



COMPREHENSIVE ANNUAL FINANCIAL REPORT

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2019*

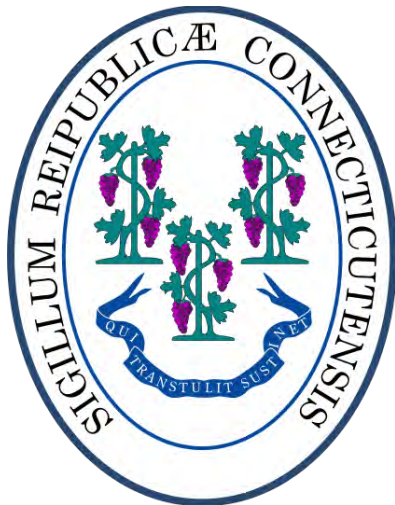


**CONNECTICUT
OFFICE OF THE STATE COMPTROLLER**
Comptroller Kevin Lembo
February 2020

Connecticut

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2019



Ned Lamont
GOVERNOR

Kevin Lembo
STATE COMPTROLLER

Prepared by Budget and Financial Analysis Division
Office of the State Comptroller

<http://www.osc.state.ct.us/2019cafr/>

This report was prepared by the
Budget and Financial Analysis Division staff of the Connecticut Office of the State Comptroller.

Robert Gribbon

Division Director
Budget & Financial Analysis Division

Nancy Walsh

Assistant Division Director
GAAP Accounting & Financial Reporting
Budget & Financial Analysis Division

Julie Wilson

Fiscal Administrative Manager 1
Budgetary Accounting & Operations
Budget & Financial Analysis Division

Accounting Staff

Richard Haley
Christopher Bacon
Joann Lalaria
Claudia Martin

Yvette Jenkins
Anne Akerele
Thomas Deasy
Lucky Sagay

Brian Connery
Yvonne Pierzchalski
Thomas Rice

The Comptroller's Office would like to thank the accounting personnel throughout the State. Their efforts to contribute accurate and timely financial data for their agencies, universities, community colleges, and institutions made this report possible.

Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	3
State of Connecticut Organization Chart.....	9
Selected State Officials.....	10

FINANCIAL SECTION

Independent Auditor’s Report.....	13
Management’s Discussion and Analysis (MDA).....	17

Basic Financial Statements

Government-wide Financial Statements	
Statement of Net Position.....	39
Statement of Activities.....	40

Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds.....	44
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	45
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	46
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	47

Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Funds.....	48
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	49
Statement of Cash Flows – Proprietary Funds.....	50

Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position – Fiduciary Funds.....	51
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	52

Component Units Financial Statements	
Statement of Net Position – Component Units.....	53
Statement of Activities – Component Units.....	54

Notes to the Financial Statements.....	59
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Required Supplementary Information

Budgetary Comparison Schedules	
General and Transportation Funds	118

Notes to Required Supplementary Information	
Budgeting Process	120
Reconciliation of Budget/GAAP Reporting Differences.....	121
Budget Reserve Fund (“Rainy Day Fund”).....	121

Pension Plan Information	
Schedule of Changes in Net Pension Liability and Plan Net Position.....	124
Schedule of Employer Contributions.....	126
Schedule of Investment Returns	128

State of Connecticut

Other Postemployment Benefits Information	
Schedule of Changes in Net OPEB Liability and Plan Net Position.....	131
Schedule of Employer Contributions.....	132
Schedule of Investment Returns.....	134
Combining Fund Statements and Schedules – Nonmajor Funds	
Nonmajor Governmental Funds	
Balance Sheet.....	138
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	139
Special Revenue Funds	
Narrative.....	141
Combining Balance Sheet.....	142
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	144
Capital Projects Funds	
Narrative.....	147
Combining Balance Sheet.....	148
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	149
Permanent Funds	
Narrative.....	151
Combining Balance Sheet.....	152
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	153
Enterprise Funds	
Narrative.....	155
Combining Statement of Net Position.....	156
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	157
Combining Statement of Cash Flows.....	158
Internal Service Funds	
Narrative.....	159
Combining Statement of Net Position.....	160
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	161
Combining Statement of Cash Flows.....	162
Pension and Other Employee Benefit Trust Funds	
Narrative.....	163
Combining Statement of Fiduciary Net Position.....	164
Combining Statement of Changes in Fiduciary Net Position.....	166
Agency Funds	
Narrative.....	169
Combining Statement of Assets and Liabilities.....	170
Combining Statement of Changes in Assets and Liabilities.....	171
Component Units	
Narrative.....	173
Combining Statement of Net Position.....	174
Combining Statement of Activities.....	176
Statistical Section	179



INTRODUCTORY SECTION

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KEVIN LEMBO
STATE COMPTROLLER


MARTHA CARLSON
DEPUTY COMPTROLLER



STATE OF CONNECTICUT
OFFICE *of the* STATE COMPTROLLER
165 Capitol Ave.
Hartford, CT 06106

February 21, 2020

To the Citizens, Constitutional Executive Officers, and Members of the Legislative General Assembly of the State of Connecticut:

It is a privilege to present the State of Connecticut Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

Even though much of this report must be written in a rather formal and technical manner, my office has endeavored to present the information in a way that will help readers without a financial background to understand the state's overall economic and fiscal position.

This report devotes significant attention to the state's General Fund since it is the largest single governmental fund. The General Fund is the fund most often referred to in media reports about the State of Connecticut's finances. About three-quarters of all governmental financial transactions relating to the cost of providing state services and the collection of revenues to pay for those services occur within the General Fund.

The General Fund budget is formulated, implemented, and modified during the fiscal year using the statutory or budgetary form of accounting that incorporates certain revenue and expenditure accruals that are not consistent in every instance with the GAAP method of reporting used in this publication. For Fiscal Year 2019 General Fund results on the GAAP basis of accounting please refer to the Governmental Fund Financial Statements section of this report beginning on page 44. The differences between the statutory basis of accounting and the GAAP presentation in the CAFR are discussed in more detail beginning on page 121 of this report. This discussion includes a reconciliation of differences between the statutory change in fund balance and the GAAP change in fund balance at June 30, 2019.

The General Fund ended Fiscal Year 2019 with a surplus of \$370,597,419 on the statutory basis of accounting. In accordance with Section 4-30a of the Connecticut General Statutes, the surplus was transferred to the Budget Reserve Fund (BRF). The Special Transportation Fund had an operating surplus of \$74,395,384 which left a positive fund balance of \$320,116,310 at the close of Fiscal Year 2019.

In FY 2019, as in the prior fiscal year, significant progress was made toward building the balance of the BRF. This was primarily due to the revenue volatility cap, first implemented in FY 2018. This statutory provision requires revenues above a certain threshold to be transferred to the BRF. For FY 2019, the cap was \$3,196.8 million for estimated and final income tax payments and

revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$949,680,660 was made to the BRF.

Prior to the close of FY 2019, the balance of the BRF was \$1,185,259,428, which represented approximately 6.2 percent of net General Fund appropriations. Adding the \$949.7 million volatility transfer and the FY 2019 surplus of \$370.6 million brought the year-end balance of the BRF to just over \$2.5 billion or approximately 13 percent of net General Fund appropriations for FY 2020. As a result, the BRF balance more than doubled based on FY 2019's operating results. This represents a major step forward, but there is still more work to do. In order to help protect against future economic downturns, Connecticut must maintain financial discipline and continue building the BRF balance to the statutory target of 15 percent.

A complete discussion of Fiscal Year 2019 budget and fiscal trends is contained in the Management Discussion and Analysis (MDA) section of this report.

Major Legislative Initiatives

Public Act No. 19-25 “An Act Concerning Paid Family and Medical Leave” This act creates a Family and Medical Leave Insurance (FMLI) program to provide limited wage and replacement benefits to certain employees taking leave for reasons allowed under the State's Family and Medical Leave Act. The act provides up to 12 weeks of FMLI benefits over a 12-month period and is funded by employee contributions, which are schedule to begin in January 2021. Program benefit payments begin in January 2022.

The act also establishes a new quasi-public entity, the Paid Family and Medical Leave Insurance Authority, which will oversee the program. According to the Connecticut Office of Legislative Research's public act summary, the new law: (1) extends the FMLA to cover nearly all private-sector employers in the state; (2) lowers the work threshold for an employee to qualify for job-protected leave; and (3) expands the types of family members for whom an employee can take FMLA leave to include siblings, grandparents, grandchildren, and anyone else related by blood or affinity whose close association the employee shows to be the equivalent of certain family members.

Public Act No. 19-4 “An Act Increasing the Minimum Fair Wage” The legislature enacted this law to provide more economic security to Connecticut families. The act increases the state's minimum hourly wage from \$10.10 at passage of the act up to \$15.00 in various steps:

- \$11.00 on October 1, 2019;
- \$12.00 on September 1, 2020;
- \$13.00 on August 1, 2021;
- \$14.00 on July 1, 2022; and
- \$15.00 on June 1, 2023.

Beginning January 1, 2024, the law indexes future annual minimum wage changes to the federal employment cost index. The new law also freezes how much employers generally must pay as their share of the minimum wage for hotel and restaurant staff and bartenders (\$6.38 for hotel and restaurant staff, \$8.23 for bartenders), as long as their tips make up the difference between the

employer's share and the increasing minimum wage. Finally, the act requires the labor commissioner to recommend whether any scheduled minimum wage increases should be suspended after two consecutive quarters of negative growth in the state's real gross domestic product.

Public Act 19-117, "An Act Concerning the State Budget for the Biennium Ending June 30, 2021," Sections 82-90, Establishing a Teachers' Retirement Fund Bonds Special Capital Reserve Fund These sections within the State Budget Act for FY 2020 – 2021 established a Special Capital Reserve Fund (or SCRF) for Teachers' Retirement Fund pension obligation bonds first issued in 2008. The TRF-SCRF provides additional protection for pension obligation bond holders by further securing the associated principal and interest payments.

These provisions allow the Teachers' Retirement Board to change the funding methodology used to calculate the annual actuarially determined employer contribution (ADEC) for the Teachers' Retirement System (TRS). Among the changes adopted were to extend the amortization period of the unfunded actuarial accrued liability (UAAL) to 30 years and reduce the assumed rate of return from 8.0 percent to 6.9 percent.

Independent Auditor Opinions

As a Connecticut Constitutional Officer, the State Comptroller is responsible for setting state-wide accounting practices. Ultimate responsibility for the accuracy, completeness, and fairness of data presented in this CAFR, including all disclosures, rests with the State of Connecticut and my office. Connecticut statutes require an annual audit of the state's basic financial statements. These include statements prepared on the budgetary basis of accounting as well as statements prepared using full GAAP standards. The state is also required to undergo an annual "single audit" for reporting to the federal government. To meet all of these requirements, the State Auditors of Public Accounts have examined our financial statements and the appropriate supporting documentation.

The State auditors gave the CAFR for the State of Connecticut a "clean" opinion indicating they can state, without reservation, that the financial statements are fairly presented in all material respects in conformity with GAAP.

Profile of the Government and its Safeguards

The Nutmeg State

Connecticut became the fifth state of the United States on January 9, 1788. Its borders encompass 5,009 square miles. Within its boundaries, Connecticut has forested hills, urban skylines, shoreline beaches, and historic village greens. Connecticut is a thriving center of business as well as a vacation location. It is both a New England State, and suburban to New York City. The population of Connecticut was 3,565,287 according to the July 1, 2019 estimate of the U.S. Census Bureau. Five large cities, Bridgeport, New Haven, Hartford (the State Capitol since 1875), Stamford and Waterbury, have populations in excess of 100,000 residents.

State Government

Separation-of-Powers provisions of the State Constitution established the three branches of state government: executive, legislative and judicial. The executive branch, which is responsible for

enforcing state laws, consists of six state executive officers: Governor, Lieutenant Governor, Treasurer, Comptroller, Secretary of State and Attorney General. All are elected to four-year terms.

Connecticut's General Assembly or legislative branch is responsible for creating new laws and consists of a Senate and a House of Representatives. There are currently 36 State Senators and 151 State Representatives. Members of the General Assembly are elected to two-year terms. Connecticut also elects two U.S. Senators and five U.S. Representatives.

The Judicial Branch is responsible for interpreting and upholding our laws as consistent with the State Constitution and legal precedence. The Judicial Branch consists of three levels: The Supreme Court, the Appellate Court and, at the lowest level, the Superior Court which is further divided by state law into Civil, Criminal, Housing and Family Divisions. Judges of the Supreme Court, the Appellate Court and the Superior Court are nominated by the Governor from a list of candidates submitted by the Judicial Selection Commission and are confirmed by the General Assembly. They serve eight-year terms and are eligible for reappointment.

The Reporting Entity

The State of Connecticut financial reporting entity includes all of the funds of the primary government and of its component units. The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the state's legal entity. Component units are legally separate entities for which the primary government is financially accountable. Note 1 of this report contains detailed information on the reporting entity.

Internal Controls

Our state's internal control structure has been established to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with GAAP and state legal requirements. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The State Legislature prepares a two-year budget that contains estimates of revenues and expenditures for the ensuing two fiscal years. This budget is the result of negotiations between the Governor and the Legislature. Adjustments, in the form of budget revisions, executive orders, and financial legislation agreed to by the Governor and the Legislature, are made to the annual appropriations throughout the fiscal year. Budgetary controls are maintained at the individual appropriation account level by agency and fund established in authorized appropriation bills. The objective of these controls is to ensure compliance with state laws embodied in the appropriations. The State Comptroller is statutorily responsible for control structures to safeguard revenues due the primary government, to determine the amount equitably due with respect to claims made and to ensure such expenditures are compliant with an appropriation contained in the budget for such purpose.

Budgeted appropriations are the expenditure authorizations that allow state agencies to purchase or create liabilities for goods and services. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process, which includes limits on the power of the Governor to modify appropriations, preserves expenditure controls over special revenue, enterprise, and internal service funds and capital projects that are not budgeted as part of the annual appropriation act as revised.

The Spending Cap

In November 1992, electors approved an amendment to the State Constitution providing that the amount of budgeted expenditures authorized for any fiscal year shall not exceed the estimated amount of revenue for such fiscal year. This amendment thus provided a framework for placing a cap on budgeted appropriations.

The spending cap limits growth in general budget expenditures to the average five-year increase in personal income or the increase in inflation, whichever is greater. Public Act 17-2, June Special Session clarified certain definitions included in the spending cap language. For example, increase in personal income is defined as the compound annual growth rate of personal income in the state over the preceding five calendar years. Increase in inflation is defined as the increase in the Consumer Price Index for urban consumers, all items less food and energy, during the preceding calendar year.

Certain types of expenditures are excluded from the spending cap. These include debt service, deposits to the BRF and expenditures from federal funds. In addition, federally-mandated or court ordered expenditures and expenditures for federal programs for which the state receives matching funds are excluded for the first fiscal year in which they are authorized. Afterwards, they must be considered general budget expenditures for purposes of determining the following year's limit. Finally, payment of unfunded liability for certain state retirement plans (except for teachers) is exempt through FY 2022. Payment of unfunded liability for the Teachers' Retirement System is exempt from the spending cap through FY 2026. The spending cap can be lifted if the Governor declares the existence of extraordinary circumstances and the General Assembly by three-fifths vote approves appropriations in excess of the cap.

Economic Condition and Outlook

During FY 2019 Connecticut's economy experienced low unemployment and moderate growth as the recovery from the Great Recession entered its tenth year. However, based on two significant indicators – job growth and housing prices – Connecticut continued to lag behind the nation's economic recovery.

According to U.S. Bureau of Labor Statistics data reported by the state Department of Labor (DOL), Connecticut gained 4,600 nonfarm seasonally-adjusted payroll jobs over the course of FY 2019 and had a total of 1,692,800 employed residents as of June 2019. However, most of the employment growth (+8,600 jobs) occurred in the first six months of the fiscal year, from July through December 2018. In the second half of the fiscal year, Connecticut lost a net total of 4,000

jobs. As the fiscal year closed, Connecticut's unemployment rate stood at 3.7 percent in June, down one-tenth of a point from May 2019 and down four-tenths of point from a year earlier when it was 4.1 percent.

As of July 2019, Connecticut had recovered 79.7 percent (95,900 payroll job additions) of the 119,100 seasonally adjusted jobs lost in the Great Recession (3/08-2/10). At that point in time the job recovery was into its 113th month and the state needed an additional 24,400 new net jobs to reach an overall employment expansion. Within the job recovery numbers, Connecticut's Department of Labor points out a significant distinction. The private sector has recovered more than the total jobs lost in the recession (103.4 percent), which means the remaining employment losses are from the government sector. This sector includes all federal, state and local government employment, including public education, and Native American tribal government.

The Connecticut housing market's results were mixed for FY 2019. An August 27, 2019 release by the Federal Housing Finance Agency (FHFA) reported housing price appreciation statistics by state for the period ending June 30, 2019. FHFA's Housing Price Index (HPI) tracks changes in home values for individual properties owned or guaranteed by the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac). Over the past year, Connecticut home prices continued to grow more slowly than most of the nation. Connecticut homes appreciated only 2.98 percent for the year, which ranked 45th in the nation overall. The U.S. average appreciation for the period was 4.99 percent. A comparison of five-year housing prices showed similar results: Single family houses in Connecticut appreciated 10.06 percent for the period versus a 32.92 percent increase for the nation as a whole.

A more complete discussion of Fiscal Year 2019 economic condition and outlook is contained in the MDA section of this report.

Acknowledgements

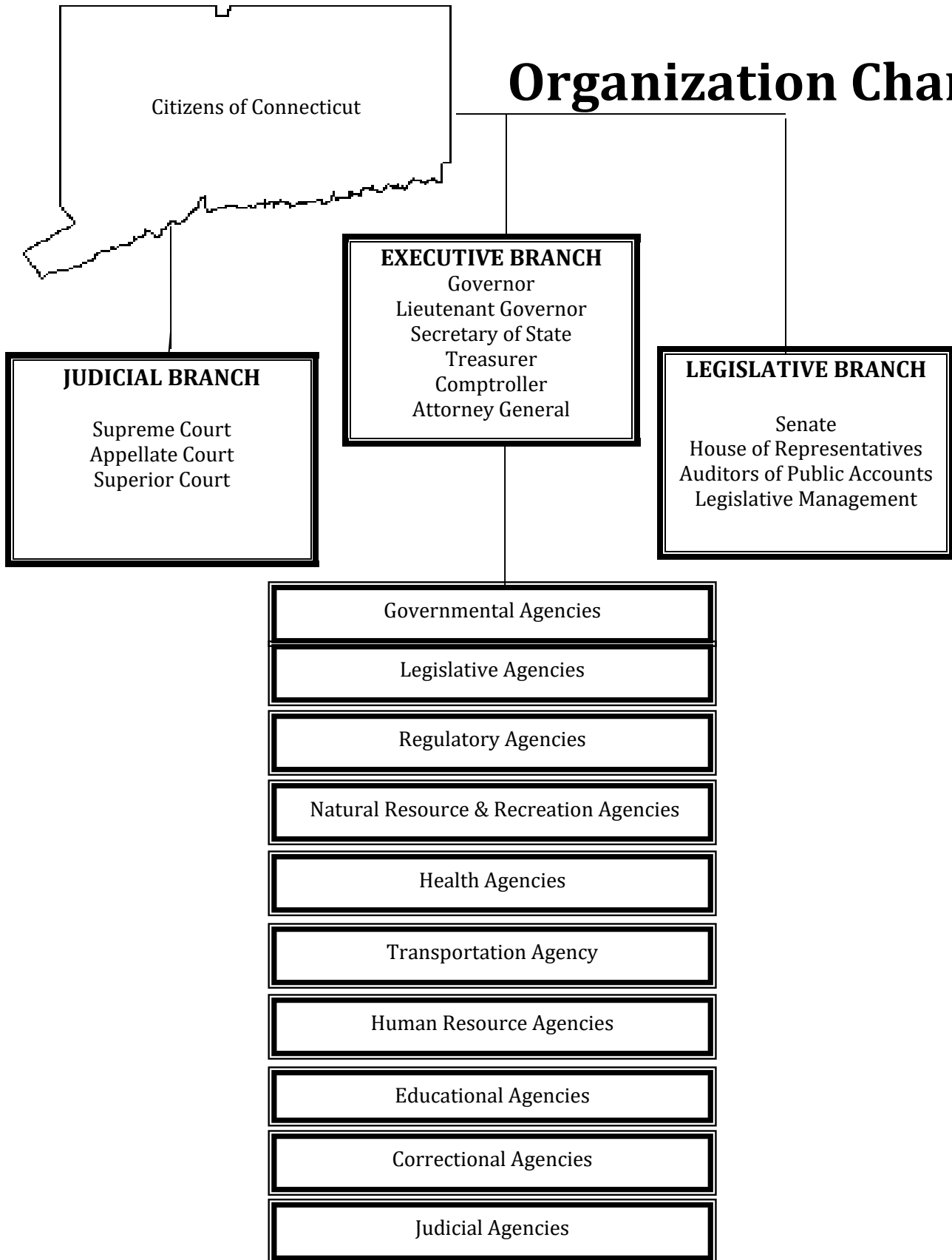
I want to thank my staff, the State Auditors, and the agency personnel who contributed to producing this report. I also want to thank its readers who bring meaning to the work that we do.

Sincerely,



Kevin Lembo
Connecticut State Comptroller

Organization Chart



***CONSTITUTIONAL OFFICERS
EXECUTIVE***

Ned M. Lamont Jr.
Governor

Susan Bysiewicz
Lieutenant Governor

Denise W. Merrill
Secretary of State

Shawn T. Wooden
Treasurer

Kevin P. Lembo
Comptroller

William Tong
Attorney General

LEGISLATIVE

Martin M. Looney
Democratic President Pro Tempore of the Senate

Joseph Aresimowicz
Speaker of the House of Representatives

JUDICIAL

Richard A. Robinson
Chief Justice, Supreme Court



*FINANCIAL
SECTION*

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

ROBERT J. KANE

INDEPENDENT AUDITORS' REPORT

Governor Ned Lamont
Members of the General Assembly

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, certain major funds, and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the state's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit:

Government-wide Financial Statements

- the financial statements of the Special Transportation Fund account within the Transportation Fund and the Transportation Special Tax Obligations account within the Debt Service Fund, which in the aggregate, represent 6% of the assets, 3% of the net position and 8% of the revenues of the Governmental Activities;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University System, Bradley International Airport Parking Facility, and the federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 44% of the assets, 29% of the net position and 31% of the revenues of the Business-Type Activities;
- the financial statements of the discretely presented component units.

Fund Financial Statements

- the financial statements of the Special Transportation Fund account, which represents 99% of the assets and 98% of the revenues of the Transportation Fund;
- the financial statements of the Transportation Special Tax Obligations account, which represents 100% of the assets and 100% of the revenues of the Debt Service Fund;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University System, Bradley International Airport Parking Facility, and the federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 44% of the assets, 29% of the net position and 31% of the revenues of the Enterprise Funds.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned funds and accounts, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. In addition, the financial statements of the Special Transportation Fund, Transportation Special Tax Obligations Fund, Clean Water Fund, Drinking Water Fund, Connecticut Housing Finance Authority, Connecticut Airport Authority, Materials Innovation and Recycling Authority, Connecticut Health and Educational Facilities Authority, Capital Region Development Authority, Connecticut Innovations Incorporated, Connecticut Green Bank, Connecticut Lottery Corporation and Connecticut Health Insurance Exchange were audited by other auditors in accordance with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The audits of the financial statements of the Bradley International Airport Parking Facility, Connecticut State University System, and the University of Connecticut Foundation were not conducted in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on the Major Enterprise Fund Board of Regents

The Board of Regents includes the financial activity of the Connecticut State University System and the Connecticut Community Colleges. As noted above, the financial statements of the Connecticut State University System were audited by other auditors whose reports were furnished to us, and which we are relying on. The financial statements of the Connecticut Community Colleges were not audited, and we were not engaged to audit the Connecticut Community Colleges' financial statements as part of our audit of the State of Connecticut's basic financial statements. The financial activities of the Connecticut Community Colleges represent 33%, 39%, and 23% of the assets, net position, and revenues, respectively, of the Board of Regents, and furthermore, represent 9%, 11% and 4% of the assets, net position, and revenues, respectively, of the Business-Type Activities.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on the Major Enterprise Fund Board of Regents* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position and cash flows of the Board of Regents of the State of Connecticut, as of and for the year ended June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, the General Fund, Debt Service Fund, Transportation Fund, Restricted Grants & Accounts Fund, Grants & Loan Programs Fund, University of Connecticut & Health Center Fund, Employment Security Fund, Clean Water Fund, and the aggregate remaining fund information of the State of Connecticut, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, pension plan schedules and information, and the other postemployment benefits schedules, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the course of our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2020, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report will be issued under separate cover in the *Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters for the Fiscal Year Ended June 30, 2019, State of Connecticut Comprehensive Annual Financial Report* and is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor

February 21, 2020
State Capitol
Hartford, Connecticut



*MANAGEMENT'S
DISCUSSION AND
ANALYSIS*

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following is a discussion and analysis of the State's financial performance and condition providing an overview of the State's activities for the fiscal year ended June 30, 2019. The information provided here should be read in conjunction with the letter of transmittal in the front of this report and with the State's financial statements, which follow this section.

HIGHLIGHTS

Government-wide Financial Statements

The State's total net position (deficit) decreased \$1.4 billion (or 2.9 percent) as a result of this year's operations. Net position (deficit) of governmental activities decreased by \$1.1 billion (or 2.1 percent) and net position of business-type activities increased by \$263.7 million (or 3.8 percent). At year-end, net position (deficit) of governmental activities and business-type activities totaled a negative \$53.5 billion and \$7.3 billion, respectively.

Component units reported net position of \$2.26 billion, an increase of \$18.1 million or 0.81 percent from the previous year. Most of the net position is attributable to the Connecticut Housing Finance Authority, a major component unit.

Fund Financial Statements

The governmental funds reported combined ending fund balance of \$6.5 billion, an increase of \$1.7 billion in comparison with the prior year. Of this total fund balance, \$205.4 million represents nonspendable fund balance, \$4.2 billion represents restricted fund balance, \$2.7 billion represents committed fund balance, and \$183.8 million represents assigned fund balance. A negative \$772.2 million unassigned fund balance offsets these amounts. This deficit belongs primarily to the General Fund which increased by \$530.4 million during the fiscal year.

The State's stabilization account, the General Fund Budget Reserve Fund (Rainy Day Fund) ended the fiscal year with a balance of \$2.5 billion compared to the prior year's balance of \$1.2 billion. The primary reason for the increase as in the prior fiscal year, significant progress was made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund. For fiscal year 2019, the cap was \$3,196.8 million for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$949.7 million was made to the Budget Reserve Fund.

Prior to the close of fiscal year 2019, the balance in the Budget Reserve Fund was \$1,185.3 million, which represented approximately 6.2 percent of net General Fund appropriations. Adding the \$949.7 million volatility transfer and the surplus transfer of \$370.67 million would bring the year-end balance of the Budget Reserve Fund to just over \$2.5 billion or approximately 13 percent of net General Fund appropriations for fiscal year 2020. Therefore, the Budget Reserve Fund balance more than doubled based on fiscal year 2019 results. This represents a major step forward, but there is still more work to do. In order to help protect against future economic downturns, Connecticut must maintain financial discipline and continue building the Budget Reserve Fund balance to the statutory target of 15 percent.

Tax revenues in the governmental funds increased \$132.9 million or 0.7 percent. General fund tax revenues increased \$100.2 million or 0.6 percent.

The Enterprise funds reported net position of \$7.3 billion at year-end, an increase of \$263.7 million during the year, substantially all of which was invested in capital assets or restricted for specific purposes.

Long-Term Debt

Total long-term debt was \$83.1 billion for governmental activities at year-end, of which \$26.7 billion was bonded debt.

Total long-term debt was \$2.1 billion for business-type activities at year-end, of which \$1.6 billion was bonded debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements. The State's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information to provide additional support to the basic financial statements.

Government-wide Financial Statements – Reporting the State as a Whole

The Statement of Net Position and the Statement of Activities beginning on page 39 together comprise the government-wide financial statements. These financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business. All revenues and expenses are recognized regardless of when cash is received or spent, and all assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level. The government-wide statements report the State's net position and changes in net position. Over time, increases and decreases in net position measure whether the State's overall financial condition is getting better or worse. Non-financial factors such as the State's economic outlook, changes in its demographics, and the condition of capital assets and infrastructure should also be considered when evaluating the State's overall condition.

The statement of net position presents information on all of the State's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between them reported as net position. Net position is displayed in three components – net investment in capital assets; restricted; and unrestricted.

The statement of activities presents information showing how the State's net position changed during fiscal year 2019. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the Statement of Net Position and Statement of Activities report three separate activities. These activities are described as follows:

- **Governmental Activities** – The State's basic services fall under this activity including legislative, general government, regulation and protection, conservation and development, health and hospital, transportation, human services, education, corrections, and judicial. Taxes and intergovernmental revenues are major funding sources for these programs.
- **Business-type Activities** – The State operates certain activities much like private-sector companies by charging fees to cover all or most of the costs of providing goods and services. The major business-type activities of the State include the University of Connecticut and Health Center, Board of Regents (Connecticut State Universities & Community Colleges), Employment Security Fund, and Clean Water Fund.
- **Discretely Presented Component Units** – A number of entities are legally separate from the State, yet the State remains financially accountable for them. The major component units of the State are Connecticut Housing Finance Authority, Connecticut Lottery Corporation, and Connecticut Airport Authority.

Fund Financial Statements – Report the State's Most Significant Funds

The fund financial statements beginning on page 44 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

State of Connecticut

- **Governmental Funds** – Most of the State’s basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the modified accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This short-term view of the State’s financial position helps determine whether the State has sufficient resources to cover expenditures for its basic services in the near future.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the State’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The State reports five individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Debt Service Fund, Transportation Fund, Restricted Grants and Accounts Fund, and Grants and Loan Programs Fund, all of which are considered major funds. Data from the other nineteen governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements immediately following the required supplementary information.

- **Proprietary Funds** – Proprietary funds include enterprise funds and internal service funds and account for activities that operate more like private-sector businesses and use the full accrual basis of accounting. Enterprise funds charge fees for services provided to outside customers. Enterprise funds are reported as business-type activities on the government-wide financial statements. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the State’s various functions. The State uses Internal Service funds to account for correction industries, information technology, and administrative services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The State reports four individual proprietary funds. Information is presented separately in the proprietary fund statements for the University of Connecticut and Health Center, Board of Regents (Connecticut State Universities & Connecticut Community Colleges), Employment Security, and Clean Water all of which are considered major funds. Data from the other enterprise funds is combined into a single, aggregated presentation. Individual fund data for all nonmajor proprietary funds is provided in the combining statements immediately following the required supplementary information.

- **Fiduciary Funds** – Fiduciary funds account for resources held by the State in a trustee or agency capacity for others. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the State’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The State’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.
- **Component Units** – The government-wide financial statements report information for all component units into a single, aggregated presentation. Information is provided separately in the component unit fund statements for the Connecticut Housing Finance Authority, Connecticut Lottery, and Connecticut Airport Authority. Data from the other component units is combined into a single, aggregated presentation. Individual fund data for all other nonmajor component units is provided in the combining statements immediately following the required supplementary information.

State of Connecticut

Reconciliation between Government-wide and Fund Statements

The financial statements include schedules on pages 45 and 47 which reconcile and explain the differences between the amounts reported for governmental activities on the government-wide statements (full accrual basis of accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual basis of accounting, short-term focus). The following are some of the major differences between the two statements.

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements but is expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements but are other financing sources on the governmental fund statements.
- Net Pension Liability and Net OPEB Liability are included on the government-wide statements but are not reported on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred inflows of resource on the governmental fund statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the component unit fund financial statements.

Required Supplementary Information (RSI)

Following the basic financial statements are budgetary comparison schedules for major funds with legally adopted budgets. In addition, within the RSI there is a reconciliation schedule for Budgetary vs. GAAP basis of accounting. The RSI also includes information regarding employer contributions for pension and other postemployment benefits, change in employers' net pension liability and OPEB liability, and investment return for the State's pension and OPEB plans.

Supplementary Information

The combining financial statements for the State's nonmajor governmental, nonmajor enterprise, nonmajor fiduciary funds, and nonmajor discretely presented component units.

Statistical Section

This section provides up to ten years of financial, economic, and demographic information.

State of Connecticut

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Net Position

The combined net position deficit of the State decreased \$1.4 billion or 2.9 percent. In comparison, last year the combined net position deficit decreased \$11.1 billion or 18.9 percent. The net position deficit of the State's governmental activities decreased \$1.1 billion (2.1 percent) to \$53.5 billion during the current fiscal year.

State Of Connecticut's Net Position (Expressed in Millions)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
ASSETS						
Current and Other Assets	\$ 7,481	\$ 5,818	\$ 2,844	\$ 2,659	\$ 10,325	\$ 8,477
Noncurrent Assets	18,055	17,417	7,065	7,112	25,120	24,529
Total Assets	<u>25,536</u>	<u>23,235</u>	<u>9,909</u>	<u>9,771</u>	<u>35,445</u>	<u>33,006</u>
Deferred Outflows of Resources	<u>8,507</u>	<u>9,084</u>	<u>8</u>	<u>12</u>	<u>8,515</u>	<u>9,096</u>
LIABILITIES						
Current Liabilities	4,718	4,967	671	673	5,389	5,640
Long-term Liabilities	80,814	80,877	1,984	2,066	82,798	82,943
Total Liabilities	<u>85,532</u>	<u>85,844</u>	<u>2,655</u>	<u>2,739</u>	<u>88,187</u>	<u>88,583</u>
Deferred Inflows of Resources	<u>1,983</u>	<u>1,076</u>	<u>6</u>	<u>7</u>	<u>1,989</u>	<u>1,083</u>
NET POSITION						
Net Investment in Capital Assets	4,508	4,321	4,262	4,287	8,770	8,608
Restricted	3,690	3,027	1,087	1,099	4,777	4,126
Unrestricted	(61,670)	(61,949)	1,907	1,651	(59,763)	(60,298)
Total Net Position (Deficit)	<u>\$ (53,472)</u>	<u>\$ (54,601)</u>	<u>\$ 7,256</u>	<u>\$ 7,037</u>	<u>\$ (46,216)</u>	<u>\$ (47,564)</u>

Total investment in capital assets net of related debt was \$4.5 billion (buildings, roads, bridges, etc.); and \$3.7 billion was restricted for specific purposes, resulting in an unrestricted net position deficit of \$61.7 billion for governmental activities. This deficit is the result of having long-term obligations that are greater than currently available resources. The State has recorded the following outstanding long-term obligations which contributed to the deficit: a) general obligation bonds outstanding of \$18.4 billion to finance various municipal grant programs (e.g., school construction) and \$2.2 billion issued to finance a contribution to a pension trust fund; and b) other long-term obligations in the amount of \$56.4 billion, which are partially funded or not funded by the State (e.g., net pension and OPEB liabilities and compensated absences).

Net position of the State's business-type activities increased \$263.7 million (3.8 percent) to \$7.3 billion during the current fiscal year. Of this amount, \$4.3 billion was invested in capital assets and \$1.1 billion was restricted for specific purposes, resulting in unrestricted net position of \$1.9 billion. These resources are not available to make up for the net position deficit of the State's governmental activities. The State can only use these net positions to finance the ongoing operations of its Enterprise funds (such as the University of Connecticut and Health Center and others).

State of Connecticut

Changes in net position for the years ended June 30, 2019 and 2018 were as follows:

State of Connecticut's Changes in Net Position (Expressed in Millions)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>% change</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>19-18</u>
REVENUES							
Program Revenues							
Charges for Services	\$ 3,190	\$ 2,642	\$ 2,991	\$ 2,947	\$ 6,181	\$ 5,589	10.6%
Operating Grants and Contributions	7,883	7,563	365	350	8,248	7,913	4.2%
Capital Grants and Contributions	696	651	4	5	700	656	6.7%
General Revenues							
Taxes	18,471	18,309	-	-	18,471	18,309	0.9%
Casino Gaming Payments	255	273	-	-	255	273	-6.6%
Lottery Tickets	361	336	-	-	361	336	7.4%
Other	251	166	44	29	295	195	51.3%
Total Revenues	31,107	29,940	3,404	3,331	34,511	33,271	3.7%
EXPENSES							
Legislative	107	72	-	-	107	72	48.6%
General Government	2,781	1,518	-	-	2,781	1,518	83.2%
Regulation and Protection	841	542	-	-	841	542	55.2%
Conservation and Development	1,177	636	-	-	1,177	636	85.1%
Health and Hospital	2,629	1,612	-	-	2,629	1,612	63.1%
Transportation	2,120	1,284	-	-	2,120	1,284	65.1%
Human Services	9,736	5,950	-	-	9,736	5,950	63.6%
Education, Libraries, and Museums	5,051	3,189	-	-	5,051	3,189	58.4%
Corrections	2,115	1,335	-	-	2,115	1,335	58.4%
Judicial	973	605	-	-	973	605	60.8%
Interest and Fiscal Charges	978	889	-	-	978	889	10.0%
University of Connecticut & Health Center	-	-	2,485	2,402	2,485	2,402	3.5%
Board of Regents	-	-	1,398	1,365	1,398	1,365	2.4%
Employment Security	-	-	620	696	620	696	-10.9%
Clean Water	-	-	42	44	42	44	-4.5%
Other	-	-	65	58	65	58	12.1%
Total Expenses	28,508	17,632	4,610	4,565	33,118	22,197	49.2%
Excess (Deficiency) Before Transfers	2,599	12,308	(1,206)	(1,234)	1,393	11,074	
Transfers	(1,470)	(1,562)	1,470	1,562	-	-	
Increase in Net Position	1,129	10,746	264	328	1,393	11,074	
Net Position (Deficit) - Beginning (as restated)	(54,601)	(65,347)	6,992	6,709	(47,609)	(58,638)	
Net Position (Deficit) - Ending	(53,472)	(54,601)	7,256	7,037	(46,216)	(47,564)	-2.8%

Note: The beginning Net Position for Business-Type Activities was restated due to a restatement for Uconn and the Health Center.

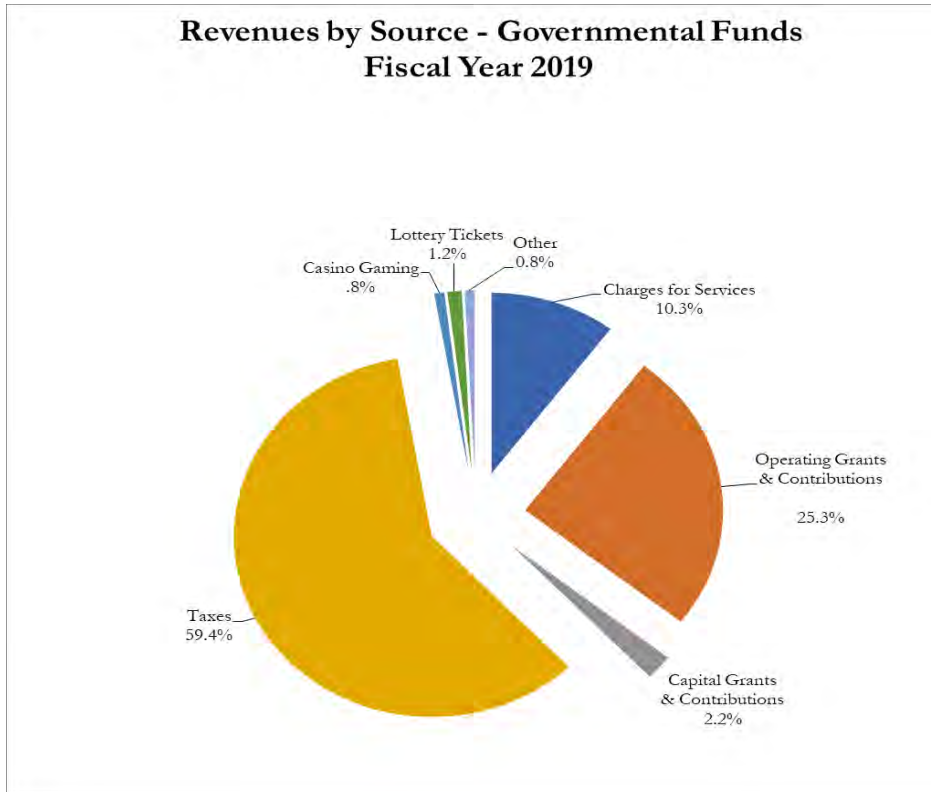
Changes in Net Position

This year the State's governmental activities received 59.4 percent of its revenue from taxes and 27.6 percent of its revenues from grants and contributions. In the prior year, taxes accounted for 61.2 percent and grants and contributions were 27.4 percent of total revenues. Charges for services such as licenses, permits and fees, rents and fines, and other miscellaneous collections comprised 13.0 percent of total revenue in fiscal year 2019, compared to 11.4 percent in fiscal year 2018.

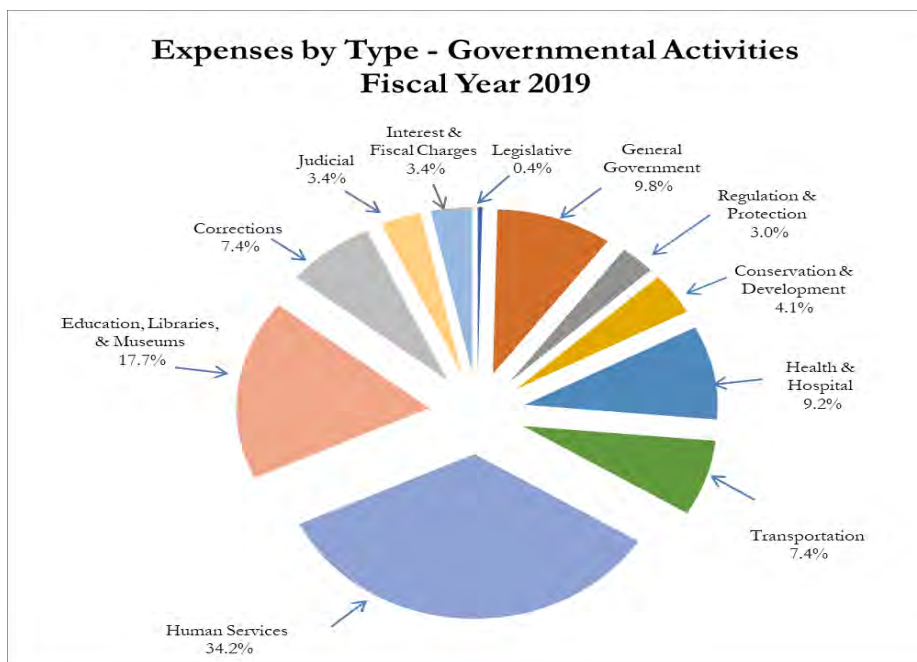
State of Connecticut

Governmental Activities

The following graph is a representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by \$1.2 billion, or 3.9 percent. This increase is primarily due to an increase of \$548 million in charges for services and an increase of \$320 million in operating grants and contributions.



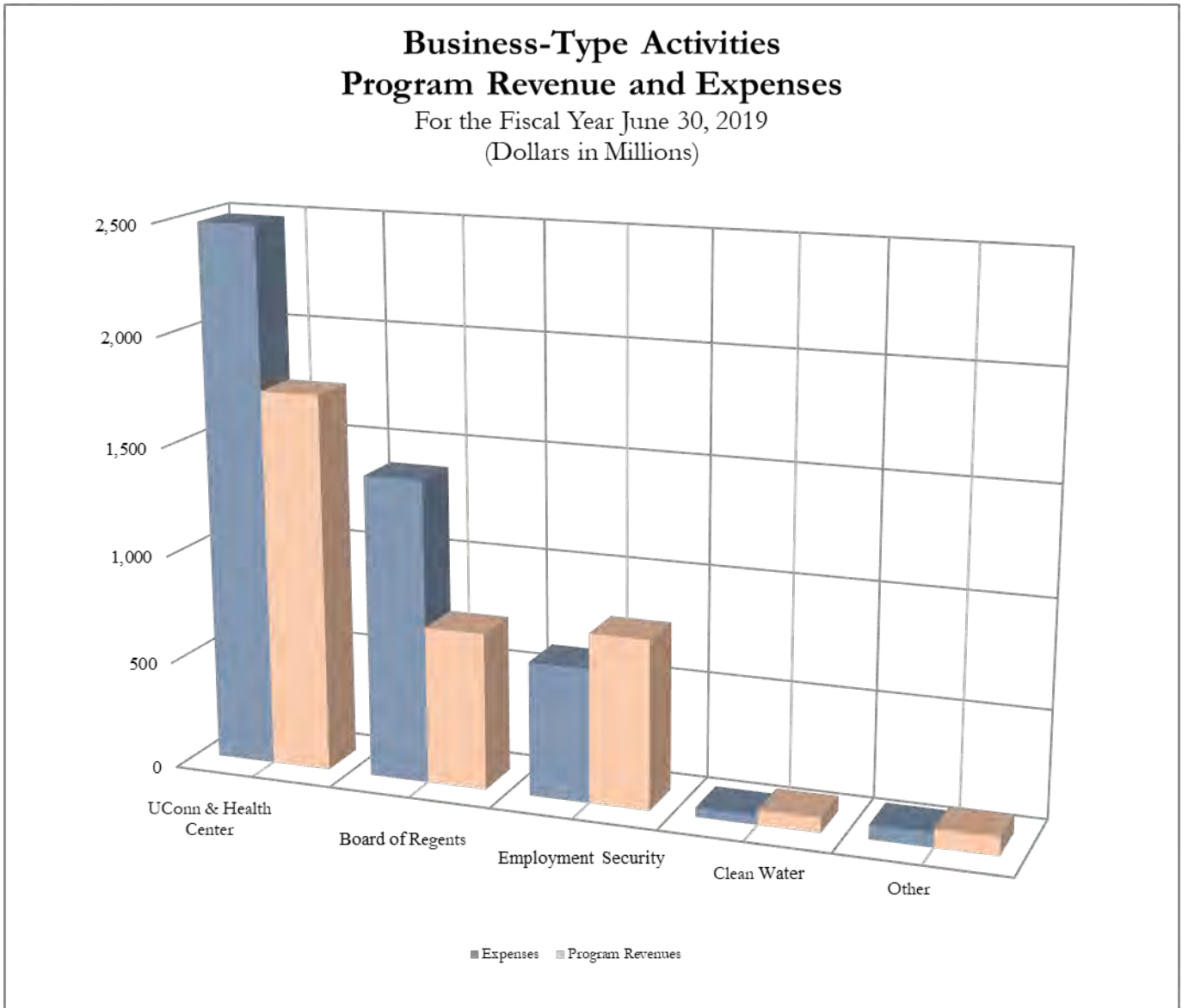
The following graph is a representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses increased by \$10.9 billion, or 61.7 percent.



State of Connecticut

Business-Type Activities

Net position of business-type activities increased by \$263.7 million during the fiscal year. The following chart highlights the changes in net position for the major enterprise funds.



During the year, total revenues of business-type activities increased 2.2 percent to \$3.4 billion, while total expenses increased 1.0 percent to \$4.6 billion. In comparison, last year total revenues increased 1.8 percent, while total expenses increased 1.5 percent. The increase in total expenses of \$45.5 million was due mainly to an increase in University of Connecticut and Health Center expenses of \$83.3 million or 3.5 percent. Although total expenses exceeded total revenues by \$1.2 billion, this deficiency was reduced by transfers of \$1.5 billion, resulting in an increase in net position of \$263.7 million.

State of Connecticut

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

As of the end of the fiscal year, the State's governmental funds had fund balances of \$6.5 billion, an increase of \$1.7 billion over the prior year ending fund balances. Of the total governmental fund balances, \$4.2 billion represents fund balance that is considered restricted for specific purposes by external constraints or enabling legislation; \$205.4 million represents fund balance that is non-spendable and \$2.9 billion represents fund balance that is committed or assigned for specific purposes. A negative \$772.2 million unassigned fund balance offsets these amounts.

General Fund

The General Fund is the chief operating fund of the State. At the end of the fiscal year, the General Fund had a fund balance of \$2.1 billion, an increase of \$969.9 million in comparison with the prior year. Of this total fund balance, \$2.9 billion represents non-spendable fund balance, committed or assigned for specific purposes, leaving a deficit of \$771.4 million in unassigned fund balance.

Specific changes to the General Fund balance included the following:

- Nonspendable fund balance increased by \$5.9 million or 10.5 percent.
- Committed fund balance increased by \$1.3 billion or 99.9 percent. The primary reason for the increase as in the prior fiscal year, significant progress was made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund.
- Assigned fund balance increased by \$160.0 million due to a Surplus transfer to fiscal year 2020-2021.
- Unassigned fund balance deficit increased by \$530.4 million.

At the end of fiscal year 2019, General Fund revenues were .55 percent, or \$113.6 million, higher than fiscal year 2018 revenues. This change in revenue results from increases of \$201.0 million primarily attributable to taxes (\$100.2 million), lottery tickets (\$24.8 million), investment earnings (\$33.0 million), and fines, forfeits, and rents (\$43.0 million). These increases were offset by decreases of \$87.4 million primarily attributable to licenses, permits, and fees (\$14.3 million), charges for services (\$6.1 million), casino gaming (\$17.7 million), federal grants (\$28.7 million), and other revenue (\$20.6 million).

At the end of fiscal year 2019, General Fund expenditures were 1.6 percent, or \$281.2 million, higher than fiscal year 2018. This was primarily attributable to increases in human services (\$46.7 million), general government (\$245.9 million), and education, libraries, and museums (\$51.5 million).

Debt Service Fund

At the end of fiscal year 2019, the Debt Service Fund had a fund balance of \$991.8 million, all of which was restricted, an increase of \$89.9 million in comparison with the prior year.

Transportation Fund

The State's Transportation Fund had a fund balance of \$397.6 million at the end of fiscal 2019. Of this amount, \$23.5 million was in nonspendable form and \$374.1 million was restricted or committed for specific purposes. Fund balance increased by \$76.1 million during the current fiscal year.

At the end of fiscal year 2019, Transportation Fund revenues increased by \$53.4 million, or 3.2 percent, and expenditures increased by \$60.9 million, or 6.4 percent. The growth in revenue was primarily due to an increase in tax receipts.

Restricted Grants and Accounts Fund

At the end of fiscal year 2019, the Restricted Grants and Accounts Fund had a fund balance of \$616.8 million, all of which was restricted for specific purposes, an increase of \$338.6 million in comparison with the prior year.

Total revenues were 11.0 percent, or \$782.4 million, higher than in fiscal year 2018. Overall, total expenditures were 5.3 percent, or \$383.5 million, higher than fiscal year 2018.

Grant and Loan Programs

As of June 30, 2019, the Grant and Loan Programs Fund had a fund balance of \$726.3 million, all of which was restricted or committed for specific purposes, a decrease of \$161.0 million in comparison with the prior year.

State of Connecticut

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Proprietary funds report activities of the State that are similar to for-profit business. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Accordingly, a discussion of the financial activities of the Proprietary funds is provided in that section.

FINANCIAL ANALYSIS OF THE STATE'S FIDUCIARY FUNDS

The State maintains Fiduciary funds for the assets of Pension and Other Employee Benefit Trust funds, an Investment Trust fund, and a Private-Purpose Trust fund. The net positions of the State's Fiduciary funds totaled \$37.9 billion, an increase of \$2.0 billion when compared to the prior year ending net position.

Budget Highlights - General and Transportation Funds

The State budget is formulated during odd-numbered years; the General Assembly generates a two-year (biennial) budget. The process begins with the Executive Branch, when the governor asks the commissioner of each state agency to prepare draft budgets for the following biennium. Over several months the governor's budget office, the Office of Policy and Management (OPM), compiles this information, makes changes as it sees fit, and then works to match the agencies' spending projections with revenue estimates for the same period.

The results referred to as the 'governor's budget,' is delivered to the General Assembly in a formal address by the governor in early February. The annual budget address often includes policy initiatives, spending proposals, and vehicles through which additional revenue may be generated. In the address, the governor identifies his priorities for the biennium.

Thereafter, the legislature goes through a similar process to determine spending priorities and corresponding revenue requirements. Later in the session, the Appropriations and Finance Committees approve a budget, which is often different from the governor's proposal. Negotiations with the governor's office reconcile the two versions and determine the final budget language and the state's fiscal path for the following two years. Lastly, the budget must be voted on and passed by both the House and Senate and signed into law by the governor.

The General Fund ended Fiscal Year 2019 with a surplus of \$370,597,419 on the statutory basis of accounting. In accordance with Section 4-30a of the Connecticut General Statutes, the surplus was transferred to the Budget Reserve Fund (BRF). The Special Transportation Fund had an operating surplus of \$74,395,384 which left a positive fund balance of \$320,116,310 at the close of Fiscal Year 2019.

In FY 2019, as in the prior fiscal year, significant progress was made toward building the balance of the BRF. This was primarily due to the revenue volatility cap, first implemented in FY 2018. This statutory provision requires revenues above a certain threshold to be transferred to the BRF. For FY 2019, the cap was \$3,196.8 million for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$949,680,660 was made to the BRF.

Prior to the close of FY 2019, the balance of the BRF was \$1,185,259,428, which represented approximately 6.2 percent of net General Fund appropriations. Adding the \$949.7 million volatility transfer and the FY 2019 surplus of \$370.6 million brought the year-end balance of the BRF to just over \$2.5 billion or approximately 13 percent of net General Fund appropriations for FY 2020. Therefore, the BRF balance more than doubled based on FY 2019's operating results. This represents a major step forward, but there is still more work to do. In order to help protect against future economic downturns, Connecticut must maintain financial discipline and continue building the BRF balance to the statutory target of 15 percent.

Unlike the earlier years of the economic recovery, FY 2019 was characterized by more stability and less uncertainty. For example, no deficits were projected for the General Fund at any time during the fiscal year and no mid-year deficit mitigation plans were necessary. This was largely the result of net revenues exceeding their budget targets, combined with moderate increases in spending overall. At the same time, as will be described in more detail in the Economic Outlook section below, Connecticut has still not fully recovered from the Great Recession and a few fiscal challenges remain.

State of Connecticut

In FY 2019, General Fund expenditures totaled \$19,248,650,540 on the statutory basis of accounting. This represented growth of 3.4 percent over actual FY 2018 spending levels, a net increase of \$637.9 million. Closer analysis reveals that spending growth was concentrated in a few specific areas for FY 2019.

For example, the three appropriations with the greatest dollar increases in FY 2019 all fall under the category of fixed costs. The largest was debt service, which grew by \$273.9 million or 14.0 percent over FY 2018 levels. This increase was the result of a year-end transfer to the new Special Capital Reserve Fund for Teachers' Retirement that was established in Public Act 19-117. The second largest dollar increase was the employer contribution to the State Employee Retirement System (SERS), which grew by \$115.8 million or 11.0 percent. Third was the State's share of Medicaid expenditures, which increased by \$93.9 million, but by a relatively modest 3.7 percent. Together these three-line items accounted for three-quarters of the spending growth in the General Fund for FY 2019.

Employee General Fund salary and wage costs (from all appropriations) totaled \$2.73 billion in FY 2019. This represented an increase of \$132.4 million or 5.1 percent compared with FY 2018. However, once programmatic changes are factored in, the actual growth rate was significantly smaller. In FY 2019, the Correction Managed Health Care group was transferred from the University of Connecticut Health Center's operating fund to a General Fund appropriation within the Department of Correction. This program shift accounted for \$51.6 million of the total increase in salaries. After adjusting for this change, the actual FY 2019 growth rate for General Fund salary and wages was 3.1 percent.

One notable example of a year-over-year reduction in costs was in the General Fund retiree health insurance account. Despite increasing enrollment and medical trend growth, retiree health insurance expenditures were \$19.1 million lower in FY 2019, which represented a reduction of 2.7 percent versus FY 2018. The primary factor was savings associated with the implementation of a Medicare Advantage plan for retirees and dependents age 65 and over.

As noted, a few General Fund revenue categories out-performed their budget targets in FY 2019. Overall, realized revenues totaled \$19,649,862,151 on the statutory basis of accounting and came in a net \$641.2 million above the budget plan. Compared with the prior year, this represented General Fund revenue growth of 8 percent over FY 2018. However, this growth rate is overstated due to some timing issues around the receipt of over \$400 million in Federal Medicaid reimbursements related to hospital supplemental payments. Due to delays in the Federal review of the State's claim, these payments were received in FY 2019 instead of FY 2018, as originally anticipated. Therefore, adjusting for this timing difference, General Fund revenues grew by closer to 3.5 percent over FY 2018 realized amounts. Of course, had the revenue been received in FY 2018 as planned, the prior year deficit would have been substantially reduced.

Among the most notable results was the performance of the withholding portion of the income tax, which brought in \$518 million or 8.4 percent more than budgeted. In addition, the Pass-through Entity (PET) tax on partnerships and S-corporations came in \$572 million over its target, nearly twice as much as budgeted. The Sales and Use Tax out-performed its target by \$184.5 million or 4.4 percent, while the Corporations Tax was \$140.7 million or 15.3 percent above the budget plan. These positive developments were partially offset by reductions in other tax categories. These included the Insurance Companies Tax (\$40.5 million below budget or -17.3 percent) and the Cigarettes and Tobacco Tax (\$23.5 million below budget or -6.2 percent).

For non-tax revenues, lottery receipts totaled \$364.1 million or \$11.4 million above the budget plan. In addition, casino gaming payments totaled \$255.2 million or \$51.6 million over budget as competition from out of state casinos had a smaller impact than anticipated. Licenses, Permits, and Fees revenue underperformed, falling \$31.4 million below target, while Sales of Commodities and Services was \$10.6 million under budget.

On a statutory basis of accounting, Special Transportation Fund (STF) spending of \$1,609,093,578 in FY 2019 grew by \$125.4 million or 8.5 percent from the prior fiscal year. Over half of that spending growth was for debt service, which rose by \$67.2 million or 11.7 percent over FY 2018, as borrowing increased for transportation infrastructure improvements. The largest programmatic spending increase for FY 2019 was for Department of Transportation bus operations, which grew \$29.8 million or 18.0 percent. The primary reason for this increase was the end of Federal Highway Administration subsidies for the CT Fastrak transit system. STF state employee retirement contributions increased by \$9.8 million or 8.4

State of Connecticut

percent in FY 2019. However, employee salary and wages experienced modest growth of \$4.5 million in FY 2019, just 2.2 percent over FY 2018 totals.

The STF had revenue of \$1,688,144,080 in FY 2019, which exceeded the budget plan by \$67.6 million. As with the prior fiscal year, the strongest performing tax category was the Oil Companies tax, which benefitted from higher oil prices and finished the year \$33.2 million above target.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2019 totaled \$21.1 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress. The net increase in the State's investment in capital assets for the fiscal year was \$522 million.

Major capital asset events for governmental activities during the fiscal year include additions to buildings, land, and construction in progress of \$593.4 million and depreciation expense of \$733.4 million.

The following table is a two-year comparison of the investment in capital assets presented for both governmental and business-type activities:

State of Connecticut's Capital Assets (Net of Depreciation, in Millions)

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 1,863	\$ 1,833	\$ 54	\$ 69	\$ 1,917	1,902
Buildings	2,769	2,744	3,317	3,697	6,086	6,441
Improvements Other Than Buildings	88	106	294	201	382	307
Equipment	47	45	1,081	410	1,128	455
Infrastructure	5,550	5,652	-	-	5,550	5,652
Construction in Progress	5,591	5,053	401	723	5,992	5,776
Total	<u>\$ 15,908</u>	<u>\$ 15,433</u>	<u>\$ 5,147</u>	<u>\$ 5,100</u>	<u>\$ 21,055</u>	<u>\$ 20,533</u>

Additional information on the State's capital assets can be found in Note 9 of this report.

State of Connecticut

Long-Term Debt - Bonded Debt

At the end of the current fiscal year, the State had total debt outstanding of \$28.3 billion. Pursuant to various public and special acts, the State has authorized the issuance of the following types of debt: general obligation debt (payable from the General Fund), special tax obligation debt (payable from the Debt Service Fund), and revenue debt (payable from specific revenues of the Enterprise funds).

The following table is a two-year comparison of bonded debt presented for both governmental and business-type activities:

State of Connecticut's Bonded Debt (in millions) General Obligation and Revenue Bonds

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General Obligation Bonds	\$ 18,369	\$ 18,763	\$ -	\$ -	\$ 18,369	\$ 18,763
Direct Borrowings & Direct Placement	374	-	-	-	374	-
Transportation Related Bonds	5,958	5,541	-	-	5,958	5,541
Revenue Bonds	-	-	1,456	1,494	1,456	1,494
Premiums and Deferred Amounts	<u>2,000</u>	<u>1,919</u>	<u>174</u>	<u>178</u>	<u>2,174</u>	<u>2,097</u>
Total	<u>\$ 26,701</u>	<u>\$ 26,223</u>	<u>\$ 1,630</u>	<u>\$ 1,672</u>	<u>\$ 28,331</u>	<u>\$ 27,895</u>

The State's total bonded debt increased by \$435.3 million (1.6 percent) during the current fiscal year. This increase resulted mainly from an increase in Transportation related bonds of \$417.1 million.

Section 3-21 of the Connecticut General Statutes provides that the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but have not been issued and the total amount of such indebtedness which has been issued and remains outstanding shall not exceed 1.6 times the total estimated General Fund tax receipts of the State for the current fiscal year. In computing the indebtedness at any time, revenue anticipation notes, refunded indebtedness, bond anticipation notes, tax increment financing, budget deficit bonding, revenue bonding, balances in debt retirement funds and other indebtedness pursuant to certain provisions of the General Statutes shall be excluded from the calculation. As of July 2019, the State had a debt incurring margin of \$3.4 billion.

Other Long-Term Debt

State of Connecticut Other Long - Term Debt (in Millions)

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability	\$ 34,821	\$ 34,566	\$ -	\$ -	\$ 34,821	\$ 34,566
Net OPEB Liability	19,663	20,591	-	-	19,663	20,591
Compensated Absences	498	498	176	197	674	695
Workers Compensation	772	747	-	-	772	747
Nonexchange Financial Guarantee	510	532	-	-	510	532
Other	<u>126</u>	<u>260</u>	<u>343</u>	<u>355</u>	<u>469</u>	<u>\$ 615</u>
Total	<u>\$ 56,390</u>	<u>\$ 57,194</u>	<u>\$ 519</u>	<u>\$ 552</u>	<u>\$ 56,909</u>	<u>\$ 57,746</u>

The State's other long-term obligations decreased by \$837.3 million (1.4 percent) during the fiscal year. This decrease was due mainly to a decrease in the net OPEB liability (Governmental activities) of \$928.0 million or 4.5 percent. Additional information on the State's long-term debt can be found in Notes 16 and 17 of this report.

State of Connecticut

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

During FY 2019 Connecticut's economy experienced low unemployment and moderate growth as the recovery from the Great Recession entered its tenth year. However, based on two significant indicators – job growth and housing prices – Connecticut continued to lag the nation's economic recovery.

According to U.S. Bureau of Labor Statistics data reported by the state Department of Labor (DOL), Connecticut gained 4,600 nonfarm seasonally-adjusted payroll jobs over the course of FY 2019 and had a total of 1,692,800 employed residents as of June 2019. However, most of the employment growth (+8,600 jobs) occurred in the first six months of the fiscal year, from July through December 2018. In the second half of the fiscal year, Connecticut lost a net total of 4,000 jobs. Looking at year-over-year job growth, information, leisure & hospitality, and education & health services were the fastest growing sectors in the state's labor market on a percentage basis. The other services, construction, and trade, transportation, and utilities sectors experienced the largest job losses.

As the fiscal year closed, Connecticut's unemployment rate stood at 3.7 percent in June, down one-tenth of a point from May 2019 and down four-tenths of point from a year earlier when it was 4.1 percent. Nationally, the unemployment rate was also 3.7 percent in June 2019, up one-tenth of a point from May 2019 and down three-tenths of point from the prior year when it stood at 4.0 percent.

As of July 2019, Connecticut had recovered 79.7 percent (95,900 payroll job additions) of the 119,100 seasonally adjusted jobs lost in the Great Recession (3/08-2/10).

At that point in time the job recovery was into its 113th month and the state needed an additional 24,400 new net jobs to reach an overall employment expansion. Within the job recovery numbers, Connecticut's Department of Labor points out a significant distinction. The private sector recovered more than the total jobs lost in the recession (103.4 percent), which means the remaining employment losses were from the government sector. This sector includes all federal, state and local government employment, including public education, and Native American tribal government.

The Connecticut housing market's results were mixed for FY 2019. An August 27, 2019 release by the Federal Housing Finance Agency (FHFA) reported housing price appreciation statistics by state for the period ending June 30, 2019. FHFA's Housing Price Index (HPI) tracks changes in home values for individual properties owned or guaranteed by the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac). Over the past year, based on the HPI, Connecticut home prices continued to grow more slowly than most of the nation. Connecticut homes appreciated only 2.98 percent for the year, which ranked 45th in the nation overall. The U.S. average appreciation for the period was 4.99 percent. A comparison of five-year housing prices showed similar results: Single family houses in Connecticut appreciated 10.06 percent for the period versus a 32.92 percent increase for the nation.

A separate measure by data and analytics firm CoreLogic showed U.S. home prices increased by 3.6 percent year-over-year in July. At the same time, Connecticut was one of only two states that experienced a decrease in home prices (-0.3 percent) for the period. The other state was South Dakota, which saw a price decline of 3.4 percent. CoreLogic also reported Connecticut's housing market still has a long way to go to recover its pre-recession peak. As of July 2019, Connecticut's home prices were the farthest in the nation below their all-time high, still 16.4 percent below the peak reached in July 2006.

In a November 7, 2019 report, the Bureau of Economic Analysis (BEA) released Real Gross Domestic Product (GDP) results by state for the second quarter of 2019. Connecticut experienced a seasonally adjusted annual growth rate of 1.0 percent, which ranked 47th in the nation overall. This growth rate was below both the national average of 2.0 percent and the New England regional average of 1.3 percent. The percent change in real GDP in the second quarter ranged from 4.7 percent in Texas to 0.5 percent in Hawaii.

According to September 24, 2019 report by BEA, Connecticut's personal income grew by a 4.8 percent annual rate between the first and second quarters of 2019. Based on this result, Connecticut ranked 31st in the nation for second quarter income growth. This growth rate was below the national average of 5.4 percent. However, it represented a stronger performance than the New England region's average growth rate of 4.3 percent.

State of Connecticut

Despite the great recession of 2008 to 2010 and the moderate pace of recovery, Connecticut continues to be a wealthy state. BEA reports that in 2018, Connecticut had an annual per capita personal income (PCPI) of \$76,456. This PCPI ranked first in the United States and was 140 percent of the national average of \$54,446. Connecticut's 2018 PCPI reflected an increase of 5.9 percent from 2017. The 2017-2018 national change was 4.9 percent. In 2008, the PCPI of Connecticut was \$61,165 and ranked first in the United States. The 2008-2018 compound annual growth rate of PCPI was 2.3 percent in Connecticut. The compound annual growth rate for the nation was 2.9 percent.

Connecticut's high income is partially explained by the high level of educational achievement attained by its residents. According to the U.S. Census Bureau, 38.4 percent of Connecticut's population age 25 and over has a bachelor's degree or higher, which was fourth in the nation among U.S. states. In addition, Connecticut ranked third in the country for the percentage of the population with advanced degrees.

Connecticut has a long history of technological innovation dating back centuries and innovation will continue to be a key factor for Connecticut's economic growth moving forward. In recent years, Connecticut has remained near the top on a number of science, technology and innovation-related categories. In Bloomberg's 2019 U.S. State Innovation Index, for example, Connecticut was ranked the fourth most innovative state economy in the nation, up from seventh place in 2016. The innovation index is based on six equally-weighted metrics: research and development intensity; productivity; clusters of companies in technology; jobs in science, technology, engineering and mathematics (STEM); proportion of the population with degrees in science and engineering; and patent activity. On the innovation index measures, Connecticut showed strength across all six categories. Connecticut ranked seventh in patent activity and was ranked eighth in the nation in research and development (R&D) intensity, productivity and technology company density. On the last two measures, Connecticut ranked 12th in science and engineering degree holders and 13th in STEM-related jobs.

Connecticut continues to be a leader in the field of high-tech manufacturing, producing submarines, helicopters, jet engines and parts, electronics, computer equipment and electronic machinery. Much of Connecticut's manufacturing is for the military and the outlook for Connecticut's defense industry remains strong. According to the state's Office of Military Affairs (OMA), Connecticut ranked fourth in the nation in U.S. defense spending per capita and second in the nation for defense procurement purchases (not including military pay). OMA reports that the recent defense appropriations bills approved by Congress provided substantial funding for Virginia-class submarines and the new generation of Columbia-Class ballistic missile submarines, with Connecticut-based Electric Boat (EB) as a prime contractor for both. In addition, other Connecticut companies fared well, including Pratt & Whitney, which builds engines for the F-35 Joint Strike Fighter, and Sikorsky, which builds Blackhawk helicopters and other military aircraft.

Finance, insurance and real estate (FIRE) is an important industry grouping that represents over a quarter of the State's Real Gross Domestic Product (GDP). Connecticut's FIRE sector has lost 11.5 percent of the jobs held at the pre-recession peak in March of 2008, a reduction of 16,000 jobs. These are some of the highest paying jobs within the state. In the past decade, the strongest job gains continue to be in fields with mid to below average wages, including educational & health services and leisure & hospitality. In the last fiscal year, however, the financial sector performed well adding 2,000 jobs, an increase of 1.6 percent over June 2018.

Through the first six months of FY 2020, the state has continued to add jobs at a modest pace and the unemployment rate remains near historical lows. The State's General Fund is currently projected to end the year with a small deficit, but the shortfall is manageable and will be addressed through agency efforts to curtail hiring and reduce discretionary expenditures. The FY 2020 budget plan includes a revenue volatility transfer to the Budget Reserve Fund (BRF) of \$318.3 million. Therefore, if present projections hold, a significant deposit will be made to the BRF for the third year in a row.

Looking forward to the next biennium, Connecticut faces a few challenges as fixed costs related to entitlements, State pension and retirement health costs and debt service represent a growing share of the state budget. Future budget stability continues to be dependent on economic growth coupled with spending restraint. However, due to its highly educated, productive workforce and its capacity for innovation, Connecticut is well positioned to create a strong economy moving into the future.

CONTACTING THE STATE'S OFFICES OF FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report, please contact the State Comptroller's Office at (860) 702-3352.



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STATEMENTS*

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*GOVERNMENT-WIDE
FINANCIAL
STATEMENTS*

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State of Connecticut

STATEMENT OF NET POSITION

June 30, 2019

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 4,161,951	\$ 868,624	\$ 5,030,575	\$ 289,626
Deposits with U.S. Treasury	-	737,430	737,430	-
Investments	120,323	121,863	242,186	549,917
Receivables, (Net of Allowances)	3,236,847	682,536	3,919,383	75,979
Due from Primary Government	-	-	-	5,731
Inventories	43,912	13,454	57,366	5,779
Restricted Assets	-	277,131	277,131	1,128,712
Internal Balances	(93,970)	93,970	-	-
Other Current Assets	12,075	49,226	61,301	21,527
Total Current Assets	7,481,138	2,844,234	10,325,372	2,077,271
Noncurrent Assets:				
Cash and Cash Equivalents	-	459,554	459,554	-
Due From Component Units	44,069	-	44,069	-
Investments	-	54,271	54,271	233,779
Receivables, (Net of Allowances)	1,110,443	1,162,315	2,272,758	137,169
Restricted Assets	991,788	237,860	1,229,648	5,586,783
Capital Assets, (Net of Accumulated Depreciation)	15,908,193	5,146,855	21,055,048	778,810
Other Noncurrent Assets	124	4,118	4,242	92,480
Total Noncurrent Assets	18,054,617	7,064,973	25,119,590	6,829,021
Total Assets	\$ 25,535,755	\$ 9,909,207	\$ 35,444,962	\$ 8,906,292
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 331	\$ -	\$ 331	\$ 13,740
Unamortized Losses on Bond Refundings	63,932	7,028	70,960	97,610
Related to Pensions	8,442,736	-	8,442,736	76,648
Other Deferred Outflows	-	1,131	1,131	2,847
Total Deferred Outflows of Resources	\$ 8,506,999	\$ 8,159	\$ 8,515,158	\$ 190,845
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 993,023	\$ 387,173	\$ 1,380,196	\$ 134,663
Due to Component Units	5,731	-	5,731	-
Due to Primary Government	-	-	-	44,069
Due to Other Governments	328,561	74	328,635	-
Current Portion of Long-Term Obligations	2,276,526	165,130	2,441,656	315,128
Amount Held for Institutions	-	-	-	210,149
Unearned Revenue	25,765	37,734	63,499	-
Medicaid Liability	591,139	-	591,139	-
Liability for Escheated Property	375,836	-	375,836	-
Other Current Liabilities	121,007	81,327	202,334	45,606
Total Current Liabilities	4,717,588	671,438	5,389,026	749,615
Noncurrent Liabilities:				
Non-Current Portion of Long-Term Obligations	80,814,234	1,984,230	82,798,464	5,989,989
Total Noncurrent Liabilities	80,814,234	1,984,230	82,798,464	5,989,989
Total Liabilities	\$ 85,531,822	\$ 2,655,668	\$ 88,187,490	\$ 6,739,604
Deferred Inflows of Resources				
Related to Pensions	\$ 1,982,567	\$ -	\$ 1,982,567	\$ 46,853
Other Deferred Inflows	-	5,998	5,998	51,051
Total Deferred Inflows of Resources	\$ 1,982,567	\$ 5,998	\$ 1,988,565	\$ 97,904
Net Position				
Net Investment in Capital Assets	\$ 4,508,124	\$ 4,261,844	\$ 8,769,968	\$ 448,257
Restricted For:				
Transportation	318,114	-	318,114	-
Debt Service	898,146	4,508	902,654	14,255
Federal Grants and Other Accounts	644,925	-	644,925	-
Capital Projects	484,088	184,663	668,751	130,268
Grant and Loan Programs	737,733	-	737,733	-
Clean Water and Drinking Water Projects	-	784,257	784,257	-
Bond Indenture Requirements	-	-	-	781,724
Loans	-	3,197	3,197	-
Permanent Investments or Endowments:				
Expendable	-	39,108	39,108	11,865
Nonexpendable	122,925	15,492	138,417	605,081
Other Purposes	484,119	55,902	540,021	144,206
Unrestricted (Deficit)	(61,669,809)	1,906,729	(59,763,080)	123,974
Total Net Position (Deficit)	\$ (53,471,635)	\$ 7,255,700	\$ (46,215,935)	\$ 2,259,630

The accompanying Notes to the Financial Statements are an integral part of this statement.

State of Connecticut

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Program Revenues</u>			
<u>Expenses</u>	<u>Charges for Services, Fees, Fines, and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government				
Governmental Activities:				
Legislative	\$ 106,749	\$ 2,675	\$ -	\$ -
General Government	2,780,978	1,159,500	87,549	-
Regulation and Protection	841,022	729,665	174,712	-
Conservation and Development	1,177,438	263,563	197,369	-
Health and Hospitals	2,629,517	674,495	202,677	-
Transportation	2,119,874	133,398	-	695,772
Human Services	9,735,789	75,217	6,389,855	-
Education, Libraries, and Museums	5,050,837	13,471	661,259	-
Corrections	2,114,689	11,020	150,118	-
Judicial	973,087	126,815	19,231	-
Interest and Fiscal Charges	978,034	-	-	-
Total Governmental Activities	28,508,014	3,189,819	7,882,770	695,772
Business-Type Activities:				
University of Connecticut & Health Center	2,485,461	1,474,927	251,341	3,907
Board of Regents	1,397,779	659,228	54,329	-
Employment Security	619,685	755,712	25,939	-
Clean Water	42,635	33,211	21,851	-
Other	65,075	68,048	11,227	-
Total Business-Type Activities	4,610,635	2,991,126	364,687	3,907
Total Primary Government	\$ 33,118,649	\$ 6,180,945	\$ 8,247,457	\$ 699,679
Component Units				
Connecticut Housing Finance Authority (12/31/18)	\$ 223,740	\$ 165,331	\$ -	\$ -
Connecticut Lottery Corporation	1,336,573	1,333,987	-	-
Connecticut Airport Authority	90,432	105,097	-	20,200
Other Component Units	361,364	331,199	6,450	4,071
Total Component Units	\$ 2,012,109	\$ 1,935,614	\$ 6,450	\$ 24,271
General Revenues:				
Taxes:				
Personal Income				
Corporate Income				
Sales and Use				
Other				
Restricted for Transportation Purposes:				
Motor Fuel				
Other				
Casino Gaming Payments				
Tobacco Settlement				
Lottery Tickets				
Unrestricted Investment Earnings				
Transfers-Internal Activities				
Total General Revenues, Contributions, and Transfers				
Change in Net Position				
Net Position (Deficit)- Beginning (as restated)				
Net Position (Deficit)- Ending				

The accompanying Notes to the Financial Statements are an integral part of this statement.

State of Connecticut

Net (Expense) Revenue and Changes in Net Position

		Primary Government					
Governmental Activities	Business-Type Activities	Total	Component Units				
\$	(104,074)	\$	-	\$	(104,074)	\$	-
	(1,533,929)		-		(1,533,929)		-
	63,355		-		63,355		-
	(716,506)		-		(716,506)		-
	(1,752,345)		-		(1,752,345)		-
	(1,290,704)		-		(1,290,704)		-
	(3,270,717)		-		(3,270,717)		-
	(4,376,107)		-		(4,376,107)		-
	(1,953,551)		-		(1,953,551)		-
	(827,041)		-		(827,041)		-
	(978,034)		-		(978,034)		-
	<u>(16,739,653)</u>		<u>-</u>		<u>(16,739,653)</u>		<u>-</u>
	-		(755,286)		(755,286)		-
	-		(684,222)		(684,222)		-
	-		161,966		161,966		-
	-		12,427		12,427		-
	-		14,200		14,200		-
	<u>-</u>		<u>(1,250,915)</u>		<u>(1,250,915)</u>		<u>-</u>
	<u>(16,739,653)</u>		<u>(1,250,915)</u>		<u>(17,990,568)</u>		<u>-</u>
	-		-		-		(58,409)
	-		-		-		(2,586)
	-		-		-		34,865
	<u>-</u>		<u>-</u>		<u>-</u>		<u>(19,644)</u>
	-		-		-		(45,774)
	8,377,644		-		8,377,644		-
	957,031		-		957,031		-
	4,332,195		-		4,332,195		-
	3,550,946		-		3,550,946		-
	827,816		-		827,816		-
	425,828		-		425,828		-
	255,239		-		255,239		-
	124,508		-		124,508		-
	360,996		-		360,996		-
	127,543		44,318		171,861		63,854
	<u>(1,470,321)</u>		<u>1,470,321</u>		<u>-</u>		<u>-</u>
	<u>17,869,425</u>		<u>1,514,639</u>		<u>19,384,064</u>		<u>63,854</u>
	1,129,772		263,724		1,393,496		18,080
	<u>(54,601,405)</u>		<u>6,991,976</u>		<u>(47,609,429)</u>		<u>2,241,550</u>
\$	<u>(53,471,633)</u>	\$	<u>7,255,700</u>	\$	<u>(46,215,933)</u>	\$	<u>2,259,630</u>

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*FUND FINANCIAL
STATEMENTS*

State of Connecticut

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2019

(Expressed in Thousands)

	General	Debt Service	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 1,927,034	\$ -	\$ 194,986	\$ 527,818	\$ 247,594	\$ 1,253,792	\$ 4,151,224
Investments	-	-	-	-	50	120,273	120,323
Securities Lending Collateral	-	-	-	-	-	11,900	11,900
Receivables:							
Taxes, Net of Allowances	1,780,927	-	203,927	-	-	-	1,984,854
Accounts, Net of Allowances	484,881	-	39,094	44,706	12,428	39,025	620,134
Loans, Net of Allowances	3,419	-	-	189,364	504,265	413,395	1,110,443
From Other Governments	114,032	-	-	504,612	-	9,383	628,027
Interest	-	2,563	787	-	-	-	3,350
Other	-	-	-	-	-	3	3
Due from Other Funds	47,737	-	2,563	790	4	13,727	64,821
Due from Component Units	43,735	-	-	132	-	202	44,069
Inventories	15,188	-	23,559	-	-	-	38,747
Restricted Assets	-	991,788	-	-	-	-	991,788
Total Assets	<u>\$ 4,416,953</u>	<u>\$ 994,351</u>	<u>\$ 464,916</u>	<u>\$ 1,267,422</u>	<u>\$ 764,341</u>	<u>\$ 1,861,700</u>	<u>\$ 9,769,683</u>
Liabilities, Deferred Inflows, and Fund Balances							
Liabilities							
Accounts Payable and Accrued Liabilities	\$ 357,955	\$ -	\$ 30,092	\$ 223,697	\$ 26,267	\$ 76,546	\$ 714,557
Due to Other Funds	74,651	2,563	-	3,827	35	72,363	153,439
Due to Component Units	-	-	-	5,731	-	-	5,731
Due to Other Governments	326,994	-	-	1,567	-	-	328,561
Unearned Revenue	11,039	-	-	-	-	14,726	25,765
Medicaid Liability	242,356	-	-	348,783	-	-	591,139
Liability For Escheated Property	375,836	-	-	-	-	-	375,836
Securities Lending Obligation	-	-	-	-	-	11,900	11,900
Other Liabilities	93,263	-	-	15,844	-	-	109,107
Total Liabilities	<u>1,482,094</u>	<u>2,563</u>	<u>30,092</u>	<u>599,449</u>	<u>26,302</u>	<u>175,535</u>	<u>2,316,035</u>
Deferred Inflows of Resources							
Receivables to be Collected in Future Periods	813,873	-	37,212	51,172	11,725	36,852	950,834
Fund Balances							
Nonspendable:							
Inventories/Long-Term Receivables	62,342	-	23,560	-	-	-	85,902
Permanent Fund Principal	-	-	-	-	-	119,543	119,543
Restricted For:							
Debt Service	-	991,788	-	-	-	-	991,788
Transportation Programs	-	-	340,752	-	-	-	340,752
Federal Grant and State Programs	-	-	-	616,801	-	-	616,801
Grants and Loans	-	-	-	-	725,308	-	725,308
Other	-	-	-	-	-	1,507,651	1,507,651
Committed For:							
Continuing Appropriations	164,550	-	33,300	-	-	-	197,850
Budget Reserve Fund	2,505,538	-	-	-	-	-	2,505,538
Assigned To:							
Surplus Transfer to Fiscal Year 2020-2021	160,000	-	-	-	-	-	160,000
Grants and Loans	-	-	-	-	1,006	-	1,006
Other	-	-	-	-	-	22,834	22,834
Unassigned	(771,444)	-	-	-	-	(715)	(772,159)
Total Fund Balances	<u>2,120,986</u>	<u>991,788</u>	<u>397,612</u>	<u>616,801</u>	<u>726,314</u>	<u>1,649,313</u>	<u>6,502,814</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,416,953</u>	<u>\$ 994,351</u>	<u>\$ 464,916</u>	<u>\$ 1,267,422</u>	<u>\$ 764,341</u>	<u>\$ 1,861,700</u>	<u>\$ 9,769,683</u>

State of Connecticut

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2019

(Expressed in Thousands)

Total Fund Balance - Governmental Funds \$ 6,502,814

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (see Note 9). These consist of:

Cost of capital assets (excluding internal service funds)	32,156,531	
Less: Accumulated depreciation (excluding internal service funds)	<u>(16,295,431)</u>	
Net capital assets		15,861,100

Some assets such as receivables, are not available soon enough to pay for current period's expenditures and thus, are offset by unavailable revenue in the governmental funds. 950,834

Deferred losses on refundings are reported in the Statement of Net Position (to be amortized as interest expense) but are not reported in the funds. 63,932

Deferred outflows for pensions and OPEB are reported in the Statement of Net Position but are not reported in the funds (see Note 10 & 13). 8,442,736

Long-term debt instruments such as bonds and notes payable, are not due and payable in the current period and, therefore, the outstanding balances are not reported in the funds (see Note 16). Also, unamortized debt premiums and interest payable are reported in the Statement of Net Position but are not reported in the funds. These balances consist of:

General obligation bonds payable	(18,368,713)	
Transportation bonds payable	(5,957,640)	
Direct Borrowings & Direct Placements	(374,080)	
Unamortized premiums	(2,000,370)	
Accrued interest payable	<u>(276,369)</u>	
Net long-term debt		(26,977,172)

Other liabilities not due and payable in the current period and, therefore, not reported in the funds (see Note 16).

Net pension liability	(34,820,505)	
Net OPEB liability	(19,663,039)	
Obligations for worker's compensation	(771,753)	
Capital leases payable	(27,997)	
Compensated absences (excluding internal service funds)	(497,059)	
Claims and judgments payable	(63,444)	
Landfill postclosure care	(33,535)	
Nonexchange Financial guarantee	<u>(510,275)</u>	
Total other liabilities		(56,387,607)

Deferred inflows for pensions and OPEB are reported in the Statement of Net Position but are not reported in the funds (see Note 10 & 13). (1,982,567)

Pension and OPEB related

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 54,295

Total Net Position - Governmental Activities \$ (53,471,635)

The accompanying Notes to the Financial Statements are an integral part of this statement.

State of Connecticut

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	General	Debt Service	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Funds	Total Governmental Funds
Revenues							
Taxes	\$ 17,133,724	\$ -	\$ 1,248,312	\$ -	\$ -	\$ -	\$ 18,382,036
Licenses, Permits, and Fees	288,055	-	338,685	7,004	-	147,258	781,002
Tobacco Settlement	-	-	-	-	-	124,508	124,508
Federal Grants and Aid	2,267,084	-	12,259	6,229,391	-	69,809	8,578,543
Lottery Tickets	360,996	-	-	-	-	-	360,996
Charges for Services	27,105	-	66,928	-	-	1,039	95,072
Fines, Forfeits, and Rents	147,538	-	19,005	-	-	900	167,443
Casino Gaming Payments	255,239	-	-	-	-	-	255,239
Investment Earnings	48,950	29,065	16,164	3,686	13,395	16,269	127,529
Interest on Loans	-	-	-	-	-	14	14
Miscellaneous	247,597	-	15,944	1,656,846	29,778	100,572	2,050,737
Total Revenues	<u>20,776,288</u>	<u>29,065</u>	<u>1,717,297</u>	<u>7,896,927</u>	<u>43,173</u>	<u>460,369</u>	<u>30,923,119</u>
Expenditures							
Current:							
Legislative	103,362	-	-	1,896	-	42	105,300
General Government	1,504,690	-	12,992	629,617	471,503	95,418	2,714,220
Regulation and Protection	435,627	-	105,245	113,434	4,835	166,164	825,305
Conservation and Development	217,743	-	4,717	284,290	475,718	166,886	1,149,354
Health and Hospitals	1,654,556	-	-	816,838	20,878	71,126	2,563,398
Transportation	-	-	892,624	631,359	31,601	-	1,555,584
Human Services	4,998,915	-	-	4,478,462	30	4,229	9,481,636
Education, Libraries, and Museums	4,338,242	-	-	570,665	16,303	2,618	4,927,828
Corrections	2,040,489	-	-	23,808	1,242	2,007	2,067,546
Judicial	867,606	-	-	27,929	-	56,535	952,070
Capital Projects	-	-	-	-	-	955,637	955,637
Debt Service:							
Principal Retirement	1,060,482	323,470	-	-	-	-	1,383,952
Interest and Fiscal Charges	1,136,304	279,499	547	99,594	3,569	5,434	1,524,947
Total Expenditures	<u>18,358,016</u>	<u>602,969</u>	<u>1,016,125</u>	<u>7,677,892</u>	<u>1,025,679</u>	<u>1,526,096</u>	<u>30,206,777</u>
Excess (Deficiency) of Revenues Over Expenditures	2,418,272	(573,904)	701,172	219,035	(982,506)	(1,065,727)	716,342
Other Financing Sources (Uses)							
Bonds Issued	-	-	-	-	817,964	1,356,822	2,174,786
Premiums on Bonds Issued	-	91,930	-	-	75,033	138,910	305,873
Transfers In	1,095,660	685,437	21,810	145,591	-	453,248	2,401,746
Transfers Out	(2,552,943)	(56,068)	(647,168)	(26,072)	(71,464)	(534,452)	(3,888,167)
Refunding Bonds Issued	-	803,985	-	-	-	-	803,985
Payment to Refunded Bond Escrow Agent	-	(861,512)	-	-	-	-	(861,512)
Capital Lease Obligations	6,639	-	-	-	-	-	6,639
Total Other Financing Sources (Uses)	<u>(1,450,644)</u>	<u>663,772</u>	<u>(625,358)</u>	<u>119,519</u>	<u>821,533</u>	<u>1,414,528</u>	<u>943,350</u>
Net Change in Fund Balances	967,628	89,868	75,814	338,554	(160,973)	348,801	1,659,692
Fund Balances (Deficit) - Beginning	1,151,043	901,920	321,508	278,247	887,287	1,300,512	4,840,517
Change in Reserve for Inventories	2,315	-	290	-	-	-	2,605
Fund Balances (Deficit) - Ending	<u>\$ 2,120,986</u>	<u>\$ 991,788</u>	<u>\$ 397,612</u>	<u>\$ 616,801</u>	<u>\$ 726,314</u>	<u>\$ 1,649,313</u>	<u>\$ 6,502,814</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

State of Connecticut

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

Net change in fund balances - total governmental funds \$ 1,659,691

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-term debt proceeds provide current financial resources to governmental funds, while the repayment of the related debt principal consumes those financial resources. These transactions, however, have no effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. In the current period, these amounts consist of

Debt issued or incurred:			
Bonds issued		(2,174,786)	
Refunding bonds issued		(819,074)	
Premium on bonds issued		(296,415)	
Principal repayment:			
Principal Retirement		1,744,440	
Payments to refunded bond escrow agent		852,710	
Capital lease payments		6,218	
Net debt adjustments			(686,907)

Some capital assets acquired this year were financed with capital leases. The amount financed by leases is reported in the governmental funds as a source of financing, but lease obligations are reported as long-term liabilities on the Statement of Activities

(6,639)

Capital outlays are reported as expenditures in the governmental funds. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts and other reductions were as follows:

Capital outlays (including construction-in-progress)	1,206,355	
Depreciation expense (excluding internal service funds)	(732,889)	
Net capital outlay adjustments		473,466

Inventories are reported as expenditures in the governmental funds when purchased. However, in the Statement of Activities the cost of these assets is recognized when those assets are consumed. This is the amount by which purchases exceeded consumption of inventories.

2,605

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not recognized in the funds. In the current period, the net adjustments consist of:

Increase in accrued interest	(36,846)	
Amortization of bond premium	215,528	
Amortization of loss on debt refundings	(5,207)	
Decrease in Net OPEB Liability	927,961	
Increase in net deferred inflows related to other post employment benefits {OPEB}	(601,701)	
Increase in net deferred outflows related to other post employment benefits {OPEB}	156,408	
Increase in compensated absences	(168)	
Increase in workers compensation	(24,519)	
Decrease in claims and judgments	132,099	
Decrease in landfill postclosure cost	1,530	
Decrease in non-exchange financial guarantees	21,285	
Increase in pension liability	(254,016)	
Increase in net deferred inflows related to pensions	(305,355)	
Decrease in net deferred outflows related to pensions	(728,263)	
Net expense accruals		(501,264)

Some revenues in the Statement of Activities do not provide current financial resources and, therefore, are deferred inflows of resources in the funds. Also, revenues related to prior periods that became available during the current period are reported in the funds but are eliminated in the Statement of Activities. This amount is the net adjustment.

184,989

Internal service funds are used by management to charge the costs of certain activities, to individual funds. The net revenues (expenses) of internal service funds are included with governmental activities in the Statement of Activities.

3,829

Change in net position - governmental activities \$ 1,129,770

The accompanying Notes to the Financial Statements are an integral part of this statement.

State of Connecticut

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2019

(Expressed in Thousands)

	Business-Type Activities						Governmental Activities
	Enterprise Funds						
	University of Connecticut & Health Center	Board of Regents	Employment Security	Clean Water	Other Funds	Total	
Assets							
Current Assets:							
Cash and Cash Equivalents	\$ 486,269	\$ 306,334	\$ 158	\$ 4,961	\$ 70,902	\$ 868,624	\$ 10,727
Deposits with U.S. Treasury	-	-	737,430	-	-	737,430	-
Investments	667	121,196	-	-	-	121,863	-
Receivables:							
Accounts, Net of Allowances	150,514	65,308	185,563	-	6,987	408,372	100
Loans, Net of Allowances	2,295	2,552	-	214,744	41,462	261,053	-
Interest	-	-	-	3,668	503	4,171	-
From Other Governments	-	2,729	5,481	-	730	8,940	-
Due from Other Funds	45,871	78,683	501	-	-	125,055	4,850
Inventories	13,454	-	-	-	-	13,454	5,165
Restricted Assets	277,131	-	-	-	-	277,131	-
Other Current Assets	40,236	8,963	-	-	27	49,226	175
Total Current Assets	<u>1,016,437</u>	<u>585,765</u>	<u>929,133</u>	<u>223,373</u>	<u>120,611</u>	<u>2,875,319</u>	<u>21,017</u>
Noncurrent Assets:							
Cash and Cash Equivalents	-	143,875	-	218,034	97,645	459,554	-
Investments	16,187	33,196	-	4,888	-	54,271	-
Receivables:							
Loans, Net of Allowances	6,510	5,754	-	1,003,187	146,864	1,162,315	-
Restricted Assets	463	-	-	210,804	26,593	237,860	-
Capital Assets, Net of Accumulated Depreciation	3,183,505	1,939,404	-	-	23,946	5,146,855	47,093
Other Noncurrent Assets	3,733	200	-	-	185	4,118	124
Total Noncurrent Assets	<u>3,210,398</u>	<u>2,122,429</u>	<u>-</u>	<u>1,436,913</u>	<u>295,233</u>	<u>7,064,973</u>	<u>47,217</u>
Total Assets	<u>\$ 4,226,835</u>	<u>\$ 2,708,194</u>	<u>\$ 929,133</u>	<u>\$ 1,660,286</u>	<u>\$ 415,844</u>	<u>\$ 9,940,292</u>	<u>\$ 68,234</u>
Deferred Outflows of Resources							
Unamortized Losses on Bond Refundings	\$ -	\$ -	\$ -	\$ 6,867	\$ 161	\$ 7,028	\$ -
Other Deferred Outflows	135	996	-	-	-	1,131	-
Total Deferred Outflows of Resources	<u>\$ 135</u>	<u>\$ 996</u>	<u>\$ -</u>	<u>\$ 6,867</u>	<u>\$ 161</u>	<u>\$ 8,159</u>	<u>\$ -</u>
Liabilities							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 236,772	\$ 130,608	\$ 16	\$ 9,556	\$ 10,221	\$ 387,173	\$ 1,241
Due to Other Funds	25,963	4,825	297	-	-	31,085	10,679
Due to Other Governments	-	-	74	-	-	74	-
Current Portion of Long-Term Obligations	68,347	27,158	-	58,363	11,262	165,130	82
Unearned Revenue	-	37,734	-	-	-	37,734	-
Other Current Liabilities	70,335	10,992	-	-	-	81,327	-
Total Current Liabilities	<u>401,417</u>	<u>211,317</u>	<u>387</u>	<u>67,919</u>	<u>21,483</u>	<u>702,523</u>	<u>12,002</u>
Noncurrent Liabilities:							
Noncurrent Portion of Long-Term Obligations	577,869	461,719	-	789,863	154,779	1,984,230	1,937
Total Noncurrent Liabilities	<u>577,869</u>	<u>461,719</u>	<u>-</u>	<u>789,863</u>	<u>154,779</u>	<u>1,984,230</u>	<u>1,937</u>
Total Liabilities	<u>\$ 979,286</u>	<u>\$ 673,036</u>	<u>\$ 387</u>	<u>\$ 857,782</u>	<u>\$ 176,262</u>	<u>\$ 2,686,753</u>	<u>\$ 13,939</u>
Deferred Inflows of Resources							
Other Deferred Inflows	\$ 5,998	\$ -	\$ -	\$ -	\$ -	\$ 5,998	\$ -
Total Deferred Inflows of Resources	<u>\$ 5,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,998</u>	<u>\$ -</u>
Net Position (Deficit)							
Net Investment in Capital Assets	\$ 2,465,937	\$ 1,794,292	\$ -	\$ -	\$ 1,615	\$ 4,261,844	\$ 47,217
Restricted For:							
Debt Service	-	-	-	-	4,508	4,508	-
Clean and Drinking Water Projects	-	-	-	617,328	166,929	784,257	-
Capital Projects	184,663	-	-	-	-	184,663	-
Nonexpendable Purposes	15,005	487	-	-	-	15,492	-
Expendable Endowment	-	39,108	-	-	-	39,108	-
Loans	3,197	-	-	-	-	3,197	-
Other Purposes	23,304	32,598	-	-	-	55,902	-
Unrestricted (Deficit)	549,580	169,669	928,746	192,043	66,691	1,906,729	7,078
Total Net Position	<u>\$ 3,241,686</u>	<u>\$ 2,036,154</u>	<u>\$ 928,746</u>	<u>\$ 809,371</u>	<u>\$ 239,743</u>	<u>\$ 7,255,700</u>	<u>\$ 54,295</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

State of Connecticut

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	Business-Type Activities						Governmental
	Enterprise Funds						Activities
	University of Connecticut & Health Center	Board of Regents	Employment Security	Clean Water	Other Funds	Totals	Internal Service Funds
Operating Revenues							
Charges for Sales and Services (Net of allowances & discounts \$235,837)	\$ 1,185,676	\$ 504,423	\$ -	\$ -	\$ 32,135	\$1,722,234	\$ 53,649
Assessments	-	-	731,022	-	31,459	762,481	-
Federal Grants, Contracts, and Other Aid	179,789	21,604	11,761	-	-	213,154	-
State Grants, Contracts, and Other Aid	17,959	22,345	14,178	-	-	54,482	-
Private Gifts and Grants	53,593	10,380	-	-	-	63,973	-
Interest on Loans	-	-	-	24,243	3,719	27,962	-
Other	157,020	12,077	24,690	-	735	194,522	141
Total Operating Revenues	<u>1,594,037</u>	<u>570,829</u>	<u>781,651</u>	<u>24,243</u>	<u>68,048</u>	<u>3,038,808</u>	<u>53,790</u>
Operating Expenses							
Salaries, Wages, and Administrative	2,122,758	1,253,068	-	1,017	20,535	3,397,378	33,359
Unemployment Compensation	-	-	619,685	-	-	619,685	-
Claims Paid	-	-	-	-	22,879	22,879	-
Depreciation and Amortization	191,673	95,841	-	-	1,160	288,674	17,553
Other	161,412	37,414	-	3,661	1,790	204,277	-
Total Operating Expenses	<u>2,475,843</u>	<u>1,386,323</u>	<u>619,685</u>	<u>4,678</u>	<u>46,364</u>	<u>4,532,893</u>	<u>50,912</u>
Operating Income (Loss)	<u>(881,806)</u>	<u>(815,494)</u>	<u>161,966</u>	<u>19,565</u>	<u>21,684</u>	<u>(1,494,085)</u>	<u>2,878</u>
Nonoperating Revenue (Expenses)							
Interest and Investment Income	13,369	13,329	-	12,888	4,732	44,318	760
Interest and Fiscal Charges	(9,618)	(11,456)	-	(37,957)	(6,775)	(65,806)	-
Other - Net	132,231	142,728	-	8,968	(11,936)	271,991	192
Total Nonoperating Revenues (Expenses)	<u>135,982</u>	<u>144,601</u>	<u>-</u>	<u>(16,101)</u>	<u>(13,979)</u>	<u>250,503</u>	<u>952</u>
Income (Loss) Before Capital Contributions, Grants, and Transfers	<u>(745,824)</u>	<u>(670,893)</u>	<u>161,966</u>	<u>3,464</u>	<u>7,705</u>	<u>(1,243,582)</u>	<u>3,830</u>
Capital Contributions	3,907	-	-	-	-	3,907	-
Federal Capitalization Grants	-	-	-	21,851	11,227	33,078	-
Transfers In	807,623	667,393	-	336	384	1,475,736	-
Transfers Out	-	-	(5,415)	-	-	(5,415)	-
Change in Net Position	65,706	(3,500)	156,551	25,651	19,316	263,724	3,830
Total Net Position (Deficit) - Beginning (as restated)	<u>3,175,980</u>	<u>2,039,654</u>	<u>772,195</u>	<u>783,720</u>	<u>220,427</u>	<u>6,991,976</u>	<u>50,465</u>
Total Net Position (Deficit) - Ending	<u>\$ 3,241,686</u>	<u>\$ 2,036,154</u>	<u>\$ 928,746</u>	<u>\$ 809,371</u>	<u>\$ 239,743</u>	<u>\$ 7,255,700</u>	<u>\$ 54,295</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

State of Connecticut

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	Business-Type Activities						Governmental
	Enterprise Funds						Activities
	University of Connecticut & Health Center	Board of Regents	Employment Security	Clean Water	Other	Totals	Internal Service Funds
Cash Flows from Operating Activities							
Receipts from Customers	\$ 1,165,814	\$ 518,871	\$ 733,509	\$115,552	\$ 78,590	\$ 2,612,336	\$ 53,280
Payments to Suppliers	(744,244)	(243,275)	-	(3,661)	(9,429)	(1,000,609)	(21,422)
Payments to Employees	(1,461,071)	(955,262)	-	(957)	(12,108)	(2,429,398)	(10,281)
Other Receipts (Payments)	446,133	65,528	(730,374)	(155,386)	(73,225)	(447,324)	(843)
Net Cash Provided by (Used in) Operating Activities	(593,368)	(614,138)	3,135	(44,452)	(16,172)	(1,264,995)	20,734
Cash Flows from Noncapital Financing Activities							
Proceeds from Sale of Bonds	13,000	-	-	-	-	13,000	-
Retirement of Bonds and Annuities Payable	(38,358)	-	-	(53,831)	(10,054)	(102,243)	-
Interest on Bonds and Annuities Payable	(26,929)	-	-	(37,497)	(6,395)	(70,821)	-
Transfers In	495,283	550,087	-	336	384	1,046,090	-
Transfers Out	-	-	(5,415)	-	-	(5,415)	-
Other Receipts (Payments)	133,136	142,727	(12,845)	-	(4,030)	258,988	192
Net Cash Flows from Noncapital Financing Activities	576,132	692,814	(18,260)	(90,992)	(20,095)	1,139,599	192
Cash Flows from Capital and Related Financing Activities							
Additions to Property, Plant, and Equipment	(267,767)	(126,541)	-	-	(823)	(395,131)	(19,673)
Proceeds from Capital Debt	187,000	-	-	-	-	187,000	-
Principal Paid on Capital Debt	(112,471)	(18,940)	-	-	-	(131,411)	-
Interest Paid on Capital Debt	(69,543)	(11,456)	-	-	-	(80,999)	-
Transfer In	184,234	117,307	-	-	-	301,541	-
Federal Grant	-	-	-	21,851	10,621	32,472	-
Other Receipts (Payments)	23,165	(18,474)	-	-	-	4,691	-
Net Cash Flows from Capital and Related Financing Activities	(55,382)	(58,104)	-	21,851	9,798	(81,837)	(19,673)
Cash Flows from Investing Activities							
Proceeds from Sales and Maturities of Investments	-	54,656	-	-	-	54,656	-
Purchase of Investment Securities	(462)	(111,173)	-	-	-	(111,635)	-
Interest on Investments	12,450	13,329	13,985	13,156	4,408	57,328	760
(Increase) Decrease in Restricted Assets	-	-	-	(21,055)	-	(21,055)	-
Other Receipts (Payments)	-	-	-	121,392	21,743	143,135	-
Net Cash Flows from Investing Activities	11,988	(43,188)	13,985	113,493	26,151	122,429	760
Net Increase (Decrease) in Cash and Cash Equivalents	(60,630)	(22,616)	(1,140)	(100)	(318)	(84,804)	2,013
Cash and Cash Equivalents - Beginning of Year	824,493	472,826	1,298	5,061	71,220	1,374,898	8,714
Cash and Cash Equivalents - End of Year	\$ 763,863	\$ 450,210	\$ 158	\$ 4,961	\$ 70,902	\$ 1,290,094	\$ 10,727
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities							
Operating Income (Loss)	\$ (881,806)	\$ (815,494)	\$ 161,966	\$ 19,565	\$ 21,685	\$ (1,494,084)	\$ 2,878
Adjustments not Affecting Cash:							
Depreciation and Amortization	191,673	95,841	-	-	1,160	288,674	17,553
Other	120,315	37,414	-	-	-	157,729	-
Change in Assets and Liabilities:							
(Increase) Decrease in Receivables, Net	2,781	(40,292)	(158,240)	(64,017)	(749)	(260,517)	(19)
(Increase) Decrease in Due from Other Funds	-	54,666	171	-	-	54,837	(350)
(Increase) Decrease in Inventories and Other Assets	12,443	(2,008)	-	-	(21,999)	(11,564)	(985)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(38,774)	56,734	(679)	-	(16,269)	1,012	1,657
Increase (Decrease) in Due to Other Funds	-	(999)	(83)	-	-	(1,082)	-
Total Adjustments	288,438	201,356	(158,831)	(64,017)	(37,857)	229,089	17,856
Net Cash Provided by (Used In) Operating Activities	\$ (593,368)	\$ (614,138)	\$ 3,135	\$ (44,452)	\$ (16,172)	\$ (1,264,995)	\$ 20,734
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets							
Cash and Cash Equivalents - Current	\$ 486,269	\$ 306,334					
Cash and Cash Equivalents - Noncurrent	463	143,875					
Cash and Cash Equivalents - Restricted	277,131	-					
	\$ 763,863	\$ 450,209					
Noncash Investing, Capital, and Financing Activities:							
Amortization of Premiums, Discounts, and net loss on debt refunding's	\$ 16,460						
Loss on disposal of capital assets	15,401						
Acquisition of software license under long term purchase contract	4,846						
Accruals of expenses related to construction in progress	40,014						
Unrealized gain (loss) on investment	(108)						
	\$ 76,613						

The accompanying Notes to the Financial Statements are an integral part of this statement.

State of Connecticut

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2019

(Expressed in Thousands)

	<u>Pension & Other Employee Benefit Trust Funds</u>	<u>Investment Trust Fund External Investment Pool</u>	<u>Private- Purpose Trust Fund Escheat Securities</u>	<u>Agency Funds</u>	<u>Total</u>
Assets					
Current:					
Cash and Cash Equivalents	\$ 146,498	\$ -	\$ -	\$ 133,622	\$ 280,120
Receivables:					
Accounts, Net of Allowances	46,778	-	-	9,143	55,921
From Other Governments	456	-	-	-	456
From Other Funds	2,874	-	-	-	2,874
Interest	1,045	3,096	-	156	4,297
Inventories	-	-	-	14	14
Investments (See Note 3)	35,994,470	1,695,173	-	-	37,689,643
Securities Lending Collateral	2,080,404	-	-	-	2,080,404
Other Assets	-	13	-	334,473	334,486
Noncurrent:					
Due From Employers	17,060	-	-	-	17,060
Other Assets	-	-	985	-	985
Total Assets	<u>\$ 38,289,585</u>	<u>\$ 1,698,282</u>	<u>\$ 985</u>	<u>\$ 477,408</u>	<u>\$ 40,466,260</u>
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 52,574	\$ 3,469	\$ -	\$ 46,505	102,548
Securities Lending Obligation	2,080,404	-	-	-	2,080,404
Due to Other Funds	2,018	-	-	379	2,397
Funds Held for Others	-	-	-	430,524	430,524
Total Liabilities	<u>\$ 2,134,996</u>	<u>\$ 3,469</u>	<u>\$ -</u>	<u>\$ 477,408</u>	<u>\$ 2,615,873</u>
Net Position					
Restricted for:					
Pension Benefits	\$ 34,865,427	\$ -	\$ -	-	\$ 34,865,427
Other Postemployment Benefits	1,289,162	-	-	-	1,289,162
Pool Participants	-	1,694,813	-	-	1,694,813
Individuals, Organizations, and Other Governments	-	-	985	-	985
Total Net Position	<u>\$ 36,154,589</u>	<u>\$ 1,694,813</u>	<u>\$ 985</u>	<u>\$ -</u>	<u>\$ 37,850,387</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

State of Connecticut

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Total
Additions				
Contributions:				
Plan Members	\$ 1,048,973	\$ -	\$ -	\$ 1,048,973
State	3,686,325	-	-	3,686,325
Municipalities	84,432	-	-	84,432
Total Contributions	<u>4,819,730</u>	<u>-</u>	<u>-</u>	<u>4,819,730</u>
Investment Income	2,149,013	48,178	-	2,197,191
Less: Investment Expense	(180,789)	(542)	-	(181,331)
Net Investment Income	<u>1,968,224</u>	<u>47,636</u>	<u>-</u>	<u>2,015,860</u>
Escheat Securities Received	-	-	37,839	37,839
Pool's Share Transactions	-	197,176	-	197,176
Transfer In	16,100	-	-	16,100
Other	15,507	-	-	15,507
Total Additions	<u>6,819,561</u>	<u>244,812</u>	<u>37,839</u>	<u>7,102,212</u>
Deductions				
Administrative Expense	17,880	-	-	17,880
Benefit Payments and Refunds	5,003,126	-	-	5,003,126
Escheat Securities Returned or Sold	-	-	39,589	39,589
Distributions to Pool Participants	-	47,636	-	47,636
Other	17,535	-	524	18,059
Total Deductions	<u>5,038,541</u>	<u>47,636</u>	<u>40,113</u>	<u>5,126,290</u>
Change in Net Position Held In Trust For:				
Pension and Other Employee Benefits	1,781,020	-	-	1,781,020
Individuals, Organizations, and Other Governments	-	197,176	(2,274)	194,902
Net Position - Beginning	<u>34,373,569</u>	<u>1,497,637</u>	<u>3,259</u>	<u>35,874,465</u>
Net Position - Ending	<u>\$ 36,154,589</u>	<u>\$ 1,694,813</u>	<u>\$ 985</u>	<u>\$ 37,850,387</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

State of Connecticut

STATEMENT OF NET POSITION COMPONENT UNITS

June 30, 2019

(Expressed in Thousands)

Assets	Connecticut Housing Finance Authority (12-31-18)	Connecticut Lottery Corporation	Connecticut Airport Authority	Other Component Units	Total
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 20,880	\$ 110,270	\$ 158,476	\$ 289,626
Investments	-	5,403	-	544,514	549,917
Receivables:					
Accounts, Net of Allowances	-	30,548	7,468	22,339	60,355
Loans, Net of Allowances	-	-	-	10,816	10,816
Other	-	1,206	-	446	1,652
Due From Other Governments	-	-	3,156	-	3,156
Due From Primary Government	-	-	5,567	164	5,731
Restricted Assets	798,771	-	11,075	318,866	1,128,712
Inventories	-	-	-	5,779	5,779
Other Current Assets	-	6,057	59	15,411	21,527
Total Current Assets	<u>798,771</u>	<u>64,094</u>	<u>137,595</u>	<u>1,076,811</u>	<u>2,077,271</u>
Noncurrent Assets:					
Investments	-	120,913	-	112,866	233,779
Accounts, Net of Allowances	-	-	-	40,193	40,193
Loans, Net of Allowances	-	-	-	96,976	96,976
Restricted Assets	4,962,804	-	281,949	342,030	5,586,783
Capital Assets, Net of Accumulated Depreciation	3,046	641	353,793	421,330	778,810
Other Noncurrent Assets	-	10,927	-	81,553	92,480
Total Noncurrent Assets	<u>4,965,850</u>	<u>132,481</u>	<u>635,742</u>	<u>1,094,948</u>	<u>6,829,021</u>
Total Assets	<u>\$ 5,764,621</u>	<u>\$ 196,575</u>	<u>\$ 773,337</u>	<u>\$ 2,171,759</u>	<u>\$ 8,906,292</u>
Deferred Outflows of Resources					
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ -	\$ -	\$ 13,740	\$ -	\$ 13,740
Unamortized Losses on Bond Refundings	96,056	-	1,554	-	97,610
Related to Pensions & Other Postemployment Benefits	19,419	16,626	22,367	18,236	76,648
Other	-	-	-	2,847	2,847
Total Deferred Outflows of Resources	<u>\$ 115,475</u>	<u>\$ 16,626</u>	<u>\$ 37,661</u>	<u>\$ 21,083</u>	<u>\$ 190,845</u>
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 24,048	\$ 10,067	\$ 26,380	\$ 74,168	\$ 134,663
Current Portion of Long-Term Obligations	278,391	5,969	7,510	23,258	315,128
Due To Primary Government	-	-	132	43,937	44,069
Amount Held for Institutions	-	-	-	210,149	210,149
Other Liabilities	-	40,525	5,081	-	45,606
Total Current Liabilities	<u>302,439</u>	<u>56,561</u>	<u>39,103</u>	<u>351,512</u>	<u>749,615</u>
Noncurrent Liabilities:					
Pension & OPEB Liability	131,043	97,690	143,009	99,574	471,316
Noncurrent Portion of Long-Term Obligations	4,613,052	121,254	262,738	521,629	5,518,673
Total Noncurrent Liabilities	<u>4,744,095</u>	<u>218,944</u>	<u>405,747</u>	<u>621,203</u>	<u>5,989,989</u>
Total Liabilities	<u>\$ 5,046,534</u>	<u>\$ 275,505</u>	<u>\$ 444,850</u>	<u>\$ 972,715</u>	<u>\$ 6,739,604</u>
Other Deferred Inflows					
Related to Pensions & Other Postemployment Benefits	\$ 15,279	\$ 13,613	\$ 7,395	\$ 10,566	\$ 46,853
Other Deferred Inflows	49,544	-	-	1,507	51,051
Total Deferred Inflows of Resources	<u>\$ 64,823</u>	<u>\$ 13,613</u>	<u>\$ 7,395</u>	<u>\$ 12,073</u>	<u>\$ 97,904</u>
Net Position					
Net Investment in Capital Assets	\$ 3,046	\$ 641	\$ 231,305	\$ 213,265	\$ 448,257
Restricted:					
Debt Service	-	-	14,255	-	14,255
Bond Indentures	765,693	-	16,031	-	781,724
Expendable Endowments	-	-	-	11,865	11,865
Nonexpendable Endowments	-	-	-	605,081	605,081
Capital Projects	-	-	130,268	-	130,268
Other Purposes	-	-	-	144,206	144,206
Unrestricted (Deficit)	-	(76,558)	(33,106)	233,638	123,974
Total Net Position	<u>\$ 768,739</u>	<u>\$ (75,917)</u>	<u>\$ 358,753</u>	<u>\$ 1,208,055</u>	<u>\$ 2,259,630</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

State of Connecticut

**STATEMENT OF ACTIVITIES
COMPONENT UNITS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Connecticut Housing Finance Authority (12/31/18)	\$ 223,740	\$ 165,331	\$ -	\$ -
Connecticut Lottery Corporation	1,336,573	1,333,987	-	-
Connecticut Airport Authority	90,432	105,097	-	20,200
Other Component Units	361,364	331,199	6,450	4,071
Total Component Units	<u>\$ 2,012,109</u>	<u>\$ 1,935,614</u>	<u>\$ 6,450</u>	<u>\$ 24,271</u>

General Revenues:
Investment Income
Total General Revenues
Change in Net Position
Net Position - Beginning (as restated)
Net Position - Ending

The accompanying Notes to the Financial Statements are an integral part of this statement.

State of Connecticut

**Net (Expense) Revenue and
Changes in Net Position**

Connecticut Housing Finance Authority (12-31-18)	Connecticut Lottery Corporation	Connecticut Airport Authority	Other Component Units	Totals
\$ (58,409)	\$ -	\$ -	\$ -	\$ (58,409)
-	(2,586)	-	-	(2,586)
-	-	34,865	-	34,865
-	-	-	(19,644)	(19,644)
(58,409)	(2,586)	34,865	(19,644)	(45,774)
12,922	6,348	2,882	41,702	63,854
12,922	6,348	2,882	41,702	63,854
(45,487)	3,762	37,747	22,058	18,080
814,226	(79,679)	321,006	1,185,997	2,241,550
\$ 768,739	\$ (75,917)	\$ 358,753	\$ 1,208,055	\$ 2,259,630

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INDEX

	Page
Note 1-Summary of Significant Accounting Policies	59
a. Basis of Presentation.....	59
b. Reporting Entity.....	59
c. Government-wide and Fund Financial Statements.....	60
d. Measurement Focus and Basis of Accounting.....	62
e. Assets and Liabilities.....	62
f. Derivative Instruments.....	64
g. Deferred Inflows of Resources.....	64
h. Interfund Activities.....	64
i. Endowments.....	65
j. Supplemental Nutrition Assistance Program.....	65
k. External Investment Pool.....	65
l. Upcoming Accounting Pronouncements.....	65
m. Use of Estimates.....	65
Note 2-Nonmajor Fund Deficits	66
Note 3-Cash Deposits and Investments	66
Note 4-Receivables-Current	74
Note 5-Taxes Receivable	74
Note 6-Receivables-Noncurrent	74
Note 7-Restricted Assets	75
Note 8-Current Liabilities	75
Note 9-Capital Assets	76
Note 10-State Retirement Systems	77
a. Plan Descriptions and Funding Policy.....	77
b. Investments.....	78
c. GASB Statement 68 Employer Reporting.....	79
d. Defined Contribution Plan.....	82
Note 11-Other Retirement Systems Administered by the State of Connecticut	82
a. Plan Descriptions and Funding Policy.....	82
b. Investments.....	83
c. GASB Statement 68 Employer Reporting.....	83
d. Connecticut Probate Judges and Employees' Retirement System.....	85
Note 12-Pension Trust Funds Financial Statements	86
Note 13-Other Postemployment Benefits (OPEB)	87
a. Plan Descriptions and Funding Policy.....	87
b. Investments.....	87
c. GASB Statement 75 Employer Reporting.....	89
d. Other OPEB Plan.....	91
Note 14-OPEB Trust Funds Financial Statements	92
Note 15-Capital and Operating Leases	93
Note 16-Long-Term Liabilities	94

	Page
Note 17-Long-Term Notes and Bonded Debt	95
a. Bond Anticipation Notes.....	95
b. Primary Government-Governmental Activities.....	96
c. Primary Government-Business-Type Activities.....	98
d. Component Units.....	99
e. Debt Refundings.....	101
f. Nonexchange Financial Guarantee.....	101
Note 18-Derivative Financial Instruments	101
Note 19-Risk Management	103
Note 20-Interfund Receivables and Payables	104
Note 21-Interfund Transfers	104
Note 22-Restatement of Net Position, Fund Balance Classifications, and Restricted Net Position	105
Note 23-Tax Abatements	105
Note 24-Asset Retirement Obligations	110
Note 25-Related Organizations	110
Note 26-New Accounting Pronouncements	110
Note 27-Commitments and Contingencies	111
a. Commitments.....	111
b. Contingent Liabilities.....	111
c. Litigation.....	112
Note 28-Subsequent Events	112

Note 1

Summary of Significant Accounting Policies

a. Basis of Presentation

The accompanying financial statements of the State of Connecticut have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board, except for the financial statements of the University of Connecticut Foundation, Incorporated (a component unit), and the Board of Regents. Those statements are prepared according to generally accepted accounting principles as prescribed in pronouncements of the Financial Accounting Standards Board.

b. Reporting Entity

For financial reporting purposes, the State's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the State's legal entity. Component units are legally separate organizations for which the State is financially accountable. Financial accountability exists if (1) the State appoints a voting majority of the organization's governing board, and (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the State.

Component units are reported in separate columns and rows in the government-wide financial statements (discrete presentation) to emphasize that they are legally separate from the primary government. Financial statements for the major component units are included in the accompanying financial statements after the fund financial statements. Audited financial statements issued separately by each component unit can be obtained from their respective administrative offices.

The following organizations (Connecticut Housing Finance Authority, Materials Innovation and Recycling Authority, Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Student Loan Foundation, and Capital Region Development Authority) are reported as component units because the State appoints a voting majority of the organization's governing board and is contingently liable for the portion of the organization's bonded debt that is secured by a special capital reserve fund, or other contractual agreement.

The State appoints a voting majority of the organization's governing board and can access the resources for the following organizations (Connecticut Innovations, Incorporated and Connecticut Green Bank) therefore, these organizations are reported as component units.

The Connecticut Lottery Corporation is reported as a component unit because the State appoints a voting majority of the corporation's governing board and receives a significant amount of revenues from the operations of the lottery.

The Connecticut Airport Authority is reported as a component unit because the nature and significance of its relationship with the State are such that it would be misleading to exclude the authority from the State's reporting entity.

The State's major and nonmajor component units are:

Connecticut Housing Finance Authority (CHFA)

CHFA was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority's fiscal year is for the period ended on December 31, 2018.

Connecticut Airport Authority (CAA)

The Connecticut Airport Authority was established in July 2011 to develop, improve and operate Bradley International Airport and the state's five general aviation airports (Danielson, Groton-New London, Hartford-Brainard, Waterbury-Oxford, and Windham airports).

Materials Innovation and Recycling Authority (MIRA)

MIRA is responsible for the planning, design, construction, financing, management, ownership, operations and maintenance of solid waste disposal, volume reduction, recycling, intermediate processing, resource recovery and related support facilities necessary to carry out the State's Solid Waste Management Plan.

Connecticut Higher Education Supplemental Loan Authority (CHESLA)

CHESLA was created to assist students, their parents, and institutions of higher education to finance the cost of higher education through its bond funds. CHESLA is a subsidiary of CHEFA.

Connecticut Health and Educational Facilities Authority (CHEFA)

CHEFA was created to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

Connecticut Student Loan Foundation (CSLF)

CSLF was established as a Connecticut state chartered nonprofit corporation established pursuant to State of Connecticut Statute Chapter 187a for the purpose of improving educational opportunity. CSLF is empowered to achieve this by originating and acquiring student loans and providing appropriate service incident to the administration of programs, which are established to improve educational opportunities. CSLF no longer originates or acquires student loans.

In July 2014, CSLF was statutorily consolidated with CHEFA as a subsidiary and became a quasi-public agency of the State of Connecticut.

Capital Region Development Authority (CRDA)

CRDA, formerly the Capital City Economic Development Authority markets major sports, convention, and exhibition venues in the region.

Connecticut Innovations, Incorporated (CI)

CI was established to stimulate and promote technological innovation and application of technology within Connecticut and encourage the development of new products, innovations, and inventions or markets in Connecticut by providing financial and technical assistance.

Connecticut Green Bank (CGB)

CGB was established on July 1, 2011 as a quasi-public agency to supersede the Connecticut Clean Energy Fund. CGB uses public and private funds to finance and support clean energy investment in residential, municipal, small business and larger commercial projects and stimulate demand for clean energy and the deployment of clean energy sources within the state.

Connecticut Lottery Corporation (CLC)

The corporation was created in 1996 for the purpose of generating revenues for the State through the operation of a lottery.

In addition, the State also includes the following non-governmental nonprofit corporation as a component unit.

University of Connecticut Foundation, Incorporated

The Foundation was created exclusively to solicit, receive, and administer gifts and financial resources from private sources for the benefit of all campuses and programs of the University of Connecticut and Health Center, a major Enterprise fund. The Foundation is reported as a component unit because the nature and significance of its relationship with the State are such that it would be misleading to exclude the Foundation from the State's reporting entity.

c. Government-wide and Fund Financial Statements***Government-wide Financial Statements***

The Statement of Net Position and the Statement of Activities report information on all the nonfiduciary activities of the primary government and its component units. These statements distinguish between the governmental and business-type activities of the primary government by using separate columns and rows. Governmental activities are generally financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Position presents the reporting entity's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is reported in three components:

1. Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds issued to buy, construct, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the purchase, construction, or improvement of those assets or related debt should be included in this component of net position.
2. Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
3. Unrestricted – This component of net position is the remaining balance of net position, after the determination of the other two components of net position.

When both restricted and unrestricted resources are available for use, the State generally uses restricted resources first, then unrestricted resources as needed. There may be occasions when restricted funds may only be spent in proportion to unrestricted funds spent.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated to the various functions or segments. Program revenues include a) fees, fines, and charges paid by the recipients of goods or services offered by the functions or segments and b) grants and contributions that are restricted to meeting the operational or capital needs of a function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the State's funds, including its fiduciary funds and blended component units. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

In the governmental fund financial statements, fund balance (difference between assets and liabilities) is classified as nonspendable, restricted, and unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints on the resources are externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints by formal action of the Legislature, such as appropriation or legislation. Assigned fund balance is constrained by the Legislature's intent to be used for specific uses but is neither restricted nor committed.

The State reports the following major governmental funds:

General Fund - This is the State's primary operating fund. It is used to account for all financial resources which are not required to be accounted in other funds and which are spent for those services normally provided by the State (e.g., health, social assistance, education, etc.).

Debt Service - This fund is used to account for the resources that are restricted for payment of principal and interest on special tax obligation bonds of the Transportation fund.

Transportation - This fund is used to account for motor fuel taxes, vehicle registration and driver license fees, and other revenues that are restricted for the payment of budgeted appropriations of the Transportation and Motor Vehicles Departments.

Restricted Grants and Accounts - This fund is used to account for resources which are restricted by Federal and other providers to be spent for specific purposes.

Grant and Loan Programs - This fund is used to account for resources that are restricted by state legislation for the purpose of providing grants and/or loans to municipalities and organizations located in the State.

The State reports the following major enterprise funds:

University of Connecticut & Health Center - This fund is used to account for the operations of the University of Connecticut, a comprehensive institution of higher education, which includes the University of Connecticut Health Center and John Dempsey Hospital.

Board of Regents - This fund is used to account for the operations of the State University System & the State Community Colleges which consists of four universities: Central, Eastern, Southern, and Western and twelve regional community colleges.

Colleges and universities do not have separate corporate powers and sue and are sued as part of the state with legal representation provided through the state Attorney General's Office. Since the colleges and universities are legally part of the state their financial operations are reported in the state's financial statements using the fund structure prescribed by GASB.

Employment Security - This fund is used to account for unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

Clean Water - This fund is used to account for resources used to provide grants and loans to municipalities to finance waste water treatment facilities.

In addition, the State reports the following fund types:

Internal Service Funds - These funds account for goods and services provided to other agencies of the State on a cost-reimbursement basis. These goods and services include prisoner-built office furnishings, information services support, telecommunications, printing, and other services.

Pension Trust Funds - These funds account for resources held in the custody of the state for the members and beneficiaries of the State's pension plans. These plans are discussed more fully in Notes 10, 11, and 12.

Other Postemployment Benefit (OPEB) Trust Funds - These funds account for resources held in trust for the members and beneficiaries of the state's other postemployment benefit plans which are described in notes 13 and 14.

Investment Trust Fund - This fund accounts for the external portion of the State's Short-Term Investment Fund, an investment pool managed by the State Treasurer.

Private-Purpose Trust Fund - This fund accounts for escheat securities held in trust for individuals by the State Treasurer.

Agency Funds - These funds account for deposits, investments, and other assets held by the State as an agent for inmates and patients of State institutions, insurance companies, municipalities, and private organizations.

d. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Taxes and casino gaming payments are recognized as revenues in the period when the underlying exchange transaction has occurred. Grants and similar items are recognized as revenues in the period when all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the State's enterprise and internal service funds are charges to customers for sales and services, assessments, and intergovernmental revenues. Operating expenses for enterprise and internal service funds include salaries, wages, and administrative expenses, unemployment compensation, claims paid, and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers taxes and other revenues to be available if the revenues are collected within 60 days after year-end. Exceptions to this policy are federal grant revenues, which are available if collection is expected within 12 months after year-end, and licenses and fees which are recognized as revenues when the cash is collected. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general-long term debt and acquisitions under capital leases are reported as other financing sources.

e. Assets and Liabilities

Cash and Cash Equivalents (see Note 3)

In addition to petty cash and bank accounts, this account includes cash equivalents – short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents consist of investments in the Short-Term Investment Fund which are reported at the fund's share price.

In the Statement of Cash Flows, certain Enterprise funds exclude from cash and cash equivalents investments in STIF reported as noncurrent or restricted assets.

Investments (see Note 3)

Investments include Equity in Combined Investment Funds and other investments. Equity in Combined Investment Funds is reported at fair value based on the funds' current share price. Other investments are reported at fair value, except for the following investments which are reported at cost or amortized cost:

- Nonparticipating interest-earning investment contracts.
- Money market investments that mature within one year or less at the date of their acquisition.
- Investments of the External Investment Pool fund (an Investment Trust fund).

The fair value of other investments is determined based on quoted market prices except for:

- The fair value of State bonds held by the Clean Water and Drinking Water funds (Enterprise funds) which is estimated using a comparison of other State bonds.
- The fair value of securities not publicly traded held by the Connecticut Innovations, Incorporated, a component unit. The fair value of these investments is determined by an independent valuation committee of the Corporation, after considering pertinent information about the companies comprising the investments, including but not limited to recent sales prices of the issuer's securities, sales growth, progress toward business goals, and other operating data.

The State invests in derivatives. These investments are held by the Combined Investment Funds and are reported at fair value in each fund's statement of net position.

Inventories

Inventories are reported at cost. Cost is determined by the first-in first-out (FIFO) method. Inventories in the governmental funds consist of expendable supplies held for consumption whose cost was recorded as an expenditure at the time the individual inventory items were purchased. Reported inventories in these funds are offset by a fund balance designation (nonexpendable) to indicate that they are unavailable for appropriation.

Capital Assets and Depreciation

Capital assets include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, railways, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the State as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated fair market value at the date of donation or in the case of gifts at acquisition value.

Collections of historical documents, rare books and manuscripts, guns, paintings, and other items are not capitalized. These collections are held by the State Library for public exhibition, education, or research; and are kept protected, cared for, and preserved indefinitely. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are also not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Improvements Other than Buildings	10-20 years
Machinery and Equipment	5-30 years
Infrastructure	20-28 years

Securities Lending Transactions (see Note 3)

Assets, liabilities, income, and expenses arising from securities lending transactions of the Combined Investment Funds are allocated ratably to the participant funds based on their equity in the Combined Investment Funds.

Escheat Property

Escheat property is private property that has reverted to the State because it has been abandoned or has not been claimed by the rightful owners for a certain amount of time. State law requires that all escheat property receipts be recorded as revenue in the General fund. Escheat revenue is reduced, and a fund liability is reported to the extent that it is probable that escheat property will be refunded to claimants in the future. This liability is estimated based on the State's historical relationship between escheat property receipts and amounts paid as refunds, considering current conditions and trends.

Deferred Outflows of Resources

Deferred outflows of resources are defined as the consumption of net assets in one period that are applicable to future periods. These amounts are reported in the Statement of Net Position on the government-wide and fund financial statements in a separate section, after total assets.

Unearned Revenues

In the government-wide and fund financial statements, this liability represents resources that have been received, but not yet earned.

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are reported as an expense in the year they are incurred. Other significant long-term obligations include the net pension liability, OPEB obligation, compensated absences, workers' compensation claims, and federal loans. In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Appreciation Bonds

Capital appreciation (deep discount) bonds issued by the State, unlike most bonds, which pay interest semi-annually, do not pay interest until the maturity of the bonds. An investor who purchases a capital appreciation bond at its discounted price and holds it until maturity will receive an amount which equals the initial price plus an amount which has accrued over the life of the bond on a semiannual compounding basis. The net value of the bonds is accreted (the discount reduced), based on this semiannual compounding, over the life of the bonds. This deep-discount debt is reported in the government-wide statement of net position at its net or accreted value rather than at face value.

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Vacation and sick policy are as follows: Employees hired on or before June 30, 1977, and managers regardless of date hired can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, the employee is entitled to payment for accumulated sick time only upon retirement, or after ten years of service upon death, for an amount equal to one-fourth of his/her accrued sick leave up to a maximum payment equivalent to sixty days.

f. Derivative Instruments

The State's derivative instruments consist of interest rate swap agreements, all of which have been determined by the State to be effective cash flow hedges. Accumulated decreases in the fair value of some of the swaps are reported as deferred outflows of resources in the Statement of Net Position. These agreements are discussed in more detail in Note No. 18.

g. Deferred Inflows of Resources

Deferred inflows of resources are defined as the acquisition of net assets in one period that are applicable to future periods. These amounts are reported in the Statement of Net Position and Balance Sheet in a separate section, after total liabilities.

h. Interfund Activities

In the fund financial statements, interfund activities are reported as follows:

Interfund receivables/payables - The current portion of interfund loans outstanding at the end of the fiscal year is reported as due from/to other funds; the noncurrent portion as advances to/from other funds. All other outstanding balances between funds are reported as due from/to other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund services provided and used - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. In the statement of activities, transactions between the primary government and its discretely presented component units are reported as revenues and expenses, unless they represent repayments of loans or similar activities.

Interfund transfers - Flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

Interfund reimbursements - Repayments from the funds responsible for certain expenditures or expenses to the funds that initially paid for them. Reimbursements are not reported in the financial statements.

i. Endowments

The University of Connecticut and Health Center designate the University of Connecticut Foundation (a component unit of the State) as the manager of the University's and Health Center's endowment funds. The Foundation makes spending distributions to the University and Health Center for each participating endowment. The allocation is spent by the University and Health Center in accordance with the respective purposes of the endowments, the policies and procedures of the University and Health Center, and State statutes, and in accordance with the Foundation's endowment spending policy.

Additional information regarding endowments is presented in the UConn Foundation financial report.

j. Supplemental Nutrition Assistance Program (SNAP)

Nutrition assistance distributed to recipients during the year is recognized as an expenditure and a revenue in the governmental fund financial statements.

k. External Investment Pool

Assets and liabilities of the Short-Term Investment Fund are allocated ratably to the External Investment Pool Fund based on its investment in the Short-Term Investment Fund (see Note 3). Pool income is determined based on distributions made to the pool's participants.

l. Upcoming Accounting Pronouncements

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance concerning the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for fiscal years beginning after December 15, 2018. The State is currently evaluating the impact this standard will have on its financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement is effective for fiscal years beginning after December 15, 2019. The State is currently evaluating the impact this standard will have on its financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement's objective are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement is effective for reporting periods beginning after December 15, 2019. The State is currently evaluating the impact this standard will have on its financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice related to (1) commitments extended by issuers, (2) arrangements related with debt obligations, and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020. The State is currently evaluating the impact this standard will have on its financial statements.

m. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Note 2

Nonmajor Fund Deficits

The following funds have deficit fund/net position balances at June 30, 2019, none of which constitutes a violation of statutory provisions (amounts in thousands).

<u>Capital Projects</u>	
Transportation	\$ 718
<u>Special Revenue</u>	
Regional Market	\$ 172
Tourism	\$ 2,446
<u>Enterprise</u>	
Bradley Parking Garage	\$ 6,607

The Transportation deficit will be eliminated in the future by the sale of bonds. Bonds have not been issued in this fund since fiscal year 2008.

The Regional Market fund deficit was because of additional expenditures this fiscal year and lower revenue collections. This deficit should be eliminated in the future. The Tourism fund deficit was a result of revenues being recognized in fiscal year 2020 not fiscal year 2019, this deficit should be eliminated in the future.

The Bradley parking garage is designed to generate cash flows from operations that, after operating and maintenance expenses are sufficient to service debt and make State and developer payments as well as to provide a return to the State of minimum guarantee payments, both of which are reflected as expenses in the accompanying statement of operations and accumulated deficit.

Note 3

Cash Deposits and Investments

According to GASB Statement No. 40, “*Deposit and Investment Risk Disclosure*”, the State is required to make certain disclosures about deposit and investment risks that have the potential to result in losses. Thus, the following deposit and investment risks are discussed in this note:

Interest Rate Risk - the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk - the risk of loss attributed to the magnitude of an investment in a single issuer.

Custodial Credit Risk (deposits) - the risk that, in the event of a bank failure, the State’s deposits may not be recovered.

Foreign Currency Risk - the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

Primary Government

The State Treasurer is the chief fiscal officer of State government and is responsible for the prudent management and investment of monies of State funds and agencies as well as monies of pension and other trust funds. The State Treasurer with the advice of the Investment Advisory Council, whose members include outside investment professionals and pension beneficiaries, establishes investment policies and guidelines. Currently, the State Treasurer manages one Short-Term Investment Fund and twelve Combined Investment Funds.

Short-Term Investment Fund (STIF)

STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers’ acceptances, repurchase agreements, and asset-backed securities. STIF’s investments are reported at amortized cost (which approximates fair value) in the fund’s statement of net position.

For financial reporting purposes, STIF is a mixed investment pool – a pool having external and internal portions. The external portion of STIF (i.e. the portion that belongs to participants which are not part of the State’s financial reporting entity) is reported as an investment

trust fund (External Investment Pool fund) in the fiduciary fund financial statements. The internal portion of STIF (i.e., the portion that belongs to participants that are part of the State's financial reporting entity) is not reported in the accompanying financial statements. Instead, investments in the internal portion of STIF by participant funds are reported as cash equivalents in the government-wide and fund financial statements.

For disclosure purposes, certificates of deposit held by STIF are reported in this note as bank deposits, not as investments. As of June 30, 2019, STIF had the following investments and maturities (amounts in thousands):

Short-Term Investment Fund			
Investment Type	Amortized Cost	Investment Maturities (in years)	
		Less	
		Than 1	1-5
Federal Agency Securities	\$ 1,948,287	\$ 1,684,224	\$ 264,063
Bank Commercial Paper	1,873,824	1,873,824	-
Repurchase Agreements	610,395	610,395	-
Total Investments	\$ 4,432,506	\$ 4,168,443	\$ 264,063

Interest Rate Risk

STIF's policy for managing interest rate risk is to limit investment to a very short weighted average maturity, not to exceed 90 days, and to comply with Standard and Poor's requirement that the weighted average maturity not to exceed 60 days. As of June 30, 2019, the weighted average maturity of STIF was 43 days. Additionally, STIF is allowed by policy to invest in floating-rate securities. However, investment in these securities having maturities greater than two years is limited to no more than 20 percent of the overall portfolio. For purposes of the fund's weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprice frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2019, the amount of STIF's investments in variable-rate securities was \$1,909 million.

Credit Risk

STIF's policy for managing credit risk is to purchase short-term, high-quality fixed income securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations.

As of June 30, 2019, STIF's investments were rated by Standard and Poor's as follows (amounts in thousands):

Short-Term Investment Fund				
Investment Type	Amortized Cost	Quality Ratings		
		AAAm	AA+/A-1+	A/A-1
Federal Agency Securities	\$ 1,948,287	\$ -	\$ 1,948,287	\$ -
Corporate & Bank Commercial Paper	1,873,824	-	1,873,824	-
Repurchase Agreements	610,395	-	450,000	160,395
Total Investments	\$ 4,432,506	\$ -	\$ 4,272,111	\$ 160,395

Concentration of Credit Risk

STIF reduces its exposure to this risk by insuring that at least 75 percent of fund assets will be invested in securities rated "A-1+" or equivalent. In addition, exposure to any single non-governmental issuer will not exceed 5 percent (at the time a security is purchased), exposure to any single money market mutual fund (rated AAAm) will not exceed 5 percent of fund assets and exposure to money market mutual funds in total will not exceed 10 percent. As of June 30, 2019, STIF's investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Amortized Cost
Federal Home Loan Bank	\$ 790,143
Federal Farm Credit Bank	\$ 721,876
Royal Bank of Canada	\$ 625,025

Custodial Credit Risk-Bank Deposits-Nonnegotiable Certificate of Deposits (amounts in thousands):

STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificates of deposit must be issued from commercial banks whose short-term debt is rated at least "A-1" by Standard and Poor's and "F-1" by Fitch and whose long-term debt is rated at least "A-" or backed by a letter of credit issued by a Federal Home Loan bank. As of June 30, 2019, \$3,612,723 of the bank balance of STIF's deposits of \$3,664,973 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,779,248
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	833,475
Total	\$ 3,612,723

Combined Investment Funds (CIFS)

The CIFS are open-ended, unitized portfolios in which the State pension trust and permanent funds are eligible to invest. The State pension trust and permanent funds own the units of the CIFS. The State Treasurer is also authorized to invest monies of the CIFS in a broad range of fixed income and equity securities, as well as real estate properties, mortgages and private equity. CIFS' investments are reported at fair value in each fund's statement of net position.

For financial reporting purposes, the CIFS are external investment pools and are not reported in the accompanying financial statements. Instead, investments in the CIFS by participant funds are reported as equity in the CIFS in the government-wide and fund financial statements.

	Primary Government		
	Governmental	Business-Type	Fiduciary
	Activities	Activities	Funds
Equity in the CIFS	\$ 119,543	\$ 667	\$ 35,994,470
Other Investments	780	121,196	1,695,173
Total Investments-Current	\$ 120,323	\$ 121,863	\$ 37,689,643

The CIFS measure and record their investments using fair value measurement guidelines. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1: Quoted prices for identical investments in active market; Level 2: Observable inputs other than quoted market price; and Level 3: Unobservable inputs.

As of June 30, 2019, the CIFS had the following investments (amounts in thousands):

Investments by Fair Value Level	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Cash Equivalents	\$ 547,506	\$ 10,019	\$ 537,487	\$ -
Asset Backed Securities	139,086	-	139,086	-
Government Securities	4,195,366	1,670,610	2,524,756	-
Government Agency Securities	923,626	-	923,626	-
Mortgage Backed Securities	240,813	-	240,813	-
Corporate Debt	4,538,294	-	4,380,266	158,028
Convertible Securities	27,070	-	27,070	-
Common Stock	16,561,339	16,551,372	(318)	10,285
Preferred Stock	61,977	47,521	14,456	-
Real Estate Investment Trust	420,639	335,697	84,942	-
Mutual Fund	809,576	809,576	-	-
Limited Partnerships	531	531	-	-
Total	28,465,823	\$ 19,425,326	\$ 8,872,184	\$ 168,313
Investments Measured by Net Asset Value (NAV)		Unfunded	Redemption	Redemption
		Commitments	Frequency	Notice Period
Limited Liability Corporation	1,156	\$ -	Illiquid	N/A
Limited Partnerships	7,890,572	2,513,490	Illiquid	N/A
Total	7,891,728	\$ 2,513,490		
Total Investments in Securities at Fair Value	\$ 36,357,551			

Interest Rate Risk

CIFS' investment managers are given full discretion to manage their portion of CIFS' assets within their respective guidelines and constraints. The guidelines and constraints always require each manager to maintain a diversified portfolio. In addition, each core manager is required to maintain a target duration that is like its respective benchmark which is typically the Barclays Aggregate-an intermediate duration index.

Following is a schedule which provides information about the interest rate risks associated with the CIFS' investments. The investments include short-term cash equivalents including certificates of deposit and collateral, long-term investments and restricted assets by maturity in years (amounts in thousands):

Combined Investment Funds					
Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	\$ 547,506	\$ 547,506	\$ -	\$ -	\$ -
Asset Backed Securities	139,085	(1,362)	48,735	58,115	33,597
Government Securities	4,195,366	144,857	1,384,282	1,356,583	1,309,644
Government Agency Securities	923,626	10,845	18,844	41,043	852,894
Mortgage Backed Securities	240,813	-	9,623	10,622	220,568
Corporate Debt	4,538,295	1,332,936	1,615,672	1,130,129	459,558
Convertible Debt	27,069	3,898	3,937	9,546	9,688
	<u>\$ 10,611,760</u>	<u>\$ 2,038,680</u>	<u>\$ 3,081,093</u>	<u>\$ 2,606,038</u>	<u>\$ 2,885,949</u>

Credit Risk

The CIFS minimize exposure to this risk in accordance with a comprehensive investment policy statement, as developed by the Office of the Treasurer and the State's Investment Advisory Council, which provides policy guidelines for the CIFS and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. As of June 30, 2019, CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

Combined Investment Funds									
	Fair Value	Cash Equivalents	Asset Backed Securities	Government Securities	Government	Mortgage	Corporate Debt	Convertible Debt	
					Agency Securities	Backed Securities			
Aaa	\$ 2,723,104,174	\$ 2,552,375	\$ 108,555,291	\$ 1,846,859,461	\$ 616,727,644	\$ 129,104,495	\$ 19,304,907	\$ -	
Aa	524,071,220	-	2,870,941	455,577,146	-	7,783,898	57,839,236	-	
A	756,333,083	-	3,452,800	413,989,495	-	3,628,122	335,262,665	-	
Baa	1,158,028,757	-	3,435,754	518,584,720	-	157,386	635,850,897	-	
Ba	863,446,449	3,245,076	926,892	190,880,217	-	-	657,403,371	10,990,893	
B	1,131,465,493	-	-	289,874,278	-	-	841,188,133	403,081	
Caa	433,392,813	-	-	38,448,591	-	-	394,944,223	-	
Ca	6,241,204	-	-	-	-	-	6,241,204	-	
C	360,985	-	-	-	-	-	360,985	-	
Prime 1	737,805,605	36,862,349	-	-	-	-	700,943,256	-	
Prime 2	67,160,910	13,952,040	-	-	-	-	53,208,870	-	
Prime 3	6,137,289	3,387,904	-	-	-	-	2,749,385	-	
U.S. Government fixed income securities (not rated)	328,809,509	-	-	21,911,096	306,898,413	-	-	-	
Non US Government fixed income securities (not rated)	419,240,763	-	-	419,240,763	-	-	-	-	
Not Rated	1,456,161,864	487,506,246	19,843,870	-	-	100,138,722	832,996,911	15,676,115	
	<u>\$ 10,611,760,118</u>	<u>\$ 547,505,992</u>	<u>\$ 139,085,548</u>	<u>\$ 4,195,365,767</u>	<u>\$ 923,626,057</u>	<u>\$ 240,812,624</u>	<u>\$ 4,538,294,042</u>	<u>\$ 27,070,088</u>	

Foreign Currency Risk

The CIFS manage exposure to this risk by utilizing a strategic hedge ratio of 50 percent for the developed market portion of the International Stock Fund (a Combined Investment Fund). This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay

strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the marketplace. While managers within the fixed income portion of the portfolio can invest in non-U.S. denominated securities, managers are required to limit that investment to a portion of their respective portfolios. As of June 30, 2019, CIFS' foreign deposits and investments were as follows (amounts in thousands):

Combined Investment Funds											
Foreign Currency	Total	Fixed Income Securities						Equities			
		Cash	Cash Equivalent Collateral	Government Securities	Corporate Debt	Asset Backed	Mortgage Backed	Common Stock	Preferred Stock	Real Estate Investment Trust Fund	
Argentine Peso	\$ 7,639	\$ 4	\$ -	\$ 7,264	\$ 371	\$ -	\$ -	\$ -	\$ -	\$ -	
Australian Dollar	385,256	882	-	39,292	-	-	-	323,793	-	21,289	
Brazilian Real	304,698	4	-	123,000	-	-	-	166,984	14,710	-	
Canadian Dollar	121,409	897	(62)	16,633	-	-	-	103,185	-	756	
Chilean Peso	17,362	-	-	17,362	-	-	-	-	-	-	
Chinese Yuan Renminbi	49	-	38	-	-	11	-	-	-	-	
Colombian Peso	75,589	252	-	73,785	1,460	-	-	92	-	-	
Czech Koruna	3,424	-	-	1,297	-	-	-	2,127	-	-	
Danish Krone	119,935	14	-	1,038	-	-	-	118,883	-	-	
Dominican Rep Peso	11,492	-	-	11,492	-	-	-	-	-	-	
Egyptian Pound	15,229	-	-	6,591	-	-	-	8,638	-	-	
Euro Currency	2,351,558	3,172	756	256,837	21,907	(526)	-	2,043,301	11,992	14,119	
Hong Kong Dollar	937,082	2,173	-	-	-	-	-	906,878	-	28,031	
Hungarian Forint	62,232	467	-	27,417	-	-	-	34,348	-	-	
Indian Rupee	4,111	-	-	287	3,824	-	-	-	-	-	
Indonesian Rupiah	208,293	146	-	62,091	59,724	-	-	86,332	-	-	
Israeli Shekel	58,171	239	-	-	-	-	-	57,932	-	-	
Japanese Yen	1,352,691	7,796	27	32,106	-	31	-	1,304,647	-	8,084	
Kazakhstan Tenge	5,318	-	-	-	5,318	-	-	-	-	-	
Georgian Lari	1,415	-	-	-	1,415	-	-	-	-	-	
Malaysian Ringgit	73,083	1,070	-	66,193	-	97	-	5,723	-	-	
Mexican Peso	195,459	825	232	157,253	6,640	-	-	30,509	-	-	
New Zealand Dollar	107,556	692	1,010	83,747	-	(1,165)	-	23,272	-	-	
Nigerian Naira	5,243	-	-	1,019	4,104	-	-	120	-	-	
Norwegian Krone	47,760	722	-	1,703	-	-	-	45,335	-	-	
Peruvian Nouveau Sol	43,629	38	-	37,662	5,929	-	-	-	-	-	
Philippine Peso	21,140	-	-	6,088	-	-	-	15,052	-	-	
Polish Zloty	133,210	50	(7)	91,765	-	110	-	41,292	-	-	
Pound Sterling	1,391,329	2,780	449	308,804	4,717	(339)	-	1,057,615	-	17,303	
Romanian Leu	14,098	44	-	14,054	-	-	-	-	-	-	
Russian Ruble	95,471	275	-	82,803	-	-	-	12,393	-	-	
Singapore Dollar	138,762	179	-	-	-	-	-	125,585	-	12,998	
South African Rand	218,627	154	-	89,957	-	-	-	128,516	-	-	
South Korean Won	328,998	1	-	-	-	-	-	320,075	8,922	-	
Sri Lanka Rupee	3,538	-	-	-	3,538	-	-	-	-	-	
Swedish Krona	179,020	453	-	3,405	-	-	-	175,162	-	-	
Swiss Franc	537,091	218	-	-	-	-	-	536,873	-	-	
Thailand Baht	166,290	12	-	61,504	-	-	-	104,774	-	-	
Turkish Lira	47,086	24	-	30,667	-	-	-	16,395	-	-	
Ukraine Hryvana	6,235	-	-	-	6,235	-	-	-	-	-	
Uruguayan Peso	4,596	-	-	4,596	-	-	-	-	-	-	
	<u>\$ 9,801,174</u>	<u>\$ 23,583</u>	<u>\$ 2,443</u>	<u>\$ 1,717,712</u>	<u>\$ 125,182</u>	<u>\$ (1,781)</u>	<u>\$ -</u>	<u>\$ 7,795,831</u>	<u>\$ 35,624</u>	<u>\$ 102,580</u>	

Derivatives

As of June 30, 2019, the CIFS held the following derivative investments (amounts in thousands):

	2019		2018	
	Fair Value		Fair Value	
Adjustable Rate Securities	\$	357,004	\$	724,765
Asset Backed Securities		142,835		257,317
Mortgage Backed Securities		164,087		269,910
Collateralized Mortgage Obligations		76,726		63,289
Forward Mortgage Backed Securities (TBA's)		306,359		140,844
Interest Only		2,317		341
Options		(1,163)		(179)
Total	\$	1,048,165	\$	1,456,287

The Inflation Linked Bond Fund held futures with a notional cost of \$4,225. Also, the Core Fixed Income held futures with a notional cost of \$74,891. The High Yield Debt Fund held futures with a negative notional cost of (\$2,727), the Developed Market International Stock held futures with a notional cost of \$88,301.

The CIFS invest in derivative investments for trading purposes and to enhance investment returns. The credit exposure resulting from these investments is limited to their fair value at year end.

The CIFS also invest in foreign currency contracts. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the CIFS' investments against currency fluctuations. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms. As of June 30, 2019, the fair value of contracts to buy and contracts to sell was \$8.2 billion and \$8.2 billion, respectively.

Custodial Credit Risk-Bank Deposits

The CIFS minimize this risk by maintaining certain restrictions set forth in the Investment Policy Statement. The CIFS use a Liquidity Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2019, the CIFS had deposits with a bank balance of \$63.8 million which was uninsured and uncollateralized.

Complete financial information about the STIF and the CIFS can be obtained from financial statements issued by the Office of the State Treasurer.

Other Investments

The University of Connecticut measures and records its investments using fair value measurement guidelines. These guidelines have a three tiered fair value hierarchy, as follows: Level 1; Quoted prices for identical investments in active market; Level 2: Observable inputs other than quoted market price; and Level 3: Unobservable inputs. As of June 30, 2019, UConn had the following recurring fair value measurements. (amounts in thousands):

Fair Value Measurements				
Investments by Fair Value Level	Total	Level 1	Level 2	Level 3
Cash Equivalents	\$ 353	\$ 353	\$ -	\$ -
Fixed Income Securities	1,837	1,837	-	-
Equity Securities	11,627	10,874	753	-
Total	\$ 13,817	\$ 13,064	\$ 753	\$ -
Investments Measured by Net Asset Value (NAV)	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Private Capital Partnerships	\$ 1,031	\$ 78	N/A	N/A
Private Real Estate Partnerships	24	39	N/A	N/A
Natural Resource Partnerships	419	76	N/A	N/A
Long/Short Equities	1	-	N/A	N/A
Relative Value	925	-	N/A	N/A
Other	723	-	N/A	N/A
Total	3,123	\$ 193		
Total Investments in Securities at Fair Value	\$ 16,940			

As of June 30, 2019, the State had other investments and maturities as follows (amounts in thousands):

Investment Type	Other Investments			
	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	6-10
State Bonds	\$ 8,067	\$ 2,676	\$ 5,391	\$ -
U.S. Government and Agency Securities	375,127	140,752	3,922	230,453
Guaranteed Investment Contracts	96,299	7,906	36,327	52,066
Money Market Funds	29,641	29,641	-	-
Total Debt Investments	509,134	\$ 180,975	\$ 45,640	\$ 282,519
Endowment Pool	15,005			
Corporate Stock	1,212			
Other Investments	723			
Total Investments	\$ 526,074			

Credit Risk

As of June 30, 2019, other debt investments were rated by Standard and Poor's as follows (amounts in thousands):

Investment Type	Other Investments				
	Fair Value	Quality Ratings			
		AA	A	BBB	Unrated
State Bonds	\$ 8,067	\$ 2,449	\$ 5,618	\$ -	\$ -
U.S. Government and Agency Securities	235,300	235,300	-	-	-
Guaranteed Investment Contracts	96,299	14,565	51,816	13,071	16,847
Money Market Funds	29,641	-	-	-	29,641
Total	\$ 369,307	\$ 252,314	\$ 57,434	\$ 13,071	\$ 46,488

Connecticut State Universities had \$140 million as U.S. Government Securities, these securities have no credit risk therefore, these securities are not included in the above table.

Custodial Credit Risk-Bank Deposits (amounts in thousands):

The State maintains its deposits at qualified financial institutions located in the state to reduce its exposure to this risk. These institutions are required to maintain, segregated from its other assets, eligible collateral in an amount equal to 10 percent, 25 percent, 100 percent, or 120 percent of its public deposits. The collateral is held in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. As of June 30, 2019, \$148,607 of the bank balance of the Primary Government of \$171,976 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 63,822
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	84,785
Total	\$ 148,607

Component Units

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Lottery Corporation (CLC) reported the following investments and maturities as of December 31, 2018 and June 30, 2019, respectively (amounts in thousands):

Investment Type	Major Component Units				
	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Collateralized Mortgage Obligations	\$ 304	\$ -	\$ -	\$ 304	\$ -
GNMA & FNMA Program Assets	1,966,992	-	-	2,478	1,964,514
Money Market	3,998	3,998	-	-	-
Municipal Bonds	53,388	310	1,483	1,951	49,644
STIF	495,561	495,561	-	-	-
MBS's	402	-	41	43	318
Structured Securities	1,100	-	-	1,100	-
U.S. Government Agency Securities	835	-	-	-	835
U.S. Treasury Bills	79,816	79,816	-	-	-
Total Debt Investments	2,602,396	\$ 579,685	\$ 1,524	\$ 5,876	\$ 2,015,311
Annuity Contracts	126,316				
Total Investments	\$ 2,728,712				

The CHFA and the CLC own 95.4 percent and 4.6 percent of the above investments, respectively. GNMA Program Assets represent securitized home mortgage loans of CHFA which are guaranteed by the Government National Mortgage Association. Annuity contracts are the only investment held by the CLC, which are not subject to investment risks discussed next.

Interest Rate Risk

CHFA

Exposure to declines in fair value is substantially limited to GNMA Program Assets. The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets in a specific maturity. This policy also requires the Authority to attempt to match its investments with anticipated cash flows requirements and to seek diversification by staggering maturities in such a way that avoids undue concentration of assets in a specific maturity sector.

Credit Risk

CHFA

The Authority's investments are limited by State statutes to United States Government obligations, including its agencies or instrumentalities, investments guaranteed by the state, investments in the state's STIF, and other obligations which are legal investments for savings banks in the state. The Fidelity Funds are fully collateralized by obligations issued by the United States Government or its agencies. Mortgage Backed Securities are fully collateralized by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association, and Collateralized Mortgage Obligations are fully collateralized by the United States Department of Housing and Urban Development mortgage pools.

CHFA's investments were rated as of December 31, 2018 as follows (amounts in thousands):

Investment Type	Component Units				
	Fair Value	AAA	Quality Ratings		
			CCC	D	Unrated
Collateralized Mortgage Obligations	\$ 304	\$ -	\$ 304	\$ -	\$ -
Municipal Bonds	53,388	-	-	-	53,388
Money Market	3,998	-	-	-	3,998
STIF	495,561	495,561	-	-	-
Structured Securities	1,100	-	-	1,100	-
Total	\$ 554,351	\$ 495,561	\$ 304	\$ 1,100	\$ 57,386

Concentration of Credit Risk

CHFA

The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets with a specific issuer. As of December 31, 2018, the Authority had no investments in any one issuer that represents 5 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA and FNMA Program Assets), and investments in the State's STIF.

Security Lending Transactions

Certain of the CIFS are permitted by State statute to engage in security lending transactions to provide incremental returns to the funds. The CIFS' Agent is authorized to lend available securities to authorized broker-dealers and banks subject to a formal loan agreement.

During the year, the Agent lent certain securities and received cash or other collateral as indicated on the Securities Lending Authorization Agreement. The Agent did not have the ability to pledge or sell collateral securities received absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 102 percent of the fair value of the domestic loaned securities or 105 percent of the fair value of foreign loaned securities.

According to the Agreement, the Agent has an obligation to indemnify the funds in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures during the fiscal year that resulted in a declaration or notice of default of the borrower. During the fiscal year, the funds and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. At year end, the funds had no credit risk exposure to borrowers because the fair value of the collateral held and the fair value of securities on loan were \$2,092.4 million and \$2,049.6 million, respectively.

Under normal circumstances, the average duration of collateral investments is managed so that it will not exceed 60 days. At year end, the average duration of the collateral investments was 5.79 days and an average weighted maturity of 38.99 days.

Note 4

Receivables-Current

As of June 30, 2019, current receivables consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	\$ 2,245,384	\$ -	\$ -
Accounts	1,351,969	509,700	60,981
Loans-Current Portion	-	261,053	10,816
Other Governments	630,850	8,940	3,156
Interest	3,350	2,496	1,233
Other (1)	383	1,675	419
Total Receivables	4,231,936	783,864	76,605
Allowance for Uncollectibles	(995,091)	(101,328)	(626)
Receivables, Net	\$ 3,236,845	\$ 682,536	\$ 75,979

(1) Includes a reconciling amount of \$379 thousand from fund financial statements to government-wide financial statements.

Note 5

Taxes Receivable

Taxes receivable consisted of the following as of June 30, 2019 (amounts in thousands):

	Governmental Activities		
	General Fund	Transportation Fund	Total
Sales and Use	\$ 806,430	\$ -	\$ 806,430
Income Taxes	698,028	-	698,028
Corporations	59,679	-	59,679
Gasoline and Special Fuel	-	204,022	204,022
Various Other	477,226	-	477,226
Total Taxes Receivable	2,041,363	204,022	2,245,385
Allowance for Uncollectibles	(260,436)	(95)	(260,531)
Taxes Receivable, Net	\$ 1,780,927	\$ 203,927	\$ 1,984,854

Note 6

Receivables-Noncurrent

Noncurrent receivables for the primary government and its component units, as of June 30, 2019, consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Accounts	\$ -	\$ -	\$ 40,193
Loans	1,138,650	1,164,417	114,643
Total Receivables	1,138,650	1,164,417	154,836
Allowance for Uncollectibles	(28,207)	(2,102)	(17,667)
Receivables, Net	\$ 1,110,443	\$ 1,162,315	\$ 137,169

The Grants and Loans fund (governmental activities) makes loans through the Department of Economic and Community Development to provide financial support to businesses, municipalities, nonprofits, economic development agencies and other partners for a wide range of activities that create and retain jobs; strengthen the competitiveness of the workforce; promote tourism, the arts and historic preservation; and help investigate and redevelop brownfields. The department's investments are helping build stronger neighborhoods and communities and improving the quality of life for state residents. These loans are payable over a ten-year period with rates ranging from 2 percent to 4 percent.

Clean Water fund (business-type activities) loans funds to qualified municipalities for planning, design, and construction of water quality projects. These loans are payable over a 20-year period at an annual interest rate of 2 percent and are secured by the full faith and credit or revenue pledges of the municipalities, or both. At year end, the noncurrent portion of loans receivable was \$1.0 billion.

The Connecticut Higher Education Supplemental Loan Authority (a component unit) makes loans to individuals from the proceeds of bonds issued by the Authority. The loans bear interest rates ranging from 0 percent to 9.2 percent. At year end, the noncurrent portion of loans receivable was \$112.0 million.

Note 7 Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2019, restricted assets were comprised of the following (amounts in thousands):

	Cash & Cash Equivalents	Investments	Loans, Net of Allowances	Other	Total Restricted Assets
Governmental Activities:					
Debt Service	\$ 991,788	\$ -	\$ -	\$ -	\$ 991,788
Total Governmental Activities	\$ 991,788	\$ -	\$ -	\$ -	\$ 991,788
Business-Type Activities:					
UConn/Health Center	\$ 277,594	\$ -	\$ -	\$ -	\$ 277,594
Clean Water	101,618	109,186	-	-	210,804
Other Proprietary	19,648	6,945	-	-	26,593
Total Business-Type Activities	\$ 398,860	\$ 116,131	\$ -	\$ -	\$ 514,991
Component Units:					
CHFA	\$ 580,049	\$ 2,022,711	\$ 3,057,849	\$ 100,966	\$ 5,761,575
CAA	289,086	(1)	-	3,939	293,024
Other Component Units	310,038	31,479	313,073	6,306	660,896
Total Component Units	\$ 1,179,173	\$ 2,054,189	\$ 3,370,922	\$ 111,211	\$ 6,715,495

Note 8 Current Liabilities

Accounts Payable and Accrued Liabilities

As of June 30, 2019, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

	Vendors	Salaries and Benefits	Interest	Other	Total Payables & Accrued Liabilities
Governmental Activities:					
General	\$ 140,326	\$ 217,629	\$ -	\$ -	\$ 357,955
Transportation	17,640	12,452	-	-	30,092
Restricted Accounts	210,889	12,808	-	-	223,697
Grants and Loans	21,317	111	-	4,839	26,267
Other Governmental	69,397	6,648	-	501	76,546
Internal Service	360	881	-	-	1,241
Reconciling amount from fund financial statements to government-wide financial statements	-	-	276,369	856	277,225
Total-Governmental Activities	\$ 459,929	\$ 250,529	\$ 276,369	\$ 6,196	\$ 993,023
Business-Type Activities:					
UConn/Health Center	\$ 94,158	\$ 89,726	\$ -	\$ 52,888	\$ 236,772
Board of Regents	28,843	98,750	2,355	660	130,608
Other Proprietary	5,827	-	11,574	2,392	19,793
Total-Business-Type Activities	\$ 128,828	\$ 188,476	\$ 13,929	\$ 55,940	\$ 387,173
Component Units:					
CHFA	\$ -	\$ -	\$ 17,447	\$ 6,601	\$ 24,048
Connecticut Lottery Corporation	8,862	-	1,205	-	10,067
Connecticut Airport Authority	13,760	5,662	2,472	4,486	26,380
Other Component Units	2,345	-	961	70,862	74,168
Total-Component Units	\$ 24,967	\$ 5,662	\$ 22,085	\$ 81,949	\$ 134,663

Note 9**Capital Assets**

Capital asset activity for the year was as follows (amounts in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets not being Depreciated:				
Land	\$ 1,833,257	\$ 29,329	\$ -	\$ 1,862,586
Construction in Progress	<u>5,053,268</u>	<u>1,154,027</u>	<u>616,105</u>	<u>5,591,190</u>
Total Capital Assets not being Depreciated	6,886,525	1,183,356	616,105	7,453,776
Capital Assets being Depreciated:				
Buildings	4,633,387	145,392	7,276	4,771,503
Improvements Other than Buildings	473,267	5,758	198	478,827
Equipment	2,613,097	100,319	73,186	2,640,230
Infrastructure	<u>16,607,608</u>	<u>390,238</u>	<u>31,461</u>	<u>16,966,385</u>
Total Other Capital Assets at Historical Cost	24,327,359	641,707	112,121	24,856,945
Less: Accumulated Depreciation For:				
Buildings	1,890,082	119,287	7,276	2,002,093
Improvements Other than Buildings	367,178	23,882	198	390,862
Equipment	2,568,119	98,198	73,186	2,593,131
Infrastructure	<u>10,955,897</u>	<u>492,006</u>	<u>31,461</u>	<u>11,416,442</u>
Total Accumulated Depreciation	15,781,276	733,373	112,121	16,402,528
Other Capital Assets, Net	<u>8,546,083</u>	<u>(91,666)</u>	<u>-</u>	<u>8,454,417</u>
Governmental Activities, Capital Assets, Net	<u>\$ 15,432,608</u>	<u>\$ 1,091,690</u>	<u>\$ 616,105</u>	<u>\$ 15,908,193</u>

* Depreciation expense was charged to functions as follows:

Governmental Activities:	
Legislative	\$ 4,746
General Government	20,914
Regulation and Protection	22,127
Conservation and Development	9,711
Health and Hospitals	9,023
Transportation	592,559
Human Services	743
Education, Libraries and Museums	29,229
Corrections	28,348
Judicial	15,489
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	484
Total Depreciation Expense	<u>\$ 733,373</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets not being Depreciated:				
Land	\$ 68,643	\$ -	\$ 15,070	\$ 53,573
Construction in Progress	<u>723,540</u>	<u>193,005</u>	<u>515,685</u>	<u>400,860</u>
Total Capital Assets not being Depreciated	792,183	193,005	530,755	454,433
Capital Assets being Depreciated:				
Buildings	6,073,127	464,607	923,561	5,614,173
Improvements Other Than Buildings	449,565	119,819	33,631	535,753
Equipment	<u>1,105,319</u>	<u>1,073,171</u>	<u>77,106</u>	<u>2,101,384</u>
Total Other Capital Assets at Historical Cost	7,628,011	1,657,597	1,034,298	8,251,310
Less: Accumulated Depreciation For:				
Buildings	2,375,705	233,659	312,161	2,297,203
Improvements Other Than Buildings	248,554	14,303	21,672	241,185
Equipment	<u>695,194</u>	<u>397,746</u>	<u>72,440</u>	<u>1,020,500</u>
Total Accumulated Depreciation	3,319,453	645,708	406,273	3,558,888
Other Capital Assets, Net	<u>4,308,558</u>	<u>1,011,889</u>	<u>628,025</u>	<u>4,692,422</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 5,100,741</u>	<u>\$ 1,204,894</u>	<u>\$ 1,158,780</u>	<u>\$ 5,146,855</u>

Component Units

Capital assets of the component units consisted of the following as of June 30, 2019 (amounts in thousands):

Land	\$	59,964
Buildings		713,055
Improvements other than Buildings		349,454
Machinery and Equipment		630,944
Construction in Progress		47,521
Total Capital Assets		1,800,938
Accumulated Depreciation		1,022,128
Capital Assets, Net	\$	778,810

Note 10

State Retirement Systems

The State sponsors three major public employee retirement systems: the State Employees' Retirement System (SERS)-consisting of Tier I (contributory), Tier II (noncontributory) Tier IIA (contributory) and Tier III (contributory), the Teachers' Retirement System (TRS), and the Judicial Retirement System (JRS). The three plans in this note do not issue separate financial statements, nor are they reported as a part of other entities. Beginning in fiscal year 2018, all new hires to SERS will be in a new Tier IV Hybrid Plan structure. The financial statements and other required information are presented in Note 12 and in the Required Supplementary Information (RSI) section of these financial statements.

The State Comptroller's Retirement Division under the direction of the Connecticut State Employees' Retirement Commission administers SERS and JRS. The sixteen members are: the State Treasurer or a designee who serves as a non-voting ex-officio member, six trustees representing employees are appointed by the bargaining agents in accordance with the provisions of applicable collective bargaining agreements, one "neutral" Chairman, two actuarial trustees and six management trustees appointed by the Governor. The Teachers' Retirement Board administers TRS. The fourteen members of the Teachers' Retirement Board include: the State Treasurer, the Secretary of the Office of Policy and Management, the Commissioner of Education, or their designees, who serve as ex-officio voting members. Six members are elected by teacher membership and five public members are appointed by the Governor.

Special Funding Situation

The employer contributions for the Teachers' Retirement System (TRS) are funded by the State on behalf of the participating municipal employers. Therefore, these employers are in a special funding situation and the State is treated as a non-employer contributing entity as defined by GASB 68. As a result, the State reports a liability, deferred outflows of resources and deferred inflows of resources, and expenses. Additionally, the autonomous Component Units that benefit from the services provided by employees of the State are considered, as defined by GASB 68, to be non-employer contributing entities. As such they report a liability, deferred outflows of resources and deferred inflows of resources, and expenses as a result of being statutorily required to contribute to SERS.

a. Plan Descriptions and Funding Policy

Membership of each plan consisted of the following at the date of the latest actuarial evaluation:

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
Inactive Members or their			
Beneficiaries receiving benefits	50,441	37,446	284
Inactive Members Entitled to but			
not yet Receiving Benefits	1,281	2,194	3
Active Members	49,153	50,594	209

State Employees' Retirement System

Plan Description

SERS is a single-employer defined-benefit pension plan covering substantially all the State full-time employees who are not eligible for another State sponsored retirement plan. Plan benefits, cost-of-living allowances, contribution requirements of plan members and the State, and other plan provisions are described in Sections 5-152 to 5-192 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living allowances to plan members and their beneficiaries.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. Tier I Plan B regular and Hazardous Duty members are required to contribute 3.5 percent and 5.5 percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus 6.5 percent above that level; Tier I Plan C members are required to contribute 6.5 percent of their annual salary; Tier II Plan Hazardous Duty

members are required to contribute 5.5 percent of their annual salary; Tier IIA and Tier III Plans regular and Hazardous Duty members are required to contribute 3.5 percent and 6.5 percent of their annual salary, respectively. Individuals hired on or after July 1, 2011 otherwise eligible for the Alternative Retirement Plan (ARP) are eligible to become members of the Hybrid Plan in addition to their other existing choices. The Hybrid Plan has defined benefits identical to Tier II/IIA and Tier III for individuals hired on or after July 1, 2011 but requires employee contributions 3 percent higher than the contribution required from the applicable Tier II/IIA/III plan. Employees in the new Tier IV Hybrid Plan will be required to contribute 3 percent more than Tier II employees into the defined benefit plan. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

Teachers' Retirement System

Plan Description

TRS is a cost-sharing multiple-employer defined-benefit pension plan covering any teacher, principal, superintendent, or supervisor engaged in service of public schools in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living allowances to plan members and their beneficiaries.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 7 percent of their annual salary. Administrative costs of the plan are funded by the State.

Judicial Retirement System

Plan Description

JRS is a single-employer defined-benefit pension plan covering any appointed judge or compensation commissioner in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 51-49 to 51-51 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living allowances to plan members and their beneficiaries.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 5 percent of their annual salary. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

b. Investments

The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the Chief Investment Officer, as they manage the investment programs of the pension plans. Plan assets are managed primarily through asset allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits. The following is the asset allocation policy as of June 30, 2018.

<u>Asset Class</u>	<u>SERS</u>		<u>TRB</u>		<u>JRS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.8%	21.0%	5.8%	21.0%	5.8%
Developed Non-U.S. Equiti	18.0%	6.6%	18.0%	6.6%	18.0%	6.6%
Emerging Markets (Non-U.	9.0%	8.3%	9.0%	8.3%	9.0%	8.3%
Real Estate	7.0%	5.1%	7.0%	5.1%	7.0%	5.1%
Private Equity	11.0%	7.6%	11.0%	7.6%	11.0%	7.6%
Alternative Investment	8.0%	4.1%	8.0%	4.1%	8.0%	4.1%
Fixed Income (Core)	8.0%	1.3%	7.0%	1.3%	8.0%	1.3%
High Yield Bonds	5.0%	3.9%	5.0%	3.9%	5.0%	3.9%
Emerging Market Bond	4.0%	3.7%	5.0%	3.7%	4.0%	3.7%
Inflation Linked Bonds	5.0%	1.0%	3.0%	1.0%	5.0%	1.0%
Cash	4.0%	0.4%	6.0%	0.4%	4.0%	0.4%

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Rate of Return: For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 5.88 percent, 5.85 percent, and 6.12 percent for SERS, TRS, and JRS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Net Pension Liability

The components of the net pension liability as of the measurement June 30, 2018 were as follows (amounts in millions):

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
Total Pension Liability	\$ 34,214	\$ 31,111	\$ 443
Fiduciary Net Position	12,528	17,947	223
Net Pension Liability	<u>\$ 21,686</u>	<u>\$ 13,164</u>	<u>\$ 220</u>
Ratio of Fiduciary Net Position to Total Pension Liability	36.62%	57.69%	50.29%

Deferred Retirement Option Program (DROP)

Section 10-183v of the General Statute authorizes that a TRS member teacher receiving retirement benefits from the system may be reemployed for up to one full school year by a local board of education, the State Board of Education or by a constituent unit of the state system of higher education in a position (1) designated by the Commissioner of Education as a subject shortage area, or (2) at a school located in a school district identified as a priority school district. Such reemployment may be extended for an additional school year, by written request for approval to the Teachers' Retirement Board.

As of June 30, 2019, the balance held for the DROP was not available from the Teachers' Retirement Board.

Discount Rate

The discount rate used to measure the total pension liability was 6.9, 8.0, and 6.9 percent for SERS, TRS, and JRS respectively. The projection of cash flows used to determine the SERS, TRS, and JRS discount rates assumed employee contributions will be made at the current contribution rate and that contributions from the State will be made at actuarially determined rates in future years. Based on those assumptions, SERS, TRS, and JRS pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the State, calculated using the discount rates of 6.9, 8.0 and 6.9 percent for SERS, TRS, and JRS, as well as what the State's net pension liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in millions):

	<u>1%</u>	<u>Current</u>	<u>1%</u>
	<u>Decrease in</u>	<u>Discount</u>	<u>Increase in</u>
	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
SERS Net Pension Liability	\$ 25,580	\$ 21,436	\$ 17,979
TRS Net Pension Liability	\$ 16,637	\$ 13,164	\$ 10,227
JRS Net Pension Liability	\$ 266	\$ 220	\$ 181
Component Units	\$ 299	\$ 250	\$ 210

c. GASB Statement 68 Employer Reporting**Employer Contributions**

The following table presents the primary government's and component units' contributions recognized by the pension plans at the reporting date June 30, 2019 (amounts in thousands):

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>	<u>Total</u>
Primary Government	\$ 1,561,658	\$ 1,292,314	\$ 27,427	\$ 2,881,399
Component Units	16,666	-	-	16,666
Total Employer Contributions	<u>\$ 1,578,324</u>	<u>\$ 1,292,314</u>	<u>\$ 27,427</u>	<u>\$ 2,898,065</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of the measurement date June 30, 2018, the primary government and component units reported net pension liabilities for the following plans administered by the State as follows (amounts in thousands):

	<u>Primary</u>	<u>Component</u>
	<u>Government</u>	<u>Units</u>
Proportionate Share of the Net Pension Liability		
State Employees' Retirement System	\$ 21,436,166	\$ 250,455
Net Pension Liability		
Teachers' Retirement System	13,164,059	-
Judicial Retirement System	220,279	-
Total Net Pension Liability	<u>\$ 34,820,504</u>	<u>\$ 250,455</u>

The primary government's and component units' proportions of the collective net pension liability for the State Employees' Retirement System as of the measurement date June 30, 2018 as follows:

	Primary Government	Component Units
State Employees' Retirement System		
Proportion-June 30, 2018	98.85%	1.15%

For the measurement June 30, 2018, the primary government and component units' recognized pension expense for the following pension plans administered by the State as follows (amounts in thousands):

	Primary Government	Component Units
Pension Expense		
State Employees' Retirement System	\$ 2,662,043	\$ 27,624
Teachers' Retirement System	1,477,433	-
Judicial Retirement System	34,485	-
	<u>\$ 4,173,961</u>	<u>\$ 27,624</u>

Deferred Outflows and Inflows of Resources

As of the reporting date June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
State Employees' Retirement System				
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ -	\$ 67,208	\$ -	\$ 785
Difference Between Expected and Actual Experience	756,619	-	8,840	-
Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions	-	-	11,765	20,724
Change in Assumptions	2,335,711	-	27,290	-
Employer Contributions Subsequent to Measurement Date	1,561,658	-	16,666	-
Total	<u>\$ 4,653,988</u>	<u>\$ 67,208</u>	<u>\$ 64,561</u>	<u>\$ 21,509</u>
Teachers' Retirement System				
Net Difference Between Projected and Actual Experience	\$ -	\$ 543,452		
Change in Assumptions	1,238,217	-		
Net Difference Between Projected and Actual Earnings on Plan Investments	243,425	-		
Employer Contributions Subsequent to Measurement Date	1,292,314	-		
Total	<u>\$ 2,773,956</u>	<u>\$ 543,452</u>		
Judicial Retirement System				
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ 1,636	\$ -		
Difference Between Expected and Actual Experience	-	15,792		
Change in Assumptions	16,511	-		
Employer Contributions Subsequent to Measurement Date	27,427	-		
Total	<u>\$ 45,574</u>	<u>\$ 15,792</u>		

The amount reported as deferred outflows of resources related to pensions resulting from the State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability reported in the following fiscal year. The amount reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts in thousands):

<u>State Employees' Retirement System</u>		Primary	Component
<u>Year Ending June 30</u>		<u>Government</u>	<u>Units</u>
2019		\$ 1,185,841	\$ 10,376
2020		1,079,216	9,112
2021		642,497	5,120
2022		72,248	1,258
2023		54,279	520
		<u>\$ 3,034,081</u>	<u>\$ 26,386</u>

<u>Teachers' Retirement System</u>		Primary
<u>Year Ending June 30</u>		<u>Government</u>
2019		\$ 490,835
2020		310,485
2021		37,060
2022		181,537
2023		(62,868)
Thereafter		(18,859)
		<u>\$ 938,190</u>

<u>Judges' Retirement System</u>		Primary
<u>Year Ending June 30</u>		<u>Government</u>
2019		\$ 11,291
2020		(4,025)
2021		(5,171)
2022		260
2023		-
		<u>\$ 2,355</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
Valuation Date	6/30/2018	6/30/2018	6/30/2018
Inflation	2.50%	2.75%	2.50%
Salary Increases	3.5%-19.5%	3.25%-6.50%	4.50%
Investment Rate of Return	6.90%	8.0%	6.90%

The actuarial assumptions used in the June 30, 2018 SERS and JRS reported mortality rates based on the RP-2014 White Collar Mortality Table projected to 2020 by scale BB at 100 percent for males and 95 percent for females for periods after service retirement and dependent beneficiaries. The RP-2014 Disabled Retiree Mortality Table at 65 percent for males and 85 percent for females is used for periods after disability.

The actuarial assumptions used in the June 30, 2018 TRS actuarial report were based on RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

Changes in Net Pension Liability

The following schedule presents changes in the State's pension liability and fiduciary net position for each plan for the measurement date June 30, 2018 (amounts in thousands):

Total Pension Liability	SERS	TRS	JRS
Service Cost	\$ 429,321	\$ 465,207	\$ 11,352
Interest	2,212,890	2,371,168	29,954
Benefit Changes	-	28,036	-
Difference between expected and actual experience	482,904	(396,067)	(18,528)
Changes of assumptions	-	-	-
Benefit payments	(1,955,985)	(1,994,092)	(27,616)
Refunds of Contributions	(7,659)	-	-
Net change in total pension liability	1,161,471	474,252	(4,838)
Total pension liability - beginning (a)	33,052,692	30,636,646	447,925
Total pension liability - ending (c)	\$ 34,214,163	\$ 31,110,898	\$ 443,087
Plan fiduciary net position			
Contributions - employer	\$ 1,443,053	\$ 1,272,277	\$ 25,458
Contributions - member	193,942	312,150	1,663
Net investment income	875,944	1,224,931	13,178
Benefit payments	(1,955,985)	(1,994,092)	(27,616)
Administrative Expense	(391)	-	-
Refunds of Contributions	(7,659)	-	-
Other	(3,139)	(2,753)	-
Net change in plan fiduciary net position	545,765	812,513	12,683
Plan net position - beginning (b)	11,981,777	17,134,326	210,125
Plan net position - ending (d)	\$ 12,527,542	\$ 17,946,839	\$ 222,808
Net pension liability - beginning (a)-(b)	\$ 21,070,915	\$ 13,502,320	\$ 237,800
Net pension liability - ending (c)-(d)	\$ 21,686,621	\$ 13,164,059	\$ 220,279

d. Defined Contribution Plan

The State also sponsors the Connecticut Alternate Retirement Program (CARP), a defined contribution plan. CARP is administered by the State Comptroller's Retirement Office under the direction of the Connecticut State Employees' Retirement Division. Plan provisions, including contribution requirements of plan members and the State, are described in Section 5-156 of the General Statutes.

Unclassified employees at any of the units of the Connecticut State System of Higher Education are eligible to participate in the plan. Plan members are required to contribute 5 percent of their annual salaries. The State is required to contribute 8 percent of covered salary. During the year, plan members and the State contributed \$32.1 million and \$44.9 million, respectively.

Note 11**Other Retirement Systems Administered by the State of Connecticut**

The State acts solely as the administrator and custodian of the assets of the Connecticut Municipal Employees' Retirement System (MERS) and the Connecticut Probate Judges and Employees Retirement System (CPJERS). The State makes no contribution to and has only a fiduciary responsibility for these funds. None of the above-mentioned systems issue stand-alone financial reports. However, financial statements for MERS and CPJERS are presented in Note No. 12.

a. Plan Descriptions and Funding Policy

Membership of each plan consisted of the following to date of the latest actuarial information:

	MERS	CPJERS
Retirees and beneficiaries receiving benefits	7,448	379
Terminated plan members entitled to but not receiving benefits	4,522	130
Active plan members	10,096	329
Total	22,066	838
Number of participating employers	191	1

Connecticut Municipal Employees' Retirement System**Plan Description**

MERS is a cost-sharing multiple-employer defined benefit pension plan that covers fire, police, and other personnel (except teachers) of participating municipalities in the State. Pension plan assets are pooled, and the plan assets can be used to pay the pensions of the retirees of any participating employer. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and

participating municipalities, and other plan provisions are described in Chapters 7-425 to 7-451 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

Funding Policy

Plan members are required to contribute 2.25 percent to 5.0 percent of their annual salary. Participating municipalities are required to contribute at an actuarial determined rate. The participating municipalities fund administrative costs of the plan.

b. Investments

The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the Chief Investment Officer as they manage the investment programs of the pension plans. Plan assets are managed primarily through asset allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits.

Asset Class	MERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equities	20.0%	5.8%
Developed Non-U.S. Equities	11.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	10.0%	5.1%
Private Equity	10.0%	7.6%
Alternative Investment	7.0%	4.1%
Fixed Income (Core)	16.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bond	5.0%	3.7%
Inflation Linked Bonds	5.0%	1.0%
Cash	1.0%	0.4%

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

c. GASB Statement 68 Employer Reporting

Net Pension Liability of Participating Employers

The components of the net pension liability for MERS at June 30, 2018 were as follows (amounts in millions):

	MERS
Total Pension Liability	\$ 3,622
Fiduciary Net Position	2,666
Net Pension Liability	\$ 956
Ratio of Fiduciary Net Position to Total Pension Liability	73.60%

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent for MERS. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of MERS, calculated using the discount rate of 7.0 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in millions):

	1% Decrease in Rate	Current Discount Rate	1% Increase in Rate
Net Pension Liability	\$ 1,411	\$ 956	\$ 576

Deferred outflows and deferred inflows of resources

The cumulative net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows (amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees Retirement System		
Difference Between Expected and Actual Experience	\$ 64,303	\$ -
Changes in actuarial assumptions	351,882	-
Net Difference Between Projected and Actual Investment Earnings on Plan Investments	62,458	-
Employer Contributions Subsequent to Measurement Date	83,370	-
	<u>\$ 562,013</u>	<u>\$ -</u>

Amounts recognized in subsequent fiscal years:

<u>Year Ending June 30</u>	<u>MERS</u>
2019	\$ 154,310
2020	129,577
2021	88,113
2022	106,643

Changes in Net Pension Liability

The following schedule presents changes in the State's pension liability and fiduciary net position for each plan for the measurement date June 30, 2018 (amounts in thousands):

Total Pension Liability MERS	
Service Cost	\$ 79,098
Interest on the total pension liability	231,873
Difference between expected and actuary experience	56,149
Changes of assumptions	440,517
Benefit payments	(165,548)
Refunds of contributions	(1,605)
Net change in total pension	640,484
Total pension liability - beginning	2,981,984
Total pension liability - ending (a)	<u>\$ 3,622,468</u>
Plan net position	
Contributions - employer	177,267
Initial Liability Payments and Transfers	2,103
Contributions - member	24,996
Net investment income	149,740
Benefit payments	(165,548)
Refunds of contributions	(1,605)
Other	(254,712)
Net change in plan net position	(67,759)
Plan net position - beginning	<u>\$ 2,733,784</u>
Plan net position - ending (b)	<u>\$ 2,666,025</u>
Net pension liability - ending (a) -(b)	<u>\$ 956,443</u>

Actuarial Assumptions

The total pension liability was determined by the most recent actuarial information available, using the following actuarial assumptions, applied to all periods included in the measurement date:

Inflation	2.50%
Salary increase	3.5-10.0%, including inflation
Long-Term investment rate of return	7.00%, net of pension plan investment expenses, including inflation

Mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

d. Connecticut Probate Judges and Employees' Retirement System**Plan Description**

CPJERS is an agent multi-employer defined benefit pension plan that covers judges and employees of probate courts. Plan benefits, cost-of-living adjustments, required contributions of plan members and the probate court system, and other plan provisions are described in Chapters 45a-34 to 45a-56 of General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

Pension plan assets are pooled for investment purposes, but separate accounts are maintained for each individual court so that each court's share of the pooled assets is legally available to pay the benefits of only its employees. The plan is administered by the State Employee's Retirement Commission.

Funding

Plan members are required to contribute 1.0 percent to 3.75 percent of their annual salary. The probate court system is required to contribute at an actuarial determined rate. Administrative costs of the plan are funded by the probate court system.

Pension Liability

Information concerning the CPJERS total pension liability and significant assumptions used to measure the plans total pension liability, such as inflation, salary changes, discount rates and mortality are available by contacting the State Comptroller's Retirement Division.

Note 12

Pension Trust Funds Financial Statements

The financial statements of the pension trust funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. State contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investment income and related expenses of the Combined Investment Funds are allocated ratably to the pension trust funds based on each fund's equity in the Combined Investment Funds. As of June 30, 2019, the Fiduciary Fund financial statements were as follows (amounts in thousands):

Statement of Fiduciary Net Position (thousands)							
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Assets							
Current:							
Cash and Cash Equivalents	\$ 11,002	\$ 4,350	\$ 6	\$ 997	\$ 21	\$ 401	\$ 16,777
Receivables:							
Accounts, Net of Allowances	13,216	13,321	8	20,228	5	-	46,778
From Other Governments	-	456	-	-	-	-	456
From Other Funds	411	67	-	44	-	2	524
Interest	347	634	3	57	3	-	1,044
Investments	13,250,839	18,492,536	235,909	2,709,856	109,625	2,065	34,800,830
Securities Lending Collateral	764,858	1,021,618	15,078	196,509	6,686	133	2,004,882
Noncurrent:							
Due From Employers	-	-	-	17,060	-	-	17,060
Total Assets	<u>\$ 14,040,673</u>	<u>\$ 19,532,982</u>	<u>\$ 251,004</u>	<u>\$ 2,944,751</u>	<u>\$ 116,340</u>	<u>\$ 2,601</u>	<u>\$ 36,888,351</u>
Liabilities							
Accounts Payable and Accrued Liabilities	\$ 122	\$ 15,891	\$ -	\$ -	\$ 11	\$ -	\$ 16,024
Securities Lending Obligation	764,858	1,021,618	15,078	196,509	6,686	133	2,004,882
Due to Other Funds	-	2,018	-	-	-	-	2,018
Total Liabilities	<u>\$ 764,980</u>	<u>\$ 1,039,527</u>	<u>\$ 15,078</u>	<u>\$ 196,509</u>	<u>\$ 6,697</u>	<u>\$ 133</u>	<u>\$ 2,022,924</u>
Net Position							
Held in Trust For Employee							
Pension Benefits	<u>\$ 13,275,693</u>	<u>\$ 18,493,455</u>	<u>\$ 235,926</u>	<u>\$ 2,748,242</u>	<u>\$ 109,643</u>	<u>\$ 2,468</u>	<u>\$ 34,865,427</u>
Total Net Position	<u>\$ 13,275,693</u>	<u>\$ 18,493,455</u>	<u>\$ 235,926</u>	<u>\$ 2,748,242</u>	<u>\$ 109,643</u>	<u>\$ 2,468</u>	<u>\$ 34,865,427</u>
Statement of Changes in Fiduciary Net Position (thousands)							
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Additions							
Contributions:							
Plan Members	\$ 489,099	\$ 309,333	\$ 1,694	\$ 24,613	\$ 222	\$ 25	\$ 824,986
State	1,578,324	1,292,314	27,427	-	-	-	2,898,065
Municipalities	-	358	-	83,370	-	-	83,728
Total Contributions	<u>2,067,423</u>	<u>1,602,005</u>	<u>29,121</u>	<u>107,983</u>	<u>222</u>	<u>25</u>	<u>3,806,779</u>
Investment Income	776,193	1,105,105	14,612	168,155	6,440	118	2,070,623
Less: Investment Expenses	(65,332)	(93,016)	(1,230)	(14,153)	(542)	(10)	(174,283)
Net Investment Income	<u>710,861</u>	<u>1,012,089</u>	<u>13,382</u>	<u>154,002</u>	<u>5,898</u>	<u>108</u>	<u>1,896,340</u>
Other	3,704	598	-	599	9,381	26	14,308
Total Additions	<u>2,781,988</u>	<u>2,614,692</u>	<u>42,503</u>	<u>262,584</u>	<u>15,501</u>	<u>159</u>	<u>5,717,427</u>
Deductions							
Administrative Expense	693	-	-	-	-	-	693
Benefit Payments and Refunds	2,033,144	2,066,641	29,385	180,367	5,742	-	4,315,279
Other	-	1,435	-	-	-	-	1,435
Total Deductions	<u>2,033,837</u>	<u>2,068,076</u>	<u>29,385</u>	<u>180,367</u>	<u>5,742</u>	<u>-</u>	<u>4,317,407</u>
Changes in Net Position	748,151	546,616	13,118	82,217	9,759	159	1,400,020
Net Position Held in Trust For Employee Pension Benefits:							
Beginning of Year	<u>12,527,542</u>	<u>17,946,839</u>	<u>222,808</u>	<u>2,666,025</u>	<u>99,884</u>	<u>2,309</u>	<u>33,465,407</u>
End of Year	<u>\$ 13,275,693</u>	<u>\$ 18,493,455</u>	<u>\$ 235,926</u>	<u>\$ 2,748,242</u>	<u>\$ 109,643</u>	<u>\$ 2,468</u>	<u>\$ 34,865,427</u>

Note 13**Other Postemployment Benefits (OPEB)**

The State sponsors two defined benefit OPEB plans: the State Employee OPEB Plan (SEOPEBP) and the Retired Teacher Healthcare Plan (RTHP).

The State Comptroller's Healthcare Policy and Benefits Division under the direction of the Connecticut State Employees Retirement Commission administers the State Employee OPEB Plan. The membership of the commission is composed of the State Treasurer or designee, who is a nonvoting ex-officio member; fifteen trustees, including six trustees representing state employees; six trustees representing state management; two trustees who are professional actuaries and one neutral trustee who serves as chairman. Also, the State Comptroller, ex officio, serves as the nonvoting secretary. The Governor makes all appointments except the employee trustees who are selected by employee bargaining agents. Management and employee trustees make the appointments of the chairman and the actuarial trustee positions. The Teachers' Retirement Board administers the Retired Teachers' Healthcare Plan. None of these plans issue stand alone statements, however, financial statements for these plans are presented in Note No. 14.

a. Plan Descriptions and Funding Policy

Membership of each plan consisted of the following to date of the latest actuarial information:

	<u>SEOPEBP</u>	<u>RTHP</u>
Inactive Members or their Beneficiaries receiving benefits	74,579	40,633
Inactive Members Entitled to but not yet Receiving Benefits	256	10,684
Active Members	49,538	50,594

State Employee OPEB Plan**Plan Description**

SEOPEBP is a single-employer defined benefit OPEB plan that covers retired employees of the State who are receiving benefits from any State-sponsored retirement system, except the Teachers' Retirement System and the Municipal Employees' Retirement System. The plan provides healthcare and life insurance benefits to eligible retirees and their spouses. Plan benefits required contributions of plan participants and the State, and other plan provisions are described in Sections 5-257 and 5-259 of the General Statutes.

Funding Policy

The contribution requirements of the plan members and the State are established and may be amended by the State legislature, or by agreement between the State and employees' unions, upon approval by the State legislature. The cost of providing plan benefits is financed approximately 100 percent by the State on a pay-as-you-go basis through an annual appropriation in the General fund. Administrative costs of the plan are financed by the State.

Retired Teacher Healthcare Plan**Plan Description**

RTHP is a single employer defined benefit OPEB plan that covers retired teachers and administrators of public schools in the State who are receiving benefits from the Teachers' Retirement System. The plan provides healthcare insurance benefits to eligible retirees and their spouses. Plan benefits required contributions of plan participants and the State, and other plan provisions are described in Section 10-183t of the General Statutes.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one third of plan costs through a contribution of 1.25 percent of their annual salaries, retired teachers pay for one third of plan costs through monthly premiums, and the State pays for one third of plan costs through an annual appropriation in the General Fund. Administrative costs of the plan are financed by the State.

b. Investments

The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the Chief Investment Officer, as they manage the investment programs of the State Employee OPEB Plan. Plan assets are managed primarily

through assets allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits. The following is the asset allocation policy as of June 30, 2018, the measurement date.

<u>Asset Class</u>	<u>SEOPEBP</u>		<u>RTHP</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Expected 10 year Geometric Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.8%	0.00%	4.39%
Small/Mid U.S. Equities	0.0%	0.0%	0.00%	4.74%
Non U.S. Equities - Developed	18.0%	6.6%	0.00%	4.86%
Non U.S. - Emerging Markets	9.0%	8.3%	0.00%	6.19%
Real Estate	7.0%	5.1%	0.00%	4.11%
Hedge Funds	0.0%	0.0%	0.00%	3.18%
Commodities	0.0%	0.0%	0.00%	1.78%
Infrastructure	0.0%	0.0%	0.00%	4.34%
Private Equity	11.0%	7.6%	0.00%	6.91%
Alternative Investment	8.0%	4.1%	0.00%	0.00%
Fixed Income (Core)	8.0%	1.3%	0.00%	1.22%
Long Duration Bonds	0.0%	0.0%	0.00%	1.62%
High Yield Bonds	5.0%	3.9%	0.00%	3.66%
Non U.S. Debt - Developed	0.0%	0.0%	0.00%	0.26%
Non U.S. Debt - Emerging	4.0%	3.7%	0.00%	3.53%
TIPS (Inflation Protected)	0.0%	0.0%	0.00%	0.63%
Inflation Linked Bonds	5.0%	1.0%	0.00%	0.00%
U. S. Treasuries (Cash Equivalent)	4.0%	0.4%	100.00%	-0.02%

The long-term expected rate of return on RTHP OPEB plan assets was determined by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The assumption is not expected to change absent a significant change in asset allocation, a change in inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Net OPEB Liability

The components of the net OPEB liability as of June 30, 2018, the measurement date, were as follows (amounts in thousands):

	<u>SEOPEBP</u>	<u>RTHP</u>
Total OPEB Liability	\$ 18,114,287	\$ 2,671,315
Fiduciary Net Position	849,889	39,736
Net OPEB Liability	<u>\$ 17,264,398</u>	<u>\$ 2,631,579</u>
Ratio of Fiduciary Net Position to Total OPEB Liability	4.69%	1.49%

Actuarial Assumptions

The total OPEB liability was determined by the most recent actuarial information available, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>SEOPEBP</u>	<u>RTHP</u>
Payroll growth rate	3.50%	2.75%
Salary increase	3.25% to 19.5% varying by years of service & retirement system	3.25%-6.5%
Discount Rate	3.95%	3.87%
Investment rate of return	6.90%	3.00%, net of OPEB plan investment expense including price inflation
Healthcare cost trend rates	8.0% for drug cost graded to 4.5% over 7 years 6.5% for medical graded to 4.5% over 4 years 4.5% for dental 3.0% for administrative expense	5.95% decreasing to 4.75% by year 2025

Mortality rates for the State Employees OPEB Plan were based on the RP-2014 White Collar Mortality Table projected to 2020 by Scale BB at 100% for males and 95% for females.

Mortality rates for the State Teachers Retirement System were based on RPH-2014 White Collar Morality Table with employee and annuitant rates blended from ages 50 to 80 projected to year 2020 under Scale BB and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as active members. State Employees OPEB disabled participants mortality rates were based on the RP-2014 Disabled Retiree Mortality Table at 65% for males and 85% for females. State Teachers Retirement System disabled participants mortality rates were based on RPH-2014 Disabled Retiree Mortality Table projected to 2020 with Scale BB.

Discount Rate

The discount rate used to measure the total OPEB liability for SEOPEBP and RTHP respectively, was 3.95 and 3.87 percent. The projection of cash flows used to determine the discount was performed in accordance with GASB 74.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the State, as well as what the State's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (amounts in thousands):

	SEOPEBP		
	1% Decrease in Discount Rate <u>2.95%</u>	Current Discount Rate <u>3.95%</u>	1% Increase in Discount Rate <u>4.95%</u>
SEOPEBP:			
Primary Government Net OPEB Liability	\$ 19,755,249	\$ 17,031,459	\$ 14,819,567
Component Units Net OPEB Liability	270,192	232,939	202,687
	RTHP		
	1% Decrease in Discount Rate <u>2.87%</u>	Current Discount Rate <u>3.87%</u>	1% Increase in Discount Rate <u>4.87%</u>
RTHP Net OPEB Liability	\$ 3,124,805	\$ 2,631,579	\$ 2,237,942

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the State, as well as what the State's net OPEB liability would be if it were calculated using healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate (amounts in thousands):

	SEOPEBP		
	1% Decrease in Trend Rates <u>2%</u>	Current Trend Rate <u>3%</u>	1% Increase in Trend Rates <u>4%</u>
SEOPEBP:			
Primary Government Net OPEB Liability	\$ 14,506,857	\$ 17,031,459	\$ 20,230,495
Component Units Net OPEB Liability	198,410	232,939	276,692
	RTHP		
	1% Decrease in Trend Rates <u>1%</u>	Current Trend Rate <u>2%</u>	1% Increase in Trend Rates <u>3%</u>
RTHP Net OPEB Liability	\$ 2,205,344	\$ 2,631,579	\$ 3,197,374

c. GASB Statement 75 Employer Reporting Employer Contributions

The following table presents the primary government's and component units' contributions recognized by the OPEB plans at the reporting date June 30, 2019 (amounts in thousands):

	SEOPEBP	RTHP	Total
Primary Government	\$ 742,122	\$ 35,319	\$ 777,441
Component Units	10,819	-	10,819
Total Employer Contributions	<u>\$ 752,941</u>	<u>\$ 35,319</u>	<u>\$ 788,260</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post Employees Benefits

As of the measurement date June 30, 2018, the primary government and component units reported net OPEB liabilities for the following plans administered by the State as follows (amounts in thousands):

	Primary Government	Component Units
Proportionate Share of the Net OPEB Liability		
State Employees' OPEB Plan	\$ 17,031,459	\$ 232,939
Net OPEB Liability		
Retired Teachers' Health Plan	<u>2,631,579</u>	<u>-</u>
Total Net OPEB Liability	<u>\$ 19,663,038</u>	<u>\$ 232,939</u>

The primary government's and component units' proportions of the collective net OPEB liability for the State Employees' OPEB Plan as of the measurement date June 30, 2018 as follows (amounts in thousands):

	Primary Government	Component Units
State Employees' OPEB Plan		
Proportion-June 30, 2018	98.65%	1.35%

For the measurement date June 30, 2018, the primary government and component units' recognized OPEB expense (income) for the following OPEB plan administered by the State as follows (amounts in thousands):

	Primary Government	Component Units
OPEB Expense (Income)		
State Employees' OPEB Plan	\$ 1,173,623	\$ 13,667
Retired Teachers' Health Plan	<u>(874,209)</u>	<u>-</u>
	<u>\$ 299,414</u>	<u>\$ 13,667</u>

Deferred Outflows and Inflows of Resources

As of the reporting date June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to the OPEB plans from the following sources:

	Primary Government		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
State Employees' OPEB Plan				
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	\$ -	\$ 6,834	\$ -	\$ 104
Change in Assumptions	-	900,285	-	12,551
Employer Contributions Subsequent to Measurement Date	<u>742,122</u>	<u>-</u>	<u>10,819</u>	<u>-</u>
Total	<u>\$ 742,122</u>	<u>\$ 907,119</u>	<u>\$ 10,819</u>	<u>\$ 12,655</u>
Retired Teachers' Health Plan				
Difference Between Expected and Actual Experience	\$ 190,242	\$ -		
Change in Assumptions	-	448,996		
Differences between projected and actual earnings on plan investments	1,535	-		
Employer Contributions Subsequent to Measurement Date	<u>35,319</u>	<u>-</u>		
Total	<u>\$ 227,096</u>	<u>\$ 448,996</u>		

The amount reported as deferred outflows of resources related to OPEB resulting from the State contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability reported in the following fiscal year. The amount reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows (amounts in thousands):

<u>State Employees' OPEB Plan</u>	<u>Primary</u>	<u>Component</u>
<u>Year Ending June 30</u>	<u>Government</u>	<u>Units</u>
2020	\$ (225,355)	\$ (5,453)
2021	(225,355)	(5,453)
2022	(225,356)	(5,452)
2023	(166,554)	(4,681)
2024	(54,352)	(1,763)
	<u>\$ (896,972)</u>	<u>\$ (22,802)</u>

<u>Retired Teachers' Health Plan</u>	<u>Primary</u>
<u>Year Ending June 30</u>	<u>Government</u>
2019	\$ (43,155)
2020	(43,154)
2021	(43,154)
2022	(43,458)
2023	(43,614)
Thereafter	(40,684)
	<u>\$ (257,219)</u>

Changes in Net OPEB Liability

The following schedule presents changes in the State's OPEB liability and fiduciary net position for each plan for the measurement date June 30, 2018 (amounts in thousands):

<u>Total OPEB Liability</u>	<u>SEOPEBP</u>	<u>RTHP</u>
Service Cost	\$ 901,698	\$ 132,392
Interest	680,154	133,597
Benefit Changes	-	(1,044,628)
Difference between expected and actual experience	-	217,853
Changes of assumptions	(724,140)	(196,049)
Benefit payments	(648,347)	(110,622)
Net change in total OPEB liability	209,365	(867,457)
Total OPEB liability - beginning	17,904,922	3,538,772
Total OPEB liability - ending (a)	\$ 18,114,287	\$ 2,671,315
Plan fiduciary net position		
Contributions - employer	\$ 801,893	\$ 35,299
Contributions - member	116,814	51,484
Net investment income	37,001	411
Benefit payments	(648,347)	(110,622)
Administrative expense	-	(264)
Other	186	-
Net change in plan fiduciary net position	307,547	(23,692)
Plan fiduciary net position - beginning	\$ 542,342	\$ 63,428
Plan fiduciary net position - ending (b)	\$ 849,889	\$ 39,736
Net OPEB liability - ending (a)-(b)	\$ 17,264,398	\$ 2,631,579

d. Other OPEB Plan

The State acts solely as the administrator and custodian of the assets of the Policemen and Firemen Survivors' Benefit Fund (PFSBF). The State makes no contribution to and has only a fiduciary responsibility for this fund. The fund does not issue stand-alone financial statements. However, financial statements for this fund are presented in Note No. 14.

Plan Description

PFSBF is a cost-sharing multiple-employer defined benefit OPEB plan that covers policemen and firemen of participating municipalities in the State. As of the most recent actuarial report there were 8 municipalities participating in the plan with a total membership of 634 active members. The plan provides survivor benefits upon the death of an active or retired member of the fund to his spouse and dependent children. Plan benefits, contribution requirements of plan members and participant municipalities, and other plan provisions are described in Sections 7-323a to 7-323i of the General Statutes.

Contributions

Plan members are required to contribute one percent of their annual salary. Participating municipalities are required to contribute at an actuarially determined rate. Administrative costs of the plan are financed by participating municipalities.

Note 14

OPEB Trust Funds Financial Statements

The financial statements of the OPEB trust funds are prepared using the accrual basis of accounting. Plan member and municipality contributions are recognized in the period in which they are due. State contributions are recognized in the period they are appropriated. Benefits are recognized when due and payable in accordance with the terms of each plan. Investment income and related investment expense of the Combined Investment Funds are allocated ratably to the PFSBF trust fund based on the fund's equity in the Combined Investment Funds.

Statement of Fiduciary Net Position (thousands)				
	State Employees' OPEB Plan	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefits	Total
Assets				
Cash and Cash Equivalents	\$ 72,730	\$ 56,956	\$ 35	\$ 129,721
Receivables:				
Accounts, Net of Allowances	-	-	-	-
From Other Funds	308	2,042	-	2,350
Interest	-	-	1	1
Investments	1,156,975	-	36,665	1,193,640
Securities Lending Collateral	73,208	-	2,314	75,522
Total Assets	<u>\$ 1,303,221</u>	<u>\$ 58,998</u>	<u>\$ 39,015</u>	<u>\$ 1,401,234</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 34,005	\$ 2,545	\$ -	\$ 36,550
Securities Lending Obligation	73,208	-	2,314	75,522
Total Liabilities	<u>\$ 107,213</u>	<u>\$ 2,545</u>	<u>\$ 2,314</u>	<u>\$ 112,072</u>
Net Position				
Held in Trust For Employee Pension and Other Benefits	\$ 1,196,008	\$ 56,453	\$ 36,701	\$ 1,289,162
Total Net Position	<u>\$ 1,196,008</u>	<u>\$ 56,453</u>	<u>\$ 36,701</u>	<u>\$ 1,289,162</u>

Statement of Changes in Fiduciary Net Position (thousands)				
	State Employees' OPEB Plan	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefit	Total
Additions				
Contributions:				
Plan Members	\$ 116,539	\$ 106,804	\$ 644	\$ 223,987
State	752,941	35,319	-	788,260
Municipalities	-	-	704	704
Total Contributions	<u>869,480</u>	<u>142,123</u>	<u>1,348</u>	<u>1,012,951</u>
Investment Income	75,175	1,091	2,124	78,390
Less: Investment Expenses	(6,327)	-	(179)	(6,506)
Net Investment Income	<u>68,848</u>	<u>1,091</u>	<u>1,945</u>	<u>71,884</u>
Transfer In	-	16,100	-	16,100
Other	1,194	-	5	1,199
Total Additions	<u>939,522</u>	<u>159,314</u>	<u>3,298</u>	<u>1,102,134</u>
Deductions				
Administrative Expense	-	17,187	-	17,187
Benefit Payments and Refunds	593,403	93,210	1,234	687,847
Other	-	16,100	-	16,100
Total Deductions	<u>593,403</u>	<u>126,497</u>	<u>1,234</u>	<u>721,134</u>
Changes in Net Assets	346,119	32,817	2,064	381,000
Net Position Held in Trust For Other Postemployment Benefits:				
Beginning of Year	849,889	23,636	34,637	908,162
End of Year	<u>\$ 1,196,008</u>	<u>\$ 56,453</u>	<u>\$ 36,701</u>	<u>\$ 1,289,162</u>

Note 15

Capital and Operating Leases

State as Lessor

The State leases building space, land, and equipment to private individuals. The minimum future lease revenues for the next five years and thereafter are as follows (amounts in thousands):

2020	\$	48,076
2021		34,468
2022		33,301
2023		25,530
2024		21,011
Thereafter		76,948
Total	\$	<u>239,334</u>

Contingent revenues for the year ended June 30, 2019, were \$685 thousand. The contingent revenue amount represents rental revenue which was paid in addition to the minimum lease revenues.

State as Lessee

Obligations under capital and operating leases as of June 30, 2019, were as follows (amounts in thousands):

	<u>Noncancelable Operating Leases</u>	<u>Capital Leases</u>
2020	\$ 29,999	\$ 8,722
2021	24,095	4,838
2022	27,845	4,527
2023	7,982	3,636
2024	29,560	2,273
2025-2029	20,869	6,119
2030-2034	11,277	2,432
2035-2039	854	-
Total minimum lease payments	<u>\$ 152,481</u>	<u>32,547</u>
Less: Amount representing interest costs		<u>4,550</u>
Present value of minimum lease payments		<u>\$ 27,997</u>

Minimum capital lease payments were discounted using interest rates ranging from 3.84 percent to 6.00 percent.

Rental payments on noncancelable operating leases charged to expenses during the year ended June 30, 2019, were \$30.0 million.

Note 16**Long-Term Liabilities**

Long-term liabilities of the primary government totaled \$85.2 billion decreasing by \$402.0 million when compared to the prior year. Of the total amount \$2.4 billion is due within one year. A significant decrease included a \$928.0 million decrease for Net OPEB Liability which was offset by an increase of \$417.1 million in Transportation bonds.

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2019 (amounts in thousands):

Governmental Activities	Beginning			Ending		Amounts due
	Balance	Additions	Reductions	Balance	within one year	
Bonds:						
General Obligation	\$ 18,328,363	\$ 2,143,755	\$ 2,103,405	\$ 18,368,713	\$ 1,459,451	
Direct Borrowings and Direct Placements	434,865	-	60,785	374,080	45,000	
Transportation	5,540,495	850,105	432,960	5,957,640	344,975	
	24,303,723	2,993,860	2,597,150	24,700,433	1,849,426	
Plus (Less) Premiums	1,919,483	296,415	215,528	2,000,370	202,475	
Total Bonds	26,223,206	3,290,275	2,812,678	26,700,803	2,051,901	
Other L/T Liabilities: ¹						
Net Pension Liability (Note 10)	34,566,488	5,671,889	5,417,872	34,820,505	-	
Net OPEB Liability (Note 10)	20,590,998	2,798,605	3,726,564	19,663,039	-	
Compensated Absences	498,278	29,920	29,825	498,373	35,800	
Workers' Compensation	747,234	122,847	98,328	771,753	98,968	
Capital Leases	27,576	6,639	6,218	27,997	8,722	
Claims and Judgments	195,543	9,006	141,105	63,444	58,217	
Landfill Post Closure Care	35,065	-	1,530	33,535	1,529	
Liability on Interest Rate Swaps	440	-	109	331	-	
Contracts Payable & Other	705	-	-	705	-	
Non-exchange Financial Guarantees	531,560	-	21,285	510,275	22,620	
Total Other Liabilities	57,193,887	8,638,906	9,442,836	56,389,957	225,856	
Governmental Activities Long-Term Liabilities	\$ 83,417,093	\$ 11,929,181	\$ 12,255,514	\$ 83,090,760	\$ 2,277,757	
¹ In prior years, the General and Transportation funds have been used to liquidate other liabilities.						
Business-Type Activities						
Revenue Bonds	\$ 1,494,355	\$ 92,105	\$ 130,525	\$ 1,455,935	\$ 98,650	
Plus/(Less) Premiums and Discounts	178,191	9,320	13,187	174,324	2,050	
Total Revenue Bonds	1,672,546	101,425	143,712	1,630,259	100,700	
Compensated Absences	197,574	36,862	58,249	176,187	41,332	
Other	354,900	14,574	26,560	342,914	23,098	
Total Other Liabilities	552,474	51,436	84,809	519,101	64,430	
Business-Type Long-Term Liabilities	\$ 2,225,020	\$ 152,861	\$ 228,521	\$ 2,149,360	\$ 165,130	
Primary Government Long-Term Liabilities	\$ 85,642,113	\$ 12,082,042	\$ 12,484,035	\$ 85,240,120	\$ 2,442,887	

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately \$38.3 million. This liability represents the State's share of the cost of cleaning up certain polluted sites in the state under federal and state superfund regulations. The liability was estimated using the cash flow technique and could change over time due to changes in costs of

goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort. In addition, there are other polluted sites in the state that require remedial action by the State that will result in additional cleanup costs. The State did not recognize a liability for these costs at year end because it could not be reasonably estimated.

As of June 30, 2019, long-term debt of component units consisted of the following (amounts in thousands):

Long-Term Debt	Balance June 30, 2019	Amounts due within year
Bonds Payable (includes premiums/discounts) \$	5,366,406	\$ 268,810
Escrow Deposits	187,429	39,680
Annuities Payable	126,882	5,969
Rate Swap Liability	101,180	-
Net Pension Liability	250,456	-
Net Post Employment Liability	232,938	-
Other	265,204	213,968
Total	\$ 6,530,495	\$ 528,427

Not all component units report net pension liabilities and OPEB liabilities; therefore, the notes show a higher liability for the net pension liability of \$6,257 and a higher net OPEB liability of \$5,821 than the financial statements.

Landfill Closure and Postclosure Care

Public Act 13-247 and section 99 of Public Act 13-184 required the Materials Innovation and Recycling Authority to transfer all legally required reserves and obligations resulting from the closure of the authority's landfills located in Hartford, Ellington, Waterbury, Wallingford and Shelton to the State Department of Energy and Environmental Protection (DEEP). During the year ended June 30, 2014, the legal transfer of \$35.8 million in post closure care obligations and the concurrent transfer of \$31.0 million of Authority reserve funds to the State resulting from the closure of landfills was addressed by a memorandum of understanding ("MOU") between the Authority and DEEP.

By the end of the year ended June 30, 2015, all work associated with the closure of the five landfills was completed. Going forward DEEP is required to reimburse the authority for all postclosure care obligations as the five landfills are now certified as closed. All landfill expense reimbursements paid by DEEP totaled \$1,529,345 in FY2019.

GASB Statement No.18 *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Cost* applies to closure and postclosure care costs that are paid near or after the date a landfill stops accepting waste. The State recognizes landfill expenditures and related General Fund liabilities using the modified accrual basis of accounting. DEEP estimates the State's landfill liability for closure and postclosure costs based on landfill capacity. Increases or decreases in such estimates are reported as additions or reductions in this line item of the State's long-term liabilities. The liability for these estimated costs is reduced when the costs are actually paid. Actual costs may be higher than estimated due to inflation or changes in permitted capacity, technology or regulation. As of June 30, 2013, all five of the landfills had no capacity available since 100 percent of their capacity had been used.

Note 17

Long-Term Notes and Bonded Debt

a. Bond Anticipation Notes

In December 2017, the State issued \$400,000,000 of General Obligation 2017 Series A Bond Anticipation Notes that matured on September 14, 2018 at which time General Obligation 2018 Series E Bonds were issued that mature in 2028. The State has elected to disclose these notes with its 2018 long-term debt because the State demonstrated the ability to convert such debt to long-term debt rather than including the debt as fund liabilities. The bans were issued to gain timely access to favorable pricing opportunities.

	Beginning			Ending	
	Balance	Issued	Redeemed	Balance	
Bond Anticipation Notes	\$ 400,000	\$ -	\$ 400,000	\$ -	

b. Primary Government – Governmental Activities**General Obligation Bonds**

General Obligation bonds are those bonds that are paid out of the revenues of the General Fund and are supported by the full faith and credit of the State. General Obligation bonds outstanding and bonds authorized but unissued at June 30, 2019, were as follows (amounts in thousands):

Purpose of Bonds	Final Dates	Original Rates	Outstanding	Authorized But Unissued
Capital Improvements	2019-2038	2.00-5.632%	\$ 4,076,682	\$ 585,339
School Construction	2019-2039	1.70-5.632%	4,498,674	3,001
Municipal & Other				
Grants & Loans	2019-2036	1.30-5.632%	2,463,224	1,413,476
Housing Assistance	2019-2035	2.25-5.350%	527,585	245,063
Elimination of Water				
Pollution	2019-2035	2.00-5.09%	487,162	34
General Obligation				
Refunding	2019-2038	2.00-5.25%	3,463,585	-
GAAP Conversion	2019-2027	4.00-5.00%	423,260	-
Pension Obligation	2019-2032	5.69-6.27%	2,197,477	-
Miscellaneous	2019-2034	3.50-5.10%	63,139	75,085
			18,200,788	\$ 2,321,998
Accretion-Various Capital Appreciation Bonds			167,925	
			Total	\$ 18,368,713

Future amounts needed to pay principal and interest on as General Obligation bonds outstanding at June 30, 2019, were as follows (amounts in thousands):

Year Ending	Principal	Interest	Total
June 30,			
2020	\$ 1,459,451	\$ 828,231	\$ 2,287,682
2021	1,466,891	765,453	2,232,344
2022	1,439,434	752,244	2,191,678
2023	1,464,456	700,097	2,164,553
2024	1,359,289	662,326	2,021,615
2025-2029	5,996,957	2,094,094	8,091,051
2030-2034	3,937,310	702,463	4,639,773
2035-2039	1,077,000	93,940	1,170,940
Total	\$ 18,200,788	\$ 6,598,848	\$ 24,799,636

Direct Borrowing and Direct Placements

On June 28, 2017 the State issued direct placement debt raising cash from a non-public offering based on a contractual agreement. The State entered into the agreement to take advantage of various favorable terms and at a substantially lower cost than if the State used a traditional public offering. \$300 million was raised as direct placement debt which provided timely resources to continue ongoing capital projects and grants to municipalities in the State. \$134.9 million was raised to redeem \$90 million of 2005 series A bonds and to redeem \$44.9 million of 2012 series D bonds. Direct placement debt outstanding as of June 30, 2019 is as follows:

Type of debt	Final Maturity Dates	Original Interest Rates	Amount Outstanding
Direct Placements	2019-2037	2.45%	\$ 284,215
Direct Placements			
Refundings	2019-2024	3.50%	89,865
		Total	\$ 374,080

Future amounts required to pay principal and interest on direct borrowings and direct placements outstanding at June 30, 2019 were as follows:

Year Ending			
June 30,	Principal	Interest	Total
2020	\$ 45,000	\$ 13,175	\$ 58,175
2021	15,790	11,905	27,695
2022	5,790	11,348	17,138
2023	15,790	11,139	26,929
2024	15,790	10,584	26,374
2025-2029	150,525	35,560	186,085
2030-2034	91,445	14,637	106,082
2035-2039	33,950	2,212	36,162
Total	<u>\$ 374,080</u>	<u>\$ 110,560</u>	<u>\$ 484,640</u>

GO Demand Bonds

The State enters into standby bond purchase and remarketing agreements with brokerage firms and/or banks upon the issuance of demand bonds. The State issued demand bonds as General Obligation Tax Exempt 2016 Series C bonds maturing in 2034.

Under the Standby Bond Purchase Agreement, the Bank would purchase the put bonds and hold them until they were remarketed. The Bank Bonds would bear a base rate for a period up to 270 days and base rate plus 1.0 percent thereafter. The State is required to pay the standby bond purchase provider a quarterly fee of .42 percent of the Principal and Interest commitment.

The State's remarketing agent is responsible for using its best efforts to remarket bonds properly tendered for purchase by bondholders. The State is required to pay the remarketing agent a quarterly fee of .06 percent per annum on the amount of outstanding demand bond principal.

Term out funding would commence on the 271st day following the bank purchase date. The outstanding bank bonds would be amortized on a quarterly basis for a three-year period as shown below. The interest on the bonds would be calculated at a rate determined per the Standby Bond Purchase Agreement (base rate plus 1 percent). For example, at the end of fiscal year 2019, the calculated rate was 7.5 percent, based on the terms of the Agreement. The standby bond purchase agreement expires on June 13, 2022. The agreement could be terminated at an earlier date if certain termination events described in the agreement were to occur. As of June 30, 2019, the amount of demand bonds outstanding was \$288,235,000. The table below shows the debt service requirements should the bond holders exercise their option in the full amount of the outstanding demand bonds.

Fiscal Year	Beginning Banked Bonds		Total		Ending Bank Bonds
	Outstanding	Principal	Interest	Debt Service	Outstanding
First	\$ 288,235,000	\$ 96,078,333	\$ 18,915,422	\$ 114,993,755	\$ 192,156,667
Second	192,156,667	96,078,333	11,709,547	107,787,880	96,078,334
Third	96,078,333	96,078,333	4,503,672	100,582,005	-

Transportation Related Bonds

Transportation Related bonds include special tax obligation bonds that are paid out of revenues pledged or earned in the Transportation Fund. The revenue pledged or earned in the Transportation Fund to pay special tax obligation bonds is transferred to the Debt Service Fund for retirement of principal and interest.

Transportation Related bonds outstanding and bonds authorized but unissued at June 30, 2019, were as follows (amounts in thousands):

Purpose of Bonds	Final	Original	Amount	Authorized
	Maturity	Interest		But
	Dates	Rates	Outstanding	Unissued
Infrastructure				
Improvements	2019-2038	3.00-5.740%	\$ 5,252,805	\$ 3,831,606
STO Refunding	2019-2028	2.00-5.20%	704,835	-
			5,957,640	<u>\$ 3,831,606</u>
Accretion-Variou Capital Appreciation Bonds			-	
			<u>\$ 5,957,640</u>	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2019, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2020	\$ 344,975	\$ 288,863	\$ 633,838
2021	355,335	272,349	627,684
2022	343,980	255,121	599,101
2023	351,575	238,112	589,687
2024	353,375	221,525	574,900
2025-2029	1,802,785	833,742	2,636,527
2030-2034	1,593,965	391,964	1,985,929
2035-2039	811,650	79,743	891,393
	<u>\$ 5,957,640</u>	<u>\$ 2,581,419</u>	<u>\$ 8,539,059</u>

c. Primary Government – Business-Type Activities

Revenue Bonds

Revenue bonds are those bonds that are paid out of resources pledged in the Enterprise funds and Component Units.

Enterprise funds' revenue bonds outstanding at June 30, 2019, were as follows (amounts in thousands):

Funds	Final Maturity Dates	Original Interest Rates	Amount Outstanding (000's)
UConn	2020-2047	1.5-5.25%	\$ 233,445
Board of Regents	2020-2037	2.0-5.25%	351,690
Clean Water	2020-2037	1.0-5.0%	744,424
Drinking Water	2020-2037	1.0-5.0%	104,046
Bradley Parking Garage	2020-2024	6.5-6.6%	<u>22,330</u>
Total Revenue Bonds			1,455,935
Plus/(Less) premiums and discounts:			
UConn			30,885
Board of Regents			24,061
Clean Water			103,802
Drinking Water			<u>15,576</u>
Revenue Bonds, net			<u>\$ 1,630,259</u>

The University of Connecticut has issued student fee revenue bonds to finance the costs of buildings, improvements and renovations to certain revenue-generating capital projects. Revenues used for payments on the bonds are derived from various fees charged to students.

The Connecticut State University System has issued revenue bonds that finance the costs of auxiliary enterprise buildings, improvements and renovations to certain student housing related facilities. Revenues used for payments on the bonds are derived from various fees charged to students.

In 2000, Bradley Parking Garage bonds were issued in the amount of \$53.8 million to build a parking garage at the airport. As of June 30, 2019, \$22.3 million of these bonds are outstanding.

In 1994, the State of Connecticut began issuing Clean Water Fund revenue bonds. The proceeds of these bonds are to be used to provide funds to make loans to Connecticut municipalities for use in connection with the financing or refinancing of wastewater treatment projects. Details on these agreements are disclosed under the separately issued audited financial statements of the fund.

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2019, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2020	\$ 98,649	\$ 66,580	\$ 165,229
2021	86,581	62,119	148,700
2022	88,845	58,088	146,933
2023	89,805	53,839	143,644
2024	285,231	128,351	413,582
2025-2029	399,174	139,703	538,877
2030-2034	266,205	59,146	325,351
2035-2039	70,645	23,478	94,123
2040-2044	37,800	13,082	50,882
2044-2048	33,000	3,579	36,579
Total	\$ 1,455,935	\$ 607,965	\$ 2,063,900

d. Component Units

Component Units' revenue bonds outstanding at June 30, 2019, were as follows (amounts in thousands):

<u>Component Unit</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Outstanding (000's)</u>
CT Housing Finance Authority	2019-2056	0.0-6.627%	\$ 4,579,533
CT Student Loan Foundation	2020-2046	2.013-4.101%	171,625
CT Higher Education Supplemental Loan Authority	2020-2035	1.65-5.25%	171,570
CT Airport Authority	2020-2050	%/1 mth libor	253,205
CT Regional Development Authority	2020-2034	1.00-5.75%	74,295
UConn Foundation	2020-2025	2.30-2.92%	13,606
CT Green Bank	2020-2037	2.00%-7.04%	54,714
CT Innovations Inc	2020	2.37-5.25%	595
Total Revenue Bonds			5,319,143
Plus/(Less) premiums and discounts:			
CHFA			37,574
CSLF			(323)
CHESLA			4,973
CAA			3,303
UConn Foundation			(141)
CT Innovations Inc			(595)
CRDA			1,735
Revenue Bonds, net			\$ 5,365,669

Revenue bonds issued by the Component Units do not constitute a liability or debt of the State. The State is only contingently liable for those bonds as discussed below.

Following the merger of the operations of the Connecticut Development Authority, Connecticut Innovations, Incorporated (CII) assumed responsibility for the former authority's Special Obligation industrial revenue bonds. The bonds were issued to finance such projects as the acquisition of land, the construction of buildings, the purchase and installation of machinery, equipment, and pollution control facilities. These activities are financed under its Self-Sustaining Bond Program which is described in the no-commitment debt section of this note. In addition, CII has \$595 thousand in General Obligation bonds outstanding at year-end. These bonds were issued to finance the lease of an entertainment/sports facility and the purchase of a hockey team.

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated 9/27/72; a special needs indenture dated 9/25/95, and other bond resolutions dated October 2009. As of December 31, 2018, bonds outstanding under the bond resolution, the indenture, and other bond resolutions were \$4,260.0 million, \$66.1 million, and \$291.0 million respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage

and construction loans financed from the Authority's General fund, and (3) all monies and securities of the Authority's General and Capital Reserve funds. The resolution and indenture Capital Reserve funds are required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in any succeeding calendar year on all outstanding bonds. The required reserves are \$323.4 million per the resolution and \$5.2 million per the indenture at 12/31/18. As of December 31, 2018, the Authority has entered into interest rate swap agreements for \$809.7 million of its outstanding variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

Materials Innovation and Recycling Authority's revenue bonds are issued to finance the design, development and construction of resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts and monies pledged in the bond indentures.

Connecticut Higher Education Supplemental Loan Authority's revenue bonds are issued to provide loans to students, their parents, and institutions of higher education to assist in the financing of the cost of higher education. These loans are issued through the Authority's Bond fund. According to the bond resolutions, the Authority internally accounts for each bond issue in separate funds, and additionally, the Bond fund includes individual funds and accounts as defined by each bond resolution.

Capital Reserves

Each Authority has established special capital reserve funds that secure all the outstanding bonds of the Authority at year-end. These funds are usually maintained at an amount equal to next year's bond debt service requirements. The State may be contingently liable to restore any deficiencies that may exist in the funds in any one year in the event that the Authority is unable to do so.

The Capital Region Development Authority revenue bonds are issued to provide sufficient funds for carrying out its purposes. The bonds are not debt of the State of Connecticut. However, the Authority and the State have entered into a contract for financial assistance, pursuant to which the State will be obligated to pay principal and interest on the bonds in an amount not to exceed \$9.0 million in any calendar year. The bonds are secured by energy fees from the central utility plant and by parking fees.

Future amounts needed to pay principal and interest on Component Unit revenue bonds outstanding at June 30, 2019, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2019	\$ 230,076	\$ 172,961	\$ 403,037
2020	180,305	168,407	348,712
2021	208,476	164,115	372,591
2022	192,668	158,238	350,906
2023	196,870	152,252	349,122
2024-2028	981,928	662,439	1,644,367
2029-2033	1,012,814	482,159	1,494,973
2034-2038	830,819	318,841	1,149,660
2039-2043	684,395	205,794	890,189
2044-2048	703,060	102,219	805,279
2049-2052	71,242	12,648	83,890
2053-2057	26,350	4,649	30,999
	\$ 5,319,003	\$ 2,604,722	\$ 7,923,725

No-commitment debt

Under the Self-Sustaining Bond program, acquired from its combination with the Connecticut Development Authority, Connecticut Innovations, Inc., issues revenue bonds to finance such projects as described previously in the Component Unit section of this note. These bonds are paid solely from payments received from participating companies (or from proceeds of the sale of the specific projects in the event of default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances are not included in the Authority's financial statements. Total bonds outstanding for the year ended June 30, 2019 were \$320.0 million.

The Connecticut Health and Educational Facilities Authority has issued Special Obligation bonds for which the principal and interest are payable solely from the revenues of the institutions. Starting in 1999, the Authority elected to remove these bonds and related restricted assets from its financial statements, except for restricted assets for which the Authority has a fiduciary responsibility. Total Special Obligation bonds outstanding at June 30, 2019, were \$8,408.4 million, of which \$351.7 million was secured by special capital reserve funds.

e. Debt Refundings

During the fiscal year the State issued General Obligation and Special Tax Obligation bonds of \$925.9 million at an average coupon interest rate of 4.95 percent to refund \$909.3 million of General Obligation and Special Tax Obligation bonds with an average coupon interest rate of 5.02 percent. Although the refunding resulted in a \$11.9 million accounting loss, the State in effect reduced its aggregate fund level debt service payments by \$16.6 million over the next 5 years. The present value of these savings represents an economic gain (difference between the present values of the debt service payments of the old and the new bonds) of \$23.3 million.

Once the refunding bond proceeds were delivered, the State entered into escrow agreements with escrow holders, to provide for the redemption of the refunded bonds. The refunding proceeds were deposited in an escrow holder's account of the State's Short-Term Investment Fund until needed for redemption of the refunded bonds. Thus, the refunded bonds were removed from the State's financial statements as they are considered defeased.

In prior years, the State placed the proceeds of refunding bonds in irrevocable trust accounts to provide for all future debt service payments on defeased bonds. The assets of the trust accounts and the liability for defeased bonds are not included in the State's financial statements. As of June 30, 2019, the outstanding balance of bonds defeased in prior years was approximately \$0.

f. Nonexchange Financial Guarantee

In March 2018, the State entered into a Contract for Financial Assistance with the City of Hartford, according to Section 376 of Public Act 17-2 of the June Special Session guaranteeing \$540,080,000 of outstanding general obligation bonds of the City of Hartford, with maturity dates ranging from July 1, 2028 through July 15, 2035, and semiannual interest payments. The contract assistance is limited to an amount equal to (1) the annual debt service on the outstanding amount of (A) refunding bonds to be issued by the City of Hartford pursuant to section 7-370c of the general statutes, or (B) any other bonds or notes issued by the City of Hartford, provided such refunding bonds or other bonds or notes are for payment, funding, refunding, redemption, replacement or substitutions of bonds, notes or other obligations previously issued by the City of Hartford, and (2) cost of issuance on any such refunding bonds and any other expenses that result directly from the refunding of debt. The Act also establishes that the City of Hartford must be under the supervision of the Municipal Accountability Review Board of the State and that the City may not issue any new debt without the board's approval. The State Representatives, defined by the contract as the Secretary of the Office of Policy and Management and the State Treasurer, may agree to provide credit support to the City of Hartford, including, but not limited to, assuming all or part of any bonds, notes, or other obligations of the City or issuance of new State obligations in replacement of such bonds, notes, or other obligations, provided such credit support does not exceed the amount of contract assistance that could otherwise be provided by the State to the City.

In April 2018, because of the possibility that the City of Hartford would declare bankruptcy, the State of Connecticut began making contract assistance payments for the City of Hartford's then outstanding \$540 million general obligation debt. During fiscal year 2019, the State of Connecticut has paid \$21,285,000 in principal and \$22,358,404 in interest on the guarantee.

The liability recognized for nonexchange financial guarantees by the State of Connecticut at June 30, 2019 is as follows (amounts in thousands):

Beginning of Year	Increases	Decreases	End of Year
\$ 531,560.00	\$ -	\$ 21,285	\$ 510,275

Note 18**Derivative Financial Instruments**

The fair value balances and notional amounts of the State's derivative instruments outstanding at June 30, 2019, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (amounts in thousands; debit (credit)):

	Changes in Fair Value		Fair Value at Year End		
	Classification	Amount	Classification	Amount	Notional
Governmental activities					
Cash flow hedges:	Deferred		Deferred		
Pay-fixed interest rate swap	outflow of Resources	\$ 109	outflow of Resources	\$ (331)	\$ 20,000

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and the terms of the State's governmental activities hedging derivative instruments outstanding at June 30, 2019, along with the credit rating of the associated counterparty (amounts in thousands).

<u>Type</u>	<u>Objective</u>	<u>Notional Amounts (000's)</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	\$ 20,000	4/27/2005	6/1/2020	Pay 5.2% receive CPI plus 1.79%	A+
	Total Notional Amount	\$ 20,000				

The fair values of interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payment required under the swaps, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date each future net settlement on the swaps.

Credit Risk

As of June 30, 2019, the State had no credit risk exposure on any of the swaps because the swaps had negative fair value. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the swaps' fair value.

Basis Risk

The State's variable-rate bond interest payments are based on the CPI floating rate. As of June 30, 2015, the State receives variable-rate payments from the counterparty based on the same CPI floating rate.

Termination Risk

The State or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any swap is terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination, the swap has a negative fair value, the State would be liable to the counterparty for a payment equal to the swap's fair value. Under the 2005 swap agreements, the State has up to 270 days to fund any required termination payment.

Rollover Risk

Because all the swap agreements terminate when the associated debt is fully paid, the State is only exposed to rollover risk if an early termination occurs. Upon an early termination, the State will not realize the synthetic rate offered by the swaps on the underlying debt issues.

Hedging Derivative Instrument Payments and Hedged Debt

As rates vary, variable-rate bond interest payments and net swap payments will vary. Using rates as of June 30, 2019, debt service requirements of the State's outstanding variable-rate bonds and net swap payments are as follows (amounts in thousands):

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Variable-Rate Bonds</u>		<u>Interest Rate</u>	
	<u>Principal</u>	<u>Interest</u>	<u>SWAP, Net</u>	<u>Total</u>
2020	\$ 20,000	\$ 815	\$ 225	\$ 21,040
	\$ 20,000	\$ 815	\$ 225	\$ 21,040

Note 19

Risk Management

The risk financing and insurance program of the State is managed by the State Insurance and Risk Management Board. The Board is responsible mainly for determining the method by which the State shall insure itself against losses by the purchase of insurance to obtain the broadest coverage at the most reasonable cost, determining whether deductible provisions should be included in the insurance contract, and whenever appropriate determining whether the State shall act as self-insurer. The schedule lists the risks of loss to which the State is exposed and the ways in which the State finances those risks.

Risk of Loss	Risk Financed by	
	Purchase of Commercial Insurance	Self-Insurance
Liability (Torts):		
-General (State buildings, parks, or grounds)		X
-Other	X	
Theft of, damage to, or destruction of assets	X	
Business interruptions	X	
Errors or omissions:		
-Professional liability	X	
-Medical malpractice (John Dempsey Hospital)		X
Injuries to employees		X
Natural disasters	X	

For the general liability risk, the State is self-insured because it has sovereign immunity. This means that the State cannot be sued for liability without its permission. For other liability risks, the State purchases commercial insurance only if the State can be held liable under a statute (e.g. per Statute the State can be held liable for injuries suffered by a person on a defective State highway), or if it is required by a contract.

For the risk of theft, of damage to, or destruction of assets (particularly in the automobile fleet), the State insures only leased cars and vehicles valued at more than \$100 thousand. When purchasing commercial insurance, the State may retain some of the risk by assuming a deductible or self-insured retention amount in the insurance policy. This amount varies greatly because the State carries many insurance policies covering various risks. The highest deductible or self-insured retention amount assumed by the State is \$25 million, which is carried in a railroad liability policy.

The State records its risk management activities related to the medical malpractice risk in the University of Connecticut and Health Center fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net position (government-wide and proprietary fund statements) when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The liabilities are determined based on the ultimate cost of settling the claims, including an amount for claims that have been incurred but not reported and claim adjustment expenses. The liabilities are actuarially determined and the unpaid liability for medical malpractice is reported at its present value, using a discount rate of 5 percent. In the General Fund, the liability for unpaid claims is only recorded if the liability is due for payment at year-end. Settlements have not exceeded coverages for each of the past three fiscal years.

Changes in the claim's liabilities during the last two fiscal years were as follows (amounts in thousands):

	Governmental Activities Workers' Compensation	Business-Type Activities Medical Malpractice
Balance 6-30-17	\$ 718,016	\$ 24,857
Inurred claims	127,630	-
Paid claims	(98,412)	(9,876)
Balance 6-30-18	747,234	14,981
Inurred claims	122,847	2,936
Paid claims	(98,328)	(5,759)
Balance 6-30-19	\$ 771,753	\$ 12,158

Note 20

Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2019, were as follows (amounts in thousands):

	Balance due to fund(s)											Total
	General	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Governmental	UConn	Board of Regents	Employment Security	Internal Services	Fiduciary	Component Units	
Balance due from fund(s)												
General	\$ -	\$ -	\$ 790	\$ 4	\$ 2,025	\$ 34,483	\$ 31,142	\$ 501	\$ 4,850	\$ 856	\$ -	\$ 74,651
Debt Service	-	2,563	-	-	-	-	-	-	-	-	-	2,563
Restricted Grants & Accounts	3,827	-	-	-	-	-	-	-	-	-	5,731	9,558
Grant & Loan Programs	35	-	-	-	-	-	-	-	-	-	-	35
Other Governmental	2,408	-	-	-	11,026	11,388	47,541	-	-	-	-	72,363
UConn	25,963	-	-	-	-	-	-	-	-	-	-	25,963
Board of Regents	4,825	-	-	-	-	-	-	-	-	-	-	4,825
Employment Security	-	-	-	-	297	-	-	-	-	-	-	297
Internal Services	10,679	-	-	-	-	-	-	-	-	-	-	10,679
Fiduciary	-	-	-	-	379	-	-	-	-	2,018	-	2,397
Component Units	43,735	-	132	-	202	-	-	-	-	-	-	44,069
Total	\$ 91,472	\$ 2,563	\$ 922	\$ 4	\$ 13,929	\$ 45,871	\$ 78,683	\$ 501	\$ 4,850	\$ 2,874	\$ 5,731	\$ 247,400

Interfund receivables and payables arose because of interfund loans and other interfund balances outstanding at year end.

Note 21

Interfund Transfers

Interfund transfers for the fiscal year ended June 30, 2019, consisted of the following (amounts in thousands):

	Amount transferred to fund(s)									
	General	Debt Service	Transportation	Restricted Grants & Accounts	Other Governmental	UConn	Board of Regents	Clean Water & Drinking Water	Fiduciary	Total
Amount transferred from fund(s)										
General	\$ 949,681	\$ -	\$ -	\$ -	\$ 241,732	\$ 794,623	\$ 550,087	\$ 720	\$ 16,100	\$ 2,552,943
Debt Service	-	-	21,810	-	34,258	-	-	-	-	56,068
Transportation	-	641,668	-	-	5,500	-	-	-	-	647,168
Restricted Grants & Accounts	25,600	64	-	-	408	-	-	-	-	26,072
Grants and Loans	-	-	-	-	71,464	-	-	-	-	71,464
Other Governmental	120,379	43,705	-	145,591	94,471	13,000	117,306	-	-	534,452
Employment Security	-	-	-	-	5,415	-	-	-	-	5,415
Total	\$ 1,095,660	\$ 685,437	\$ 21,810	\$ 145,591	\$ 453,248	\$ 807,623	\$ 667,393	\$ 720	\$ 16,100	\$ 3,893,582

Transfers were made to (1) move revenues from the fund that budget or statute requires to collect them to the fund that budget or statute requires to expend them and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

Note 22**Restatement of Net Position, Fund Balance Classifications, and Restricted Net Position****Restatement of Net Position**

For fiscal year 2019, Component Units beginning net position was \$2.3 billion. As a result of implementing GASB 75, Connecticut Housing Finance Authority, (major Component Unit) beginning net position was reduced by \$66.8 million on the Statement of Activities resulting in a restated beginning net position of \$2.2 billion. This reduction is reported on the Combining Statement of Activities – Component Units as well. Also, the Connecticut Green Bank, (Component Unit) restated their beginning net position as a result of an error consisting of warranty management costs previously expensed. These amounts should have been amortized as a prepaid expense over the life of the contracted warranty management period which is 20 years. The effect of this error was an increase in their beginning net position of \$1,955 million.

The University of Connecticut and the University of Connecticut Health Center (major Proprietary Funds) made reclassifications to their 2018 Capital and Intangible Assets as well as Long-Term Liabilities. As a result of these reclassifications the beginning net position decreased by \$45.1 million, the Statement of Activities beginning net position was restated to \$7.0 billion. This decrease is reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds as well.

Fund Balance – Restricted and Assigned

As of June 30, 2019, restricted and assigned fund balances of nonmajor governmental funds were comprised as follows (amounts in thousands):

	Restricted	Assigned
	Purposes	Purposes
Capital Projects	\$ 485,640	\$ -
Environmental Programs	118,402	-
Housing Programs	435,486	-
Employment Security Administration	20,297	-
Banking	2,140	-
Other	<u>445,686</u>	<u>22,834</u>
Total	<u>\$ 1,507,651</u>	<u>\$ 22,834</u>

Restricted Net Position

As of June 30, 2019, the government-wide statement of net position reported \$4,777 million of restricted net position, of which \$431.1 million was restricted by enabling legislation.

Note 23**Tax Abatements**

For financial purposes, a tax abatement is defined as an agreement between the government and an individual or entity through which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefit the government or its citizens.

Film, Television, and Digital Media Tax Program

This program assists film, television and digital media companies with direct financial assistance programs. Including but not limited to loans, grants, and job expansion tax credits structured to incentivize relocation to Connecticut and the growth and development of current Connecticut-based companies.

Beginning after January 1, 2010, (a) an eligible production company that incurs production expenses of not less than \$100 thousand, but not more than \$500 thousand, will be eligible for a credit against the tax imposed equal to ten percent of such production expenses, (b) a production company incurring expenses of more than \$500 thousand, but not more than \$1 million, will be eligible for a credit against the tax imposed equal to fifteen percent of production expenses, and (c) a production company incurring expenses of more than \$1 million will be eligible for a credit against the tax imposed (chapter 207, section 12-217jj) equal to thirty percent of production expenses.

No eligible company incurring an amount of production expenses that qualifies for a tax credit shall be eligible unless on or after January 1, 2010, the company conducts (1) not less than fifty percent of principal filming days within the state, or (2) expends not less than fifty percent of postproduction costs within the state, or (3) expends not less than \$1 million of postproduction costs within the state.

An eligible production company shall apply to the Department of Economic and Community Development (DECD) for a tax credit voucher on an annual basis, but not later than ninety days after the first production expenses are incurred in the production of a qualified production, and will provide with the application information that DECD may require to determine if the company is eligible to claim a credit.

Urban and Industrial Sites Reinvestment Tax Program

This tax program is designed to encourage development and redevelopment activities in eligible communities and to encourage private investment in contaminated properties.

In accordance with Chapter 578 section 32-9t of the General Statutes taxpayers who make investments in eligible urban reinvestment projects or eligible industrial site investment projects may be allowed a tax credit against the tax imposed under chapter 207 and 212a or section 38a-743 in the General Statutes, an amount equal to the following percentage of approved investments made by or on behalf of a taxpayer with respect to the following income years of the taxpayer: (a) the income year in which the investment in the project was made and the next two succeeding income years, zero percent; (b) in the third full income year succeeding the year in which the investment was made and the three succeeding years, ten percent; (c) in the seventh full income year succeeding the year in which the investment in the eligible project was made and the next two succeeding years, twenty percent. The sum of all tax credits shall not exceed \$100 million to a single eligible urban reinvestment project or a single eligible industrial site investment project approved by the commissioner at DECD. The sum of all tax credits under the provisions of this section should not exceed \$950 million.

Tax credits allowed may be claimed by a taxpayer who has made an investment (1) directly only if the investment has a total asset value, either alone or combined with other investors in an eligible project, of not less than \$5 million or, in the case of an investment in an eligible project for the preservation of a historic facility and redevelopment of the facility for combined uses which includes at least four housing units, the total asset value should not be less than \$2 million; (2) an investment managed through a fund manager only if such fund: (a) has a total asset value of not less than \$60 million for the income year for which the initial credit is taken; and (b) has not less than three investors who are not related persons with respect to each other or to any person in which any investment is made other than through the fund at the date the investment is made; or (3) through a community development entity or a contractually bound community development entity. A tax credit made through a fund, should only be available for investments in funds that are not open to additional investments beyond the amount set forth at the formation of the fund.

Insurance Reinvestment Fund Program

The purpose of the Insurance Reinvestment Fund Program is to capitalize on the base of local insurance expertise and help people laid off after the massive restructuring of the insurance industry. The program was also intended to encourage small insurance startups and specialty insurance businesses in Connecticut companies engaged in the insurance business or providing services to insurance companies.

In accordance with Chapter 698 section 38a-88 a tax credit is allowed against the tax imposed under chapter 207, 208, or 229 or section 38a-343 an amount equal to the following percentage of the moneys the taxpayer invested through a fund manager in an insurance business with respect to the following income years of the taxpayer: (a) in the initial income year in which the investment in the insurance business was made and two succeeding income years, zero percent; (b) with respect to the third full income year in which the investment in the insurance business was made and the next three succeeding income years, ten percent; (c) in the seventh full income year succeeding the year in which the investment in the insurance business was made and the next two succeeding income years, twenty percent. The sum of all tax credits shall not exceed \$15 million with respect to investment made by a fund or funds in any single insurance business, and with respect to all investments made by a fund shall not exceed the total amount originally invested in the fund. A fund manager may apply to the Commissioner of DECD for a credit that is greater than the limitations established by law.

The tax credit allowed may be claimed by a taxpayer who has invested in an insurance business through a fund (a) which has total assets of not less than \$30 million for the income year for which the initial credit is taken; (b) has not less than three investors who are not related persons with respect to each other or to any insurance business in which any investment is made other than through the fund at the date the investment is made; and (c) which invests only in insurance businesses that are not related persons to each other.

The credit allowed may only be claimed with respect to an insurance business which (a) occupies the new facility for which an eligibility certificate has been issued by the Commissioner of DECD, or the certificate has been issued as its home office, and (b) employs not less than twenty-five percent of its total work force in new jobs.

The maximum allowed credit shall be \$350 million in total and \$40 million per year.

The Connecticut Neighborhood Assistance Act Credit Program (Conn. Gen. Stat. §§12-631 through 12-638)

The Neighborhood Assistance Act tax credit may be earned by businesses that make cash investments of at least \$250 to certain community programs. The cash investments must be made in a community program that is proposed and conducted by a tax exempt or municipal agency and must be approved both by the municipality in which the program is conducted and the Department of Revenue Services.

This tax credit may be applied against the taxes imposed under:

Chapter 207 (Insurance Companies and Health Care Centers Taxes);

Chapter 208 (Corporation Business Tax);

Chapter 209 (Air Carriers Tax);

Chapter 210 (Railroad Companies Tax);

Chapter 211 (Community Antenna Television Systems and One-Way Satellite Transmission Business Tax); and

Chapter 212 (Utility Companies Tax).

A tax credit equal to one hundred percent of the cash invested is available to businesses that invest in energy conservation projects and comprehensive college access loan forgiveness programs. A tax credit equal to sixty percent of the cash invested is available to businesses that invest in programs that provide: community-based alcoholism prevention or treatment programs; neighborhood assistance; job training; education; community services; crime prevention; construction or rehabilitation of dwelling units for families of low and moderate income in the state; funding for open space acquisitions; investment in child day care facilities; child care services; and any other program which serves persons at least seventy five percent of whom are at an income level not exceeding one hundred fifty percent of the poverty level for the preceding year.

Under the Connecticut Neighborhood Assistance Act there are several statutory limits which must be observed, including the following: (1) the total tax credits under the Neighborhood Assistance Act tax credit program are limited to \$150,000 annually for each business. The tax credit for investments in child day care facilities may not exceed \$50,000 per income year for each business; (2) the minimum contribution on which a tax credit can be granted is \$250; (3) any organization conducting a program or programs eligible to receive contributions under the Neighborhood Assistance Act tax credit program is limited to receiving a total of \$150,000 of funding for any program or programs for any fiscal year; (4) the cap on the total amount of credits that may be allowed annually is \$5 million. If the proposals submitted to the Department of Revenue Services claim credits in excess of the cap, such credits will be prorated among the approved organizations; (5) no business shall receive both the Neighborhood Assistance tax credit and the Housing Program Contribution tax credit for the same cash contribution; (6) no business can claim the tax credit for investments in child care facilities in an income year that the business claims the Human Capital Investment tax credit; (7) carryforward and carryback limitations, no carryforward is allowed any tax credit that is not taken in the income year in which the investment was made may be carried back to the two immediately preceding income years.

Research and Development Expenditures

This credit is based on the incremental increase in expenditures for research and experiments conducted in Connecticut. "Research and development expenses" refers to research or experimental expenditures deductible under Section 174 of the Internal Revenue Code of 1986, as of May 28, 1993, determined without regard to Section 280C(c) elections made by a taxpayer to amortize such expenses on its federal income tax return that were otherwise deductible, and basic research payments as defined under Section 41 of the Internal Revenue Code to the extent not deducted under said Section 174, provided: such expenditures and payments are paid or incurred for such research and experimentation and basic research conducted in the State of Connecticut; and such expenditures and payments are not funded, within the meaning of Section 41(d)(4)(H) of the Internal Revenue Code, by any grant, contract, or otherwise by a person or governmental entity other than the taxpayer unless such other person is included in a combined return with the person paying or incurring such expenses.

In accordance with Sec. 12-217n a tax credit may be applied against the Corporation Business Tax for research and development expenses conducted in Connecticut. A small business qualifies for the credit if it has gross income for the previous income year that does not exceed \$100 million, and has not, in the determination of the Commissioner of Economic and Community Development, met the gross income test through transactions with a related person. The amount of the credit increases ratably from one percent of the annual research and development expenses paid or incurred, where these expenses equal \$50 million or less, to six percent when expense exceed \$200 million.

Qualified small business may exchange unused amounts of this credit with the state for a cash payment of sixty-five percent of the value of the credit or carry forward the full value until fully taken. Credits are limited to \$1.5 million in any one income year.

Historic Structures Rehabilitation (Conn. Gen. Stat. §10-416a)

Beginning, July 1, 2014, no applications have been accepted for this program, no credits will be reserved under this program. Projects that previously would have been eligible for a credit under this program may be eligible for a credit under the Historic Rehabilitation Tax Credit program.

A tax credit administered by the Connecticut Department of Economic and Community Development is available to an owner rehabilitating a certified historic structure for residential use or to a taxpayer named by the owner as contributing to the rehabilitation. No credit may be claimed before the Department of Economic and Community Development issues a tax credit voucher.

The tax credit may be applied against the taxes imposed under:

Chapter 207 (Insurance Companies and Health Care Centers Taxes)

Chapter 208 (Corporation Business Tax)

Chapter 209 (Air Carriers Tax)

Chapter 210 (Railroad Companies Tax)

Chapter 211 (Community Antenna Television Systems and One-Way Satellite Transmission Business Tax); and

Chapter 212 (Utility Companies Tax).

This tax credit is equal to the lesser of the tax credit reserved upon certification of the rehabilitation plan or 25% of the actual qualified rehabilitation expenditures not exceeding \$2.7 million. The amount of the tax credit that may be claimed will be entered on the tax credit voucher issued by the Department of Economic and Community Development.

The tax credit may be carried forward for five years following the year in which the rehabilitated structure was placed in service. No carryback is allowed.

Historic Preservation (Conn. Gen. Stat. §10-416b)

Beginning, July 1, 2014, no applications have been accepted for this program, no credits will be reserved under this program. Projects that previously would have been eligible for a credit under this program may be eligible for a credit under the Historic Rehabilitation Tax Credit program.

A tax credit administered by the Connecticut Department of Economic and Community Development is available to an owner rehabilitating a qualified historic structure for nonresidential use or mixed residential and nonresidential use or a taxpayer named by the owner as contributing to the rehabilitation. No credit may be claimed before the Department of Economic and Community Development issues a tax credit voucher.

This tax credit may be applied against the taxes imposed under:

Chapter 207 (Insurance Companies and Health Care Centers Taxes)

Chapter 208 (Corporation Business Tax)

Chapter 209 (Air Carriers Tax)

Chapter 210 (Railroad Companies Tax)

Chapter 211 (Community Antenna Television Systems and One-Way Satellite Transmission Business Tax); and

Chapter 212 (Utility Companies Tax)

This tax credit is equal to the lesser of twenty-five percent of the projected certified rehabilitation expenditures or twenty-five percent of the actual certified rehabilitation expenditures. If the project creates affordable housing units and the owner provides the Department of Economic and Community Development and the Department of Housing information to show that the owner is compliant with the affordable housing certificate, then the tax credit is equal to the lesser of thirty percent of the projected certified rehabilitation expenditures of thirty percent of the actual qualified rehabilitation expenditures.

The maximum tax credit allowed for any project shall not exceed \$5 million for any fiscal three-year period.

Historic Rehabilitation (Conn. Gen. Stat. §10-416c)

A tax credit administered by the Connecticut Department of Economic and Community Development is available for the qualified rehabilitation expenditures associated with the certified rehabilitation of a certified historic structure. No credit may be claimed until the Department of Economic and Community Development issues a tax credit voucher.

This tax credit can be used to offset the taxes imposed under Chapters 207, 208, 209, 210, 211, or 212 of the Connecticut General Statutes.

The tax credit is equal to twenty-five percent of the total qualified rehabilitation expenditures. The tax credit increases to thirty percent of the total qualified rehabilitation expenditures if the project includes a component with at least twenty percent of the rental units or

ten percent of for-sale units qualify as affordable housing under Conn. Gen. Stat. §8-39a. The tax credit allowed for any project shall not exceed \$4.5 million.

The tax credit may be carried forward for five succeeding income years following the year in which the substantially rehabilitated structure was placed in service. No carryback is allowed.

Enterprise Zone Property Tax Reimbursement Program

The enterprise zone program offers various tax incentives and other benefits to businesses that start up or improve real property in areas designated as enterprise zones. This designation is one of several geographic designations the state uses to target economic development assistance (e.g., distressed municipalities).

In 1981, Connecticut became the first state to establish an enterprise zone program when the legislature authorized the DECD commissioner to designate six zones based on statutory criteria (PA 81-445). Over the past several decades, the legislature has made many changes to the program, including expanding the number of zones, changing the eligibility criteria for zone designation, and adding to the types of businesses eligible for benefits under the program.

In most instances, the legislature authorized the DECD commissioner to approve a specified number of zones according to broad eligibility criteria. For example, the initial two designation rounds authorized a total of 10 zones—four in municipalities with a population of 80,000 or more and six in municipalities with a population of fewer than 80,000. The proposed zones also had to meet specific poverty criteria (e.g., 25 percent of the proposed zone’s population had to be below the federal poverty level or unemployed).

However, the legislature has shifted from this practice, authorizing additional zones based on narrower designation criteria. For example, in 1993 it authorized two additional enterprise zones in municipalities with a population of 80,000 or less that are affected by plant or military base closings (PA 93-331). In 2014, it required the commissioner to approve two additional zones based on population criteria tailored for two specific towns (Thomaston and Wallingford) (PA 14-217). It has also authorized the DECD commissioner to designate zones, under narrow criteria, in addition to those authorized in statute.

There are eighteen enterprise zones currently designated, and one (Wallingford) which has been authorized by the legislature but not yet designated by DECD. The designated enterprise zones are in the following towns: Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Thomaston, Waterbury, and Windham.

The zones’ benefits are generally available to businesses that start up in the zone or that improve property or relocate there. The benefits include: (1) a five-year, state-reimbursed, 80 percent property tax exemption for improving or acquiring manufacturing facilities (see below) and acquiring machinery and equipment. The state generally reimburses the municipality for half the forgone property tax revenue (CGS 12-81 (59)); (2) a 10-year, 25 percent corporate business tax credit attributed to facility improvements. The credit increases to 50 percent for certain businesses that meet resident employment criteria (CGS 12-217e); (3) a seven-year property tax exemption (100 percent in first two years, 50 percent in third, and a decrease to 10 percent in each of the remaining four years), with no state reimbursement, for commercial and residential real property improvements that do not qualify for the 5-year, 80 percent exemption (other than improvements to manufacturing facilities, as defined below) (CGS 32-71); (4) a 10-year corporate business tax credit (100 percent for first three years, 50 percent for next seven years) for starting a new business in an enterprise zone (business must employ a certain number of residents to qualify) (CGS 12-217v).

Many enterprise zone benefits are available only to manufacturing facilities, but the statutory definition of this term includes certain facilities used for non-manufacturing purposes (CGS 32-9p(d)). For the purpose of the enterprise zone program, manufacturing facilities refers to any plant, building, or other real property improvement that is located in an enterprise zone and used as follows: (1) for manufacturing, processing, or assembling raw materials, parts, or manufactured products; (2) for manufacturing-related research and development; (3) for servicing industrial machinery and equipment; (4) by a business that the commissioner determines (a) will materially contribute to the economy, or (b) is part of a group of industries linked by customer, supplier, or other relationships (CGS 32-222); or (5) by a business engaged in any of a number of specified industries, including fishing, hunting, and trapping; other types of manufacturing ; transportation and warehousing; certain financial and insurance services; certain educational services; child day care services; computer hardware, software, or networking; and telecommunications or communications.

The law designates municipalities that contain enterprise zones as “targeted investment communities” (TICs), and businesses located in these municipalities, but outside the enterprise zone, are eligible for certain benefits, including: (1) a five-year, state-reimbursed property tax exemption for improving manufacturing facilities. The exemption varies depending on the value of improvements, up to a maximum of 80 percent for improvements valued over \$90 million (CGS 12-81(60)); (2) a 10-year corporate business tax credit attributed to improving manufacturing facilities in TICs. The credit varies from 15 percent to 50 percent depending on the number of new employees (CGS 12-217e).

Information relevant to the disclosure of these programs is as follows:

Tax Abatement Program	Amount of Taxes Abated
The Film, Television, and Digital Media Tax Program	
<i>Corporate Income Tax (as of 6/30/2019)</i>	\$ 88,720,509
The Urban and Industrial Sites Reinvestment Tax Program	
<i>Corporate Income Tax (as of 6/30/19)</i>	32,359,751
The Insurance Reinvestment Fund Program	
<i>Corporate Income Tax (as of 6/30/2019)</i>	23,342,944
The Connecticut Neighborhood Assistance Act Credit Program	
<i>Corporate Income Tax (as of 6/30/2019)</i>	3,775,893
Historic Structures Rehabilitation	
<i>Corporate Income Tax (as of 6/30/2019)</i>	5,866,653
Historic Preservation	
<i>Corporate Income Tax (as of 6/30/2019)</i>	1,024,308
Historic Rehabilitation	
<i>Corporate Income Tax (as of 6/30/2019)</i>	-
Research and Development Expenditures	
<i>Corporate Income Tax (as of 6/30/2019)</i>	6,330,719
Manufacturing Facility Credit	
<i>Corporate Income Tax (as of 6/30/2019)</i>	869,420
Enterprise Zone Property Tax Reimbursement Program	
<i>Property Tax (6/30/2019)</i>	-

In addition, the State has other various tax credit incentives that are not defined as tax abatements under generally accepted accounting principles and therefore are not described and included here.

Note 24

Asset Retirement Obligations

Asset retirement obligations generally apply to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and the normal operation of a long-lived asset. The State assesses asset retirement obligations on an annual basis. If a reasonable estimate of fair value can be made, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred or a change in estimate occurs.

During the year, the Department of Veterans Affairs reported that when their power plant is retired there will be a cost associated with the mitigation of hazardous materials. The State cannot estimate the cost associated with the removal of the hazardous materials, therefore, has not recorded an asset retirement obligation for this matter.

Note 25

Related Organizations

The Community Economic Development Fund and Connecticut Health Insurance Exchange are legally separate organizations that are related to the State because the State appoints a voting majority of the organizations governing board. However, the State's accountability for these organizations does not extend beyond making the appointments.

Note 26

New Accounting Pronouncements

In 2019, The State implemented the following statements issued by the Governmental Accounting Standards Board ("GASB"). During the fiscal year 2019, the State adopted the following new accounting standard issued by the Governmental Accounting Standards Board (GASB).

GASB Statement 83, *Certain Asset Retirement Obligations*

GASB Statement 83 – This Statement establishes standards of accounting and financial reporting requirements, for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to tangible capital assets should recognize a liability based on the regulation of the statement. Statement No. 83, had no material impact on the State’s financial statements.

GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

GASB Statement 88 - This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Additional information associated with this statement is included Note 17-Long-Term Debt.

Note 27

Commitments and Contingencies

a. Commitments

Primary Government

Commitments are defined as “existing arrangements to enter into future transactions or events, such as long-term contractual obligations with suppliers for future purchases at specified prices and sometimes at specified quantities.”

As of June 30, 2019, the State had contractual commitments as follows (amounts in millions):

Infrastructure & Other Transportation Programs	\$1,227
Construction Programs	120
School Construction and Alteration Grant Program	2,200
Clean and Drinking Water Loan Programs	768
Various Programs and Services	4,005

All commitments are expected to be funded by federal grants, bond proceeds, and other resources.

Component Units

As of December 31, 2018, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately \$209.8 million.

b. Contingent Liabilities

The State entered into a contractual agreement with H.N.S. Management Company, Inc. and ATE Management and Service Company, Inc. to manage and operate the bus transportation system for the State. The State shall pay all expenses of the system including all past, present and future pension plan liabilities of the personnel employed by the system and any other fees as agreed upon. When the agreement is terminated the State shall assume or plan for the assumption of all the existing obligations of the management companies including but not limited to all past, present and future pension plan liabilities and obligations.

As of June 30, 2019, the State reported an escheat liability of 375.8 million in the General fund. This liability represents an estimate of the amount of escheat property likely to be refunded to claimants in the future. However, there is a reasonable possibility that the State could be liable for an additional amount of escheat refunds of \$282.5 million in the future.

Grant amounts received or receivable by the State from federal agencies are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the federal government cannot be determined at this time, although the State expects such amounts, if any, to be immaterial.

c. Litigation

The State, its units and employees are parties to numerous legal proceedings, many of which normally occur in government operations. Most of these legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the State's financial position.

There are, however, several legal proceedings which, if decided adversely against the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures nor revenue sources of the State.

Note 28
Subsequent Events

In preparing these financial statements, the State has evaluated events and transactions for potential recognition or disclosure in its financial statement footnotes. The effect of this evaluation led the State to report the following events which took place after the date of the State's fiscal year end through to the date these financial statements were issued. The subsequent information regarding the Connecticut Housing Finance Authority includes events which took place after their fiscal year end of December 31, 2018.

In July 2019, the State issued \$250.0 million of Green general revenue bonds. The bonds were issued to fund Clean water and drinking water projects in the State. The bonds mature in 2039 and bear interest rates ranging from 2.375 to 5.0 percent. Also, in July 2019, the State issued \$29.8 million of 2019 series B General revenue refunding bonds maturing in 2022 and bearing interest rates between 4.0 and 5.0 percent.

In August 2019, the State issued \$239.9 million of 2019 series B General Obligation refunding bonds maturing in 2029 and bearing interest rates of 5.0 percent. The par value together with the premiums received were used to redeem \$270 million of general obligation bonds series 2009A & B.

In December 2019, the State issued \$894.6 million of 2020 series A & B General Obligation bonds. Series A for \$700.0 million matures in 2040. Series B for \$194.6 million General Obligation refunding bonds mature in 2026. Both series A & B bear interest rates ranging from three to five percent.

In July 2019 the Connecticut Health and Educational Facilities Authority published a remarketing memorandum pertaining to Yale university revenue bonds series 2013a and 2016a-1. The memorandum is generally intended to provide disclosure to purchasers of the remarketing bonds only with respect to the applicable term rate periods. The bonds carry an interest rate of 1.45 percent and a term rate period of July 2019 through June 2022.

In August 2019 the Connecticut Health and Educational Facilities Authority issued \$340.1 million of series 2019A Nuvance Health revenue bonds carrying interest rates ranging from 1.1 to 5.0 percent which mature on July 1, 2039. The proceeds will be loaned by the authority to Nuvance/Health Quest systems, Inc. These bonds were issued in a joint offering with the Dutchess County Local Development Corporation which issued \$99.9 series 2019B Nuvance Health revenue bonds. The proceeds were loaned by the corporation to Nuvance/Western Ct health network, Inc.

In addition to the above the Connecticut Health and Educational Facilities Authority issued \$133.7 million of Series N University of Hartford bonds and \$63.6 million of series G Griffin hospital bonds in December. The authority also issued \$45.7 million of Series A Mary Wade Home bonds in September. The Authority also issued \$183.6 million Series 2020A and \$110.2 million Series 2020B Hartford Health Care revenue bonds in January 2020. Also, CHEFA issued \$93.6 million of Series T-2 and \$250 million Series 2014A remarketed bonds in February 2020. More information concerning these transactions can be obtained from CHEFA offices located at 10 Columbus Blvd., 7th. Floor Hartford, CT 06106-1978

The Connecticut Housing Finance Authority (CHFA), whose financial statements are published as of December 31st of the calendar year prior to Connecticut's fiscal year-end, demonstrated numerous financial events between January 1 and the State's fiscal year-end of June 30, 2019 including the following;

\$377.9 million of various unscheduled principal payments on outstanding debt were made including \$169.4 million for purposes of remarketing debt obligations having demand features.

In March 2019 the Authority issued \$122.8 million of its 2019 Series A revenue bonds. On the same date, CHFA entered into a Stand-by Bond Purchase Agreement with U.S. Bank National Association. and a Remarketing Agreement with U.S. Bancorp Investments, Inc. and U.S. Bank Municipal Products Group to secure liquidity for \$35.0 million of Series A bonds having demand features.

In May 2019 the Authority issued \$122.0 million of its series 2019 B revenue bonds. On the same date, CHFA entered into a Stand-by Bond Purchase Agreement and a Remarketing Agreement with Bank of America, N.A., to secure liquidity for \$35.0 million of Series B bonds having demand features. Also, in May 2019 the authority privately placed \$100 million of 2019 series C debt with a securities firm.

In June 2019 the authority remarketed \$108.7 million of its Housing Mortgage Finance Program bonds consisting of series 2012 & 2014 D-3, 2013 B-6 and 2014 C-2. Each subseries of reoffered bonds currently bears interest, and upon their remarketing on the remarketing date will continue to bear interest, in a weekly mode period. The due date for the term bonds ranges between 2033 and 2034. Also, in June 2019 the Authority contracted for a Stand By line of credit (LOC) with Sumitomo Mitsui Banking Corporation. The available LOC balance is \$116.6 million.

In August the Authority issued \$120.9 million of its 2019 Series D Housing Mortgage Finance program bonds. On the same date, CHFA entered into a Stand-by Bond Purchase Agreement with U.S. Bank National Association. and a Remarketing Agreement with Raymond James and Associates, Inc. and U.S. Bank National Association to secure liquidity for \$35.0 million of Series A bonds having demand features.

In September 2019 the Authority issued conduit debt on behalf of CIL realty, Inc. in the amount of \$25.1 million. The bonds were sold in a direct purchase transaction to Key Government Finance, Inc. The proceeds of which were used to refund \$21.4 million in existing conduit debt plus Interest.

In October the Authority issued \$128.1 million of its 2019 Series E Housing Mortgage Finance program bonds consisting of Series E, subseries E-1, E-2 and E-3. Subseries E-3 having a par value of \$29.4 million do not have a credit facility to pay the purchase price on the tender date. As a result, all bondholders may be required to hold their subseries E-3 bonds until maturity or prior redemption. Also, in October 2019, the Authority issued \$158.3 million of its 2019 Series F revenue bonds. On the same date, CHFA entered into a Stand-by Bond Purchase Agreement with State Street bank and Trust company to secure liquidity for \$35.0 million of Series A bonds having demand features.

In February 2020 the Authority issued \$145.4 million of its 2020 Series A Housing Mortgage Finance program bonds consisting of subseries A-1, A-2, A-3 and A-4. CHFA expects to enter into a three-year Stand-by Bond Purchase Agreement with Barclays Bank PLC for its subseries A-3 variable rate bonds to secure liquidity for \$31.3 million of Sub-series A-3 bonds having demand features. After February 2023 bondholders may not have the right to tender their 2020 subseries A-3 unless the agreement is extended. More information concerning these transactions can be obtained from CHFA offices located at 999 West Street Rocky Hill, CT 06067-4005.

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*REQUIRED
SUPPLEMENTARY
INFORMATION*

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REQUIRED SUPPLEMENTARY INFORMATION BUDGET

Required supplementary information for budget provides information on budget versus actual revenues, expenditures and changes in fund balance and related note disclosure for statutory reporting.

The following schedules are included in the Required Supplementary Information for Budget:
Schedule of Revenues, Expenditures and Changes in Fund Balance: Budget and Actual
(Budgetary Basis—Non-GAAP):
General Fund and Transportation Fund

Notes to Required Supplementary Information: Statutory Reporting

State of Connecticut

**REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS — NON-GAAP)
GENERAL AND TRANSPORTATION FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	General Fund			Variance with Final Budget positive (negative)
	Budget		Actual	
	Original	Final		
Revenues				
Budgeted:				
Taxes, Net of Refunds	\$ 15,862,300	\$ 17,069,500	\$ 17,199,401	\$ 129,901
Casino Gaming Payments	203,600	255,200	255,239	39
Licenses, Permits, and Fees	322,600	297,100	291,171	(5,929)
Other	388,500	457,100	456,629	(471)
Federal Grants	2,112,400	2,083,800	2,083,774	(26)
Refunds of Payments	(58,800)	(59,100)	(59,139)	(39)
Operating Transfers In	462,900	474,300	474,282	(18)
Operating Transfers Out	-	-	-	-
Transfer to BRF - Volatility Adjustment	(363,100)	(940,500)	(949,681)	(9,181)
Transfer to/from the Resources of the General Fund	78,300	(101,700)	(101,814)	(114)
Total Revenues	<u>19,008,700</u>	<u>19,535,700</u>	<u>19,649,862</u>	<u>114,162</u>
Expenditures				
Budgeted:				
Legislative	66,734	66,484	64,595	1,889
General Government	708,190	678,366	653,271	25,095
Regulation and Protection	289,772	291,053	272,421	18,632
Conservation and Development	174,249	175,636	170,167	5,469
Health and Hospitals	1,190,737	1,211,586	1,194,174	17,412
Transportation	-	-	-	-
Human Services	4,353,584	4,342,825	4,311,722	31,103
Education, Libraries, and Museums	5,220,536	5,254,787	5,208,400	46,387
Corrections	1,344,537	1,423,540	1,410,967	12,573
Judicial	565,122	566,660	557,067	9,593
Non Functional	5,240,524	5,588,969	5,405,867	183,102
Total Expenditures	<u>19,153,985</u>	<u>19,599,906</u>	<u>19,248,651</u>	<u>351,255</u>
Appropriations Lapsed	<u>21,500</u>	<u>126,285</u>	<u>-</u>	<u>(126,285)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(123,785)</u>	<u>62,079</u>	<u>401,211</u>	<u>(363,378)</u>
Other Financing Sources (Uses)				
Prior Year Appropriations Carried Forward	134,315	134,315	134,315	-
Appropriations Continued to Fiscal Year 2019	-	-	(164,550)	(164,550)
Miscellaneous Adjustments	-	(379)	(379)	-
Total Other Financing Sources (Uses)	<u>134,315</u>	<u>133,936</u>	<u>(30,614)</u>	<u>(164,550)</u>
Net Change in Fund Balance	<u>\$ 10,530</u>	<u>\$ 196,015</u>	<u>370,597</u>	<u>\$ (527,928)</u>
Budgetary Fund Balances - July 1			(228,241)	
Changes in Reserves			<u>673,096</u>	
Budgetary Fund Balances - June 30			<u>\$ 815,452</u>	

The information about budgetary reporting is an integral part of this schedule.

State of Connecticut

Transportation Fund

Budget		Variance with Final Budget positive (negative)	
Original	Final	Actual	(negative)
\$ 1,212,700	\$ 1,244,500	\$ 1,248,446	\$ 3,946
-	-	-	-
393,400	401,999	400,505	(1,494)
12,400	36,200	37,375	1,175
12,100	12,300	12,259	(41)
(4,600)	(4,900)	(4,941)	(41)
-	-	-	-
(5,500)	(5,500)	(5,500)	-
-	-	-	-
-	-	-	-
1,620,500	1,684,599	1,688,144	3,545
-	-	-	-
8,509	10,309	9,608	701
71,296	72,341	63,704	8,637
2,762	2,821	2,796	25
-	-	-	-
705,873	708,929	693,012	15,917
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
869,485	863,526	839,973	23,553
1,657,925	1,657,926	1,609,093	48,833
12,000	12,176	-	(12,176)
-	-	-	-
(25,425)	38,849	79,051	40,202
28,643	28,643	28,643	-
-	-	(33,300)	(33,300)
-	2	2	-
28,643	28,645	(4,655)	(33,300)
\$ 3,218	\$ 67,494	74,396	\$ 6,902
		274,364	
		4,657	
		\$ 353,417	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

STATUTORY REPORTING

A. Budgeting Process

By statute, the Governor must submit the State budget to the General Assembly in February of every other year. Prior to June 30, the General Assembly enacts the budget through the passage of appropriation acts for the next two fiscal years and sets forth revenue estimates for the same period for the following funds: the General Fund, the Transportation Fund, the Mashantucket Pequot Fund, the Workers' Compensation Administration Fund, the Banking Fund, the Consumer Counsel and Public Utility Control Fund, the Insurance Fund, the Criminal Injuries Fund, the Soldiers, Sailors, and Marines Fund, and the Regional Market Operations Fund, and the Tourism Fund. Under the State Constitution, the Governor has the power to veto any part of the itemized appropriations bill and to accept the remainder of the bill. However, the General Assembly may separately reconsider and repass the disapproved items by a two-thirds majority vote of both the Senate and the House.

Budgetary control is maintained at the individual appropriation account level by agency as established in authorized appropriation bills and is reported in the Annual Report of the State Comptroller. A separate document is necessary because the level of legal control is more detailed than reflected in the CAFR. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process maintains expenditure control over special revenue, enterprise, and internal service funds that are not budgeted as part of the annual appropriation act.

The Governor has the power under Connecticut statute to modify budgetary allotment requests for the administration, operation and maintenance of a budgeted agency. However, the modification cannot exceed 3 percent of the fund or 5 percent of the appropriation amount. Modifications beyond those limits, but not in excess of 5 percent of the total funds require the approval of the Finance Advisory Committee. The Finance Advisory Committee is comprised of the Governor, the Lieutenant Governor, the Treasurer, the Comptroller, two senate members, not of the same political party, and three house members, not more than two of the same political party. Additional reductions of appropriations of more than 5 percent of the total appropriated fund can be made only with the approval of the General Assembly.

All funds, except fiduciary funds, use encumbrance accounting. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditures of the fund are recorded in order to reserve that portion of the applicable appropriation. All encumbrances lapse at year-end and, generally, all appropriations lapse at year-end except for certain continuing appropriations (continuing appropriations are defined as carryforwards of spending authority from one fiscal budget into a subsequent budget). The continuing appropriations include: appropriations continued for a one-month period after year-end which are part of a program that was not renewed the succeeding year; appropriations continued the entire succeeding year, as in the case of highway and other capital construction projects; and appropriations continued for specified amounts for certain special programs. Carryforward appropriations are reported as reservations of the fund balance in the financial statements.

The budget is prepared on a "statutory" basis of accounting that utilizes the accounting standards that were applied in the budget act and related legislation. Commencing in Fiscal Year 2014, appropriations were made to legislatively budgeted funds to account for expense accruals. Beginning in Fiscal Year 2016, based on changes enacted in the biennial budget (Public Act 15-244) the GAAP expense accrual appropriations were consolidated into a single appropriation at the fund-level for the General Fund, Transportation Fund and all other budgeted special revenue funds. The actual expense accruals were posted using the same methodology described above for the governmental fund financial statements. Revenues were recognized when received except in the General Fund and Transportation Fund. In those two funds certain taxes and Indian gaming payments are recognized within a statutory accrual period as approved by the State Comptroller. The state's three major tax categories (the personal income tax, the sales and use tax, and the corporation tax), among other taxes, are subject to statutory accrual. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the Required Supplemental Information section of this report. During the 2019 fiscal year, the original adopted budget was adjusted by the General Assembly and the Finance Advisory Committee.

State of Connecticut

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

B. Reconciliation of Budget/GAAP Reporting Differences

The *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis – Non-GAAP) – General Fund and Transportation Fund*, presents comparisons of the legally adopted budget (which is more fully described in section A, above) with actual data on a budgetary basis. Accounting principles applied to develop data on a budgetary basis differ significantly from those principles used to present financial statements in conformity with generally accepted accounting principles (GAAP). The following describes the major differences between statutory financial data and GAAP financial data.

- Revenues are recorded when received in cash except for certain year-end accruals (statutory basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis).
- Certain expenditures are not subject to accrual for budgeting purposes and are recorded when paid in cash (statutory basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis).
- For statutory reporting purposes, continuing appropriations are reported with other financing sources and uses in the determination of the budgetary surplus or deficit to more fully demonstrate compliance with authorized spending for the year. For GAAP purposes, continuing appropriations are excluded from operations and reported as committed fund balance.

The following table presents a reconciliation of differences between the statutory change in fund balance and the GAAP change in fund balance at June 30, 2019. Amounts are expressed in thousands.

	General Fund	Transportation Fund
Net change in fund balances (statutory basis)	\$ 370,597	\$ 74,395
Volatility Deposit Budget Reserve Fund	949,681	-
Transfer Out from BRF to Teachers Retirement Fund	(16,100)	-
Statutory Surplus Reserve FY 2020-2021	160,000	-
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	(348,485)	19,667
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	(151,707)	(18,516)
Salaries and Fringe Benefits Payable	(26,593)	(3,372)
Increase (Decrease) in Continuing Appropriations	30,235	4,657
Fund Reclassification-Bus Operations	-	(1,017)
Net change in fund balances (GAAP basis)	<u>\$ 967,628</u>	<u>\$ 75,814</u>

C. Budget Reserve Fund (“Rainy Day Fund”)

In accordance with Section 4-30a of the Connecticut State Statutes, the State maintains a Budget Reserve (“Rainy Day”) Fund. Per section 4-30a after the accounts for the General Fund have been closed for each fiscal year and the Comptroller has determined the amount of unappropriated surplus, and after any required transfers have been made, the surplus shall be transferred by the State Treasurer to the Budget Reserve Fund. Moneys shall be expended only when in any fiscal year the Comptroller has determined the amount of a deficit applicable with respect to the immediately preceding fiscal year, to the extent necessary.

Historically, resources from the Rainy Day Fund have only been expended during recessionary periods to cover overall budget shortfalls after other budgetary measures have been exhausted. During fiscal year 2020 a deposit of \$370.6 million will be made to the Budget Reserve Fund from the budgetary surplus in fiscal year 2019.

In fiscal year 2019, as in the prior fiscal year, significant progress was made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund. For fiscal year 2019, the cap was \$3,196.8 million for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$949.7 million was made to the Budget Reserve Fund.

Prior to the close of fiscal year 2019, the balance in the Budget Reserve Fund was \$1,185.3 billion, which represented approximately 6.2 percent of net General Fund appropriations. Adding the \$949.7 million volatility transfer and the surplus transfer of \$370.67 million would bring the year-end balance of the Budget Reserve Fund to just over \$2.5 billion or approximately 13 percent of net General Fund appropriations for fiscal year 2020. Therefore, the Budget Reserve Fund balance more than doubled based on fiscal year 2019 results. This represents a major step forward, but there is still more work to do. In order to help protect against future economic downturns, Connecticut must maintain financial discipline and continue building the Budget Reserve Fund balance to the statutory target of 15 percent.

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REQUIRED SUPPLEMENTARY INFORMATION PENSION PLANS

Required supplementary information for pension plans provides information on the sources of changes in net pension liabilities, information about the components of net pension liabilities, employer contributions, and investment returns.

The Required Supplementary Information for Pension Plans includes the following schedules:

- Schedule of Changes in the Net Pension Liability and Plan Net Position
- Schedule of Employer Contributions
- Schedule of Investment Returns

State of Connecticut

**REQUIRED SUPPLEMENTAL INFORMATION
PENSION PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND PLAN NET POSITION**

Last Five Fiscal Years*

(Expressed in Thousands)

SERS

Total Pension Liability	2018	2017	2016	2015	2014
Service Cost	\$ 429,321	\$ 480,350	\$ 322,114	\$ 310,472	\$ 287,473
Interest	2,212,890	2,255,533	2,105,947	2,052,651	1,998,736
Benefit Changes	-	(1,444,220)	-	-	-
Difference between expected and actual experience	482,904	-	772,762	-	-
Changes of assumptions	-	-	4,959,705	-	-
Benefit payments	(1,955,985)	(1,847,715)	(1,729,181)	(1,650,465)	(1,563,029)
Refunds of contributions	(7,659)	(7,972)	(7,098)	(7,124)	(3,935)
Net change in total pension liability	1,161,471	(564,024)	6,424,249	705,534	719,245
Total pension liability - beginning	33,052,692	33,616,716	27,192,467	26,486,933	25,767,688
Total pension liability - ending (a)	\$ 34,214,163	\$ 33,052,692	\$ 33,616,716	\$ 27,192,467	\$ 26,486,933

Plan net position

Contributions - employer	\$ 1,443,053	\$ 1,542,298	\$ 1,501,805	\$ 1,371,651	\$ 1,268,890
Contributions - member	193,942	132,557	135,029	187,339	144,807
Net investment income	875,944	1,509,862	(100)	294,412	1,443,391
Benefit payments	(1,955,985)	(1,847,715)	(1,729,181)	(1,650,465)	(1,563,029)
Administrative expense	(391)	(674)	(651)	-	-
Refunds of contributions	(7,659)	(7,972)	(7,098)	(7,124)	(3,935)
Other	(3,139)	(371)	85,608	-	-
Net change in plan net position	545,765	1,327,985	(14,588)	195,813	1,290,124
Plan net position - beginning	11,981,777	10,653,792	10,668,380	10,472,567	9,182,443
Plan net position - ending (b)	\$ 12,527,542	\$ 11,981,777	\$ 10,653,792	\$ 10,668,380	\$ 10,472,567

Ratio of plan net position to total pension liability	36.62%	36.25%	31.69%	39.23%	39.54%
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Net pension liability - ending (a) -(b)	\$ 21,686,621	\$ 21,070,915	\$ 22,962,924	\$ 16,524,087	\$ 16,014,366
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Covered-employee payroll	\$ 3,428,068	\$ 3,850,978	\$ 3,720,751	\$ 3,618,361	\$ 3,487,577
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Net pension liability as a percentage of covered-employee payroll	632.62%	547.16%	617.16%	456.67%	459.18%
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TRS	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 465,207	\$ 450,563	\$ 419,616	\$ 404,449	\$ 347,198
Interest	2,371,168	2,308,693	2,228,958	2,162,174	2,090,483
Benefit Changes	28,036	-	-	-	-
Difference between expected and actual experience	(396,067)	-	(375,805)	-	-
Changes of assumptions	-	-	2,213,190	-	-
Benefit payments	(1,994,092)	(1,962,533)	(1,738,131)	(1,773,408)	(1,737,144)
Refunds of contributions	-	-	-	(50,329)	-
Net change in total pension liability	474,252	796,723	2,747,828	742,886	700,537
Total pension liability - beginning	30,636,646	29,839,923	27,092,095	26,349,209	25,648,672
Total pension liability - ending (a)	\$ 31,110,898	\$ 30,636,646	\$ 29,839,923	\$ 27,092,095	\$ 26,349,209

Plan net position

Contributions - employer	\$ 1,272,277	\$ 1,012,162	\$ 975,578	\$ 984,110	\$ 948,540
Contributions - member	312,150	288,251	293,493	228,100	261,213
Net investment income	1,224,931	2,199,895	(18,473)	452,942	2,277,550
Benefit payments	(1,994,092)	(1,962,533)	(1,738,131)	(1,773,408)	(1,737,144)
Refunds of contributions	-	-	-	(50,329)	-
Other	(2,753)	1,679	(37,648)	57,749	(5,307)
Net change in plan net position	812,513	1,539,454	(525,181)	(100,836)	1,744,852
Plan net position - beginning	17,134,326	15,594,872	16,120,053	16,220,889	14,462,903
Plan net position - ending (b)	\$ 17,946,839	\$ 17,134,326	\$ 15,594,872	\$ 16,120,053	\$ 16,207,755

Ratio of plan net position to total pension liability	57.69%	55.93%	52.26%	59.50%	61.51%
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Net pension liability - ending (a) -(b)	\$ 13,164,059	\$ 13,502,320	\$ 14,245,051	\$ 10,972,042	\$ 10,141,454
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Covered-employee payroll	\$ 4,321,593	\$ 4,279,755	\$ 4,125,066	\$ 4,078,367	\$ 3,831,624
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Net pension liability as a percentage of covered-employee payroll	304.61%	315.49%	345.33%	269.03%	264.68%
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State of Connecticut

**REQUIRED SUPPLEMENTAL INFORMATION
PENSION PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND PLAN NET POSITION**

Last Five Fiscal Years*

(Expressed in Thousands)

IRS	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 11,352	\$ 10,159	\$ 8,508	\$ 8,142	\$ 7,539
Interest	29,954	29,062	28,251	27,240	26,301
Difference between expected and actual experience	(18,528)	-	(9,380)	-	-
Changes of assumptions	-	-	64,604	-	-
Benefit payments	(27,616)	(24,899)	(22,994)	(22,541)	(21,668)
Net change in total pension liability	(4,838)	14,322	68,989	12,841	12,172
Total pension liability - beginning	447,925	433,603	364,614	351,773	339,601
Total pension liability - ending (a)	\$ 443,087	\$ 447,925	\$ 433,603	\$ 364,614	\$ 351,773
Plan net position					
Contributions - employer	\$ 25,458	\$ 19,164	\$ 18,259	\$ 17,731	\$ 16,298
Contributions - member	1,663	1,689	1,831	1,791	1,641
Net investment income	13,178	24,452	1,440	4,781	23,156
Benefit payments	(27,616)	(24,899)	(22,994)	(22,541)	(21,668)
Other	-	(39)	1,680	-	-
Net change in plan net position	12,683	20,367	216	1,762	19,427
Plan net position - beginning	210,125	189,758	189,542	187,780	168,353
Plan net position - ending (b)	\$ 222,808	\$ 210,125	\$ 189,758	\$ 189,542	\$ 187,780
Ratio of plan net position to total pension liability	50.29%	46.91%	43.76%	51.98%	53.38%
Net pension liability - ending (a) - (b)	\$ 220,279	\$ 237,800	\$ 243,845	\$ 175,072	\$ 163,993
Covered-employee payroll	\$ 34,970	\$ 36,467	\$ 34,897	\$ 34,972	\$ 33,386
Net pension liability as a percentage of covered-employee payroll	629.91%	652.10%	698.76%	500.61%	491.20%

* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years for which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

State of Connecticut

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Last Ten Fiscal Years

(Expressed in Thousands)

<u>SERS</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined employer contribution	\$ 1,443,110	\$ 1,569,142	\$ 1,514,467	\$ 1,379,189
Actual employer contributions	<u>1,443,053</u>	<u>1,542,298</u>	<u>1,501,805</u>	<u>1,371,651</u>
Annual contributions deficiency excess	<u>\$ 57</u>	<u>\$ 26,844</u>	<u>\$ 12,662</u>	<u>\$ 7,538</u>
Covered Payroll	\$ 3,428,068	\$ 3,850,978	\$ 3,720,751	\$ 3,618,361
Actual contributions as a percentage of covered-employee payroll	42.10%	40.05%	40.36%	37.91%
 <u>TRS</u>				
Actuarially determined employer contribution	\$ 1,272,277	\$ 1,012,162	\$ 975,578	\$ 984,110
Actual employer contributions	<u>1,272,277</u>	<u>1,012,162</u>	<u>975,578</u>	<u>984,110</u>
Annual contributions deficiency excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,321,593	\$ 4,279,755	\$ 4,125,066	\$ 4,078,367
Actual contributions as a percentage of covered-employee payroll	29.44%	23.65%	23.65%	24.13%
 <u>JRS</u>				
Actuarially determined employer contribution	\$ 25,458	\$ 19,164	\$ 18,259	\$ 17,731
Actual employer contributions	<u>25,458</u>	<u>19,164</u>	<u>18,259</u>	<u>17,731</u>
Annual contributions deficiency excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 34,970	\$ 36,467	\$ 34,897	\$ 34,972
Actual contributions as a percentage of covered-employee payroll	72.80%	52.55%	52.32%	50.70%

Valuation Date:

Actuarially determined contribution amounts are calculated as of June 30, 2018.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	SERS 25.1 years
	TRS 17.6 years
	JRS 15 years
Asset Valuation Method	SERS & JRS 5 year smoothed actuarial value
	TRS 4 year smoothed market value
Investment Rate of Return	SERS & JRS 6.90%
	TRS 8%
Salary Increases	3.25%-19.5%
Cost-of-Living Adjustments	1.0%-7.5%
Inflation	2.5%-2.75%
Social Security Wage Base	SERS 3.5%

State of Connecticut

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,268,935	\$ 1,059,652	\$ 926,372	\$ 944,077	\$ 897,428	\$ 753,698
<u>1,268,890</u>	<u>1,058,113</u>	<u>926,343</u>	<u>825,801</u>	<u>720,527</u>	<u>699,770</u>
<u>\$ 45</u>	<u>\$ 1,539</u>	<u>\$ 29</u>	<u>\$ 118,276</u>	<u>\$ 176,901</u>	<u>\$ 53,928</u>
\$ 3,355,077	\$ 3,304,538	\$ 3,209,782	\$ 3,308,498	\$ 2,920,661	\$ 3,497,400
37.82%	32.02%	28.86%	24.96%	24.67%	20.01%
\$ 948,540	\$ 787,536	\$ 757,246	\$ 581,593	\$ 559,224	\$ 539,303
<u>948,540</u>	<u>787,536</u>	<u>757,246</u>	<u>581,593</u>	<u>559,224</u>	<u>539,303</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,930,957	\$ 4,101,750	\$ 3,943,990	\$ 3,823,754	\$ 3,676,686	\$ 3,529,470
24.13%	19.20%	19.20%	15.21%	15.21%	15.28%
\$ 16,298	\$ 16,006	\$ 15,095	\$ 16,208	\$ 15,399	\$ 14,172
<u>16,298</u>	<u>16,006</u>	<u>15,095</u>	<u>-</u>	<u>-</u>	<u>14,173</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,208</u>	<u>\$ 15,399</u>	<u>\$ (1)</u>
\$ 33,386	\$ 31,748	\$ 30,308	\$ 33,102	\$ 31,602	\$ 34,000
48.82%	50.42%	49.81%	0.00%	0.00%	41.69%

State of Connecticut

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS
SCHEDULE OF INVESTMENT RETURNS**

Last Six Fiscal Years*

**Annual money-weighted rates of return
net of investment expense**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State Employees' Retirement Fund	5.88%	7.30%	14.32%	0.23%	2.83%	15.62%
Teachers' Retirement Fund	5.85%	7.04%	14.37%	0.17%	2.82%	15.67%
State Judges' Retirement Fund	6.12%	6.24%	13.04%	1.11%	2.57%	13.66%

* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years for which the information is available.



REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS

Required supplementary information for other postemployment benefits provides information on funding progress and employer contributions.

The following schedules are included in the Required Supplementary Information for Other Postemployment Benefits:

- Schedule of Changes in Net OPEB Liability and Plan Net Position
- Schedule of Employer Contributions
- Schedule of Investment Returns

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State of Connecticut

**REQUIRED SUPPLEMENTAL INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND PLAN NET POSITION**

Last Two Fiscal Year

(Expressed in Thousands)

SEOPEBP

Total OPEB Liability	2018	2017
Service Cost	\$ 901,698	\$ 960,992
Interest	680,154	511,133
Changes of assumptions	(724,140)	(510,781)
Benefit payments	<u>(648,347)</u>	<u>(639,467)</u>
Net change in total OPEB liability	209,365	321,877
Total OPEB liability - beginning	<u>17,904,922</u>	<u>17,583,045</u>
Total OPEB liability - ending (a)	<u>\$ 18,114,287</u>	<u>\$ 17,904,922</u>
Plan fiduciary net position		
Contributions - employer	\$ 801,893	\$ 667,401
Contributions - member	116,814	120,783
Net investment income	37,001	53,194
Benefit payments	(648,347)	(639,467)
Other	<u>186</u>	<u>(187)</u>
Net change in plan fiduciary net position	307,547	201,724
Plan fiduciary net position - beginning	<u>542,342</u>	<u>340,618</u>
Plan fiduciary net position - ending (b)	<u>\$ 849,889</u>	<u>\$ 542,342</u>
Plan fiduciary net position as a percentage of the total OPEB liability	4.69%	3.03%
Net OPEB liability - ending (a) -(b)	<u>\$ 17,264,398</u>	<u>\$ 17,362,580</u>
Covered-employee payroll	\$ 3,875,035	\$ 3,743,995
Net OPEB liability as a percentage of covered-employee payroll	445.53%	463.74%

RTHP

Total OPEB Liability	2018	2017
Service Cost	\$ 132,392	\$ 148,220
Interest	133,597	111,129
Benefit Changes	(1,044,628)	-
Difference between expected and actual experience	217,853	-
Changes of assumptions	(196,049)	(370,549)
Benefit payments	<u>(110,622)</u>	<u>(84,071)</u>
Net change in total OPEB liability	(867,457)	(195,271)
Total OPEB liability - beginning	<u>3,538,772</u>	<u>3,734,043</u>
Total OPEB liability - ending (a)	<u>\$ 2,671,315</u>	<u>\$ 3,538,772</u>
Plan fiduciary net position		
Contributions - employer	\$ 35,299	\$ 19,922
Contributions - member	51,484	50,436
Net investment income	411	369
Benefit payments	(110,622)	(84,071)
Administrative expense	(264)	(150)
Other	<u>-</u>	<u>42</u>
Net change in plan fiduciary net position	(23,692)	(13,452)
Plan fiduciary net position - beginning	<u>63,428</u>	<u>76,880</u>
Plan fiduciary net position - ending (b)	<u>\$ 39,736</u>	<u>\$ 63,428</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%
Net OPEB liability - ending (a) -(b)	<u>\$ 2,631,579</u>	<u>\$ 3,475,344</u>
Covered-employee payroll	\$ 4,075,939	\$ 4,279,755
Net OPEB liability as a percentage of covered-employee payroll	64.56%	81.20%

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Other Postemployment Benefits, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years for which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

State of Connecticut

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Last Eight and Ten Fiscal Years

(Expressed in Thousands)

<u>SEOPEBP</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined employer contribution	\$ 1,157,121	\$ 1,043,143	\$ 1,443,716	\$ 1,513,336
Actual employer contributions	<u>801,893</u>	<u>667,401</u>	<u>608,593</u>	<u>546,284</u>
Annual contributions deficiency excess	<u>\$ 355,228</u>	<u>\$ 375,742</u>	<u>\$ 835,123</u>	<u>\$ 967,052</u>
Covered Payroll	\$ 3,875,035	\$ 3,743,995	\$ 3,895,100	\$ 3,539,800
Actual contributions as a percentage of covered-employee payroll	20.69%	17.83%	15.62%	15.43%
<u>RTHP</u>				
Actuarially determined employer contribution	\$ 172,223	\$ 166,802	\$ 130,331	\$ 125,620
Actual employer contributions	<u>35,299</u>	<u>19,922</u>	<u>19,960</u>	<u>25,145</u>
Annual contributions deficiency excess	<u>\$ 136,924</u>	<u>\$ 146,880</u>	<u>\$ 110,371</u>	<u>\$ 100,475</u>
Covered Payroll	\$ 4,075,939	\$ 4,279,755	\$ 3,949,900	\$ 3,831,600
Actual contributions as a percentage of covered-employee payroll	0.87%	0.47%	0.51%	0.66%

Note:

June 30, 2011 was the first year an actuarial valuation for State Employees Other Postemployment Benefit Plan was performed.

Valuation Date:

Actuarially determined contribution amounts are calculated as of June 30, 2018.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	SEOPEBP- Entry Age Normal RTHP-Entry Age
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	SEOPEBP- 20 years RTHP-30 years
Asset Valuation Method	Market Value
Investment Rate of Return	SEOPEBP-6.9% RTHP-3.0%
Salary Increases	SEOPEBP-3.25% to 19.5% RTHP-3.25%-6.5%
Inflation	RTHP-2.75%
Claims Trend Assumption	5.00-10.00%

State of Connecticut

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,525,371	\$ 1,271,279	\$ 1,354,738	\$ 1,276,099	N/A	N/A
<u>514,696</u>	<u>542,615</u>	<u>541,262</u>	<u>544,767</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 1,010,675</u>	<u>\$ 728,664</u>	<u>\$ 813,476</u>	<u>\$ 731,332</u>	<u>N/A</u>	<u>N/A</u>
\$ 3,539,728	\$ 3,539,728	\$ 3,902,248	\$ 3,902,248	N/A	N/A
14.54%	15.33%	13.87%	13.96%	N/A	N/A
\$ 187,227	\$ 180,460	\$ 184,145	\$ 177,063	\$ 121,333	\$ 116,667
<u>25,955</u>	<u>27,040</u>	<u>49,486</u>	<u>5,312</u>	<u>12,108</u>	<u>22,433</u>
<u>\$ 161,272</u>	<u>\$ 153,420</u>	<u>\$ 134,659</u>	<u>\$ 171,751</u>	<u>\$ 109,225</u>	<u>\$ 94,234</u>
\$ 3,831,600	\$ 3,652,500	\$ 3,652,500	\$ 3,646,000	\$ 3,646,000	\$ 3,399,300
0.68%	0.74%	1.35%	0.15%	0.33%	0.66%

State of Connecticut

**REQUIRED SUPPLEMENTARY INFORMATION
OPEB PLAN
SCHEDULE OF INVESTMENT RETURNS**

Last Six Fiscal Years*

**Annual money-weighted rates of return
net of investment expense**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
OPEB Fund	6.62%	5.85%	11.83%	2.44%	3.44%	11.80%

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Other Postemployment Benefits requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is complied, the State will present information for the years for which the information is available. Information presented in the schedule has been determined as of this measurement date (one year before the most recent fiscal year end).



*COMBINING FUND
STATEMENTS
AND
SCHEDULES*

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*NONMAJOR
GOVERNMENTAL
FUNDS*

State of Connecticut

**BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2019

(Expressed in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Assets				
Cash and Cash Equivalents	\$ 641,831	\$ 608,352	\$ 3,609	\$ 1,253,792
Investments	730	-	119,543	120,273
Securities Lending Collateral	-	-	11,900	11,900
Receivables:				
Accounts, Net of Allowances	39,025	-	-	39,025
Loans, Net of Allowances	413,395	-	-	413,395
From Other Governments	9,383	-	-	9,383
Due From Component Units	202	-	-	202
From Other Funds	10,143	3,564	20	13,727
Other Receivables	-	-	3	3
Total Assets	<u>\$ 1,114,709</u>	<u>\$ 611,916</u>	<u>\$ 135,075</u>	<u>\$ 1,861,700</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 9,632	\$ 66,837	\$ 77	\$ 76,546
Due to Other Funds	12,033	60,157	173	72,363
Unearned Revenue	14,726	-	-	14,726
Securities Lending Obligation	-	-	11,900	11,900
Total Liabilities	<u>36,391</u>	<u>126,994</u>	<u>12,150</u>	<u>175,535</u>
Deferred Inflows of Resources				
Receivables to be Collected in Future Periods	<u>36,852</u>	<u>-</u>	<u>-</u>	<u>36,852</u>
Fund Balances				
Nonspendable:				
Permanent Fund Principal	-	-	119,543	119,543
Restricted	1,018,632	485,640	3,379	1,507,651
Assigned	22,834	-	-	22,834
Unassigned	<u>-</u>	<u>(718)</u>	<u>3</u>	<u>(715)</u>
Total Fund Balances	<u>1,041,466</u>	<u>484,922</u>	<u>122,925</u>	<u>1,649,313</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,114,709</u>	<u>\$ 611,916</u>	<u>\$ 135,075</u>	<u>\$ 1,861,700</u>

State of Connecticut

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Revenues				
Licenses, Permits, and Fees	\$ 146,996	\$ -	\$ 262	\$ 147,258
Tobacco Settlement	124,508	-	-	124,508
Federal Grants and Aid	69,809	-	-	69,809
Charges for Services	1,039	-	-	1,039
Fines, Forfeits, and Rents	900	-	-	900
Investment Earnings	9,182	-	7,087	16,269
Interest on Loans	14	-	-	14
Miscellaneous	100,520	52	-	100,572
Total Revenues	<u>452,968</u>	<u>52</u>	<u>7,349</u>	<u>460,369</u>
Expenditures				
Current:				
Legislative	42	-	-	42
General Government	93,530	-	1,888	95,418
Regulation and Protection	166,164	-	-	166,164
Conservation and Development	166,100	-	786	166,886
Health and Hospitals	71,122	-	4	71,126
Human Services	4,229	-	-	4,229
Education, Libraries, and Museums	2,556	-	62	2,618
Corrections	2,007	-	-	2,007
Judicial	56,535	-	-	56,535
Capital Projects	-	955,637	-	955,637
Debt Service:				
Interest and Fiscal Charges	581	4,853	-	5,434
Total Expenditures	<u>562,866</u>	<u>960,490</u>	<u>2,740</u>	<u>1,526,096</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(109,898)</u>	<u>(960,438)</u>	<u>4,609</u>	<u>(1,065,727)</u>
Other Financing Sources (Uses)				
Bonds Issued	212,283	1,144,539	-	1,356,822
Premium on Bonds Issued	16,141	122,769	-	138,910
Transfers In	453,222	-	26	453,248
Transfers Out	(137,228)	(396,841)	(383)	(534,452)
Total Other Financing Sources (Uses)	<u>544,418</u>	<u>870,467</u>	<u>(357)</u>	<u>1,414,528</u>
Net Change in Fund Balances	434,520	(89,971)	4,252	348,801
Fund Balances - Beginning	606,946	574,893	118,673	1,300,512
Fund Balances - Ending	<u>\$ 1,041,466</u>	<u>\$ 484,922</u>	<u>\$ 122,925</u>	<u>\$ 1,649,313</u>

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NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are used to account for and report the collection of money that is restricted or committed for specified purposes.

The following are included in the nonmajor special revenue funds:

- Workers' Compensation Administration
- Banking
- Consumer Counsel and Public Utility Control
- Insurance
- Criminal Injuries Compensation
- Regional Market
- Mashantucket Pequot and Mohegan
- Soldiers', Sailors', and Marines
- Employment Security Administration
- Environmental Programs
- Housing Programs
- Tourism

State of Connecticut

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2019

(Expressed in Thousands)

	<u>Workers'</u> <u>Compensation</u>	<u>Banking</u>	<u>Consumer Counsel and Public Utility Control</u>	<u>Insurance</u>	<u>Criminal Injuries</u>
Assets					
Cash and Cash Equivalents	\$ 13,565	\$ 3,048	\$ 8,361	\$ 16,238	\$ 3,854
Investments	-	-	-	-	-
Receivables:					
Accounts, Net of Allowances	-	30	111	156	-
Loans, Net of Allowances	-	-	-	-	-
From Other Governments	-	-	-	-	-
Due From Component Units	-	-	-	-	-
From Other Funds	183	-	-	1,497	22
Total Assets	<u>\$ 13,748</u>	<u>\$ 3,078</u>	<u>\$ 8,472</u>	<u>\$ 17,891</u>	<u>\$ 3,876</u>
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 596	\$ 693	\$ 693	\$ 1,098	\$ 65
Unearned Revenue	-	-	6,128	8,598	-
Due to Other Funds	149	215	263	318	-
Total Liabilities	<u>745</u>	<u>908</u>	<u>7,084</u>	<u>10,014</u>	<u>65</u>
Deferred Inflows of Resources					
Receivables to be Collected in Future Periods	<u>-</u>	<u>30</u>	<u>93</u>	<u>129</u>	<u>-</u>
Fund Balances					
Restricted	13,003	2,140	1,295	7,748	3,811
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>13,003</u>	<u>2,140</u>	<u>1,295</u>	<u>7,748</u>	<u>3,811</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 13,748</u>	<u>\$ 3,078</u>	<u>\$ 8,472</u>	<u>\$ 17,891</u>	<u>\$ 3,876</u>

State of Connecticut

Mashantucket Pequot and Mohegan <u>Fund</u>	<u>Regional Market</u>	<u>Soldiers', Sailors', & Marines'</u>	<u>Employment Security Administration</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Tourism</u>	<u>Total</u>
\$ 23	\$ -	\$ -	\$ 13,708	\$ 108,357	\$ 33,105	\$ 441,572	\$ -	\$ 641,831
-	-	-	-	730	-	-	-	730
-	-	-	-	6	15,880	22,842	-	39,025
-	-	-	-	11,203	402,192	-	-	413,395
-	-	-	9,383	-	-	-	-	9,383
-	-	-	-	-	202	-	-	202
-	-	7,841	340	-	-	260	-	10,143
<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 7,841</u>	<u>\$ 23,431</u>	<u>\$ 120,296</u>	<u>\$ 451,379</u>	<u>\$ 464,674</u>	<u>\$ -</u>	<u>\$ 1,114,709</u>
\$ -	\$ 30	\$ -	\$ 2,140	\$ 1,831	\$ 12	\$ 2,361	\$ 113	\$ 9,632
-	-	-	-	-	-	-	-	14,726
-	142	7,841	571	58	2	141	2,333	12,033
-	172	7,841	2,711	1,889	14	2,502	2,446	36,391
-	-	-	423	5	15,879	20,293	-	36,852
23	(172)	-	20,297	118,402	435,486	419,045	(2,446)	1,018,632
-	-	-	-	-	-	22,834	-	22,834
23	(172)	-	20,297	118,402	435,486	441,879	(2,446)	1,041,466
<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 7,841</u>	<u>\$ 23,431</u>	<u>\$ 120,296</u>	<u>\$ 451,379</u>	<u>\$ 464,674</u>	<u>\$ -</u>	<u>\$ 1,114,709</u>

State of Connecticut

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	<u>Workers'</u> <u>Compensation</u>	<u>Banking</u>	<u>Consumer</u> <u>Counsel</u> <u>Public Utility</u> <u>Control</u>	<u>Insurance</u>	<u>Criminal</u> <u>Injuries</u>
Revenues					
Licenses, Permits, and Fees	\$ -	\$ 35,751	\$ 18	\$ 99,867	\$ 810
Tobacco Settlement	-	-	-	-	-
Federal Grants and Aid	-	-	-	-	-
Charges for Services	16	-	-	-	-
Fines, Forfeits, and Rents	-	-	-	-	-
Investment Earnings	709	-	-	4,764	88
Interest on Loans	-	-	-	-	-
Miscellaneous	21,050	179	25,338	-	1,837
Total Revenues	<u>21,775</u>	<u>35,930</u>	<u>25,356</u>	<u>104,631</u>	<u>2,735</u>
Expenditures					
Current:					
Legislative	-	-	-	-	-
General Government	678	-	-	519	-
Regulation and Protection	20,734	23,751	2,502	34,027	-
Conservation and Development	-	622	21,479	125	-
Health and Hospitals	-	-	-	60,467	-
Human Services	1,840	-	-	332	-
Education, Libraries, and Museums	-	-	-	-	-
Corrections	-	-	-	-	-
Judicial	-	2,711	-	-	2,889
Debt Service:					
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>23,252</u>	<u>27,084</u>	<u>23,981</u>	<u>95,470</u>	<u>2,889</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,477)</u>	<u>8,846</u>	<u>1,375</u>	<u>9,161</u>	<u>(154)</u>
Other Financing Sources (Uses)					
Bonds Issued	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-
Transfers In	205	166	186	369	-
Transfers Out	-	(9,200)	-	-	-
Total Other Financing Sources (Uses)	<u>205</u>	<u>(9,034)</u>	<u>186</u>	<u>369</u>	<u>-</u>
Net Change in Fund Balances	(1,272)	(188)	1,561	9,530	(154)
Fund Balances - Beginning	14,275	2,328	(266)	(1,782)	3,965
Fund Balances-Ending	<u>\$ 13,003</u>	<u>\$ 2,140</u>	<u>\$ 1,295</u>	<u>\$ 7,748</u>	<u>\$ 3,811</u>

State of Connecticut

Mashantucket Pequot and Mohegan <u>Fund</u>	<u>Regional Market</u>	<u>Employment Security Administration</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Tourism</u>	<u>Total</u>
\$ -	\$ 1	\$ 2,713	\$ 2,786	\$ -	\$ 5,050	\$ -	\$ 146,996
-	-	-	-	-	124,508	-	124,508
-	-	69,809	-	-	-	-	69,809
-	-	-	-	-	1,023	-	1,039
-	874	-	-	-	26	-	900
-	-	210	1,508	514	1,389	-	9,182
-	-	-	14	-	-	-	14
-	-	12	-	1,402	50,691	11	100,520
-	875	72,744	4,308	1,916	182,687	11	452,968
-	-	-	-	-	42	-	42
49,943	-	-	2,873	34,603	4,914	-	93,530
-	-	71,864	-	-	13,286	-	166,164
-	970	-	68,627	59,619	1,677	12,981	166,100
-	-	-	6,332	-	4,323	-	71,122
-	-	-	-	-	2,057	-	4,229
-	-	-	-	-	2,556	-	2,556
-	-	-	-	-	2,007	-	2,007
-	-	-	-	-	50,935	-	56,535
-	-	-	394	187	-	-	581
49,943	970	71,864	78,226	94,409	81,797	12,981	562,866
(49,943)	(95)	880	(73,918)	(92,493)	100,890	(12,970)	(109,898)
-	-	-	95,000	117,283	-	-	212,283
-	-	-	14,161	1,980	-	-	16,141
49,943	13	5,415	-	-	386,401	10,524	453,222
-	-	-	(14,486)	(1,793)	(111,749)	-	(137,228)
49,943	13	5,415	94,675	117,470	274,652	10,524	544,418
-	(82)	6,295	20,757	24,977	375,542	(2,446)	434,520
23	(90)	14,002	97,645	410,509	66,337	-	606,946
\$ 23	\$ (172)	\$ 20,297	\$ 118,402	\$ 435,486	\$ 441,879	\$ (2,446)	\$ 1,041,466

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NONMAJOR CAPITAL PROJECTS FUNDS

The Capital Projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities. They are financed principally by debt proceeds.

The following are included in the nonmajor capital projects funds:

- State Facilities
- Infrastructure
- Other Transportation

State of Connecticut

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

June 30, 2019

(Expressed in Thousands)

	State			
	<u>Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 265,657	342,695	\$ -	\$ 608,352
Receivables:				
Due From Other Funds	<u>3,564</u>	<u>-</u>	<u>-</u>	<u>3,564</u>
Total Assets	<u>\$ 269,221</u>	<u>\$ 342,695</u>	<u>\$ -</u>	<u>\$ 611,916</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 25,704	\$ 41,133	\$ -	\$ 66,837
Due To Other Funds	<u>58,993</u>	<u>446</u>	<u>718</u>	<u>60,157</u>
Total Liabilities	<u>84,697</u>	<u>41,579</u>	<u>718</u>	<u>126,994</u>
Fund Balances				
Restricted	184,524	301,116	-	485,640
Unassigned	<u>-</u>	<u>-</u>	<u>(718)</u>	<u>(718)</u>
Total Fund Balances (Deficit)	<u>184,524</u>	<u>301,116</u>	<u>(718)</u>	<u>484,922</u>
Total Liabilities and Fund Balances	<u>\$ 269,221</u>	<u>\$ 342,695</u>	<u>\$ -</u>	<u>\$ 611,916</u>

State of Connecticut

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
Revenues				
Miscellaneous	\$ 52	\$ -	\$ -	\$ 52
Total Revenues	<u>52</u>	<u>-</u>	<u>-</u>	<u>52</u>
Expenditures				
Capital Projects	181,675	773,962	-	955,637
Debt Service:				
Interest and Fiscal Charges	1,444	3,409	-	4,853
Total Expenditures	<u>183,119</u>	<u>777,371</u>	<u>-</u>	<u>960,490</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(183,067)</u>	<u>(777,371)</u>	<u>-</u>	<u>(960,438)</u>
Other Financing Sources (Uses)				
Bonds Issued	394,539	750,000	-	1,144,539
Premium on Bonds Issued	48,983	73,786	-	122,769
Transfer Out	<u>(352,631)</u>	<u>(44,210)</u>	<u>-</u>	<u>(396,841)</u>
Total Other Financing Sources	<u>90,891</u>	<u>779,576</u>	<u>-</u>	<u>870,467</u>
Net Change in Fund Balances	(92,176)	2,205	-	(89,971)
Fund Balances (Deficit) - Beginning	<u>276,700</u>	<u>298,911</u>	<u>(718)</u>	<u>574,893</u>
Fund Balances (Deficit) - Ending	<u>\$ 184,524</u>	<u>\$ 301,116</u>	<u>\$ (718)</u>	<u>\$ 484,922</u>

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NONMAJOR PERMANENT FUNDS

Permanent funds are used to account for and report the principal and interest earned on investments for the benefit of its citizenry.

The following are included in the nonmajor permanent funds:

Soldiers', Sailors', and Marines'
Connecticut Arts Endowment
Other

State of Connecticut

**COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS**

June 30, 2019

(Expressed in Thousands)

	Soldiers', Sailors', & Marines'	Connecticut Arts Endowment	Other	Total
Assets				
Cash and Cash Equivalents	\$ -	\$ -	\$ 3,609	\$ 3,609
Investments	79,055	20,259	20,229	119,543
Securities Lending Collateral	8,076	1,770	2,054	11,900
Other Receivables	3	-	-	3
Due From Other Funds	-	-	20	20
Total Assets	<u>\$ 87,134</u>	<u>\$ 22,029</u>	<u>\$ 25,912</u>	<u>\$ 135,075</u>
Liabilities and Fund Balance				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ 77	\$ 77
Due To Other Funds	-	-	173	173
Securities Lending Obligation	8,076	1,770	2,054	11,900
Total Liabilities	<u>8,076</u>	<u>1,770</u>	<u>2,304</u>	<u>12,150</u>
Fund Balances				
Nonspendable:				
Permanent Fund Principal	79,055	20,259	20,229	119,543
Restricted	-	-	3,379	3,379
Unassigned	3	-	-	3
Total Fund Balances	<u>79,058</u>	<u>20,259</u>	<u>23,608</u>	<u>122,925</u>
Total Liabilities and Fund Balances	<u>\$ 87,134</u>	<u>\$ 22,029</u>	<u>\$ 25,912</u>	<u>\$ 135,075</u>

State of Connecticut

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR PERMANENT FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	<u>Soldiers', Sailors', & Marines'</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
Revenues				
Licenses, Permits & Fees	\$ -	\$ -	\$ 262	\$ 262
Investment Earnings	4,805	984	1,298	7,087
Total Revenues	4,805	984	1,560	7,349
Expenditures				
General Government	1,868	-	20	1,888
Conservation and Development	-	786	-	786
Health & Hospital	-	-	4	4
Education, Libraries, and Museums	-	-	62	62
Total Expenditures	1,868	786	86	2,740
Excess (Deficiency) of Revenues Over Expenditures	2,937	198	1,474	4,609
Other Financing Sources (Uses)				
Transfers In	-	-	26	26
Transfers Out	-	-	(383)	(383)
Total Other Financing Sources (Uses)	-	-	(357)	(357)
Net Change in Fund Balances	2,937	198	1,117	4,252
Fund Balances - Beginning	76,121	20,061	22,491	118,673
Fund Balances - Ending	\$ 79,058	\$ 20,259	\$ 23,608	\$ 122,925

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NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account and report activities for which a fee is charged in exchange for goods or services.

The following are included in the nonmajor enterprise funds:

Bradley Parking Garage
Second Injury and Compensation Insurance
Drinking Water

State of Connecticut

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS**

June 30, 2019

(Expressed in Thousands)

	Second Injury & Compensation Assurance	Bradley Parking Garage	Drinking Water	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 50,229	\$ 16,126	\$ 4,547	\$ 70,902
Accounts Receivable, Net of Allowances	6,546	441	-	6,987
Loans, Net of Allowances	-	-	41,462	41,462
Interest Receivable	-	-	503	503
From Other Governments	-	-	730	730
Other	27	-	-	27
Total Current Assets	<u>56,802</u>	<u>16,567</u>	<u>47,242</u>	<u>120,611</u>
Noncurrent Assets:				
Cash and Cash Equivalents	-	-	97,645	97,645
Receivables:				
Loans, Net of Allowances	-	-	146,864	146,864
Restricted Assets	-	-	26,593	26,593
Capital Assets, Net of Accumulated Depreciation	-	23,946	-	23,946
Other Noncurrent Assets	-	185	-	185
Total Noncurrent Assets	<u>-</u>	<u>24,131</u>	<u>271,102</u>	<u>295,233</u>
Total Assets	<u>\$ 56,802</u>	<u>\$ 40,698</u>	<u>\$ 318,344</u>	<u>\$ 415,844</u>
Deferred Outflows of Resources				
Unamortized Losses on Bond Refundings	\$ -	\$ -	\$ 161	\$ 161
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161</u>	<u>\$ 161</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 6,356	\$ 2,584	\$ 1,281	\$ 10,221
Current Portion of Long-Term Debt	540	3,135	7,587	11,262
Total Current Liabilities	<u>6,896</u>	<u>5,719</u>	<u>8,868</u>	<u>21,483</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Liabilities	1,158	41,586	112,035	154,779
Total Noncurrent Liabilities	<u>1,158</u>	<u>41,586</u>	<u>112,035</u>	<u>154,779</u>
Total Liabilities	<u>\$ 8,054</u>	<u>\$ 47,305</u>	<u>\$ 120,903</u>	<u>\$ 176,262</u>
Net Position (Deficit)				
Net Investment in Capital Assets	\$ -	\$ 1,615	\$ -	\$ 1,615
Restricted for:				
Debt Service	-	4,508	-	4,508
Drinking Water Projects	-	-	166,929	166,929
Unrestricted (Deficit)	48,748	(12,730)	30,673	66,691
Total Net Position (Deficit)	<u>\$ 48,748</u>	<u>\$ (6,607)</u>	<u>\$ 197,602</u>	<u>\$ 239,743</u>

State of Connecticut

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	<u>Second Injury & Compensation Assurance</u>	<u>Bradley Parking Garage</u>	<u>Drinking Water</u>	<u>Total</u>
Operating Revenues				
Assessments	\$ 31,459	\$ -	\$ -	\$ 31,459
Charges for Sales and Services (Net of discounts \$2,044)	-	32,135	-	32,135
Interest on Loans	-	-	3,719	3,719
Miscellaneous	735	-	-	735
Total Operating Revenues	<u>32,194</u>	<u>32,135</u>	<u>3,719</u>	<u>68,048</u>
Operating Expenses				
Salaries, Wages, and Administrative	7,644	9,661	3,230	20,535
Claims Paid	22,879	-	-	22,879
Depreciation and Amortization	-	1,160	-	1,160
Other	-	-	1,790	1,790
Total Operating Expenses	<u>30,523</u>	<u>10,821</u>	<u>5,020</u>	<u>46,364</u>
Operating Income	<u>1,671</u>	<u>21,314</u>	<u>(1,301)</u>	<u>21,684</u>
Nonoperating Revenues (Expenses)				
Interest and Investment Income	1,119	327	3,286	4,732
Interest and Fiscal Charges	-	(1,720)	(5,055)	(6,775)
Other	-	(12,939)	1,003	(11,936)
Total Nonoperating Income (Expense)	<u>1,119</u>	<u>(14,332)</u>	<u>(766)</u>	<u>(13,979)</u>
Income (Loss) Before Grants and Transfers	<u>2,790</u>	<u>6,982</u>	<u>(2,067)</u>	<u>7,705</u>
Federal Capitalization Grants	-	-	11,227	11,227
Transfers In	-	-	384	384
Change in Net Position	2,790	6,982	9,544	19,316
Total Net Position (Deficit) - Beginning	<u>45,958</u>	<u>(13,589)</u>	<u>188,058</u>	<u>220,427</u>
Total Net Position (Deficit) - Ending	<u>\$ 48,748</u>	<u>\$ (6,607)</u>	<u>\$ 197,602</u>	<u>\$ 239,743</u>

State of Connecticut

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	Second Injury & Compensation Assurance	Bradley Parking Garage	Drinking Water	Totals
Cash Flows from Operating Activities				
Receipts from Customers	\$ 31,029	\$ 32,135	\$ 15,426	\$ 78,590
Payments to Suppliers	-	(7,638)	(1,791)	(9,429)
Payments to Employees	(7,724)	(2,024)	(2,360)	(12,108)
Other Receipts (Payments)	(24,096)	(13,451)	(35,678)	(73,225)
Net Cash Provided by (Used in) Operating Activities	<u>(791)</u>	<u>9,022</u>	<u>(24,403)</u>	<u>(16,172)</u>
Cash Flows from Noncapital Financing Activities				
Retirement of Bonds and Annuities Payable	-	(2,935)	(7,119)	(10,054)
Interest of Bonds	-	(1,267)	(5,128)	(6,395)
Transfers In	-	-	384	384
Other Receipts (Payments)	-	(4,030)	-	(4,030)
Net Cash Flows from Noncapital Financing Activities	<u>-</u>	<u>(8,232)</u>	<u>(11,863)</u>	<u>(20,095)</u>
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant, and Equipment	-	(823)	-	(823)
Federal Grant	-	149	10,472	10,621
Net Cash Flows from Capital and Related Financing Activities	<u>-</u>	<u>(674)</u>	<u>10,472</u>	<u>9,798</u>
Cash Flows from Investing Activities				
Interest on Investments	1,112	-	3,296	4,408
Other Receipts (Payments)	-	-	21,743	21,743
Net Cash Flows from Investing Activities	<u>1,112</u>	<u>-</u>	<u>25,039</u>	<u>26,151</u>
Net Increase (Decrease) in Cash and Cash Equivalents	321	116	(755)	(318)
Cash and Cash Equivalents - Beginning of Year	49,908	16,010	5,302	71,220
Cash and Cash Equivalents - End of Year	<u>\$ 50,229</u>	<u>\$ 16,126</u>	<u>\$ 4,547</u>	<u>\$ 70,902</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ 1,671	\$ 21,314	\$ (1,300)	\$ 21,685
Adjustments not Affecting Cash:				
Depreciation and Amortization	-	1,160	-	1,160
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(529)	98	(318)	(749)
(Increase) Decrease in Inventories and Other Assets	16	770	(22,785)	(21,999)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(1,949)	(14,320)	-	(16,269)
Total Adjustments	<u>(2,462)</u>	<u>(12,292)</u>	<u>(23,103)</u>	<u>(37,857)</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (791)</u>	<u>\$ 9,022</u>	<u>\$ (24,403)</u>	<u>\$ (16,172)</u>



NONMAJOR INTERNAL SERVICE FUNDS

The internal service funds are used to account for and report the operations of state agencies whose exclusive or nearly exclusive purpose is to provide goods or services to other state agencies on a cost-reimbursement basis.

The following are included in the nonmajor internal service funds:

Correction Industries
Administrative Services
Information Technology

State of Connecticut

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

June 30, 2019

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information & Technology</u>	<u>Administrative Services</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 6,475	\$ 4,252	\$ -	\$ 10,727
Receivables, Net of Allowances	11	65	24	100
Due From Other Funds	630	2,259	1,961	4,850
Inventories	5,089	-	76	5,165
Other Current Assets	21	-	154	175
Total Current Assets	<u>12,226</u>	<u>6,576</u>	<u>2,215</u>	<u>21,017</u>
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	906	-	46,187	47,093
Other Noncurrent Assets	-	-	124	124
Total Noncurrent Assets	<u>906</u>	<u>-</u>	<u>46,311</u>	<u>47,217</u>
Total Assets	<u>\$ 13,132</u>	<u>\$ 6,576</u>	<u>\$ 48,526</u>	<u>\$ 68,234</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 663	\$ 345	\$ 233	\$ 1,241
Due To Other Funds	-	-	10,679	10,679
Compensated Absences-Current Portion	49	14	19	82
Total Current Liabilities	<u>712</u>	<u>359</u>	<u>10,931</u>	<u>12,002</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	-	705	-	705
Compensated Absences	681	220	331	1,232
Total Noncurrent Liabilities	<u>681</u>	<u>925</u>	<u>331</u>	<u>1,937</u>
Total Liabilities	<u>\$ 1,393</u>	<u>\$ 1,284</u>	<u>\$ 11,262</u>	<u>\$ 13,939</u>
Net Position				
Net Investment in Capital Assets	\$ 906	\$ -	\$ 46,311	\$ 47,217
Unrestricted (Deficit)	10,833	5,292	(9,047)	7,078
Total Net Position	<u>\$ 11,739</u>	<u>\$ 5,292</u>	<u>\$ 37,264</u>	<u>\$ 54,295</u>

State of Connecticut

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information & Technology</u>	<u>Administrative Services</u>	<u>Total</u>
Operating Revenues				
Charges for Sales and Services	\$ 24,437	\$ 4,334	\$ 24,878	\$ 53,649
Miscellaneous	141	-	-	141
Total Operating Revenues	<u>24,578</u>	<u>4,334</u>	<u>24,878</u>	<u>53,790</u>
Operating Expenses				
Salaries, Wages, and Administrative	22,752	3,403	7,204	33,359
Depreciation and Amortization	651	-	16,902	17,553
Total Operating Expenses	<u>23,403</u>	<u>3,403</u>	<u>24,106</u>	<u>50,912</u>
Operating Income	<u>1,175</u>	<u>931</u>	<u>772</u>	<u>2,878</u>
Nonoperating Revenue (Expenses)				
Investment Income	760	-	-	760
Other Nonoperating Revenue (Expense)	192	-	-	192
Total Nonoperating Revenue (Expense)	<u>952</u>	<u>-</u>	<u>-</u>	<u>952</u>
Change in Net Position	2,127	931	772	3,830
Total Net Position - Beginning	<u>9,612</u>	<u>4,361</u>	<u>36,492</u>	<u>50,465</u>
Total Net Position - Ending	<u>\$ 11,739</u>	<u>\$ 5,292</u>	<u>\$ 37,264</u>	<u>\$ 54,295</u>

State of Connecticut

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information Technology</u>	<u>Administrative Services</u>	<u>Totals</u>
Cash Flows from Operating Activities				
Receipts from Customers	\$ 24,234	\$ 4,301	\$ 24,745	\$ 53,280
Payments to Suppliers	(19,676)	(545)	(1,201)	(21,422)
Payments to Employees	(3,351)	(2,876)	(4,054)	(10,281)
Other Receipts (Payments)	(871)	-	28	(843)
Net Cash Provided by (Used in) Operating Activities	<u>336</u>	<u>880</u>	<u>19,518</u>	<u>20,734</u>
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant, and Equipment	(155)	-	(19,518)	(19,673)
Net Cash Flows from Capital and Related Financing Activities	<u>(155)</u>	<u>-</u>	<u>(19,518)</u>	<u>(19,673)</u>
Cash Flows from Noncapital Financing Activities				
Other Receipts (Payments)	192	-	-	192
Net Cash Flows from Noncapital Financing Activities	<u>192</u>	<u>-</u>	<u>-</u>	<u>192</u>
Cash Flows from Investing Activities				
Interest on Investments	760	-	-	760
Net Cash Flows from Investing Activities	<u>760</u>	<u>-</u>	<u>-</u>	<u>760</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,133	880	-	2,013
Cash and Cash Equivalents - Beginning of Year	5,342	3,372	-	8,714
Cash and Cash Equivalents - End of Year	<u>\$ 6,475</u>	<u>\$ 4,252</u>	<u>\$ -</u>	<u>\$ 10,727</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income	\$ 1,175	\$ 931	\$ 772	\$ 2,878
Adjustments Not Affecting Cash:				
Depreciation	651	-	16,902	17,553
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	1	(3)	(17)	(19)
(Increase) Decrease in Due From Other Funds	(204)	(31)	(115)	(350)
(Increase) Decrease in Inventories and Other Assets	(1,013)	-	28	(985)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(274)	(17)	1,948	1,657
Total Adjustments	<u>(839)</u>	<u>(51)</u>	<u>18,746</u>	<u>17,856</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 336</u>	<u>\$ 880</u>	<u>\$ 19,518</u>	<u>\$ 20,734</u>



PENSION AND (OTHER EMPLOYEE BENEFIT) TRUST FUNDS

The pension and other employee benefit trust funds are used to account for and report the money that has been contributed by both the employer and the employee for pension benefits. A trustee administers the funds and invests the money, collects the earnings and interest and distributes the benefits.

The following are included in the pension and (other employee benefit) trust funds:

- State Employees
- State Teachers
- Judicial
- Connecticut Municipal Employees
- Probate Judges
- State Employee OPEB Plan
- Retired Teacher Healthcare Plan
- Policemen, Firemen, and Survivors' Benefits

State of Connecticut

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

June 30, 2019

(Expressed in Thousands)

	Pension Trust			
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'
Assets				
Current:				
Cash and Cash Equivalents	\$ 11,002	\$ 4,350	\$ 6	\$ 997
Receivables:				
Accounts, Net of Allowances	13,216	13,321	8	20,228
From Other Governments	-	456	-	-
From Other Funds	411	67	-	44
Interest	347	634	3	57
Investments	13,250,839	18,492,536	235,909	2,709,856
Securities Lending Collateral	764,858	1,021,618	15,078	196,509
Noncurrent:				
Due From Employers	-	-	-	17,060
Total Assets	<u>\$ 14,040,673</u>	<u>\$ 19,532,982</u>	<u>\$ 251,004</u>	<u>\$ 2,944,751</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 122	\$ 15,891	\$ -	\$ -
Securities Lending Obligation	764,858	1,021,618	15,078	196,509
Due to Other Funds	-	2,018	-	-
Total Liabilities	<u>\$ 764,980</u>	<u>\$ 1,039,527</u>	<u>\$ 15,078</u>	<u>\$ 196,509</u>
Net Position				
Held in Trust For Employee				
Pension and Other Benefits	\$ 13,275,693	\$ 18,493,455	\$ 235,926	\$ 2,748,242
Total Net Position	<u>\$ 13,275,693</u>	<u>\$ 18,493,455</u>	<u>\$ 235,926</u>	<u>\$ 2,748,242</u>

State of Connecticut

<u>Pension Trust</u>		<u>Other Employee Benefits</u>				
<u>Probate Judges</u>	<u>Other</u>	<u>Retired Teacher Healthcare Plan</u>	<u>Policemen, Firemen, and Survivors' Benefits</u>	<u>State Employee OPEB Plan</u>		<u>Total</u>
\$ 21	\$ 401	\$ 56,956	\$ 35	\$ 72,730		\$ 146,498
5	-	-	-	-		46,778
-	-	-	-	-		456
-	2	2,042	-	308		2,874
3	-	-	1	-		1,045
109,625	2,065	-	36,665	1,156,975		35,994,470
6,686	133	-	2,314	73,208		2,080,404
-	-	-	-	-		17,060
<u>\$ 116,340</u>	<u>\$ 2,601</u>	<u>\$ 58,998</u>	<u>\$ 39,015</u>	<u>\$ 1,303,221</u>		<u>\$ 38,289,585</u>
\$ 11	\$ -	\$ 2,545	\$ -	\$ 34,005		\$ 52,574
6,686	133	-	2,314	73,208		2,080,404
-	-	-	-	-		2,018
<u>\$ 6,697</u>	<u>\$ 133</u>	<u>\$ 2,545</u>	<u>\$ 2,314</u>	<u>\$ 107,213</u>		<u>\$ 2,134,996</u>
<u>\$ 109,643</u>	<u>\$ 2,468</u>	<u>\$ 56,453</u>	<u>\$ 36,701</u>	<u>\$ 1,196,008</u>		<u>\$ 36,154,589</u>
<u>\$ 109,643</u>	<u>\$ 2,468</u>	<u>\$ 56,453</u>	<u>\$ 36,701</u>	<u>\$ 1,196,008</u>		<u>\$ 36,154,589</u>

State of Connecticut

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFITS) TRUST FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	Pension Trust			
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'
Additions				
Contributions:				
Plan Members	\$ 489,099	\$ 309,333	\$ 1,694	\$ 24,613
State	1,578,324	1,292,314	27,427	-
Municipalities	-	358	-	83,370
Total Contributions	<u>2,067,423</u>	<u>1,602,005</u>	<u>29,121</u>	<u>107,983</u>
Investment Income	776,193	1,105,105	14,612	168,155
Less: Investment Expenses	<u>(65,332)</u>	<u>(93,016)</u>	<u>(1,230)</u>	<u>(14,153)</u>
Net Investment Income	<u>710,861</u>	<u>1,012,089</u>	<u>13,382</u>	<u>154,002</u>
Transfer In	-	-	-	-
Other	<u>3,704</u>	<u>598</u>	<u>-</u>	<u>599</u>
Total Additions	<u>2,781,988</u>	<u>2,614,692</u>	<u>42,503</u>	<u>262,584</u>
Deductions				
Administrative Expense	693	-	-	-
Benefit Payments and Refunds	2,033,144	2,066,641	29,385	180,367
Other	<u>-</u>	<u>1,435</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>2,033,837</u>	<u>2,068,076</u>	<u>29,385</u>	<u>180,367</u>
Changes in Net Position	748,151	546,616	13,118	82,217
Net Position Held in Trust For				
Pension and Other Employee Benefits				
Beginning of Year	<u>12,527,542</u>	<u>17,946,839</u>	<u>222,808</u>	<u>2,666,025</u>
End of Year	<u>\$ 13,275,693</u>	<u>\$ 18,493,455</u>	<u>\$ 235,926</u>	<u>\$ 2,748,242</u>

State of Connecticut

<u>Pension Trust</u>		<u>Other Employee Benefits</u>			
<u>Probate Judges'</u>	<u>Other</u>	<u>Retired Teachers' Healthcare Plan</u>	<u>Policemen, Firemen, and Survivors' Benefits</u>	<u>State Employees' OPEB Plan</u>	<u>Total</u>
\$ 222	\$ 25	\$ 106,804	\$ 644	\$ 116,539	\$ 1,048,973
-	-	35,319	-	752,941	3,686,325
-	-	-	704	-	84,432
<u>222</u>	<u>25</u>	<u>142,123</u>	<u>1,348</u>	<u>869,480</u>	<u>4,819,730</u>
6,440	118	1,091	2,124	75,175	2,149,013
(542)	(10)	-	(179)	(6,327)	(180,789)
<u>5,898</u>	<u>108</u>	<u>1,091</u>	<u>1,945</u>	<u>68,848</u>	<u>1,968,224</u>
-	-	16,100	-	-	16,100
<u>9,381</u>	<u>26</u>	<u>-</u>	<u>5</u>	<u>1,194</u>	<u>15,507</u>
<u>15,501</u>	<u>159</u>	<u>159,314</u>	<u>3,298</u>	<u>939,522</u>	<u>6,819,561</u>
-	-	17,187	-	-	17,880
5,742	-	93,210	1,234	593,403	5,003,126
-	-	16,100	-	-	17,535
<u>5,742</u>	<u>-</u>	<u>126,497</u>	<u>1,234</u>	<u>593,403</u>	<u>5,038,541</u>
9,759	159	32,817	2,064	346,119	1,781,020
<u>99,884</u>	<u>2,309</u>	<u>23,636</u>	<u>34,637</u>	<u>849,889</u>	<u>34,373,569</u>
<u>\$ 109,643</u>	<u>\$ 2,468</u>	<u>\$ 56,453</u>	<u>\$ 36,701</u>	<u>\$ 1,196,008</u>	<u>\$ 36,154,589</u>

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AGENCY FUNDS

Agency funds account for and report resources held by the State as an agent for individuals and private organizations for which the state has custodial responsibility for the flow of assets.

The following are included in the agency funds:

- Fringe Benefit Clearing
- Receipts Pending Distribution
- Insurance Companies' Securities
- State Institution Activity

State of Connecticut

**COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS**

June 30, 2019

(Expressed in Thousands)

	Fringe Benefit Clearing	Receipts Pending Distribution	Insurance Companies' Securities	State Institution Activity	Other	Total
Assets						
Cash and Cash Equivalents	\$ -	\$ 32,074	\$ -	\$ 47,840	\$ 53,708	\$ 133,622
Receivables:						
Accounts, Net of Allowances	-	3,463	-	83	5,597	9,143
Interest	-	-	-	78	78	156
Inventories	-	-	-	14	-	14
Other Assets	-	-	321,871	35	12,567	334,473
Total Assets	<u>\$ -</u>	<u>\$ 35,537</u>	<u>\$ 321,871</u>	<u>\$ 48,050</u>	<u>\$ 71,950</u>	<u>\$ 477,408</u>
Liabilities						
Accounts Payable and Accrued Liabilities	\$ -	\$ 44,369	\$ -	\$ 2,109	\$ 27	\$ 46,505
Due To Other Funds	379	-	-	-	-	379
Funds Held for Others	(379)	(8,832)	321,871	45,941	71,923	430,524
Total Liabilities	<u>\$ -</u>	<u>\$ 35,537</u>	<u>\$ 321,871</u>	<u>\$ 48,050</u>	<u>\$ 71,950</u>	<u>\$ 477,408</u>

State of Connecticut

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Fringe Benefit Clearing</u>				
Assets				
From Other Funds	\$ -	\$ -	\$ -	\$ -
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Due to Other Funds	\$ 379	\$ 379	\$ 379	\$ 379
Funds Held for Others	(379)	379	379	(379)
Total Liabilities	<u>\$ -</u>	<u>\$ 758</u>	<u>\$ 758</u>	<u>\$ -</u>
<u>Receipts Pending Distribution</u>				
Assets				
Cash and Cash Equivalents	\$ 52,021	\$ 33,348	\$ 53,295	\$ 32,074
Accounts, Net of Allowances	2,283	3,463	2,283	3,463
Total Assets	<u>\$ 54,304</u>	<u>\$ 36,811</u>	<u>\$ 55,578</u>	<u>\$ 35,537</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 45,581	\$ 44,369	\$ 45,581	\$ 44,369
Funds Held for Others	8,723	3,539	21,094	(8,832)
Total Liabilities	<u>\$ 54,304</u>	<u>\$ 47,908</u>	<u>\$ 66,675</u>	<u>\$ 35,537</u>
<u>Insurance Companies' Securities</u>				
Assets				
Other Assets	\$ 316,212	\$ 321,871	\$ 316,212	\$ 321,871
Total Assets	<u>\$ 316,212</u>	<u>\$ 321,871</u>	<u>\$ 316,212</u>	<u>\$ 321,871</u>
Liabilities				
Funds Held for Others	\$ 316,212	\$ 321,871	\$ 316,212	\$ 321,871
Total Liabilities	<u>\$ 316,212</u>	<u>\$ 321,871</u>	<u>\$ 316,212</u>	<u>\$ 321,871</u>
<u>State Institution Activity</u>				
Assets				
Cash and Cash Equivalents	\$ 24,290	\$ 47,840	\$ 24,290	\$ 47,840
Accounts, Net of Allowances	73	83	73	83
Interest	29	78	29	78
Inventories	11	14	11	14
Other Assets	16	35	16	35
Total Assets	<u>\$ 24,419</u>	<u>\$ 48,050</u>	<u>\$ 24,419</u>	<u>\$ 48,050</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 1,372	\$ 2,109	\$ 1,372	\$ 2,109
Funds Held for Others	23,047	45,941	23,047	45,941
Total Liabilities	<u>\$ 24,419</u>	<u>\$ 48,050</u>	<u>\$ 24,419</u>	<u>\$ 48,050</u>

continues

State of Connecticut

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

continued

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Other				
Assets				
Cash and Cash Equivalents	\$ 62,204	\$ 53,708	\$ 62,204	\$ 53,708
Accounts, Net of Allowances	8,547	5,597	8,547	5,597
Interest	72	78	72	78
Other Assets	<u>14,095</u>	<u>12,567</u>	<u>14,095</u>	<u>12,567</u>
Total Assets	<u>\$ 84,918</u>	<u>\$ 71,950</u>	<u>\$ 84,918</u>	<u>\$ 71,950</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 125	\$ 27	\$ 125	\$ 27
Funds Held for Others	<u>84,793</u>	<u>71,923</u>	<u>84,793</u>	<u>71,923</u>
Total Liabilities	<u>\$ 84,918</u>	<u>\$ 71,950</u>	<u>\$ 84,918</u>	<u>\$ 71,950</u>
Total - All Agency Funds				
Assets				
Cash and Cash Equivalents	\$ 138,515	\$ 134,896	\$ 139,789	\$ 133,622
Accounts, Net of Allowances	10,903	9,143	10,903	9,143
Interest	101	156	101	156
Inventories	11	14	11	14
Other Assets	<u>330,323</u>	<u>334,473</u>	<u>330,323</u>	<u>334,473</u>
Total Assets	<u>\$ 479,853</u>	<u>\$ 478,682</u>	<u>\$ 481,127</u>	<u>\$ 477,408</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 47,078	\$ 46,505	\$ 47,078	\$ 46,505
Due to Other Funds	379	379	379	379
Funds Held for Others	<u>432,396</u>	<u>443,653</u>	<u>445,525</u>	<u>430,524</u>
Total Liabilities	<u>\$ 479,853</u>	<u>\$ 490,537</u>	<u>\$ 492,982</u>	<u>\$ 477,408</u>



NONMAJOR COMPONENT UNITS

The component units listed below are legally separate organizations for which the State is financially accountable.

The following are included in the nonmajor component units:

- Connecticut Higher Education Supplemental Loan Authority
- Connecticut Health and Educational Facilities Authority
- Connecticut Student Loan Foundation
- Materials, Innovations, and Recycling Authority
- Connecticut Innovations, Incorporated
- UConn Foundation
- Capital Region Development Authority
- Connecticut Green Bank

State of Connecticut

**COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS**

June 30, 2019

(Expressed in Thousands)

	Connecticut Higher Education Supplemental Loan Authority	Connecticut Health and Educational Facilities Authority	Connecticut Student Loan Foundation	Materials, Innovations, and Recycling Authority
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 7,301	\$ 2,369	\$ 404	\$ 31,169
Investments	-	7,268	-	-
Receivables:				
Accounts, Net of Allowances	-	413	17	11,083
Loans, Net of Allowances	73	-	-	-
Interest Receivable	27	-	-	-
Due From Primary Government	-	-	-	-
Restricted Assets	68,929	210,153	22,790	209
Inventories	-	-	-	5,779
Other Current Assets	25	83	1	2,487
Total Current Assets	<u>76,355</u>	<u>220,286</u>	<u>23,212</u>	<u>50,727</u>
Noncurrent Assets:				
Investments	-	-	-	-
Accounts, Net of Allowances	-	-	-	-
Loans, Net of Allowances	631	-	-	-
Restricted Assets	135,019	6,662	170,580	-
Capital Assets, Net of Accumulated Depreciation	3	223	-	56,672
Other Noncurrent Assets	-	-	-	-
Total Noncurrent Assets	<u>135,653</u>	<u>6,885</u>	<u>170,580</u>	<u>56,672</u>
Total Assets	<u>\$ 212,008</u>	<u>\$ 227,171</u>	<u>\$ 193,792</u>	<u>\$ 107,399</u>
Deferred Outflows of Resources				
Related to Pensions & Other Postemployment	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	\$ 1,070	\$ 394	\$ 734	\$ 5,671
Current Portion of Long-Term Obligations	12,085	-	-	-
Due To Primary Government	-	-	-	-
Amounts Held for Institutions	-	210,149	-	-
Total Current Liabilities	<u>13,155</u>	<u>210,543</u>	<u>734</u>	<u>5,671</u>
Noncurrent Liabilities:				
Pension Liability & OPEB Liability	-	-	-	-
Noncurrent Portion of Long-Term Obligations	164,458	2,165	171,302	-
Total Noncurrent Liabilities	<u>164,458</u>	<u>2,165</u>	<u>171,302</u>	<u>-</u>
Total Liabilities	<u>\$ 177,613</u>	<u>\$ 212,708</u>	<u>\$ 172,036</u>	<u>\$ 5,671</u>
Deferred Inflows of Resources				
Related to Pensions & Other Postemployment	\$ -	\$ -	\$ -	\$ -
Other Deferred Inflows	1,507	-	-	-
Total Deferred Inflows of Resources	<u>\$ 1,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position				
Net Investment in Capital Assets	\$ 3	\$ 223	\$ -	\$ 56,672
Restricted:				
Expendable Endowments	-	-	-	-
Nonexpendable Endowments	-	-	-	-
Other Purposes	26,471	4,448	4,759	50
Unrestricted	6,414	9,792	16,997	45,006
Total Net Position	<u>\$ 32,888</u>	<u>\$ 14,463</u>	<u>\$ 21,756</u>	<u>\$ 101,728</u>

State of Connecticut

Connecticut Innovations, Incorporated	UConn Foundation	Capital Region Development Authority	Connecticut Green Bank	Total
\$ 74,643	\$ 15,898	\$ 7,745	\$ 18,947	\$ 158,476
985	529,462	6,799	-	544,514
158	5,791	1,208	3,669	22,339
5,296	-	5,447	-	10,816
419	-	-	-	446
164	-	-	-	164
-	-	16,785	-	318,866
-	-	-	-	5,779
160	-	1,136	11,519	15,411
<u>81,825</u>	<u>551,151</u>	<u>39,120</u>	<u>34,135</u>	<u>1,076,811</u>
112,866	-	-	-	112,866
-	40,193	-	-	40,193
25,029	-	71,316	-	96,976
8,131	-	4,970	16,668	342,030
207	4,659	279,043	80,523	421,330
66	1,607	177	79,703	81,553
<u>146,299</u>	<u>46,459</u>	<u>355,506</u>	<u>176,894</u>	<u>1,094,948</u>
<u>\$ 228,124</u>	<u>\$ 597,610</u>	<u>\$ 394,626</u>	<u>\$ 211,029</u>	<u>\$ 2,171,759</u>
\$ 8,748	\$ -	\$ -	\$ 9,488	\$ 18,236
19	-	-	2,828	2,847
<u>\$ 8,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,316</u>	<u>\$ 21,083</u>
\$ 9,597	\$ 16,919	\$ 25,185	\$ 14,598	\$ 74,168
595	3,166	4,294	3,118	23,258
202	-	43,735	-	43,937
-	-	-	-	210,149
<u>10,394</u>	<u>20,085</u>	<u>73,214</u>	<u>17,716</u>	<u>351,512</u>
49,768	-	-	49,806	99,574
10	27,482	78,648	77,564	521,629
<u>49,778</u>	<u>27,482</u>	<u>78,648</u>	<u>127,370</u>	<u>621,203</u>
<u>\$ 60,172</u>	<u>\$ 47,567</u>	<u>\$ 151,862</u>	<u>\$ 145,086</u>	<u>\$ 972,715</u>
\$ 8,589	\$ -	\$ -	\$ 1,977	\$ 10,566
-	-	-	-	1,507
<u>\$ 8,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,977</u>	<u>\$ 12,073</u>
\$ 207	\$ -	\$ 152,366	\$ 3,794	\$ 213,265
-	11,865	-	-	11,865
-	538,179	-	66,902	605,081
7,918	-	89,023	11,537	144,206
160,005	-	1,375	(5,951)	233,638
<u>\$ 168,130</u>	<u>\$ 550,044</u>	<u>\$ 242,764</u>	<u>\$ 76,282</u>	<u>\$ 1,208,055</u>

State of Connecticut

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS**

For the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Connecticut Higher Education Supplemental Loan Authority	\$ 10,867	\$ 12,171	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	7,678	7,818	-	-
Connecticut Student Loan Foundation	12,996	10,613	-	-
Materials, Innovations, and Recycling Authority	106,595	88,543	-	-
Connecticut Innovations, Incorporated	39,659	46,049	-	-
UConn Foundation	59,393	53,020	-	-
Capital Region Development Authority	61,378	71,463	6,249	2,375
Connecticut Green Bank	62,798	41,522	201	1,696
Total Nonmajor Component Units	<u>\$ 361,364</u>	<u>\$ 331,199</u>	<u>\$ 6,450</u>	<u>\$ 4,071</u>

General Revenues:
 Investment Income
 Total General Revenues
 Change in Net Position
 Total Net Position - Beginning (as restated)
 Total Net Position - Ending

State of Connecticut

**Net (Expense) Revenue and
Changes in Net Position**

Connecticut Higher Education Supplemental Loan Authority	Connecticut Health & Educational Facilities Authority	Connecticut Student Loan Foundation	Materials, Innovations, and Recycling Authority	Connecticut Innovations, Incorporated	UConn Foundation	Capital Region Development Authority	Connecticut Green Bank	<u>Totals</u>
\$ 1,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,304
-	140	-	-	-	-	-	-	140
-	-	(2,383)	-	-	-	-	-	(2,383)
-	-	-	(18,052)	-	-	-	-	(18,052)
-	-	-	-	6,390	-	-	-	6,390
-	-	-	-	-	(6,373)	-	-	(6,373)
-	-	-	-	-	-	18,709	-	18,709
-	-	-	-	-	-	-	(19,379)	(19,379)
<u>1,304</u>	<u>140</u>	<u>(2,383)</u>	<u>(18,052)</u>	<u>6,390</u>	<u>(6,373)</u>	<u>18,709</u>	<u>(19,379)</u>	<u>(19,644)</u>
1,926	330	149	459	11,914	21,987	611	4,326	41,702
<u>1,926</u>	<u>330</u>	<u>149</u>	<u>459</u>	<u>11,914</u>	<u>21,987</u>	<u>611</u>	<u>4,326</u>	<u>41,702</u>
3,230	470	(2,234)	(17,593)	18,304	15,614	19,320	(15,053)	22,058
<u>29,658</u>	<u>13,993</u>	<u>23,990</u>	<u>119,321</u>	<u>149,826</u>	<u>534,430</u>	<u>223,444</u>	<u>91,335</u>	<u>1,185,997</u>
<u>\$ 32,888</u>	<u>\$ 14,463</u>	<u>\$ 21,756</u>	<u>\$ 101,728</u>	<u>\$ 168,130</u>	<u>\$ 550,044</u>	<u>\$ 242,764</u>	<u>\$ 76,282</u>	<u>\$ 1,208,055</u>

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Index to Statistical Section

This part of the State of Connecticut’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how the State’s financial performance and well-being have changed over time.

Net Position by Component	180
Changes in Net Position	182
Fund Balances, Governmental Funds	186
Changes in Fund Balances, Governmental Funds	186

REVENUE CAPACITY INFORMATION

These schedules present revenue capacity information for the State’s most significant revenue source, the personal income tax.

Personal Income Tax Filers and Liability by Income Level	188
Personal Income by Major Component	190
Personal Income Tax Rates	193

DEBT CAPACITY INFORMATION

These schedules present information to assist the user in understanding and assessing a government’s debt burden and its ability to issue additional debt.

Legal Debt Margin	194
Ratios of Outstanding Debt by Type	196
Ratios of Net General Bonded Debt Outstanding	196
Pledged-Revenue Coverage	198

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the State’s financial activities take place and to help make comparisons over time and with other governments.

Population and Per Capita Personal Income	200
Employment Information	200
Top Ten Employers	203

OPERATING INFORMATION

These schedules contain information about the State’s operations and a resource to help the reader understand how the State’s financial information relates to the activities it performs.

State Employees by Function	204
Operating Indicators by Function	206
Capital Assets by Function	210

Sources: Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

State of Connecticut

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017*</u>	<u>2016</u>
Governmental Activities:				
Net Invested in Capital Assets	\$ 4,508,124	\$ 4,321,358	\$ 4,568,371	\$ 4,530,912
Restricted	3,690,050	3,026,254	2,887,909	1,977,196
Unrestricted	<u>(61,669,809)</u>	<u>(61,949,017)</u>	<u>(72,802,979)</u>	<u>(50,635,847)</u>
Total Governmental Activities Net Position	<u>\$ (53,471,635)</u>	<u>\$ (54,601,405)</u>	<u>\$ (65,346,699)</u>	<u>\$ (44,127,739)</u>
Business-Type Activities:				
Net Invested in Capital Assets	\$ 4,261,844	\$ 4,287,451	\$ 4,126,277	\$ 3,794,464
Restricted	1,087,127	1,098,547	1,017,929	1,089,692
Unrestricted	<u>1,906,729</u>	<u>1,651,057</u>	<u>1,564,985</u>	<u>1,384,932</u>
Total Business-Type Activities Net Position	<u>\$ 7,255,700</u>	<u>\$ 7,037,055</u>	<u>\$ 6,709,191</u>	<u>\$ 6,269,088</u>
Primary Government:				
Net Invested in Capital Assets	\$ 8,769,968	\$ 8,608,809	\$ 8,694,648	\$ 8,325,376
Restricted	4,777,177	4,124,801	3,905,838	3,066,888
Unrestricted	<u>(59,763,080)</u>	<u>(60,297,960)</u>	<u>(71,237,994)</u>	<u>(49,250,915)</u>
Total Primary Government Net Position	<u>\$ (46,215,935)</u>	<u>\$ (47,564,350)</u>	<u>\$ (58,637,508)</u>	<u>\$ (37,858,651)</u>

* Restated for implementation of GASB 75

Notes: The governmental activities have a deficit in unrestricted Net Position mainly because the State recognized in the Statement of Net Position the following long-term obligations:

1. General obligation bonds which were issued to finance various grant programs of the State, such as school construction and municipal aid.
2. Other long-term obligations which the State has partially funded or not funded. For example, net pension liabilities, net OPEB liabilities, and compensated absences obligations, etc.
3. In fiscal year 2014, Bradley International Airport, a major Enterprise fund, was reclassified as a major component unit. Business-type activities for the fiscal years prior to 2014 have been restated to reflect this change.
4. In fiscal year 2015, the State implemented GASB statement No. 68 requiring the reporting of the actuarially determined liability to the pension plan members net of the fiduciary net position of the plans.

State of Connecticut

2015	2014	2013	2012	2011	2010	2008
\$ 4,957,690	\$ 5,776,818	\$ 5,824,691	\$ 5,305,440	\$ 4,905,025	\$ 4,910,178	\$ 4,930,749
1,884,897	1,795,757	2,282,900	1,647,790	1,809,873	1,777,780	1,641,377
<u>(47,667,704)</u>	<u>(24,943,380)</u>	<u>(23,199,567)</u>	<u>(21,984,094)</u>	<u>(20,764,608)</u>	<u>(20,361,003)</u>	<u>(13,460,055)</u>
<u>\$ (40,825,117)</u>	<u>\$ (17,370,805)</u>	<u>\$ (15,091,976)</u>	<u>\$ (15,030,864)</u>	<u>\$ (14,049,710)</u>	<u>\$ (13,673,045)</u>	<u>\$ (6,887,929)</u>
\$ 3,448,779	\$ 3,169,151	\$ 3,029,092	\$ 2,810,724	\$ 2,677,999	\$ 2,544,919	\$ 2,465,734
1,154,457	1,065,211	898,180	995,806	1,051,544	1,157,139	1,649,200
<u>895,770</u>	<u>546,492</u>	<u>391,597</u>	<u>360,131</u>	<u>171,738</u>	<u>302,435</u>	<u>306,755</u>
<u>\$ 5,499,006</u>	<u>\$ 4,780,854</u>	<u>\$ 4,318,869</u>	<u>\$ 4,166,661</u>	<u>\$ 3,901,281</u>	<u>\$ 4,004,493</u>	<u>\$ 4,421,689</u>
\$ 8,406,469	\$ 8,945,969	\$ 8,853,783	\$ 8,116,164	\$ 7,583,024	\$ 7,455,097	\$ 7,396,483
3,039,354	2,860,968	3,181,080	2,643,596	2,861,417	2,934,919	3,290,577
<u>(46,771,934)</u>	<u>(24,396,888)</u>	<u>(22,807,970)</u>	<u>(21,623,963)</u>	<u>(20,592,870)</u>	<u>(20,058,568)</u>	<u>(13,153,300)</u>
<u>\$ (35,326,111)</u>	<u>\$ (12,589,951)</u>	<u>\$ (10,773,107)</u>	<u>\$ (10,864,203)</u>	<u>\$ (10,148,429)</u>	<u>\$ (9,668,552)</u>	<u>\$ (2,466,240)</u>

State of Connecticut

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017*</u>	<u>2016</u>	<u>2015</u>
Expenses					
Governmental Activities:					
Legislative	\$ 106,749	\$ 71,859	\$ 224,362	\$ 139,916	\$ 107,629
General Government	2,780,984	1,518,254	3,978,094	2,544,489	1,712,498
Regulation and Protection	841,025	541,574	1,702,904	968,289	1,028,126
Conservation and Development	1,177,440	635,923	2,129,012	1,103,531	921,859
Health and Hospital	2,629,522	1,611,855	4,731,954	2,772,452	2,172,348
Transportation	2,119,877	1,283,529	2,779,450	2,237,773	1,761,500
Human Services	9,735,805	5,950,282	16,515,682	9,115,540	6,736,623
Education, Libraries, and Museums	5,050,799	3,188,852	9,042,637	5,315,342	4,396,212
Corrections	2,114,693	1,335,350	3,855,999	2,307,516	1,820,490
Judicial	973,088	605,361	1,872,841	1,135,055	873,879
Interest and Fiscal Charges	<u>978,034</u>	<u>888,410</u>	<u>877,822</u>	<u>829,246</u>	<u>796,727</u>
Total Governmental Activities Expenses	<u>28,508,016</u>	<u>17,631,249</u>	<u>47,710,757</u>	<u>28,469,149</u>	<u>22,327,891</u>
Business-Type Activities:					
University of Connecticut and Health Center	2,485,461	2,402,077	2,310,348	2,255,211	2,154,599
Board of Regents	1,397,779	1,365,312	1,360,029	1,362,522	1,319,274
Employment Security	619,685	696,456	725,609	686,494	750,573
Clean Water	42,635	44,267	36,234	38,369	35,125
Other	<u>65,075</u>	<u>57,810</u>	<u>66,328</u>	<u>65,757</u>	<u>69,099</u>
Total Business-Type Activities Expenses	<u>4,610,635</u>	<u>4,565,922</u>	<u>4,498,548</u>	<u>4,408,353</u>	<u>4,328,670</u>
Total Primary Government Expenses	<u>\$ 33,118,651</u>	<u>\$ 22,197,171</u>	<u>\$ 52,209,305</u>	<u>\$ 32,877,502</u>	<u>\$ 26,656,561</u>
Program Revenues					
Governmental Activities:					
Charges for Services, Fees, Fines, and Forfeitures	\$ 3,189,819	\$ 2,641,840	\$ 3,037,950	\$ 1,997,571	\$ 1,902,257
Operating Grants and Contributions	7,882,770	7,562,834	7,367,882	7,179,312	7,095,874
Capital Grants and Contributions	<u>695,772</u>	<u>650,615</u>	<u>863,002</u>	<u>778,909</u>	<u>717,358</u>
Total Governmental Activities Program Revenues	<u>11,768,361</u>	<u>10,855,289</u>	<u>11,268,834</u>	<u>9,955,792</u>	<u>9,715,489</u>
Business-Type Activities:					
Charges for Services, Fees, Fines, and Forfeitures	2,991,126	2,947,238	2,886,663	2,819,354	2,599,678
Operating Grants and Contributions	364,687	350,209	367,287	594,260	676,418
Capital Grants and Contributions	<u>3,907</u>	<u>5,099</u>	<u>1,388</u>	<u>6,026</u>	<u>32,807</u>
Total Business-Type Activities Program Revenues	<u>3,359,720</u>	<u>3,302,546</u>	<u>3,255,338</u>	<u>3,419,640</u>	<u>3,308,903</u>
Total Primary Government Program Revenues	<u>\$ 15,128,081</u>	<u>\$ 14,157,835</u>	<u>\$ 14,524,172</u>	<u>\$ 13,375,432</u>	<u>\$ 13,024,392</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (16,739,655)	\$ (6,775,960)	\$ (36,441,923)	\$ (18,513,357)	\$ (12,612,402)
Business-Type Activities	<u>(1,250,915)</u>	<u>(1,263,376)</u>	<u>(1,243,210)</u>	<u>(988,713)</u>	<u>(1,019,767)</u>
Total Primary Government Net Expense	<u>\$ (17,990,570)</u>	<u>\$ (8,039,336)</u>	<u>\$ (37,685,133)</u>	<u>\$ (19,502,070)</u>	<u>\$ (13,632,169)</u>

State of Connecticut

2014	2013	2012	2011	2010
\$ 122,679	\$ 106,349	\$ 113,982	\$ 99,542	\$ 105,870
2,060,294	2,036,173	1,987,920	1,508,994	1,565,653
905,310	868,187	853,458	780,363	796,124
997,092	665,365	692,719	529,292	565,836
2,623,687	2,540,349	2,475,759	2,300,369	2,443,119
1,985,288	1,572,755	1,845,656	1,637,847	1,742,009
8,272,895	7,471,625	7,223,118	6,675,895	6,829,916
4,638,713	4,490,144	4,495,905	4,463,129	4,920,983
2,142,788	1,976,657	2,061,176	1,932,375	2,082,743
1,004,610	893,860	910,362	828,124	828,128
922,110	779,515	816,508	873,847	792,950
<u>25,675,466</u>	<u>23,400,979</u>	<u>23,476,563</u>	<u>21,629,777</u>	<u>22,673,331</u>
2,050,529	1,872,131	1,801,687	1,806,815	1,703,104
1,231,024	1,154,913	1,129,586	1,132,498	1,098,591
1,059,631	1,514,674	1,823,464	2,306,715	2,700,797
39,841	50,194	53,330	45,473	52,761
72,674	58,989	58,152	61,199	78,013
<u>4,453,699</u>	<u>4,650,901</u>	<u>4,866,219</u>	<u>5,352,700</u>	<u>5,633,266</u>
<u>\$ 30,129,165</u>	<u>\$ 28,051,880</u>	<u>\$ 28,342,782</u>	<u>\$ 26,982,477</u>	<u>\$ 28,306,597</u>
\$ 1,726,200	\$ 1,575,556	\$ 1,952,042	\$ 1,647,311	\$ 1,522,375
6,496,625	5,992,403	5,770,935	6,350,067	6,113,086
610,274	767,793	716,056	725,080	765,837
<u>8,833,099</u>	<u>8,335,752</u>	<u>8,439,033</u>	<u>8,722,458</u>	<u>8,401,298</u>
2,546,840	2,484,561	2,471,871	2,336,105	2,170,823
780,137	1,172,820	1,412,355	1,789,697	1,885,115
27,807	51,614	12,328	34,098	7,386
<u>3,354,784</u>	<u>3,708,995</u>	<u>3,896,554</u>	<u>4,159,900</u>	<u>4,063,324</u>
<u>\$ 12,187,883</u>	<u>\$ 12,044,747</u>	<u>\$ 12,335,587</u>	<u>\$ 12,882,358</u>	<u>\$ 12,464,622</u>
\$ (16,842,367)	\$ (15,065,227)	\$ (15,037,530)	\$ (12,907,319)	\$ (14,272,033)
<u>(1,098,915)</u>	<u>(941,906)</u>	<u>(969,665)</u>	<u>(1,192,800)</u>	<u>(1,569,942)</u>
<u>\$ (17,941,282)</u>	<u>\$ (16,007,133)</u>	<u>\$ (16,007,195)</u>	<u>\$ (14,100,119)</u>	<u>\$ (15,841,975)</u>

Note: In fiscal year 2014, Bradley International Airport, a major Enterprise fund, was reclassified as a major component unit. Business-type activities for the fiscal years prior to 2014, disclosed in this and the next page, have been restated to reflect this change.

* Restated due to implementation of GASB 75

continued

State of Connecticut

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

(Expressed in Thousands)

	2019	2018	2017*	2016	2015
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Personal Income	\$ 8,377,644	\$ 9,729,298	\$ 8,065,612	\$ 9,091,156	\$ 8,186,946
Corporate Income	957,031	791,301	968,438	778,917	687,347
Sales and Use	4,332,195	4,219,398	4,226,788	4,224,989	4,167,054
Other	3,550,946	2,352,951	1,882,498	1,231,783	1,735,788
Restricted for Transportation Purposes:					
Motor Fuel	827,816	1,135,660	907,641	877,371	846,062
Other	425,828	80,163	90,199	69,752	83,868
Casino Gaming Payments	255,239	272,957	269,906	265,907	267,986
Tobacco Settlement	124,508	116,850	123,360	120,448	118,988
Lottery Tickets	360,996	336,239	326,415	335,387	319,700
Unrestricted Investment Earnings	127,543	48,663	29,061	16,535	22,091
Special Items:					
Statutory Payment from Component Units		-	-	-	-
Other		-	-	-	-
Transfers-Internal Activities	(1,470,321)	(1,562,226)	(1,666,956)	(1,746,295)	(1,726,281)
Total Governmental Activities	<u>17,869,425</u>	<u>17,521,254</u>	<u>15,222,962</u>	<u>15,265,950</u>	<u>14,709,549</u>
Business-Type Activities					
Unrestricted Investment Earnings	44,318	29,014	16,357	12,500	11,638
Special Items:					
Other		-	-	-	-
Debt Reduction Transfer		-	-	-	-
Transfers-Internal Activities	1,470,321	1,562,226	1,666,956	1,746,295	1,726,281
Total Business-Type Activities	<u>1,514,639</u>	<u>1,591,240</u>	<u>1,683,313</u>	<u>1,758,795</u>	<u>1,737,919</u>
Total Primary Government	<u>\$ 19,384,064</u>	<u>\$ 19,112,494</u>	<u>\$ 16,906,275</u>	<u>\$ 17,024,745</u>	<u>\$ 16,447,468</u>
Changes in Net Position					
Governmental Activities	\$ 1,129,770	\$ 10,745,294	\$ (21,218,961)	\$ (3,247,407)	\$ 2,097,147
Business-Type Activities	<u>263,724</u>	<u>327,864</u>	<u>440,103</u>	<u>770,082</u>	<u>718,152</u>
Total Primary Government	<u>\$ 1,393,494</u>	<u>\$ 11,073,158</u>	<u>\$ (20,778,858)</u>	<u>\$ (2,477,325)</u>	<u>\$ 2,815,299</u>
Other Changes in Net Position					
Governmental Activities:					
Prior-Year Adjustments	\$ -	\$ (19,976,848)	\$ -	\$ (55,368,000)	\$ (25,551,459)
Total Governmental Activities	<u>-</u>	<u>(19,976,848)</u>	<u>-</u>	<u>(55,368,000)</u>	<u>(25,551,459)</u>
Business-Type Activities:					
Prior-Year Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ -</u>	<u>\$ (19,976,848)</u>	<u>\$ -</u>	<u>\$ (55,368,000)</u>	<u>\$ (25,551,459)</u>

State of Connecticut

2014	2013	2012	2011	2010
\$ 7,752,553	\$ 7,743,804	\$ 7,360,165	\$ 6,327,263	\$ 5,773,609
627,100	558,287	601,509	726,090	465,980
4,116,012	3,953,768	3,880,607	3,365,250	3,150,203
1,796,678	2,327,754	1,953,170	1,655,594	1,455,628
882,107	693,444	713,477	477,411	494,222
82,216	79,000	76,618	237,242	209,684
279,873	296,396	344,645	359,582	384,248
197,138	123,745	123,799	121,422	128,977
319,500	312,100	310,000	289,300	285,500
27,313	3,942	15,955	18,434	27,681
31,000	-	-	-	-
-	-	-	-	21,000
<u>(1,547,952)</u>	<u>(1,088,125)</u>	<u>(1,227,570)</u>	<u>(1,080,151)</u>	<u>(1,347,362)</u>
<u>14,563,538</u>	<u>15,004,115</u>	<u>14,152,375</u>	<u>12,497,437</u>	<u>11,049,370</u>
12,948	16,742	18,141	20,483	27,468
-	-	-	-	(21,000)
-	-	-	-	-
<u>1,547,952</u>	<u>1,088,125</u>	<u>1,227,570</u>	<u>1,080,151</u>	<u>1,347,362</u>
<u>1,560,900</u>	<u>1,104,867</u>	<u>1,245,711</u>	<u>1,100,634</u>	<u>1,353,830</u>
<u>\$ 16,124,438</u>	<u>\$ 16,108,982</u>	<u>\$ 15,398,086</u>	<u>\$ 13,598,071</u>	<u>\$ 12,403,200</u>
\$ (2,278,829)	\$ (61,112)	\$ (885,155)	\$ (409,882)	\$ (3,222,663)
<u>461,985</u>	<u>162,961</u>	<u>276,046</u>	<u>(92,166)</u>	<u>(216,112)</u>
<u>\$ (1,816,844)</u>	<u>\$ 101,849</u>	<u>\$ (609,109)</u>	<u>\$ (502,048)</u>	<u>\$ (3,438,775)</u>
\$ -	\$ -	\$ (95,999)	\$ 33,217	\$ (881,193)
-	-	(95,999)	33,217	(881,193)
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,999)</u>	<u>\$ 33,217</u>	<u>\$ (881,193)</u>

Notes: In fiscal year 2012 the sales tax increased from 6% to 6.35%. Starting in fiscal year 2013, due to the change in fund classification reported on the previous page, lottery ticket sales were reported as general revenue, rather than as "transfer-internal activities" under the governmental activities section reported above. Transfers-internal activities for fiscal years prior to 2013 have been restated to reflect this change. Other changes in Net Position are direct adjustments to the beginning balance of Net Position (See Note 22).

* Restated due to implementation of GASB 75

State of Connecticut

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Expressed in Thousands)

	2019	2018	2017	2016
General Fund				
Reserved/Nonspendable, Restricted, Committed or Assigned	\$ 2,892,430	\$ 1,392,115	\$ 326,716	\$ 384,683
Unreserved/Unassigned	(771,444)	(241,072)	(821,134)	(998,872)
Total General Fund	<u>\$ 2,120,986</u>	<u>\$ 1,151,043</u>	<u>\$ (494,418)</u>	<u>\$ (614,189)</u>
All Other Governmental Funds				
Reserved/Nonspendable, Restricted, Committed or Assigned	\$ 4,382,543	\$ 3,690,199	\$ 2,871,951	\$ 2,466,765
Unreserved/Unassigned				
Transportation Fund	-	-	-	-
Special Revenue Funds	-	(9)	-	-
Capital Projects Funds	(718)	(718)	(718)	(718)
Permanent Funds	3	2	(7,836)	(7,959)
Total All Other Governmental Funds	<u>\$ 4,381,828</u>	<u>\$ 3,689,474</u>	<u>\$ 2,863,397</u>	<u>\$ 2,458,088</u>

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Expressed in Thousands)

	2019	2018	2017	2016
Revenues				
Taxes	\$ 18,382,036	\$ 18,249,121	\$ 16,079,037	\$ 16,164,452
Assessments	-	-	-	-
Licenses, Permits, and Fees	781,002	747,129	697,210	733,939
Tobacco Settlement	124,508	116,850	123,360	120,448
Federal & State Grants and Aid	8,578,543	8,214,067	8,230,884	7,957,998
Lottery Tickets	360,996	336,239	326,415	335,387
Charges for Services	95,072	99,795	104,620	109,130
Fines, Forfeits, and Rents	167,443	124,776	208,948	35,491
Casino Gaming Payments	255,239	272,957	269,906	265,907
Investment Earnings	127,529	48,663	29,061	24,484
Miscellaneous	2,050,751	1,720,864	1,956,915	1,068,575
Total Revenues	<u>30,923,119</u>	<u>29,930,461</u>	<u>28,026,356</u>	<u>26,815,811</u>
Expenditures				
Legislative	105,300	107,257	118,345	124,797
General Government	2,714,220	2,337,022	2,112,926	2,307,262
Regulation and Protection	825,305	817,417	900,509	869,166
Conservation and Development	1,149,354	974,122	1,129,857	1,003,171
Health and Hospital	2,563,398	2,483,960	2,618,119	2,535,805
Transportation	1,555,584	1,582,562	1,573,774	1,680,900
Human Services	9,481,636	9,191,401	8,781,882	8,345,715
Education, Libraries, and Museums	4,927,828	4,894,536	4,802,130	4,845,487
Corrections	2,067,546	2,042,182	2,044,824	2,086,630
Judicial	952,070	922,390	992,433	1,030,324
Capital Projects	955,637	879,431	998,917	1,202,184
Debt Service:				
Principal	1,383,952	1,882,457	1,737,396	1,636,512
Interest	1,524,947	1,066,183	1,009,785	954,549
Total Expenditures	<u>30,206,777</u>	<u>29,180,920</u>	<u>28,820,897</u>	<u>28,622,502</u>
Revenue Over (Under) Expenditure	716,342	749,541	(794,541)	(1,806,691)
Other Financing Sources (Uses) and Special Items				
Bonds Issued	2,174,786	2,576,076	3,111,200	2,961,510
Premiums on Bonds Issued	305,873	243,026	427,324	442,332
Transfers In	2,401,745	2,422,870	1,430,325	1,009,021
Transfers Out	(3,888,167)	(3,980,096)	(3,095,031)	(2,755,316)
Refunding Bonds Issued	803,985	368,668	761,545	721,635
Payment to Refunded Bond Escrow	(861,512)	(402,721)	(821,708)	(841,226)
Capital Lease Obligations	6,639	3,774	4,174	3,034
Special Items:				
Payment from Component Units	-	-	-	-
Other	-	-	-	-
Total Other Financing Sources (Uses) and Special Items	<u>943,349</u>	<u>1,231,597</u>	<u>1,817,829</u>	<u>1,540,990</u>
Net Change in Fund Balances	<u>\$ 1,659,691</u>	<u>\$ 1,981,138</u>	<u>\$ 1,023,288</u>	<u>\$ (265,701)</u>
Debt Service as a Percentage of Noncapital Expenditures	9.63%	10.10%	10.20%	9.61%

NOTE: Starting in fiscal year 2013, lottery ticket sales were reported as revenues, rather than as transfers from the Connecticut Lottery Corporation fund.

This fund is no longer being reported as an enterprise fund, it is being reported as a component unit instead. Transfers were restated to reflect this for fiscal years prior to 2013.

State of Connecticut

2015	2014	2013	2012	2011	2010
\$ 603,309	\$ 686,017	\$ 628,429	\$ 233,632	\$ 451,637	\$ 696,149
<u>(793,158)</u>	<u>(727,209)</u>	<u>(1,217,051)</u>	<u>(1,146,053)</u>	<u>(1,748,946)</u>	<u>(1,678,971)</u>
<u>\$ (189,849)</u>	<u>\$ (41,192)</u>	<u>\$ (588,622)</u>	<u>\$ (912,421)</u>	<u>\$ (1,297,309)</u>	<u>\$ (982,822)</u>
\$ 2,307,993	\$ 2,146,103	\$ 2,592,926	\$ 2,608,751	\$ 2,691,530	\$ 1,728,125
-	-	-	-	-	94,074
29	-	-	(9)	(1,823)	352,525
(718)	(718)	(718)	(718)	(718)	229,037
<u>(8,042)</u>	<u>(7,070)</u>	<u>(5,812)</u>	<u>(4,714)</u>	<u>(3,991)</u>	<u>-</u>
<u>\$ 2,299,262</u>	<u>\$ 2,138,315</u>	<u>\$ 2,586,396</u>	<u>\$ 2,603,310</u>	<u>\$ 2,684,998</u>	<u>\$ 2,403,761</u>

2015	2014	2013	2012	2011	2010
\$ 15,714,900	\$ 15,222,023	\$ 15,395,003	\$ 14,712,566	\$ 12,602,015	\$ 11,594,568
-	-	-	-	28,444	27,268
680,820	692,028	617,132	657,446	601,767	611,535
118,988	197,138	123,745	123,799	121,422	128,977
7,813,232	7,106,897	6,760,196	6,490,516	7,241,824	6,926,397
319,700	319,500	312,100	310,000	289,300	285,500
100,465	107,970	103,622	107,327	98,843	98,617
20,821	97,815	74,552	452,358	142,355	86,520
267,986	279,873	296,396	344,645	359,582	384,248
17,857	26,121	3,042	14,386	18,626	27,841
1,108,994	853,389	804,558	704,405	712,466	704,145
<u>26,163,763</u>	<u>24,902,754</u>	<u>24,490,346</u>	<u>23,917,448</u>	<u>22,216,644</u>	<u>20,875,616</u>
120,879	116,344	109,635	103,512	99,989	98,336
1,943,795	1,952,284	1,996,036	1,876,249	1,502,016	1,437,645
1,165,741	858,450	883,063	784,002	778,567	734,718
1,054,591	945,552	668,303	662,823	527,165	504,250
2,499,833	2,488,749	2,472,142	2,374,693	2,271,075	2,215,141
1,643,229	1,482,632	1,508,262	1,534,797	1,441,006	1,440,072
7,762,916	7,835,677	7,213,996	6,967,044	6,578,719	6,175,132
5,041,968	4,509,914	4,226,319	4,185,168	4,255,644	4,379,875
2,069,663	2,030,842	1,958,289	1,939,091	1,920,179	1,903,466
998,193	956,164	893,276	858,339	824,089	762,290
934,452	955,785	757,001	547,212	464,023	435,288
1,421,518	1,323,303	1,515,283	1,473,894	1,273,278	1,238,055
904,935	893,737	888,243	947,102	945,781	935,878
<u>27,561,713</u>	<u>26,349,433</u>	<u>25,089,848</u>	<u>24,253,926</u>	<u>22,881,531</u>	<u>22,260,146</u>
(1,397,950)	(1,446,679)	(599,502)	(336,478)	(664,887)	(1,384,530)
2,820,167	2,761,025	1,802,290	1,554,801	1,619,625	2,617,910
386,856	390,556	216,795	313,715	74,583	189,469
1,023,698	1,058,913	953,198	933,231	922,118	772,174
(2,749,979)	(2,606,865)	(2,041,323)	(2,175,501)	(2,005,934)	(2,122,891)
709,210	1,280,710	194,890	1,219,815	412,870	344,105
(780,530)	(1,378,119)	(224,910)	(1,388,158)	(431,550)	(379,015)
3,036	8,828	3,556	6,084	4,089	-
-	31,000	-	-	-	-
-	-	-	-	-	26,099
<u>1,412,458</u>	<u>1,546,048</u>	<u>904,496</u>	<u>463,987</u>	<u>595,801</u>	<u>1,421,752</u>
<u>\$ 14,508</u>	<u>\$ 99,369</u>	<u>\$ 304,994</u>	<u>\$ 127,509</u>	<u>\$ (69,086)</u>	<u>\$ 37,222</u>
8.89%	8.94%	10.40%	10.39%	10.19%	10.36%

State of Connecticut

PERSONAL INCOME TAX FILERS AND LIABILITY BY INCOME LEVEL

Calendar Years 2008 and 2017

(Expressed in Thousands)

<u>Income Level</u>	Calendar Year 2008			
	Number	Percentage	Personal	Percentage
	<u>of Filers</u>	<u>of Total</u>	<u>Income Tax</u> <u>Liability</u>	<u>of Total</u>
\$50,000 and under	803,335	53.3%	\$ 347,549,146	5.6%
\$50,001 - \$100,000	390,838	25.9%	1,146,533,359	18.6%
\$100,001 - \$200,000	222,476	14.8%	1,418,468,087	23.0%
\$200,001 - \$500,000	67,610	4.5%	956,069,589	15.5%
\$500,001 - \$2,000,000	19,682	1.3%	856,824,330	13.9%
\$2,000,000 and up	3,953	0.3%	1,443,375,187	23.4%
Total	1,507,894	100.0%	\$ 6,168,819,698	100.0%

Note: Due to confidentiality issues, the names of the ten largest tax payers are not available.

The categories presented are intended to provide alternative information regarding the sources of the State's tax revenue. Calendar Year 2017 is the most recent year for which the data is available.

Source: Department of Revenue Services reporting for fiscal year ending June 30, 2018.

State of Connecticut

Calendar Year 2017

Number <u>of Filers</u>	Percentage <u>of Total</u>	Personal	
		Income Tax <u>Liability</u>	Percentage <u>of Total</u>
938,735	49.9%	\$ 334,568,380	3.3%
450,984	24.0%	1,287,108,202	12.5%
307,422	16.4%	1,962,888,165	19.1%
129,902	6.9%	1,763,239,116	17.1%
41,677	2.2%	1,696,174,254	16.5%
<u>11,366</u>	<u>0.7%</u>	<u>3,249,781,890</u>	<u>31.6%</u>
<u>1,880,086</u>	<u>100.0%</u>	<u>\$ 10,293,760,007</u>	<u>100.0%</u>

State of Connecticut

PERSONAL INCOME BY MAJOR COMPONENT

Last Ten Calendar Years

(Expressed in Thousands)

Description	<u>2019</u>	<u>2018</u>	<u>2017</u>
Income by place of residence (seasonally adjusted)			
Personal income	\$ 284,033,700	\$ 265,637,000	\$ 256,225,149
Average Effective Rate for Personal Income (note 1)	3.08%	3.69%	3.06%
Derivation of personal income:			
Earnings by place of work	182,436,100	172,127,000	169,971,596
Less: Contributions for government social insurance (note 2):			
Employee and self-employed contributions for government social insurance	9,949,500	9,412,000	8,965,858
Employer contributions for government social insurance	8,316,900	8,139,000	7,868,874
Plus: Adjustment for residence (note 3)	<u>18,508,200</u>	<u>16,622,000</u>	<u>15,103,892</u>
Equals: Net earnings by place of residence	182,678,000	171,198,000	168,240,756
Plus: Dividends, interest, and rent (note 4 & 7)	63,566,700	59,736,000	54,525,505
Plus: Personal current transfer receipts	37,789,000	34,702,000	33,458,888
Components of earnings by place of work:			
Wages and salaries	121,097,300	117,067,000	114,685,688
Supplements to wages and salaries:			
Employer contributions for employee pension and insurance funds (note 5 & 8)	27,639,700	26,024,000	17,338,397
Employer contributions for government social insurance	8,316,900	8,139,000	7,868,874
Proprietors' income (note 6 & 9):			
Farm proprietors' income	2,070	(23,000)	(17,080)
Nonfarm proprietors' income	3,367,840	29,059,000	30,095,717

Notes:

- 1/ Nonfarm personal income is total personal income less farm income.
- 2/ Farm income is farm earnings less farm employer contributions for government social insurance.
- 3/ Mid quarter population estimates by state are derived by BEA based on unpublished Census Bureau estimates of beginning -of-month population. Quarterly estimates for 2010-2018 reflect unpublished monthly population estimates available as of February 2018.
- 4/ Per capita personal income is total personal income divided by total midyear population.
- 5/ Employer contributions for government social insurance are included in earnings by industry and earnings by place of work, but they excluded from net earnings by place of
- 6/ The adjustment for residence is the net inflow of the earnings of interarea commuters. For the United States, it consists of adjustments for border workers and US residents employed by international organizations and foreign embassies.
- 7/ Rental income of persons includes the capital consumption adjustment.
- 8/ Includes actual employer contributions and actuarially imputed employer contributions to reflect benefits accrued by defined benefit pension plan participants through service to employers in the current period.
- 9/ Proprietors' income includes the inventory valuation adjustment and the capital consumption adjustment.

Note-- All dollar estimates are in current dollars (not adjusted for inflation).

(NA) Data not available for this year.

Last updated: September 25, 2018-- new estimates for 2018:Q2; revised estimates for 1998:Q1-2018:Q1.

(NA) Data not available for this year.

Sources: U. S. Bureau of Economic Analysis and Department of Revenue Services

State of Connecticut

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 252,249,206 3.23%	\$ 246,709,339 3.33%	\$ 239,829,273 3.27%	\$ 230,614,799 3.24%	\$ 233,710,888 3.14%	\$ 229,211,506 2.82%	\$ 222,404,940 2.56%
168,342,395	164,941,621	160,754,656	155,343,894	156,192,927	158,317,960	156,297,304
8,829,408	8,665,734	8,440,527	8,122,502	6,120,443	6,013,172	7,356,564
7,788,722	7,707,569	7,504,621	7,331,676	7,213,262	6,989,204	6,668,227
<u>14,818,234</u>	<u>14,271,664</u>	<u>13,158,832</u>	<u>12,662,206</u>	<u>13,518,623</u>	<u>11,709,612</u>	<u>11,261,423</u>
166,542,499	162,839,982	157,968,340	152,551,922	156,377,845	157,025,196	153,533,936
52,952,710	52,179,464	51,244,356	48,198,709	47,804,030	43,030,842	39,824,720
32,753,997	31,689,893	30,616,577	29,864,168	29,529,013	29,155,468	29,046,284
114,057,180	112,326,830	109,039,641	105,486,854	104,278,374	101,598,704	97,848,445
17,392,404	17,036,521	16,701,290	16,521,067	16,454,330	16,635,251	16,374,300
7,788,722	7,707,569	7,504,621	7,331,676	7,213,262	6,989,204	6,668,227
(8,148)	(9,627)	(12,648)	15,905	(2,111)	4,641	2,387
29,112,237	27,880,328	27,521,752	25,988,392	28,249,072	33,090,160	35,403,945

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State of Connecticut

PERSONAL INCOME TAX RATES

Calendar Years 2010 through 2019

(Expressed in Thousands)

Annual Income Tax Rates are applied to Taxable Income in excess of the following brackets					
<u>Year</u>	<u>Median Rate</u>	<u>Single/ Married Filing Separate</u>	<u>Married Filing Jointly</u>	<u>Head of Household</u>	<u>Average Effective Rate</u>
2008	5.00%	\$10,000	\$20,000	\$16,000	3.25%
2009	5.00%	\$10,000	\$20,000	\$16,000	2.45%
2010	5.00%	\$10,000	\$20,000	\$16,000	2.56%

Income Tax Rates are applied to Taxable Income by income range for the same brackets

For taxable years commencing on or after January 1, 2015: ^[2]

5.00%	\$10,000 - \$50,000	\$20,000 - \$100,000	\$16,000 - \$80,000	3.28%
5.50%	\$50,000 - \$100,000	\$100,000 - \$200,000	\$80,000 - \$160,000	3.28%
6.00%	\$100,000 - \$200,000	\$200,000 - \$400,000	\$160,000 - \$320,000	3.28%
6.50%	\$200,000 - \$250,000	\$400,000 - \$500,000	\$320,000 - \$400,000	3.28%
6.90%	\$250,000 - \$500,000	\$500,000 - \$1,000,000	\$400,000 - \$800,000	3.28%
6.99%	greater than \$500,000	greater than \$1,000,000	greater than \$800,000	3.28%

For taxable years commencing prior to January 1, 2015:

6.70%	greater than \$250,000	greater than \$500,000	greater than \$400,000	3.01%
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Notes:

[1] Taxable income equal to or less than amounts listed this year is taxed at a rate of 3%. Effective calendar year 2015, the following exemption amounts apply: \$14,500 singles, \$12,000 for filing separately, \$19,000 head of household and \$24,000 filing jointly. The exemption amount is reduced by \$1,000 for each \$1,000, or fraction thereof, by which AGI exceeds \$29,000 for singles, \$24,000 for filing separately, \$56,000 for head of household and \$48,000 for filing jointly.

[2] Taxable income equal to or less than amounts listed this year is taxed at a rate of 3% except as follows. The amount to which the 3% rate applies is reduced by \$1,000 for each \$5,000, or fraction thereof, by which AGI exceeds \$56,500 for singles and by \$1,000 for each \$2,500 for filing separately, by \$1,600 for each \$4,000 for head of household and by \$2,000 for each \$5,000 or fraction thereof, by which AGI exceeds \$56,500, \$50,250, \$78,500 and \$100,500 for single, filing separately, head of household, and filing jointly.

The average effective rate equals the fiscal year's net tax collections divided by prior-year total personal income based on 'statistics provided' by the U. S. Bureau of Economic Analysis.

Source: Department of Revenue Services - Annual Report.

State of Connecticut

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Expressed in Thousands)

	2019	2018	2017	2016
Estimated General Fund Tax Receipts	\$ 15,862,300	\$ 15,862,300	\$ 15,519,900	\$ 15,519,900
Statutory Multiplier	1.6	1.6	1.6	1.6
Statutory Debt Limit for Debt Incurred	25,379,680	25,379,680	24,831,840	24,831,840
Less: Authorized Bonds, Notes, and Other Obligations Subject to Certain Limitations	21,934,383	22,661,976	21,206,270	21,886,034
Legal Debt Margin	\$ 3,445,297	\$ 2,717,704	\$ 3,625,570	\$ 2,945,806
Legal Debt Margin as a percentage of the debt limit	13.58%	10.71%	14.60%	11.86%
Date Calculation was made	2/1/19	7/1/18	2/15/17	7/1/16

Source: State of Connecticut General Obligation Bonds Offering Statement dated July 2019

State of Connecticut

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 15,711,565	\$ 14,334,000	\$ 14,334,000	\$ 14,019,100	\$ 14,019,100	\$ 10,927,600
<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>
25,138,504	22,934,400	22,934,400	22,430,560	22,430,560	17,484,160
21,520,230	18,456,323	18,970,659	15,180,510	15,493,181	15,110,495
<u>\$ 3,618,274</u>	<u>\$ 4,478,077</u>	<u>\$ 3,963,741</u>	<u>\$ 7,250,050</u>	<u>\$ 6,937,379</u>	<u>\$ 2,373,665</u>
<u>14.39%</u>	<u>19.53%</u>	<u>17.28%</u>	<u>32.32%</u>	<u>30.93%</u>	<u>13.58%</u>
7/1/15	12/15/13	7/1/13	2/1/12	10/1/11	2/1/10

State of Connecticut

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Expressed in Thousands)

	2019	2018	2017	2016
Governmental Activities				
General Obligation Bonds	\$ 18,368,713	\$ 18,763,228	\$ 18,398,554	\$ 17,394,622
Transportation Obligation Bonds	5,957,640	5,540,495	5,041,840	4,519,690
Direct Borrowings and Direct Placements	374,080	-	-	-
Long-Term Notes	-	-	177,120	352,585
Capital Leases	27,997	27,576	30,900	32,342
Total Governmental Activities	<u>24,728,430</u>	<u>24,331,299</u>	<u>23,648,414</u>	<u>22,299,239</u>
Business-Type Activities				
Revenue Bonds	1,455,935	1,494,355	1,442,805	1,246,681
Total Business-Type Activities	<u>1,455,935</u>	<u>1,494,355</u>	<u>1,442,805</u>	<u>1,246,681</u>
Total Primary Government	<u>\$ 26,184,365</u>	<u>\$ 25,825,654</u>	<u>\$ 25,091,219</u>	<u>\$ 23,545,920</u>
Debt as a Percentage of Personal Income	9.22%	9.72%	9.79%	9.33%
Amount of Debt Per Capita	\$7,339	\$7,228	\$7,020	\$6,579

Notes: Details regarding the State's debt can be found in Note 17 of the financial statements.

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(Expressed in Thousands)

	2019	2018	2017	2016
General Obligation Bonds	\$ 18,368,713	\$ 18,763,228	\$ 18,398,554	\$ 17,394,622
Transportation Obligation Bonds	5,957,640	5,540,495	5,041,840	4,519,690
Direct Borrowings and Direct Placements	374,080	-	-	-
Debt Service Fund Balance	(991,788)	(901,920)	(827,125)	(738,240)
Net General Obligation Bonded Debt	<u>\$ 23,708,645</u>	<u>\$ 23,401,803</u>	<u>\$ 22,613,269</u>	<u>\$ 21,176,072</u>
Net General Obligation Debt as a Percentage of Personal Income	8.35%	8.81%	8.83%	8.39%
Amount of Net GO Debt Per Capita	\$6,645	\$6,550	\$6,327	\$5,917

Notes: Details regarding the State's debt can be found in Note 17 of the financial statements.

State of Connecticut

2015	2014	2013	2012	2011	2010
\$ 16,402,537	\$ 15,281,579	\$ 14,228,228	\$ 13,964,576	\$ 13,794,340	\$ 13,592,708
4,089,540	3,771,260	3,461,875	3,287,340	3,357,595	3,030,485
-	-	-	-	-	-
520,275	580,775	573,365	747,935	915,795	1,143,955
35,368	37,820	38,218	42,759	42,995	41,702
<u>21,047,720</u>	<u>19,671,434</u>	<u>18,301,686</u>	<u>18,042,610</u>	<u>18,110,725</u>	<u>17,808,850</u>
1,356,779	1,212,681	1,376,698	1,439,345	1,556,218	1,498,380
<u>1,356,779</u>	<u>1,212,681</u>	<u>1,376,698</u>	<u>1,439,345</u>	<u>1,556,218</u>	<u>1,498,380</u>
<u>\$ 22,404,499</u>	<u>\$ 20,884,115</u>	<u>\$ 19,678,384</u>	<u>\$ 19,481,955</u>	<u>\$ 19,666,943</u>	<u>\$ 19,307,230</u>
9.08%	8.71%	8.53%	8.34%	8.58%	8.68%
\$6,244	\$5,809	\$5,474	\$5,419	\$5,481	\$5,395

2015	2014	2013	2012	2011	2010
\$ 16,402,537	\$ 15,281,579	\$ 14,228,228	\$ 13,964,576	\$ 13,794,340	\$ 13,592,708
4,089,540	3,771,260	3,461,875	3,287,340	3,357,595	3,030,485
-	-	-	-	-	-
(668,426)	(659,543)	(660,113)	(703,376)	(708,645)	(687,752)
<u>\$ 19,823,651</u>	<u>\$ 18,393,296</u>	<u>\$ 17,029,990</u>	<u>\$ 16,548,540</u>	<u>\$ 16,443,290</u>	<u>\$ 15,935,441</u>
8.04%	7.67%	7.38%	7.08%	7.17%	7.17%
\$5,525	\$5,116	\$4,737	\$4,603	\$4,583	\$4,452

State of Connecticut

PLEGED-REVENUE COVERAGE

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
University of Connecticut and Health Center				
Gross Revenues	\$ 2,551,167	\$ 2,595,639	\$ 2,629,793	\$ 2,465,794
Operating Expenses	<u>2,284,170</u>	<u>2,231,347</u>	<u>2,153,495</u>	<u>2,134,537</u>
Net Available Revenues	<u>\$ 266,997</u>	<u>\$ 364,292</u>	<u>\$ 476,298</u>	<u>\$ 331,257</u>
Debt Service:				
Principal	\$ 112,471	\$ 101,963	\$ 90,618	\$ 105,525
Interest	<u>69,543</u>	<u>63,197</u>	<u>50,552</u>	<u>68,696</u>
Total	<u>\$ 182,014</u>	<u>\$ 165,160</u>	<u>\$ 141,170</u>	<u>\$ 174,221</u>
Coverage	1.47	2.21	3.37	1.90
Board of Regents				
Gross Revenues	\$ 1,394,279	\$ 1,361,263	\$ 1,364,895	\$ 1,473,844
Operating Expenses	<u>1,290,482</u>	<u>1,256,357</u>	<u>1,222,393</u>	<u>1,368,422</u>
Net Available Revenues	<u>\$ 103,797</u>	<u>\$ 104,906</u>	<u>\$ 142,502</u>	<u>\$ 105,422</u>
Debt Service:				
Principal	\$ 18,940	\$ 20,055	\$ 7,493	\$ 20,247
Interest	<u>11,456</u>	<u>13,943</u>	<u>13,467</u>	<u>12,158</u>
Total	<u>\$ 30,396</u>	<u>\$ 33,998</u>	<u>\$ 20,960</u>	<u>\$ 32,405</u>
Coverage	3.41	3.09	6.80	3.25
Clean Water				
Gross Revenues	\$ 68,286	\$ 69,928	\$ 52,818	\$ 46,135
Operating Expenses	<u>1,017</u>	<u>1,242</u>	<u>579</u>	<u>925</u>
Net Available Revenues	<u>\$ 67,269</u>	<u>\$ 68,686</u>	<u>\$ 52,239</u>	<u>\$ 45,210</u>
Debt Service:				
Principal	\$ 53,831	\$ 53,891	\$ 61,232	\$ 73,802
Interest	<u>37,497</u>	<u>38,327</u>	<u>32,628</u>	<u>33,811</u>
Total	<u>\$ 91,328</u>	<u>\$ 92,218</u>	<u>\$ 93,860</u>	<u>\$ 107,613</u>
Coverage	0.74	0.74	0.56	0.42
Bradley Parking Garage				
Gross Revenues	\$ 32,462	\$ 30,207	\$ 27,289	\$ 26,702
Operating Expenses	<u>24,320</u>	<u>23,767</u>	<u>22,866</u>	<u>19,778</u>
Net Available Revenues	<u>\$ 8,142</u>	<u>\$ 6,440</u>	<u>\$ 4,423</u>	<u>\$ 6,924</u>
Debt Service:				
Principal	\$ 2,935	\$ 2,750	\$ 2,580	\$ 2,415
Interest	<u>1,267</u>	<u>2,925</u>	<u>2,729</u>	<u>2,442</u>
Total	<u>\$ 4,202</u>	<u>\$ 5,675</u>	<u>\$ 5,309</u>	<u>\$ 4,857</u>
Coverage	1.94	1.13	0.83	1.43
Drinking Water				
Gross Revenues	\$ 18,616	\$ 17,907	\$ 16,298	\$ 11,882
Operating Expenses	<u>10,075</u>	<u>9,761</u>	<u>9,074</u>	<u>8,257</u>
Net Available Revenues	<u>\$ 8,541</u>	<u>\$ 8,146</u>	<u>\$ 7,224</u>	<u>\$ 3,625</u>
Debt Service:				
Principal	\$ 7,119	\$ 6,779	\$ 6,653	\$ 7,343
Interest	<u>5,128</u>	<u>5,103</u>	<u>3,392</u>	<u>3,199</u>
Total	<u>\$ 12,247</u>	<u>\$ 11,882</u>	<u>\$ 10,045</u>	<u>\$ 10,542</u>
Coverage	0.70	0.69	0.72	0.34

Notes: Gross revenues include nonoperating revenue. Operating expenses include nonoperating expenses and exclude depreciation and interest expenses. Revenues for Higher Education funds include transfers in. Revenues for Clean Water and Drinking Water bonds include federal grants.

State of Connecticut

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 2,463,391	\$ 2,236,397	\$ 1,814,856	\$ 1,975,204	\$ 1,774,037	\$ 1,786,129
<u>2,015,393</u>	<u>1,915,644</u>	<u>1,738,237</u>	<u>1,669,601</u>	<u>1,673,797</u>	<u>1,569,966</u>
<u>\$ 447,998</u>	<u>\$ 320,753</u>	<u>\$ 76,619</u>	<u>\$ 305,603</u>	<u>\$ 100,240</u>	<u>\$ 216,163</u>
\$ 17,764	\$ 17,810	\$ 61,905	\$ 90,400	\$ 95,962	\$ 79,655
<u>55,306</u>	<u>50,069</u>	<u>52,254</u>	<u>49,723</u>	<u>52,730</u>	<u>53,523</u>
<u>\$ 73,070</u>	<u>\$ 67,879</u>	<u>\$ 114,159</u>	<u>\$ 140,123</u>	<u>\$ 148,692</u>	<u>\$ 133,178</u>
6.13	4.73	0.67	2.18	0.67	1.62
\$ 835,169	\$ 815,596	\$ 722,893	\$ 687,772	\$ 702,729	\$ 669,388
<u>709,352</u>	<u>651,797</u>	<u>603,660</u>	<u>589,972</u>	<u>588,571</u>	<u>599,792</u>
<u>\$ 125,817</u>	<u>\$ 163,799</u>	<u>\$ 119,233</u>	<u>\$ 97,800</u>	<u>\$ 114,158</u>	<u>\$ 69,596</u>
\$ 42,791	\$ 18,052	\$ 16,211	\$ 69,526	\$ 32,986	\$ 18,976
<u>14,064</u>	<u>11,654</u>	<u>10,300</u>	<u>11,572</u>	<u>11,851</u>	<u>-</u>
<u>\$ 56,855</u>	<u>\$ 29,706</u>	<u>\$ 26,511</u>	<u>\$ 81,098</u>	<u>\$ 44,837</u>	<u>\$ 18,976</u>
2.21	5.51	4.50	1.21	2.55	3.67
\$ 49,684	\$ 56,751	\$ 77,527	\$ 60,032	\$ 59,714	\$ 64,648
<u>1,291</u>	<u>3,093</u>	<u>10,971</u>	<u>11,078</u>	<u>9,468</u>	<u>8,502</u>
<u>\$ 48,393</u>	<u>\$ 53,658</u>	<u>\$ 66,556</u>	<u>\$ 48,954</u>	<u>\$ 50,246</u>	<u>\$ 56,146</u>
\$ 70,351	\$ 70,603	\$ 70,578	\$ 70,687	\$ 67,310	\$ 53,745
<u>29,717</u>	<u>32,582</u>	<u>33,057</u>	<u>35,226</u>	<u>32,724</u>	<u>37,113</u>
<u>\$ 100,068</u>	<u>\$ 103,185</u>	<u>\$ 103,635</u>	<u>\$ 105,913</u>	<u>\$ 100,034</u>	<u>\$ 90,858</u>
0.48	0.52	0.64	0.46	0.50	0.62
\$ 25,578	\$ 24,640	\$ 23,029	\$ 21,723	\$ 21,076	\$ 18,792
<u>9,254</u>	<u>8,828</u>	<u>9,140</u>	<u>8,287</u>	<u>8,609</u>	<u>8,776</u>
<u>\$ 16,324</u>	<u>\$ 15,812</u>	<u>\$ 13,889</u>	<u>\$ 13,436</u>	<u>\$ 12,467</u>	<u>\$ 10,016</u>
\$ 2,265	\$ 2,120	\$ 1,990	\$ 1,865	\$ 1,755	\$ 1,650
<u>3,112</u>	<u>2,987</u>	<u>3,218</u>	<u>3,172</u>	<u>3,378</u>	<u>3,620</u>
<u>\$ 5,377</u>	<u>\$ 5,107</u>	<u>\$ 5,208</u>	<u>\$ 5,037</u>	<u>\$ 5,133</u>	<u>\$ 5,270</u>
3.04	3.10	2.67	2.67	2.43	1.90
\$ 16,134	\$ 29,427	\$ 12,786	\$ 9,706	\$ 17,935	\$ 14,714
<u>7,180</u>	<u>8,207</u>	<u>5,601</u>	<u>5,032</u>	<u>8,802</u>	<u>7,068</u>
<u>\$ 8,954</u>	<u>\$ 21,220</u>	<u>\$ 7,185</u>	<u>\$ 4,674</u>	<u>\$ 9,133</u>	<u>\$ 7,646</u>
\$ 5,544	\$ 5,727	\$ 4,952	\$ 4,643	\$ 4,055	\$ 3,964
<u>1,490</u>	<u>1,706</u>	<u>2,163</u>	<u>2,391</u>	<u>2,141</u>	<u>2,405</u>
<u>\$ 7,034</u>	<u>\$ 7,433</u>	<u>\$ 7,115</u>	<u>\$ 7,034</u>	<u>\$ 6,196</u>	<u>\$ 6,369</u>
1.27	2.85	1.01	0.66	1.47	1.20

State of Connecticut

DEMOGRAPHIC AND ECONOMIC STATISTICS POPULATION AND PER CAPITA PERSONAL INCOME

Last Ten Calendar Years

(Expressed in Thousands)

Year	Population			
	United States	% Growth From Previous Year	Connecticut	% Growth From Previous Year
2019	329,065	0.60%	3,568	-0.14%
2018	327,096	0.62%	3,573	-0.03%
2017	325,085	0.64%	3,574	-0.14%
2016	323,016	0.67%	3,579	-0.25%
2015	320,878	0.63%	3,588	-0.19%
2014	318,857	0.78%	3,595	0.00%
2013	316,395	0.71%	3,595	0.00%
2012	314,168	0.83%	3,595	0.20%
2011	311,592	0.84%	3,588	0.25%
2010	309,011	0.93%	3,579	0.50%

Sources: U.S. Bureau of Economic Analysis

DEMOGRAPHIC AND ECONOMIC STATISTICS EMPLOYMENT INFORMATION

Last Ten Fiscal Years

(Expressed in Thousands)

Year	United States Labor Force			
	Civilian Labor force	Employed	Unemployed	Unemployment Rate
2019	164,404	158,593	5,811	3.5%
2018	161,776	155,542	6,234	3.9%
2017	160,494	153,513	6,981	4.3%
2016	160,135	151,990	8,144	5.1%
2015	157,037	148,739	8,299	5.3%
2014	155,700	146,247	9,453	6.1%
2013	155,835	144,058	11,777	7.6%
2012	155,063	142,974	12,088	7.8%
2011	153,421	139,334	14,087	9.2%
2010	153,741	139,119	14,623	9.5%

Sources: U.S. Department of Labor

State of Connecticut

Personal Income		Per Capita Personal Income		% Above the United States
United States	Connecticut	United States	Connecticut	
\$18,596,160,000	\$284,033,700	\$56,512	\$74,030	31.0%
\$17,567,300,000	\$265,637,000	\$53,707	\$74,030	37.8%
\$16,384,700,000	\$264,054,000	\$50,401	\$73,882	46.6%
\$15,943,900,000	\$252,249,000	\$49,359	\$70,480	42.8%
\$15,356,000,000	\$246,709,339	\$47,856	\$68,760	43.7%
\$14,792,000,000	\$239,829,273	\$46,391	\$60,906	31.3%
\$14,138,400,000	\$230,614,799	\$44,686	\$64,149	43.6%
\$13,355,900,000	\$233,710,888	\$42,512	\$65,010	52.9%
\$13,017,400,000	\$229,211,506	\$41,777	\$63,883	52.9%
\$12,590,671,000	\$222,404,940	\$40,745	\$62,142	52.5%

Connecticut Labor Force

Civilian Labor Force	Employed	Unemployed	Unemployment Rate
1,917	1,848	70	3.6%
1,897	1,813	84	4.4%
1,933	1,836	97	5.0%
1,892	1,796	96	5.1%
1,918	1,809	109	5.7%
1,879	1,753	126	6.7%
1,851	1,702	149	8.0%
1,898	1,728	170	9.0%
1,886	1,715	166	8.8%
1,887	1,721	166	8.8%

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State of Connecticut

**DEMOGRAPHIC AND ECONOMIC STATISTICS
TOP TEN NON-GOVERNMENTAL EMPLOYERS**

Current Year and Ten Years Ago

NAME	2019			2010		
	Employees in CT	Percentage of Total CT Employment	Rank	Employees in CT	Percentage of Total CT Employment	Rank
Yale New Haven Health Sys	19,416	1.1%	1			
Hartford HealthCare	18,652	1.0%	2			
United Technologies Corp. UTC	18,000	1.0%	3 (1)	27,050	1.6%	1
Yale University	14,440	0.8%	4	18,004	1.0%	2
General Dynamics/Electric Boat	11,862	0.7%	5	8,200	0.5%	7
Wal-Mart Stores Inc.	8,835	0.5%	6	9,204	0.5%	5
Sikorsky Air/Lockheed Martin Co.	7,900	0.4%	7			
The Travelers Cos Inc.	7,400	0.4%	8			
Mohegan Sun Casino	7,150	0.4%	9	8,800	0.5%	6
The Hartford	6,800	0.4%	10			
Total	120,455	6.7%		71,258	4.1%	

Sources: Hartford Business Journal (HBJ) -update of 2018 data not available at the time of publication.

(1) For 2019 includes UTC Aerospace and Pratt & Whitney - Business units of UTC. For 2010, also includes Sikorsky Aircraft.

State of Connecticut

STATE EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	2019	2018	2017	2016
Primary Government				
Legislative	656	661	679	715
General Government	2,929	2,964	3,135	3,289
Regulation and Protection	3,496	3,578	3,867	4,074
Conservation and Development	1,172	1,173	1,222	1,269
Health and Hospital	3,668	3,568	3,673	3,814
Transportation	2,995	3,051	3,169	3,179
Human Services	4,008	3,961	4,156	4,690
Education, Libraries, and Museums	15,911	16,104	17,664	19,392
Corrections	8,599	8,069	8,223	8,750
Judicial	4,106	4,018	4,185	4,548
Total Number of Employees - Primary Government	<u>47,540</u>	<u>47,147</u>	<u>49,973</u>	<u>53,720</u>

Note: The number of employees excludes job classes such as contractors, intermittent, durational, seasonal, trainee, temporary, and part-time employment. The total for the primary government includes the employees of the University of Connecticut, the University of Connecticut Health Center, and the Board of Regents for Higher Education which includes the State University System and the Connecticut Community Colleges.

State of Connecticut

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
722	685	705	716	705	706
3,360	3,324	3,107	3,453	3,584	3,630
4,126	4,064	3,945	3,999	4,099	4,088
1,309	1,303	1,324	1,393	1,296	1,293
3,792	3,822	3,857	3,862	3,844	3,925
3,092	3,027	2,986	3,018	3,055	3,070
4,898	4,841	4,618	5,017	5,133	5,175
21,263	20,937	21,203	21,692	20,777	20,225
8,721	8,588	8,628	9,151	9,243	9,539
<u>4,639</u>	<u>4,597</u>	<u>4,605</u>	<u>4,744</u>	<u>4,626</u>	<u>4,601</u>
<u><u>55,922</u></u>	<u><u>55,188</u></u>	<u><u>54,978</u></u>	<u><u>57,045</u></u>	<u><u>56,362</u></u>	<u><u>56,252</u></u>

State of Connecticut

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Legislative</u>				
Office of Legislative Management				
Number of Public and Special Acts	220	267	244	277
Number of Amendments Drafted	2,280	2,560	2,587	3,043
<u>General Government</u>				
Office of the State Treasurer				
% of Payments made Electronically	84.3%	83.6%	81.9%	81.3%
Number of Unclaimed Property Claims Paid	18,472	16,670	15,758	17,888
<u>Department of Revenue Services</u>				
% of Income Tax Returns Filed Electronically	89.0%	88.0%	87.0%	85.0%
Revenue Collected per \$1 of Agency Expense	\$341	\$281	\$264	\$264
<u>Department of Construction Services</u>				
Number of Construction Contracts Awarded	191	243	231	26
State Floor Space Owned and Leased	9,311,710	8,751,757	9,311,535	8,999,852
<u>Regulation and Protection</u>				
Department of Emergency Services & Public Protection				
Number of Background Checks - Firearms	56,782	57,769	54,944	49,547
Number of Fingerprint Checks for CT/Pd's	83,645	82,261	86,588	88,354
<u>Department of Motor Vehicles</u>				
Number of Registered Motor Vehicles	3,004,859	3,015,047	3,671,652	3,030,510
Number of Licensed Drivers	2,605,612	2,586,994	2,613,244	2,566,673
<u>Department of Labor</u>				
Number of Initial Unemployment Claims	138,156	143,186	148,336	153,040
Persons Using Employment Service (1)	40,841	20,147	47,711	161,637
<u>Conservation and Development</u>				
Department of Energy & Environmental Protection				
Nitrogen Discharged into Long Island Sound (2)	7,362	7,362	7,562	7,400
Attained Goal of Open Space (3)	81.5%	81.0%	81.0%	81.0%
<u>Health and Hospitals</u>				
Department of Public Health				
Number of Tuberculosis Cases Served (includes active and latent cases)	756	1,067	1,065	1,133
Number of Licenses Applications - New	20,445	17,696	18,811	18,015
Number of Licenses Applications - Renewal	191,724	160,546	161,595	155,251
<u>Department of Developmental Services</u>				
Number of Qualified Providers	257	271	259	249
Number of Persons Served in Various Programs	17,038	16,951	16,724	16,328

State of Connecticut

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
258 2,190	311 2,756	221 2,458	273 3,043	217 2,717	270 3,889
75.0% 20,897	69.6% 17,852	74.6% 18,381	63.4% 17,933	68.8% 17,360	69.0% 14,481
84.0% \$255	82.0% \$256	81.0% \$270	78.0% \$250	75.0% \$203	70.5% \$178
13 9,282,711	n/a n/a	26 7,895,255	22 7,129,801	28 7,465,869	20 8,651,460
61,107 100,145	47,745 98,216	38,304 110,452	33,064 138,044	37,194 211,163	44,632 165,603
3,026,823 2,542,588	2,272,537 2,534,090	2,973,691 3,029,328	2,974,801 2,986,267	3,007,638 2,934,576	3,002,772 2,916,143
245,632 191,372	265,700 218,879	275,782 218,879	335,166 228,203	299,563 228,283	326,179 211,613
7,340 84.0%	7,500 81.0%	7,500 81.0%	7,670 79.0%	7,670 81.0%	8,400 79.0%
1,236	1,515	1,988	2,103	3,006	3,124
17,716 153,328	17,116 153,997	13,976 150,663	14,510 149,370	14,899 151,205	12,964 149,818
250 16,274	248 16,037	239 15,858	233 15,640	204 15,495	188 15,390

State of Connecticut

OPERATING INDICATORS BY FUNCTION *(Continued)*

Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Human Services</u>				
Department of Social Services				
Number of Medicaid Eligible Clients	819,602	800,509	735,008	737,490
Temp Family Assistance Average Caseload	12,797	14,172	15,602	17,538
<u>Education</u>				
Department of Higher Education				
Number of Degrees Conferred - Statewide	46,592	47,221	32,499	n/a
Enrollment - Statewide	189,889	198,704	170,597	n/a
<u>Transportation</u>				
Department of Transportation				
Active Construction Projects	662	589	302	279
Miles of Road Resurfaced	302	316	341	445
Estimated Billions of Person trips on Roadways	4.903	4.800	4.903	4.882
<u>Corrections</u>				
Department of Corrections				
Incarcerated Population	13,366	14,389	19,271	16,023
Direct Daily Inmate Expenditures	\$109	\$103	\$73	\$105
<u>Judicial</u>				
Judicial Branch				
Number of Superior Court Cases Filed	378,047	381,068	535,158	432,803
Average Number of Supervised Probationers	39,263	41,050	54,315	43,510

(1) The department of Labor assists individuals in job search, resume preparation, etc.

(2) Average annual number of tons

(3) % of accomplished State goal to acquire 320,957 acres of open space

n/a = statistic not available at time of publication

State of Connecticut

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
656,252	610,527	581,174	556,558	465,667	434,480
18,256	18,506	19,223	20,517	20,862	20,862
n/a	n/a	n/a	40,218	38,912	38,047
n/a	n/a	n/a	200,637	193,212	191,134
268	117	102	188	257	281
355	326	340	258	282	215
4.214	4.185	4.157	4.353	4.313	4.399
16,551	16,674	16,591	17,631	18,431	19,204
\$100	\$95	\$95	\$95	\$90	\$92
443,135	443,135	468,981	513,511	567,607	563,572
48,779	48,779	50,699	53,345	57,778	56,555

State of Connecticut

CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

(Expressed in Thousands)

		2019	2018	2017	2016
Legislative	Total	\$ 176,726	\$ 175,639	\$ 175,443	\$ 175,558
Buildings		158,920	158,920	158,920	159,076
Equipment		17,806	16,719	16,523	16,482
General Government	Total	\$ 1,369,779	\$ 1,224,216	\$ 1,197,084	\$ 1,201,502
Land		195,224	195,144	195,019	193,582
Construction in Progress		334,541	191,777	159,258	150,531
Buildings		383,993	386,980	392,715	392,608
Improvements Other than Buildings		58,537	58,540	57,845	54,701
Equipment		397,484	391,775	392,247	410,080
Regulation and Protection	Total	\$ 697,432	\$ 657,696	\$ 644,256	\$ 621,075
Land		9,021	9,021	9,192	9,227
Buildings		366,898	348,866	3,249,689	326,690
Improvements Other than Buildings		29,198	27,838	26,850	27,977
Equipment		292,315	271,971	258,525	257,181
Conservation and Development	Total	\$ 704,745	\$ 687,810	\$ 680,764	\$ 668,268
Land		436,849	420,982	414,666	402,633
Buildings		121,729	121,707	121,711	121,493
Improvements Other than Buildings		75,022	74,992	75,717	75,717
Equipment		71,145	70,129	68,670	68,425
Health and Hospital	Total	\$ 315,223	\$ 314,710	\$ 314,133	\$ 315,655
Land		6,547	6,547	6,645	6,697
Buildings		236,425	236,997	235,373	239,172
Improvements Other than Buildings		19,543	19,383	19,558	19,530
Equipment		52,708	51,783	52,557	50,256
Transportation	Total	\$ 26,275,853	\$ 25,395,835	\$ 24,322,303	\$ 22,745,027
Land		1,175,704	1,166,958	1,131,384	1,106,967
Construction in Progress		5,256,651	4,861,493	4,829,184	4,393,784
Buildings		1,243,715	1,120,371	1,105,084	917,872
Improvements Other than Buildings		240,753	236,717	236,741	233,234
Equipment		1,392,644	1,402,688	1,421,982	1,419,842
Infrastructure		16,966,386	16,607,608	15,597,928	14,673,328
Human Services	Total	\$ 18,124	\$ 16,568	\$ 18,320	\$ 17,038
Improvements Other than Buildings		919	945	691	672
Equipment		17,203	15,623	17,629	16,366
Education, Libraries, and Museums	Total	\$ 1,113,821	\$ 1,111,229	\$ 1,108,499	\$ 1,082,196
Land		1,027	1,027	1,027	1,027
Buildings		1,018,220	1,018,220	1,015,642	990,879
Improvements Other than Buildings		220	220	220	220
Equipment		94,354	91,762	91,610	90,070
Corrections	Total	\$ 1,053,410	\$ 1,050,917	\$ 1,052,226	\$ 1,039,570
Land		10,322	10,322	10,322	10,322
Buildings		776,122	775,896	775,880	775,294
Improvements Other than Buildings		49,401	49,426	49,401	48,991
Equipment		217,565	215,273	216,623	204,963
Judicial	Total	\$ 585,608	\$ 579,264	\$ 576,661	\$ 505,586
Land		27,889	23,194	20,076	17,181
Buildings		465,420	465,369	465,349	398,216
Improvements Other than Buildings		5,296	5,269	5,688	5,663
Equipment		87,003	85,432	85,548	84,526
Total Capital Assets at Historical Cost		\$ 32,310,721	\$ 31,213,884	\$ 30,089,689	\$ 28,371,475
Total Accumulated Depreciation		\$ (16,402,528)	\$ (15,781,276)	\$ (15,205,258)	\$ (14,665,574)
Governmental Activities, Capital Assets, Net		\$ 15,908,193	\$ 15,432,608	\$ 14,884,431	\$ 13,705,901

State of Connecticut

2015	2014	2013	2012	2011	2010
\$ 171,286	\$ 171,283	\$ 170,552	\$ 170,329	\$ 171,245	\$ 168,349
157,087	157,087	156,805	156,805	156,805	156,585
14,199	14,195	13,747	13,524	14,440	11,764
\$ 1,263,226	\$ 1,254,165	\$ 1,259,818	\$ 1,017,372	\$ 1,189,407	\$ 1,218,961
192,744	190,216	189,192	193,063	191,400	180,404
188,534	233,319	308,902	144,159	296,604	331,767
392,392	382,840	321,232	297,896	297,821	297,601
54,016	53,937	53,638	54,741	54,741	54,763
435,540	384,854	386,854	327,513	348,841	354,426
\$ 582,024	\$ 557,330	\$ 481,959	\$ 452,633	\$ 402,401	\$ 395,028
9,227	8,775	8,775	8,775	8,837	8,837
326,624	320,719	256,762	236,968	210,755	209,095
27,496	24,430	19,846	19,846	19,837	17,181
218,677	203,406	196,576	187,044	162,972	159,915
\$ 652,381	\$ 630,730	\$ 614,615	\$ 603,652	\$ 590,538	\$ 571,685
389,414	381,167	374,267	366,999	355,989	345,121
121,393	108,731	107,640	107,146	107,653	104,548
74,992	75,717	72,907	70,753	69,317	65,650
66,582	65,114	59,801	58,754	57,579	56,366
\$ 365,287	\$ 358,066	\$ 357,353	\$ 298,566	\$ 311,328	\$ 304,608
6,707	6,752	6,561	6,767	6,911	6,911
289,390	284,411	283,644	227,432	239,079	224,682
19,013	18,800	18,778	16,988	18,757	27,094
50,177	48,103	48,370	47,382	46,581	45,921
\$ 21,579,682	\$ 20,444,797	\$ 19,395,070	\$ 18,343,934	\$ 17,338,101	\$ 16,256,933
1,083,450	1,072,625	1,060,109	1,036,517	1,004,641	993,751
3,476,307	3,231,739	2,690,602	2,441,123	2,043,549	1,387,610
1,025,616	746,765	576,030	560,152	543,331	481,206
228,346	211,743	260,263	254,243	246,874	246,075
1,458,601	1,357,277	1,155,032	1,028,099	843,984	592,510
14,307,362	13,824,648	13,653,034	13,023,800	12,655,722	12,555,781
\$ 17,285	\$ 16,841	\$ 16,843	\$ 13,926	\$ 14,142	\$ 14,441
667	667	667	667	667	-
16,618	16,173	16,176	13,259	13,475	14,441
\$ 1,052,735	\$ 1,064,712	\$ 977,529	\$ 779,508	\$ 776,143	\$ 773,831
1,027	1,027	1,027	1,027	1,027	1,027
864,538	890,490	802,713	608,276	608,276	608,276
209	209	8,217	8,217	8,217	8,211
186,961	172,986	165,572	161,988	158,623	156,317
\$ 1,031,119	\$ 1,012,802	\$ 1,007,522	\$ 1,010,491	\$ 1,003,179	\$ 975,787
10,322	10,322	10,305	10,305	10,351	10,351
768,283	762,754	759,122	756,975	760,336	740,705
52,625	52,162	51,515	51,481	51,140	50,793
199,889	187,563	186,580	191,730	181,352	173,938
\$ 462,125	\$ 462,672	\$ 456,279	\$ 450,962	\$ 448,899	\$ 454,167
15,601	15,648	15,648	15,648	15,648	15,648
351,219	351,922	351,922	351,922	351,830	351,821
5,663	5,369	4,675	3,242	1,740	1,657
89,642	89,733	84,034	80,150	79,681	85,041
\$ 27,177,150	\$ 25,973,398	\$ 24,737,540	\$ 23,141,373	\$ 22,245,383	\$ 21,133,790
\$ (14,145,909)	\$ (13,433,773)	\$ (12,750,730)	\$ (12,175,489)	\$ (11,321,085)	\$ (10,563,938)
\$ 13,031,241	\$ 12,539,625	\$ 11,986,810	\$ 10,965,884	\$ 10,924,298	\$ 10,569,852

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