

Debt Service - State Treasurer

OTT14100

Budget Summary

Account	Actual FY 13	Governor Estimated FY 14	Original Appropriation FY 15	Governor Revised FY 15	Legislative FY 15	Difference Leg-Gov FY 15
Other Expenses	170,381	0	0	0	0	0
Other Current Expenses						
Debt Service	1,561,740,889	1,434,000,853	1,554,881,403	1,542,440,589	1,507,940,589	(34,500,000)
UConn 2000 - Debt Service	116,808,591	135,251,409	156,037,386	138,520,121	136,820,121	(1,700,000)
CHEFA Day Care Security	4,286,108	5,500,000	5,500,000	5,500,000	5,500,000	0
Pension Obligation Bonds - TRB	121,386,576	145,076,576	133,922,226	133,922,226	133,922,226	0
Nonfunctional - Change to Accruals	0	0	11,321	590	402	(188)
Agency Total - General Fund	1,804,392,545	1,719,828,838	1,850,352,336	1,820,383,526	1,784,183,338	(36,200,188)
Debt Service	437,929,123	463,814,137	483,218,293	476,884,116	476,884,116	0
Agency Total - Special Transportation Fund	437,929,123	463,814,137	483,218,293	476,884,116	476,884,116	0
Debt Service	7,147	0	0	0	0	0
Agency Total - Regional Market Operation Fund	7,147	0	0	0	0	0
Total - Appropriated Funds	2,242,328,815	2,183,642,975	2,333,570,629	2,297,267,642	2,261,067,454	(36,200,188)

Account	Governor Revised FY 15		Legislative FY 15		Difference from Governor	
	Pos.	\$	Pos.	\$	Pos.	\$

Current Services

Reduce General Fund Debt Service to Reflect Actual Issuance

Debt Service	0	(12,440,814)	0	(22,940,814)	0	(10,500,000)
Total - General Fund	0	(12,440,814)	0	(22,940,814)	0	(10,500,000)

Background

The General Fund debt service requirements reflect: (1) the amount of General Obligation (GO) bonds allocated through the State Bond Commission, (2) differences between assumptions about interest rates and issuance amounts versus actual interest rates and issuance amounts, (3) the amount of GAAP Conversion bonds issued to finance a portion of the cost for the transition of the state to Generally Accepted Accounting Principles (GAAP), and (4) the amount of bond premiums* received by the state on the bonds issued by the Office of the State Treasurer. (*Bond purchasers pay a premium to receive a higher interest rate than the one at which the bond would otherwise have sold.)

Governor

Reduce the GF debt service budget by a net total of \$12,440,814, which reflects: (1) a reduction of \$28.0 million due to differences between issuance assumptions and the actual issuance of GO bonds, (2) a reduction of \$17.8 million due to bond premiums received on GO bonds, (3) an increase of \$26.2 million due to the issuance of GAAP Conversion bonds in October 2014, and (4) an increase of \$7.2 million due to the issuance of Tax Incremental Financing (TIF) bonds used to finance the Bass Pro Shops project in Bridgeport.

Legislative

Reduce the GF debt service budget by a net total of \$22,940,814, which reflects: (1) a reduction of \$28.0 million due to differences between issuance assumptions and the actual issuance of GO bonds, (2) a reduction of \$28.3 million due to bond premiums received on GO bonds, (3) an increase of \$26.2 million due to the issuance of GAAP Conversion bonds in October 2014, and (4) an increase of \$7.2 million due to the issuance of Tax Incremental Financing (TIF) bonds used to finance the Bass Pro Shops project in Bridgeport. The additional \$10.5 million in premiums over the Governor's proposed adjustment reflects the bond premiums received on a portion of the \$400 million in GO bonds issued in March 2014 at interest rates of 4.0% and 5.0%. The bonds for which no premium was received were issued between 1.5% and 3.0%.

Account	Governor Revised FY 15		Legislative FY 15		Difference from Governor	
	Pos.	\$	Pos.	\$	Pos.	\$

Reduce UConn 2000 Debt Service to Reflect Actual Issuance

UConn 2000 - Debt Service	0	(17,517,265)	0	(19,217,265)	0	(1,700,000)
Total - General Fund	0	(17,517,265)	0	(19,217,265)	0	(1,700,000)

Background

The infrastructure improvement program at the University of Connecticut is financed through the issuance of UConn 2000 bonds, which are a type of General Obligation (GO) bond. The debt service account for these bonds reflects assumptions about the level of bonds needed to support the infrastructure projects that are currently under construction and the interest rate at which the bonds will be issued.

Governor

Reduce the debt service account for UConn 2000 bonds by \$17,517,265 to reflect the issuance of \$172.7 million in UConn 2000 bonds in July 2013 at an interest rate of 4.7%, which was lower than the 5.0% assumed in the adopted FY 15 budget.

Legislative

Reduce the debt service account for UConn 2000 bonds by \$1,700,000 to reflect the issuance of \$201.0 million in UConn 2000 bonds in April 2014 at an interest rate of 4.62%, which is lower than the 5.0% assumed in the adopted FY 15 budget.

Reduce STF Debt Service to Reflect Actual Issuance

Debt Service	0	(6,334,177)	0	(6,334,177)	0	0
Total - Special Transportation Fund	0	(6,334,177)	0	(6,334,177)	0	0

Background

Special Transportation Fund (STF) debt service reflects the level of Special Tax Obligation (STO) bond issuance needed to support the transportation projects that are currently under construction.

Governor

Reduce the STF debt service account by \$6,334,177 to reflect the issuance of \$600 million in STO bonds in October 2013 at an interest rate of 3.7%, which was lower than the 6.0% assumed in the adopted FY 15 budget.

Legislative

Same as Governor

Adjust Funding for Revised Estimated GAAP Requirements

Nonfunctional - Change to Accruals	0	(10,731)	0	(10,731)	0	0
Total - General Fund	0	(10,731)	0	(10,731)	0	0

Background

Each agency's budget includes a line item account called "Nonfunctional - Change to Accruals." This line item represents the estimate of the difference between an agency's cash-basis budget amount and the accrual-basis amounts that will be reflected under Generally Accepted Accounting Principles (GAAP). These funds will not be available for spending; in the aggregate they will prevent the state's GAAP deficit from growing.

Governor

Reduce funding by \$10,731 to reflect updated estimates of accruals to comply with GAAP. Across all appropriated funds, there is a net GAAP reduction of \$33.8 million.

Legislative

Same as Governor

Account	Governor Revised FY 15		Legislative FY 15		Difference from Governor	
	Pos.	\$	Pos.	\$	Pos.	\$

Policy Revisions

Reduce GF Debt Service to Reflect Anticipated Savings

Debt Service	0	0	0	(24,000,000)	0	(24,000,000)
Total - General Fund	0	0	0	(24,000,000)	0	(24,000,000)

Background

Between FY 02 and FY 13, the General Fund (GF) debt service account lapsed between \$28 million and \$80 million each year due to bond premiums.

Legislative

Reduce General Fund debt service requirements by \$24 million to reflect anticipated savings from bond refundings, premiums* and differences between issuance assumptions and actual issuance. (*Bond purchasers pay a premium to receive a higher interest rate than the one at which the bonds would otherwise have sold.)

Adjust Funding for GAAP

Nonfunctional - Change to Accruals	0	0	0	(188)	0	(188)
Total - General Fund	0	0	0	(188)	0	(188)

Legislative

Adjust funding by \$22 to reflect changes to GAAP accruals as a result of policy changes.

Totals

Budget Components	Governor Revised FY 15		Legislative FY 15		Difference from Governor	
	Pos.	\$	Pos.	\$	Pos.	\$
Original Appropriation - GF	0	1,850,352,336	0	1,850,352,336	0	0
Current Services	0	(29,968,810)	0	(42,168,810)	0	(12,200,000)
Policy Revisions	0	0	0	(24,000,188)	0	(24,000,188)
Total Recommended - GF	0	1,820,383,526	0	1,784,183,338	0	(36,200,188)
Original Appropriation - TF	0	483,218,293	0	483,218,293	0	0
Current Services	0	(6,334,177)	0	(6,334,177)	0	0
Total Recommended - TF	0	476,884,116	0	476,884,116	0	0