sales Tax DMV	82.6	83.2	0.6
TOTAL - TAXES	965.5	966.2	0.7
Less: Refunds of Taxes	(6.6)	(7.1)	(0.5)
TOTAL - TAXES - NET	\$ 958.9	\$ 959.1	\$ 0.2
OTHER REVENUE			
Motor Vehicle Receipts	\$ 238.1	\$ 238.1	\$ -
Licenses, Permits, Fees	138.9	139.1	0.2
Interest Income	5.0	7.2	2.2
Federal Grants	12.1	12.1	-
Transfers (To)/From Other Funds	(21.5)	(21.5)	-
Refunds of Payments	(3.2)	(3.6)	(0.4)
TOTAL - OTHER REVENUE	\$ 369.4	\$ 371.4	\$ 2.0
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,328.3	\$1,330.5	\$ 2.2

Statement 3T
September 22, 2014

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2015
As of August 31, 2014

No Additional Requirements

\$	-
----	---

Statement 4T
September 22, 2014

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2015
As of August 31, 2014

Unallocated Lapse	\$ 11,000,000
Total	<u><u>\$ 11,000,000</u></u>

State of Connecticut
2014-15 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015
Beginning Balance ²	\$ 168.8	\$ 168.8	\$ 173.5										
Revenue	1,328.3	1,328.3	1,330.5										
Total Available	1,497.1	1,497.1	1,504.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriations	1,332.6	1,332.6	1,332.6										
Additional Requirements	0.0	0.0	0.0										
Less: Estimated Lapses	(11.0)	(11.0)	(11.0)										
TOTAL - Estimated Expenditures	1,321.6	1,321.6	1,321.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance from Operations	6.7	6.7	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Misc. Adjustments/Rounding	0.0	0.0	(1.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Estimated Balance 6/30/15	\$175.5	\$175.5	\$181.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. P.A. 14-47, as amended by P.A. 14-217.

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 2, 2014 letter.