



**STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER**

**55 ELM STREET
HARTFORD, CONNECTICUT
06106-1775**

**Kevin Lembo
State Comptroller**

**Martha Carlson
Deputy Comptroller**

June 3, 2013

The Honorable Dannel P. Malloy
Governor of the State of Connecticut
State Capitol
Hartford, Connecticut

Dear Governor Malloy:

I write to provide you with financial statements for the General Fund and the Transportation Fund through April 30, 2013.

OPM is currently projecting a Fiscal Year 2013 General Fund GAAP surplus of \$164.8 million and a budgetary surplus of \$212.3 million. This is an improvement in the General Fund's fiscal position of \$14.7 million from last month. The Transportation Fund is estimated to end Fiscal Year 2013 with a balance of \$169 million. I am in general agreement with these projections.

The surplus results from an improved revenue outlook and spending restraints. Current projections show Fiscal Year 2013 General Fund outlays increasing by about 2 percent over last fiscal year. Deficit mitigation efforts, constraints on payroll growth, and fringe benefit budget reductions have contributed to the slower overall rate of spending growth. General Fund revenues for Fiscal Year 2013 are estimated to increase at a 3.6 percent rate over last year. Two factors are driving the gains in receipts. First, double-digit growth in the estimated and final payment components of the income tax associated with strong equity market performance and tax changes. And second, the unanticipated revenue windfall that has occurred in the inheritance and estate tax during this fiscal year.

General Fund revenues are anticipated to close the fiscal year \$76.9 million over the original budget estimate. Net spending within the General Fund is projected to fall \$135.4 million below the Fiscal Year 2013 initial appropriation level.

The slow rate of the economic recovery continues to present budget challenges. In April, the state added 6,300 non-farm payroll positions. The past twelve months have produced six months of job gains and six months of job losses. The state's unemployment rate remained at 8 percent in April. To date, the state has regained 47.4 percent of the 121,200 jobs lost during the recession.

The Honorable Dannel P. Malloy
June 3, 2013
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Connecticut's personal income grew 2 percent in 2012 ranking the state 49th in the nation. Private sector weekly pay in the state was down 3.5 percent from April of last year. Advance retail sales in April were up 3.7 percent over the same period last year, which is well below the growth experienced throughout most of 2012. New business starts in Connecticut have seen double-digit declines in each of the first three months of 2013 compared to the same periods in 2012. On a positive note, the housing market is rebounding. In April Connecticut housing permits were up almost 50 percent over last year. Home sales and price data are also showing solid improvement.

I also issue a Comprehensive Annual Financial Report (CAFR) that converts the budgetary based financial reporting to Generally Accepted Accounting Principles (GAAP). From a balance sheet perspective, the GAAP shortfall or unreserved fund balance in the General Fund was \$1.146 billion as of June 30, 2012. This represents an improvement in the unassigned fund balance deficit of just over \$600 million from last year.

If you have any questions on this report, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, reading "Kevin Lembo". The signature is written in black ink and is positioned below the word "Sincerely,".

Kevin Lembo
State Comptroller

**STATE OF CONNECTICUT GENERAL FUND
BALANCE SHEET
AS OF APRIL 30, 2013
(In Thousands)**

Exhibit A

ASSETS

Loans Receivable	\$ 3,419
Unrealized Revenue - Exhibit C	<u>4,111,997</u>
Total Assets	<u>\$ 4,115,416</u>

LIABILITIES, RESERVES, APPROPRIATIONS AND SURPLUS

LIABILITIES

Deficiency in Cash and Short Term Investments	\$ 940,113
Accounts Payable	<u>82,929</u>
Total Liabilities	<u>1,023,042</u>

RESERVES

Reserve for Petty Cash	804
Reserve for Receivables	3,419
Unexpended Appropriations - Exhibit D	2,876,405
Unappropriated Surplus (Deficit) - Exhibit B	<u>211,746</u>
Total Liabilities, Reserves, Appropriations and Surplus	<u>\$ 4,115,416</u>

**STATE OF CONNECTICUT GENERAL FUND
ANALYSIS OF UNAPPROPRIATED SURPLUS
AS OF APRIL 30, 2013**

(In Thousands)

Exhibit B

	<u>Budget Plan</u>	<u>Budgetary Increases (Decreases)</u>	<u>Other Increases (Decreases)</u>	<u>Revised Estimates</u>
BUDGETED REVENUE - EXHIBIT C				
Taxes	\$ 14,408,165	\$ (13,665)	\$ -	\$ 14,394,500
Other Revenue	1,158,319	(36,919)	-	1,121,400
Other Sources	<u>3,576,685</u>	<u>127,515</u>	<u>-</u>	<u>3,704,200</u>
Total Budgeted Revenue	<u>19,143,169</u>	<u>76,931</u>	<u>-</u>	<u>19,220,100</u>
APPROPRIATIONS - EXHIBIT D				
Budgeted Appropriations	19,386,758	299,200	1,177	19,687,135
Continued from Prior Year	<u>130,351</u>	<u>-</u>	<u>-</u>	<u>130,351</u>
Current Year Appropriations	19,256,407	299,200	1,177	19,556,784
Estimated Lapses	<u>(116,349)</u>	<u>(431,475)</u>	<u>-</u>	<u>(547,824)</u>
Net Appropriations	<u>19,140,058</u>	<u>(132,275)</u>	<u>1,177</u>	<u>19,008,960</u>
Surplus (Deficit) from Operations	3,111	209,206	(1,177)	211,140
Miscellaneous Adjustments	-	-	606	606
Surplus (Deficit), July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Projected Surplus (Deficit), June 30, 2013	<u>\$ 3,111</u>	<u>\$ 209,206</u>	<u>\$ (571)</u>	<u>\$ 211,746</u>

STATE OF CONNECTICUT GENERAL FUND
STATEMENT OF ESTIMATED AND REALIZED REVENUE
FOR THE TEN MONTHS ENDED APRIL 30, 2013
(In Thousands)

Exhibit C

	<u>Estimated Revenue</u>	<u>Increases or (Decreases)</u>	<u>Revised Estimates</u>	<u>Realized Revenue</u>	<u>Unrealized Revenue</u>
TAXES					
Personal Income	\$ 8,554,300	\$ 109,600	\$ 8,663,900	\$ 6,969,830	\$ 1,694,070
Sales and Use	4,045,935	(189,335)	3,856,600	2,847,726	1,008,874
Corporations	793,000	(76,800)	716,200	539,929	176,271
Public Service Corporations	275,200	3,500	278,700	211,969	66,731
Inheritance and Estate	166,200	262,400	428,600	411,285	17,315
Insurance Companies	234,400	20,400	254,800	195,319	59,481
Cigarettes and Tobacco	411,130	(9,030)	402,100	312,048	90,052
Real Estate Conveyance	100,300	-	100,300	67,109	33,191
Oil Companies	182,600	(14,800)	167,800	133,397	34,403
Electric Generation	71,000	(400)	70,600	57,893	12,707
Alcoholic Beverages	59,300	-	59,300	44,122	15,178
Admissions, Dues and Cabaret	39,600	(3,000)	36,600	30,316	6,284
Miscellaneous	550,800	(21,300)	529,500	389,395	140,105
Totals	15,483,765	81,235	15,565,000	12,210,338	3,354,662
Less Refunds of Taxes	(950,600)	(100,000)	(1,050,600)	(1,044,294)	(6,306)
Less R & D Credit Exchange	(125,000)	5,100	(119,900)	(3,341)	(116,559)
Net Taxes	<u>14,408,165</u>	<u>(13,665)</u>	<u>14,394,500</u>	<u>11,162,703</u>	<u>3,231,797</u>
OTHER REVENUE					
Transfers - Special Revenue	305,100	(3,900)	301,200	237,834	63,366
Indian Gaming Payments	336,200	(43,500)	292,700	222,040	70,660
Licenses, Permits and Fees	258,821	8,979	267,800	211,601	56,199
Sales of Commodities and Services	34,800	2,000	36,800	28,385	8,415
Rents, Fines and Escheats	107,698	28,802	136,500	126,423	10,077
Investment Income	2,800	(2,300)	500	(700)	1,200
Miscellaneous	162,900	7,500	170,400	132,381	38,019
Total Other Revenue	1,208,319	(2,419)	1,205,900	957,964	247,936
Less Refunds of Payments	(50,000)	(34,500)	(84,500)	(59,621)	(24,879)
Net Other Revenue	<u>1,158,319</u>	<u>(36,919)</u>	<u>1,121,400</u>	<u>898,343</u>	<u>223,057</u>
OTHER SOURCES					
Federal Grants	3,629,044	100,156	3,729,200	3,079,506	649,694
Transfer from the Tobacco Settlement Fund	93,100	-	93,100	103,100	(10,000)
Transfer to/from the Resources of the General Fund	(83,659)	27,359	(56,300)	(73,749)	17,449
Transfers to Pequot Mohegan Fund	(61,800)	-	(61,800)	(61,800)	-
Total Other Sources	<u>3,576,685</u>	<u>127,515</u>	<u>3,704,200</u>	<u>3,047,057</u>	<u>657,143</u>
Total Budgeted Revenue	<u>\$ 19,143,169</u>	<u>\$ 76,931</u>	<u>\$ 19,220,100</u>	<u>\$ 15,108,103</u>	<u>\$ 4,111,997</u>

STATE OF CONNECTICUT GENERAL FUND
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
FOR THE TEN MONTHS ENDED APRIL 30, 2013
(In Thousands)

Exhibit D

	Continued and Initial Appropriations	Increases or (Decreases)	Estimated Additional Requirements	Total Appropriations	Expenditures	Estimated Lapses	Unexpended Appropriations
LEGISLATIVE							
Legislative Management	\$ 63,135	\$ 680	\$ -	\$ 63,815	\$ 41,645	\$ 5,500	\$ 16,670
Auditors of Public Accounts	11,564	-	-	11,564	8,592	300	2,672
Commission on Aging	260	-	-	260	200	-	60
Commission on the Status of Women	504	-	-	504	352	-	152
Commission on Children	532	-	-	532	414	-	118
Commission on Latino & Puerto Rican Affairs	318	-	-	318	217	-	101
African-American Affairs Commission	210	-	-	210	141	-	69
Asian Pacific American Affairs	153	-	-	153	118	-	35
Total Legislative	76,676	680	-	77,356	51,679	5,800	19,877
GENERAL GOVERNMENT							
Governor's Office	2,828	9	-	2,837	2,068	-	769
Secretary of the State	7,743	-	-	7,743	5,466	-	2,277
Lieutenant Governor's Office	918	-	-	918	602	-	316
State Treasurer	3,561	23	-	3,584	2,561	-	1,023
State Comptroller	25,029	128	1,200	26,357	20,242	-	6,115
Revenue Services	63,890	617	-	64,507	48,903	800	14,804
Governmental Accountability	8,602	38	-	8,640	6,050	-	2,590
Office of Policy and Management	266,727	399	-	267,126	255,092	1,500	10,534
Veterans' Affairs	28,030	108	-	28,138	22,046	-	6,092
Administrative Services	123,575	901	-	124,476	90,125	500	33,851
Construction Services	9,940	-	-	9,940	6,849	-	3,091
Attorney General	30,457	245	-	30,702	23,645	-	7,057
Division of Criminal Justice	48,836	327	-	49,163	38,418	400	10,345
Total General Government	620,136	2,795	1,200	624,131	522,067	3,200	98,864
REGULATION AND PROTECTION							
Emergency Services and Public Protection	151,573	1,896	13,800	167,269	137,891	-	29,378
Motor Vehicles	459	-	-	459	143	-	316
Military Department	6,140	9	-	6,149	4,758	-	1,391
Consumer Protection	14,622	207	-	14,829	11,747	-	3,082
Department of Labor	75,031	180	-	75,211	50,470	-	24,741
Human Rights & Opportunities	6,086	(453)	-	5,633	4,292	-	1,341
Advocacy for Persons with Disabilities	2,431	-	-	2,431	1,775	-	656
Total Regulation and Protection	256,342	1,839	13,800	271,981	211,076	-	60,905
CONSERVATION AND DEVELOPMENT							
Department of Agriculture	4,662	62	-	4,724	3,672	-	1,052
Energy and Environmental Protection	68,724	540	-	69,264	52,812	-	16,452
Environmental Quality Council	164	-	-	164	127	-	37
Economic & Community Development	60,265	202	-	60,467	43,391	-	17,076
Department of Housing	180	-	-	180	4	-	176
Agricultural Experiment Station	6,830	103	-	6,933	5,603	-	1,330
Total Conservation and Development	140,825	907	-	141,732	105,609	-	36,123
HEALTH AND HOSPITALS							
Department of Public Health	100,151	1,289	-	101,440	68,505	4,100	28,835
Medical Examiner	5,046	74	-	5,120	3,297	-	1,823
Developmental Service	1,038,993	1,830	-	1,040,823	795,821	5,900	239,102
Mental Health & Addiction Services	693,499	1,538	8,000	703,037	550,009	-	153,028
Psychiatric Security Review Board	280	-	-	280	215	-	65
Total Health and Hospitals	1,837,969	4,731	8,000	1,850,700	1,417,847	10,000	422,853

STATE OF CONNECTICUT GENERAL FUND
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
FOR THE TEN MONTHS ENDED APRIL 30, 2013
(In Thousands)

Exhibit D

	Continued and Initial Appropriations	Increases or (Decreases)	Estimated Additional Requirements	Total Appropriations	Expenditures	Estimated Lapses	Unexpended Appropriations
HUMAN SERVICES							
Department of Social Services	5,885,294	1,070	248,300	6,134,664	5,090,034	-	1,044,630
State Department on Aging	100	-	-	100	-	-	100
Department of Rehabilitative Services	22,492	40	-	22,532	15,170	-	7,362
Total Human Services	5,907,886	1,110	248,300	6,157,296	5,105,204	-	1,052,092
EDUCATION, MUSEUMS, LIBRARIES							
Department of Education	2,915,343	1,115	-	2,916,458	2,691,866	4,900	219,692
State Library	12,736	114	-	12,850	10,576	-	2,274
Financial & Academic Affairs for Higher Ed	52,685	(3)	-	52,682	48,497	-	4,185
University of Connecticut	205,632	477	-	206,109	164,548	-	41,561
University Health Center	112,667	289	-	112,956	90,414	-	22,542
Teachers' Retirement Board	811,897	16	-	811,913	803,608	4,700	3,605
Board of Regents for Higher Education	288,450	3,010	-	291,460	228,209	-	63,251
Total Education, Museums, Libraries	4,399,410	5,018	-	4,404,428	4,037,718	9,600	357,110
CORRECTIONS							
Department of Correction	619,005	2,286	23,100	644,391	541,527	-	102,864
Children and Families	831,939	915	-	832,854	683,391	30,600	118,863
Total Corrections	1,450,944	3,201	23,100	1,477,245	1,224,918	30,600	221,727
JUDICIAL							
Judicial Department	484,421	1,383	-	485,804	390,312	-	95,492
Public Defender Services Commission	60,574	234	-	60,808	49,683	-	11,125
Total Judicial	544,995	1,617	-	546,612	439,995	-	106,617
NON-FUNCTIONAL							
Governor's Contingency	-	-	-	-	-	-	-
Debt Service	1,870,923	-	-	1,870,923	1,454,450	33,300	383,173
Reserve for Salary Adjustments	52,101	(25,699)	-	26,402	-	-	26,402
Workers' Compensation Claims	26,964	-	-	26,964	26,217	-	747
Adjudicated Claims	4,000	-	-	4,000	5,411	-	(1,411)
Death Benefits for State Employees	-	12	-	12	12	-	-
Unemployment Compensation	8,902	-	-	8,902	5,610	-	3,292
State Employees Retirement Contributions	721,491	-	-	721,491	601,242	-	120,249
Higher Education Alternative Retirement	33,671	-	-	33,671	15,111	-	18,560
Other Statutory Retirement	1,843	-	-	1,843	1,311	-	532
Judges & Compensation Commissioners Retirement	16,006	-	-	16,006	13,338	-	2,668
Group Life Insurance	8,755	-	-	8,755	6,400	-	2,355
Tuition Reimbursement - Training & Travel	2,854	3,445	-	6,299	2,325	-	3,974
Employers Social Security	221,957	1,521	-	223,478	164,586	-	58,892
State Employees Health Service	568,013	-	-	568,013	406,550	-	161,463
Retired State Employees Health Service	614,095	-	-	614,095	444,230	-	169,865
Insurance Recoveries	-	-	-	-	-	-	-
Unallocated	-	-	4,800	4,800	-	455,324	(450,524)
Total Non-Functional	4,151,575	(20,721)	4,800	4,135,654	3,146,793	488,624	500,237
Total Budgeted Appropriations	\$ 19,386,758	\$ 1,177	\$ 299,200	\$ 19,687,135	\$ 16,262,906	\$ 547,824	\$ 2,876,405

**STATE OF CONNECTICUT TRANSPORTATION FUND
BALANCE SHEET
AS OF APRIL 30, 2013**

(In Thousands)

Exhibit E

ASSETS

Cash and Short Term Investments	\$ 141,845
Unrealized Revenue - Exhibit G	<u>258,986</u>
Total Assets	<u>\$ 400,831</u>

APPROPRIATIONS, LIABILITIES AND SURPLUS

Unexpended Appropriations - Exhibit H	\$ 230,879
Liabilities	800
Unappropriated Surplus - Exhibit F	<u>169,152</u>
Total Appropriations, Liabilities and Surplus	<u>\$ 400,831</u>

**STATE OF CONNECTICUT TRANSPORTATION FUND
ANALYSIS OF UNAPPROPRIATED SURPLUS
AS OF APRIL 30, 2013**

(In Thousands)

Exhibit F

	<u>Budget Plan</u>	<u>Budgetary Increases (Decreases)</u>	<u>Other Increases (Decreases)</u>	<u>Revised Estimates</u>
BUDGETED REVENUE - EXHIBIT G				
Taxes	\$ 765,500	\$ 1,000	\$ -	\$ 766,500
Other Revenue	<u>468,159</u>	<u>(11,914)</u>	<u>-</u>	<u>456,245</u>
Total Budgeted Revenue	<u>1,233,659</u>	<u>(10,914)</u>	<u>-</u>	<u>1,222,745</u>
APPROPRIATIONS - EXHIBIT H				
Budgeted Appropriations	1,285,285	-	-	1,285,285
Continued from Prior Year	<u>41,615</u>	<u>-</u>	<u>-</u>	<u>41,615</u>
Current Year Appropriations	1,243,670	-	-	1,243,670
Estimated Lapses	(11,000)	(33,214)	-	(44,214)
Restricted Grants Affecting Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Appropriations	<u>1,232,670</u>	<u>(33,214)</u>	<u>-</u>	<u>1,199,456</u>
Surplus from Operations	989	22,300	-	23,289
Miscellaneous Adjustments	-	-	47	47
Surplus, July 1, 2012	<u>145,816</u>	<u>-</u>	<u>-</u>	<u>145,816</u>
Projected Surplus, June 30, 2013	<u><u>\$ 146,805</u></u>	<u><u>\$ 22,300</u></u>	<u><u>\$ 47</u></u>	<u><u>\$ 169,152</u></u>

**STATE OF CONNECTICUT TRANSPORTATION FUND
STATEMENT OF ESTIMATED AND REALIZED REVENUE
FOR THE TEN MONTHS ENDED APRIL 30, 2013**

(In Thousands)

Exhibit G

	<u>Estimated Revenue</u>	<u>Increases or (Decreases)</u>	<u>Revised Estimates</u>	<u>Realized Revenue</u>	<u>Unrealized Revenue</u>
TAXES					
Motor Fuels Tax	\$ 497,500	\$ (1,700)	\$ 495,800	\$ 372,524	\$ 123,276
Oil Companies	199,400	-	199,400	149,550	49,850
Sales Tax DMV	<u>76,400</u>	<u>800</u>	<u>77,200</u>	<u>61,880</u>	<u>15,320</u>
Totals	773,300	(900)	772,400	583,954	188,446
Less Refunds of Taxes	<u>(7,800)</u>	<u>1,900</u>	<u>(5,900)</u>	<u>(4,966)</u>	<u>(934)</u>
Net Taxes	<u>765,500</u>	<u>1,000</u>	<u>766,500</u>	<u>578,988</u>	<u>187,512</u>
OTHER REVENUE					
Motor Vehicle Receipts	233,400	(1,300)	232,100	190,993	41,107
Licenses, Permits and Fees	137,900	100	138,000	110,405	27,595
Interest Income	6,000	(3,000)	3,000	2,285	715
Federal Grants	13,100	(600)	12,500	9,753	2,747
Transfer from Other Funds	102,659	(7,414)	95,245	95,245	-
Transfer to Emissions Enterprise Fund	(6,500)	-	(6,500)	(6,500)	-
Transfer to TSB Projects Account	<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Totals	471,559	(12,214)	459,345	387,181	72,164
Less Refunds of Payments	<u>(3,400)</u>	<u>300</u>	<u>(3,100)</u>	<u>(2,410)</u>	<u>(690)</u>
Net Other Revenue	<u>468,159</u>	<u>(11,914)</u>	<u>456,245</u>	<u>384,771</u>	<u>71,474</u>
Total Budgeted Revenue	<u>\$ 1,233,659</u>	<u>\$ (10,914)</u>	<u>\$ 1,222,745</u>	<u>\$ 963,759</u>	<u>\$ 258,986</u>

STATE OF CONNECTICUT TRANSPORTATION FUND
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
FOR THE TEN MONTHS ENDED APRIL 30, 2013
(In Thousands)

Exhibit H

	Continued and Initial	Increases or	Estimated Additional	Total		Estimated	Unexpended
	Appropriations	(Decreases)	Requirements	Appropriations	Expenditures	Lapses	Appropriations
Department of Transportation	\$ 579,944	\$ 1,305	\$ -	\$ 581,249	\$ 459,230	\$ 10,000	\$ 112,019
Motor Vehicle Department	67,181	419	-	67,600	40,810	1,700	25,090
Debt Service	457,974	-	-	457,974	368,461	19,400	70,113
Reserve for Salary Adjustments	3,032	(1,856)	-	1,176	-	-	1,176
Department of Rehabilitative Services	210	-	-	210	173	-	37
Workers' Compensation Claims	6,544	-	-	6,544	6,427	-	117
Department of Administrative Services	7,335	-	-	7,335	5,447	-	1,888
Unemployment Compensation	645	-	-	645	162	-	483
State Employees Retirement	107,869	-	-	107,869	89,891	-	17,978
Group Life Insurance	334	-	-	334	198	-	136
Employers Social Security	17,800	132	-	17,932	11,215	-	6,717
State Employees Health Service	36,417	-	-	36,417	28,178	-	8,239
Insurance Recoveries	-	-	-	-	-	-	-
Unallocated	-	-	-	-	-	13,114	(13,114)
Total Budgeted Appropriations	\$ 1,285,285	\$ -	\$ -	\$ 1,285,285	\$ 1,010,192	\$ 44,214	\$ 230,879