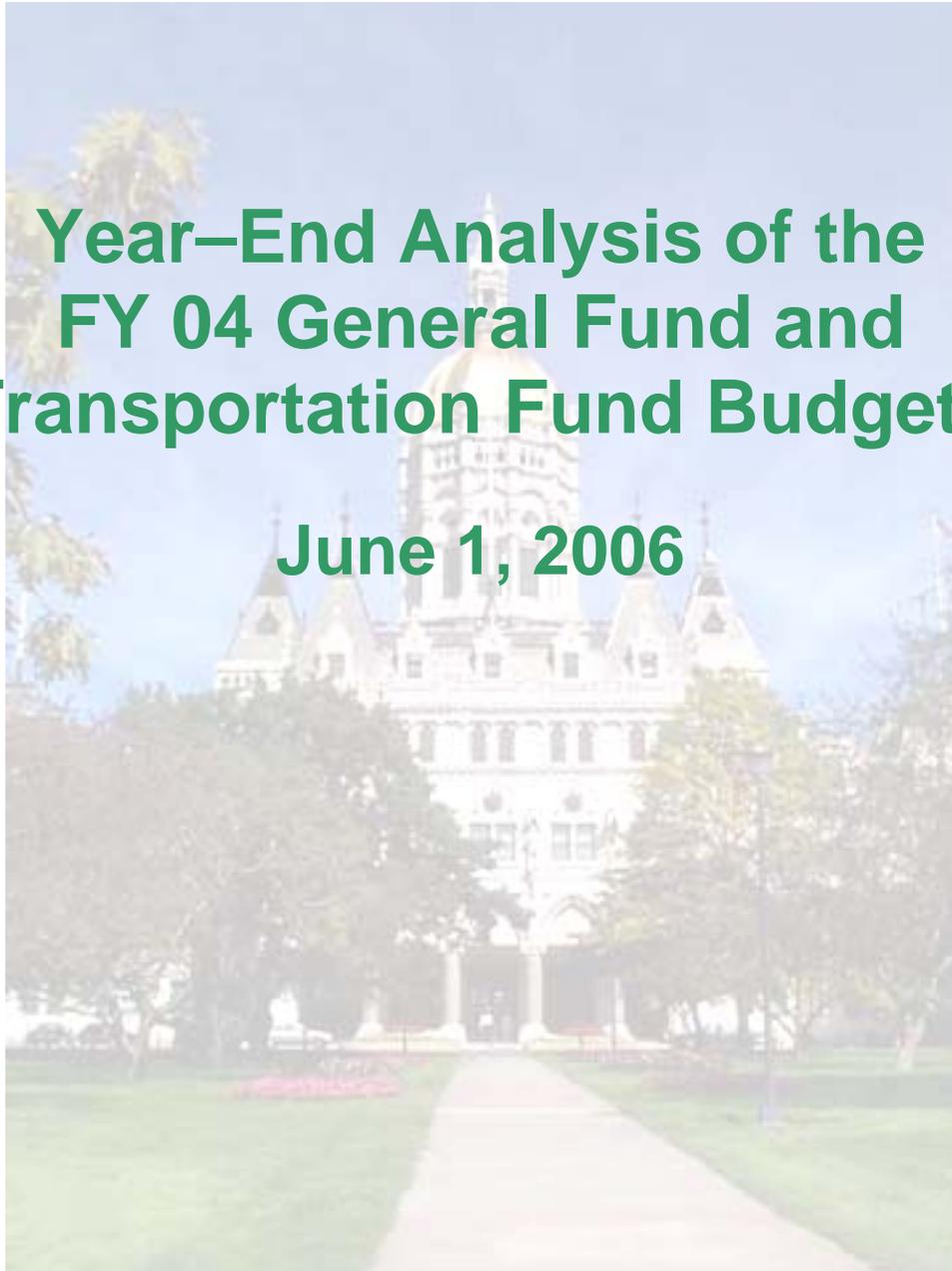


# Connecticut General Assembly

OFFICE OF FISCAL ANALYSIS

## Year-End Analysis of the FY 04 General Fund and Transportation Fund Budgets

June 1, 2006





**Year-End Analysis of the FY 04  
General Fund and Transportation Fund Budgets**

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## **YEAR-END ANALYSIS OF THE FY 04 GENERAL FUND AND TRANSPORTATION FUND BUDGETS**

(This document is prepared annually by OFA after submittal of the Comptroller's tentative year-end report for the prior year. Section 3-115 (CGS) requires the Comptroller to submit her year-end report by September 1<sup>st</sup>; however, her FY 04 financial statements were not finalized until January 10, 2006 due to reconciliations related to the new CORE-CT accounting system.)

### **Overview**

#### **General Fund**

The General Fund ended FY 04 with an operating surplus of \$564.9 million (including the budgeted surplus of \$.1 million) or 4.5% of the budget. From this amount, \$112.4 million in additional FY 04 appropriations were made and largely carried forward into FY 05 and \$150.3 million in revenues were transferred from FY 04 to FY 05, leaving a remaining surplus of \$302.2 million which was deposited in the Budget Reserve Fund.

The operating surplus resulted from \$671.7 million in higher revenues and \$106.9 million in higher expenditures (primarily due to deficiencies and appropriations of previously off-budget items, which were partially offset by recisions and additional lapse savings).

#### **Transportation Fund**

The Transportation Fund ended FY 04 with an annual operating deficit of \$3.7 million. This was \$7.7 million less than the originally budget surplus of \$4.0 million. An increase of \$10.1 million in expenditures above the original appropriations of \$897.5 million was partially offset by a \$2.4 million increase in revenue from \$901.5 million to \$903.9 million.

This deficit reduces the \$133.0 million fund balance at the end of the previous fiscal year to a cumulative surplus of \$129.3 million as of June 30, 2004.

## **I. General Fund**

### **Final Figures Compared to the Original Budget**

The FY 04 budget adopted by the General Assembly in May 2003 anticipated General Fund revenues of \$12,452.1 million and expenditures of \$12,452 million. Thus, at the time the budget was adopted, revenue estimates exceeded total net appropriations by \$.1 million.

The General Fund ended FY 04 with an operating surplus of \$564.9 million (including the budgeted surplus of \$.1 million) or 4.5% of the budget. From this amount, \$112.4 million in additional FY 04 appropriations were made and largely carried forward into FY 05 and \$150.3 million in revenues were transferred from FY 04 to FY 05, leaving a remaining surplus of \$302.2 million which was deposited in the Budget Reserve Fund. The operating surplus resulted from \$671.7 million in higher revenues and \$106.9 million in higher expenditures (primarily due to deficiencies and appropriations of previously off-budget items, which were partially offset by recisions and additional lapse savings).

In response to the Governor's early estimate of a \$84.8 million deficit for FY 04, the Governor implemented \$12.5 million in recisions in December 2003 that ultimately resulted in saving approximately \$10.8 million.

Largely due to improving personal income tax collections in April, a projected FY 04 surplus began to materialize and replaced early fiscal year estimates of a potential deficit.

The Budget Reserve (Rainy Day) Fund had a zero balance prior to FY 04 which ended with a surplus. The \$594.7 million balance that had previously accumulated in the Budget Reserve Fund million was used to partially cover the \$817.1 million deficit in FY 02. The remaining FY 02 deficit balance of \$222.4 million was carried forward into FY 03 and financed with the issuance of Economic Recovery Notes during the fiscal year. FY 03 also ended with a deficit of \$96.6 million which was also financed with Economic Recovery Notes. It should be noted that PA 03-2 (the deficit mitigation act) increased the maximum allowable in the Budget Reserve Fund from 7.5% to 10% of the amount of the net General Fund appropriations for the fiscal year in progress. PA 02-118 had previously increased the maximum from 5% to 7.5%.

Please refer to Exhibit A on page 6 for a summary of total General Fund revenues and expenditures for FY 04.

### **Revenues**

FY 04 revenue collections were better than originally anticipated as a result of Connecticut's as well as the national economy performing better than initial forecasts highlighted by:

- Connecticut added approximately 22,500 jobs in 2004, which was well above the consensus estimates.
- The state's housing market in 2004 also remained strong buoyed by improving economic conditions and low interest rates. Initial forecasts had called for interest rates to increase throughout the year, which was expected to slow down sales of new and existing homes.
- The stock markets saw improvement and grew by approximately 5% to 7% over 2003 levels.

Total FY 04 net General Fund revenue was \$13.12 billion, which was \$671.7<sup>1</sup> million above the original estimates adopted in support of the budget plan. After adjusting for legislative and other revenue changes, FY 04 revenue grew by 8.6% compared to FY 03. For a comparison of actual collections and the budget plan estimates please refer to Exhibit B on page 7.

Total net General Fund revenue collection finished \$671.7<sup>1</sup> million above budget plan estimates primarily from stronger collections: (1) in the personal income tax, (2) the sales and use tax, (3) the real estate conveyance tax, (4) rentals, fines, and escheats, (5) transfers of Special Revenue, offset by weaker collections in (6) the corporation business tax, and (7) the cigarette tax.

(1) The **Personal Income Tax** (PIT) collections were \$490.7 million above original estimates due to higher collections of \$467.5 million and \$23.2 million in lower-than-anticipated refunds. Collections were stronger due to the following factors:

- a) Withholding taxes: The growth rate for withholding was projected to be 2.0% after adjusting for tax changes enacted during 2003, while the actual actions grew by 6.7%. This accounts for \$141.1 million of the overall variance in collections. The unexpected growth in collections was the result of better than expected job gains and improvements in wages (and overtime) resulting from improving economic conditions throughout the year.
- b) Non-withholding (estimated and final payments): Improving economic conditions throughout the year coupled with the performance of US and foreign stock markets, especially in the second half of the fiscal year helped receipts from quarterly estimated payments. The combined growth rate for estimated and final payments was projected to be -5.6% after adjusting for tax changes enacted in 2003, while the actual growth was 26.8%. This accounts for \$304.5 million (\$111.3 million in estimated payments and \$193.2 million in final payments) of the overall variance in collections.
- c) Income tax audit assessments: Revenue from assessments was \$22 million greater primarily as the result of a one-time taxpayer settlement in November 2003.

(2) **Sales and Use Tax** collections were \$49.0 million above the original estimates due to higher collections of \$41.8 million and \$7.2 million in lower-than-anticipated refunds. Collections were aided by: 1) increases in capital spending by business, 2) the strength in the housing market, and 3) the overall strength in consumer confidence during FY 04.

(3) **Real Estate Conveyance Tax** collections were \$46.3 million higher than original estimates. The original FY 04 estimates were based on the expectation that interest rates would rise and curb the number of real estate transactions. Although collection growth was 7.5% in FY 02 and 9.0% in FY 03, this level of activity was not considered to be sustainable and therefore the rate of growth was forecasted at -8.8%. However, mortgage interest rates remained near their historic lows throughout the fiscal year, which helped collections grow by 18.4% in FY 04.

(4) Collections from **Rental, Fines, and Escheats** exceeded expectations by \$40.4 million primarily as the result of higher than anticipated revenue from escheated (abandoned) property.

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<sup>1</sup> This figure does not include two transfers from FY 04 revenue to FY 05 revenue: (1) a transfer of \$125.3 million pursuant to Public Act 04-216, Section 64, and (2) a transfer of \$25 million pursuant to Public Act 03-185, Section 46(c)(1). Therefore, after accounting for these transfers FY 04 collections actually finished \$521.3 million above original estimates.

(5) Collections from the **Transfer of Special Revenue** exceeded expectations by \$17.1 million as a result of stronger than anticipated lottery sales. FY 04 lottery sales were anticipated to grow by 2.7% but actually grew by 4.6%.

(6) **Corporation Business Tax** collections were weaker than original estimates by \$43.4 due to lower collections of \$89.5 million, which was partially offset by \$46.1 million in lower-than-anticipated refunds. The following factors were likely contributing factors for sluggish collections:

- a) **Income** – Corporate income remained generally sluggish through 2003. Companies that did experience a profit probably used past operating loss carryovers to offset a portion a substantial of their liability.
- b) **Overpayment of Prior Year Tax Liability** – Taxpayers may have overpaid their 2002 tax liability in FY 03 because: (1) they took into account tax changes that restricted the use of tax credits and the imposition of a tax surcharge, and (2) 2002 income results were less than anticipated. These companies likely applied overpayments to their 2003 tax liability. Therefore, a significant portion of a taxpayer's liability already was paid through the application of prior year overpayments.

(7) **Cigarette Tax** collections were weaker than original estimates by \$21.2 million. FY 04 collections (after adjusting for tax changes) were anticipated to decline by 1.5% but actually declined by approximately 7.1%. The decline in the growth in collections is likely due to: (1) increases in number of smokers purchasing cigarettes on-line, and (2) people quitting smoking.

## **Expenditures**

As originally budgeted, expenditure requirements had been estimated at \$12,452 million. However, actual FY 04 expenditures were \$12,558.9 million or \$106.9 million higher than originally anticipated. This figure includes the following increases and (decreases): \$90.5 million in deficiency appropriations; \$32 million in appropriations of previously off-budget items \$10.9 million for Refunds of Escheated Property; \$5.5 million for Adjudicated Claims; (\$19.4 million) in increased lapse savings; (\$10.8 million) in December 2003 recisions; and (\$1.8 million) in miscellaneous expenditure reductions.

In addition to the \$122.5 million in deficiency appropriations and appropriations of previously off-budget items mentioned above, \$112.4 million in additional FY 04 appropriations were authorized from projected additional revenues largely stemming from additional personal income tax collections in April. These additional appropriations (which were largely carried forward into FY 05) included: \$48.4 million for state employee collective bargaining contracts/awards settled during the 2004 Regular Session; \$30 million for HUSKY Adults; \$25.3 million for the Higher Education State Matching Grant; \$5 million for nursing home interim rate relief; \$3.4 million for Other Expenses in Legislative Management; and \$.3 million for Office of Policy and Management (OPM) Other Expenses related to averting the Groton submarine base closure and relocation.

The original FY 04 budget was \$356 million under the spending cap. The \$234.9 million in total FY 04 additional appropriations mentioned above result in the revised FY 04 budget being under the spending cap by \$122.9 million.

## Deficiencies

FY 04 General Fund gross deficiencies totaled \$90.5 million. During the 2004 regular session, the General Assembly appropriated funds to cover these deficiencies within PA 04-216, Section 48. Of the \$90.5 million gross deficiency total, \$47 million was in the Department of Social Services (DSS) and was primarily due to increased costs in Medicaid and \$23.5 million was in the Department of Children and Families and was primarily due to deficiencies in various accounts. It should be noted that the reason for each deficiency item is mentioned in the appropriate agency budget sheet within the OFA budget book. The following table identifies the ten agencies that experienced gross deficiencies along with the corresponding amounts:

<b>Agency</b>	<b>Amount of Deficiency</b>
Ethics Commission	\$111,000
Freedom of Information Commission	120,000
State Comptroller	1,000,000
Department of Public Works	4,000,000
Commission on Culture and Tourism	250,000
Department of Mental Retardation	2,926,649
Department of Mental Health and Addiction Services	8,600,000
Department of Social Services	47,000,000
Department of Correction	3,000,000
Department of Children and Families	23,500,000
<b>Total</b>	<b>\$90,507,649</b>

**Exhibit A: FY 04 General Fund Summary  
for the Fiscal Year Ending June 30, 2004  
(in millions)**

	Budget Plan	Increases (Decreases)	Actual
<b>Revenues</b>			
Taxes	\$ 8,624.0	\$ 558.6	\$ 9,182.6
Other Revenue	1,067.4	47.7	1,115.1
Other Sources	2,760.7	65.4 <sup>[1]</sup>	2,826.1
<b>Total Revenue</b>	<b>\$ 12,452.1</b>	<b>\$ 671.7</b>	<b>\$ 13,123.8</b>
<b>Appropriations</b>			
Original Appropriations - Gross	\$ 12,712.3	\$ 0.0	\$ 12,712.3
<b>Plus:</b>			
Deficiency Appropriations - PA 04-216, Sec. 48	0.0	90.5	90.5
FY 04 Appropriations of Previously Off-Budget Items with Corresponding Revenue Increases included above:			
CATCH-F - PA 04-216, Sec. 49 (a)	0.0	20.0	20.0
TANF Program - PA 04-216, Sec. 50	0.0	11.7	11.7
State Marshall Commission - PA 04-216, Sec. 49 (b)	0.0	0.3	0.3
Adjudicated Claims	0.0	5.5	5.5
Refunds of Escheated Property	0.0	10.9	10.9
<b>Less (amounts are approximate):</b>			
Lapses [2]	(260.3)	(19.4)	(279.7)
Governor's Recisions (12/30/03)	0.0	(10.8)	(10.8)
Miscellaneous Adjustments	0.0	(1.8)	(1.8)
<b>Total Expenditures [3]</b>	<b>\$ 12,452.0</b>	<b>\$ 106.9</b>	<b>\$ 12,558.9</b>
<b>Surplus from Operations for FY 04</b>	<b>\$ 0.1</b>	<b>\$ 564.8</b>	<b>\$ 564.9</b>
<b>Additional FY 04 Appropriations Largely Carried Forward into FY 05 - PA 04-216, Sec. 48</b>			
Reserve for Salary Adjustments Account - for contracts settled during 2004 Regular Session			48.4
HUSKY Adults			30.0
DHE - Higher Education State Matching Grant			25.3
DSS - Medicaid - for nursing home interim rate relief			5.0
Legislative Management - Other Expenses			3.4
OPM - Other Expenses - for averting the Groton submarine base closure and relocation			0.3
<b>Total - Additional FY 04 Appropriations</b>			<b>112.4</b>
<b>Transfers from FY 04 General Fund Resources to FY 05</b>			
Transfer FY 04 General Fund Revenue to FY 05 - PA 04-216, Sec. 64			125.3
Transfer \$25 Million of \$50 Million from FY 04 Securitization of Clean Energy Fund to FY 05 - PA 03-185, Sec. 46 (c) [1]			25.0
<b>Total - Transfers from FY 04 General Fund Resources to FY 05</b>			<b>150.3</b>
<b>Remaining FY 04 Surplus Deposited in Budget Reserve Fund [4]</b>			<b>302.2</b>

[1] Includes \$50 million from securitization of Clean Energy Fund in FY 04 of which \$25 million is subsequently transferred to FY 05 (as shown under Transfers from FY 04 General Fund Resources to FY 05).

[2] Lapses originally budgeted include:			
unallocated budgeted lapses	\$ (77.0)	\$ (32.2)	\$ (109.2)
general PS and OE reductions (holdbacks)	(25.0)	2.0	(23.0)
Early Retirement Incentive Plan (ERIP)	(153.3)	10.8	(142.5)
Fleet Reduction	(5.0)	0.0	(5.0)
<b>Total - Lapses Originally Budgeted</b>	<b>\$ (260.3)</b>	<b>\$ (19.4)</b>	<b>\$ (279.7)</b>

[3] Excludes expenditures from prior year carryforwards.

[4] This surplus is deposited in the Budget Reserve (Rainy Day) Fund which was reduced to zero by transferring its \$594.7 million balance to partially cover the \$817.1 million deficit in FY 02. The maximum allowable in the Budget Reserve Fund is 10% of the amount of the net General Fund appropriations for the fiscal year in progress. With net General Fund appropriations for FY 05 totaling \$13,226.3 million, the maximum allowable in the Budget Reserve Fund is \$1,322.6 million or \$1,020.4 million more than deposited.

**Exhibit B: FY 04 General Fund Revenue**  
(in thousands)

	<b>Budgeted Revenue</b>	<b>Over (Under) Budgeted</b>	<b>Realized Revenue</b>
<b>Taxes</b>			
Personal Income	\$ 4,475,900,000	\$ 467,530,236	\$ 4,943,430,236
Sales and Use	3,092,100,000	41,787,661	3,133,887,661
Corporations	607,500,000	(89,490,713)	518,009,287
Cigarettes and Tobacco	300,800,000	(21,228,272)	279,571,728
Insurance Companies	247,900,000	(14,487,930)	233,412,070
Public Service Corporations	182,800,000	10,843,281	193,643,281
Inheritance and Estate	140,100,000	7,513,748	147,613,748
Real Estate Conveyance	130,400,000	46,342,755	176,742,755
Oil Companies	97,500,000	9,394,190	106,894,190
Alcoholic Beverages	44,100,000	(55,989)	44,044,011
Admissions, Dues and Cabaret	30,600,000	1,062,282	31,662,282
Miscellaneous	32,300,000	2,522,158	34,822,158
<b>Total Taxes</b>	<b>9,382,000,000</b>	<b>461,733,407</b>	<b>9,843,733,407</b>
Refunds of Taxes	(744,000,000)	93,200,169	(650,799,831)
R & D Credit Exchange	(14,000,000)	3,621,882	(10,378,118)
<b>Taxes Less Refunds</b>	<b>8,624,000,000</b>	<b>558,555,458</b>	<b>9,182,555,458</b>
<b>Other Revenue</b>			
Indian Gaming Payments	410,000,000	(7,266,643)	402,733,357
Transfers - Special Revenue	269,600,000	17,098,685	286,698,685
Licenses, Permits and Fees	149,500,000	5,084,849	154,584,849
Rents, Fines and Escheats	77,300,000	40,418,798	117,718,798
Sales of Commodities and Services	31,000,000	9,990,554	40,990,554
Investment Income	12,500,000	(10,720,851)	1,779,149
Miscellaneous	118,000,000	(6,851,173)	111,148,827
<b>Total Other Revenue</b>	<b>1,067,900,000</b>	<b>47,754,219</b>	<b>1,115,654,219</b>
Refunds of Payments	(500,000)	(74,229)	(574,229)
<b>Net Other Revenue</b>	<b>1,067,400,000</b>	<b>47,679,990</b>	<b>1,115,079,990</b>
<b>Other Sources</b>			
Federal Grants	2,527,000,000	37,256,474	2,564,256,474
Transfer to the Resources of the General Fund	207,700,000	24,604,835	232,304,835
Transfer from the Tobacco Settlement Fund	111,000,000	3,578,313	114,578,313
Transfers to the Pequot/Mohegan Fund	(85,000,000)	0	(85,000,000)
<b>Total Other Sources</b>	<b>2,760,700,000</b>	<b>65,439,622</b>	<b>2,826,139,622</b>
<b>Total Revenue</b>	<b>\$ 12,452,100,000</b>	<b>\$ 671,675,070</b>	<b>\$ 13,123,775,070</b>

## Lapses

The General Fund's year-end lapse (savings) was \$19.4 million higher than the original estimated lapse of \$260.3 million. This amount results from a \$32.3 million increase in the unallocated lapse which was partially offset by a \$10.8 million reduction in savings associated with the Early Retirement Incentive Plan (ERIP) and a \$2 million reduction in savings associated with Personal Services and Other Expenses holdbacks.

The largest lapses occurred in the following agencies and account (please see Exhibit C for a full listing of major lapses): \$36.8 million in Debt Service; \$28.7 million in the Department of Social Services; \$27.7 million in the Department of Mental Health and Addiction Services; \$22.9 million in the Department of Correction; \$21.1 million in the Department of Mental Retardation; \$19.2 million in the Judicial Department; and \$16.8 million in the Department of Education.

The lapse of \$36.8 million in the General Fund debt service account is a combination of: (1) \$23.2 million in savings due to changes in the issuance schedule and lower than anticipated interest rates, (2) \$6.6 million in premiums received on General Obligation (GO) bonds issued in October 2003 and November 2003, (3) \$2 million for a float fund contract payment related to GO bonds issued in April 2004, \$4.6 million in savings on arbitrage payments and rebate fees, and (4) \$0.4 million from a variety of other sources. (Note: Bond purchasers pay a premium to receive a higher interest rate than the one at which the bonds would otherwise have sold.)

Most of the lapses which occurred in the six agencies indicated above resulted from Early Retirement Incentive Plan (ERIP) savings, holdbacks in Personal Services and Other Expenses accounts programmed by the Office of Policy and Management and recisions implemented in December 2003.

### Exhibit C: FY 04 General Fund Lapsing Appropriations of \$1 Million or More

Agency	Adjusted Appropriation (in millions)	Lapse Amount (in millions)	% of Adjusted Appropriation
Legislative Management	\$ 53.9	\$ 2.1	3.9%
Auditors of Public Accounts	9.8	2.3	23.5%
Department of Revenue Services	60.1	5.7	9.5%
Division of Special Revenue	8.6	2.6	30.2%
Insurance and Risk Management Board	13.7	1.9	13.9%
Office of Policy and Management	140.4	3.5	2.5%
Department of Veterans Affairs	29.2	2.2	7.5%
Department of Administrative Services	30.0	4.5	15.0%
Department of Information Technology	8.9	1.0	11.2%
Department of Public Works	45.4	1.1	2.4%
Attorney General	28.7	4.1	14.3%
Division of Criminal Justice	40.3	2.3	5.7%
Department of Public Safety	138.7	7.5	5.4%
Military Department	6.3	1.0	15.9%
Department of Consumer Protection	11.2	1.6	14.3%
Department of Labor	46.4	1.0	2.2%
Commission on Human Rights and Opportunities	6.9	1.3	18.8%
Department of Environmental Protection	40.5	4.1	10.1%
Department of Economic and Community Development	21.9	2.2	10.0%
Department of Public Health	72.7	9.4	12.9%
Department of Mental Retardation	741.0	21.1	2.8%
Department of Mental Health and Addiction Services	450.2	27.7	6.2%
Department of Social Services	3,875.2	28.7	0.7%
Department of Education	2,023.5	16.8	0.8%
Board of Education and Services for the Blind	15.3	1.1	7.2%
Department of Higher Education	69.4	1.1	1.6%
University of Connecticut	197.4	7.1	3.6%
University of Connecticut Health Center	74.7	1.2	1.6%
Teachers' Retirement Board	200.5	1.2	0.6%
Regional Community-Technical Colleges	126.5	5.1	4.0%
Connecticut State University	140.8	4.8	3.4%
Department of Correction	579.2	22.9	4.0%
Department of Children and Families	621.0	9.4	1.5%
Judicial Department	356.8	19.2	5.4%
Public Defender Services Commission	34.0	1.3	3.8%
<b>Non-Functional</b>			
Debt Service	1,164.2	36.8	3.2%
DAS – Workers' Compensation Claims	18.9	1.2	6.3%
Higher Education Alternative Retirement System	19.8	2.4	12.1%
Employers Social Security Tax	172.7	2.5	1.4%
State Employees Health Service Cost	324.4	7.3	2.3%
Retired Employees Health Service Cost	320.8	3.0	0.9%
All Others	710.4	7.2	1.0%
<b>Total General Fund</b>	<b>\$ 13,050.3</b>	<b>\$ 290.5</b>	<b>2.2%</b>

## **II. Transportation Fund**

The Transportation Fund ended FY 04 with an annual operating deficit of \$3.7 million. This was \$7.7 million less than originally budget surplus of \$4.0 million. An increase of \$10.1 million in expenditures above the original appropriations of \$897.5 million was partially offset by a \$2.4 million increase in revenue from \$901.5 million to \$903.9 million. March 2004 FAC action reduced lapse savings by \$9.2 million.

The FY 04 operating deficit of \$3.7 million reduces the \$133.0 million fund balance at the end of the previous fiscal year to a cumulative surplus of \$129.3 million as of June 30, 2004.

**Exhibit D: FY 04 Transportation Fund Summary  
for the Fiscal Year Ending June 30, 2004  
(in millions)**

	<b>Budget Plan <u>FY 04</u></b>	<b>Increases (Decreases)</b>	<b>Actual <u>FY 04</u></b>
<b>Revenues</b>			
Taxes	\$543.6	\$1.8	\$545.4
Other Revenue (incl. Refunds of Payments)	357.9	0.6	358.5
Total Revenue	\$901.5	\$2.4	\$903.9
<b>Appropriations</b>			
Appropriations - Gross	\$919.6	--	\$919.6
Less: Lapse	(\$22.1)	\$10.1	(12.0) [1]
Total Expenditures	\$897.5	\$10.1	\$907.6
<b>Surplus/(Deficit) from Operations as of June 30th</b>	<b>\$4.0</b>	<b>(\$7.7)</b>	<b>(\$3.7)</b>
<b>Plus: Cumulative Surplus as of June 30th (prior year)</b>	<b>\$133.0</b>	<b>--</b>	<b>\$133.0</b>
<b>Projected Fund Balance as of June 30th</b>	<b>\$137.0</b>	<b>(\$7.7)</b>	<b>\$129.3</b>

[1] Reduction in lapse savings partly due to FAC action in March of 2004. Approximately \$9.2 million from Personnel Services lapse savings from the early retirement incentive program (ERIP) were allocated as follows:

- \$1.3 million to Snow and Ice Other Expenses
- \$2.1 million to Handicapped Access Program
- \$5.8 million to Rail Operations

**Exhibit E: FY 04 Transportation Fund Revenue**  
(in millions)

	<b>Budget Plan <u>FY 04</u></b>	<b>Over/(Under) <u>Budget Plan</u></b>	<b>Actual <u>FY 04</u></b>
<b>TAXES</b>			
Motor Fuels Tax	\$466.1	(\$1.6)	\$464.5
Petroleum Products Tax	10.5	0.0	10.5
Sales Tax - DMV	67.0	3.4	70.4
Refund of Taxes	(8.2)	(1.9)	(10.1)
<b>Total - Taxes less Refunds</b>	<b>\$535.4</b>	<b>(\$0.1)</b>	<b>\$535.3</b>
<b>OTHER SOURCES</b>			
Motor Vehicle Receipts	\$208.6	\$10.6	\$219.2
License, Permits and Fees	144.8	10.3	155.1
Interest Income	27.0	(2.5)	24.5
Federal Grants (FTA)	3.3	(3.3)	0.0
Transfer to TSB Account	(10.0)	(12.9)	(22.9)
Transfers to Other Funds	(8.5)	0.0	(8.5)
Release from Debt Service Reserves	3.7	0.0	3.7
<b>Total - Other Sources</b>	<b>\$368.9</b>	<b>\$2.2</b>	<b>\$371.1</b>
Less Refunds of Payments	(2.8)	0.3	(2.5)
<b>TOTAL REVENUE</b>	<b>\$901.5</b>	<b>\$2.4</b>	<b>\$903.9</b>

## FY 04 Transportation Fund Lapsing Appropriations

The agencies and accounts financed by the Transportation Fund lapsed a total of \$12.0 million. Please refer to Exhibit F for a listing of agency lapses and the percentages relative to the adjusted appropriations for the various components of the Transportation Fund.

Below are brief descriptions, by account, of significant lapses (\$1.0 million or more).

<b>Agency/Description</b>	<b>Lapsing Amount</b>
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<b>Department of Transportation (DOT)</b>	<b>\$5,899,388</b>
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The DOT lapsed a total of \$5.9 million primarily in Personal Services and Other Expenses. The Personal Services lapse of \$4.6 million occurred as a result of early retirement (ERIP) savings. The Other Expenses lapse of \$1.2 million resulted from a holdback and outstanding expenses incurred in FY 04 but not paid until FY 05.

<b>Department of Motor Vehicles (DMV)</b>	<b>\$3,772,657</b>
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The DMV lapsed a total of \$3.8 million primarily in Personal Services (\$3.0 million) attributable to early retirement savings. Other Expenses lapsed \$.4 million as a result of holdback and outstanding expenses incurred in FY 04 but not paid until FY 05.

### Non Functional Accounts

<b>Employers Social Security Tax</b>	<b>\$1,113,557</b>
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The Employers Social Security Tax account lapsed a total of \$1.1 attributable to early retirement savings.

**Exhibit F: FY 04 Transportation Fund Lapsing Appropriations  
of \$1 Million or More  
(in millions)**

<b>Agency</b>	<b><u>Adjusted Appropriations</u></b>	<b><u>Lapse Amount</u></b>	<b><u>Percent of Adjusted Appropriations</u></b>
Department of Motor Vehicles	\$56.4	\$3.8	6.7%
Department of Transportation	361.6	5.9	1.6%
<b>Non Functional Accounts</b>			
Employers Social Security Tax	13.3	1.1	8.3%
All Other	508.2	1.2	0.2%
<b>Total Transportation Fund</b>	<b>\$939.5</b>	<b>\$12.0</b>	<b>1.3%</b>