

**STATE OF  
CONNECTICUT**



**2007**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**Fiscal Year Ended  
June 30, 2007**

**Nancy Wyman  
State Comptroller**

***STATE OF CONNECTICUT***

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

For Fiscal Year Ended  
June 30, 2007

***Prepared by the Office of the  
State Comptroller***

**NANCY WYMAN  
STATE COMPTROLLER**

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## *Office of the State Comptroller*

The State Comptroller is one of the six State officers elected to hold office for a term of four years. The office of the State Comptroller was established in 1786 by an act of the General Assembly. The Constitutional Amendment of 1836 provided that the Comptroller be elected by the people in a manner similar to that of other State officers. Since 1838 this method has been in effect.

The Comptroller prescribes the mode of keeping and rendering all public accounts. She is required to adjust and settle all public accounts and demands, excepting grants and orders of the General Assembly. The Comptroller also renders a monthly accounting of the State's financial condition.

In addition, the Comptroller approves and records all obligations against the State. She maintains all official accounting records and is responsible for the employee payrolls for all State agencies, departments, and institutions. Her office administers all Retirement Systems other than Teachers' retirement. Additionally, the Comptroller administers numerous miscellaneous appropriations of the State.



Nancy Wyman - State Comptroller

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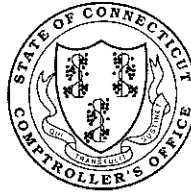
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# *Introductory Section*

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NANCY WYMAN  
COMPTROLLER

**STATE OF CONNECTICUT**  
**OFFICE OF THE STATE COMPTROLLER**  
55 ELM STREET  
HARTFORD, CONNECTICUT 06106-1775

MARK E. OJAKIAN  
DEPUTY COMPTROLLER

February 28, 2008

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, 2007. 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, we hope we have designed it to help readers, without a specialized financial background, gain a reasonable understanding of the State's financial activities.

Briefly, Connecticut continued to benefit from strong tax revenue and moderate economic growth for the fiscal year ending June 30, 2007, thus improving the State's financial position in most areas of quantitative measurement.

The State's largest governmental fund is the General Fund. This is the fund most often referred to in media reports about the state's fiscal health. Over 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 State's General Fund closed Fiscal Year 2007 with \$12.0 billion in tax revenue, its major source of revenue, and \$15.7 billion in total revenue. Revenues exceeded estimates contained within the initial 2007 budget by about \$800 million due to better than anticipated economic conditions. General Fund spending totaled \$14.6 billion. The largest spending programs were income and medical supports for low income individuals, elementary education, correction facilities operations and health and hospitals. Both revenues and expenditures in the General Fund grew by approximately 5 percent in Fiscal Year 2007 as compared to the prior year.

The General Fund ended Fiscal Year 2007 with a net balance of \$1,332 million, significantly up from the \$859 million balance at the end of the prior fiscal year. However, this balance is legally reserved. The reserved balance is composed of: \$1,382 million in rainy day funds that are restricted in use to cover unanticipated future budget shortfalls (this has increased by \$269 million from last year and is 9.5 percent of Fiscal



Year 2007 expenditures); \$811 million that is specifically targeted for future year spending initiatives; \$80 million in revenue gains from Fiscal Year 2007 that have been reserved for future year spending; and, \$53 million in various other reservations of fund balance. The net result is that in Fiscal Year 2007, General Fund assets were not sufficient to cover liabilities and the reserved balances outlined above. The shortfall, which is referred to as the GAAP deficit was \$994 million. The Fiscal Year 2007 GAAP deficit is more than \$64 million below last year's level of \$1,059 million. It should also be noted that currently the GAAP deficit is more than offset by the reserves of the rainy day fund, although, as has been seen in past recessions these reserves are quickly exhausted by the onset of an economic downturn.

### Major Policy Initiatives and Priorities

#### Tax Cuts

Enacted tax cuts reduced Fiscal Year 2007 General Fund revenue by over \$125 million. The tax cuts were targeted to individuals and businesses. The largest dollar tax reductions were on the individual income tax. The property tax credit that could be claimed on the income tax was raised from a maximum of \$400 to \$500 and a deduction was added for contributions to the Connecticut Higher Education Trust Fund. The sales tax free period for residential weatherization purchases was extended by two months.

Business taxes were reduced by eliminating a 15 percent corporation tax surcharge. Tax credits were also added to encourage businesses to locate in Connecticut and to hire displaced workers.

#### Reducing Long-Term Liabilities with Surplus Dollars

The state has committed in excess of half a billion dollars of Fiscal Year 2006 and 2007 surplus to reducing the unfunded liability in the Teachers' Retirement Fund, a state sponsored retirement program for municipal and state teachers. The percentage of liabilities covered by assets in the fund had slipped over time from just over 80 percent to just below 60 percent. These additional contributions are intended to increase the funding level and reduce the State's long-term liability in this area.

The State also committed \$10 million of Fiscal Year 2007 surplus to pre-fund the Other Post Employment Benefits (OPEB) liability that will be reported on the financial statements beginning in Fiscal Year 2008. These liabilities relate to health insurance benefits extended by the state to its retirees. In Fiscal Year 2008 all states will be required to report such liabilities as they do now with pension obligations. This is a first step by the State to acknowledge the need to advance fund these benefits.

#### Long-term planning

Future spending plans include several major projects that are on the horizon. For example, at the beginning of the new fiscal year, the state bond commission granted approval to sell bonds to build new infrastructure throughout the state. The Governor and legislature have committed long-term funding to improve the State's roads and highways and public transportation systems. This commitment resulted in the sale, by the Treasurer

in October 2007, of Special Tax Obligation bonds in the amount of \$250 million. It is expected that special legislation will continue to empower the state bond commission to authorize additional financing of the infrastructure program each year. Other bond commission approvals were granted that provide for better housing, school facilities, and the continuation work on waste and drinking water control projects.

### Favorable 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 GAAP -the basis of accounting that is generally accepted throughout the United States. 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.

In conducting the examination, the State Auditors used auditing standards generally accepted in the United States and Government Auditing Standards issued by the Comptroller General of the United States in conformity with the provisions of the United States Office of Management and Budget's Circular A-133 -Audits of States, Local Governments and Non-Profit Organizations. Information related to the Federal single audit, including a schedule of federal financial assistance, the Comptroller's GAAP basis financial statements, the independent auditor's report on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs, is included in a separately issued single audit report. The CAFR includes the auditor's report on the State's financial statements. The State auditors gave the CAFR for the State of Connecticut an *unqualified* or "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 compact borders, Connecticut has forested hills, urban skylines, shoreline beaches, and historic village greens. There are classic Ivy League schools, modern expressways, corporate offices, and small farms. 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 3,504,809 according to the July 1, 2006 U.S. Census estimates. 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. Discretely presented component units are reported separately in the government-wide financial statements, to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. Other component units, although legally separate entities have their financial position and operations blended with the primary government, essentially for technical reasons as explained more fully in the additional information on the reporting entity which is included in CAFR -Note 1, Summary of Significant Accounting Policies.

### 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. The monitoring and maintenance of

these internal controls are the responsibility of agency managers, directors of public benefit corporations, agency commissioners and elected officials. In addition, the government maintains extensive budgetary controls.

### Budgetary Controls

The State Legislature prepares a bi-annual 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 as 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.

Annual budgeted appropriations are capped at a percentage increase that is based on either the five-year average annual growth in the state's personal income or annual inflation, whichever is higher. Debt service payments, certain statutory grants to distressed municipalities, and appropriations required by federal mandate or court order are excluded from the limits of the cap.

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. This has occurred in almost every year that the State has posted a budget surplus in the General Fund to enable the appropriation of surplus dollars that would have otherwise gone to reduce state debt and fill the rainy day fund.

## Economic Condition and Outlook

After almost eight years of solid economic growth, Connecticut began to experience job losses in Fiscal Year 2001. Between fiscal years 2001 and 2003 the state lost over 60,000 payroll jobs. After three successive years of job losses, in Fiscal Year 2004 the State again experienced gains in payroll employment and by the end of Fiscal Year 2007 had regained most of the jobs lost during the recession. Connecticut ended Fiscal Year 2007 with a relatively low unemployment rate of 4.6 percent.

Business, professional and financial services account for over 20 percent of total employment in the State and retail and wholesale trade account for an additional 20 percent. These job sectors experienced solid growth during Fiscal Year 2007. Strong job growth was also seen in the leisure and hospitality sector. Manufacturing employment has continued to decline following a trend that began over a decade ago, although the sector still accounts for over 10 percent of total payroll employment.

Connecticut continues to lead the nation with per capita income at of \$53,827, which is almost 40 percent above the national level. Connecticut's personal income has been growing at a rate of close to 6 percent and in Fiscal Year 2007 hourly wages increased by 4.7 percent. Connecticut's strong income growth has helped fuel the tax revenues that created budget surpluses over the past four fiscal years.

Like most other state's, Connecticut has been experiencing a recent slow down in housing activities with permits and new home sales declining. As at the national level, Connecticut's economy is expected to slow in 2008 with stagnant employment and modest income growth. Connecticut is expected to slightly outperform the national economy due to its strong income base and the diversification of its industries. The Fiscal Year 2008 budget submitted by the Governor recognizes this slowing growth trend.

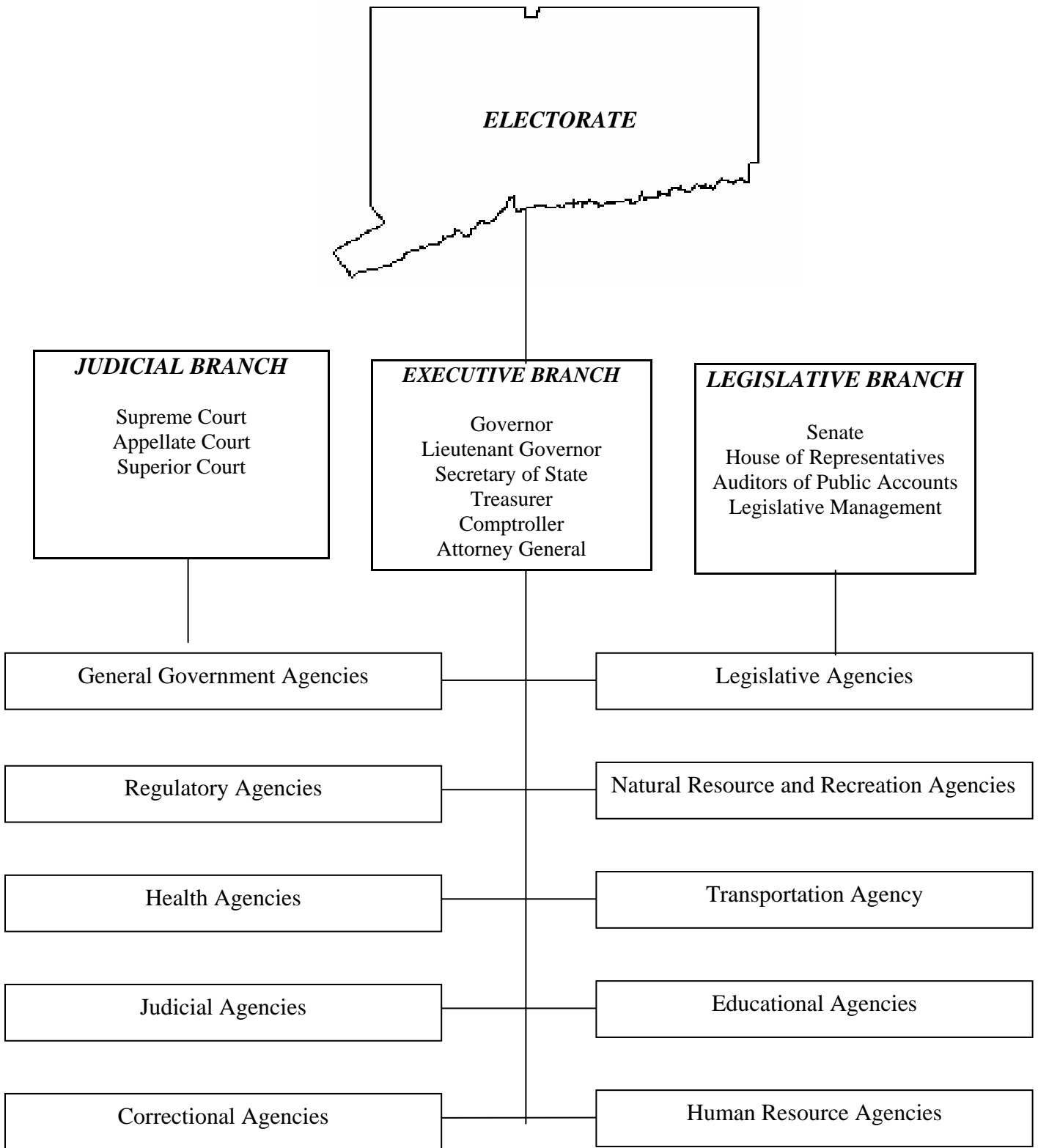
## Acknowledgements

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

Sincerely,

Nancy Wyman  
Connecticut State Comptroller

## Organization Chart



***Selected State Officials***  
***(as of June 30, 2007)***

***EXECUTIVE***

M. Jodi Rell  
*Governor*

Michael Fedele  
*Lieutenant Governor*

Susan Bysiewicz  
*Secretary of State*

Denise L. Nappier  
*Treasurer*

Nancy Wyman  
*Comptroller*

Richard Blumenthal  
*Attorney General*

***JUDICIAL***

Chase T. Rogers  
*Chief Justice*

***LEGISLATIVE***

Donald E. Williams Jr.  
*President Pro Tempore of the State Senate*  
(36 Senators)

James A. Amann  
*Speaker of the House of Representatives*  
(151 Representatives)

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# *Financial Section*

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# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

KEVIN P. JOHNSTON

STATE CAPITOL  
210 CAPITOL AVENUE  
HARTFORD, CONNECTICUT 06106-1559

ROBERT G. JAEKLE

### INDEPENDENT AUDITORS' REPORT

Governor M. Jodi Rell  
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2007, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Connecticut's management. 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, the Transportation Special Tax Obligations account within the Debt Service Fund, and the Clean Energy Fund account within the Environmental Programs Fund, which in the aggregate, represent seven percent of the assets and six percent 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, Connecticut Community/Technical Colleges, Bradley International Airport, Bradley International Airport Parking Facility, Connecticut Lottery Corporation, Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 58 percent of the assets and 55 percent 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 96 percent of the assets and 97 percent of the revenues of the Transportation Fund;

- the financial statements of the Transportation Special Tax Obligations account, which represents 100 percent of the assets and 100 percent of the revenues of the Debt Service Fund;
- the financial statements of the Clean Energy Fund account, which represents 40 percent of the assets and 33 percent of the revenues of the Environmental Programs Fund;
- the financial statements of the John Dempsey Hospital, University of Connecticut Foundation, Connecticut State University, and Connecticut Community-Technical Colleges accounts within the Higher Education Fund; Bradley International Airport, Bradley International Airport Parking Facility, Connecticut Lottery Corporation, Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 58 percent of the assets and 55 percent 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 on the reports of the other auditors. All of the aforementioned audits were conducted in accordance with auditing standards generally accepted in the United States of America. In addition, the audits of the Special Transportation Fund, Transportation Special Tax Obligations Fund, Drinking Water Fund, Clean Water Fund, Bradley International Airport, Connecticut Lottery Corporation, Connecticut Resources Recovery Authority, Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, and Connecticut Innovations Incorporated were conducted in accordance with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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, except that the audits of certain entities of the State, as described above, were not conducted in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

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, each major fund, and the aggregate remaining fund information for the State of Connecticut, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2008, 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 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.

The management's discussion and analysis and budgetary comparison information on pages 15 through 25 and 38 through 39 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 introductory section, combining and individual nonmajor fund financial statements, and statistical tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Kevin P. Johnston  
Auditor of Public Accounts



Robert G. Jaekle  
Auditor of Public Accounts

February 28, 2008  
State Capitol  
Hartford, Connecticut

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

The following discussion and analysis is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached basic financial statements. It is by necessity highly summarized, and in order to gain a thorough understanding of the State's financial position, the financial statements and footnotes should be viewed in their entirety.

### **FINANCIAL HIGHLIGHTS**

#### **Government-wide:**

As of June 30, 2007, the State had a total net asset deficit of \$0.2 billion, an improvement in net assets of \$553 million occurring this fiscal year. This improvement resulted from increases of \$232 million and \$321 million in the net assets of governmental activities and business-type activities, respectively.

During the year, revenues of governmental activities exceeded expenses by \$1,098 million. However, this excess was reduced by transfers of \$866 million, resulting in an increase of net asset of \$232 million.

For business-type activities, expenses exceeded revenues by \$545 million. However, this deficiency was offset by transfers of \$866 million, resulting in an increase in net assets of \$321 million.

#### **Fund Level:**

The governmental funds had a total fund balance of \$3.3 billion at year end. Of this amount, \$3.7 billion was reserved for various purposes, resulting in a total unreserved fund balance deficit of \$0.4 billion. The portion of the total unreserved fund balance deficit that pertains to the General Fund was a \$1.0 billion deficit. The General Fund had an actual budget surplus of \$349 million this year.

The Enterprise Funds had total net assets of \$4.6 billion, substantially all of which was invested in capital assets or restricted for various purposes.

#### **Debt Issued and Outstanding:**

Total long-term debt was \$18.5 billion for governmental activities, of which \$13.7 billion was bonded debt.

Total long-term debt was \$2.2 billion for business-type activities, of which \$1.6 billion was bonded debt.

### **OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

There are three major parts to the basic financial statements: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **GOVERNMENT-WIDE STATEMENTS (Reporting the State as a Whole)**

Governments have traditionally focused their reporting on groupings of funds rather than on the government taken as a whole. The GASB 34 financial reporting model, upon which this report is based, retains this traditional focus on funds and adds an additional focus on the overall government's financial position and operations.

The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the State as a whole and its activities. These statements help to demonstrate how the

State's financial position as a whole changed due to the year's operating activities. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting.

The Statement of Net Assets presents all of the State's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets measure whether the State's financial position is improving or not.

The Statement of Activities presents information showing how the State's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will result in future fiscal year cash flows (e.g., earned but unused vacation time).

Both statements report three activities:

- *Governmental Activities* - Most of the State's basic services are reported under this category. Taxes and intergovernmental revenues generally fund these services. The legislature, the judiciary, and the general operations of the executive departments fall within the governmental activities.
- *Business-type Activities* – These activities are primarily funded by charges to external parties for the cost of goods and services provided. These activities are generally reported in Enterprise Funds in the fund level statements. The operations of Bradley International Airport, the Connecticut Lottery Corporation and Employment Security, are examples of business-type activities.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the State is financially accountable. More information on discretely presented component units can be found in Note 1 of the Notes to Financial Statement section.

Financial reporting for governmental activities traditionally has focused on changes in current spendable resources rather than on changes in total resources. This traditional focus has been retained for purposes of fund reporting. However, as governmental activities are included with other activities in the government-wide financial statement format, the focus for these activities shifts to changes in total resources. In other words, all activities reported in government-wide financial statements are reported in a manner similar to private-sector accounting. To increase the readers understanding, a summary reconciliation of the difference between the governmental fund financial statements and the government-wide financial statements is provided as part of the basic financial statements.

## **FUND LEVEL STATEMENTS**

Fund financial statements focus on individual parts of the State's operations in more detail than the government-wide statements. Funds are accounting devices that governments use to keep track of specific sources of funding and spending for particular purposes. The State is required to report four categories of fund statements – governmental, proprietary, and fiduciary funds, to the extent that State's activities meet the criteria for using these funds, and "combining statements" for its component units. Under the GASB 34 financial reporting model, as presented here, governments focus on major individual funds rather than on fund types (with aggregated information presented for the total of all non-major funds).

### **Major Governmental Fund Financial Statements:**

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The State's major government funds include the General Fund, the Transportation Fund and the Debt Service Fund.

General Fund - The General Fund functions as the State's chief operating fund. All of the State's activities are reported in the General Fund unless there is a compelling reason to report them elsewhere.

Transportation Fund - The Transportation Fund is a special revenue fund that accounts for motor fuel taxes, vehicle registration and driver license fees, and other revenue collected for payment of debt service requirements and budgeted expenditures of the Department of Transportation and the Department of Motor Vehicles. The Department of Transportation is responsible for all aspects of the planning, development, maintenance and improvement of the State's transportation system.

Debt Service Fund - The Debt Service Fund is a governmental fund, which accounts for the accumulation of resources for, and the payment of, Special Tax obligation principal and interest.

Budgetary Reporting - The State adopts a biannual budget for the General fund, the Transportation fund, and other Special Revenue funds. A budgetary comparison statement, using original and final budgets, is presented for the General and Transportation funds to demonstrate compliance with the current fiscal year budgets.

### **Major Proprietary Fund Financial Statements:**

Proprietary funds (enterprise and internal service) are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting where all assets and liabilities are reported on the balance sheet. Revenues are recorded when earned and expenses are recorded when incurred. In accordance with the requirements of the GASB 34 reporting model utilized in preparation of this report:

- Proprietary fund reporting distinguishes current assets and liabilities from non-current assets and liabilities.
- Three classifications are used to classify equity for proprietary funds. These three classifications are 1) invested in capital assets net of related debt, 2) restricted (distinguishing between major categories of restrictions) and 3) unrestricted.

Enterprise funds report activities that provide goods or services to the general public. An example is the Connecticut Lottery. Internal service funds report activities that provide supplies and services to the State's other programs and activities. An example is the State's motor fleet operations. Internal service funds are reported as governmental activities on the government-wide statements.

### **Fiduciary Fund Financial Statements:**

The fiduciary fund category includes pension (and other employee benefit) trust funds, an investment trust fund, a private-purpose trust fund, and agency funds. These fund types are used to report resources held and administered by the State when it is acting in a fiduciary capacity for individuals, private organizations or other governments.

Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the State's operations and programs. The accounting used for fiduciary funds is much like that for proprietary funds.

**Component Unit Combining Statements:**

The same GASB 34 reporting rules regarding the determination of major funds are applied to the State's component units. The Component units of the State of Connecticut are:

Connecticut Housing Finance Authority - Classified as a major component unit, 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.

Connecticut Health and Educational Facilities Authority - Classified as a major component unit, CHEFA was created to provide resources for financing major projects for health and educational institutions.

Connecticut Development Authority - CDA was created to stimulate commercial development in the State.

Connecticut Resources Recovery Authority - CRRA was created to implement the State Solid Waste Management Plan.

Connecticut Higher Education Supplemental Loan Authority - CHESLA was created to provide resources for student loans.

Connecticut Innovations, Incorporated - CII was created to stimulate and promote technological innovation and application of new technology within the State.

Capital City Economic Development Authority - CCEDA was created to stimulate economic development in the city of Hartford.

University of Connecticut Foundation, Inc - The Foundation was created to solicit, receive, and administer gifts and financial resources from private sources for the benefit of the University of Connecticut.

**FINANCIAL SECTION CONTENTS OTHER THAN FINANCIAL STATEMENTS**

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

Required Supplementary Information - The RSI provides additional information regarding the State's progress on funding its obligation to provide pension benefits to its employees.

Combining Financial Statements - Combining statements for non-major funds are not required to be presented or audited under generally accepted accounting principals. Nevertheless, these statements are presented as other supplementary information in this report.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE**

### **NET ASSETS**

The following condensed financial information was derived from the government-wide Statement of Net Assets and reflects the financial position of the State at the end of the fiscal year 2007, compared to the prior year.

#### **State Of Connecticut's Net Assets (Expressed in Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006*	2007	2006*
<b>ASSETS:</b>						
Current and Other Assets	\$ 5,315	\$ 5,110	\$ 4,006	\$ 3,733	\$ 9,321	\$ 8,843
Capital Assets	9,952	9,755	3,263	3,230	13,215	12,985
<b>Total Assets</b>	<b>15,267</b>	<b>14,865</b>	<b>7,269</b>	<b>6,963</b>	<b>22,536</b>	<b>21,828</b>
<b>LIABILITIES:</b>						
Current Liabilities	2,900	2,835	700	700	3,600	3,535
Long-term Liabilities	17,211	17,106	1,968	1,983	19,179	19,089
<b>Total Liabilities</b>	<b>20,111</b>	<b>19,941</b>	<b>2,668</b>	<b>2,683</b>	<b>22,779</b>	<b>22,624</b>
<b>NET ASSETS:</b>						
Invested in Capital Assets,						
Net of Related Debt	4,269	3,469	2,455	2,412	6,724	5,881
Restricted	1,385	1,497	1,872	1,705	3,257	3,202
Unrestricted	(10,498)	(10,042)	274	163	(10,224)	(9,879)
<b>Total Net Assets</b>	<b>\$ (4,844)</b>	<b>\$ (5,076)</b>	<b>\$ 4,601</b>	<b>\$ 4,280</b>	<b>\$ (243)</b>	<b>\$ (796)</b>

\* Restated for comparative purposes. See Note 21.

The State had a total net asset deficit of \$0.2 billion at year end, an improvement in net assets of \$553 million occurring in this fiscal year. This improvement resulted from increases of \$232 million and \$321 million in the net assets of governmental activities and business-type activities, respectively.

Governmental activities had a total net asset deficit of \$4.8 billion at year end, an improvement in net assets of \$0.2 billion occurring in this fiscal year. Of this amount, \$5.7 billion was invested in capital assets (buildings, roads, bridges, etc.) or was restricted for various purposes, resulting in an unrestricted net asset deficit of \$10.5 billion. This deficit does not mean that the State will not be able to pay its bills next year. Rather, it is the result of having long-term obligations that are greater than currently available resources. Specifically, the State had the following outstanding long-term obligations which contributed to the deficit: a) general obligation bonds in the amount of \$4.1 billion which were issued to finance various grant programs of the State, such as school construction and other municipal aid programs; and b) other long-term obligations in the amount of \$4.8 billion which the State has partially funded (net pension obligation) or not funded (compensated absences obligation).

Although the net assets of the business-type activities increased by \$0.3 billion, these resources cannot be used to make up for the net asset deficit in governmental activities. The State can only use these net assets to finance the ongoing operations of its Enterprise funds, such as the University of Connecticut, Bradley International Airport, Employment Security, etc.



## CHANGE IN NET ASSETS

The following condensed financial information was derived from the government-wide Statement of Activities and reflects the nature of the State's change in net assets during the fiscal year 2007, compared to the prior year,

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006*	2007	2006*
<b>REVENUES</b>						
Program Revenues						
Charges for Services	\$ 1,317	\$ 1,379	\$ 2,920	\$ 2,898	\$ 4,237	\$ 4,277
Operating Grants and Contributions	3,974	4,035	297	277	4,271	4,312
Capital Grants and Contributions	412	542	14	80	426	622
General Revenues						
Taxes	12,803	11,855	-	-	12,803	11,855
Casino Gaming Payments	430	428	-	-	430	428
Other	280	213	128	113	408	326
<b>Total Revenues</b>	<u>19,216</u>	<u>18,452</u>	<u>3,359</u>	<u>3,368</u>	<u>22,575</u>	<u>21,820</u>
<b>EXPENSES</b>						
Legislative	97	97	-	-	97	97
General Government	1,731	1,353	-	-	1,731	1,353
Regulation and Protection	703	712	-	-	703	712
Conservation and Development	429	396	-	-	429	396
Health and Hospitals	2,004	1,923	-	-	2,004	1,923
Transportation	1,151	1,090	-	-	1,151	1,090
Human Services	4,828	4,941	-	-	4,828	4,941
Education, Libraries and Museums	4,009	3,889	-	-	4,009	3,889
Corrections	1,836	1,768	-	-	1,836	1,768
Judicial	695	655	-	-	695	655
Interest and Fiscal Charges	635	620	-	-	635	620
University of Connecticut & Health Center	-	-	1,519	1,464	1,519	1,464
State Universities	-	-	571	536	571	536
Bradley International Airport	-	-	67	63	67	63
CT Lottery Corporation	-	-	699	709	699	709
Employment Security	-	-	586	573	586	573
Clean Water	-	-	30	26	30	26
Other	-	-	432	417	432	417
<b>Total Expenses</b>	<u>18,118</u>	<u>17,444</u>	<u>3,904</u>	<u>3,788</u>	<u>22,022</u>	<u>21,232</u>
Excess (Deficiency) Before Transfers	1,098	1,008	(545)	(420)	553	588
Transfers	(866)	(712)	866	712	-	-
<b>Increase (Decrease) in Net Assets</b>	<u>232</u>	<u>296</u>	<u>321</u>	<u>292</u>	<u>553</u>	<u>588</u>
Net Assets (Deficit) - Beginning (Restated)	(5,076)	(5,372)	4,280	3,988	(796)	(1,384)
<b>Net Assets (Deficit) - Ending</b>	<u>\$ (4,844)</u>	<u>\$ (5,076)</u>	<u>\$ 4,601</u>	<u>\$ 4,280</u>	<u>\$ (243)</u>	<u>\$ (796)</u>

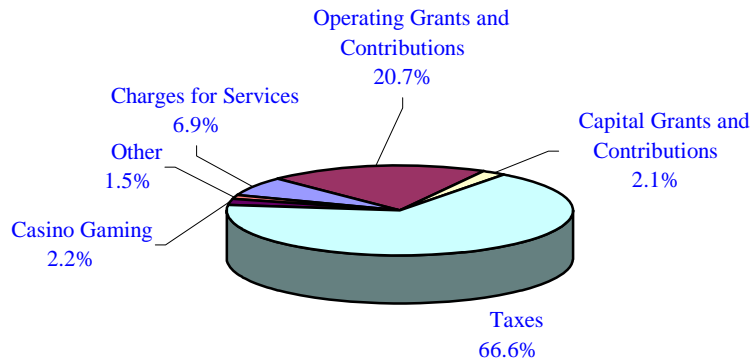
\* Restated for comparative purposes. See Note 21.

Total revenues of the State increased, by \$0.8 billion, to \$22.6 billion. Most of this increase was due to an increase in tax revenues. Total expenses increased by \$0.8 billion to \$22.0 billion. This increase can be attributed mainly to an increase of \$0.4 billion in governmental activities' expenditures. Total net assets of the State increased by \$553 million during the fiscal year.

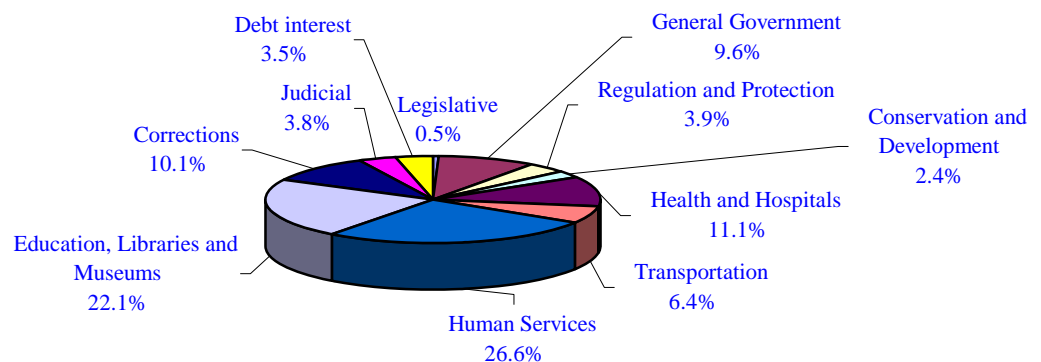
## GOVERNMENTAL ACTIVITIES

The following charts depict the distribution of revenues and expenses for Fiscal Year 2007.

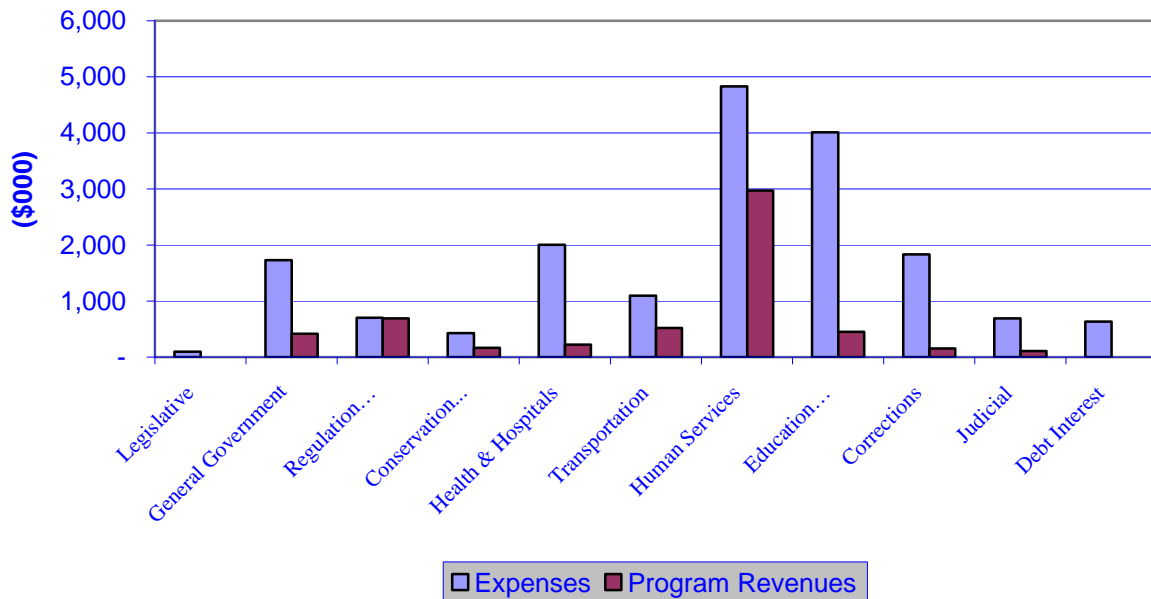
### Revenues - Governmental Activities Fiscal Year 2007



### Expenses - Governmental Activities Fiscal Year 2007



### Expenses and Program Revenues - Governmental Activities Fiscal Year 2007



Total revenues for the governmental activities increased, by \$0.8 billion, to \$19.2 billion. This increase was due mainly to an increase in tax revenue of \$0.9 billion being offset by a decrease in operating and capital grants of \$0.2 billion. Total expenses increased by \$0.7 billion to \$18.1 billion. This increase can be attributed mainly to increases in general government and education expenses of \$0.5 billion. Even though total revenues exceeded total expenses by \$1,098 million, this excess was reduced by transfers of \$866 million, resulting in an increase of net assets of \$232 million.

As noted above, total revenue increased by 4 percent during the fiscal year, reflecting continued economic growth. Both State and national economic indicators were generally positive during the fiscal year. Preliminary estimates showed that 20,400 jobs were added to the State economy during the fiscal year, and the unemployment rate was a relatively low 4.3 percent. In the third quarter of the fiscal year, the State had the second highest personal income growth in the nation with a 3.5 percent increase. Annualized personal income growth through the same quarter was over 5 percent. Retail sales grew 3.8 percent, while major stock indexes grew at double digit rates and corporate profit growth was solid during the fiscal year. The housing market continued to show signs of weakness during the fiscal year both nationally and in the State.

Total revenues and expenses of business-type activities were virtually unchanged between fiscal years 2007 and 2006. Although, total expenses exceeded total revenues by \$545 million, this deficiency was offset by transfers of \$866 million, resulting in an increase in net assets of \$321 million.

#### **FINANCIAL ANALYSIS OF THE STATE'S FUNDS**

The State completed fiscal year 2007 with a balance of \$3.3 billion in its governmental funds. However, the General fund reported a deficit of \$1.0 billion in unreserved fund balance. Although governmental fund expenditures exceeded fund revenues by \$281 million, this deficiency was offset by other financing sources of \$438 million, resulting in an increase in fund balance of \$157 million in governmental funds in fiscal year 2007.

## **General Fund**

The General fund is the chief operating fund of the State. At the end of fiscal year 2007, the General fund had a fund balance of \$1.3 billion. Of this amount, \$2.3 billion was reserved for various purposes, leaving a deficit of \$1.0 billion in unreserved fund balance. Although, total fund revenues exceeded total fund expenditures by \$1,071 million, this excess was reduced by other financing uses of \$593 million, resulting in an increase in fund balance of \$478 million for the fiscal year.

## **Budgetary Highlights-General Fund**

Early in the fiscal year, the General fund surplus was estimated to be \$161 million. By the end of the fiscal year, fund revenues had greatly increased because of a strong economy, causing the surplus estimate to grow to \$910 million. However, most of the estimated surplus was eventually appropriated by the State legislature for various expenditure programs, resulting in a final estimated surplus of \$329 million.

Although actual fund revenues exceeded expenditures by \$449 million, this excess was reduced by other financing uses of \$100 million, resulting in an actual surplus of \$349 million. A portion of the 2006 surplus in the amount of \$41 million was appropriated during the current fiscal year for various expenditure programs. This amount was reported in the budgetary statement as other financing source.

During the year, actual revenues exceeded original budget revenues by \$786 million. A tax revenue variance of \$650 million accounts for much of the total variance. Some of the tax revenues that exceeded original estimates were: personal income, \$321 million and corporations \$184 million.

During the year, final appropriations exceeded original appropriations by \$641 million. Some of the major adjustments to initial appropriations that occurred during the year were: \$85 million to retire special obligation bonds; \$300 million for deposit to the Teachers' Retirement Fund; and \$37 million for aid programs for towns. Because of these additional appropriations, the State exceeded the constitutional spending cap.

## **Other Funds**

The Debt Service fund had a fund balance of \$677 million at year end, all of which was reserved. Fund balance increased by \$2 million during the fiscal year.

The Transportation fund had a fund balance of \$248 million at year end, of which \$190 million was unreserved. Fund balance increased by \$62 million during the fiscal year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets.**

As of June 30, 2007 the State had an investment in total capital assets (net of accumulated depreciation) of \$13.2 billion. During the fiscal year, capital assets of governmental activities and business-type activities increased by \$197 million and \$33 million, respectively. Depreciation charges for the fiscal year totaled \$1.0 billion.

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

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2007	2006	2007	2006	2007	2006
Land	\$ 1,354	\$ 1,295	\$ 59	\$ 59	\$ 1,413	\$ 1,354
Buildings	1,090	1,138	2,390	2,335	3,480	3,473
Improvements Other than Buildings	175	192	254	296	429	488
Equipment	379	391	369	365	748	756
Infrastructure	4,994	5,080	-	-	4,994	5,080
Construction in Progress	1,960	1,659	191	175	2,151	1,834
Total	<u>\$ 9,952</u>	<u>\$ 9,755</u>	<u>\$ 3,263</u>	<u>\$ 3,230</u>	<u>\$ 13,215</u>	<u>\$ 12,985</u>

Additional information on the State's capital assets can be found in Note 10 of this report.

**Long-term Debt**

**Bonded Debt**

The State, pursuant to various public and special acts, has authorized a variety of types of debt which fall into the following categories: direct general obligation debt, which is payable from the State's general fund; special tax obligation debt, which is payable from the debt service fund; and revenue debt, which is payable from specific revenues of enterprise funds.

**State of Connecticut's Bonded Debt (in millions)**

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$ 10,597	\$ 10,212	\$ -	\$ -	\$ 10,597	\$ 10,212
Transportation Related Bonds	2,822	3,094	-	-	2,822	3,094
Revenue Bonds	-	-	1,578	1,523	1,578	1,523
Premiums and deferred amounts	302	267	25	39	327	306
Total	<u>\$ 13,721</u>	<u>\$ 13,573</u>	<u>\$ 1,603</u>	<u>\$ 1,562</u>	<u>\$ 15,324</u>	<u>\$ 15,135</u>

In fiscal year 2007 the State increased outstanding bonds by \$189 million. Bonds of governmental activities increased by \$148 million while bonds of business-type activities increased by \$41 million. The State's General Obligation bonds are rated Aa3, AA and AA by Moodys, Standard and Poors and Fitch respectively. Special Tax Obligation bonds are rated Aaa, AAA, AAA by Moodys, Standard and Poors and Fitch respectively.

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 February, 2007, the State had a debt incurring margin of \$4.5 billion.

## Other Long-Term Debt

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Net Pension Obligation	\$ 3,828	\$ 3,737	\$ -	\$ -	\$ 3,828	\$ 3,737
Compensated Absences	474	471	128	124	602	595
Workers Compensation	382	344	-	-	382	344
Lottery Prizes	-	-	266	302	266	302
Other	68	230	* 171	181	239	411
Total	<u>\$ 4,752</u>	<u>\$ 4,782</u>	<u>\$ 565</u>	<u>\$ 607</u>	<u>\$ 5,317</u>	<u>\$ 5,389</u>

\* Includes Economic Recovery Notes of \$146 million.

The State's other long-term obligations decreased by \$72 million during the year. This decrease was due mainly to a decrease in outstanding economic recovery notes of \$146 million being offset by an increase in the Net Pension Obligation of \$91 million.

Additional information on the State's long-term debt can be found in Note 16 of this report.

### **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 1-860-702-3350.

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# *Basic Financial Statements*

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## Statement of Net Assets

June 30, 2007

(Expressed in Thousands)

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,605,433	\$ 527,700	\$ 2,133,133	\$ 191,732
Deposits with U.S. Treasury	-	642,780	642,780	-
Investments	705,732	59,186	764,918	390,700
Receivables, (Net of Allowances)	2,277,395	609,623	2,887,018	63,215
Due from Component Units	2,619	-	2,619	-
Due from Primary Government	-	-	-	12,727
Inventories	56,329	10,868	67,197	3,439
Restricted Assets	-	110,719	110,719	1,457,699
Internal Balances	(284,786)	284,786	-	-
Other Current Assets	16,674	16,590	33,264	5,658
Total Current Assets	<u>4,379,396</u>	<u>2,262,252</u>	<u>6,641,648</u>	<u>2,125,170</u>
Noncurrent Assets:				
Cash and Cash Equivalents	-	280,405	280,405	-
Due From Component Units	10,701	-	10,701	-
Investments	-	282,507	282,507	56,862
Receivables, (Net of Allowances)	187,589	556,566	744,155	131,047
Restricted Assets	677,724	579,578	1,257,302	3,644,376
Capital Assets, (Net of Accumulated Depreciation)	9,951,984	3,262,835	13,214,819	433,729
Other Noncurrent Assets	59,464	44,462	103,926	10,344
Total Noncurrent Assets	<u>10,887,462</u>	<u>5,006,353</u>	<u>15,893,815</u>	<u>4,276,358</u>
Total Assets	<u>15,266,858</u>	<u>7,268,605</u>	<u>22,535,463</u>	<u>6,401,528</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	710,709	272,633	983,342	103,212
Due to Component Units	12,727	-	12,727	-
Due to Primary Government	-	-	-	2,619
Due to Other Governments	70,745	115	70,860	-
Current Portion of Long-Term Obligations	1,262,425	199,178	1,461,603	162,989
Amount Held for Institutions	-	-	-	541,335
Deferred Revenue	11,982	161,862	173,844	-
Medicaid Liability	472,637	-	472,637	-
Liability for Escheated Property	164,867	-	164,867	-
Other Current Liabilities	193,851	65,927	259,778	28,903
Total Current Liabilities	<u>2,899,943</u>	<u>699,715</u>	<u>3,599,658</u>	<u>839,058</u>
Noncurrent Liabilities:				
Non-Current Portion of Long-Term Obligations	17,210,552	1,967,793	19,178,345	3,774,944
Total Noncurrent Liabilities	<u>17,210,552</u>	<u>1,967,793</u>	<u>19,178,345</u>	<u>3,774,944</u>
Total Liabilities	<u>20,110,495</u>	<u>2,667,508</u>	<u>22,778,003</u>	<u>4,614,002</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	4,269,038	2,455,118	6,724,156	301,090
Restricted For:				
Transportation	178,978	-	178,978	-
Debt Service	639,870	69,057	708,927	18,935
Capital Projects	-	149,225	149,225	-
Unemployment Compensation	-	773,906	773,906	-
Clean Water and Drinking Water Projects	-	614,797	614,797	-
Bond Indenture Requirements	-	2,810	2,810	753,039
Loans	-	6,200	6,200	-
Permanent Investments or Endowments:				
Expendable	2,829	-	2,829	137,773
Nonexpendable	93,115	15,998	109,113	234,332
Other Purposes	470,146	239,575	709,721	42,638
Unrestricted (Deficit)	<u>(10,497,613)</u>	<u>274,411</u>	<u>(10,223,202)</u>	<u>299,719</u>
Total Net Assets (Deficit)	<u>\$ (4,843,637)</u>	<u>\$ 4,601,097</u>	<u>\$ (242,540)</u>	<u>\$ 1,787,526</u>

*The accompanying notes are an integral part of the financial statements.*

# Statement of Activities

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services, Fees, Fines , and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
Governmental Activities:				
Legislative	\$ 97,492	\$ 2,991	\$ 114	\$ -
General Government	1,731,215	371,502	47,089	-
Regulation and Protection	702,467	528,928	161,547	-
Conservation and Development	429,057	85,797	79,133	-
Health and Hospitals	2,003,994	62,454	159,190	-
Transportation	1,150,770	110,352	-	411,516
Human Services	4,828,418	13,617	2,955,228	-
Education, Libraries, and Museums	4,008,903	32,237	419,840	-
Corrections	1,836,147	10,474	142,887	-
Judicial	694,442	99,128	9,440	-
Interest and Fiscal Charges	635,113	-	-	-
Total Governmental Activities	18,118,018	1,317,480	3,974,468	411,516
Business-Type Activities:				
University of Connecticut & Health Center	1,519,026	830,182	177,540	3,030
State Universities	571,006	286,600	43,770	7,169
Bradley International Airport	67,244	55,242	-	3,536
Connecticut Lottery Corporation	698,628	957,215	-	-
Employment Security	585,803	571,390	-	-
Clean Water	30,183	15,627	12,737	-
Other	432,129	203,466	62,804	-
Total Business-Type Activities	3,904,019	2,919,722	296,851	13,735
Total Primary Government	\$ 22,022,037	\$ 4,237,202	\$ 4,271,319	\$ 425,251
<b>Component Units</b>				
Connecticut Housing Finance Authority (12-31-06)	\$ 200,074	\$ 170,439	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	5,832	6,293	-	-
Other	344,119	241,655	7,900	9,288
Total Component Units	\$ 550,025	\$ 418,387	\$ 7,900	\$ 9,288
General Revenues:				
Taxes:				
Personal Income				
Corporate Income				
Sales and Use				
Other				
Restricted for Transportation Purposes:				
Motor Fuel				
Other				
Casino Gaming Payments				
Tobacco Settlement				
Unrestricted Investment Earnings				
Contributions to Endowments				
Transfers-Internal Activities				
Total General Revenues, Contributions, and Transfers				
Change in Net Assets				
Net Assets (Deficit)- Beginning (as restated)				
Net Assets (Deficit)- Ending				

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets

<u>Primary Government</u>			
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Component</u> <u>Units</u>
\$ (94,387)	\$ -	\$ (94,387)	\$ -
(1,312,624)	-	(1,312,624)	-
(11,992)	-	(11,992)	-
(264,127)	-	(264,127)	-
(1,782,350)	-	(1,782,350)	-
(628,902)	-	(628,902)	-
(1,859,573)	-	(1,859,573)	-
(3,556,826)	-	(3,556,826)	-
(1,682,786)	-	(1,682,786)	-
(585,874)	-	(585,874)	-
(635,113)	-	(635,113)	-
(12,414,554)	-	(12,414,554)	-
-	(508,274)	(508,274)	-
-	(233,467)	(233,467)	-
-	(8,466)	(8,466)	-
-	258,587	258,587	-
-	(14,413)	(14,413)	-
-	(1,819)	(1,819)	-
-	(165,859)	(165,859)	-
-	(673,711)	(673,711)	-
(12,414,554)	(673,711)	(13,088,265)	-
-	-	-	(29,635)
-	-	-	461
-	-	-	(85,276)
-	-	-	(114,450)
6,270,806	-	6,270,806	-
831,688	-	831,688	-
3,509,164	-	3,509,164	-
1,513,855	-	1,513,855	-
609,427	-	609,427	-
67,888	-	67,888	-
430,476	-	430,476	-
113,691	-	113,691	-
165,472	129,317	294,789	137,661
-	-	-	34,392
(865,548)	865,548	-	-
12,646,919	994,865	13,641,784	172,053
232,365	321,154	553,519	57,603
(5,076,002)	4,279,943	(796,059)	1,729,923
\$ (4,843,637)	\$ 4,601,097	\$ (242,540)	\$ 1,787,526

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## ***Governmental Fund Financial Statements***

### ***Major Funds***

#### ***General Fund:***

This fund is the State's general operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

#### ***Debt Service Fund:***

This fund is used to account for the accumulation of resources for and the payment of, principal and interest on special tax obligation bonds of the Transportation fund.

#### ***Transportation Fund:***

to account for motor vehicle taxes, receipts and transportation related federal revenues collected for the purposes of payment of debt service requirements and budgeted appropriations made to the Department of Transportation. The Department of Transportation is responsible for all aspects of the planning, development, maintenance, and improvement of transportation in the state.

#### ***Nonmajor Funds:***

Nonmajor governmental funds are presented, by fund type beginning on page 90.

**Balance Sheet****Governmental Funds**

June 30, 2007

(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 588,782	\$ -	\$ 196,144	\$ 805,335	\$ 1,590,261
Investments	566,800	-	-	138,932	705,732
Securities Lending Collateral	-	-	-	16,526	16,526
Receivables:					
Taxes, Net of Allowances	1,325,135	-	42,145	-	1,367,280
Accounts, Net of Allowances	153,262	-	11,533	34,589	199,384
Loans, Net of Allowances	-	-	-	187,589	187,589
From Other Governments	418,144	-	-	269,256	687,400
Interest	-	7,546	387	-	7,933
Other	-	-	-	6,235	6,235
Due from Other Funds	25,050	-	7,546	88,248	120,844
Advances to Other Funds	4,700	-	-	-	4,700
Due from Component Units	13,320	-	-	-	13,320
Inventories	34,056	-	17,878	-	51,934
Restricted Assets	-	676,894	-	830	677,724
Other Assets	-	-	-	81	81
Total Assets	<u>\$ 3,129,249</u>	<u>\$ 684,440</u>	<u>\$ 275,633</u>	<u>\$ 1,547,621</u>	<u>\$ 5,636,943</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$ 346,065	\$ -	\$ 21,283	\$ 217,695	\$ 585,043
Due to Other Funds	113,453	7,546	-	226,169	347,168
Due to Component Units	-	-	-	12,727	12,727
Due to Other Governments	69,312	-	-	1,433	70,745
Deferred Revenue	453,822	-	6,181	66,612	526,615
Medicaid Liability	472,637	-	-	-	472,637
Liability For Escheated Property	164,867	-	-	-	164,867
Securities Lending Obligation	-	-	-	16,526	16,526
Other Liabilities	177,325	-	-	-	177,325
Total Liabilities	<u>1,797,481</u>	<u>7,546</u>	<u>27,464</u>	<u>541,162</u>	<u>2,373,653</u>
<b>Fund Balances</b>					
Reserved For:					
Petty Cash	918	-	-	-	918
Inventories	34,056	-	17,878	-	51,934
Loans	18,020	-	-	187,589	205,609
Continuing Appropriations	811,340	-	40,661	739	852,740
Debt Service	-	676,894	-	-	676,894
Restricted Purposes	-	-	-	450,419	450,419
Surplus Transfer to FY 08	80,000	-	-	-	80,000
Budget Reserve Fund	1,381,748	-	-	-	1,381,748
Unreserved Reported In:					
General Fund	(994,314)	-	-	-	(994,314)
Transportation Fund	-	-	189,630	-	189,630
Special Revenue Funds	-	-	-	539,357	539,357
Capital Project Funds	-	-	-	(171,645)	(171,645)
Total Fund Balances	<u>1,331,768</u>	<u>676,894</u>	<u>248,169</u>	<u>1,006,459</u>	<u>3,263,290</u>
Total Liabilities and Fund Balances	<u>\$ 3,129,249</u>	<u>\$ 684,440</u>	<u>\$ 275,633</u>	<u>\$ 1,547,621</u>	<u>\$ 5,636,943</u>

*The accompanying notes are an integral part of the financial statements.*

# Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2007

(Expressed in Thousands)

Total Fund Balance - Governmental Funds \$ 3,263,290

Net assets reported for governmental activities in the Statement of Net Assets  
are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds. These assets consist of:

Buildings	2,785,552	
Equipment	1,265,024	
Infrastructure	12,934,311	
Other Capital Assets	1,278,406	
Accumulated Depreciation	<u>(8,364,465)</u>	9,898,828

Debt issue costs are recorded as expenditures in the funds. However,  
these costs are deferred (reported as other assets) and amortized over the  
life of the bonds in the Statement of Net Assets. 58,695

Some of the state's revenues will be collected after year-end but are not  
available soon enough to pay for the current period's expenditures  
and therefore are deferred in the funds. 514,762

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 Assets. (14,502)

Long-term liabilities are not due and payable in the current period and therefore  
are not reported in the funds (Note 16).

Net Pension Obligation	(3,827,916)	
Worker's Compensation	(382,128)	
Capital Leases	(56,244)	
Compensated Absences	(469,041)	
Claims and Judgments	<u>(7,580)</u>	(4,742,909)

Long-term bonded debt is not due and payable in the current period and  
therefore is not reported in the funds. Unamortized premiums, loss on  
refundings, and interest payable are not reported in the funds. However,  
these amounts are included in the Statement of Net Assets. This is the net  
effect of these balances on the statement (Note 16).

Bonds Payable	(13,419,166)	
Unamortized Premiums	(539,893)	
Less: Deferred Loss on Refundings	238,069	
Accrued Interest Payable	<u>(100,811)</u>	<u>(13,821,801)</u>

Net Assets of Governmental Activities \$ (4,843,637)

*The accompanying notes are an integral part of the financial statements.*



# Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$ 12,037,099	\$ -	\$ 678,217	\$ 27,491	\$ 12,742,807
Assessments	-	-	-	22,841	22,841
Licenses, Permits and Fees	151,150	-	305,733	74,753	531,636
Tobacco Settlement	-	-	-	113,691	113,691
Federal Grants and Aid	2,785,983	-	-	1,619,177	4,405,160
Charges for Services	34,815	-	60,860	5,595	101,270
Fines, Forfeits and Rents	-	-	31,224	5,959	37,183
Casino Gaming Payments	430,476	-	-	-	430,476
Investment Earnings	83,044	35,255	14,754	32,849	165,902
Miscellaneous	171,338	-	24,215	462,521	658,074
Total Revenues	<u>15,693,905</u>	<u>35,255</u>	<u>1,115,003</u>	<u>2,364,877</u>	<u>19,209,040</u>
<b>Expenditures</b>					
Current:					
Legislative	94,994	-	-	2,389	97,383
General Government	1,084,605	-	696	637,075	1,722,376
Regulation and Protection	354,795	-	86,417	258,715	699,927
Conservation and Development	126,266	-	-	301,985	428,251
Health and Hospitals	1,788,172	-	-	202,334	1,990,506
Transportation	2,270	-	562,297	445,489	1,010,056
Human Services	4,445,542	-	-	346,093	4,791,635
Education, Libraries, and Museums	2,792,080	-	-	1,190,788	3,982,868
Corrections	1,798,266	-	-	30,782	1,829,048
Judicial	663,188	-	-	29,204	692,392
Capital Projects	-	-	-	304,964	304,964
Debt Service:					
Principal Retirement	964,803	265,964	609	-	1,231,376
Interest and Fiscal Charges	507,700	153,425	1,167	47,448	709,740
Total Expenditures	<u>14,622,681</u>	<u>419,389</u>	<u>651,186</u>	<u>3,797,266</u>	<u>19,490,522</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,071,224</u>	<u>(384,134)</u>	<u>463,817</u>	<u>(1,432,389)</u>	<u>(281,482)</u>
<b>Other Financing Sources (Uses)</b>					
Bonds Issued	28,990	-	-	1,224,355	1,253,345
Premiums on Bonds Issued	1,129	36,794	-	48,836	86,759
Transfers In	384,473	414,495	40,440	258,466	1,097,874
Transfers Out	(1,007,420)	(31,352)	(441,795)	(485,347)	(1,965,914)
Refunding Bonds Issued	-	527,730	-	-	527,730
Payment to Refunded Bond Escrow Agent	-	(561,269)	-	-	(561,269)
Capital Lease Obligations	117	-	-	-	117
Total Other Financing Sources (Uses)	<u>(592,711)</u>	<u>386,398</u>	<u>(401,355)</u>	<u>1,046,310</u>	<u>438,642</u>
Net Change in Fund Balances	<u>478,513</u>	<u>2,264</u>	<u>62,462</u>	<u>(386,079)</u>	<u>157,160</u>
Fund Balances - Beginning	858,546	674,630	183,559	1,392,538	3,109,273
Changes in Reserves for Inventories	<u>(5,291)</u>	<u>-</u>	<u>2,148</u>	<u>-</u>	<u>(3,143)</u>
Fund Balances - Ending	<u>\$ 1,331,768</u>	<u>\$ 676,894</u>	<u>\$ 248,169</u>	<u>\$ 1,006,459</u>	<u>\$ 3,263,290</u>

*The accompanying notes are an integral part of the financial statements.*

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

June 30, 2007

(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds	\$	157,160
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Amounts reported for governmental activities in the Statement of Activities:  
are different because:

Bond proceeds provide current financial resources to governmental funds. However issuing debt increases long term-liabilities in the Statement of Net Assets. Bond proceeds were received this year from:

Bonds Issued	(1,253,345)	
Refunding Bonds Issued	(527,730)	
Premium on Bonds Issued	(86,759)	
		(1,867,834)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Long-term debt repayments this year consisted of:

Principal Retirement	1,231,376	
Payments to Refunded Bond Escrow Agent	561,269	
Capital Lease Payments	4,364	
		1,797,009

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 Net Assets (117)

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	962,049	
Depreciation Expense	(767,448)	
Retirements	(41)	
		194,560

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 consumption exceeded purchases of inventories. (3,143)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in Accrued Interest	(1,242)	
Decrease in Interest Accreted on Capital Appreciation Debt	53,172	
Amortization of Bond Premium	47,367	
Amortization of Loss on Debt Refundings	(29,718)	
Increase in Compensated Absences Liability	(3,320)	
Increase in Workers Compensation Liability	(37,854)	
Decrease in Claims and Judgments Liability	10,838	
Increase in Net Pension Obligation	(90,780)	
		(51,537)

Because some revenues will not be collected for several months after the state's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year 6,891

Internal service funds are used by management to charge the costs of certain activities such as insurance and telecommunications, to individual funds. The net revenue (expense) of internal service funds is reported with the governmental activities (5,671)

Debt issue costs are recorded as expenditures in the governmental funds. However these costs are amortized over the life of the bonds in the Statement of Activities

In the current year, these amounts are:

Debt Issue Costs Payments	10,193	
Amortization of Debt Issue Costs	(5,146)	
		5,047

Change in Net Assets of Governmental Activities	\$	232,365
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*The accompanying notes are an integral part of the financial statements.*

# Statement of Revenues, Expenditures, and Changes in Fund Balances

## Budget and Actual - Non-GAAP Budgetary Basis

### General and Transportation Funds

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	General Fund			
	Budget			Variance with Final Budget positive (negative)
Revenues	Original	Final	Actual	
Budgeted:				
Taxes, Net of Refunds	\$ 11,250,700	\$ 11,862,900	\$ 11,901,334	\$ 38,434
Operating Transfers In	380,000	383,800	383,808	8
Casino Gaming Payments	438,700	430,500	430,476	(24)
Licenses, Permits, and Fees	140,200	151,800	151,738	(62)
Other	261,000	367,300	359,244	(8,056)
Federal Grants	2,573,300	2,610,900	2,602,774	(8,126)
Refunds of Payments	(600)	(500)	(513)	(13)
Operating Transfers Out	(86,300)	(86,300)	(86,300)	-
Transfer Out - Transportation Strategy Board	-	-	-	-
Total Revenues	<u>14,957,000</u>	<u>15,720,400</u>	<u>15,742,561</u>	<u>22,161</u>
Expenditures				
Budgeted:				
Legislative	77,676	78,549	68,141	10,408
General Government	558,898	680,482	500,641	179,841
Regulation and Protection	278,587	281,280	265,681	15,599
Conservation and Development	102,010	139,494	96,264	43,230
Health and Hospitals	1,471,144	1,493,917	1,473,779	20,138
Transportation	10,790	32,184	2,103	30,081
Human Services	4,326,969	4,360,290	4,221,641	138,649
Education, Libraries, and Museums	3,418,016	3,783,919	3,449,507	334,412
Corrections	1,417,942	1,453,115	1,430,316	22,799
Judicial	462,181	477,848	474,067	3,781
Non Functional	<u>3,530,781</u>	<u>3,514,508</u>	<u>3,311,597</u>	<u>202,911</u>
Total Expenditures	<u>15,654,994</u>	<u>16,295,586</u>	<u>15,293,737</u>	<u>1,001,849</u>
Appropriations Lapsed	<u>114,980</u>	<u>180,400</u>	<u>-</u>	<u>(180,400)</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(583,014)</u>	<u>(394,786)</u>	<u>448,824</u>	<u>843,610</u>
Other Financing Sources (Uses)				
Prior Year Appropriations Carried Forward	702,854	702,854	702,854	-
Appropriations Continued to Fiscal Year 2008	-	-	(831,070)	(831,070)
Transfer of 2006 Surplus	41,000	41,000	41,000	-
Miscellaneous Adjustments	<u>-</u>	<u>(20,354)</u>	<u>(12,370)</u>	<u>7,984</u>
Total Other Financing Sources (Uses)	<u>743,854</u>	<u>723,500</u>	<u>(99,586)</u>	<u>(823,086)</u>
Net Change in Fund Balance	<u>\$ 160,840</u>	<u>\$ 328,714</u>	<u>349,238</u>	<u>\$ 20,524</u>
Budgetary Fund Balances - July 1			1,191,256	
Changes in Reserves			<u>(359,265)</u>	
Budgetary Fund Balances - June 30			\$ 1,181,229	

The accompanying notes are an integral part of the financial statements.

**Transportation Fund**

<b>Budget</b>		<b>Variance with Final Budget positive (negative)</b>	
<u>Original</u>	<u>Final</u>	<u>Actual</u>	
\$ 694,000	\$ 679,400	\$ 679,223	\$ (177)
-	-	-	-
-	-	-	-
402,000	395,200	395,137	(63)
40,000	46,000	46,000	-
-	-	-	-
(3,200)	(2,700)	(2,716)	(16)
(7,000)	(7,000)	(7,000)	-
(20,300)	(20,300)	(20,300)	-
<u>1,105,500</u>	<u>1,090,600</u>	<u>1,090,344</u>	<u>(256)</u>
-	-	-	-
2,770	2,770	669	2,101
75,807	76,843	59,197	17,646
-	-	-	-
-	-	-	-
449,032	461,832	446,574	15,258
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>578,705</u>	<u>572,872</u>	<u>530,742</u>	<u>42,130</u>
1,106,314	1,114,317	1,037,182	77,135
11,000	36,577	-	(36,577)
<u>10,186</u>	<u>12,860</u>	<u>53,162</u>	<u>40,302</u>
39,067	39,067	39,067	-
-	-	(40,661)	(40,661)
-	-	-	-
-	8,000	8,000	-
<u>39,067</u>	<u>47,067</u>	<u>6,406</u>	<u>(40,661)</u>
<u>\$ 49,253</u>	<u>\$ 59,927</u>	<u>59,568</u>	<u>\$ (359)</u>
		172,446	
		1,594	
		<u>\$ 233,608</u>	

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## ***Proprietary Fund Financial Statements***

### ***Major Funds***

#### ***University of Connecticut and 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.

#### ***State Universities:***

This fund is used to account for the operations of the State University System which consist of four universities: Central, Eastern, Southern, and Western.

#### ***Bradley International Airport:***

The airport is owned by the State of Connecticut and is operated by the Bureau of Aviation and Ports of the State of Connecticut, Department of Transportation and the Board of Directors of the Airport. In 1982, the State issued the Airport, 1982 series Revenue Bonds in the aggregate principal amount of \$100,000,000 and established the Airport as an enterprise fund. The State also donated in the same year capital assets having a net book value of \$33.3 million to the enterprise fund.

#### ***The Connecticut Lottery Corporation:***

The Connecticut Lottery Corporation, a public instrumentality and political subdivision of the State of Connecticut was created on July 1, 1996 for the purpose of generating revenues for the State of Connecticut's General Fund through the operation of a lottery.

#### ***Employment Security:***

to account for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

#### ***Clean Water:***

to account for resources used to provide loans to municipalities to finance waste water treatment projects.

#### ***Nonmajor Funds:***

Nonmajor proprietary funds are presented, by fund type beginning on page 112.

## Statement of Net Assets

### Proprietary Funds

June 30, 2007

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 216,413	\$ 108,237	\$ 36,862	\$ 21,854
Deposits with U.S. Treasury	-	-	-	-
Investments	4,879	14,371	-	39,936
Receivables:				
Accounts, Net of Allowances	130,337	107,774	4,523	10,103
Loans, Net of Allowances	2,684	2,342	-	-
Interest	-	-	-	9,107
From Other Governments	-	1,700	1,443	-
Due from Other Funds	56,089	45,237	-	-
Inventories	9,743	-	-	-
Restricted Assets	98,583	-	12,136	-
Other Current Assets	8,977	4,114	455	2,352
Total Current Assets	527,705	283,775	55,419	83,352
Noncurrent Assets:				
Cash and Cash Equivalents	1,462	102,990	-	-
Investments	14,877	26,666	-	223,710
Receivables:				
Accounts, Net of Allowances	-	-	-	-
Loans, Net of Allowances	9,902	8,026	-	-
Restricted Assets	19,551	-	114,995	-
Capital Assets, Net of Accumulated Depreciation	1,722,512	844,779	307,237	1,478
Other Noncurrent Assets	2,360	1,149	6,737	4,964
Total Noncurrent Assets	1,770,664	983,610	428,969	230,152
Total Assets	2,298,369	1,267,385	484,388	313,504
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	123,437	47,640	16,607	18,469
Due to Other Funds	15,235	2,344	2,347	-
Due to Other Governments	-	-	-	-
Current Portion of Long-Term Obligations	47,426	23,038	9,410	42,063
Deferred Revenue	35,661	122,210	1,163	488
Other Current Liabilities	18,755	8,170	-	24,669
Total Current Liabilities	240,514	203,402	29,527	85,689
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	354,910	355,930	208,402	223,710
Total Noncurrent Liabilities	354,910	355,930	208,402	223,710
Total Liabilities	595,424	559,332	237,929	309,399
<b>Net Assets (Deficit)</b>				
Invested in Capital Assets, Net of Related Debt	1,391,768	618,920	108,087	1,478
Restricted For:				
Debt Service	10,878	-	27,722	-
Unemployment Compensation	-	-	-	-
Clean and Drinking Water Projects	-	-	-	-
Capital Projects	82,252	-	66,973	-
Nonexpendable Purposes	14,879	1,099	-	-
Bond Indentures	-	-	2,810	-
Loans	6,200	-	-	-
Other Purposes	16,379	27,170	-	4,105
Unrestricted	180,589	60,864	40,867	(1,478)
Total Net Assets	\$ 1,702,945	\$ 708,053	\$ 246,459	\$ 4,105

*The accompanying notes are an integral part of the financial statements.*

<b>Business-Type Activities</b>				<b>Governmental</b>
<b>Enterprise Funds</b>				<b>Activities</b>
<b>Employment Security</b>	<b>Clean Water</b>	<b>Other Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ -	\$ 3,658	\$ 140,676	\$ 527,700	\$ 15,172
642,780	-	-	642,780	-
-	-	-	59,186	-
133,544	-	22,521	408,802	3,713
-	152,271	18,132	175,429	-
-	7,407	1,669	18,183	-
3,314	46	706	7,209	-
633	-	209,003	310,962	8,149
-	-	1,125	10,868	4,395
-	-	-	110,719	-
-	-	692	16,590	67
<u>780,271</u>	<u>163,382</u>	<u>394,524</u>	<u>2,288,428</u>	<u>31,496</u>
-	144,770	31,183	280,405	-
-	4,254	13,000	282,507	-
-	-	1,007	1,007	-
-	494,224	43,407	555,559	-
-	394,695	50,337	579,578	-
-	-	386,829	3,262,835	53,156
-	27,398	1,854	44,462	769
-	<u>1,065,341</u>	<u>527,617</u>	<u>5,006,353</u>	<u>53,925</u>
<u>780,271</u>	<u>1,228,723</u>	<u>922,141</u>	<u>7,294,781</u>	<u>85,421</u>
-	8,181	58,299	272,633	19,959
6,250	-	-	26,176	66,057
115	-	-	115	-
-	42,520	34,721	199,178	271
-	-	2,340	161,862	129
-	754	13,579	65,927	-
<u>6,365</u>	<u>51,455</u>	<u>108,939</u>	<u>725,891</u>	<u>86,416</u>
-	586,031	238,810	1,967,793	13,507
-	586,031	238,810	1,967,793	13,507
<u>6,365</u>	<u>637,486</u>	<u>347,749</u>	<u>2,693,684</u>	<u>99,923</u>
-	-	334,865	2,455,118	49,585
-	-	30,457	69,057	-
773,906	-	-	773,906	-
-	542,058	72,739	614,797	-
-	-	-	149,225	-
-	-	20	15,998	-
-	-	-	2,810	-
-	-	-	6,200	-
-	-	191,921	239,575	-
-	49,179	(55,610)	274,411	(64,087)
<u>\$ 773,906</u>	<u>\$ 591,237</u>	<u>\$ 574,392</u>	<u>\$ 4,601,097</u>	<u>\$ (14,502)</u>



# Statement of Revenues, Expenses and Changes in Fund Net Assets

## Proprietary Funds

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
<b>Operating Revenues</b>				
Charges for Sales and Services	\$ 711,300	\$ 265,122	\$ 41,643	\$ 957,026
Assessments	-	-	-	-
Federal Grants, Contracts and Other Aid	148,535	29,947	-	-
State Grants, Contracts and Other Aid	18,995	11,201	-	-
Private Gifts and Grants	34,814	2,622	-	-
Interest on Loans	-	-	-	-
Other	59,982	18,351	-	178
Total Operating Revenues	973,626	327,243	41,643	957,204
<b>Operating Expenses</b>				
Salaries, Wages and Administrative	1,308,653	507,096	38,636	91,996
Lottery Prize Awards	-	-	-	579,854
Unemployment Compensation	-	-	-	-
Claims Paid	-	-	-	-
Depreciation and Amortization	114,372	41,262	17,924	706
Other	80,100	22,648	-	6,320
Total Operating Expenses	1,503,125	571,006	56,560	678,876
Operating Income (Loss)	(529,499)	(243,763)	(14,917)	278,328
<b>Nonoperating Revenue (Expenses)</b>				
Interest and Investment Income	18,169	13,610	8,072	21,341
Interest and Fiscal Charges	(15,901)	-	(10,684)	(19,752)
Other	34,096	3,127	13,599	11
Total Nonoperating Revenues (Expenses)	36,364	16,737	10,987	1,600
Income (Loss) Before Capital Contributions, Grants, and Transfers	(493,135)	(227,026)	(3,930)	279,928
Capital Contributions	3,030	7,169	3,536	-
Federal Capitalization Grants	-	-	-	-
Transfers In	552,872	236,899	9,254	-
Transfers Out	-	-	-	(279,000)
Change in Net Assets	62,767	17,042	8,860	928
Total Net Assets - Beginning (as restated)	1,640,178	691,011	237,599	3,177
Total Net Assets - Ending	\$ 1,702,945	\$ 708,053	\$ 246,459	\$ 4,105

*The accompanying notes are an integral part of the financial statements.*

<u>Business-Type Activities</u>				<u>Governmental</u>
<u>Enterprise Funds</u>				<u>Activities</u>
<u>Employment</u> <u>Security</u>	<u>Clean</u> <u>Water</u>	<u>Other</u> <u>Funds</u>	<u>Totals</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>
\$ -	\$ -	\$ 135,099	\$ 2,110,190	\$ 86,677
549,638	-	55,717	605,355	-
11,049	-	31,998	221,529	-
6,002	-	10,543	46,741	-
-	-	1,666	39,102	-
-	13,429	1,234	14,663	-
4,701	-	3,211	86,423	166
<u>571,390</u>	<u>13,429</u>	<u>239,468</u>	<u>3,124,003</u>	<u>86,843</u>
-	747	351,270	2,298,398	72,847
-	-	-	579,854	-
585,803	-	-	585,803	-
-	-	36,584	36,584	-
-	-	15,580	189,844	19,743
-	-	15,323	124,391	-
<u>585,803</u>	<u>747</u>	<u>418,757</u>	<u>3,814,874</u>	<u>92,590</u>
<u>(14,413)</u>	<u>12,682</u>	<u>(179,289)</u>	<u>(690,871)</u>	<u>(5,747)</u>
28,352	27,591	12,182	129,317	233
-	(29,436)	(13,372)	(89,145)	(67)
-	2,198	8,205	61,236	(90)
<u>28,352</u>	<u>353</u>	<u>7,015</u>	<u>101,408</u>	<u>76</u>
13,939	13,035	(172,274)	(589,463)	(5,671)
-	-	-	13,735	-
-	12,737	18,597	31,334	-
794	2,408	355,399	1,157,626	-
<u>(3,824)</u>	<u>-</u>	<u>(9,254)</u>	<u>(292,078)</u>	<u>-</u>
10,909	28,180	192,468	321,154	(5,671)
<u>762,997</u>	<u>563,057</u>	<u>381,924</u>	<u>4,279,943</u>	<u>(8,831)</u>
<u>\$ 773,906</u>	<u>\$ 591,237</u>	<u>\$ 574,392</u>	<u>\$ 4,601,097</u>	<u>\$ (14,502)</u>

## Statement of Cash Flows

### Proprietary Funds

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	\$ 692,558	\$ 276,053	\$ 42,754	\$ 958,748
Payments to Suppliers	(404,500)	(8,597)	(24,138)	(23,919)
Payments to Employees	(923,888)	(353,668)	(14,298)	(12,577)
Other Receipts (Payments)	294,219	(121,203)	-	(646,148)
Net Cash Provided by (Used in) Operating Activities	(341,611)	(207,415)	4,318	276,104
<b>Cash Flows from Noncapital Financing Activities</b>				
Proceeds from Sale of Bonds	-	-	-	7,853
Retirement of Bonds and Annuities Payable	-	-	-	(45,751)
Interest on Bonds and Annuities Payable	-	-	-	(21,284)
Transfers In	402,397	224,981	9,254	-
Transfers Out	-	-	-	(279,000)
Other Receipts (Payments)	23,308	3,371	732	-
Net Cash Flows from Noncapital Financing Activities	425,705	228,352	9,986	(338,182)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Additions to Property, Plant and Equipment	(87,807)	(41,023)	(15,917)	(262)
Proceeds from Capital Debt	89,000	69,005	-	-
Principal Paid on Capital Debt	(69,921)	(79,813)	(8,430)	-
Interest Paid on Capital Debt	(50,860)	-	(11,055)	-
Transfer In	110,240	-	-	-
Federal Grant	-	-	-	-
Capital Contributions	-	13,589	3,914	-
Other Receipts (Payments)	(34,339)	598	14,624	-
Net Cash Flows from Capital and Related Financing Activities	(43,687)	(37,644)	(16,864)	(262)
<b>Cash Flows from Investing Activities</b>				
Proceeds from Sales and Maturities of Investments	-	-	-	45,523
Purchase of Investment Securities	(167)	(80)	-	(7,853)
Interest on Investments	17,920	13,263	7,991	22,873
(Increase) Decrease in Restricted Assets	-	-	-	-
Other Receipts (Payments)	(27,277)	-	-	-
Net Cash Flows from Investing Activities	(9,524)	13,183	7,991	60,543
Net Increase (Decrease) in Cash and Cash Equivalents	30,883	(3,524)	5,431	(1,797)
Cash and Cash Equivalents -Beginning of Year	304,878	214,751	110,373	23,651
Cash and Cash Equivalents -End of Year	\$ 335,761	\$ 211,227	\$ 115,804	\$ 21,854
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>				
Operating Income (Loss)	\$ (529,499)	\$ (243,763)	\$ (14,917)	\$ 278,328
Adjustments not Affecting Cash:				
Depreciation and Amortization	114,372	41,262	17,924	706
Other	60,861	311	(33)	26
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(14,084)	(3,663)	1,110	1,805
(Increase) Decrease in Due from Other Funds	(3,585)	-	-	-
(Increase) Decrease in Inventories and Other Assets	49,207	(4,718)	-	203
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(19,054)	3,156	234	(4,964)
Increase (Decrease) in Due to Other Funds	171	-	-	-
Total Adjustments	187,888	36,348	19,235	(2,224)
Net Cash Provided by (Used In) Operating Activities	\$ (341,611)	\$ (207,415)	\$ 4,318	\$ 276,104
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>				
Cash and Cash Equivalents - Current	\$ 216,413	\$ 108,237	\$ 36,862	
Cash and Cash Equivalents - Noncurrent	1,462	102,990	-	
Cash and Cash Equivalents - Restricted	117,886	-	78,942	
	\$ 335,761	\$ 211,227	\$ 115,804	

*The accompanying notes are an integral part of the financial statements.*

<u>Business-Type Activities</u>				<u>Governmental</u>
<u>Enterprise Funds</u>				<u>Activities</u>
<u>Employment</u>	<u>Clean</u>	<u>Other</u>	<u>Totals</u>	<u>Internal</u>
<u>Security</u>	<u>Water</u>			<u>Service</u>
				<u>Funds</u>
\$ 548,177	\$ 62,000	\$ 191,644	\$ 2,771,934	\$ 89,713
-	-	(65,724)	(526,878)	(31,197)
-	(690)	(282,342)	(1,587,463)	(37,474)
(573,498)	(61,937)	(75,907)	(1,184,474)	(197)
(25,321)	(627)	(232,329)	(526,881)	20,845
-	185,280	5,000	198,133	-
-	(62,192)	(32,574)	(140,517)	-
-	(22,527)	(9,751)	(53,562)	-
-	2,408	218,575	857,615	-
(3,030)	-	(9,254)	(291,284)	-
-	1,297	(4,616)	24,092	-
(3,030)	104,266	167,380	594,477	-
-	-	(9,678)	(154,687)	(22,653)
-	-	-	158,005	-
-	-	-	(158,164)	-
-	-	(3,558)	(65,473)	-
-	-	129,586	239,826	-
-	13,146	19,028	32,174	-
-	-	-	17,503	-
-	-	(55,983)	(75,100)	(67)
-	13,146	79,395	(5,916)	(22,720)
-	-	-	45,523	-
-	-	-	(8,100)	-
28,351	26,653	11,969	129,020	233
-	-	25	25	-
-	(145,353)	(7,650)	(180,280)	(90)
28,351	(118,700)	4,344	(13,812)	143
-	(1,915)	18,790	47,868	(1,732)
-	5,573	121,886	781,112	16,904
\$ -	\$ 3,658	\$ 140,676	\$ 828,980	\$ 15,172
\$ (14,413)	\$ 12,682	\$ (179,289)	\$ (690,871)	\$ (5,747)
-	-	15,580	189,844	19,743
-	-	(4,074)	57,091	-
(1,344)	(13,309)	(83,390)	(112,875)	94
(116)	-	-	(3,701)	2,941
(10,462)	-	708	34,938	(364)
-	-	18,136	(2,492)	4,178
1,014	-	-	1,185	-
(10,908)	(13,309)	(53,040)	163,990	26,592
\$ (25,321)	\$ (627)	\$ (232,329)	\$ (526,881)	\$ 20,845

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## ***Fiduciary Fund Financial Statements***

### ***Investment Trust Fund***

#### ***External Investment Pool:***

to account for the portion of the Short-Term Investment Fund that belongs to participants that are not part of the State's financial reporting entity.

### ***Private Purpose Trust Fund***

#### ***Escheat Securities:***

to account for securities that are held by the State Treasurer for individuals under escheat laws of the State.

Individual fund descriptions and financial statements begin on the following pages:

Pension (and Other Employee Benefit) Trust Funds, page 124

Agency Funds, page 130

# Statement of Fiduciary Net Assets

## Fiduciary Funds

June 30, 2007

(Expressed in Thousands)

	<u>Pension &amp; 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>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 52,831	\$ -	\$ -	\$ 141,573	\$ 194,404
Receivables:					
Accounts, Net of Allowances	16,002	-	-	3,803	19,805
From Other Governments	5,771	-	-	-	5,771
From Other Funds	1,913	-	-	4,442	6,355
Interest	1,268	2,200	-	383	3,851
Investments	25,834,532	1,060,929	-	-	26,895,461
Inventories	-	-	-	466	466
Securities Lending Collateral	3,605,666	-	-	-	3,605,666
Other Assets	<u>5,554</u>	<u>24</u>	<u>99,762</u>	<u>343,186</u>	<u>448,526</u>
Total Assets	<u>29,523,537</u>	<u>1,063,153</u>	<u>99,762</u>	<u>\$ 493,853</u>	<u>31,180,305</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	56	4,731	-	\$ 4,183	8,970
Securities Lending Obligation	3,605,666	-	-	-	3,605,666
Due to Other Funds	6,909	-	-	-	6,909
Funds Held for Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>489,670</u>	<u>489,670</u>
Total Liabilities	<u>3,612,631</u>	<u>4,731</u>	<u>-</u>	<u>\$ 493,853</u>	<u>4,111,215</u>
<b>Net Assets</b>					
Held in Trust For:					
Employees' Pension Benefits (Note 13)	25,840,277	-	-		25,840,277
Other Employee Benefits	70,629	-	-		70,629
Individuals, Organizations, and Other Governments	<u>-</u>	<u>1,058,422</u>	<u>99,762</u>		<u>1,158,184</u>
Total Net Assets	<u>\$ 25,910,906</u>	<u>\$ 1,058,422</u>	<u>\$ 99,762</u>		<u>\$ 27,069,090</u>

*The accompanying notes are an integral part of the financial statements.*

# Statement of Changes in Fiduciary Net Assets

## Fiduciary Funds

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>Pension &amp; Other Employee Benefit Trust Funds</u>	<u>Investment Trust Fund External Investment Pool</u>	<u>Private- Purpose Trust Fund Escheat Securities</u>	<u>Total</u>
<b>Additions</b>				
Contributions:				
Plan Members	\$ 377,587	\$ -	\$ -	\$ 377,587
State	1,109,157	-	-	1,109,157
Municipalities	45,552	-	-	45,552
Total Contributions	1,532,296	-	-	1,532,296
Investment Income	4,123,523	75,878	-	4,199,401
Less: Investment Expense	(215,070)	(322)	-	(215,392)
Net Investment Income	3,908,453	75,556	-	3,984,009
Escheat Securities Received	-	-	33,265	33,265
Pool's Share Transactions	-	145,974	-	145,974
Transfers In	2,492	-	-	2,492
Other	20	-	11,830	11,850
Total Additions	5,443,261	221,530	45,095	5,709,886
<b>Deductions</b>				
Administrative Expense	1,999	-	-	1,999
Benefit Payments and Refunds	2,285,066	-	-	2,285,066
Escheat Securities Returned or Sold	-	-	4,134	4,134
Distributions to Pool Participants	-	75,556	-	75,556
Other	6,917	-	-	6,917
Total Deductions	2,293,982	75,556	4,134	2,373,672
Change in Net Assets Held In Trust For:				
Pension and Other Employee Benefits	3,149,279	-	-	3,149,279
Individuals, Organizations, and Other Governments	-	145,974	40,961	186,935
Net Assets - Beginning	22,761,627	912,448	58,801	23,732,876
Net Assets - Ending	\$ 25,910,906	\$ 1,058,422	\$ 99,762	\$ 27,069,090

The accompanying notes are an integral part of the financial statements.



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## ***Component Units***

### ***Connecticut Development Authority:***

the Connecticut Development Authority is a public instrumentality and political subdivision of the State. The Authority was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond Program, its Umbrella Program and its Insurance Program.

### ***Connecticut Resources Recovery Authority:***

the Connecticut Resources Recovery Authority is a public instrumentality and political subdivision of the State. The Authority is responsible for implementing the State's solid waste management plan, which includes design, construction and operation of resources recovery facilities and the marketing of recovered products.

### ***Connecticut Higher Education Supplemental Loan Authority:***

the Connecticut Higher Education Supplementary Loan Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist students, their parents and institutions of higher education to finance the cost of higher education through its bond funds.

### ***Capital City Economic Development Authority:***

the Capital City Economic Development Authority is a public instrumentality of the state. The authority was created in 1998 to use municipal and state financial resources for the purpose of building a variety of Hartford based projects ranging from facilities to accommodate the exhibition, hospitality and tourism industries to downtown residential housing.

### ***Connecticut Innovations, Incorporated:***

Connecticut Innovations is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut by providing financial technical assistance.

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## Statement of Net Assets Component Units

June 30, 2007

(Expressed in Thousands)

	<b>Connecticut Housing Finance Authority (12-31-06)</b>	<b>Connecticut Health and Educational Facilities Authority</b>	<b>Other Component Units</b>	<b>Total</b>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 21,566	\$ 170,166	\$ 191,732
Investments	-	-	390,700	390,700
Receivables:				
Accounts, Net of Allowances	-	256	36,923	37,179
Loans, Net of Allowances	-	-	25,110	25,110
Other	-	-	926	926
Due from Primary Government	-	-	12,727	12,727
Restricted Assets	810,702	541,397	105,600	1,457,699
Inventories	-	-	3,439	3,439
Other Current Assets	-	121	5,537	5,658
Total Current Assets	<u>810,702</u>	<u>563,340</u>	<u>751,128</u>	<u>2,125,170</u>
Noncurrent Assets:				
Investments	-	-	56,862	56,862
Accounts, Net of Allowances	-	-	16,256	16,256
Loans, Net of Allowances	-	-	114,791	114,791
Restricted Assets	3,575,919	2,247	66,210	3,644,376
Capital Assets, Net of Accumulated Depreciation	3,154	254	430,321	433,729
Other Noncurrent Assets	-	-	10,344	10,344
Total Noncurrent Assets	<u>3,579,073</u>	<u>2,501</u>	<u>694,784</u>	<u>4,276,358</u>
Total Assets	<u>4,389,775</u>	<u>565,841</u>	<u>1,445,912</u>	<u>6,401,528</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	28,647	1,799	72,766	103,212
Current Portion of Long-Term Obligations	135,920	-	27,069	162,989
Amount Held for Institutions	-	541,335	-	541,335
Due to Primary Government	-	-	2,619	2,619
Other Liabilities	28,358	-	545	28,903
Total Current Liabilities	<u>192,925</u>	<u>543,134</u>	<u>102,999</u>	<u>839,058</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	3,440,657	2,247	332,040	3,774,944
Total Noncurrent Liabilities	<u>3,440,657</u>	<u>2,247</u>	<u>332,040</u>	<u>3,774,944</u>
Total Liabilities	<u>3,633,582</u>	<u>545,381</u>	<u>435,039</u>	<u>4,614,002</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	3,154	254	297,682	301,090
Restricted:				
Debt Service	-	-	18,935	18,935
Bond Indentures	753,039	-	-	753,039
Expendable Endowments	-	-	137,773	137,773
Nonexpendable Endowments	-	-	234,332	234,332
Other Purposes	-	-	42,638	42,638
Unrestricted	-	20,206	279,513	299,719
Total Net Assets	<u>\$ 756,193</u>	<u>\$ 20,460</u>	<u>\$ 1,010,873</u>	<u>\$ 1,787,526</u>

*The accompanying notes are an integral part of the financial statements.*

## Statement of Activities

### Component Units

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

		Program Revenues		
Functions/Programs	Expenses	Charges for	Operating	Capital
		Services	Grants and Contributions	Grants and Contributions
Connecticut Housing Finance Authority (12/31/06)	\$ 200,074	\$ 170,439	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	5,832	6,293	-	-
Other Component Units	344,119	241,655	7,900	9,288
Total Component Units	\$ 550,025	\$ 418,387	\$ 7,900	\$ 9,288

General Revenues:

Investment Income (Loss)

Contributions to Endowments

Total General Revenues, and

Contributions

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

*The accompanying notes are an integral part of the financial statements.*

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

<b>Connecticut Housing Finance Authority (12-31-06)</b>	<b>Connecticut Health &amp; Educational Facilities Authority</b>	<b>Other Component Units</b>	<b>Totals</b>
\$ (29,635)	\$ -	\$ -	\$ (29,635)
-	461	-	461
-	-	(85,276)	(85,276)
<u>(29,635)</u>	<u>461</u>	<u>(85,276)</u>	<u>(114,450)</u>
57,731	1,028	78,902	137,661
-	-	34,392	34,392
<u>57,731</u>	<u>1,028</u>	<u>113,294</u>	<u>172,053</u>
28,096	1,489	28,018	57,603
<u>728,097</u>	<u>18,971</u>	<u>982,855</u>	<u>1,729,923</u>
<u>\$ 756,193</u>	<u>\$ 20,460</u>	<u>\$ 1,010,873</u>	<u>\$ 1,787,526</u>

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## Notes to the Financial Statements

June 30, 2007

### 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). 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) the State is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. The State also includes a nongovernmental nonprofit corporation as a component unit because it would be misleading to exclude the corporation from the reporting entity. Component units are reported in the financial statements in a separate column (discrete presentation), or as part of the primary government (blending presentation).

#### *Discretely Presented Component Units*

Discretely presented component units include legally separate organizations for which the State appoints a voting majority of the organization's governing board and is contingently liable for the organization's debt or provides funding for the organization's programs (applies only to the Connecticut Innovations, Incorporated and the Capital City Economic Development Authority). In addition, a nongovernmental nonprofit corporation is included as a discretely presented component unit because of the nature and significance of its relationship with the State are such that it would be misleading to exclude the corporation from the State's reporting entity. The following organizations are reported in separate columns and rows in the government-wide financial statements to emphasize that they are legally separate from the primary government:

#### *Connecticut Development Authority*

The Authority is a public instrumentality and political subdivision of the State. It was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond, Umbrella, and Insurance programs as well as other economic development programs.

#### *Connecticut Housing Finance Authority*

The Authority is a public instrumentality and political subdivision of the State. It 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 ending on December 31, 2006.

#### *Connecticut Resources Recovery Authority*

The Authority is a public instrumentality and political subdivision of the State. It is responsible for implementing the State Solid Waste Management Plan by determining the location of and constructing solid waste management projects; owning, operating, and maintaining waste management projects; or making provisions for operation and maintenance by contracting with private industry.

#### *Connecticut Higher Education Supplemental Loan Authority*

The Authority is a public instrumentality and political subdivision of the State. It was created to assist students, their parents, and institutions of higher education to finance the cost of higher education through its Bond funds.

#### *Connecticut Health and Educational Facilities Authority*

The Authority is a public instrumentality and political subdivision of the State. The purpose of the Authority is 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 Innovations, Incorporated*

The Authority is a public instrumentality and political subdivision of the State. It 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.

#### *Capital City Economic Development Authority*

The Authority is a public instrumentality and political subdivision of the State. It was established in 1998 to stimulate new investment in Connecticut; to attract and service large conventions, tradeshow, exhibitions, conferences, and local consumer shows, exhibitions and events; to encourage the diversification of the state economy; to strengthen Hartford's role as the region's major business and industry employment center and seat of government; to encourage residential housing development in downtown Hartford; and to construct, operate, maintain and market a convention center project in Hartford.

#### *University of Connecticut Foundation, Incorporated*

The University of Connecticut Foundation, Incorporated is a nongovernmental nonprofit corporation 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.

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.

### ***Blended Component Units***

#### ***Connecticut Lottery Corporation***

The Connecticut Lottery Corporation is a legally separate organization for which the State appoints a voting majority of the Corporation's governing board and which provides a significant amount of revenues to the State. The corporation is reported as part of the primary government's business-type activities in the government-wide financial statements and as a major Enterprise fund in the fund financial statements.

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

#### ***Government-wide Financial Statements***

The Statement of Net Assets and the Statement of Activities report information on all of 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 Assets presents the reporting entity's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds issued to buy, construct, or improve those assets.
2. Restricted net assets result when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories.

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 particular 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.

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 accumulated and payments made for 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 revenue collected for the purpose of payment of transportation related bonds and budgeted appropriations of the Department of Transportation. The Department of Transportation is responsible for all aspects of the planning, development, maintenance, and improvement of transportation 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.

***State Universities*** - This fund is used to account for the operations of the State University System which consists of four universities: Central, Eastern, Southern, and Western.

***Bradley International Airport*** - This fund is used to account for the financial activities of the Bradley International Airport, which is owned and operated by the State.

***Connecticut Lottery Corporation*** - This fund is used to account for the financial activities of the State's lottery. The Corporation was created in 1996 for the purpose of generating revenues for the State's General Fund.

***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 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 (and Other Employee Benefits) Trust Funds** - These funds account for resources held in trust for the members and beneficiaries of the State's defined benefit pension plans and other employee benefits plans. These plans are discussed more fully in Notes 11 and 12.

**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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for

their business-type activities and enterprise funds, subject to the same limitation. This option is followed by the following component units of the State: the Connecticut Development Authority and the Connecticut Health and Educational Facilities Authority.

***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 all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Sales and use taxes, personal income taxes, public service corporation taxes, special fuel taxes, federal grants, and casino gaming payments are considered to be susceptible to accrual. Licenses, permits, and fees are not considered to be susceptible to accrual and 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.

When both restricted and unrestricted resources are available for use, it is the State's policy to use unrestricted resources first, and then restricted resources, as they are needed.

**e. 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. 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 carry forwards 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. Carry forward appropriations are reported as reservations of the fund balance in the financial statements.

The budget is prepared on a “modified cash” basis of accounting under which revenues are recognized when received, except for certain taxes which are recognized when earned. Tax revenues recognized when earned include the following: sales and use, personal income, corporation, public service corporations, petroleum companies, cigarettes, alcoholic beverages, gasoline, special motor fuel, and motor carrier road. Under the modified cash basis, expenditures are recognized when paid. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for the General and Transportation funds. During the 2007 fiscal year, the original adopted budget was adjusted by the General Assembly and the Finance Advisory Committee.

#### **f. Assets and Liabilities**

##### ***Cash and Cash Equivalents (see Note 4)***

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 include investments in the Short-Term Investment Fund (“STIF”) and the Tax Exempt Proceeds Fund, Inc. (“TEPF”). TEPF is a short-term, tax-exempt money market fund reported under the Investment Company Act of 1940. Investments in STIF and TEPF 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 4)***

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 equity and debt securities held by the Connecticut Innovations, Incorporated, a component unit. The fair value of these investments is determined by the Valuation Committee of the Corporation, after giving consideration to 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 assets.

##### ***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 reserve to indicate that they are unavailable for appropriation.

##### ***Capital Assets and Depreciation***

Capital assets, which 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 \$1,000 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.

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:

<b>Assets</b>	<b>Years</b>
Buildings	40
Improvements Other than Buildings	10-20
Machinery and Equipment	5-30
Infrastructure	20-28

#### ***Securities Lending Transactions (see Note 4)***

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.

#### ***Deferred Revenues***

In the government-wide and fund financial statements, this liability represents resources that have been received, but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

#### ***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 assets. 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 deferred charges and amortized over the term of the related debt. Other long-term obligations include compensated absences, workers' compensation claims, capital leases, claims and judgments, annuities payable, and the net pension obligation.

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 or not 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 assets 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 is 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.

Pursuant to Public Act No. 03-02 the General Assembly enacted an Early Retirement Incentive Program in order to mitigate the deficit of the General Fund. Under the provisions of this program any employee participating in the program shall be eligible for payment of accrued sick days and for the balance of unused vacation leave in accordance with the existing rules as stated above, with the exception of one modification. The modification provides that the balance of any compensated absences shall be paid in three equal installments beginning in fiscal year ending June 30, 2006. The State may, at its option, make the payment in one installment on or before July, 2005 if the amount of the payment is less than \$2,000.

#### ***g. Fund Balance***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

#### ***h. Interest Rate Swap Agreements***

The State has entered into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements (see Note 17).



## i. 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 particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not reported in the financial statements.

## j. Food Stamps

Food stamps distributed to recipients during the year are recognized as both 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 4). Pool income is determined based on distributions made to the pool’s participants.

## l. 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 Budgetary vs. GAAP Basis of Accounting

The following is a reconciliation of the net change in fund balances as reported in the budgetary and GAAP basis of

accounting statements of revenues, expenditures, and changes in fund balances (amounts in thousands):

	General Fund	Transportation Fund
Net change in fund balances (budgetary basis)	\$ 349,238	\$ 59,568
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	86,919	(4,108)
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	45,182	6,983
Salaries and Fringe Benefits Payable	(90,043)	(784)
Increase in Continuing Appropriations	128,217	1,594
Transfer of 2006 Surplus	(41,000)	-
Fund Reclassification-Bus Operations	-	(791)
Net change in fund balances (GAAP basis)	\$ 478,513	\$ 62,462

The major differences between the budgetary (legal) and the GAAP (generally accepted accounting principles) basis of accounting as reconciled above are as follows:

1. Revenues are recorded when received in cash except for certain year-end accruals (budgetary basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budgetary basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis).
3. For budgetary 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 reserved fund balance.

## Note 3 Nonmajor Fund Deficits

The following funds have deficit fund/net assets balances at June 30, 2007, none of which constitutes a violation of statutory provisions (amounts in thousands).

<b>Capital Projects</b>	
State Facilities	\$ 232,476
<b>Enterprise</b>	
Bradley Parking Garage	\$ 16,188
Rate Reduction Bond Operations	\$ 119,102
<b>Internal Service</b>	
Administrative Services	\$ 35,809

## Note 4 Cash Deposits and Investments

According to GASB Statement No. 40, “*Deposit and Investment Risk Disclosures*”, the State needs 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.

**Custodial Credit Risk (investments)** - the risk that, in the event of a failure of the counterparty, the State will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

**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, one Medium-Term Investment Fund, and seven Combined Investment Funds, including one international investment fund.

### **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, asset-backed securities, and student loans. STIF's investments are reported at amortized cost (which approximates fair value) in the fund's statement of net assets.

For financial reporting purposes, STIF is considered to be 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 financial statements. Instead, each fund's investment in the internal portion of STIF is reported as "cash equivalents" in the government-wide and fund financial statements.

As of June 30, 2007, 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
Corporate Notes	\$ 55,000	\$ 55,000	\$ -
Asset Backed Commercial Paper	3,032,849	3,032,849	-
Floating Rate Notes	748,505	80,789	667,716
Repurchase Agreements	198,698	198,698	-
Total Investments	<u>\$ 4,035,052</u>	<u>\$ 3,367,336</u>	<u>\$ 667,716</u>

### **Interest Rate Risk**

The 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, 2007, the weighted average maturity of the STIF was 50 days. Additionally, STIF is allowed by policy to invest in floating-rate securities, and investments in such securities with 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, 2007, the amount of STIF's investments in variable-rate securities was \$748.5 million.

### **Credit Risk**

The STIF's policy for managing credit risk is to invest in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations. As of June 30, 2007, 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		
		AAA	AA	A-1
Corporate Notes	\$ 55,000	\$ 30,000	\$ 25,000	\$ -
Asset Backed Commercial Paper	3,032,849	-	-	3,032,849
Floating Rate Notes	748,505	406,190	292,326	49,989
Repurchase Agreements	198,698	-	-	198,698
Total	<u>\$4,035,052</u>	<u>\$ 436,190</u>	<u>\$ 317,326</u>	<u>\$ 3,281,536</u>

### **Concentration of Credit Risk**

STIF reduces its exposure to this risk by requiring that not more than 10 percent of its portfolio be invested in securities of a single bank or corporation. Policy limits are also set for industry concentration, floating rate investment concentration and sector concentration. As of June 30, 2007, STIF's investments in any one single issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Amortized Cost
Albis Capital Corporation	\$ 263,162
Catapult PMX Funding	\$ 341,118
Ebury Finance	\$ 321,999
Fenway Funding	\$ 224,598
Freedom Park	\$ 294,568
North Lake Funding	\$ 216,023

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

The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificate of deposits 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 and its issuer rating is at least "C". As of June 30, 2007, \$980,500 of the bank balance of STIF's deposits of \$980,900 was exposed to custodial credit risk as follows

Uninsured and uncollateralized	\$ 885,500
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	95,000
Total	<u>\$ 980,500</u>

**Short-Term Plus Investment Fund (STIF Plus)**

In 2007, the State created STIF Plus, a medium-term investment fund. STIF Plus is a money market and short-term bond investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. STIF Plus' investments are reported at fair value on the fund's statement of net assets.

For financial reporting purposes, STIF Plus is considered to be an internal investment pool because it had only one participant fund at year end (General fund), and, thus, it is not reported on the financial statements. Instead, the fund's investment in STIF Plus is reported as investments in the government-wide and fund financial statements.

As of June 30, 2007, STIF Plus had the following investments and maturities (amount in thousands):

**Short-Term Plus Investment Fund**

Investment Type	Fair Value	Investment Maturities (in years)	
		Less Than 1	1-5
Federal Agency Securities	\$ 49,965	\$ -	\$ 49,965
Corporate Notes	9,992	9,992	-
Asset Backed Securities	64,990	62,008	2,982
Asset Backed Commercial Paper	88,145	88,145	-
Floating Rate Notes	45,001	45,001	-
Total Investments	<u>\$ 258,093</u>	<u>\$ 205,146</u>	<u>\$ 52,947</u>

**Interest Rate Risk**

STIF Plus' policy for managing this risk is to perform, on a quarterly basis, an interest rate sensitivity analysis on the duration and the market value of the portfolio to determine the potential effect of a 200 basis point movement in interest rates. As of June 30, 2007, the weighted average maturity of STIF Plus was 226 days. In addition, STIF Plus is allowed to invest in floating-rate debt securities. 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, 2007, STIF Plus's investments in variable-rate securities were \$76.6 million.

**Credit Risk**

The STIF Plus manages its credit risk by investing only in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations. As of June 30, 2007, STIF Plus' investments were rated by Standard and Poor's as follows (amounts in thousands):

**Short-Term Plus Investment Fund**

Investment Type	Fair Value	Quality Ratings		
		AAA	AA	A-1
Federal Agency Securities	\$ 49,965	\$ 49,965	\$ -	\$ -
Corporate Notes	9,992	4,995	4,997	-
Asset Backed Securities	64,990	64,990	-	-
Asset Backed Commercial Paper	88,145	-	-	88,145
Floating Rate Notes	45,001	9,995	35,006	-
Total	<u>\$ 258,093</u>	<u>\$ 129,945</u>	<u>\$ 40,003</u>	<u>\$ 88,145</u>

**Concentration of Credit Risk**

STIF Plus' policy for managing this risk is to limit the amount it may invest in any single federal agency to an amount not to exceed 15 percent. As of June 30, 2007, STIF Plus' investments in any one single issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Fair Value
FNMA	\$ 14,987
FHLB	\$ 34,979
Freedom Park	\$ 14,968

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

The STIF Plus follows policy parameters that limit deposits in any one entity to a maximum of five percent of total assets. Further, the certificates of deposits 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 AA- or which carry an unconditional letter of guarantee from such a bank that meets the short-term debt rating requirements. As of June 30, 2007, \$44,599 of the bank balance of STIF Plus' deposits of \$44,999 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 42,099
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	2,500
Total	<u>\$ 44,599</u>

**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 assets.

For financial reporting purposes, the CIFS are considered to be internal investment pools and are not reported in the financial statements. Instead, each fund's equity in the CIFS is reported as investments in the government-wide and fund financial statements. As of June 30, 2007, the amount of equity in the CIFS reported as investments in the financial statements was as follows (amounts in thousands):

	Primary Government		Fiduciary Funds
	Governmental Activities	Business-Type Activities	
Equity in CIFS	\$ 93,115	\$ 644	\$25,834,532
Other Investments	612,617	58,542	1,060,929
Total Investments-Current	<u>\$ 705,732</u>	<u>\$ 59,186</u>	<u>\$26,895,461</u>

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As of June 30, 2007, the CIFS had the following investments and maturities (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	\$ 1,590,061	\$ 1,459,507	\$ 125,997	\$ -	\$ 4,557
Asset Backed Securities	308,135	-	287,190	20,377	568
Government Securities	1,703,294	20,096	600,216	468,767	614,215
Government Agency Securities	2,304,337	193	24,608	58,072	2,221,464
Mortgage Backed Securities	1,092,755	10,515	15,062	60,973	1,006,205
Corporate Debt	1,919,345	214,700	725,384	532,517	446,744
Convertible Debt	29,187	3,763	19,466	3,265	2,693
Mutual Fund	262,534	-	-	-	262,534
Total Debt Instruments	9,209,648	\$ 1,708,774	\$ 1,797,923	\$ 1,143,971	\$ 4,558,980
Common Stock	15,172,549				
Preferred Stock	115,590				
Real Estate Investment Trust	164,256				
Mutual Fund	171,376				
Limited Liability Corporation	4,290				
Trusts	7,147				
Limited Partnerships	1,929,672				
Annuities	1				
Total Investments	<u>\$ 26,774,529</u>				

### *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 require each manager to maintain a diversified portfolio at all times. In addition, each core manager is required to maintain a target duration that is similar to its respective benchmark which is typically the Lehman Brother Aggregate-an intermediate duration index.

### *Credit Risk*

The CIFS minimizes 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, 2007, CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

### Combined Investment Funds

Quality Ratings	Fair Value	Cash Equivalents	Asset Backed Securities	Government Securities	Government Agency Securities	Mortgage Baked Securities	Corporate Debt	Convertible Debt	Mutual Fund
Aaa	\$ 4,200,344	\$ 698	\$ 301,577	\$ 1,512,888	\$ 1,333,417	\$ 841,452	\$ 210,312	\$ -	\$ -
Aa	518,161	-	-	16,085	-	1,553	500,289	234	-
A	248,951	-	238	11,775	-	1,680	234,446	812	-
Baa	453,795	-	2,948	50,286	-	13,265	387,296	-	-
Ba	156,803	-	-	44,730	-	3,357	107,992	724	-
B	286,243	-	-	25,317	-	-	259,693	1,233	-
Caa	81,118	-	-	-	-	8,066	65,773	7,279	-
Ca	138	-	-	-	-	138	-	-	-
C	1,127	-	-	-	-	1,127	-	-	-
Prime-1	705,829	670,829	-	-	-	-	35,000	-	-
Not Rated	2,557,139	918,534	3,372	42,213	970,920	222,117	118,544	18,905	262,534
Total	<u>\$ 9,209,648</u>	<u>\$ 1,590,061</u>	<u>\$ 308,135</u>	<u>\$ 1,703,294</u>	<u>\$ 2,304,337</u>	<u>\$ 1,092,755</u>	<u>\$ 1,919,345</u>	<u>\$ 29,187</u>	<u>\$ 262,534</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 market place. While managers within the fixed income portion of the portfolio are allowed to invest in



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non-U.S. denominated securities; managers are required to limit that investment to a portion of their respective portfolios. As of June 30, 2007, CIFS' foreign deposits and investments were as follows (amounts in thousands):

Foreign Currency	Combined Investment Funds						Equities		
	Total	Cash	Fixed Income Securities				Common Stock	Preferred Stock	Real Estate Investment Trust
			Government Securities	Mutual Funds	Corporate Debt	Convertible Securities			
Argentine Peso	\$ 537	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ 497	\$ -	\$ -
Australian Dollar	179,679	2,026	-	-	-	-	177,653	-	-
Brazilian Real	86,116	249	-	-	5,433	-	23,481	56,953	-
Canadian Dollar	24,011	41	-	-	1,143	-	22,827	-	-
Chilean Peso	2,246	28	-	-	-	-	1,835	383	-
Czech Koruna	7,416	174	-	-	-	-	7,242	-	-
Danish Krone	32,625	279	-	-	-	-	32,346	-	-
Egyptian Pound	113	-	-	-	-	-	113	-	-
Euro Currency	1,677,518	3,652	22,820	1,493	500	495	1,617,297	31,261	-
Hong Kong Dollar	192,958	1,374	-	-	-	-	191,279	-	305
Hungarian Forint	20,372	92	-	-	-	-	20,280	-	-
Indonesian Rupiah	15,474	86	-	-	860	-	14,528	-	-
Israeli Shekel	10,361	-	-	-	-	-	10,361	-	-
Japanese Yen	977,374	17,107	10,637	-	3,207	1,243	944,251	-	929
Malaysian Ringgit	71,677	(126)	-	-	-	-	71,803	-	-
Mexican Peso	43,274	601	13,984	-	-	-	28,689	-	-
New Taiwan Dollar	101,581	528	-	-	-	-	101,053	-	-
New Turkish Dollar	24,367	-	-	-	-	-	24,367	-	-
New Zealand Dollar	8,651	1,736	-	-	3,932	-	2,983	-	-
Norwegian Krone	39,192	192	-	-	-	-	39,000	-	-
Pakistan Rupee	6	6	-	-	-	-	-	-	-
Peruvian Nuevo Sol	513	-	-	-	-	-	513	-	-
Philippine Peso	16,130	33	-	-	-	-	16,097	-	-
Polish Zloty	32,919	60	-	-	-	-	32,859	-	-
Pound Sterling	879,241	5,175	-	-	12,389	-	849,713	-	11,964
Singapore Dollar	81,734	3,365	5,179	-	7,767	-	62,075	-	3,348
South African Rand	53,260	1	-	-	-	-	53,259	-	-
South Korean Won	382,900	1,827	-	-	-	-	356,876	24,197	-
Swedish Krona	121,037	2,207	-	-	-	-	118,830	-	-
Swiss Franc	317,656	858	-	-	-	-	316,798	-	-
Thailand Baht	40,993	(26)	-	-	-	-	41,019	-	-
Total	\$ 5,441,931	\$ 41,585	\$ 52,620	\$ 1,493	\$ 35,231	\$ 1,738	\$ 5,179,924	\$ 112,794	\$ 16,546

### 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 Cash Reserve Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2007, the CIFS had deposits with a bank balance of \$48.7 million which was uninsured and uncollateralized.

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

### Other Investments

As of June 30, 2007, the State had other investments and maturities as follows (amounts in thousands):

#### Other Investments

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Repurchase Agreements	\$ 54,420	\$ 54,420	\$ -	\$ -	\$ -
State/Municipal Bonds	61,465	4,123	20,875	11,861	24,606
U.S. Government Securities	39,954	25,891	12,049	-	2,014
U.S. Agency Securities	485,327	67,985	44,893	372,449	-
Guaranteed Investment Contracts	500,095	34,047	204,421	59,554	202,073
Tax Exempt Proceeds Fund	53,878	53,878	-	-	-
Money Market Funds	321	321	-	-	-
Mortgage-Backed Securities	22,216	-	3	6,220	15,993
Corporate Bonds	4	2	2	-	-
Total Debt Investments	1,217,680	\$ 240,667	\$ 282,243	\$ 450,084	\$ 244,686
Annuity Contracts	263,646				
Endowment Pool	13,412				
Total Investments	\$ 1,494,738				

**Credit Risk**

As of June 30, 2007, other investments were rated by Standard and Poor's as follows (amounts in thousands):

**Other Investments**

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Repurchase Agreements	\$ 54,420	\$ 54,420	\$ -	\$ -	\$ -
State/Municipal Bonds	61,465	-	61,465	-	-
U.S. Agency Securities	485,327	452,271	-	33,056	-
Guaranteed Investment Contracts	500,095	221,618	278,477	-	-
Tax Exempt Proceeds Fund	53,878	-	-	-	53,878
Money Market Funds	321	-	-	-	321
Mortgage-Backed Securities	22,216	22,216	-	-	-
Corporate Bonds	4	-	-	-	4
Total	<u>\$ 1,177,726</u>	<u>\$ 750,525</u>	<u>\$ 339,942</u>	<u>\$ 33,056</u>	<u>\$ 54,203</u>

**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, 2007, \$230,967 of the bank balance of the Primary Government of \$233,851 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 208,000
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	22,967
Total	<u>\$ 230,967</u>

**Component Units**

As of June 30, 2007, the major component units had the following investments and maturities (amounts in thousands):

**Major Component Units**

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Collateralized Mortgage Obligations	\$ 2,948	\$ -	\$ -	\$ -	\$ 2,948
Corporate Finance Bonds	7,655	-	2,196	5,459	-
Corporate Notes	7,969	2,255	4,341	-	1,373
Federated Funds	14,672	14,672	-	-	-
Fidelity Tax Exempt Fund	7,884	7,884	-	-	-
GNMA Program Assets	815,576	-	-	-	815,576
Guaranteed Investment Contracts	260,891	-	260,891	-	-
Investment Agreements	1,368	-	-	1,368	-
Mortgage Backed Securities	3,947	25	-	1,326	2,596
Repurchase Agreements	7,197	-	-	-	7,197
U.S. Government Securities	765	-	-	-	765
Structured Securities	553	-	-	-	553
Money Market Funds	267,880	267,880	-	-	-
Municipal Bonds	1,859	-	-	-	1,859
Certificate of Deposits	3,000	3,000	-	-	-
Total	<u>\$ 1,404,164</u>	<u>\$ 295,716</u>	<u>\$ 267,428</u>	<u>\$ 8,153</u>	<u>\$ 832,867</u>

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Health and Education Facilities Authority (CHEFA) own 62.6 percent and 37.4 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.

**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.

**CHEFA**

The Authority manages its exposure to this risk by designing its portfolio of unrestricted investments with the objective of regularly exceeding the average return of 90 day U.S. Treasury Bills. This is considered to be a benchmark for riskless investment transactions and therefore represents a minimum standard for the portfolio's rate of return. The Authority's policy as it relates to restricted investments provides that all restricted accounts be invested in strict accordance with the bond issue trust indentures, with the above policy and with applicable Connecticut State Law.

**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 CIFS, and other obligations which are legal investments for savings banks in the state. Repurchase agreements, investment agreements, certificate of deposits, and the Federated Funds are fully collateralized by obligations issued by the United States Government or its agencies. Mortgage Backed Securities and Collateralized Mortgage Obligations are fully collateralized by the Federal National Mortgage Association or the United States Department of Housing and Urban Development mortgage pools.

**CHEFA**

The Authority has an investment policy that would further limit its investment choices beyond those limited by state statutes for both unrestricted and restricted investments. For example, investments that may be purchased by the Authority with the written approval of an officer, provided that the investment has a maturity of one year or less, are obligations issued or guaranteed by the U.S. Government, the State's Short-Term Investment Fund (STIF), etc.

As of June 30, 2007, major component units' investments were rated as follows (amounts in thousands):

**Component Units**

Investment Type	Fair Value	Quality Ratings						
		AAA	AA	A	BBB	Baa	C	Unrated
Collateralized Mortgage Obligations	\$ 2,948	\$ 436	\$ 2,512	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Finance Bonds	7,655	-	-	2,196	5,459	-	-	-
Corporate Notes	7,969	-	2,255	2,802	1,539	1,373	-	-
Federated Funds	14,672	-	-	-	-	-	-	14,672
Fidelity Tax Exempt Fund	7,884	-	-	-	-	-	-	7,884
GNMA Assets	815,576	-	-	-	-	-	-	815,576
Guaranteed Investment Contracts	260,891	3,253	257,638	-	-	-	-	-
Investment Agreements	1,368	-	-	-	-	-	-	1,368
Mortgage Backed Securities	3,947	424	-	-	-	-	-	3,523
Repurchase Agreements	7,197	-	-	-	-	-	-	7,197
Structured Securities	553	-	-	-	-	-	553	-
Money Market Funds	267,880	267,880	-	-	-	-	-	-
Municipal Bonds	1,859	1,859	-	-	-	-	-	-
Certificate of Deposits	3,000	-	-	-	-	-	-	3,000
Total	\$ 1,403,399	\$ 273,852	\$ 262,405	\$ 4,998	\$ 6,998	\$ 1,373	\$ 553	\$ 853,220

**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, 2006, the Authority had no investments in any one issuer that represents 5% or more of total investments, other than investments guaranteed by the U.S. Government (GNMA Program Assets).

**CHEFA**

For unrestricted investments, the Authority places limits on the amount of investment in any one issuer. No issuer other than the United States Treasury or the State's Short-Term Investment Fund shall constitute greater than 5 percent of unrestricted investments, except for qualified money market or mutual bond funds, none of which shall constitute greater than 50 percent of general fund investments. At year end, the Authority was in compliance with this policy. The Authority places no limit on the amount of investments in any one issuer for restricted investments. At year end, the Authority's guaranteed investment contracts with AIG,

Morgan Stanley, and Rabobank exceeded 5 percent of the Authority's portfolio.

### **Security Lending Transactions**

Certain of the Combined Investment Funds are permitted by State statute to lend its securities through a lending agent to authorized broker-dealers and banks for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

During the year, the funds' lending agent lent securities similar to the types on loan at year-end and received cash (United States and foreign currency), U.S. Government securities, sovereign debt rated A or better, convertible bonds, and irrevocable bank letters of credit as collateral. The funds' lending agent did not have the ability to pledge or sell collateral securities delivered absent borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 102 percent of the market value of the loaned securities; and (2) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105 percent of the market value of the loaned securities. The funds did not impose any restrictions during the fiscal year on the amount of loans that the lending agent made on their behalf and the lending agent indemnified the funds by agreeing to purchase replacement securities, or return the cash collateral thereof in the event any borrowers failed to return the loaned securities or pay distributions thereon. As of June 30, 2007, the funds had no credit exposure to the borrowers, because the value of collateral held and the market value securities on loan were \$3,793.8 million and \$3,691.7 million, respectively.

All securities loans can be terminated on demand by either the funds or the borrowers. Cash collateral is invested by the funds' lending agent, and the average duration of the investments can not exceed (a) 120 days or (b) the average duration of the loans by more than 45 days. At year-end, the average duration of the collateral investments was 70 days; the average duration of the loans was unknown, although it is assumed to remain at one day.

### **Note 5 Receivables-Current**

As of June 30, 2007, current receivables consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	\$ 1,450,310	\$ -	\$ -
Accounts	1,045,346	498,644	37,700
Loans-Current Portion	-	175,429	27,312
Other Governments	687,400	7,209	-
Interest	7,933	18,183	926
Other (1)	11,685	-	-
Total Receivables	3,202,674	699,465	65,938
Allowance for Uncollectibles	(925,279)	(89,842)	(2,723)
Receivables, Net	\$ 2,277,395	\$ 609,623	\$ 63,215

(1) Includes a reconciling amount of \$5,450 from fund financial statements to government-wide financial statements.

### **Note 6 Taxes Receivable**

Taxes receivable consisted of the following as of June 30, 2007 (amounts in thousands):

	Governmental Activities		
	General Fund	Transportation Fund	Total
Sales and Use	\$ 432,757	\$ -	\$ 432,757
Income Taxes	585,747	-	585,747
Corporations	136,108	-	136,108
Gasoline and Special Fuel	-	43,242	43,242
Various Other	252,456	-	252,456
Total Taxes Receivable	1,407,068	43,242	1,450,310
Allowance for Uncollectibles	(81,933)	(1,097)	(83,030)
Taxes Receivable, Net	\$ 1,325,135	\$ 42,145	\$ 1,367,280

### **Note 7 Receivables-Noncurrent**

Noncurrent receivables for the primary government and its component units, as of June 30, 2007, consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Accounts	\$ -	\$ 1,007	\$ 16,256
Loans	196,962	558,447	125,047
Total Receivables	196,962	559,454	141,303
Allowance for Uncollectibles	(9,373)	(2,888)	(10,256)
Receivables, Net	\$ 187,589	\$ 556,566	\$ 131,047

The 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 \$494 million.

The Connecticut Development Authority (a component unit) loans funds to finance the purchase of land, buildings, and equipment by qualified applicants and to finance other economic development programs of the Authority. These loans are collateralized by assets acquired from proceeds of the related loans and have originating terms of 1 to 25 years and earn interest at rates ranging from 3 percent to 10.50 percent. As of June 30, 2007, the noncurrent portion of loans receivable was \$30 million. In addition, loans in the amount of \$5.9 million (including loans of \$5.8 million made by other lending institutions) were insured by an insurance fund created by the Authority and by the faith and credit pledged by the State. This insurance fund had net assets of \$(197) thousand at year-end. Thus, the State is contingently liable in the event of any defaulted loans that could not be paid out of the assets of the insurance fund.

### Note 8 Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2007, restricted assets were comprised of the following (amounts in thousands):

	Cash & Cash Equivalents	Investments	Loans, Net of Allowances	Other	Total Restricted Assets
<b>Governmental Activities:</b>					
Debt Service	\$ 186,072	\$ 490,822	\$ -	\$ -	\$ 676,894
Environmental	-	830	-	-	830
Other	-	-	-	-	-
Total-Governmental Activities	\$ 186,072	\$ 491,652	\$ -	\$ -	\$ 677,724
<b>Business-Type Activities:</b>					
Bradley International Airport	\$ 78,942	\$ 45,126	\$ -	\$ 3,063	\$ 127,131
UConn/Health Center	117,886	248	-	-	118,134
Clean Water	-	394,695	-	-	394,695
Other Proprietary	-	50,337	-	-	50,337
Total-Business-Type Activities	\$ 196,828	\$ 490,406	\$ -	\$ 3,063	\$ 690,297
<b>Component Units:</b>					
CHFA	\$ 2,321	\$ 1,527,596	\$ 2,701,355	\$ 155,349	\$ 4,386,621
CHEFA	162	543,392	-	90	543,644
Other Component Units	129,813	41,995	-	2	171,810
Total-Component Units	\$ 132,296	\$ 2,112,983	\$ 2,701,355	\$ 155,441	\$ 5,102,075

### Note 9 Accounts Payable and Accrued Liabilities

As of June 30, 2007, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

	Vendors	Salaries and Benefits	Interest	Other	Total Payables & Accrued Liabilities
<b>Governmental Activities:</b>					
General	\$ 138,054	\$ 208,011	\$ -	\$ -	\$ 346,065
Transportation	9,893	11,390	-	-	21,283
Other Governmental	178,492	36,065	-	3,138	217,695
Internal Service	6,758	1,957	-	11,243	19,958
Reconciling amount from fund financial statements to government-wide financial statements	-	-	100,812	4,896	105,708
Total-Governmental Activities	\$ 333,197	\$ 257,423	\$ 100,812	\$ 19,277	\$ 710,709
<b>Business-Type Activities:</b>					
UConn/Health Center	\$ 38,615	\$ 65,444	\$ -	\$ 19,378	\$ 123,437
State Universities	8,769	36,612	2,259	-	47,640
Other Proprietary	23,015	28,623	22,032	27,886	101,556
Total-Business-Type Activities	\$ 70,399	\$ 130,679	\$ 24,291	\$ 47,264	\$ 272,633

### Note 10 Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 1,294,616	\$ 59,510	\$ 41	\$ 1,354,085
Construction in Progress	1,658,695	572,963	271,483	1,960,175
Total Capital Assets not being Depreciated	2,953,311	632,473	271,524	3,314,260
Other Capital Assets:				
Buildings	2,768,464	19,972	391	2,788,045
Improvements Other than Buildings	449,799	6,154	730	455,223
Equipment	1,385,551	232,130	120,992	1,496,689
Infrastructure	10,078,020	365,297	-	10,443,317
Total Other Capital Assets at Historical Cost	14,681,834	623,553	122,113	15,183,274
Less: Accumulated Depreciation For:				
Buildings	1,629,521	69,702	391	1,698,832
Improvements Other than Buildings	257,662	22,936	730	279,868
Equipment	995,142	244,001	120,992	1,118,151
Infrastructure	4,998,227	450,472	-	5,448,699
Total Accumulated Depreciation	7,880,552	787,111 *	122,113	8,545,550
Other Capital Assets, Net	6,801,282	(163,558)	-	6,637,724
Governmental Activities, Capital Assets, Net	\$ 9,754,593	\$ 468,915	\$ 271,524	\$ 9,951,984

\* Depreciation expense was charged to functions as follows:

#### Governmental Activities:

Legislative	\$ 4,934
General Government	32,535
Regulation and Protection	17,533
Conservation and Development	14,344
Health and Hospitals	13,924
Transportation	578,244
Human Services	1,852
Education, Libraries and Museums	33,206
Corrections	50,971
Judicial	19,905

Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets

	19,663
<b>Total Depreciation Expense</b>	<b>\$ 787,111</b>

## Connecticut

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 59,314	\$ 170	\$ -	\$ 59,484
Construction in Progress	175,449	111,704	96,376	190,777
Total Capital Assets not being Depreciated	234,763	111,874	96,376	250,261
Capital Assets being Depreciated:				
Buildings	3,292,821	170,323	7,971	3,455,173
Improvements Other Than Buildings	483,189	15,489	39,724	458,954
Equipment	842,688	67,958	34,584	876,062
Infrastructure	-	-	-	-
Total Other Capital Assets at Historical Cost	4,618,698	253,770	82,279	4,790,189
Less: Accumulated Depreciation For:				
Buildings	959,272	108,668	3,162	1,064,778
Improvements Other Than Buildings	186,512	18,442	7	204,947
Equipment	477,814	61,256	31,180	507,890
Total Accumulated Depreciation	1,623,598	188,366	34,349	1,777,615
Other Capital Assets, Net	2,995,100	65,404	47,930	3,012,574
Business-Type Activities, Capital Assets, Net	\$ 3,229,863	\$ 177,278	\$ 144,306	\$ 3,262,835

### Component Units

Capital assets of the component units consisted of the following as of June 30, 2007 (amounts in thousands):

Land	\$ 28,625
Buildings	476,655
Improvements other than Buildings	2,778
Machinery and Equipment	254,282
Construction in Progress	357
Total Capital Assets	762,697
Accumulated Depreciation	(328,968)
Capital Assets, net	\$ 433,729

### Note 11 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) and Tier IIA (contributory), the Teachers' Retirement System (TRS), and the Judicial Retirement System (JRS).

The State Comptroller's Retirement Division under the direction of the Connecticut State Employees Retirement Division administers SERS and JRS. The Teachers' Retirement Board administers TRS. None of the above mentioned systems issue stand-alone financial reports. However, financial statements for SERS, TRS, and JRS are presented in Note No. 13.

### Plan Descriptions, Funding Policy, and Annual Pension Cost and Net Pension Obligation

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

	SERS 6/30/2007	TRS 6/30/2006	JRS 6/30/2007
Retirees and beneficiaries receiving benefits	37,420	26,695	218
Terminated plan members entitled to but not yet receiving benefits	1,693	1,341	2
Active plan members	52,438	51,015	218
Total	91,551	79,051	438

### State Employees' Retirement System

#### Plan Description

SERS is a single-employer defined-benefit pension plan covering substantially all of the State full-time employees who are not eligible for another State sponsored retirement plan. Plan benefits, cost-of-living adjustments, 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 adjustments 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. Tier I Plan B regular and Hazardous Duty members are required to contribute 2 percent and 4 percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus 5 percent above that level; Tier I Plan C members are required to contribute 5 percent of their annual salary; Tier II Plan Hazardous Duty members are required to contribute 4% of their annual salary; Tier IIA Plan regular and Hazardous Duty members are required to contribute 2 percent and 5 percent of their annual salary, respectively. 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 single-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 10-183pp 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**

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 6 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.

### **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 adjustments 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 6 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.

### **Annual Pension Cost, Net Pension Obligation, and Related Information**

The State's annual pension cost and net pension obligation to SERS, TRS, and JRS for the current year were as follows (amounts in thousands):

	<b>SERS</b>	<b>TRS</b>	<b>JRS</b>
Annual required contribution	\$ 663,926	\$ 416,061	\$ 12,375
Interest on net pension obligation	193,056	124,596	4
Adjustment to annual required contribution	(131,973)	(98,855)	(3)
Annual pension cost	725,009	441,802	12,376
Contributions made	663,931	412,101	12,375
Increase (decrease) in net pension obligation	61,078	29,701	1
Net pension obligation beginning of year	2,271,249	1,465,841	46
Net pension obligation end of year	\$ 2,332,327	\$ 1,495,542	\$ 47

Three-year trend information is as follows (amounts in thousands):

	<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
SERS	2005	\$ 582,082	89.1%	\$ 2,208,839
	2006	\$ 685,473	90.9%	\$ 2,271,249
	2007	\$ 725,009	91.6%	\$ 2,332,327
TRS	2005	\$ 317,978	58.3%	\$ 1,427,420
	2006	\$ 434,670	91.2%	\$ 1,465,841
	2007	\$ 441,802	93.3%	\$ 1,495,542
JRS	2005	\$ 12,238	100%	\$ 45
	2006	\$ 11,731	100%	\$ 46
	2007	\$ 12,376	100%	\$ 47

### **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 \$30.7 million and \$20.0 million, respectively.

### **Note 12 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 (CMERS) 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 CMERS and CPJERS are presented in Note No. 13.

### **Plan Descriptions and Contribution Information**

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

	<b>CMERS 6/30/2006</b>	<b>CPJERS 12/31/2005</b>
Retirees and beneficiaries receiving benefits	5,112	263
Terminated plan members entitled to but not receiving benefits	430	28
Active plan members	8,505	386
Total	14,047	677
Number of participating employers	164	1

### **Connecticut Municipal Employees' Retirement System**

#### **Plan Description**

CMERS 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. 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.

#### **Contributions**

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.

### **Connecticut Probate Judges and Employees' Retirement System**

#### **Plan Description**

CPJERS is a single-employer defined benefit pension plan that covers judges and employees of probate courts in the State. 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 the General statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

**Contributions**

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.

**Note 13 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. (see Note No. 4) (amounts in thousands):

<b>Statement of Fiduciary Net Assets (000's)</b>							
	<b>State Employees</b>	<b>State Teachers</b>	<b>Judicial</b>	<b>Connecticut Municipal Employees</b>	<b>Probate Judges</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>							
Cash and Cash Equivalents	\$ 3,359	\$ -	\$ -	\$ 7,221	\$ 32	\$ 183	\$ 10,795
Receivables:							
Accounts, Net of Allowances	2,043	8,582	8	5,363	6	-	16,002
From Other Governments	-	5,771	-	-	-	-	5,771
From Other Funds	-	454	-	-	-	-	454
Interest	337	838	12	75	4	-	1,266
Investments	10,037,696	13,782,071	187,348	1,717,314	87,647	875	25,812,951
Securities Lending Collateral	1,408,258	1,915,999	26,030	239,500	12,241	136	3,602,164
Total Assets	11,451,693	15,713,715	213,398	1,969,473	99,930	1,194	29,449,403
<b>Liabilities</b>							
Accounts Payable and Accrued Liabilities	44	-	2	-	10	-	56
Securities Lending Obligation	1,408,258	1,915,999	26,030	239,500	12,241	136	3,602,164
Due to Other Funds	-	6,906	-	-	-	-	6,906
Total Liabilities	1,408,302	1,922,905	26,032	239,500	12,251	136	3,609,126
<b>Net Assets</b>							
Held in Trust For Employee Pension Benefits	10,043,391	13,790,810	187,366	1,729,973	87,679	1,058	25,840,277
Total Net Assets	\$ 10,043,391	\$ 13,790,810	\$ 187,366	\$ 1,729,973	\$ 87,679	\$ 1,058	\$ 25,840,277

<b>Statement of Changes in Fiduciary Net Assets (000's)</b>							
	<b>State Employees</b>	<b>State Teachers</b>	<b>Judicial</b>	<b>Connecticut Municipal Employees</b>	<b>Probate Judges</b>	<b>Other</b>	<b>Total</b>
<b>Additions</b>							
Contributions:							
Plan Members	\$ 61,794	\$ 237,468	\$ 1,594	\$ 14,317	\$ 278	\$ 114	\$ 315,565
State	663,931	412,101	12,375	-	-	-	1,088,407
Municipalities	-	6,159	-	39,371	-	-	45,530
Total Contributions	725,725	655,728	13,969	53,688	278	114	1,449,502
Investment Income	1,594,319	2,217,450	27,888	266,191	13,555	87	4,119,490
Less: Investment Expenses	(83,150)	(115,730)	(1,456)	(13,894)	(707)	(4)	(214,941)
Net Investment Income	1,511,169	2,101,720	26,432	252,297	12,848	83	3,904,549
Transfers In	-	-	-	-	2,492	-	2,492
Other	-	-	-	20	-	-	20
Total Additions	2,236,894	2,757,448	40,401	306,005	15,618	197	5,356,563
<b>Deductions</b>							
Administrative Expense	510	-	10	-	-	-	520
Benefit Payments and Refunds	958,115	1,165,656	16,797	80,969	2,782	2	2,224,321
Other	29	3,634	2	15	2,493	-	6,173
Total Deductions	958,654	1,169,290	16,809	80,984	5,275	2	2,231,014
Changes in Net Assets	1,278,240	1,588,158	23,592	225,021	10,343	195	3,125,549
<b>Net Assets Held in Trust For Employee Pension Benefits:</b>							
Beginning of Year	8,765,151	12,202,652	163,774	1,504,952	77,336	863	22,714,728
End of Year	\$ 10,043,391	\$ 13,790,810	\$ 187,366	\$ 1,729,973	\$ 87,679	\$ 1,058	\$ 25,840,277



#### Note 14 Postemployment Benefits

In addition to the pension benefits described in Note 11, the State provides postretirement health care and life insurance benefits, in accordance with State statutes, Sections 5-257(d) and 5-259(a), to all employees who retire from the State.

As of June 30, 2007, 38,506 retirees of the State Employees Retirement System meet those eligibility requirements. When employees retire, the State may pay up to 100 percent of their health care insurance premium cost (including dependent's coverage) based on the plan chosen by the employee. In addition, the State pays 100 percent of the premium cost for a portion of the employees' life insurance, continued after retirement. The amount of life insurance, continued at no cost to the retiree, is determined based on the number of years of service that the retiree had with the State at time of retirement as follows: (a) if the retiree had 25 years or more of service, the amount of insurance will be one-half of the amount of insurance for which the retiree was insured immediately prior to retirement, but the reduced amount cannot be less than \$7,500 (b) if the retiree had less than 25 years of service, the amount of insurance will be the proportionate amount that such years of service is to 25, rounded to the nearest \$100. The State finances the cost of postretirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the General Fund. During the year ended June 30, 2007, \$418.4 million was paid in postretirement benefits.

#### 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):

2008	\$	44,498
2009		35,567
2010		29,667
2011		30,272
2012		30,367
Thereafter		19,227
Total	\$	189,598

Contingent revenues for the year ended June 30, 2007, were \$1.6 million.

##### State as Lessee

Obligations under capital and operating leases as of June 30, 2007, were as follows (amounts in thousands):

	Noncancelable Operating Leases	Capital Leases
2008	\$ 64,882	\$ 7,855
2009	53,564	7,598
2010	48,639	7,602
2011	37,570	7,523
2012	23,920	7,174
2013-2017	23,076	20,150
2018-2022	442	11,179
2023-2027	386	6,124
2028-2032	-	4,870
Total minimum lease payments	\$ 252,479	80,075
Less: Amount representing interest costs		23,831
Present value of minimum lease payments		\$ 56,244

Minimum capital lease payments were discounted using an interest rate of approximately 6 percent.

Rental payments on noncancelable operating leases charged to expenses during the year ended June 30, 2007, was \$46.7 million.

##### Lease/Lease Back Transaction

On September 30, 2003 the State executed a U.S. Lease-to-Service Contract of Rolling Stock Agreement (Agreement) whereby the state entered into a head lease of certain rolling stock consisting of rail coaches and locomotives to statutory trusts established for the benefit of three equity investors. Simultaneously, the State executed sublease agreements to lease back the rolling stock in order to allow the State to have continued use of the property. The terms of the head leases are for periods ranging from 40 years to 67 years, expiring through March 2071, while the subleases have terms ranging from 18 years to 28 years, expiring through January 2032. At the end of the respective sublease terms, the State will have the option to purchase the statutory trusts' interest in the rolling stock for an aggregate fixed price.

Proceeds from the prepayment of the head lease rents were paid to debt payment undertakers and custodians in amounts sufficient, together with investment earning thereon, to provide for all future obligations of the State under the sublease agreements and the end of lease term purchase options. Although it is remote that the State will be required to make any additional payments under the sublease, the State is and shall remain liable for all of its obligations under the subleases. The aggregate remaining commitment under the subleases totaled approximately \$322 million at June 30, 2007.

The State is obligated to insure and maintain the rolling stock. In addition, if an equity investor suffers a loss of tax deductions or incurs additional taxable income as a result of certain circumstances, as defined in the Agreement, then the State must indemnify the equity investor for the additional tax incurred, including interest and penalties thereon. The State has the right to terminate the sublease early under certain circumstances and upon payment of a termination value to the equity investors. If the State chooses early termination, then the termination value would be paid from funds available from the debt payment undertakers and the custodians, and if such amounts are insufficient, then the State would be required to pay the difference.

## Note 16 Long-Term Debt

a) The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2007, (amounts in thousands):

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Amounts due within one year
<b>Governmental Activities</b>					
<b>Bonds:</b>					
General Obligation	\$ 10,211,493	\$ 1,781,075	\$ 1,395,987	\$ 10,596,581	\$ 873,675
Transportation	3,094,001	-	271,416	2,822,585	276,393
	13,305,494	1,781,075	1,667,403	13,419,166	1,150,068
Plus/(Less) premiums and deferred amounts	267,175	67,907	33,258	301,824	-
<b>Total Bonds</b>	<b>13,572,669</b>	<b>1,848,982</b>	<b>1,700,661</b>	<b>13,720,990</b>	<b>1,150,068</b>
Economic Recovery Notes	146,090	-	146,090	-	-
<b>Other Liabilities:</b>					
Net Pension Obligation	3,737,136	1,179,187	1,088,407	3,827,916	-
Compensated Absences	471,093	35,869	32,900	474,062	23,146
Workers' Compensation	344,274	121,044	83,190	382,128	78,280
Capital Leases	60,491	117	4,364	56,244	4,933
Claims and Judgments	18,418	4,081	14,919	7,580	5,997
Contracts Payable & Other	3,493	4,057	3,493	4,057	-
<b>Total Other Liabilities</b>	<b>4,634,905</b>	<b>1,344,355</b>	<b>1,227,273</b>	<b>4,751,987</b>	<b>112,357</b>
<b>Governmental Activities Long-Term Liabilities</b>	<b>\$ 18,353,664</b>	<b>\$ 3,193,337</b>	<b>\$ 3,074,024</b>	<b>\$ 18,472,977</b>	<b>\$ 1,262,425</b>
<b>In prior years, the General and Transportation funds have been used to liquidate other liabilities.</b>					
<b>Business-Type Activities</b>					
Revenue Bonds	\$ 1,523,130	\$ 242,830	\$ 188,237	\$ 1,577,723	\$ 108,754
Plus/(Less) premiums, discounts and deferred amounts	39,491	434	15,192	24,733	462
<b>Total Revenue Bonds</b>	<b>1,562,621</b>	<b>243,264</b>	<b>203,429</b>	<b>1,602,456</b>	<b>109,216</b>
Lottery Prizes	302,477	7,853	44,556	265,774	42,063
Compensated Absences	124,260	26,879	23,551	127,588	36,856
Other	180,757	3,865	13,469	171,153	11,043
<b>Total Other Liabilities</b>	<b>607,494</b>	<b>38,597</b>	<b>81,576</b>	<b>564,515</b>	<b>89,962</b>
<b>Business-Type Long-Term Liabilities</b>	<b>\$ 2,170,115</b>	<b>\$ 281,861</b>	<b>\$ 285,005</b>	<b>\$ 2,166,971</b>	<b>\$ 199,178</b>

b) As of June 30, 2007, long-term debt of component units consisted of the following (amounts in thousands):

Long-Term Debt	Balance June 30, 2007	Amounts due within year
Bonds Payable	\$ 3,699,265	\$ 103,816
Escrow Deposits	154,346	48,140
Closure of Landfills	61,365	10,588
State Loan	13,320	2,619
Deferred Revenue	2,808	425
Other	9,448	20
<b>Total</b>	<b>\$ 3,940,552</b>	<b>\$ 165,608</b>

## Note 17 Bonded Debt

### a. 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 that are supported by the full faith and credit of the State. General obligation bonds outstanding and bonds authorized but unissued at June 30, 2007, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Capital Improvements	2008-2028	2-7.518%	\$ 1,990,461	\$ 515,383
School Construction	2008-2028	2.2-7.275%	2,784,621	6,976
Municipal & Other				
Grants & Loans	2008-2023	2-7.513%	1,350,353	579,342
Elderly Housing	2008-2012	4.05-7.026%	49,584	47,946
Elimination of Water Pollution	2008-2023	3-7.312%	198,720	398,078
General Obligation				
Refunding	2008-2023	2-6.14%	3,721,380	-
Miscellaneous	2008-2037	2-6.75%	96,578	533,576
			10,191,697	2,081,301
Accretion-Various Capital Appreciation Bonds			404,884	
<b>Total</b>			<b>\$ 10,596,581</b>	

Future amounts needed to pay principal and interest on general obligation bonds outstanding at June 30, 2007, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2008	\$ 873,675	\$ 558,551	\$ 1,432,226
2009	819,884	562,072	1,381,956
2010	823,200	518,144	1,341,344
2011	809,758	420,697	1,230,455
2012	749,698	361,965	1,111,663
2013-2017	3,056,008	1,145,709	4,201,717
2018-2022	2,198,662	473,174	2,671,836
2023-2027	844,272	87,387	931,659
2028-2032	11,010	2,546	13,556
2033-2037	5,530	718	6,248
<b>Total</b>	<b>\$ 10,191,697</b>	<b>\$ 4,130,963</b>	<b>\$ 14,322,660</b>

#### Transportation Related Bonds

Transportation related bonds include special tax obligation bonds and general 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, 2007, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Specific Highways	2008	4.80-5.50%	\$ 1,063	\$ 4,065
Infrastructure				
Improvements	2008-2026	2.25-7.75%	2,815,134	1,052,786
General Obligation				
Other	2008	7.513-7.518%	264	-
			2,816,461	1,056,851
Accretion-Various Capital Appreciation Bonds			6,124	
<b>Total</b>			<b>\$ 2,822,585</b>	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2007, were as follows (amounts in thousands):

<b>Year Ending</b>				
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2008	\$ 276,393	\$ 135,965	\$ 412,358	
2009	274,998	117,332	392,330	
2010	268,515	102,662	371,177	
2011	238,390	88,750	327,140	
2012	219,995	76,805	296,800	
2013-2017	891,840	235,006	1,126,846	
2018-2022	476,945	92,808	569,753	
2023-2027	169,385	12,772	182,157	
	<u>\$ 2,816,461</u>	<u>\$ 862,100</u>	<u>\$ 3,678,561</u>	

### **Variable-Rate Demand Bonds**

As of June 30, 2007, variable-rate demand bonds included in bonded debt were as follows (amounts in thousands).

<b>Bond Type</b>	<b>Outstanding</b>	<b>Issuance</b>	<b>Maturity</b>
	<b>Principal</b>	<b>Year</b>	<b>Year</b>
Special Tax Obligation	\$ 80,800	1990	2010
General Obligation	70,000	1997	2014
Special Tax Obligation	100,000	2000	2020
General Obligation	100,000	2001	2021
Special Tax Obligation	409,650	2003	2022
General Obligation	280,000	2005	2023
Total	<u>\$ 1,040,450</u>		

The State entered into various Remarketing and Standby Bond Purchase agreements with certain brokerage firms and banks upon the issuance of the bonds.

The bonds were issued bearing a weekly interest rate, which is determined by the State's remarketing agents. The State has the option of changing at any time the weekly interest rate on the bonds to another interest rate, such as a flexible rate or a daily rate. Bonds bearing interest at the weekly rate are subject to purchase at the option of the bondholder at a purchase price equal to principal plus accrued interest, if any, on a minimum seven days' notice of tender to the State's agent. In addition, the bonds are subject to mandatory purchase upon (1) conversion from the weekly interest rate to another interest rate and (2) substitution or expiration of the Standby Bond Purchase agreements. The State's remarketing agent is responsible for using its best efforts to remarket bonds properly tendered for purchase by bondholders from time to time. The State is required to pay the Remarketing agents a quarterly fee of .05 percent per annum of the outstanding principal amount of the bonds.

The Standby Bond Purchase agreements require the banks to purchase any unremarketed bonds bearing the weekly interest rate for a price not to exceed the amount of bond principal and accrued interest, if any. The State is required to pay the banks a quarterly fee ranging from .065 percent to .20 percent per annum of the outstanding principal amount of the bonds plus interest. These fees would be increased if the credit rating for the bond insurers was to be downgraded, suspended, or withdrawn.

The Standby Bond Purchase agreements expire as follows:

1990 STO expires in the year 2010,  
1997 GO expires in the year 2014,  
2000 STO expires in the year 2014 and could be extended for another seven years,  
2001 GO expires in the year 2008,  
2003 STO expires in the year 2008 and could be extended for another five years, and  
2005 GO expires in the year 2015.

These agreements could be terminated at an earlier date if certain termination events described in the agreements were to occur.

### **Interest Rate Swaps**

#### **Objective of the swaps**

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, the State has entered into eleven separate pay-fixed, receive-variable interest rate swaps at a cost less than what the State would have paid to issue fixed-rate debt. Two of the swaps were executed in December 1990, one was executed in June 2001, three were executed in January 2003, and five were executed in March and April of 2005.

#### **Terms, fair values, and credit risk**

The terms, including the fair values and credit ratings of the outstanding swaps as of June 30, 2007, are as follows. The notional amount of the swaps matches the principal amount of the associated debt. The State's swap agreements, except for the Consumer Price Index (CPI) related swaps, contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated debt. For the CPI swaps, the swap agreements and associated debt are non-amortizing and mature on the same date.

<b>Associated Bond Issue</b>	<b>Notional Amounts (000's)</b>	<b>Effective Date</b>	<b>Fixed Rate Paid</b>	<b>Variable Rate Received</b>	<b>Fair Values (000's)</b>	<b>SWAP Termination Date</b>	<b>Counterparty Credit Rating</b>
1990 STO	\$ 48,500	12/19/1990	5.746%	65% of LIBOR	\$ (2,046)	12/1/2010	Aa2/AA/AA
1990 STO	32,300	12/19/1990	5.709%	65% of LIBOR	(1,347)	12/1/2010	Aa2/A+/A
2001 GO	20,000	6/28/2001	4.330%	CPI plus 1.43%	65	6/15/2012	Aa3/A+/AA-
2003 STO	116,780	1/23/2003	3.293%	55% LIBOR plus 50 bp	1,766	2/1/2022	Aaa/AA+/AA
2003 STO	97,100	1/23/2003	3.288%	55% LIBOR plus 50 bp	1,488	2/1/2022	Aaa/AA+/AA+
2003 STO	195,770	1/23/2003	3.284%	55% LIBOR plus 50 bp	3,153	2/1/2022	Aaa/AA+/AA+
2005 GO	140,000	3/24/2005	3.392%	60% of LIBOR plus 30bp	4,021	3/1/2023	Aaa/AAA/nr
2005 GO	140,000	3/24/2005	3.401%	60% of LIBOR plus 30bp	4,104	3/1/2023	Aaa/AA+/AA
2005 GO	15,620	4/27/2005	3.990%	CPI plus .65%	(444)	6/1/2016	Aa3/A+/AA-
2005 GO	20,000	4/27/2005	5.070%	CPI plus 1.73%	(752)	6/1/2017	Aa3/A+/AA-
2005 GO	20,000	4/27/2005	5.200%	CPI plus 1.79%	(958)	6/1/2020	Aaa/AAA/AAA
Total	<u>\$ 846,070</u>				<u>\$ 9,050</u>		

**Fair value**

As of June 30, 2007, the swaps dated in 2001, 2003 and March 2005 had positive fair values because interest rates have increased since the time when these swaps were undertaken; the 1990 and April 2005 swaps had negative fair values because interest rates had similarly declined. The negative fair values may be countered by reductions in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the State's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payment required under the swaps, assuming that 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, 2007, the State had credit risk exposure relating to the relationship between the variable interest rate on the bonds and the rate that it receives under the swap agreements undertaken in 2001, 2003 and March 2005. The State had no credit risk exposure on the swaps undertaken in 1990 and April 2005 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.

The swap agreements contain varying collateral agreements with the counterparties. With the exception of the 2005 swap with a credit rating of Aaa/AAA/na, the 2003 and 2005 swap agreements require collateralization of the fair value of the swap in cash or government securities should the counterparty's credit rating fall below Aa3 as issued by Moody's Investors Service or AA- as issued by Standard & Poor's Ratings or Fitch Ratings. One of the swaps executed in 1990 requires collateral of cash or securities if the counterparty credit rating falls below A1/A+. The other 1990 swap agreement and the 2001 swap agreement do not have collateral provisions. Accordingly no collateral was required to be posted for any of the swaps at June 30, 2007. The State is not required to post collateral for any of the swaps.

Approximately 23 percent of the notional amount of swaps outstanding is held with one counterparty, rated Aaa/AA+/AA+. Three swaps, or approximately 7% of the notional amount of the swaps outstanding are held by one of the lowest rated counterparties, rated Aa3/A+/AA-, while another 4% is held by a separate counter party who is rated AA2/A+/A. All other swaps are held by separate counterparties who are rated Aa2/AA/AA or better.

**Basis Risk**

The State's variable-rate bond coupon payments are equivalent to the Bond Market Association Municipal Swap (BMA) index rate, or the CPI floating rate. For those swaps for which the State receives a variable-rate payment other than CPI, the State is exposed to basis risk should the

relationship between the London Interbank Offered Rate (LIBOR) and BMA converge. If a change occurs that results in the rates moving to convergence, the synthetic rate on the bonds would change, and the expected cost savings may not be realized. As of June 30, 2007, the BMA rate was 3.73 percent, whereas 65 percent and 60 percent plus 30bp of LIBOR were 3.46 and 3.49 percent, respectively. The State recognizes this basis risk by including an amount for basis risk in its debt service budget. For fiscal year 2007, the budgeted amount for basis risk was \$1,500,000.

**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 2003 and 2005 swap agreements, the State has up to 270 days to fund any required termination payment. Under the 1990 swap agreements, the State may fund any required termination payment over a five-year period.

**Rollover Risk**

Because all of 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.

**Swap Payments and Associated Debt**

Using rates as of June 30, 2007, debt service requirements of the State's outstanding variable-rate bonds and net swap payments are as follows (amounts in thousands). As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	Variable-Rate Bonds		Interest Rate		Total
	Principal	Interest	SWAP, Net		
2008	\$ 21,665	\$ 30,914	\$ 1,355		\$ 53,934
2009	22,985	30,079	941		54,005
2010	24,410	29,210	498		54,118
2011	25,940	28,280	21		54,241
2012	29,125	27,665	(217)		56,573
2013-2017	313,580	106,503	331		420,414
2018-2022	333,365	28,589	43		361,997
2023-2027	75,000	271	(7)		75,264
Total	\$ 846,070	\$ 281,511	\$ 2,965		\$ 1,130,546

**b. 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, 2007, were as follows (amounts in thousands):

<b>Funds</b>	<b>Final Maturity Dates</b>	<b>Original Interest Rates</b>	<b>Amount Outstanding (000's)</b>
Uconn	2008-2032	2-6.5%	\$ 189,134
State Universities	2008-2036	2-6.0%	333,199
Bradley International Airport	2008-2032	2.5-5.25%	217,945
Clean Water	2008-2028	2-6%	611,027
Bradley Parking Garage	2008-2024	6.125-6.6%	47,665
Drinking Water	2008-2028	2-5.5%	39,313
Rate Reduction Bonds	2008-2011	3-5%	139,440
Total Revenue Bonds			1,577,723
Plus/(Less) premiums, discounts and deferred amounts:			
Uconn			(4,789)
State Universities			2,099
Bradley International Airport			(133)
Clean Water			17,524
Other			10,032
Revenue Bonds, net			<u>\$ 1,602,456</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.

Bradley Airport has issued various revenue bonds to finance costs of improvements to the airport. As of June 30, 2007, the following bonds were outstanding:

- a) 2004 Airport Revenue Refunding Bonds in the amount of \$20.5 million. These bonds were issued in July, 2004, to redeem the 1992 Airport Revenue Refunding Bonds, and are secured by and payable solely from the gross operating revenues generated by the State from the operations of the airport and other receipts, funds or monies pledged in the bond indenture.
- b) 2001 Bradley International Airport Revenue Bonds in the amount of \$179.5 million and 2001 Bradley International Airport Refunding Bonds in the amount of \$17.9 million. Both bond series are secured by and payable solely from the gross operating revenues generated by the state from the operation of the airport and other receipts, funds or monies pledged in the bond indenture.

As of June 30, 2007, Bradley airport has entered into interest rate swap agreements for \$152.4 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the fund.

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. As of June 30, 2007, the Clean Water Fund has entered into interest rate swap agreements for \$121.4 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the fund.

In 2000, Bradley Parking Garage bonds were issued in the amount of \$53.8 million to build a parking garage at the airport.

In 2004, the State of Connecticut issued \$205.3 million of Special Obligation Rate Reduction Bonds. These bonds were issued to sustain for two years the funding of energy conservation and load management and renewable energy investment programs by providing money to the State's General Fund.

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2007, were as follows (amounts in thousands):

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008	\$ 109,434	\$ 66,751	\$ 176,185
2009	111,418	61,944	173,362
2010	115,265	57,127	172,392
2011	127,536	55,220	182,756
2012	74,893	47,178	122,071
2013-2017	353,272	183,246	536,518
2018-2022	316,850	115,988	432,838
2023-2027	223,295	58,098	281,393
2028-2032	126,580	10,052	136,632
2033-2037	19,180	787	19,967
Total	<u>\$ 1,577,723</u>	<u>\$ 656,391</u>	<u>\$ 2,234,114</u>

### c. Component Units

Component units' revenue bonds outstanding at June 30, 2007, were as follows (amounts in thousands):

<b>Component Unit</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>Amount Outstanding (000's)</b>
CT Development Authority	2008-2020	3.25-6%	\$ 29,560
CT Housing Finance Authority	2007-2045	1.5-9.36%	3,422,231
CT Resources Recovery Authority	2008-2017	4-5.5%	26,541
CT Higher Education Supplemental Loan Authority	2008-2027	1.7-6%	128,885
Capital City Economic Development Authority	2008-2037	2.5-5%	85,735
UConn Foundation	2008-2029	3.875-5.5%	7,290
Total Revenue Bonds			3,700,242
Plus/(Less) premiums, discounts, and deferred amounts:			
CDA			20
CRRA			(609)
CCEDA			156
CHESLA			(544)
Revenue Bonds, net			<u>\$ 3,699,265</u>

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.

Connecticut Development Authority's revenue bonds are issued to finance such projects as the acquisition of land or the construction of buildings, and the purchase and installation of machinery, equipment, and pollution control facilities. The Authority finances these projects through its

Self-Sustaining Bond Program and Umbrella Program. Under the Umbrella Program, bonds outstanding at June 30, 2007 were \$.4 million. Assets totaling \$2.1 million are pledged under the terms of the bond resolution for the payment of principal and interest on these bonds until such time as it is determined that there are surplus funds as defined in the bond resolution. Bonds issued under the Self-Sustaining Bond Program are discussed in the no-commitment debt section of this note. In addition, the Authority had \$29.1 million 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 and an indenture dated 9/25/95. As of December 31, 2006, bonds outstanding under the bond resolution and the indenture were \$3,365.9 million and \$56.3 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 capital reserve fund is 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 the next succeeding calendar year (\$243.9 million at 12/31/06) on all outstanding bonds. As of December 31, 2006, the Authority has entered into interest rate swap agreements for \$920.5 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

Connecticut Resources Recovery 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.

Each Authority has established special capital reserve funds that secure all the outstanding bonds of the Authority at year-end, except as discussed next. 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. For the Connecticut Resources Recovery Authority, the amount of bonds outstanding at year-end that were secured by the special capital reserve funds was \$21.5 million.

The Capital City Economic 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 \$6.7 million in any calendar year. The bonds are secured by energy fees from the central utility plant and by parking fees subject to the Travelers Indemnity Company parking agreement.

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2007, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2008	\$ 115,800	\$ 163,898	\$ 279,698
2009	118,352	159,090	277,442
2010	121,389	154,160	275,549
2011	123,582	149,012	272,594
2012	667,219	790,599	1,457,818
2013-2017	690,465	522,173	1,212,638
2018-2022	703,619	357,091	1,060,710
2023-2027	642,276	196,313	838,589
2028-2032	466,245	61,160	527,405
2037-2041	45,725	5,331	51,056
2042-2045	5,570	467	6,037
Total	\$ 3,700,242	\$ 2,559,294	\$ 6,259,536

#### ***No-commitment debt***

Under the Self-Sustaining Bond program, The Connecticut Development Authority 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, 2007 were \$849.8 million.

The Connecticut Resources Recovery Authority has issued several bonds to fund the construction of waste processing facilities by independent contractors/operators. These bonds are payable from a pledge of revenues derived primarily under lease or loan arrangements between the Authority and the operators. Letters of credit secure some of these bonds. The Authority does not become involved in the construction activities or the repayment of the debt (other than the portion allocable to Authority purposes). In the event of a default, neither the authority nor the State guarantees payment of the debt, except for the State contingent liability discussed below. Thus, the assets and liabilities that relate to these bond issues are not included in the Authority's financial

statements. Total bonds outstanding at June 30, 2007 were \$132.1 million. Of this amount, \$49.5 million was secured by a special capital reserve fund.

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, 2007, were \$5,610.0 million, of which \$327.2 million was secured by special capital reserve funds.

The State may be contingently liable for those bonds that are secured by special capital reserve funds as discussed previously in this section.

***e. Debt Refundings***

During the year, the State issued \$527.7 million of general obligation bonds with an average interest rate of 4.89% to advance refund \$528.9 million of general obligation bonds with an average interest rate of 5.08%. The proceeds of the refunding bonds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds are considered defeased and the liability for those bonds have been removed from the statement of net assets. The reacquisition price exceeded the carrying amount of the old debt by \$18.9 million. This amount is being netted against the new debt and amortized over the life of the new or old debt, whichever is shorter.

The State advance refunded these bonds to reduce its total debt service payments over the next fifteen years by \$15.9 million and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$19.1 million. As of June 30, 2007, \$3,201.2 million of outstanding general obligation, special tax obligation, and revenue bonds are considered defeased.

**Note 18 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 below lists the risks of loss to which the State is exposed and the ways in which the State finances those risks.

<b>Risk of Loss</b>	<b>Risk Financed by</b>	
	<b>Purchase of Commercial Insurance</b>	<b>Self-Insurance</b>
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 particular statute (e.g. per statue 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 a large number of 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 fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net assets (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 claims liabilities during the last two fiscal years were as follows (amounts in thousands):

	<b>Governmental Activities Workers' Compensation</b>	<b>Business-Type Activities Medical Malpractice</b>
Balance 6-30-05	\$ 298,556	\$ 13,362
Incurred claims	122,998	11,777
Paid claims	(77,280)	(3,503)
Balance 6-30-06	344,274	21,636
Incurred claims	121,044	3,012
Paid claims	(83,190)	(4,648)
Balance 6-30-07	\$ 382,128	\$ 20,000

## Note 19 Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2007, were as follows (amounts in thousands):

	Balance due to fund(s)										
	General	Transportation	Other Governmental	UConn	State Universities	Other Proprietary	Employment Security	Internal Services	Fiduciary	Component Units	Total
<b>Balance due from fund(s)</b>											
General	\$ -	\$ -	\$ 3,909	\$ 53,294	\$ 22,042	\$ 20,530	\$ 633	\$ 8,149	\$ 4,896	\$ -	\$ 113,453
Debt Service	-	7,546	-	-	-	-	-	-	-	-	7,546
Other Governmental	4,759	-	6,947	2,795	23,195	188,473	-	-	-	12,727	238,896
UConn	15,235	-	-	-	-	-	-	-	-	-	15,235
State Universities	2,344	-	-	-	-	-	-	-	-	-	2,344
Employment Security	-	-	6,250	-	-	-	-	-	-	-	6,250
Other Proprietary	395	-	1,952	-	-	-	-	-	-	-	2,347
Internal Services	7,017	-	63,740	-	-	-	-	-	-	-	70,757
Fiduciary	-	-	5,450	-	-	-	-	-	1,459	-	6,909
Component Units	13,320	-	-	-	-	-	-	-	-	-	13,320
<b>Total</b>	<b>\$ 43,070</b>	<b>\$ 7,546</b>	<b>\$ 88,248</b>	<b>\$ 56,089</b>	<b>\$ 45,237</b>	<b>\$ 209,003</b>	<b>\$ 633</b>	<b>\$ 8,149</b>	<b>\$ 6,355</b>	<b>\$ 12,727</b>	<b>\$ 477,057</b>

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

## Note 20 Interfund Transfer

Interfund transfers for the fiscal year ended June 30, 2007, consisted of the following (amounts in thousands):

	Amount transferred to fund(s)							
	General	Debt Service	Transportation	Other Governmental	UConn	State Universities	Other Proprietary	Fiduciary
<b>Amount transferred from fund(s)</b>								
General	\$ -	\$ -	\$ 8,003	\$ 91,100	\$ 463,223	\$ 226,046	\$ 219,048	\$ -
Debt Service	-	-	30,720	632	-	-	-	-
Transportation	-	414,495	-	27,300	-	-	-	-
Other Governmental	105,473	-	1,717	135,610	89,649	10,853	139,553	2,492
Connecticut Lottery	279,000	-	-	-	-	-	-	-
Other Proprietary	-	-	-	3,824	-	-	9,254	-
<b>Total</b>	<b>\$ 384,473</b>	<b>\$ 414,495</b>	<b>\$ 40,440</b>	<b>\$ 258,466</b>	<b>\$ 552,872</b>	<b>\$ 236,899</b>	<b>\$ 367,855</b>	<b>\$ 2,492</b>

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 21 Restatement of Net Assets, and Restricted Assets

As of June 30, 2007, the beginning net assets for the following fund and related activities were restated as follows (amounts in thousands):

	Balance 6-30-06 Previously Reported	Correction of Reported Assets/ Liabilities	Balance 6-30-06 as Restated
<b>Proprietary Funds and Business-Type Activities</b>			
Non-Major Funds:			
Bradley Parking Garage	\$ (5,686)	\$ (11,195)	\$ (16,881)
Total Proprietary Funds	\$ 4,291,138	\$ (11,195)	\$ 4,279,943
Net Assets of Business-Type Activities	\$ 4,291,138	\$ (11,195)	\$ 4,279,943

In 2007 the State included audited financial statements for the Bradley Parking Garage, a non-major Enterprise fund, in the accompanying financial statements. In prior years, these statements were not included because they were not available on a timely basis. Thus, the beginning net asset balance of the fund was restated to correct understatements

in the assets and liabilities of the fund reported in prior years.

As of June 30, 2007, the government-wide statement of net assets reported \$3,257 million of restricted net assets, of which \$288 million was restricted by enabling legislation.

## Note 22 Related Organizations

Related organizations are legally separate organizations that are not financially accountable to the State. However, these organizations are still related to the State as discussed next.

The State appoints a voting majority of the following organizations' governing boards: the Community Economic Development Fund and the Connecticut Student Loan Foundation. The State's accountability for these organizations does not extend beyond making the appointments.



**Note 23 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, 2007, the Departments of Transportation and Public Works had contractual commitments of approximately \$1,548 million for infrastructure and other construction projects. Additionally, other commitments were approximately as follows:

School construction and alteration grant program \$3,348 million.

Clean and drinking water loan programs \$191 million.

Various programs and services \$2,090 million.

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

In addition, the State has authorized a loan to the Connecticut Resources Recovery Authority (a component unit) of up to \$115 million to support the repayment of the Authority’s debt for one of its facilities and to minimize the amount of tipping fee increases chargeable to the towns which use the facility. As of June 30, 2007, the Authority had drawn \$21.5 million on these funds.

***Component Units***

As of December 31, 2006, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately \$90 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 make arrangements 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.

In 2002 the City of Waterbury issued \$97.5 million of General Obligation Special Capital Reserve Fund Bonds. These bonds are secured by a Special Capital Reserve Fund for which the State may be contingently liable as explained previously in Note 17 – Component Units.

Amounts received or receivable by the State from grant agencies are subject to audit and adjustment by grantor agencies, mainly the federal government. 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 or revenue sources of the State.

**Note 24 Subsequent Events**

In September 2007, the issuer of a \$100 million floating rate note investment held by the Short-Term Investment Fund (Note 4) went into receivership and stopped making payments to investors. The receivers are negotiating the sale of the underlying assets and the market value of the investment will be clearer at the conclusion of those negotiations. In addition, the credit rating of the investment was downgraded from AAA to D by Standard & Poor’s.

In October 2007, \$250 million of Special Tax Obligation bonds were issued. The bonds will mature in years 2008 through 2027 and bear interest rates ranging from 3.5% to 5.0%.

In December 2007, \$527 million of general obligation bonds were issued that bear interest rates ranging from 3.5% to 5.0%. \$300 million were general obligation bonds that mature in years 2008 to 2027, \$181 million were general obligation refunding bonds that mature in years 2008 to 2015, and \$46 million were taxable obligation bonds that mature in years 2008 through 2012.

In January 2008, the State Bond Commission approved the sale of Pension Obligation Bonds in the amount of \$2 billion. Proceeds from the bond sale will be deposited in the Teachers’ Retirement fund to help reduce the unfunded actuarial liability of the fund (RSI).

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***Required  
PERS  
Supplementary  
Information***

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## Required Supplementary Information

### Schedules of Funding Progress

(Expressed in Millions)

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL)</b>	<b>(b-a) Unfunded AAL (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>((b-a)/c) UAAL as a Percentage of Covered Payroll</b>
<b><u>SERS</u></b>						
6/30/2002	\$7,893.7	\$12,806.1	\$4,912.4	61.6%	\$2,852.1	172.2%
6/30/2003	\$8,058.6	\$14,223.8	\$6,165.2	56.7%	\$2,654.3	232.3%
6/30/2004	\$8,238.3	\$15,128.5	\$6,890.2	54.5%	\$2,816.7	244.6%
6/30/2005	\$8,517.7	\$15,987.5	\$7,469.8	53.3%	\$2,980.1	250.7%
6/30/2006	\$8,951.4	\$16,830.3	\$7,878.9	53.2%	\$3,107.9	253.5%
6/30/2007 *	\$9,585.0	\$17,888.1	\$8,303.1	53.6%	\$3,310.4	250.8%

\*Interim actuarial valuation

<b><u>TRS</u></b>						
6/30/2002	\$10,387.3	\$13,679.9	\$3,292.6	75.9%	\$2,698.3	122.0%
6/30/2003 *	-	-	-	-	-	-
6/30/2004	\$9,846.7	\$15,070.5	\$5,223.8	65.3%	\$2,930.8	178.2%
6/30/2005 *	-	-	-	-	-	-
6/30/2006	\$10,190.3	\$17,112.8	\$6,922.5	59.5%	\$3,137.7	220.6%
6/30/2007 *	-	-	-	-	-	-

\*No actuarial valuations were performed.

<b><u>JRS</u></b>						
6/30/2002	\$138.4	\$209.4	\$71.0	66.1%	\$28.9	245.7%
6/30/2003	\$142.8	\$211.1	\$68.3	67.6%	\$27.8	245.7%
6/30/2004	\$150.9	\$219.8	\$68.9	68.7%	\$28.9	238.4%
6/30/2005	\$160.3	\$235.0	\$74.7	68.2%	\$30.2	247.8%
6/30/2006	\$169.7	\$246.9	\$77.2	68.7%	\$31.8	242.8%
6/30/2007 *	\$182.4	\$261.2	\$78.8	69.8%	\$33.8	233.1%

\*Interim actuarial valuation

<b><u>MERS</u></b>						
6/30/2002	\$1,403.4	\$1,319.7	\$(83.7)	106.3%	\$321.8	(26.0)%
7/1/2003	\$1,417.7	\$1,378.2	\$(39.5)	102.9%	\$326.4	(12.1)%
7/1/2004	\$1,434.3	\$1,393.4	\$(40.9)	102.9%	\$332.6	(12.3)%
7/1/2005	\$1,512.5	\$1,465.1	\$(47.4)	103.2%	\$352.2	(13.5)%
7/1/2006	\$1,587.7	\$1,549.5	\$(38.2)	102.5%	\$366.3	(10.4)%
7/1/2007 *	-	-	-	-	-	-

\*No actuarial valuations were performed.

#### **PJRS**

For the Probate Judges Retirement System because the UAAL is zero, the actuarial cost method becomes the aggregate cost method and a schedule of funding progress is not required.

## Required Supplementary Information

### Schedules of Employer Contributions

(Expressed in Millions)

Fiscal Year	<u>SERS</u>		<u>TRS</u>		<u>JRS</u>		<u>MERS</u>		<u>PJRS</u>	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2002	\$415.5	100.0%	\$210.7	97.1%	\$9.6	100.0%	\$15.3	100.0%	\$-	-
2003	\$421.5	100.0%	\$221.2	81.3%	\$10.1	100.0%	\$16.0	100.0%	\$-	-
2004	\$470.3	100.0%	\$270.5	68.5%	\$11.6	100.0%	\$16.3	100.0%	\$-	-
2005	\$518.8	100.0%	\$281.4	65.8%	\$12.2	100.0%	\$21.8	100.0%	\$-	-
2006	\$623.1	100.0%	\$396.2	100.0%	\$11.7	100.0%	\$26.0	100.0%	\$-	-
2007	\$663.9	100.0%	\$416.0	99.0%	\$12.4	100.0%	\$39.4	100.0%	\$-	-

**Note:** During the years 2002 thru 2007 the only contributions to the Probate Judges Retirement System were the required member contributions.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>	<u>MERS</u>	<u>PJRS</u>
Valuation date	6/30/2007	6/30/2006	6/30/2007	7/1/2006	12/31/2005
Actuarial cost method	Projected unit credit	Entry age	Projected unit credit	Entry age	Entry Age
Amortization method	Level percent of pay, closed	Level percent of pay, closed	Level percent of pay, closed	Level percent of pay, closed	-
Remaining amortization period	25 Years	6-25 Years	24 Years	1-19 Years	-
Asset valuation method	5 year smoothed market	4 year smoothed market	5 year smoothed market	5 year smoothed market	Asset smoothing
Actuarial assumptions:					
Investment rate of return	8.5%	8.5%	8.5%	8.5%	8.5%
Projected salary increases	4.25-15%	4-7.5%	5.5%	4.5-11.25%	6%
Includes inflation at	5%	4%	5.5%	3.75%	3.5%
Cost-of-living adjustments	2.75-3.75%	3%	3-5.5%	2.6-4.0%	3%

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***Combining  
Funds Statements  
and Schedules  
Nonmajor Funds***

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## Balance Sheet

### Nonmajor Governmental Funds-By Fund Type

June 30, 2007

(Expressed in Thousands)

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 798,754	\$ -	\$ 6,581	\$ 805,335
Investments	45,817	-	93,115	138,932
Securities Lending Collateral	-	-	16,526	16,526
Receivables:				
Accounts, Net of Allowances	33,620	969	-	34,589
Loans, Net of Allowances	187,589	-	-	187,589
From Other Governments	269,256	-	-	269,256
From Other Funds	9,628	78,538	82	88,248
Other	6,229	-	6	6,235
Restricted Assets	830	-	-	830
Other Assets	81	-	-	81
Total Assets	<u>\$ 1,351,804</u>	<u>\$ 79,507</u>	<u>\$ 116,310</u>	<u>\$ 1,547,621</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 181,989	\$ 35,607	\$ 99	\$ 217,695
Due to Other Funds	7,800	214,628	3,741	226,169
Due to Component Units	12,727	-	-	12,727
Due to Other Governments	1,433	-	-	1,433
Deferred Revenue	65,695	917	-	66,612
Securities Lending Obligation	-	-	16,526	16,526
Other Liabilities	-	-	-	-
Total Liabilities	<u>269,644</u>	<u>251,152</u>	<u>20,366</u>	<u>541,162</u>
<b>Fund Balances</b>				
Reserved For:				
Loans	187,589	-	-	187,589
Continuing Appropriations	739	-	-	739
Restricted Purposes	354,475	-	-	354,475
Permanent Investments	-	-	93,115	93,115
Trust Activities	-	-	2,829	2,829
Unreserved	539,357	(171,645)	-	367,712
Total Fund Balances	<u>1,082,160</u>	<u>(171,645)</u>	<u>95,944</u>	<u>1,006,459</u>
Total Liabilities and Fund Balances	<u>\$ 1,351,804</u>	<u>\$ 79,507</u>	<u>\$ 116,310</u>	<u>\$ 1,547,621</u>

# Statement of Revenues, Expenditures and Changes in Fund Balances

## Nonmajor Governmental Funds - By Fund Type

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
<b>Revenues</b>				
Taxes	\$ 27,491	\$ -	\$ -	\$ 27,491
Assessments	22,841	-	-	22,841
Licenses, Permits and Fees	74,753	-	-	74,753
Tobacco Settlement	113,691	-	-	113,691
Federal Grants and Aid	1,619,177	-	-	1,619,177
Charges for Services	5,593	-	2	5,595
Fines, Forfeits and Rents	5,959	-	-	5,959
Investment Earnings	25,241	-	7,608	32,849
Miscellaneous	462,332	189	-	462,521
Total Revenues	<u>2,357,078</u>	<u>189</u>	<u>7,610</u>	<u>2,364,877</u>
<b>Expenditures</b>				
<b>Current:</b>				
Legislative	2,389	-	-	2,389
General Government	637,075	-	-	637,075
Regulation and Protection	258,715	-	-	258,715
Conservation and Development	301,252	-	733	301,985
Health and Hospitals	202,333	-	1	202,334
Transportation	445,489	-	-	445,489
Human Services	346,093	-	-	346,093
Education, Libraries, and Museums	1,190,503	-	285	1,190,788
Corrections	30,782	-	-	30,782
Judicial	29,200	-	4	29,204
Capital Projects	-	304,964	-	304,964
<b>Debt Service:</b>				
Interest and Fiscal Charges	45,146	2,302	-	47,448
Total Expenditures	<u>3,488,977</u>	<u>307,266</u>	<u>1,023</u>	<u>3,797,266</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,131,899)</u>	<u>(307,077)</u>	<u>6,587</u>	<u>(1,432,389)</u>
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	1,048,500	175,855	-	1,224,355
Premium on Bonds Issued	36,706	12,130	-	48,836
Transfers In	258,466	-	-	258,466
Transfers Out	(164,778)	(317,066)	(3,503)	(485,347)
Total Other Financing Sources (Uses)	<u>1,178,894</u>	<u>(129,081)</u>	<u>(3,503)</u>	<u>1,046,310</u>
Net Change in Fund Balances	46,995	(436,158)	3,084	(386,079)
Fund Balances - Beginning	1,035,165	264,513	92,860	1,392,538
Fund Balances - Ending	<u>\$ 1,082,160</u>	<u>\$ (171,645)</u>	<u>\$ 95,944</u>	<u>\$ 1,006,459</u>



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## ***Special Revenue Funds***

### ***Workers' Compensation Administration:***

to account for assessments collected for the purpose of covering the administrative costs of the Workers' Compensation Commission.

### ***Banking:***

to account for monies collected from various banking institutions throughout the state.

### ***Consumer Counsel and Public Utility Control:***

to account for monies collected from various public utility companies.

### ***Insurance:***

to account for monies collected from authorized insurers within the state.

### ***Criminal Injuries Compensation:***

to account for monies collected from the criminal injuries board.

### ***Regional Market Fund:***

to account for rents and other monies collected for the purpose of providing for the payment of expenses relating to the operation and maintenance of the regional market.

### ***Mashantucket Pequot and Mohegan Fund:***

to account for casino gambling monies collected from the Mashantucket Pequot Tribe and the Mohegan Tribe to be used for the purpose of distribution to towns.

### ***Soldiers, Sailors, and Marines Fund:***

to account for interest earned for the purpose of furnishing food, wearing apparel, medical or surgical care, or funeral expenses of soldiers, sailors, and marines who served in any branch of military service.

### ***Employment Security Administration:***

to account for monies collected from various sources for the purpose of defraying the cost of the administration of unemployment compensation.

### ***Restricted Grants and Accounts:***

to account for monies which are limited by the Federal Government for a particular purpose or specific purpose.

### ***Grants and Loan Programs:***

to account for monies collected for the purpose of giving various grants to local governments, organizations, and individuals.

### ***Environmental Programs:***

to account for monies collected for the purpose of providing funds for various environmental programs throughout the state.

### ***Housing Programs:***

to account for monies collected for the purpose of providing funds for various housing programs throughout the state.

# Combining Balance Sheet

## Nonmajor Special Revenue Funds

June 30, 2007

(Expressed in Thousands)

	<u>Workers'</u>	<u>Banking</u>	<u>Consumer</u> <u>Counsel and</u> <u>Public Utility</u>	<u>Insurance</u>	<u>Criminal</u> <u>Injuries</u>	<u>Mashantucket</u> <u>Pequot and</u> <u>Mohegan</u> <u>Fund</u>	<u>Regional</u> <u>Market</u>
	<u>Compensation</u>		<u>Control</u>				
<b>Assets</b>							
Cash and Cash Equivalents	\$ 12,399	\$ 50,993	\$ 8,532	\$ 7,160	\$ 6,246	\$ 100	\$ 992
Investments	-	-	-	-	-	-	-
Receivables:							
Accounts, Net of Allowances	-	-	-	-	-	-	-
Loans, Net of Allowances	-	-	-	-	-	-	-
From Other Governments	-	-	-	-	-	-	-
From Other Funds	270	-	-	98	78	-	-
Other	-	-	-	-	-	-	-
Restricted Assets	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-
Total Assets	<u>\$ 12,669</u>	<u>\$ 50,993</u>	<u>\$ 8,532</u>	<u>\$ 7,258</u>	<u>\$ 6,324</u>	<u>\$ 100</u>	<u>\$ 992</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable and Accrued Liabilities	\$ 863	\$ 604	\$ 3,173	\$ 826	\$ 869	\$ -	\$ 30
Due to Other Funds	184	123	156	160	-	-	5
Due to Component Units	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-	-
Deferred Revenue	-	-	4,810	4,204	-	-	-
Total Liabilities	<u>1,047</u>	<u>727</u>	<u>8,139</u>	<u>5,190</u>	<u>869</u>	<u>-</u>	<u>35</u>
<b>Fund Balances</b>							
Reserved For:							
Loans	-	-	-	-	-	-	-
Continuing Appropriations	239	100	-	400	-	-	-
Restricted Purposes	-	-	-	-	-	-	-
Unreserved	<u>11,383</u>	<u>50,166</u>	<u>393</u>	<u>1,668</u>	<u>5,455</u>	<u>100</u>	<u>957</u>
Total Fund Balances	<u>11,622</u>	<u>50,266</u>	<u>393</u>	<u>2,068</u>	<u>5,455</u>	<u>100</u>	<u>957</u>
Total Liabilities and Fund Balances	<u>\$ 12,669</u>	<u>\$ 50,993</u>	<u>\$ 8,532</u>	<u>\$ 7,258</u>	<u>\$ 6,324</u>	<u>\$ 100</u>	<u>\$ 992</u>

<u>Soldiers, Sailors &amp; Marines</u>	<u>Employment Security Administration</u>	<u>Restricted Grants &amp; Accounts</u>	<u>Grant &amp; Loan Programs</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ 10,496	\$ 268,744	\$ 220,346	\$ 110,368	\$ 32,453	\$ 69,925	\$ 798,754
-	-	-	-	45,817	-	-	45,817
-	-	8,987	2,435	19,822	222	2,154	33,620
-	-	-	142,532	33,784	11,017	256	187,589
-	9,467	259,789	-	-	-	-	269,256
3,504	427	3,726	96	4	-	1,425	9,628
-	-	6,229	-	-	-	-	6,229
-	-	-	-	830	-	-	830
-	-	-	-	81	-	-	81
<u>\$ 3,504</u>	<u>\$ 20,390</u>	<u>\$ 547,475</u>	<u>\$ 365,409</u>	<u>\$ 210,706</u>	<u>\$ 43,692</u>	<u>\$ 73,760</u>	<u>\$ 1,351,804</u>
\$ 48	\$ 3,599	\$ 155,717	\$ 10,114	\$ 3,224	\$ 249	\$ 2,673	\$ 181,989
3,456	628	2,607	33	330	-	118	7,800
-	-	63	12,664	-	-	-	12,727
-	-	1,433	-	-	-	-	1,433
-	397	34,010	2,365	17,588	219	2,102	65,695
<u>3,504</u>	<u>4,624</u>	<u>193,830</u>	<u>25,176</u>	<u>21,142</u>	<u>468</u>	<u>4,893</u>	<u>269,644</u>
-	-	-	142,532	33,784	11,017	256	187,589
-	-	-	-	-	-	-	739
-	-	353,645	-	830	-	-	354,475
-	15,766	-	197,701	154,950	32,207	68,611	539,357
-	15,766	353,645	340,233	189,564	43,224	68,867	1,082,160
<u>\$ 3,504</u>	<u>\$ 20,390</u>	<u>\$ 547,475</u>	<u>\$ 365,409</u>	<u>\$ 210,706</u>	<u>\$ 43,692</u>	<u>\$ 73,760</u>	<u>\$ 1,351,804</u>

# Combining Statement of Revenues, Expenditures and Changes in Fund Balances

## Nonmajor Special Revenue Funds

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>Workers'</u>		<u>Consumer</u>			<u>Mashantucket</u>	
	<u>Compensation</u>	<u>Banking</u>	<u>Public Utility</u>	<u>Insurance</u>	<u>Criminal</u>	<u>Pequot and</u>	<u>Regional</u>
			<u>Control</u>		<u>Injuries</u>	<u>Mohegan</u>	<u>Market</u>
						<u>Fund</u>	
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-	-	-
Licenses, Permits and Fees	-	24,933	34	9	1,073	-	88
Tobacco Settlement	-	-	-	-	-	-	-
Federal Grants and Aid	-	-	-	-	-	-	-
Charges for Services	14	-	-	-	-	-	-
Fines, Forfeits and Rents	-	4,137	9	-	144	-	878
Investment Earnings	1,011	-	-	370	284	-	51
Miscellaneous	19,851	33	19,935	21,779	1,745	-	52
Total Revenues	20,876	29,103	19,978	22,158	3,246	-	1,069
<b>Expenditures</b>							
Current:							
Legislative	-	-	-	-	-	-	-
General Government	-	-	-	-	-	91,050	-
Regulation and Protection	19,715	16,442	21,784	21,616	-	-	-
Conservation and Development	-	-	-	-	-	-	754
Health and Hospitals	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Education, Libraries, and Museums	-	-	-	-	-	-	-
Corrections	-	-	-	-	-	-	-
Judicial	-	-	-	-	2,412	-	-
Debt Service:							
Interest and Fiscal Charges	-	-	-	-	-	-	135
Total Expenditures	19,715	16,442	21,784	21,616	2,412	91,050	889
Excess (Deficiency) of Revenues Over Expenditures	1,161	12,661	(1,806)	542	834	(91,050)	180
<b>Other Financing Sources (Uses)</b>							
Bonds Issued	-	-	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	91,100	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	91,100	-
Net Change in Fund Balances	1,161	12,661	(1,806)	542	834	50	180
Fund Balances (Deficit) - Beginning	10,461	37,605	2,199	1,526	4,621	50	777
Fund Balances - Ending	\$ 11,622	\$ 50,266	\$ 393	\$ 2,068	\$ 5,455	\$ 100	\$ 957

<u>Soldiers, Sailors &amp; Marines</u>	<u>Employment Security Administration</u>	<u>Restricted Grants &amp; Accounts</u>	<u>Grant &amp; Loan Programs</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 27,491	\$ -	\$ -	\$ 27,491
-	-	-	-	22,841	-	-	22,841
-	158	10,754	-	20,371	-	17,333	74,753
-	-	-	-	-	-	113,691	113,691
-	70,528	1,548,649	-	-	-	-	1,619,177
-	1	3	-	4,838	-	737	5,593
-	-	35	-	649	-	107	5,959
-	526	8,509	5,102	5,155	974	3,259	25,241
-	42	389,699	6,196	431	18	2,551	462,332
-	71,255	1,957,649	11,298	81,776	992	137,678	2,357,078
-	-	2,389	-	-	-	-	2,389
-	-	435,046	76,680	30,773	-	3,526	637,075
-	81,799	83,877	831	-	-	12,651	258,715
-	-	97,559	117,771	71,838	12,843	487	301,252
-	-	185,424	13,622	-	-	3,287	202,333
-	-	442,065	3,413	-	-	11	445,489
3,024	-	335,336	6,795	-	-	938	346,093
-	-	413,868	768,902	-	-	7,733	1,190,503
-	-	23,786	2,983	-	-	4,013	30,782
-	-	12,887	-	-	-	13,901	29,200
-	-	30,794	3,970	55	10,036	156	45,146
3,024	81,799	2,063,031	994,967	102,666	22,879	46,703	3,488,977
(3,024)	(10,544)	(105,382)	(983,669)	(20,890)	(21,887)	90,975	(1,131,899)
-	-	-	995,345	12,000	20,000	21,155	1,048,500
-	-	-	34,535	639	-	1,532	36,706
3,024	3,824	139,050	4,629	3,000	36	13,803	258,466
-	(794)	(1,324)	(31,306)	(5,375)	(629)	(125,350)	(164,778)
3,024	3,030	137,726	1,003,203	10,264	19,407	(88,860)	1,178,894
-	(7,514)	32,344	19,534	(10,626)	(2,480)	2,115	46,995
-	23,280	321,301	320,699	200,190	45,704	66,752	1,035,165
\$ -	\$ 15,766	\$ 353,645	\$ 340,233	\$ 189,564	\$ 43,224	\$ 68,867	\$ 1,082,160

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balances**  
**Budget and Actual - Non-GAAP Budgetary Basis**  
**Budgeted Nonmajor Special Revenue Funds**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>Workers' Compensation</u>			<u>Banking</u>		
	<u>Final</u>			<u>Final</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>						
Budgeted:						
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees, Assessments, and Investment Income	<u>21,000</u>	<u>20,877</u>	<u>(123)</u>	<u>17,500</u>	<u>29,104</u>	<u>11,604</u>
Total Budgeted Revenues	<u>21,000</u>	<u>20,877</u>	<u>(123)</u>	<u>17,500</u>	<u>29,104</u>	<u>11,604</u>
<b>Expenditures</b>						
Budgeted:						
General Government	-	-	-	-	-	-
Regulation and Protection	21,409	19,846	1,563	16,836	16,454	382
Conservation and Development	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Non Functional	-	-	-	-	-	-
Total Budgeted Expenditures	<u>21,409</u>	<u>19,846</u>	<u>1,563</u>	<u>16,836</u>	<u>16,454</u>	<u>382</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>(409)</u>	<u>1,031</u>	<u>1,440</u>	<u>664</u>	<u>12,650</u>	<u>11,986</u>
<b>Other Financing Sources (Uses)</b>						
Prior Year Appropriations Carried Forward	-	702	702	-	-	-
Appropriations Continued to Fiscal Year 2008	-	(239)	(239)	-	(100)	(100)
Operating Transfer Out	-	-	-	-	-	-
Miscellaneous Adjustments	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>463</u>	<u>463</u>	<u>-</u>	<u>(100)</u>	<u>(100)</u>
Net Change in Fund Balances	<u>\$ (409)</u>	<u>1,494</u>	<u>\$ 1,903</u>	<u>\$ 664</u>	<u>12,550</u>	<u>\$ 11,886</u>
Budgetary Fund Balances - July 1		11,638			38,343	
Changes in Reserves		<u>(463)</u>			<u>100</u>	
Budgetary Fund Balances - June 30		<u>\$ 12,669</u>			<u>\$ 50,993</u>	

Consumer Counsel & Public Utility Control			Insurance			Criminal Injuries Compensation		
<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19,600	22,425	2,825	22,800	21,500	(1,300)	2,100	3,245	1,145
19,600	22,425	2,825	22,800	21,500	(1,300)	2,100	3,245	1,145
-	-	-	-	-	-	-	-	-
21,409	19,816	1,593	22,933	21,594	1,339	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,025	2,025	-
-	-	-	-	-	-	-	-	-
21,409	19,816	1,593	22,933	21,594	1,339	2,025	2,025	-
(1,809)	2,609	4,418	(133)	(94)	39	75	1,220	1,145
-	-	-	-	438	438	-	-	-
-	-	-	-	(400)	(400)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	38	38	-	-	-
\$ (1,809)	2,609	\$ 4,418	\$ (133)	(56)	\$ 77	\$ 75	1,220	\$ 1,145
	5,923			7,352			5,104	
	-			(38)			-	
	<u>\$ 8,532</u>			<u>\$ 7,258</u>			<u>\$ 6,324</u>	

*Continued on next page*



**Schedule of Revenues, Expenditures, and  
Changes in Fund Balances**  
**Budget and Actual - Non-GAAP Budgetary Basis**  
**Budgeted Nonmajor Special Revenue Funds (Continued)**

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>Mashantucket Pequot and Mohegan Fund</u>			<u>Regional Market</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>						
Budgeted:						
Operating Transfers In	\$ 86,300	\$ 91,100	\$ 4,800	\$ -	\$ -	\$ -
Fees, Assessments, and Investment Income	-	-	-	1,000	1,069	69
Total Budgeted Revenues	<u>86,300</u>	<u>91,100</u>	<u>4,800</u>	<u>1,000</u>	<u>1,069</u>	<u>69</u>
<b>Expenditures</b>						
Budgeted:						
General Government	91,050	91,050	-	-	-	-
Regulation and Protection	-	-	-	-	-	-
Conservation and Development	-	-	-	913	761	152
Human Services	-	-	-	-	-	-
Non Functional	-	-	-	136	135	1
Total Budgeted Expenditures	<u>91,050</u>	<u>91,050</u>	<u>-</u>	<u>1,049</u>	<u>896</u>	<u>153</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,750)</u>	<u>50</u>	<u>4,800</u>	<u>(49)</u>	<u>173</u>	<u>222</u>
<b>Other Financing Sources (Uses)</b>						
Prior Year Appropriations Carried Forward	-	-	-	-	-	-
Appropriations Continued to Fiscal Year 2008	-	-	-	-	-	-
Miscellaneous Adjustments	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (4,750)</u>	<u>50</u>	<u>\$ 4,800</u>	<u>\$ (49)</u>	<u>173</u>	<u>\$ 222</u>
Budgetary Fund Balances - July 1		50			819	
Changes in Reserves		-			-	
Budgetary Fund Balances - June 30		<u>\$ 100</u>			<u>\$ 992</u>	

**Soldiers, Sailors, and Marines**

<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
\$ -	\$ -	\$ -
<u>4,000</u>	<u>2,583</u>	<u>(1,417)</u>
<u>4,000</u>	<u>2,583</u>	<u>(1,417)</u>
-	-	-
-	-	-
-	-	-
3,430	3,040	390
<u>-</u>	<u>-</u>	<u>-</u>
<u>3,430</u>	<u>3,040</u>	<u>390</u>
<u>570</u>	<u>(457)</u>	<u>(1,027)</u>
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 570</u>	<u>(457)</u>	<u>\$ (1,027)</u>
	(2,988)	
	<u>-</u>	
	<u>\$ (3,445)</u>	

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## ***Capital Projects Funds***

### ***State Facilities:***

to account for proceeds of bond issues and other sources and the subsequent expenditures for the construction of various state buildings and structures.

### ***Infrastructure:***

to account for the proceeds of bond issues and related capital project grants to finance the State's transportation infrastructure program over a ten-year period. This program encompasses the planning, acquisition, removal, construction, equipping, reconstruction, repair, rehabilitation and improvement of, and acquisition of easements and rights-of-way with respect to, State highways and bridges, projects on the interstate highway system, alternate highway projects in the interstate substitution program (the "interstate trade-in program"), waterway facilities, aeronautic facilities (excluding Bradley International Airport), the highway safety program, maintenance garages and administrative facilities of the Department, payment of the State's share of the costs of the local bridge program and payment of State contributions to the local bridge revolving fund.

### ***Other Transportation:***

to account for the proceeds of bond issues and related grants to be used for other transportation related capital projects.

# Combining Balance Sheet

## Nonmajor Capital Projects Funds

June 30, 2007

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
<b>Assets</b>				
Receivables:				
Accounts, Net of Allowances	\$ -	\$ 969	\$ -	\$ 969
From Other Funds	<u>7,250</u>	<u>64,709</u>	<u>6,579</u>	<u>78,538</u>
Total Assets	<u><u>\$ 7,250</u></u>	<u><u>\$ 65,678</u></u>	<u><u>\$ 6,579</u></u>	<u><u>\$ 79,507</u></u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 29,007	\$ 6,600	\$ -	\$ 35,607
Due To Other Funds	214,524	104	-	214,628
Deferred Revenue	<u>-</u>	<u>917</u>	<u>-</u>	<u>917</u>
Total Liabilities	<u>243,531</u>	<u>7,621</u>	<u>-</u>	<u>251,152</u>
<b>Fund Balances</b>				
Unreserved	<u>(236,281)</u>	<u>58,057</u>	<u>6,579</u>	<u>(171,645)</u>
Total Fund Balances (Deficit)	<u>(236,281)</u>	<u>58,057</u>	<u>6,579</u>	<u>(171,645)</u>
Total Liabilities and Fund Balances	<u><u>\$ 7,250</u></u>	<u><u>\$ 65,678</u></u>	<u><u>\$ 6,579</u></u>	<u><u>\$ 79,507</u></u>

# Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
<b>Revenues</b>				
Miscellaneous	\$ -	\$ 189	\$ -	\$ 189
Total Revenues	<u>-</u>	<u>189</u>	<u>-</u>	<u>189</u>
<b>Expenditures</b>				
Capital Projects	150,608	154,310	46	304,964
Debt Service:				
Interest and Fiscal Charges	<u>2,302</u>	<u>-</u>	<u>-</u>	<u>2,302</u>
Total Expenditures	<u>152,910</u>	<u>154,310</u>	<u>46</u>	<u>307,266</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(152,910)</u>	<u>(154,121)</u>	<u>(46)</u>	<u>(307,077)</u>
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	175,855	-	-	175,855
Premium on Bonds Issued	12,130	-	-	12,130
Transfer Out	<u>(245,969)</u>	<u>(69,380)</u>	<u>(1,717)</u>	<u>(317,066)</u>
Total Other Financing Sources (Uses)	<u>(57,984)</u>	<u>(69,380)</u>	<u>(1,717)</u>	<u>(129,081)</u>
Net Change in Fund Balances	(210,894)	(223,501)	(1,763)	(436,158)
Fund Balances - Beginning	<u>(25,387)</u>	<u>281,558</u>	<u>8,342</u>	<u>264,513</u>
Fund Balances (Deficit) - Ending	<u>\$ (236,281)</u>	<u>\$ 58,057</u>	<u>\$ 6,579</u>	<u>\$ (171,645)</u>

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## ***Permanent Funds***

### ***Soldiers', Sailors', and Marines':***

to account for the principal and interest earned on investments of this fund. Interest earned has been earmarked by the General Assembly for the benefit of resident veterans to provide such things as food, wearing apparel, medical or surgical aid, care and relief or funeral benefits.

### ***Connecticut Arts Endowment:***

A fund established to support arts organizations throughout Connecticut. The fund administered by the Connecticut Commission on the Arts, finances grants to eligible arts organizations throughout the state.



# Combining Balance Sheet

## Nonmajor Permanent Funds

June 30, 2007

(Expressed in Thousands)

	<u>Soldiers, Sailors, &amp; Marines</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 527	\$ -	\$ 6,054	\$ 6,581
Investments	61,629	16,163	15,323	93,115
Securities Lending Collateral	11,130	2,807	2,589	16,526
Other Receivables	-	4	2	6
Due From Other Funds	-	-	82	82
Total Assets	<u>\$ 73,286</u>	<u>\$ 18,974</u>	<u>\$ 24,050</u>	<u>\$ 116,310</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ 99	\$ 99
Due To Other Funds	3,504	-	237	3,741
Securities Lending Obligation	11,130	2,807	2,589	16,526
Total Liabilities	<u>14,634</u>	<u>2,807</u>	<u>2,925</u>	<u>20,366</u>
<b>Fund Balances</b>				
Reserved For:				
Permanent Investments	61,629	16,163	15,323	93,115
Trust Activities	(2,977)	4	5,802	2,829
Total Fund Balances	<u>58,652</u>	<u>16,167</u>	<u>21,125</u>	<u>95,944</u>
Total Liabilities and Fund Balances	<u>\$ 73,286</u>	<u>\$ 18,974</u>	<u>\$ 24,050</u>	<u>\$ 116,310</u>

# Combining Statement of Revenues, Expenditures and Changes in Fund Balances

## Nonmajor Permanent Funds

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>Soldiers, Sailors, &amp; Marines</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
<b>Revenues</b>				
Investment Earnings	\$ 4,794	\$ 1,064	\$ 1,750	\$ 7,608
Charges for Services	-	-	2	2
Miscellaneous	-	-	-	-
Total Revenues	<u>4,794</u>	<u>1,064</u>	<u>1,752</u>	<u>7,610</u>
<b>Expenditures</b>				
Conservation and Development	-	733	-	733
Health and Hospital	-	-	1	1
Education, Libraries and Museums	-	-	285	285
Judicial	-	-	4	4
Total Expenditures	<u>-</u>	<u>733</u>	<u>290</u>	<u>1,023</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,794</u>	<u>331</u>	<u>1,462</u>	<u>6,587</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(3,024)	-	(479)	(3,503)
Total Other Financing Sources (Uses)	<u>(3,024)</u>	<u>-</u>	<u>(479)</u>	<u>(3,503)</u>
Net Change in Fund Balances	1,770	331	983	3,084
Fund Balances - Beginning	<u>56,882</u>	<u>15,836</u>	<u>20,142</u>	<u>92,860</u>
Fund Balances - Ending	<u>\$ 58,652</u>	<u>\$ 16,167</u>	<u>\$ 21,125</u>	<u>\$ 95,944</u>

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## ***Enterprise Funds***

### ***Bradley Parking Garage:***

In 2000, Bradley parking garage bonds were issued in the amount of \$53,800,000. These bonds were issued to build a parking garage at the airport.

### ***Second Injury and Compensation Assurance:***

An extension of the Worker's compensation Act, the fund is currently used to pay claimants whose injuries are made more severe because of a pre-existing condition, and in cases where an injured worker receiving worker's compensation subsequently undergoes an incapacitating relapse.

### ***Drinking Water:***

to account for resources used to provide loans to municipalities to finance activities needed to achieve or maintain compliance with the Safe Drinking Water Act.

# Combining Statement of Net Assets

## Nonmajor Enterprise Funds

June 30, 2007

(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury &amp; Compensation Assurance</u>	<u>Bradley Parking Garage</u>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 78,416	\$ 56,764	\$ 82
Accounts Receivable, Net of Allowances	7,245	12,564	288
Loans, Net of Allowances	-	-	-
Interest Receivable	1,089	-	156
Due From Other Funds	209,003	-	-
Due From Other Governments	-	-	-
Inventories	1,125	-	-
Other	628	64	-
Total Current Assets	<u>297,506</u>	<u>69,392</u>	<u>526</u>
Noncurrent Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	-
Receivables:			
Accounts Receivable, Net of Allowances	-	1,007	-
Loans, Net of Allowances	480	-	-
Restricted Assets	-	-	11,562
Capital Assets, Net of Accumulated Depreciation	351,164	12	35,653
Other Noncurrent Assets	-	-	1,138
Total Noncurrent Assets	<u>351,644</u>	<u>1,019</u>	<u>48,353</u>
Total Assets	<u>649,150</u>	<u>70,411</u>	<u>48,879</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	42,912	11,255	3,345
Current Portion of Long-Term Debt	1,724	290	1,597
Deferred Revenue	2,340	-	-
Other Current Liabilities	266	-	13,313
Total Current Liabilities	<u>47,242</u>	<u>11,545</u>	<u>18,255</u>
Noncurrent Liabilities:			
Noncurrent Portion of Long-Term Liabilities	<u>33,311</u>	<u>1,063</u>	<u>46,812</u>
Total Noncurrent Liabilities	<u>33,311</u>	<u>1,063</u>	<u>46,812</u>
Total Liabilities	<u>80,553</u>	<u>12,608</u>	<u>65,067</u>
<b>Net Assets (Deficit)</b>			
Invested in Capital Assets, Net of Related Debt	346,878	-	(12,013)
Restricted for:			
Debt Service	-	-	4,508
Drinking Water Projects	-	-	-
Nonexpendable Purposes	20	-	-
Other Purposes	191,921	-	-
Unrestricted	<u>29,778</u>	<u>57,803</u>	<u>(8,683)</u>
Total Net Assets (Deficit)	<u>\$ 568,597</u>	<u>\$ 57,803</u>	<u>\$ (16,188)</u>

<u>Drinking Water</u>	<u>Rate Reduction Bond Operations (12-31-06)</u>	<u>Total</u>
\$ -	\$ 5,414	\$ 140,676
-	2,424	22,521
18,132	-	18,132
424	-	1,669
-	-	209,003
706	-	706
-	-	1,125
-	-	692
<u>19,262</u>	<u>7,838</u>	<u>394,524</u>
23,648	7,535	31,183
-	13,000	13,000
-	-	1,007
42,927	-	43,407
38,775	-	50,337
-	-	386,829
716	-	1,854
<u>106,066</u>	<u>20,535</u>	<u>527,617</u>
<u>125,328</u>	<u>28,373</u>	<u>922,141</u>
637	150	58,299
2,660	28,450	34,721
-	-	2,340
-	-	13,579
<u>3,297</u>	<u>28,600</u>	<u>108,939</u>
<u>38,749</u>	<u>118,875</u>	<u>238,810</u>
<u>38,749</u>	<u>118,875</u>	<u>238,810</u>
<u>42,046</u>	<u>147,475</u>	<u>347,749</u>
-	-	334,865
-	25,949	30,457
72,739	-	72,739
-	-	20
-	-	191,921
<u>10,543</u>	<u>(145,051)</u>	<u>(55,610)</u>
<u>\$ 83,282</u>	<u>\$ (119,102)</u>	<u>\$ 574,392</u>

**Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
For The Fiscal Year Ended June 30, 2007  
(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury &amp; Compensation Assurance</u>	<u>Bradley Parking Garage</u>
<b>Operating Revenues</b>			
Assessments	\$ -	\$ 55,717	\$ -
Charges for Sales and Services	83,797	-	22,595
Federal Grants and Contracts	31,998	-	-
State Grants and Contracts	10,543	-	-
Private Gifts and Grants	1,666	-	-
Interest on Loans	-	-	-
Miscellaneous	2,274	937	-
Total Operating Revenues	<u>130,278</u>	<u>56,654</u>	<u>22,595</u>
<b>Operating Expenses</b>			
Salaries, Wages and Administrative	333,793	7,164	7,433
Claims Paid	-	36,584	-
Depreciation and Amortization	14,432	7	1,141
Other	15,323	-	-
Total Operating Expenses	<u>363,548</u>	<u>43,755</u>	<u>8,574</u>
Operating Income	<u>(233,270)</u>	<u>12,899</u>	<u>14,021</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest and Investment Income	4,354	2,641	573
Interest and Fiscal Charges	-	-	(3,558)
Other	7,365	-	(1,089)
Total Nonoperating Income (Expense)	<u>11,719</u>	<u>2,641</u>	<u>(4,074)</u>
Income (Loss) Before Grants and Transfers	<u>(221,551)</u>	<u>15,540</u>	<u>9,947</u>
Federal Capitalization Grants	-	-	-
Transfers In	353,659	-	-
Transfers Out	-	-	(9,254)
Change in Net Assets	<u>132,108</u>	<u>15,540</u>	<u>693</u>
Total Net Assets (Deficit) - Beginning (as restated)	<u>436,489</u>	<u>42,263</u>	<u>(16,881)</u>
Total Net Assets (Deficit) - Ending	<u>\$ 568,597</u>	<u>\$ 57,803</u>	<u>\$ (16,188)</u>

<b>Drinking Water</b>	<b>Rate Reduction Bond Operations (12-31-06)</b>	<b>Total</b>
\$ -	\$ -	\$ 55,717
-	28,707	135,099
-	-	31,998
-	-	10,543
-	-	1,666
1,234	-	1,234
-	-	3,211
<u>1,234</u>	<u>28,707</u>	<u>239,468</u>
2,570	310	351,270
-	-	36,584
-	-	15,580
-	-	15,323
<u>2,570</u>	<u>310</u>	<u>418,757</u>
<u>(1,336)</u>	<u>28,397</u>	<u>(179,289)</u>
2,656	1,958	12,182
(2,081)	(7,733)	(13,372)
<u>177</u>	<u>1,752</u>	<u>8,205</u>
<u>752</u>	<u>(4,023)</u>	<u>7,015</u>
<u>(584)</u>	<u>24,374</u>	<u>(172,274)</u>
18,597	-	18,597
1,740	-	355,399
-	-	(9,254)
<u>19,753</u>	<u>24,374</u>	<u>192,468</u>
<u>63,529</u>	<u>(143,476)</u>	<u>381,924</u>
<u>\$ 83,282</u>	<u>\$ (119,102)</u>	<u>\$ 574,392</u>



## Combining Statement of Cash Flows

### Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2007  
(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury &amp; Compensation Assurance</u>	<u>Bradley Parking Garage</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	\$ 80,235	\$ 55,717	\$ 22,595
Payments to Suppliers	(60,179)	-	(5,545)
Payments to Employees	(269,464)	(8,649)	(1,888)
Other Receipts (Payments)	(39,960)	(33,954)	14,406
Net Cash Provided by (Used in) Operating Activities	<u>(289,368)</u>	<u>13,114</u>	<u>29,568</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Proceeds from Sales of Bonds			
Retirement of Bonds and Annuities Payable	-	-	(2,210)
Interest of Bonds	-	-	-
Transfers In	217,780	-	-
Transfers Out	-	-	(9,254)
Other Receipts (Payments)	6,488	-	(11,133)
Net Cash Flows from Noncapital Financing Activities	<u>224,268</u>	<u>-</u>	<u>(22,597)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Additions to Property, Plant and Equipment	(5,767)	(7)	(3,904)
Interest Paid on Capital Debt	-	-	(3,558)
Federal Grant	-	-	-
Transfer In	129,586	-	-
Other Receipts (Payments)	(55,983)	-	-
Net Cash Flows from Capital and Related Financing Activities	<u>67,836</u>	<u>(7)</u>	<u>(7,462)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	4,097	2,641	573
(Increase) Decrease in Restricted Assets	-	-	-
Other Receipts (Payments)	-	-	-
Net Cash Flows from Investing Activities	<u>4,097</u>	<u>2,641</u>	<u>573</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,833	15,748	82
Cash and Cash Equivalents -Beginning of Year	71,583	41,016	-
Cash and Cash Equivalents -End of Year	<u>\$ 78,416</u>	<u>\$ 56,764</u>	<u>\$ 82</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>			
Operating Income (Loss)	\$ (233,270)	\$ 12,899	\$ 14,021
Adjustments not Affecting Cash:			
Depreciation and Amortization	14,432	7	1,141
Other	(4,074)	-	-
Change in Assets and Liabilities:			
(Increase) Decrease in Receivables, Net	(72,277)	1,712	44
(Increase) Decrease in Inventories and Other Assets	(67)	(16)	776
Increase (Decrease) in Accounts Payables & Accrued Liabilities	5,888	(1,488)	13,586
Total Adjustments	<u>(56,098)</u>	<u>215</u>	<u>15,547</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (289,368)</u>	<u>\$ 13,114</u>	<u>\$ 29,568</u>

<b>Rate Reduction</b>		
<b>Bond</b>		
<b>Drinking Water</b>	<b>Operations (12-31-06)</b>	<b>Totals</b>
\$ 3,880	\$ 29,217	\$ 191,644
-	-	(65,724)
(2,181)	(160)	(282,342)
(16,399)	-	(75,907)
(14,700)	29,057	(232,329)
5,000		5,000
(3,209)	(27,155)	(32,574)
(2,018)	(7,733)	(9,751)
795	-	218,575
-	-	(9,254)
29	-	(4,616)
597	(34,888)	167,380
-	-	(9,678)
-	-	(3,558)
19,028	-	19,028
-	-	129,586
-	-	(55,983)
19,028	-	79,395
2,700	1,958	11,969
25	-	25
(7,650)	-	(7,650)
(4,925)	1,958	4,344
-	(3,873)	18,790
-	9,287	121,886
\$ -	\$ 5,414	\$ 140,676
\$ (1,336)	\$ 28,397	\$ (179,289)
-	-	15,580
-	-	(4,074)
(13,379)	510	(83,390)
15	-	708
-	150	18,136
(13,364)	660	(53,040)
\$ (14,700)	\$ 29,057	\$ (232,329)

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## ***Internal Service Funds***

### ***Correction Industries:***

to account for the revenues and expenses associated with the sale of goods resulting from the industrial activities of the inmates at correctional institutions.

### ***Administrative Services:***

to account for the various services provided by the Department of Administrative Services to other agencies. For example, fleet operations, printing, etc.

### ***Information Technology:***

to account for the various services provided by the Department of Information Technology to other agencies. For example, information systems support, telecommunications, etc.

## Combining Statement of Net Assets

### Internal Service Funds

June 30, 2007

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information &amp; Technology</u>	<u>Administrative Services</u>	<u>Total</u>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 5,487	\$ 9,685	\$ -	\$ 15,172
Receivables, Net of Allowances	28	3,592	93	3,713
Due From Other Funds	896	7,027	226	8,149
Inventories	4,080	12	303	4,395
Other Current Assets	67	-	-	67
Total Current Assets	<u>10,558</u>	<u>20,316</u>	<u>622</u>	<u>31,496</u>
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	1,917	8,818	42,421	53,156
Other Noncurrent Assets	-	769	-	769
Total Noncurrent Assets	<u>1,917</u>	<u>9,587</u>	<u>42,421</u>	<u>53,925</u>
Total Assets	<u>12,475</u>	<u>29,903</u>	<u>43,043</u>	<u>85,421</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	1,296	6,897	11,766	19,959
Due To Other Funds	-	-	66,057	66,057
Deferred Revenue	-	-	129	129
Compensated Absences-Current Portion	47	180	44	271
Total Current Liabilities	<u>1,343</u>	<u>7,077</u>	<u>77,996</u>	<u>86,416</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	-	4,057	-	4,057
Compensated Absences	663	3,231	856	4,750
Advances From Other Funds	4,700	-	-	4,700
Total Noncurrent Liabilities	<u>5,363</u>	<u>7,288</u>	<u>856</u>	<u>13,507</u>
Total Liabilities	<u>6,706</u>	<u>14,365</u>	<u>78,852</u>	<u>99,923</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	1,917	5,524	42,144	49,585
Unrestricted	3,852	10,014	(77,953)	(64,087)
Total Net Assets (Deficit)	<u>\$ 5,769</u>	<u>\$ 15,538</u>	<u>\$ (35,809)</u>	<u>\$ (14,502)</u>

# Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

## Internal Service Funds

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information &amp; Technology</u>	<u>Administrative Services</u>	<u>Total</u>
<b>Operating Revenues</b>				
Charges for Sales and Services	\$ 21,212	\$ 35,375	\$ 30,090	\$ 86,677
Miscellaneous	166	-	-	166
Total Operating Revenues	<u>21,378</u>	<u>35,375</u>	<u>30,090</u>	<u>86,843</u>
<b>Operating Expenses</b>				
Salaries, Wages and Administrative	20,828	32,297	19,722	72,847
Depreciation and Amortization	434	3,627	15,682	19,743
Total Operating Expenses	<u>21,262</u>	<u>35,924</u>	<u>35,404</u>	<u>92,590</u>
Operating Income (Loss)	<u>116</u>	<u>(549)</u>	<u>(5,314)</u>	<u>(5,747)</u>
<b>Nonoperating Revenue (Expenses)</b>				
Investment Income	233	-	-	233
Interest Expense	-	(67)	-	(67)
Other Nonoperating Expense	(90)	-	-	(90)
Total Nonoperating Revenues (Expenses)	<u>143</u>	<u>(67)</u>	<u>-</u>	<u>76</u>
Change in Net Assets	259	(616)	(5,314)	(5,671)
Total Net Assets (Deficit) - Beginning	<u>5,510</u>	<u>16,154</u>	<u>(30,495)</u>	<u>(8,831)</u>
Total Net Assets (Deficit) - Ending	<u>\$ 5,769</u>	<u>\$ 15,538</u>	<u>\$ (35,809)</u>	<u>\$ (14,502)</u>

## Combining Statement of Cash Flows

### Internal Service Funds

For the Fiscal Year Ended June 30, 2007  
(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information Technology</u>	<u>Administrative Services</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	\$ 20,991	\$ 36,478	\$ 32,244	\$ 89,713
Payments to Suppliers	(16,863)	(7,016)	(7,318)	(31,197)
Payments to Employees	(3,520)	(26,027)	(7,927)	(37,474)
Other Receipts (Payments)	(723)	221	305	(197)
Net Cash Provided by (Used in) Operating Activities	(115)	3,656	17,304	20,845
<b>Cash Flows from Capital and Related Financing Activities</b>				
Additions to Property, Plant and Equipment	(654)	(4,695)	(17,304)	(22,653)
Other Receipts (Payments)	-	(67)	-	(67)
Net Cash Flows from Capital and Related Financing Activities	(654)	(4,762)	(17,304)	(22,720)
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	233	-	-	233
Other Receipts (Payments)	(90)	-	-	(90)
Net Cash Flows from Investing Activities	143	-	-	143
Net Increase (Decrease) in Cash and Cash Equivalents	(626)	(1,106)	-	(1,732)
Cash and Cash Equivalents - Beginning of Year	6,113	10,791	-	16,904
Cash and Cash Equivalents - End of Year	<u>\$ 5,487</u>	<u>\$ 9,685</u>	<u>\$ -</u>	<u>\$ 15,172</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>				
Operating Income (Loss)	\$ 116	\$ (549)	\$ (5,314)	\$ (5,747)
Adjustments Not Affecting Cash:				
Depreciation	434	3,627	15,682	19,743
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	19	110	(35)	94
(Increase) Decrease in Due From Other Funds	(240)	992	2,189	2,941
(Increase) Decrease in Inventories and Other Current Assets	(890)	221	305	(364)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	446	(745)	4,477	4,178
Total Adjustments	(231)	4,205	22,618	26,592
Net Cash Provided by (Used In) Operating Activities	<u>\$ (115)</u>	<u>\$ 3,656</u>	<u>\$ 17,304</u>	<u>\$ 20,845</u>

## ***Pension and (Other Employee Benefit) Trust Funds***

### ***Pension Trust Funds:***

See notes 11 and 12 for a description of the Pension Trust Funds.

### ***Retired Teachers' Health Benefits Plan:***

to account for resources used to provide health benefits to retired teachers and their beneficiaries. The plan is administered by the Teachers' Retirement Board.

### ***Policemen, Firemen Survivors' Benefits Plan:***

to account for resources used to provide benefits to the survivors of policemen and firemen. The plan is administered by the State Comptroller's Retirement Division.



## Combining Statement of Fiduciary Net Assets Pension (and Other Employee Benefit) Trust Funds

June 30, 2007

(Expressed in Thousands)

	<u>Pension Trust</u>			
	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 3,359	\$ -	\$ -	\$ 7,221
Receivables:				
Accounts, Net of Allowances	2,043	8,582	8	5,363
From Other Governments	-	5,771	-	-
From Other Funds	-	454	-	-
Interest	337	838	12	75
Investments	10,037,696	13,782,071	187,348	1,717,314
Securities Lending Collateral	1,408,258	1,915,999	26,030	239,500
Other Assets	-	-	-	-
Total Assets	<u>11,451,693</u>	<u>15,713,715</u>	<u>213,398</u>	<u>1,969,473</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	44	-	2	-
Securities Lending Obligation	1,408,258	1,915,999	26,030	239,500
Due to Other Funds	-	6,906	-	-
Total Liabilities	<u>1,408,302</u>	<u>1,922,905</u>	<u>26,032</u>	<u>239,500</u>
<b>Net Assets</b>				
Held in Trust For Employee				
Pension and Other Benefits	<u>10,043,391</u>	<u>13,790,810</u>	<u>187,366</u>	<u>1,729,973</u>
Total Net Assets	<u>\$ 10,043,391</u>	<u>\$ 13,790,810</u>	<u>\$ 187,366</u>	<u>\$ 1,729,973</u>

<u>Pension Trust</u>		<u>Other Employee Benefits</u>		
<u>Probate Judges</u>	<u>Other</u>	<u>Retired Teachers' Health Benefits</u>	<u>Policemen, Firemen, Survivors' Benefits</u>	<u>Total</u>
\$ 32	\$ 183	\$ 42,034	\$ 2	\$ 52,831
6	-	-	-	16,002
-	-	-	-	5,771
-	-	1,459	-	1,913
4	-	-	2	1,268
87,647	875	-	21,581	25,834,532
12,241	136	-	3,502	3,605,666
-	-	5,554	-	5,554
<u>99,930</u>	<u>1,194</u>	<u>49,047</u>	<u>25,087</u>	<u>29,523,537</u>
10	-	-	-	56
12,241	136	-	3,502	3,605,666
-	-	-	3	6,909
<u>12,251</u>	<u>136</u>	<u>-</u>	<u>3,505</u>	<u>3,612,631</u>
<u>87,679</u>	<u>1,058</u>	<u>49,047</u>	<u>21,582</u>	<u>25,910,906</u>
<u>\$ 87,679</u>	<u>\$ 1,058</u>	<u>\$ 49,047</u>	<u>\$ 21,582</u>	<u>\$ 25,910,906</u>

## Combining Statement of Changes in Fiduciary Net Assets Pension (and Other Employee Benefit) Trust Funds

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<b>Pension Trust</b>			
	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>
<b>Additions</b>				
Contributions:				
Plan Members	\$ 61,794	\$ 237,468	\$ 1,594	\$ 14,317
State	663,931	412,101	12,375	-
Municipalities	-	6,159	-	39,371
Total Contributions	<u>725,725</u>	<u>655,728</u>	<u>13,969</u>	<u>53,688</u>
Investment Income	1,594,319	2,217,450	27,888	266,191
Less: Investment Expenses	<u>(83,150)</u>	<u>(115,730)</u>	<u>(1,456)</u>	<u>(13,894)</u>
Net Investment Income	<u>1,511,169</u>	<u>2,101,720</u>	<u>26,432</u>	<u>252,297</u>
Transfers In	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
Total Additions	<u>2,236,894</u>	<u>2,757,448</u>	<u>40,401</u>	<u>306,005</u>
<b>Deductions</b>				
Administrative Expense	510	-	10	-
Benefit Payments and Refunds	958,115	1,165,656	16,797	80,969
Other	<u>29</u>	<u>3,634</u>	<u>2</u>	<u>15</u>
Total Deductions	<u>958,654</u>	<u>1,169,290</u>	<u>16,809</u>	<u>80,984</u>
Changes in Net Assets	1,278,240	1,588,158	23,592	225,021
<b>Net Assets Held in Trust For</b>				
<b>Pension and Other Employee Benefits</b>				
Beginning of Year	<u>8,765,151</u>	<u>12,202,652</u>	<u>163,774</u>	<u>1,504,952</u>
End of Year	<u>\$ 10,043,391</u>	<u>\$ 13,790,810</u>	<u>\$ 187,366</u>	<u>\$ 1,729,973</u>

<u>Pension Trust</u>		<u>Other Employee Benefits</u>		
<u>Probate</u>		<u>Retired</u>	<u>Policemen,</u>	
<u>Judges</u>	<u>Other</u>	<u>Teachers'</u>	<u>Firemen,</u>	
		<u>Health Benefits</u>	<u>Survivors 'Benefits</u>	<u>Total</u>
\$ 278	\$ 114	\$ 61,638	\$ 384	\$ 377,587
-	-	20,750	-	1,109,157
-	-	-	22	45,552
278	114	82,388	406	1,532,296
13,555	87	1,567	2,466	4,123,523
(707)	(4)	-	(129)	(215,070)
12,848	83	1,567	2,337	3,908,453
2,492	-	-	-	2,492
-	-	-	-	20
15,618	197	83,955	2,743	5,443,261
-	-	1,479	-	1,999
2,782	2	59,949	796	2,285,066
2,493	-	744	-	6,917
5,275	2	62,172	796	2,293,982
10,343	195	21,783	1,947	3,149,279
77,336	863	27,264	19,635	22,761,627
<u>\$ 87,679</u>	<u>\$ 1,058</u>	<u>\$ 49,047</u>	<u>\$ 21,582</u>	<u>\$ 25,910,906</u>

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## *Agency Funds*

### *Insurance Companies' Securities:*

To account for securities that are deposited with the Treasurer to be held for policyholders of insurance companies as a prerequisite to such companies transacting business with the State.

# Combining Statement of Assets and Liabilities

## Agency Funds

June 30, 2007

(Expressed in Thousands)

	<b><u>Fringe Benefit</u></b>	<b><u>Receipts</u></b>	<b><u>Insurance</u></b>	<b><u>State</u></b>		
	<b><u>Clearing</u></b>	<b><u>Pending</u></b>	<b><u>Companies'</u></b>	<b><u>Institution</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
<b>Assets</b>						
Cash and Cash Equivalents	\$ 38	\$ 16,907	\$ -	\$ 20,068	\$ 104,560	\$ 141,573
Receivables:						
Accounts, Net of Allowances	-	492	-	3,311	-	3,803
From Other Funds	4,442	-	-	-	-	4,442
Interest	-	-	-	40	343	383
Inventories	-	-	-	466	-	466
Other Assets	-	-	343,183	3	-	343,186
Total Assets	<u>\$ 4,480</u>	<u>\$ 17,399</u>	<u>\$ 343,183</u>	<u>\$ 23,888</u>	<u>\$ 104,903</u>	<u>\$ 493,853</u>
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ 4,183	\$ -	\$ 4,183
Funds Held for Others	4,480	17,399	343,183	19,705	104,903	489,670
Total Liabilities	<u>\$ 4,480</u>	<u>\$ 17,399</u>	<u>\$ 343,183</u>	<u>\$ 23,888</u>	<u>\$ 104,903</u>	<u>\$ 493,853</u>

# Combining Statement of Changes in Assets and Liabilities

## Agency Funds

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b><u>Fringe Benefit Clearing</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 12	\$ 26	\$ -	\$ 38
From Other Funds	3,525	4,442	3,525	4,442
Total Assets	<u>\$ 3,537</u>	<u>\$ 4,468</u>	<u>\$ 3,525</u>	<u>\$ 4,480</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 3,537</u>	<u>\$ 4,459</u>	<u>\$ 3,516</u>	<u>\$ 4,480</u>
Total Liabilities	<u>\$ 3,537</u>	<u>\$ 4,459</u>	<u>\$ 3,516</u>	<u>\$ 4,480</u>
<b><u>Receipts Pending Distribution</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 10,928	\$ 7,420	\$ 1,441	\$ 16,907
Accounts, Net of Allowances	554	492	554	492
Total Assets	<u>\$ 11,482</u>	<u>\$ 7,912</u>	<u>\$ 1,995</u>	<u>\$ 17,399</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 1,053	\$ -	\$ 1,053	\$ -
Funds Held for Others	10,429	9,243	2,273	17,399
Total Liabilities	<u>\$ 11,482</u>	<u>\$ 9,243</u>	<u>\$ 3,326</u>	<u>\$ 17,399</u>
<b><u>Insurance Companies Securities</u></b>				
<b>Assets</b>				
Other Assets	\$ 351,894	\$ 343,183	\$ 351,894	\$ 343,183
Total Assets	<u>\$ 351,894</u>	<u>\$ 343,183</u>	<u>\$ 351,894</u>	<u>\$ 343,183</u>
<b>Liabilities</b>				
Funds Held for Others	\$ 351,894	\$ 343,183	\$ 351,894	\$ 343,183
Total Liabilities	<u>\$ 351,894</u>	<u>\$ 343,183</u>	<u>\$ 351,894</u>	<u>\$ 343,183</u>
<b><u>State Institution Activity</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 19,414	\$ 20,068	\$ 19,414	\$ 20,068
Accounts, Net of Allowances	3,629	3,311	3,629	3,311
Interest	37	40	37	40
Inventories	607	466	607	466
Other Assets	3,496	3	3,496	3
Total Assets	<u>\$ 27,183</u>	<u>\$ 23,888</u>	<u>\$ 27,183</u>	<u>\$ 23,888</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 473	\$ 4,183	\$ 473	\$ 4,183
Other Liabilities	3,744	-	3,744	-
Funds Held for Others	22,966	19,705	22,966	19,705
Total Liabilities	<u>\$ 27,183</u>	<u>\$ 23,888</u>	<u>\$ 27,183</u>	<u>\$ 23,888</u>

*continues*



## Combining Statement of Changes in Assets and Liabilities

continued

## Agency Funds

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b><u>Other</u></b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 94,509	\$ 91,627	\$ 81,576	\$ 104,560
Interest	280	343	280	343
Total Assets	<u>\$ 94,789</u>	<u>\$ 91,970</u>	<u>\$ 81,856</u>	<u>\$ 104,903</u>
<b><u>Liabilities</u></b>				
Funds Held for Others	<u>\$ 94,789</u>	<u>\$ 91,970</u>	<u>\$ 81,856</u>	<u>\$ 104,903</u>
Total Liabilities	<u>\$ 94,789</u>	<u>\$ 91,970</u>	<u>\$ 81,856</u>	<u>\$ 104,903</u>
<b><u>Total - All Agency Funds</u></b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 124,863	\$ 119,141	\$ 102,431	\$ 141,573
Accounts, Net of Allowances	4,183	3,803	4,183	3,803
From Other Funds	3,525	4,442	3,525	4,442
Interest	317	383	317	383
Inventories	607	466	607	466
Other Assets	355,390	343,186	355,390	343,186
Total Assets	<u>\$ 488,885</u>	<u>\$ 471,421</u>	<u>\$ 466,453</u>	<u>\$ 493,853</u>
<b><u>Liabilities</u></b>				
Accounts Payable and Accrued Liabilities	\$ 1,526	\$ 4,183	\$ 1,526	\$ 4,183
Other Liabilities	3,744	-	3,744	-
Funds Held for Others	483,615	468,560	462,505	489,670
Total Liabilities	<u>\$ 488,885</u>	<u>\$ 472,743</u>	<u>\$ 467,775</u>	<u>\$ 493,853</u>

## ***Component Units***

### ***Connecticut Development Authority:***

the Connecticut Development Authority is a public instrumentality and political subdivision of the State. The Authority was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond Program, its Umbrella Program and its Insurance Program.

### ***Connecticut Resources Recovery Authority:***

the Connecticut Resources Recovery Authority is a public instrumentality and political subdivision of the State. The Authority is responsible for implementing the State's solid waste management plan, which includes design, construction and operation of resources recovery facilities and the marketing of recovered products.

### ***Connecticut Higher Education Supplemental Loan Authority:***

the Connecticut Higher Education Supplementary Loan Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist students, their parents and institutions of higher education to finance the cost of higher education through its bond funds.

### ***Capital City Economic Development Authority:***

the Capital City Economic Development Authority is a public instrumentality of the state. The authority was created in 1998 to use municipal and state financial resources for the purpose of building a variety of Hartford based projects ranging from facilities to accommodate the exhibition, hospitality and tourism industries to downtown residential housing.

### ***Connecticut Innovations, Incorporated:***

Connecticut Innovations is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut by providing financial technical assistance.

## Combining Statement of Net Assets

## Nonmajor Component Units

June 30, 2007

(Expressed in Thousands)

	<u>Connecticut Development Authority</u>	<u>Connecticut Higher Education Supplemental Loan Authority</u>	<u>Connecticut Resources Recovery Authority</u>	<u>Connecticut Innovations, Incorporated</u>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 56,285	\$ 1,797	\$ 89,116	\$ 17,943
Investments	1,720	-	-	25,430
Receivables:				
Accounts, Net of Allowances	34	-	28,450	1
Loans, Net of Allowances	12,685	12,425	-	-
Interest Receivable	305	621	-	-
Due From Primary Government	12,727	-	-	-
Restricted Assets	12,739	32,571	60,290	-
Inventories	-	-	3,349	-
Other Current Assets	661	-	3,873	889
Total Current Assets	97,156	47,414	185,078	44,263
Noncurrent Assets:				
Investments	16,377	-	-	40,485
Accounts, Net of Allowances	1,604	-	-	-
Loans, Net of Allowances	30,317	84,474	-	-
Restricted Assets	-	9,500	50,421	-
Capital Assets, Net of Accumulated Depreciation	198	-	156,334	1,141
Other Noncurrent Assets	443	2,328	4,921	-
Total Noncurrent Assets	48,939	96,302	211,676	41,626
Total Assets	146,095	143,716	396,754	85,889
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	8,753	813	55,966	708
Current Portion of Long-Term Obligations	3,705	8,084	13,685	-
Due To Primary Government	-	-	2,619	-
Other Liabilities	190	-	-	355
Total Current Liabilities	12,648	8,897	72,270	1,063
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	25,891	123,190	85,713	-
Total Noncurrent Liabilities	25,891	123,190	85,713	-
Total Liabilities	38,539	132,087	157,983	1,063
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	198	-	117,855	1,140
Restricted:				
Debt Service	12,739	-	6,196	-
Expendable Endowments	-	-	-	-
Nonexpendable Endowments	-	-	-	-
Other Purposes	-	-	37,128	-
Unrestricted	94,619	11,629	77,592	83,686
Total Net Assets	\$ 107,556	\$ 11,629	\$ 238,771	\$ 84,826

<b>Capital City Economic Development Authority</b>	<b>UConn Foundation</b>	<b>Total</b>
\$ 3,856	\$ 1,169	\$ 170,166
-	363,550	390,700
344	8,094	36,923
-	-	25,110
-	-	926
-	-	12,727
-	-	105,600
90	-	3,439
114	-	5,537
<u>4,404</u>	<u>372,813</u>	<u>751,128</u>
-	-	56,862
-	14,652	16,256
-	-	114,791
5,510	779	66,210
267,262	5,386	430,321
1,422	1,230	10,344
<u>274,194</u>	<u>22,047</u>	<u>694,784</u>
<u>278,598</u>	<u>394,860</u>	<u>1,445,912</u>
1,818	4,708	72,766
1,470	125	27,069
-	-	2,619
-	-	545
<u>3,288</u>	<u>4,833</u>	<u>102,999</u>
<u>87,118</u>	<u>10,128</u>	<u>332,040</u>
<u>87,118</u>	<u>10,128</u>	<u>332,040</u>
<u>90,406</u>	<u>14,961</u>	<u>435,039</u>
179,917	(1,428)	297,682
-	-	18,935
-	137,773	137,773
-	234,332	234,332
5,510	-	42,638
2,765	9,222	279,513
<u>\$ 188,192</u>	<u>\$ 379,899</u>	<u>\$ 1,010,873</u>

# Combining Statement of Activities

## Nonmajor Component Units

For The Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Connecticut Development Authority	\$ 43,746	\$ 22,863	\$ -	\$ -
Connecticut Higher Education Supplemental Loan Authority	8,733	7,872	-	-
Connecticut Resources Recovery Authority	210,179	187,628	-	-
Connecticut Innovations, Incorporated	4,389	193	-	-
Capital City Economic Development Authority	30,163	14,050	7,900	9,288
UConn Foundation	46,909	9,049	-	-
Total Nonmajor Component Units	<u>\$ 344,119</u>	<u>\$ 241,655</u>	<u>\$ 7,900</u>	<u>\$ 9,288</u>

General Revenues:

Investment Income

Contributions to Endowments

Total General Revenues and  
Contributions

Change in Net Assets

Total Net Assets - Beginning

Total Net Assets - Ending

Net (Expense) Revenue and  
Changes in Net Assets

<u>Connecticut Development Authority</u>	<u>Connecticut Higher Education Supplemental Loan Authority</u>	<u>Connecticut Resources Recovery Authority</u>	<u>Connecticut Innovations, Incorporated</u>	<u>Capital City Economic Development Authority</u>	<u>UConn Foundation</u>	<u>Totals</u>
\$ (20,883)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,883)
-	(861)	-	-	-	-	(861)
-	-	(22,551)	-	-	-	(22,551)
-	-	-	(4,196)	-	-	(4,196)
-	-	-	-	1,075	-	1,075
-	-	-	-	-	(37,860)	(37,860)
<u>(20,883)</u>	<u>(861)</u>	<u>(22,551)</u>	<u>(4,196)</u>	<u>1,075</u>	<u>(37,860)</u>	<u>(85,276)</u>
13,567	2,417	8,888	5,145	551	48,334	78,902
-	-	-	-	-	34,392	34,392
<u>13,567</u>	<u>2,417</u>	<u>8,888</u>	<u>5,145</u>	<u>551</u>	<u>82,726</u>	<u>113,294</u>
(7,316)	1,556	(13,663)	949	1,626	44,866	28,018
<u>114,872</u>	<u>10,073</u>	<u>252,434</u>	<u>83,877</u>	<u>186,566</u>	<u>335,033</u>	<u>982,855</u>
<u>\$ 107,556</u>	<u>\$ 11,629</u>	<u>\$ 238,771</u>	<u>\$ 84,826</u>	<u>\$ 188,192</u>	<u>\$ 379,899</u>	<u>\$ 1,010,873</u>

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## ***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 Assets by Component	140
Changes in Net Assets	142
Fund Balances, Governmental Funds	144
Changes in Fund Balances, Governmental Funds	144

### **REVENUE CAPACITY INFORMATION**

These schedules present revenue capacity information for the State's most significant revenue source, the personal income tax.

Personal Income by Industry	145
Personal Income Tax Rates	146
Personal Income Tax Filers and Liability by Income Level	146

### **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	147
Ratios of Outstanding Debt by Type	148
Ratios of Net General Bonded Debt	148
Pledged-Revenue Coverage	150

### **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	154
Employment Information	154
Top Ten Employers	156

### **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	157
Capital Asset Statistics by Function	158

**Sources:** Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The State implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning that year.



## Net Assets by Component

Last Six Fiscal Years

(Expressed in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental Activities:			
Invested in Capital Assets, Net of Related Debt	\$ 2,348,364	\$ 2,622,372	\$ 3,264,134
Restricted	1,231,415	1,233,992	1,686,089
Unrestricted	<u>(8,196,738)</u>	<u>(9,203,348)</u>	<u>(10,390,481)</u>
Total Governmental Activities Net Assets	<u>\$ (4,616,959)</u>	<u>\$ (5,346,984)</u>	<u>\$ (5,440,258)</u>
Business-Type Activities:			
Invested in Capital Assets, Net of Related Debt	\$ 1,847,526	\$ 2,092,633	\$ 2,209,541
Restricted	1,846,132	1,650,045	1,409,915
Unrestricted	<u>106,375</u>	<u>132,394</u>	<u>40,461</u>
Total Business-Type Activities Net Assets	<u>\$ 3,800,033</u>	<u>\$ 3,875,072</u>	<u>\$ 3,659,917</u>
Primary Government:			
Invested in Capital Assets, Net of Related Debt	\$ 4,195,890	\$ 4,715,005	\$ 5,473,675
Restricted	3,077,547	2,884,037	3,096,004
Unrestricted	<u>(8,090,363)</u>	<u>(9,070,954)</u>	<u>(10,350,020)</u>
Total Primary Government Net Assets	<u>\$ (816,926)</u>	<u>\$ (1,471,912)</u>	<u>\$ (1,780,341)</u>

**Notes:** The State did not begin reporting government-wide statements until it implement GASB Statement 34 in fiscal year 2002.

The governmental activities have a deficit in unrestricted net asset mainly because the State recognized in the Statement of Net Assets 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 obligation, compensated absences obligation, etc.

<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 3,294,888	\$ 3,469,145	\$ 4,269,038
1,324,933	1,496,693	1,384,938
<u>(10,010,444)</u>	<u>(10,041,840)</u>	<u>(10,497,613)</u>
<u>\$ (5,390,623)</u>	<u>\$ (5,076,002)</u>	<u>\$ (4,843,637)</u>
\$ 2,314,139	\$ 2,407,382	\$ 2,455,118
1,568,559	1,704,585	1,871,568
<u>115,901</u>	<u>179,171</u>	<u>274,411</u>
<u>\$ 3,998,599</u>	<u>\$ 4,291,138</u>	<u>\$ 4,601,097</u>
\$ 5,609,027	\$ 5,876,527	\$ 6,724,156
2,893,492	3,201,278	3,256,506
<u>(9,894,543)</u>	<u>(9,862,669)</u>	<u>(10,223,202)</u>
<u>\$ (1,392,024)</u>	<u>\$ (784,864)</u>	<u>\$ (242,540)</u>
<hr/> <hr/>		

## Changes in Net Assets

Last Six Fiscal Years

(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007
<b>Expenses</b>						
<b>Governmental Activities:</b>						
Legislative	\$ 80,212	\$ 80,176	\$ 89,532	\$ 91,037	\$ 96,622	\$ 97,492
General Government	1,339,982	1,145,613	1,100,700	1,288,231	1,352,908	1,731,215
Regulation and Protection	627,352	574,674	590,377	633,466	712,061	702,467
Conservation and Development	434,356	410,167	448,077	424,125	396,296	429,057
Health and Hospital	1,664,152	1,711,076	1,683,465	1,801,346	1,922,583	2,003,994
Transportation	1,366,108	941,257	1,153,888	1,183,961	1,090,504	1,150,770
Human Services	3,882,711	4,138,932	4,630,154	4,535,915	4,941,454	4,828,418
Education, Libraries, and Museums	3,000,315	3,090,630	3,174,305	3,408,288	3,888,711	4,008,903
Corrections	1,355,142	1,450,392	1,579,043	1,675,965	1,768,368	1,836,147
Judicial	538,368	555,791	546,163	649,666	654,894	694,442
Interest and Fiscal Charges	592,490	595,949	577,448	612,115	619,730	635,113
Total Governmental Activities Expenses	14,881,188	14,694,657	15,573,152	16,304,115	17,444,131	18,118,018
<b>Business-Type Activities:</b>						
Higher Education	1,869,875	1,977,886	-	-	-	-
University of Connecticut and Health Center	-	-	1,254,402	1,386,327	1,464,055	1,519,026
State Universities	-	-	469,712	506,993	536,026	571,006
Bradley International Airport	50,455	54,323	59,338	61,559	62,625	67,244
CT Lottery Corporation	672,118	643,214	656,716	691,163	709,591	698,628
Employment Security	736,261	963,201	811,483	580,549	572,602	585,803
Second Injury and Compensation Assurance	61,235	-	-	-	-	-
Clean Water	30,903	29,435	24,759	27,740	26,076	30,183
Other	19,186	72,633	361,367	405,423	419,074	432,129
Total Business-Type Activities Expenses	3,440,033	3,740,692	3,637,777	3,659,754	3,790,049	3,904,019
Total Primary Government Expenses	\$ 18,321,221	\$ 18,435,349	\$ 19,210,929	\$ 19,963,869	\$ 21,234,180	\$ 22,022,037
<b>Program Revenues</b>						
<b>Governmental Activities:</b>						
Charges for Services, Fees, Fines, and Forfeitures	\$ 942,871	\$ 1,072,932	\$ 1,253,672	\$ 1,316,668	\$ 1,379,061	\$ 1,317,480
Operating Grants and Contributions	3,320,099	3,489,213	3,850,132	3,809,577	4,034,673	3,974,468
Capital Grants and Contributions	509,112	562,613	543,805	335,256	541,875	411,516
Total Governmental Activities Program Revenues	4,772,082	5,124,758	5,647,609	5,461,501	5,955,609	5,703,464
<b>Business-Type Activities:</b>						
Charges for Services, Fees, Fines, and Forfeitures	2,409,648	2,594,766	2,935,955	2,863,023	2,900,105	2,919,722
Operating Grants and Contributions	447,706	456,239	227,674	262,015	277,357	296,851
Capital Grants and Contributions	37,837	10,195	9,339	86,684	80,082	13,735
Total Business-Type Activities Program Revenues	2,895,191	3,061,200	3,172,968	3,211,722	3,257,544	3,230,308
Total Primary Government Program Revenues	\$ 7,667,273	\$ 8,185,958	\$ 8,820,577	\$ 8,673,223	\$ 9,213,153	\$ 8,933,772
<b>Net (Expense)/Revenue</b>						
Governmental Activities	\$ (10,109,106)	\$ (9,569,899)	\$ (9,925,543)	\$ (10,842,614)	\$ (11,488,522)	\$ (12,414,554)
Business-Type Activities	(544,842)	(679,492)	(464,809)	(448,032)	(532,505)	(673,711)
Total Primary Government Net Expense	\$ (10,653,948)	\$ (10,249,391)	\$ (10,390,352)	\$ (11,290,646)	\$ (12,021,027)	\$ (13,088,265)

	2002	2003	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental Activities:						
Taxes:						
Personal Income	\$ 3,680,434	\$ 3,593,080	\$ 4,392,403	\$ 4,983,163	\$ 5,625,882	\$ 6,270,806
Corporate Income	197,245	390,012	473,505	538,834	655,607	831,688
Sales and Use	2,933,268	2,938,341	3,061,423	3,278,902	3,382,118	3,509,164
Other	948,369	1,208,083	1,274,149	1,487,321	1,608,235	1,513,855
Restricted for Transportation Purposes:						
Motor Fuel	424,037	450,696	470,001	482,476	515,013	609,427
Other	109,272	64,524	70,411	69,720	68,418	67,888
Casino Gaming Payments	368,954	387,255	402,733	417,838	427,527	430,476
Tobacco Settlement	139,968	137,915	116,578	118,321	108,619	113,691
Unrestricted Investment Earnings	84,684	54,741	18,350	69,332	104,911	165,472
Other	-	15,855	-	-	-	-
Special Items:						
Statutory Payment from Component Units	-	100,000	17,500	15,000	-	-
Other	-	127,256	(174,760)	(165,412)	-	-
Transfers-Internal Activities	(657,037)	(640,268)	(417,062)	(692,499)	(711,657)	(865,548)
Total Governmental Activities	8,229,194	8,827,490	9,705,231	10,602,996	11,784,673	12,646,919
Business-Type Activities						
Unrestricted Investment Earnings	89,388	111,336	90,486	93,879	113,387	129,317
Special Items:						
Loss on Disposal of Capital Assets	(4,499)	-	(4,190)	-	-	-
Other	-	(2,455)	-	-	-	-
Extraordinary Item-Loss on Early Retirement of	-	(4,010)	(1,983)	-	-	-
Transfers-Internal Activities	657,037	640,268	417,062	498,499	711,657	865,548
Total Business-Type Activities	741,926	745,139	501,375	592,378	825,044	994,865
Total Primary Government	\$ 8,971,120	\$ 9,572,629	\$ 10,206,606	\$ 11,195,374	\$ 12,609,717	\$ 13,641,784
<b>Changes in Net Assets</b>						
Governmental Activities	\$ (1,879,912)	\$ (742,409)	\$ (220,312)	\$ (239,618)	\$ 296,151	\$ 232,365
Business-Type Activities	197,084	65,647	36,566	144,346	292,539	321,154
Total Primary Government	\$ (1,682,828)	\$ (676,762)	\$ (183,746)	\$ (95,272)	\$ 588,690	\$ 553,519
<b>Other Changes in Net Assets</b>						
Governmental Activities:						
Prior-Year Adjustments	\$ -	\$ 12,384	\$ 100,104	\$ 289,253	\$ 18,470	\$ -
Fund Reclassification	-	-	26,934	-	-	-
Total Governmental Activities	-	12,384	127,038	289,253	18,470	-
Business-Type Activities:						
Prior-Year Adjustments	-	9,392	(9,750)	-	-	11,195
Fund Reclassification	-	-	(241,971)	-	-	-
Change in Reporting Period	-	-	-	194,336	-	-
Total Business-Type Activities	-	9,392	(251,721)	194,336	-	11,195
Total Primary Government	\$ -	\$ 21,776	\$ (124,683)	\$ 483,589	\$ 18,470	\$ 11,195

**Notes:** The State did not begin reporting government-wide statements until it implemented GASB Statement 34 in fiscal year 2002.

In January 2003 there was an increase in the personal income tax rate of one half percent.

In fiscal year 2004 the Higher Education line was reclassified to display more details about these activities.

Other changes in net assets are direct adjustments to the beginning balance of net assets (See Note 21).

## Fund Balances, Governmental Funds

Last Six Fiscal Years

(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007
General Fund						
Reserved	\$ 509,096	\$ 440,819	\$ 720,581	\$ 1,434,544	\$ 1,917,260	\$ 2,326,082
Unreserved	(944,022)	(842,318)	(900,171)	(1,037,651)	(1,058,714)	(994,314)
Total General Fund	<u>\$ (434,926)</u>	<u>\$ (401,499)</u>	<u>\$ (179,590)</u>	<u>\$ 396,893</u>	<u>\$ 858,546</u>	<u>\$ 1,331,768</u>
All Other Governmental Funds						
Reserved	\$ 1,209,556	\$ 1,177,121	\$ 1,296,214	\$ 1,250,708	\$ 1,323,595	\$ 1,374,180
Unreserved						
Transportation Fund	178,620	125,330	119,203	123,209	128,762	189,630
Special Revenue Funds	595,158	443,507	512,106	535,689	533,857	539,357
Capital Projects Funds	(90,862)	146,984	221,849	168,105	264,513	(171,645)
Total All Other Governmental Funds	<u>\$ 1,892,472</u>	<u>\$ 1,892,942</u>	<u>\$ 2,149,372</u>	<u>\$ 2,077,711</u>	<u>\$ 2,250,727</u>	<u>\$ 1,931,522</u>

**Note:** Due to changes in the State's fund structure initiated when GASB 34 was implemented, the changes in fund balance information is available beginning in FY 2002.

## Changes in Fund Balances, Governmental Funds

Last Six Fiscal Years

(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007
<b>Revenues</b>						
Taxes	\$ 8,278,340	\$ 8,727,502	\$ 9,742,801	\$ 10,830,226	\$ 11,836,809	\$ 12,742,807
Assessments		-	25,827	17,968	21,555	22,841
Licenses, Permits and Fees	551,369	524,998	515,049	530,148	536,468	531,636
Tobacco Settlement	139,968	137,915	116,578	118,321	108,619	113,691
Federal Grants and Aid	3,837,393	4,028,640	4,383,498	4,117,007	4,578,381	4,405,160
Charges for Services	61,047	92,922	98,225	95,683	108,797	101,270
Fines, Forfeits and Rents	71,039	99,909	138,619	189,525	107,115	37,183
Casino Gaming Payments	368,954	387,255	402,733	417,838	427,527	430,476
Investment Earnings	78,074	50,959	27,531	69,342	102,694	165,902
Miscellaneous	292,742	363,471	456,841	470,567	593,629	658,074
Total Revenues	<u>13,678,926</u>	<u>14,413,571</u>	<u>15,907,702</u>	<u>16,856,625</u>	<u>18,421,594</u>	<u>19,209,040</u>
<b>Expenditures</b>						
Legislative	76,595	77,307	84,272	86,006	91,733	97,383
General Government	1,326,900	1,115,263	1,056,469	1,167,476	1,305,571	1,722,376
Regulation and Protection	607,074	558,710	559,219	602,472	686,747	699,927
Conservation and Development	428,254	402,655	432,590	407,547	384,063	428,251
Health and Hospital	1,652,838	1,686,699	1,642,797	1,761,561	1,889,242	1,990,506
Transportation	576,857	537,797	527,326	573,035	648,628	1,010,056
Human Services	3,866,970	4,089,089	4,538,769	4,454,092	4,877,611	4,791,635
Education, Libraries, and Museums	2,981,859	3,042,345	3,091,136	3,324,865	3,813,549	3,982,868
Corrections	1,334,427	1,422,713	1,525,804	1,621,273	1,723,591	1,829,048
Judicial	532,774	546,154	532,784	627,602	648,274	692,392
Capital Projects	1,030,628	871,029	780,194	707,023	671,124	304,964
Debt Service:						
Principal	824,825	904,658	965,313	1,051,308	1,102,770	1,231,376
Interest	599,795	613,181	647,797	644,563	670,385	709,740
Total Expenditures	<u>15,839,796</u>	<u>15,867,600</u>	<u>16,384,470</u>	<u>17,028,823</u>	<u>18,513,288</u>	<u>19,490,522</u>
Revenues Over (Under) Expenditures	(2,160,870)	(1,454,029)	(476,768)	(172,198)	(91,694)	(281,482)
<b>Other Financing Sources (Uses) and Special Items</b>						
Bonds Issued	1,621,001	1,804,145	1,395,545	1,278,110	1,362,145	1,253,345
Premiums on Bonds Issued	131,016	124,606	269,058	93,014	55,244	86,759
Transfers In	1,105,265	1,282,163	1,679,858	1,034,799	1,036,654	1,097,874
Transfers Out	(1,763,439)	(1,796,544)	(2,098,625)	(1,729,854)	(1,750,539)	(1,965,914)
Refunding Bonds Issued	1,121,670	745,669	1,961,040	447,013	61,020	527,730
Payment to Refunded Bond Escrow Agent	(1,204,925)	(776,597)	(2,146,469)	(484,379)	(65,473)	(561,269)
Capital Lease Obligations	6,989	1,077	-	27,628	-	117
Special Items:						
Transfer of Loans to Component Unit	-	-	(204,117)	-	-	-
Statutory Payment from Component Units	-	100,000	17,500	15,000	-	-
Other	-	-	29,357	-	-	-
Total Other Financing Sources (Uses) and Special Items	<u>1,017,577</u>	<u>1,484,519</u>	<u>903,147</u>	<u>681,331</u>	<u>699,051</u>	<u>438,642</u>
<b>Net Change in Fund Balances</b>	<u>\$ (1,143,293)</u>	<u>\$ 30,490</u>	<u>\$ 426,379</u>	<u>\$ 509,133</u>	<u>\$ 607,357</u>	<u>\$ 157,160</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	9.54%	10.24%	10.28%	10.34%	10.01%	10.51%

**Note:** Due to changes in the State's fund structure initiated when GASB 34 was implemented, the changes in fund balance information is available beginning in FY 2002.

## Personal Income by Industry

Last Six Calendar Years

(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007
Farm Earnings	\$ 169,384	\$ 163,186	\$ 181,512	\$ 179,546	\$ 132,701	\$ 140,000
Agricultural Services, Forestry, Fishing	53,215	47,990	45,653	43,390	48,463	51,000
Mining	132,885	142,415	183,161	210,433	239,725	263,000
Construction	5,949,891	5,883,794	6,702,149	7,221,766	8,279,075	8,514,000
Durable Goods	11,755,698	11,794,810	12,388,008	12,909,198	13,269,852	19,986,000
Nondurable Goods	5,085,994	5,093,473	5,360,660	5,495,647	5,718,664	5,931,000
Transportation and Public Utilities	3,063,712	3,323,358	3,639,012	3,664,577	6,637,800	6,956,000
Wholesale Trade	5,420,568	5,515,096	5,819,416	6,199,684	7,938,639	8,226,000
Retail Trade	7,295,378	7,349,016	7,533,969	7,696,592	2,631,548	2,778,000
Services	59,658,975	59,358,363	65,546,050	69,407,977	72,920,312	77,441,000
Federal, Civilian	1,555,257	1,556,662	1,685,192	1,651,650	1,731,848	1,771,000
Military	684,388	785,349	842,406	882,223	932,364	940,000
State and Local	11,714,486	11,852,667	12,467,586	13,126,266	13,846,143	14,591,000
Other <sup>1</sup>	34,457,608	36,109,211	36,501,189	38,118,358	43,670,025	41,075,000
Total Personal Income	<u>\$ 146,997,439</u>	<u>\$ 148,975,390</u>	<u>\$ 158,895,963</u>	<u>\$ 166,807,307</u>	<u>\$ 177,997,159</u>	<u>\$ 188,663,000</u>
Average Effective Rate <sup>2</sup>	2.50%	2.48%	2.97%	3.17%	3.34%	3.46%

**Notes:** Fiscal year 2007 amounts are based on Second quarter estimates.

<sup>1</sup>Includes dividends, interest, rental income, residence adjustments, government transfers to individuals, and deductions for insurance.

<sup>2</sup>Total direct rate for personal income is not available. Average effective rate equals fiscal year net tax collections divided by prior-year total personal income.

**Sources:** U. S. Bureau of Economic Analysis and Department of Revenue Services

## Personal Income Tax Rates

Last Six Calendar Years

(Expressed in Thousands)

<u>Year</u>	<b>Top Income Tax Rates is Applied to Taxable Income in Excess of</b>				<b>Average Effective Rate</b>
	<u>Top Rate</u>	<u>Single/ Married Filing Separate</u>	<u>Married Filing Jointly</u>	<u>Head of Household</u>	
2002	4.50%	\$ 10,000	\$ 20,000	16,000	2.50%
2003	5.00%	10,000	20,000	16,000	2.48%
2004	5.00%	10,000	20,000	16,000	2.97%
2005	5.00%	10,000	20,000	16,000	3.17%
2006	5.00%	10,000	20,000	16,000	3.34%
2007	5.00%	10,000	20,000	16,000	3.46%

**Notes:** Taxable income equal to or less than amounts listed above is taxed at a rate of 3%.

Average effective rate equals fiscal year net tax collections divided by prior-year total personal income.

**Sources:** U. S. Bureau of Economic Analysis and Department of Revenue Services

## Personal Income Tax Filers and Liability by Income Level,

Calendar Years 2002 and 2006

(Expressed in Thousands)

<u>Income Level</u>	<b>Calendar Year 2002</b>				<b>Calendar Year 2006</b>			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$50,000 and under	810,902	58.1%	\$ 216,127,745	7.6%	793,827	54.2%	\$ 351,402,683	5.8%
\$50,001 - \$100,000	373,002	26.7%	765,850,088	26.8%	384,467	26.3%	1,116,206,822	18.5%
\$100,001 - \$200,000	152,952	11.0%	746,506,146	26.1%	199,943	13.7%	1,266,867,105	21.0%
\$200,001 - \$500,000	43,707	3.1%	452,609,898	15.8%	61,843	4.2%	881,056,789	14.6%
\$500,001 - \$2,000,000	12,202	0.9%	330,851,853	11.6%	19,637	1.3%	862,381,898	14.3%
\$2,000,000 and up	1,971	0.1%	347,553,185	12.2%	4,316	0.3%	1,565,417,845	25.9%
Total	1,394,736	99.9%	\$ 2,859,498,915	100.0%	1,464,033	100.0%	\$ 6,043,333,142	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 2006 is the most recent year for which the data is available.

**Source:** Department of Revenue Services

## Legal Debt Margin Information

Last Five Fiscal Years  
(Expressed in Thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Estimated General Fund Tax Receipts	\$ 8,147,500	\$ 8,624,000	\$ 9,441,100	\$ 10,455,400	\$ 11,250,700
Statutory Multiplier	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>
Statutory Debt Limit for Debt Incurred	13,036,000	13,798,400	15,105,760	16,728,640	18,001,120
Less: Authorized Bonds, Notes, and Other Obligations Subject to Certain Limitations	<u>11,724,239</u>	<u>12,233,029</u>	<u>12,486,174</u>	<u>12,938,435</u>	<u>13,481,602</u>
Legal Debt Margin	<u>\$ 1,311,761</u>	<u>\$ 1,565,371</u>	<u>\$ 2,619,586</u>	<u>\$ 3,790,205</u>	<u>\$ 4,519,518</u>
Legal Debt Margin as a percentage of the debt limit	<u>10.06%</u>	<u>11.34%</u>	<u>17.34%</u>	<u>22.66%</u>	<u>25.11%</u>
Date Calculation was made	11/1/02	12/16/03	1/1/05	12/16/05	2/1/07

**Source:** State of Connecticut General Obligation Bonds Offering Statement



## Ratios of Outstanding Debt by Type

Last Five Fiscal Years

(Expressed in Thousands)

	2003	2004	2005
<b>Governmental Activities</b>			
General Obligation Bonds	\$ 9,216,354	\$ 9,606,611	\$ 9,905,242
Transportation Obligation Bonds	3,205,815	3,153,949	3,113,875
Economic Recovery Notes	219,235	273,215	209,560
Capital Leases	67,988	53,761	76,955
<b>Total Governmental Activities</b>	<u>12,709,392</u>	<u>13,087,536</u>	<u>13,305,632</u>
<b>Business-Type Activities</b>			
Revenue Bonds	<u>1,555,161</u>	<u>1,713,805</u>	<u>1,619,658</u>
<b>Total Business-Type Activities</b>	<u>1,555,161</u>	<u>1,713,805</u>	<u>1,619,658</u>
<b>Total Primary Government</b>	<u>\$ 14,264,553</u>	<u>\$ 14,801,341</u>	<u>\$ 14,925,290</u>
<b>Debt as a Percentage of Personal Income</b>	9.58%	9.32%	8.95%
<b>Amount of Debt Per Capita</b>	4,092	4,230	4,252

**Notes:** Details regarding the State's debt can be found in Note 16 of the financial statements.

In 2002 the State began issuing government-wide statements in accordance with GASB Statement 34.

## Ratios of Net General Bonded Debt Outstanding

Last Five Fiscal Years

(Expressed in Thousands)

	2003	2004	2005
General Obligation Bonds	\$ 9,216,354	\$ 9,606,611	\$ 9,905,242
Transportation Obligation Bonds	3,205,815	3,153,949	3,113,875
Debt Service Fund Balance	(622,083)	(635,679)	(677,555)
<b>Net General Obligation Bonded Debt</b>	<u>\$ 11,800,086</u>	<u>\$ 12,124,881</u>	<u>\$ 12,341,562</u>
<b>Net General Obligation Debt as a Percentage of Personal Income</b>	7.92%	7.63%	7.40%
<b>Amount of Net GO Debt Per Capita</b>	3,385	3,465	3,516

**Notes:** Details regarding the State's debt can be found in Note 16 of the financial statements.

In 2002 the State began issuing government-wide statements in accordance with GASB Statement 34.

<u>2006</u>	<u>2007</u>
\$ 10,211,493	\$ 10,596,581
3,094,001	2,822,585
146,090	-
<u>60,491</u>	<u>56,244</u>
<u>13,512,075</u>	<u>13,475,410</u>
<u>1,523,130</u>	<u>1,577,723</u>
<u>1,523,130</u>	<u>1,577,723</u>
<u>\$ 15,035,205</u>	<u>\$ 15,053,133</u>
8.45%	7.98%
4,290	4,295

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<u>2006</u>	<u>2007</u>
\$ 10,211,493	\$ 10,596,581
3,094,001	2,822,585
<u>(674,630)</u>	<u>(676,894)</u>
<u>\$ 12,630,864</u>	<u>\$ 12,742,272</u>
7.10%	6.75%
3,604	3,635

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## Pledged-Revenue Coverage

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>University of Connecticut and Health Center<sup>2</sup></b>					
Gross Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	-	-	-	-	-
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service:					
Principal	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage	-	-	-	-	-
<b>State Universities<sup>2</sup></b>					
Gross Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	-	-	-	-	-
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service:					
Principal	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage	-	-	-	-	-
<b>Bradley International Airport</b>					
Gross Revenues	\$ 46,432	\$ 48,133	\$ 55,888	\$ 53,364	\$ 54,712
Operating Expenses	<u>19,396</u>	<u>21,242</u>	<u>21,815</u>	<u>24,688</u>	<u>27,838</u>
Net Available Revenues	<u>\$ 27,036</u>	<u>\$ 26,891</u>	<u>\$ 34,073</u>	<u>\$ 28,676</u>	<u>\$ 26,874</u>
Debt Service:					
Principal	\$ 3,030	\$ 3,240	\$ 3,480	\$ 6,785	\$ 3,860
Interest	<u>6,502</u>	<u>6,268</u>	<u>6,084</u>	<u>8,291</u>	<u>11,609</u>
Total	<u>\$ 9,532</u>	<u>\$ 9,508</u>	<u>\$ 9,564</u>	<u>\$ 15,076</u>	<u>\$ 15,469</u>
Coverage	2.84	2.83	3.56	1.90	1.74
<b>Clean Water</b>					
Gross Revenues	\$ 47,388	\$ 47,744	\$ 48,285	\$ 57,219	\$ 48,471
Operating Expenses	<u>398</u>	<u>1,019</u>	<u>1,133</u>	<u>1,320</u>	<u>986</u>
Net Available Revenues	<u>\$ 46,990</u>	<u>\$ 46,725</u>	<u>\$ 47,152</u>	<u>\$ 55,899</u>	<u>\$ 47,485</u>
Debt Service:					
Principal	\$ 18,725	\$ 96,230	\$ 22,630	\$ 24,915	\$ 31,040
Interest	<u>25,348</u>	<u>24,378</u>	<u>29,607</u>	<u>28,179</u>	<u>29,917</u>
Total	<u>\$ 44,073</u>	<u>\$ 120,608</u>	<u>\$ 52,237</u>	<u>\$ 53,094</u>	<u>\$ 60,957</u>
Coverage	1.07	0.39	0.90	1.05	0.78
<b>Second Injury &amp; Compensation Assurance<sup>1</sup></b>					
Gross Revenues	\$ 203,829	\$ 160,270	\$ 86,946	\$ 106,629	\$ 112,608
Operating Expenses	<u>184,673</u>	<u>143,291</u>	<u>66,843</u>	<u>62,375</u>	<u>50,654</u>
Net Available Revenues	<u>\$ 19,156</u>	<u>\$ 16,979</u>	<u>\$ 20,103</u>	<u>\$ 44,254</u>	<u>\$ 61,954</u>
Debt Service:					
Principal	\$ 33,940	\$ 4,880	\$ 30,100	\$ 136,630	\$ 50,830
Interest	<u>8,334</u>	<u>8,469</u>	<u>10,646</u>	<u>12,642</u>	<u>10,581</u>
Total	<u>\$ 42,274</u>	<u>\$ 13,349</u>	<u>\$ 40,746</u>	<u>\$ 149,272</u>	<u>\$ 61,411</u>
Coverage	0.45	1.27	0.49	0.30	1.01

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ -	\$ 1,311,797	\$ 1,408,197	\$ 1,476,058	\$ 1,578,763
-	1,154,520	1,270,111	1,327,713	1,388,753
<u>\$ -</u>	<u>\$ 157,277</u>	<u>\$ 138,086</u>	<u>\$ 148,345</u>	<u>\$ 190,010</u>
\$ -	\$ 50,810	\$ 57,660	\$ 61,964	\$ 69,921
-	10,198	11,158	13,032	15,901
<u>\$ -</u>	<u>\$ 61,008</u>	<u>\$ 68,818</u>	<u>\$ 74,996</u>	<u>\$ 85,822</u>
-	2.58	2.01	1.98	2.21
\$ -	\$ 526,083	\$ 529,180	\$ 549,800	\$ 580,879
-	432,163	464,940	496,923	529,744
<u>\$ -</u>	<u>\$ 93,920</u>	<u>\$ 64,240</u>	<u>\$ 52,877</u>	<u>\$ 51,135</u>
\$ -	\$ 68,312	\$ 63,673	\$ 16,294	\$ 79,813
-	-	-	-	-
<u>\$ -</u>	<u>\$ 68,312</u>	<u>\$ 63,673</u>	<u>\$ 16,294</u>	<u>\$ 79,813</u>
-	1.37	1.01	3.25	0.64
\$ 56,286	\$ 54,862	\$ 60,618	\$ 60,740	\$ 63,314
31,254	29,464	32,649	33,871	38,636
<u>\$ 25,032</u>	<u>\$ 25,398</u>	<u>\$ 27,969</u>	<u>\$ 26,869</u>	<u>\$ 24,678</u>
\$ 5,775	\$ 6,140	\$ 8,780	\$ 10,140	\$ 8,430
10,156	13,397	11,357	11,151	10,684
<u>\$ 15,931</u>	<u>\$ 19,537</u>	<u>\$ 20,137</u>	<u>\$ 21,291</u>	<u>\$ 19,114</u>
1.57	1.30	1.39	1.26	1.29
\$ 50,566	\$ 37,338	\$ 47,439	\$ 54,295	\$ 55,955
804	604	755	856	747
<u>\$ 49,762</u>	<u>\$ 36,734</u>	<u>\$ 46,684</u>	<u>\$ 53,439</u>	<u>\$ 55,208</u>
\$ 27,050	\$ 36,723	\$ 38,207	\$ 34,386	\$ 62,192
28,631	24,155	26,985	25,220	29,436
<u>\$ 55,681</u>	<u>\$ 60,878</u>	<u>\$ 65,192</u>	<u>\$ 59,606</u>	<u>\$ 91,628</u>
0.89	0.60	0.72	0.90	0.60
\$ 96,107	\$ 99,687	\$ 96,918	\$ -	\$ -
48,100	44,793	55,821	-	-
<u>\$ 48,007</u>	<u>\$ 54,894</u>	<u>\$ 41,097</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 42,890	\$ 56,875	\$ 54,255	\$ -	\$ -
7,455	5,274	2,454	-	-
<u>\$ 50,345</u>	<u>\$ 62,149</u>	<u>\$ 56,709</u>	<u>\$ -</u>	<u>\$ -</u>
0.95	0.88	0.72	-	-

## Pledged-Revenue Coverage

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Bradley Parking Garage<sup>1</sup></b>					
Gross Revenues	\$ -	\$ -	\$ -	\$ -	\$ 17,498
Operating Expenses	-	-	-	-	11,691
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,807</u>
Debt Service:					
Principal	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	3,575
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,575</u>
Coverage	-	-	-	-	1.62
<b>Drinking Water<sup>1</sup></b>					
Gross Revenues	\$ -	\$ -	\$ -	\$ 13,637	\$ 9,366
Operating Expenses	-	-	-	1,189	1,541
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,448</u>	<u>\$ 7,825</u>
Debt Service:					
Principal	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	115	1,375
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115</u>	<u>\$ 1,375</u>
Coverage	-	-	-	108.24	5.69
<b>Rate Reduction Bonds<sup>1</sup></b>					
Gross Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	-	-	-	-	-
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service:					
Principal	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage	-	-	-	-	-

**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.

<sup>1</sup> Second Injury bonds were liquidated in fiscal year 2005. Bradley Parking Garage bonds were issued in fiscal year 2000. These bonds were reported as part of Bradley International Airport for fiscal years 2000 and 2001. Drinking Water Bonds were issued in fiscal year 2001 and Rate Reduction Bonds were issued in fiscal year 2005.

<sup>2</sup> Starting in fiscal year 2004, the University of Connecticut and Health Center, the State Universities, and the Technical/Community Colleges funds were reported as separate Enterprise funds. In prior years, these funds were reported in the Higher Education fund, an Enterprise fund.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 20,474	\$ 22,068	\$ 23,351	\$ 24,651	\$ 23,168
9,169	7,077	7,971	10,467	8,522
<u>\$ 11,305</u>	<u>\$ 14,991</u>	<u>\$ 15,380</u>	<u>\$ 14,184</u>	<u>\$ 14,646</u>
\$ -	\$ -	\$ 1,885	\$ 2,040	\$ 2,210
3,582	3,582	3,518	3,099	3,558
<u>\$ 3,582</u>	<u>\$ 3,582</u>	<u>\$ 5,403</u>	<u>\$ 5,139</u>	<u>\$ 5,768</u>
3.16	4.19	2.85	2.76	2.54
\$ 18,888	\$ 9,205	\$ 5,963	\$ 10,187	\$ 4,067
1,946	1,508	1,743	3,391	2,570
<u>\$ 16,942</u>	<u>\$ 7,697</u>	<u>\$ 4,220</u>	<u>\$ 6,796</u>	<u>\$ 1,497</u>
\$ -	\$ 1,332	\$ 1,513	\$ 1,839	\$ 3,209
1,375	1,906	2,130	2,067	2,081
<u>\$ 1,375</u>	<u>\$ 3,238</u>	<u>\$ 3,643</u>	<u>\$ 3,906</u>	<u>\$ 5,290</u>
12.32	2.38	1.16	1.74	0.28
\$ -	\$ -	\$ 23,075	\$ 44,376	\$ 32,417
-	-	150	320	310
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,925</u>	<u>\$ 44,056</u>	<u>\$ 32,107</u>
\$ -	\$ -	\$ 12,605	\$ 26,145	\$ 27,155
-	-	7,428	9,029	7,733
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,033</u>	<u>\$ 35,174</u>	<u>\$ 34,888</u>
-	-	1.14	1.25	0.92

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## 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
1997	272,647	2.81%	3,349	0.4%
1998	275,854	1.18%	3,365	0.5%
1999	279,040	1.15%	3,386	0.6%
2000	282,193	1.13%	3,412	0.8%
2001	285,108	1.03%	3,432	0.6%
2002	287,985	1.01%	3,458	0.8%
2003	290,850	0.99%	3,486	0.8%
2004	293,657	0.97%	3,499	0.4%
2005	296,410	0.94%	3,510	0.3%
2006	298,217	0.61%	3,505	-0.1%
2007	301,140	0.98%	3,505	-0.1%

**Notes:** Personal Income for 2007 is based on 2nd quarter estimates.

The Connecticut Population for 2006 is estimated.

**Sources:** U.S. Census Bureau, U.S. Bureau of Economic Analysis

U.S. Population-<https://www.cia.gov/library/publications/the-world-factbook/print/us.html>

## Demographic and Economic Statistics

### Employment Information

Last Ten Calendar Years

(Expressed in Thousands)

Year	United States Labor Force			
	Civilian			Unemployment
	Labor force	Employed	Unemployed	Rate
1997	136,297	129,558	6,739	4.9%
1998	137,673	131,463	6,210	4.5%
1999	139,368	133,488	5,880	4.2%
2000	142,583	136,891	5,692	4.0%
2001	143,734	136,933	6,801	4.7%
2002	144,863	136,485	8,378	5.8%
2003	146,510	137,736	8,774	6.0%
2004	147,401	139,252	8,149	5.5%
2005	149,321	141,730	7,591	5.1%
2006	151,428	144,427	7,001	4.6%
2007	153,072	146,140	7,143	4.7%

**Sources:** U.S. Department of Labor

Personal Income		Per Capita Personal Income			
United States	Connecticut	United States	Connecticut	% Above the United States	
\$ 6,907,332,000	\$ 115,134,004	\$ 25,334	\$ 34,379	35.7%	
\$ 7,415,709,000	\$ 123,917,725	\$ 26,883	\$ 36,825	37.0%	
\$ 7,796,137,000	\$ 129,807,075	\$ 27,939	\$ 38,336	37.2%	
\$ 8,422,074,000	\$ 141,570,257	\$ 29,845	\$ 41,492	39.0%	
\$ 8,716,992,000	\$ 147,355,655	\$ 30,574	\$ 42,936	40.4%	
\$ 8,872,871,000	\$ 146,997,439	\$ 30,810	\$ 42,509	38.0%	
\$ 9,150,908,000	\$ 148,975,390	\$ 31,463	\$ 42,735	35.8%	
\$ 9,717,173,000	\$ 158,895,963	\$ 33,090	\$ 45,412	37.2%	
\$ 10,224,761,000	\$ 166,807,307	\$ 34,495	\$ 47,523	37.8%	
\$ 11,180,604,000	\$ 180,981,000	\$ 37,492	\$ 51,635	36.7%	
\$ 11,595,412,000	\$ 188,663,000	\$ 38,505	\$ 53,827	39.8%	

Connecticut Labor Force			
Civilian Labor force	Employed	Unemployed	Unemployment Rate
1,747	1,674	73	4.2%
1,735	1,679	56	3.2%
1,767	1,718	49	2.7%
1,785	1,743	42	2.3%
1,775	1,705	70	3.9%
1,802	1,712	90	5.0%
1,797	1,699	98	5.5%
1,793	1,711	82	4.6%
1,801	1,709	92	5.1%
1,835	1,760	75	4.1%
1,876	1,795	81	4.3%



## Demographic and Economic Statistics

### Top Ten Employers

Current Year and Ten Years Ago

<u>NAME</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u> <u>in CT</u>	<u>Percentage</u> <u>of State</u> <u>Employment</u>	<u>Rank</u>	<u>Employees</u> <u>in CT</u>	<u>Percentage</u> <u>of State</u> <u>Employment</u>	<u>Rank</u>
United Technologies Corp.	26,490	1.5%	1	13,000	0.8%	2
Stop & Shop Cos., Inc.	14,049	0.8%	2	14,965	0.9%	1
Hartford Financial Services	13,000	0.7%	3	11,000	0.7%	5
Yale University	12,100	0.7%	4	10,318	0.6%	6
Foxwoods Resort Casino	11,900	0.7%	5	11,000	0.7%	4
Mohegan Sun Casino	10,000	0.6%	6	5,000	0.3%	19
Wal-Mart Stores, Inc.	9,038	0.5%	7	-	0.0%	-
AT&T Connecticut	7,700	0.4%	8	9,730	0.6%	7
General Dynamics Electric Boat	7,500	0.4%	9	7,841	0.5%	9
General Electric Co.	<u>7,500</u>	<u>0.4%</u>	9	<u>5,900</u>	<u>0.4%</u>	16
Total	119,277	6.7%		88,754	5.5%	

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**Sources:** Hartford Business Journal - June 25, 2007

## State Employees by Function

Last Three Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Primary Government			
Legislative	665	668	695
General Government	3,645	3,654	3,783
Regulation and Protection	4,196	4,258	4,324
Conservation and Development	1,296	1,302	1,306
Health and Hospital	7,668	7,774	7,841
Transportation	3,053	3,131	3,198
Human Services	1,847	1,891	1,969
Education, Libraries, and Museums	18,874	19,375	19,619
Corrections	9,738	9,797	9,927
Judicial	4,297	4,381	4,457
Total Number of Employees - Primary Government	<u>55,279</u>	<u>56,231</u>	<u>57,119</u>

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**Note:** This information was not available prior to 2005. The number of employees excludes job classes such as contractors, intermittent, durational, seasonal, trainee, temporary and part-time employment.

## Capital Asset Statistics by Function

Last Four Fiscal Years

		2004	2005	2006	2007
<b>Legislative</b>	<b>Total</b>	<b>169,586</b>	<b>170,236</b>	<b>169,165</b>	<b>168,585</b>
Buildings		156,802	156,802	156,802	156,802
Equipment		12,784	13,434	12,363	11,783
<b>General Government</b>	<b>Total</b>	<b>915,339</b>	<b>649,856</b>	<b>750,105</b>	<b>940,122</b>
Land		106,097	142,117	152,290	156,894
Construction in Progress		336,502	136,592	113,739	330,272
Buildings		312,970	172,778	271,169	201,892
Improvements Other than Buildings		17,369	48,740	51,319	51,319
Equipment		142,401	149,629	161,588	199,745
<b>Regulation and Protection</b>	<b>Total</b>	<b>404,200</b>	<b>404,080</b>	<b>407,636</b>	<b>393,026</b>
Land		9,971	9,971	9,971	9,930
Buildings		189,603	192,720	192,720	210,729
Improvements Other than Buildings		13,402	15,620	15,608	16,107
Equipment		191,224	185,769	189,337	156,260
<b>Conservation and Development</b>	<b>Total</b>	<b>510,811</b>	<b>396,141</b>	<b>406,522</b>	<b>441,614</b>
Land		314,487	186,985	189,754	221,438
Buildings		92,128	101,792	104,456	106,053
Improvements Other than Buildings		58,716	60,629	61,522	62,957
Equipment		45,480	46,735	50,790	51,166
<b>Health and Hospital</b>	<b>Total</b>	<b>264,505</b>	<b>280,546</b>	<b>291,535</b>	<b>301,903</b>
Land		7,624	7,653	7,587	7,587
Buildings		203,328	222,456	233,343	234,072
Improvements Other than Buildings		15,328	15,133	16,922	1,713
Equipment		38,225	35,304	33,683	43,231
<b>Transportation</b>	<b>Total</b>	<b>12,646,864</b>	<b>13,446,989</b>	<b>13,845,896</b>	<b>14,333,229</b>
Land		473,967	893,160	902,133	925,204
Construction in Progress		1,335,433	1,244,525	1,544,958	1,629,903
Buildings		478,750	507,662	438,355	467,737
Improvements Other than Buildings		230,308	280,065	246,032	246,088
Equipment		586,292	592,481	636,398	620,978
Infrastructure		9,542,114	9,929,096	10,078,020	10,443,319
<b>Human Services</b>	<b>Total</b>	<b>18,018</b>	<b>15,149</b>	<b>13,705</b>	<b>11,478</b>
Equipment		18,018	15,149	13,705	11,478
<b>Education, Libraries, and Museums</b>	<b>Total</b>	<b>376,740</b>	<b>404,412</b>	<b>425,930</b>	<b>458,586</b>
Land		1,027	1,027	1,027	1,027
Buildings		222,395	245,279	263,280	294,811
Improvements Other than Buildings		8,060	8,060	8,060	8,060
Equipment		145,258	150,046	153,563	154,688
<b>Corrections</b>	<b>Total</b>	<b>947,479</b>	<b>1,052,584</b>	<b>940,306</b>	<b>1,059,023</b>
Land		10,319	11,388	20,388	20,388
Buildings		823,300	916,294	809,175	812,869
Improvements Other than Buildings		57,080	59,275	48,581	51,331
Equipment		56,780	65,627	62,162	174,435
<b>Judicial</b>	<b>Total</b>	<b>358,862</b>	<b>359,114</b>	<b>384,345</b>	<b>389,968</b>
Land		11,467	11,467	11,467	11,616
Buildings		277,774	277,774	299,165	303,080
Improvements Other than Buildings		1,805	1,805	1,755	1,755
Equipment		67,816	68,068	71,958	73,517
<b>Total Capital Assets at Historical Cost</b>		<b>16,612,404</b>	<b>17,179,107</b>	<b>17,635,145</b>	<b>18,497,534</b>
<b>Total Accumulated Depreciation</b>		<b>(6,993,537)</b>	<b>(7,538,788)</b>	<b>(7,880,552)</b>	<b>(8,545,550)</b>
<b>Governmental Activities, Capital Assets, Net</b>		<b>9,618,867</b>	<b>9,640,319</b>	<b>9,754,593</b>	<b>9,951,984</b>

**Note:** The State implemented GASB statement 34 for fiscal year 2002. However, the information for FY 2002 is not available.

## Office of the State Comptroller Organization

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*State Comptroller*

**Mark E. Ojakian**  
*Deputy Comptroller*

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