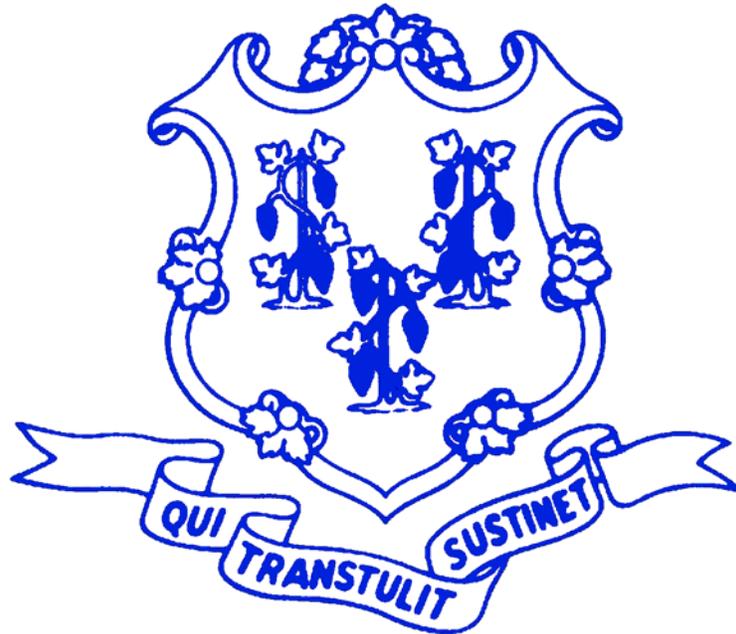


Connecticut General Assembly
OFFICE OF FISCAL ANALYSIS

<http://www.cga.ct.gov/ofa/>



**Year-End Analysis of the
FY 06 General Fund and
Transportation Fund Budgets**

August 15, 2007

**Year-End Analysis of the FY 06
General Fund and Transportation Fund Budgets**

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YEAR-END ANALYSIS OF THE FY 06 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 1st after the conclusion of the fiscal year; however, her FY 06 financial statements were not finalized until March 15, 2007 due to reconciliations related to the new CORE-CT accounting system.)

Overview

General Fund

The General Fund ended FY 06 with an operating surplus of \$932 million (including the budgeted surplus of \$2 million) or 6.6% of the budget. From this amount, \$394.5 million in additional FY 06 appropriations were made (of which various items are available for expenditure in FY 06, FY 07, FY 08 and FY 09) and \$91 million was carried forward to reduce FY 07 requirements, leaving a remaining surplus of \$446.5 million which was transferred to the Budget Reserve Fund.

The operating surplus resulted from \$824 million in higher revenues and \$106 million in lower expenditures (primarily due to additional lapse savings offset by deficiencies and other expenditure requirements) in addition to the originally budgeted surplus of \$2 million.

Transportation Fund

The Transportation Fund ended FY 06 with an annual operating surplus of \$0.3 million. This was \$3.3 million less than the budget plan surplus of \$3.6 million. This decrease was the result of revenues ending the year \$7.0 million less than anticipated plus a deficiency appropriation of \$0.9 million, partially offset by a \$4.2 million lapse increase and \$0.4 million in other miscellaneous adjustments.

The FY 06 operating surplus of \$0.3 combined with the prior year balance of \$133.1 million results in a cumulative fund balance of \$133.4 million as of June 30, 2006.

I. General Fund

Final Figures Compared to the Original Budget

The FY 06 budget adopted by the General Assembly in June 2005 anticipated General Fund revenues of \$14,133.7 million and expenditures of \$14,131.7 million. Thus, at the time the budget was adopted, revenue estimates exceeded total net appropriations by \$2 million.

The General Fund ended FY 06 with an operating surplus of \$932 million (including the budgeted surplus of \$2 million) or 6.6% of the budget. From this amount, \$394.5 million in additional FY 06 appropriations were made (of which various items are available for expenditure in FY 06, FY 07, FY 08 and FY 09) and \$91 million was carried forward to reduce FY 07 requirements, leaving a remaining surplus of \$446.5 million which was transferred to the Budget Reserve Fund.

The operating surplus resulted from \$824 million in higher revenues and \$106 million in lower expenditures (primarily due to additional lapse savings offset by deficiencies and other expenditure requirements) in addition to the originally budgeted surplus of \$2 million.

General Fund surpluses resulted in following fiscal years: \$302.2 million in FY 04; \$363.9 million in FY 05; and \$446.5 million in FY 06, each contributing toward a total Budget Reserve Fund (BRF) balance of \$1,112.6 million (which represents 75% of full BRF capacity). Previously, the Budget Reserve (Rainy Day) Fund had been depleted when its previous \$594.7 million balance 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%. With net General Fund appropriations for FY 07 totaling \$14,837.2 million, the maximum allowable in the Budget Reserve Fund is \$1,483.7 million or \$371.1 million more than the current balance.

Please refer to Exhibit A on page 5 for a summary of total General Fund revenues and expenditures for FY 06.

Revenues

Total FY 06 net General Fund revenue was \$14.96 billion, which was \$824.0 million above the original estimates adopted in support of the budget plan. After adjusting for legislative and other changes, FY 06 revenue grew by 6.2% compared to FY 05. For a comparison of actual collections and the budget plan estimates, please refer to Exhibit B on page 6.

Net General Fund revenue collections finished \$824.0 million above the budget plan due to increases of \$918.3 million and decreases of \$94.3 million. The seven most significant increases were: (1) \$370.4 million in the personal income tax, (2) \$141.4 million in the corporation business tax, (3) \$63.1 million in the inheritance and estate tax, (4) \$32.0 million in the real estate conveyance tax, (5) \$79.8 million in the oil companies tax, (6) \$30.7 million in investment income, and (7) \$51.6 million in miscellaneous revenue. The most significant decreases were \$30.2 million in the sales and use tax and \$51.8 million in federal grants.

(1) Personal Income Tax (PIT) collections were \$370.4 million above the budget plan estimate as a result of slightly better than expected job gains and wage growth (including overtime) and the strong performance of US and foreign stock markets.

The table below presents a comparison of the budget plan estimates and actual collections.

	Budget Plan Estimate	Actual Collections	Variance
Withholding	\$3,720,800,000	\$3,834,400,000	\$113,600,000
Estimated Payments	1,089,500,000	1,295,600,000	206,100,000
Final & Audit Payments	975,700,000	1,026,400,000	50,700,000
Total	\$5,786,000,000	\$6,156,400,000	\$370,400,000

(2) Corporation Business Tax collections were \$141.4 million above the budget plan estimate. FY 06 collections grew by 9.7% over FY 05 due to the continued strength of the economy, especially in the energy, financial services, and home building sectors.

(3) Inheritance and Estate Tax collections were \$63.1 million above the budget plan estimate primarily due to the settlement of two very large estates in November 2005 and June 2006.

(4) Real Estate Conveyance Tax collections were \$32.0 million above the budget plan estimate. The budget plan assumed that interest rates would rise and curb the number of real estate transactions. However, mortgage rates remained near their historic lows throughout the year, which resulted in collections exceeding expectations.

(5) Oil Companies' Tax collections were \$79.8 million above the budget plan estimate. Collections grew by 34% over FY 05 due to historically high oil prices resulting from Hurricanes Katrina and Rita, increasing demands from China, and political and labor concerns in some oil producing countries.

(6) Investment income was \$30.7 million above the budget plan estimate due to the positive cash position of the Short Term Investment Fund (STIF) during the year and the continuing positive impact of the Federal Reserve Bank's interest rate increases on the rate of return of the STIF.

(7) Miscellaneous Revenue collections were \$51.6 million above the budget plan estimate primarily due to the State Comptroller recovering approximately \$40 million above the budgeted State Employee Retirement System (SERS) fringe benefit recovery rate. Recoveries were higher than anticipated because the SERS salary base was higher than budgeted, which led to over-collection. These funds were then deposited into the Miscellaneous Revenue account.

(8) Sales and Use Tax collections were \$30.2 million below the budget plan estimate. Actual collections grew by 4.5%, which was below the 5.1% assumed in the budget plan. Consumer spending was negatively affected by rising energy costs as well as a decline in disposable income as people bought new homes and assumed larger mortgage costs.

(9) Federal Grants were \$51.8 million below the budget plan estimate primarily as the result of lower than expected Medicaid expenditures, for which Connecticut receives partial reimbursement by the federal government.

Expenditures

As originally budgeted, expenditure requirements had been estimated at \$14,131.7 million. However, actual FY 06 expenditures were \$14,025.7 million or \$106 million lower than originally anticipated. This figure includes the following increases and (decreases): \$26 million in deficiency appropriations; \$3 million appropriation for Emergency Home Heating Assistance; \$26 million for Refunds of Escheated Property; \$6.3 million for Adjudicated Claims; (\$75 million) in increased lapse savings; (\$91 million) in FY 06 Carryforwards reducing FY 07 Requirements that would have otherwise lapsed and (\$1.3 million) in miscellaneous expenditure reductions.

In addition to the \$29 million in deficiency and Emergency Home Heating Assistance appropriations mentioned above, \$394.5 million in additional FY 06 appropriations were authorized from projected additional revenues largely stemming from additional personal income tax collections in April. These additional appropriations (of which various items were available for expenditure in FY 06, FY 07, FY 08 and FY 09) include: \$245.7 million for Teachers' Retirement Contributions; \$85.5 for Economic Recovery Note payments; \$33 million for Revenue Sharing; \$11 million for a Crisis Hospital Fund; and \$9 million for Contingency Needs.

The original FY 06 budget was \$24.3 million under the spending cap. FY 06 appropriations are under the spending cap by \$21.3 million after adjusting for the \$3 million appropriation for emergency home heating assistance provided by PA 05-2, October 25 Special Session. Appropriating \$27 million for deficiencies (all funds) and recognizing \$5.7 million in additional federal mandates and court orders eliminated the remaining room under the spending cap and placed the FY 06 budget exactly at the full amount allowed by the cap. The \$394.5 million in additional FY 06 appropriations mentioned above after adjusting for \$85.5 million for Economic Recovery Note Payments, which are excluded from the spending cap, result in the FY 06 budget being over the spending cap by \$309 million.

Deficiencies

FY 06 General Fund deficiencies totaled \$26 million. During the 2006 regular session, the General Assembly appropriated funds to cover these deficiencies within PA 06-186, Section 53. Of the \$26 million deficiency total, \$11.3 million was in the Office of Policy and Management (OPM) and was due to additional statewide energy needs. 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 seven agencies that experienced deficiencies along with the corresponding amounts:

Agency	Amount of Deficiency
Office of Policy and Management	\$11,315,000
Department of Public Safety	4,307,000
Department of Public Health	2,700,070
Department of Mental Retardation	100,000
Department of Mental Health and Addiction Services	3,472,252
Department of Correction	2,701,678
Public Defender Services Commission	1,442,000
Total	\$26,038,000

**Exhibit A: FY 06 General Fund Summary
(in millions)**

	Budget Plan	Increases (Decreases)	Actual
Revenues			
Taxes	\$ 10,455.4	\$ 759.8	\$ 11,215.2
Other Revenue	1,107.2	123.6	1,230.8
Other Sources [1]	<u>2,571.1</u>	<u>(59.4)</u>	<u>2,511.7</u>
Total Revenue	\$ 14,133.7	\$ 824.0	\$ 14,957.7
Appropriations			
Original Appropriations - Gross	\$ 14,237.1	\$ 0.0	\$ 14,237.1
Plus:			
Emergency Home Heating Assistance (PA 05-2 Secs. 3 and 8, October 25 Special Session)	0.0	3.0	3.0
Deficiency Appropriations (PA 06-186, Sec. 53)	0.0	26.0	26.0
Adjudicated Claims	0.0	6.3	6.3
Refunds of Escheated Property	0.0	26.0	26.0
Less:			
Lapses [2]	(105.4)	(75.0)	(180.4)
FY 06 Carryforward Reducing FY 07 Requirements (this funding would have otherwise lapsed)	0.0	(91.0)	(91.0)
Miscellaneous Adjustment	<u>0.0</u>	<u>(1.3)</u>	<u>(1.3)</u>
Total Expenditures [3]	\$ 14,131.7	\$ (106.0)	\$ 14,025.7
Surplus from Operations for FY 06	\$ 2.0	\$ 930.0	\$ 932.0
Disposition of FY 06 Operating Surplus (PA 06-186 - see details on Exhibit D page 9):			
Additional FY 06 Appropriations (Sec. 8 - various items available for expenditure in FY 06, FY 07, FY 08 and FY 09)			\$ 394.5
FY 06 Carryforwards Reducing FY 07 Requirements (Sec. 25)			<u>91.0</u>
Total – Disposition of FY 06 Operating Surplus			\$ 485.5
Remaining FY 06 Surplus Transferred to Budget Reserve Fund [4]			\$ 446.5

[1] Both budget plan and actual revenues reflect a \$41 million revenue transfer from FY 06 to FY 07 in accordance with PA 05-251, Section 91.

[2] The breakdown for the budgeted lapse is as follows:

unallocated budgeted lapses	\$ (79.4)	\$ (90.9)	\$ (170.3)
general PS and OE reductions (holdbacks)	(25.0)	15.9	(9.1)
Centralize Business Operations	<u>(1.0)</u>	<u>0.0</u>	<u>(1.0)</u>
Total - Lapses Originally Budgeted	\$ (105.4)	\$ (75.0)	\$ (180.4)

[3] Excludes expenditures from prior year carryforwards and appropriations from anticipated surplus.

[4] General Fund surpluses resulted in following fiscal years: \$302.2 million in FY 04; \$363.9 million in FY 05; and \$446.5 million in FY 06, each contributing toward a total Budget Reserve Fund (BRF) balance of \$1,112.6 million (which represents 75% of full BRF capacity). Previously, the Budget Reserve (Rainy Day) Fund had been depleted when its prior \$594.7 million balance was used 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 07 totaling \$14,837.2 million, the maximum allowable in the Budget Reserve Fund is \$1,483.7 million or \$371.1 million more than the current balance.

Exhibit B: FY 06 General Fund Revenue

	Budgeted Revenue	Over (Under) Budgeted	Realized Revenue
Taxes			
Personal Income	\$ 5,786,000,000	\$ 370,372,764	\$ 6,156,372,764
Sales and Use	3,432,200,000	(30,233,647)	3,401,966,353
Corporations	646,300,000	141,401,720	787,701,720
Cigarettes and Tobacco	266,000,000	6,230,315	272,230,315
Insurance Companies	247,200,000	22,701,780	269,901,780
Public Service Corporations	197,100,000	28,162,962	225,262,962
Inheritance and Estate	133,200,000	63,058,411	196,258,411
Real Estate Conveyance	175,500,000	31,957,503	207,457,503
Oil Companies	132,300,000	79,790,641	212,090,641
Alcoholic Beverages	44,000,000	1,998,049	45,998,049
Admissions, Dues and Cabaret	32,600,000	2,766,676	35,366,676
Miscellaneous	144,000,000	(1,819,859)	142,180,141
Total Taxes	11,236,400,000	716,387,315	11,952,787,315
Refunds of Taxes	(766,000,000)	35,150,475	(730,849,525)
R & D Credit Exchange	(15,000,000)	8,305,613	(6,694,387)
Taxes Less Refunds	10,455,400,000	759,843,403	11,215,243,403
Other Revenue			
Indian Gaming Payments	430,000,000	(2,473,221)	427,526,779
Transfers - Special Revenue	277,500,000	12,445,814	289,945,814
Licenses, Permits and Fees	147,300,000	10,100,201	157,400,201
Rents, Fines and Escheats	70,000,000	21,455,663	91,455,663
Sales of Commodities and Services	35,000,000	(388,015)	34,611,985
Investment Income	23,000,000	30,701,951	53,701,951
Miscellaneous	125,000,000	51,596,203	176,596,203
Total Other Revenue	1,107,800,000	123,438,596	1,231,238,596
Refunds of Payments	(600,000)	162,179	(437,821)
Net Other Revenue	1,107,200,000	123,600,775	1,230,800,775
Other Sources			
Federal Grants	2,601,400,000	(51,822,743)	2,549,577,257
Transfer to the Resources of the General Fund [1]	(41,000,000)	0	(41,000,000)
Transfer from the Tobacco Settlement Fund	97,000,000	(7,600,000)	89,400,000
Transfers to the Pequot/Mohegan Fund	(86,300,000)	0	(86,300,000)
Total Other Sources	2,571,100,000	(59,422,743)	2,511,677,257
Total Revenue	\$ 14,133,700,000	\$ 824,021,435	\$ 14,957,721,435

[1] Both budget plan and actual revenues reflect a \$41 million revenue transfer from FY 06 to FY 07 in accordance with PA 05-251, Section 91.

Lapses

The General Fund's year-end lapse (savings) was \$180.4 million or \$75 million higher than the original estimated lapse of \$105.4 million. This amount results from a \$90.9 million increase in the unallocated lapse, which was partially offset by a \$15.9 million reduction in savings associated with Personal Services and Other Expenses holdbacks.

The largest lapses occurred in the following agency and account (please see Exhibit C for a full listing of major lapses): \$86.9 million in the Department of Social Services and \$37.4 million in Debt Service.

Of the \$86.9 million lapse in the Department of Social Services, \$75.6 million is attributable to Medicaid. This lapse was driven by lower than anticipated nursing home expenditures due to a continued decline in the number of beds days. Another primary factor in the lapse was significantly lower expenditures for pharmaceuticals due to the implementation of the federal Medicare Part D drug benefit.

The \$37.4 million lapse in the General Fund debt service account is a combination of: (1) \$23.1 million in premiums received on General Obligation (GO) bonds issued in June 2005, November 2005 and March 2006, (2) \$8.8 million in savings due to changes in the issuance schedule and lower than anticipated interest rates, (3) \$3.2 million in arbitrage rebate fees and payments, and variable rate fees, and (4) \$2.3 million from a variety of other sources, including refunding savings and lower than expected debt service on CHEFA daycare bonds.

Please refer to Exhibit C for a listing of all General Fund lapsing appropriations of \$1 million or more

Exhibit C: FY 06 General Fund Lapsing Appropriations of \$1 Million or More

Agency	Adjusted Appropriation (in millions)	Lapse Amount (in millions)	% of Adjusted Appropriation
Legislative Management	\$ 57.1	\$ 3.1	5.4%
Auditors of Public Accounts	10.5	1.2	11.4%
State Comptroller	24.3	1.6	6.6%
State Insurance and Risk Management Board	12.8	1.6	12.5%
Office of Policy and Management	217.3	4.3	2.0%
Department of Information Technology	19.4	1.8	9.3%
Attorney General	29.3	1.3	4.4%
Department of Public Safety	152.1	1.3	0.9%
Department of Mental Retardation	824.9	2.9	0.4%
Department of Mental Health and Addiction Services	495.5	3.3	0.7%
Department of Social Services	4,345.0	86.9	2.0%
Department of Education	2,279.3	1.7	0.1%
Teachers' Retirement Board	595.2	1.2	0.2%
Department of Correction	601.6	1.5	0.2%
Department of Children and Families	740.3	9.6	1.3%
Non-Functional			
Debt Service	1,496.6	37.4	2.5%
Higher Education Alternative Retirement System	30.2	3.0	9.9%
Tuition Reimbursement – Training and Travel	5.6	1.9	33.9%
All Others	3,445.9	14.8	0.4%
Total General Fund	\$ 15,382.9	\$ 180.4	1.2%

Exhibit D: FY 06 General Fund Surplus Disposition (figures in \$)

Total FY 06 Operating Surplus

931,976,568

		Final Budget
Agency/Account	FY 06 Appropriations (PA 06-186, Sec. 8):	
TRB	Fund Teacher's Retirement at 100%	245,650,000
Debt Service	Economic Recovery Note Payments [1]	85,500,000
OPM	Revenue Sharing	33,000,000
DSS	Crisis Hospital Fund	11,000,000
OPM	Contingency Needs	9,000,000
DHE	Higher Education Matching Grant	3,350,000
DMHAS	Infrastructure Development & Community Based Program	2,000,000
DSS	Economic Sustainability of CCMC	2,000,000
DEP	Lobster Program	1,000,000
DEP	Beach Erosion Project	450,000
DSR	Gambling Study	350,000
UConn	National Underwater Research Center	350,000
DPH	E-Health Initiative	300,000
Charter Oak	Student Information System	212,000
Culture & Tourism	Lockwood Matthews	200,000
OPM	We the CT Project for the Constitution	100,000
	Subtotal	394,462,000
	FY 06 Carryforwards Reducing FY 07 Requirements (PA 06-186, Sec. 25):	
DSS	Medicaid	50,000,000
OSC	Fringes - State Employee Health Service Cost	35,000,000
OPM	P.I.L.O.T. New Manufacturing Machinery & Equipment	1,500,000
DMR	Personal Services	1,500,000
DAS	Personal Services	770,000
SDE	Personal Services	500,000
OSC	Fringes - Unemployment Compensation	500,000
OSC	Fringes - Group Life Insurance	200,000
OSC	Fringes - Pensions and Retirement - Other Statutory	75,000
DAS	Workers' Compensation Claims	430,000
DRS	Other Expenses	200,000
DEMHS	Personal Services	200,000
CTF	Children's Trust Fund	150,000
	Subtotal	91,025,000
	Total FY 06 Surplus Disposition	485,487,000
	Total FY 06 Operating Surplus	931,976,568
	Remaining FY 06 Surplus Deposited in Budget Reserve Fund	446,489,568

[1] The \$85.5 million covers the remaining Economic Recovery Note payments of \$65.2 million in FY 08 and \$20.2 million in FY 09 which resulted from the FY 02 and FY 03 deficits.

II. Transportation Fund

The Transportation Fund ended FY 06 with an annual operating surplus of \$0.3 million. This was \$3.3 million less than the budget plan surplus of \$3.6 million. This decrease was the result of revenues ending the year \$7.0 million less than anticipated plus a deficiency appropriation of \$0.9 million, partially offset by a \$4.2 million lapse increase and \$0.4 million in other miscellaneous adjustments.

The FY 06 operating surplus of \$0.3 combined with the prior year balance of \$133.1 million results in a cumulative fund balance of \$133.4 million as of June 30, 2006.

Revenues

Total FY 06 net Transportation Fund revenue was \$979.2 million, which was \$7.0 million below original estimates adopted in support of the budget plan. Revenues were lower than anticipated primarily because of lower than anticipated collections in motor fuels taxes and sales tax collected by the Department of Motor Vehicles that were partially offset by higher than expected revenue from Oil Companies and Interest Income. Motor fuels tax collections were anticipated to grow by 1.0% but instead declined by 0.8% due to higher than expected gasoline prices caused by Hurricanes Katrina and Rita.

Expenditures

FY 06 actual expenditures ended the year \$3.7 million lower than the budget plan. Expenditures were \$4.6 million lower due to a \$4.2 million lapse increase and a \$0.4 million miscellaneous adjustment, partially offset by a \$0.9 million deficiency appropriation.

The Special Transportation Fund workers' compensation claims account had a deficiency of \$920,000 (22% above the FY 06 appropriation of \$4.1 million). While the total number of claims was lower than the previous fiscal year, there had been an increase in the number of claims with significant medical and indemnity costs. There was also a 30% increase in medical costs over the previous fiscal year.

It should be noted that the emergency FAC (FAC 2006-15 and 2006-22) transferred \$9 million from Personal Services to Other Expenses budget to cover the FY 06 shortfalls in the Transportation Fund's snow and ice removal account in lieu appropriating these funds through the Deficiency Bill.

Exhibit E: FY 06 Transportation Fund Summary
(in millions)

	Budget	Increases	
	Plan [1]	(Decreases)	Actual
Revenues			
Taxes	\$604.5	(\$11.7)	\$592.8
Other Revenue (incl. Transfers and Refunds of Payments)	381.7	4.7	386.4
Total Revenue	\$986.2	(\$7.0)	\$979.2
 Appropriations			
Original Appropriations - Gross	\$993.6	0.0	\$993.6
Plus: Deficiency Appropriations (PA 06-186, Section 53)	0.0	0.9	0.9
Less:			
Lapses	(11.0)	(4.2)	(15.2)
Miscellaneous Adjustments	0.0	(0.4)	(0.4)
Total Expenditures	\$982.6	(\$3.7)	\$978.9
 Surplus/(Deficit) from Operations for FY 06	 \$3.6	 (\$3.3)	 \$0.3
 Plus: Cumulative Surplus as of June 30, 2005			 133.1
 Fund Balance as of June 30, 2006			 \$133.4

[1] The budget plan revenues for FY 06 are the estimates of the Finance, Revenue and Bonding Committee and were initially adopted on June 6, 2005 and do not reflect changes made subsequently by PA 05-4 JSS. PA 05-4 JSS increased the amounts of the petroleum products tax receipts attributable to the sale of motor vehicle fuel from the General Fund to the Special Transportation Fund.

Exhibit F: FY 06 Transportation Fund Revenue
(in millions)

	<u>Budget Plan [1]</u>	<u>Over/(Under) Budget Plan</u>	<u>Realized Revenue</u>
TAXES			
Motor Fuels Tax	\$500.0	(\$19.1)	\$480.9
Petroleum Products Tax	28.5	15.0	43.5
Sales Tax - DMV	76.0	(7.6)	68.4
Refunds of Taxes	(8.6)	(0.3)	(8.9)
Total - Taxes less Refunds	\$595.9	(\$12.0)	\$583.9
OTHER REVENUE			
Motor Vehicle Receipts	\$230.0	(\$2.7)	\$227.3
License, Permits and Fees	163.0	(2.5)	160.5
Interest Income	29.0	11.1	40.1
Transfer to Conservation Fund	(2.0)	(1.0)	(3.0)
Transfer to Emissions Fund	(1.6)	0.0	(1.6)
Transfers to TSB Account [2]	(25.3)	0.0	(25.3)
Refunds of Payments	(2.8)	0.1	(2.7)
Total – Other Rev. less Transfers & Refunds	\$390.3	\$5.0	\$395.3
TOTAL REVENUE	\$986.2	(\$7.0)	\$979.2

[1] The budget plan revenues for FY 06 are the estimates of the Finance, Revenue and Bonding Committee and were initially adopted on June 6, 2005 and do not reflect changes made subsequently by PA 05-4 JSS. PA 05-4 JSS increased the amounts of the petroleum products tax receipts attributable to the sale of motor vehicle fuel from the General Fund to the Special Transportation Fund.

[2] Incremental revenue from the various DMV fee changes allocated to the Transportation Strategy Board (TSB) and deposited in the TSB projects account.

FY 06 Transportation Fund Lapsing Appropriations

The agencies and accounts funded within the Transportation Fund lapsed a total of \$15.2 million. Please refer to Exhibit G for a listing of all Transportation Fund lapsing appropriations of \$1 million or more and the percentages relative to the adjusted appropriations for each agency/account.

Below is brief description of significant (approximately greater than \$1 million) Transportation Fund lapses.

Agency/Description	Lapsing Amount
Department of Transportation (DOT)	\$5,804,213
<i>Personal Services</i>	<i>\$947,272</i>

The Personal Services account lapsed a net total of \$1.0 million attributable to delays in hiring employees and lower than anticipated overtime costs for snow and ice removal. The amount would have been approximately \$10 million total but \$9.0 million was transferred through emergency FAC (FAC 2006-15 and 2006-22) to offset an increased shortfall in the snow and ice removal account. The shortfall was a result of: (1) higher than anticipated prices for materials such as sand and salt, and steel for guardrail replacement and (2) replenishment of DOT's reserves of these materials, which were depleted by the severity of the 2006 winter storms in conjunction with 2005 winter's impact.

<i>Rail Operations</i>	<i>\$4,856,941</i>
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The Rail Operations account lapsed a total of \$4.9 million attributable to less than anticipated subsidy requirements to augment ticket fares due to greater than expected ridership.

Non Functional Accounts

Debt Service	\$5,174,128
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The Debt Service account lapsed a total of \$5.2 million attributable to changes in the issuance schedule and lower than anticipated interest rates that reduced debt service costs.

Employer Social Security Tax	\$1,051,479
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The Employer Social Security Tax account lapsed a total of \$1.1 million attributable to delays in DOT hiring employees and lower than anticipated overtime costs for snow and ice removal.

**Exhibit G: FY 06 Transportation Fund Lapsing Appropriations
of \$1 Million or More
(in millions)**

Agency	<u>Adjusted Appropriations</u>	<u>Lapse Amount</u>	<u>Percent of Adjusted Appropriations</u>
State Insurance and Risk Management Board	\$2.6	\$0.9	34.6%
Department of Motor Vehicles	73.3	0.4	0.5%
Department of Transportation	426.0	6.6	1.5%
Non Functional Accounts			
Debt Service	431.0	5.2	1.2%
All Other	120.4	2.1	1.7%
Total Transportation Fund	\$1,053.3	\$15.2	1.4%