

STATE OF CONNECTICUT

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ended
June 30, 2009

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

**NANCY WYMAN
STATE COMPTROLLER**

This publication is available on the Office of the State Comptroller's home page:
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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.

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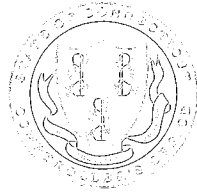
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Introductory Section

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HANCOY WYMAN
COMPTROLLER

STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER
55 ELIM STREET
HARTFORD, CONNECTICUT 06106-1776

MARK E. QJANIAN
DEPUTY COMPTROLLER

February 28, 2009

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, 2009. 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.

The State's largest governmental fund is the General Fund. This is the fund most often referred to in media reports about the Connecticut'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.

A national recession that officially commenced in December 2007 produced a pattern of job losses in Connecticut beginning in March 2008. At this writing, Connecticut's job numbers continue to decline. To date, the state has lost over 90,000 payroll positions. The job losses and associated decline in State revenue resulted in a Fiscal Year 2009 General Fund budgetary deficit of \$947.6 million. During the course of the fiscal year, multiple deficit mitigation plans were implemented totaling approximately \$600 million in transfers to the General Fund and other savings. The General Fund deficit balance was brought into Fiscal Year 2010 and financed through the issuance of Economic Recovery Notes.

On the GAAP accounting basis, the General Fund experienced a fund balance decline of \$1.7 billion in Fiscal Year 2009. General Fund revenues declined \$644.3 million from last fiscal year, or by almost 4 percent. The General Fund benefited from over \$400 million in state stabilization federal stimulus dollars in Fiscal Year 2009. This federal funding kept the General Fund revenue decline from exceeding one billion dollars. Adjusted General Fund spending (adjusted for the Fiscal Year 2008 one-time expenditure of teachers' retirement pension reduction bond financing) grew by over one billion dollars in Fiscal Year 2009 or 6 percent. This is below the 9 percent spending growth of the prior year.

In recent years when the State has realized a revenue windfall, over half of that amount has been reserved for future year spending and the remainder has been deposited to the Rainy Day Fund. Between fiscal years 2004 and 2008, revenues exceeded budget expectations by approximately \$3 billion. During this period \$1.4 billion was deposited to the Rainy Day Fund (8 percent of net General Fund appropriations).

To the extent that windfall revenue is used for debt reduction, debt avoidance or one-time items it does not create structural budget imbalances; however, a large share of the windfall in revenue realized in recent years has been used to support ongoing operating expenditures in the General Fund. This spending exacerbated recessionary challenges that the State faced in Fiscal Year 2009.

The entire \$1.4 billion in the Budget Reserve Fund has been committed to finance General Fund operations in Fiscal Years 2010 and 2011. The Governor and legislature have been urged to increase the ceiling for contributions to the Budget Reserve Fund from the current 10 percent of net General Fund budgeted appropriations to 15 percent of such appropriations. For Fiscal Year 2009, the 15 percent ceiling would yield maximum contributions of about \$2.6 billion. A properly funded reserve is essential to long -term budget stabilization.

Major Policy Initiatives and Priorities

Labor Concessions and Retirement Incentive Program

An agreement reached between the State and its unions is expected to yield savings and payment deferrals in excess of \$600 million over the next two fiscal years. Fiscal Year 2009 savings and cost deferrals were estimated at just over \$70 million. Part of the savings plan included a retirement incentive program, which resulted in over 3,800 retirements. The plan also included wage concessions, furlough days, changes in employee health insurance contributions and retirement contribution deferrals.

Health Care Reform

Public Act 09-148, which was vetoed by the Governor and overridden by the State Legislature, established a Sustinet Health Partnership board of directors that must make legislative recommendations, by January 1, 2011, on the details and implementation of the “Sustinet Plan,” a self-insured health care delivery plan. The act specifies that these recommendations must address:

1. establishment of a public authority or other entity with the power to contract with insurers and health care providers, develop health care infrastructure (“medical homes”), set reimbursement rates, create advisory committees, and encourage the use of health information technology;
2. provisions for the phased-in offering of the Sustinet Plan to state employees and retirees, HUSKY A and B beneficiaries, people without employer sponsored insurance (ESI), people with unaffordable ESI, small and large employers, and others;

3. guidelines for development of a model benefits package; and
4. public outreach and methods of identifying uninsured citizens.

The board must establish a number of separate committees to address and make recommendations concerning health information technology, medical homes, clinical care and safety guidelines, and preventive care and improved health outcomes. The act also establishes an independent information clearinghouse to provide employers, consumers, and the general public with information about Sustinet and private health care plans.

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.

With the exception of the State's failure to update its OPEB liability and ARC in accordance with the requirements of GASB Statement 45, the State auditors gave the CAFR for the State of Connecticut a "clean" opinion indicating they can state, without reservation, that the financial statements are fairly presented in all material respects in conformity with GAAP.

Profile of the Government and its Safeguards

The Nutmeg State

Connecticut became the fifth state of the United States on January 9, 1788. Its borders encompass 5,009 square miles. Within its compact borders, Connecticut has forested hills, urban skylines, shoreline beaches, and historic village greens. Connecticut is a thriving center of business as well as a vacation location. It is both a New England State, and suburban to New York City. The population of Connecticut was 3,518,288 in 2009 according to 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.

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

Connecticut, like other states, has experienced steady erosion in total employment as a result of the present economic recession. Since March of 2008, the State has lost over 90,000 payroll jobs. In the prior two national recessions, Connecticut experienced job losses for an average of thirty-four months. If that trend holds, Connecticut will begin to experience modest job growth in early 2011. The strongest job loss has been experienced in the construction sector, although almost all employment sectors have seen declines. Connecticut has experienced slow labor force growth over the past decade, which has

tempered the unemployment rate. Connecticut's unemployment rate was 8.8 percent at the end of 2009.

Connecticut is a wealthy state, with large income disparities. Connecticut continues to lead the nation with per capita income of \$55,288, which is almost 40 percent above the national level. Connecticut's personal income declined at a rate of 4.4 percent through the third quarter of 2009. Over the past five years the State's per capita income growth averaged over 6 percent annually.

Connecticut is projecting significant declines in state revenues over the next several years due to the lingering impact of the recession and its heavy reliance on one-time revenue sources to balance the state budget. The budget imbalance is estimated to approach \$4 billion by Fiscal Year 2012. A significant realignment of state spending and revenue will be required to avert this budget shortfall.

Acknowledgements

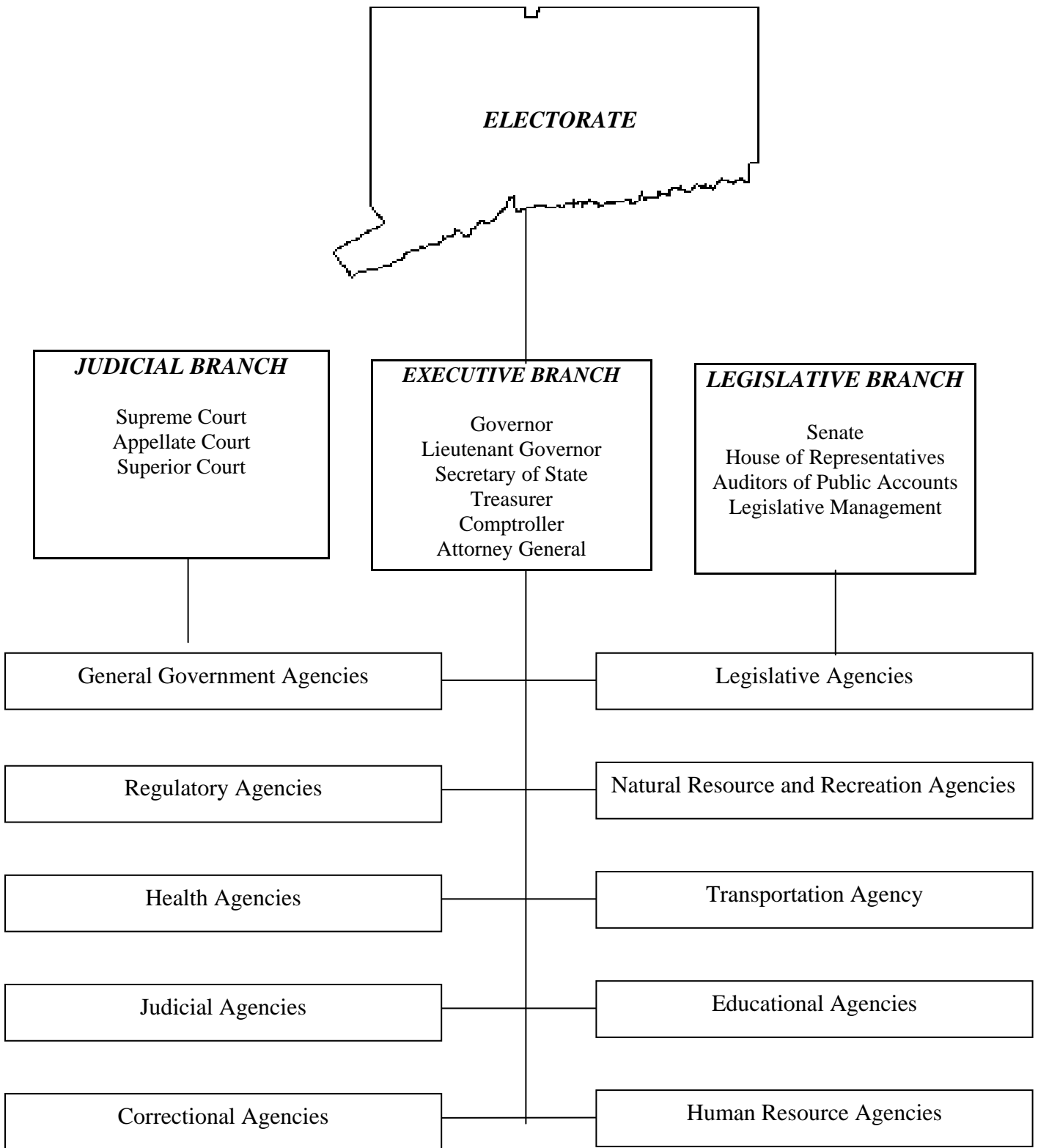
I want to thank my staff and all of the agency personnel and others who contributed to producing this report. I also want to thank its readers who bring meaning to the work that we do.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Wyman". The signature is fluid and cursive, with a large initial "N" and "W".

Nancy Wyman
Connecticut State Comptroller

Organization Chart



***Selected State Officials
(as of June 30, 2009)***

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

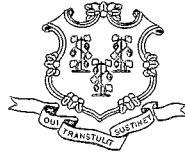
LEGISLATIVE

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

Christopher G. Donovan
Speaker of the House of Representatives
(151 Representatives)

Financial Section

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL

210 CAPITOL AVENUE

HARTFORD, CONNECTICUT 06106-1559

KEVIN P. JOHNSTON

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, 2009, 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 six 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, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 64 percent of the assets and 47 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 92 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 49 percent of the assets and 33 percent of the revenues of the Environmental Programs Fund;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University, the Connecticut

- Community-Technical Colleges, Bradley International Airport, Bradley International Airport Parking Facility, the Connecticut Lottery Corporation, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 63 percent of the assets and 47 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, Bradley International Airport Parking Facility, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audits of the Connecticut Development Authority, the Capital City Economic Development Authority, John Dempsey Hospital, Connecticut State University, Connecticut Community-Technical Colleges and the University of Connecticut Foundation were not conducted in accordance with *Government Auditing Standards*. 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.

The State of Connecticut adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB). This standard modifies the method that governments have reported the cost of providing such benefits, primarily retiree health care. It requires the systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and the disclosure of information about the actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. Our audit disclosed that the required actuarial valuation was not performed and the State of Connecticut did not present information pertaining to the Funded Status and Funding Progress, and Actuarial Methods and Assumptions for the State Employee OPEB Plan in Note 14 of the financial statements in compliance with GASB requirements.

In our opinion, except for the matter described in the preceding paragraph, 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, 2009, and the respective

budgetary comparison for the General Fund and the Transportation Fund, 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.

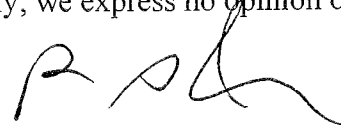
In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2010, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report will be issued under separate cover in the State's Single Audit Report and is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 15 through 25, and the schedules of funding progress for pension and other post-employment benefit plans and the schedules of employer contributions for pension and other post-employment benefit plans on pages 90 and 91, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We did not audit this information and do not express an opinion on it. However, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. As a result of such limited procedures, we found that the State of Connecticut has not presented the schedule of funding progress and schedule of employer contributions for the State Employee OPEB plan that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

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 17, 2010
State Capitol
Hartford, Connecticut

MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

The following discussion and analysis is intended to provide readers of the State's financial statements with a narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2009. The information provided here should be read in conjunction with additional information provided in the letter of transmittal and in the basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide:

As of June 30, 2009, the State had a combined net asset deficit of \$5.1 billion, an increase of \$2.8 billion when compared to the prior year ending deficit balance. This increase resulted mainly from a decrease of \$2.6 billion in the net assets of governmental activities. The governmental activities reflect the impact of an economic recession that resulted in a \$1.4 billion decline in Fiscal Year 2009 tax revenues from the prior fiscal year. Despite deficit mitigation efforts of over half a billion dollars during the course of Fiscal Year 2009, at year-end the budgetary imbalance was approaching one billion dollars in the General Fund. In addition, In Fiscal Year 2009 the state failed to contribute its full required contribution to the state employee pension fund and the state employee OPEB fund.

Fund Level:

The governmental funds had a total fund balance of \$1.4 billion at year end. Of this amount, \$3.2 billion was reserved for various purposes, resulting in a total unreserved fund balance deficit of \$1.8 billion. The portion of the total unreserved fund balance deficit that pertains to the General Fund was a \$2.3 billion deficit. The General Fund had an actual budget deficit of \$1.0 billion this year.

The Enterprise funds had total net assets of \$4.5 billion, substantially all of which was invested in capital assets or restricted for various purposes.

It should be noted that Public Act 09-2 of the June Special Session authorized the State Treasurer to issue economic recovery notes to cover the Fiscal Year 2009 budgetary shortfall in the State's General Fund of \$947.6 million. The notes were issued in Fiscal Year 2010 and therefore the proceeds are not reflected in the Fiscal Year 2009 financial statements.

Long-Term Debt:

Total long-term debt was \$22.5 billion for governmental activities, of which \$16.9 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 STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements comprise three components: 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 themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the State's non-fiduciary assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are intended to distinguish functions of the State that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the State include legislative, general government, regulation and protection, conservation and development, health and hospitals, transportation, human services, education, libraries, and museums, corrections, and judicial. The business-type activities of the State include the University of Connecticut and Health Center, State Universities, Bradley International Airport, Connecticut Lottery Corporation, Employment Security, and Clean Water, which are considered to be major funds, while the remaining business-type activities are combined into a single aggregate presentation.

The government-wide financial statements include not only the State itself (known as the primary government), but also the activities of eight legally separate Component Units for which the State is financially accountable: the Connecticut Housing Finance Authority, the Connecticut Health and Educational Facilities Authority, the Connecticut Development Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Resources Recovery Authority, the Connecticut Innovations, Incorporated, the Capital City Economic Development Authority, and the University of Connecticut Foundation, Incorporated. Financial information for these Component Units is reported separately from the financial information presented for the primary government itself. Financial information of the individual component units can be found in the basic financial statements following the fund statements, and complete financial statements of the individual component units can be obtained from their respective administrative offices.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the State's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the State's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and

changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the Transportation Fund, and the Restricted Grants and Accounts Fund, all of which are considered to be major funds. Data from other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The State adopts a biennial budget for the General Fund, the Transportation Fund, and other Special Revenue funds. A budgetary comparison statement has been provided for the General Fund and the Transportation Fund to demonstrate compliance with the current fiscal year budgets.

Proprietary Funds

Proprietary funds (Enterprise funds and Internal Service funds) are used to show activities that operate more like those of commercial enterprises. Enterprise funds charge fees for services provided to outside customers. They are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the State's various functions. The State uses Internal Service funds to account for correction industries, information technology, and administrative services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held by the State in a trustee or agency capacity for others. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes information regarding the State's progress on funding its obligation to provide pension and other postemployment benefits to its employees.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains the following information.

- Combining Fund Statements and Schedules – Nonmajor funds
- Statistical Section

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

NET ASSETS

As noted earlier, net assets may serve over time as a useful indicator of the State's financial position. During the current fiscal year, the combined net asset deficit of the State increased 121 percent to \$5.1 billion. In comparison, last year the combined net asset deficit increased 807 percent.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2009</u>	<u>2008*</u>	<u>2009</u>	<u>2008*</u>	<u>2009</u>	<u>2008*</u>
ASSETS:						
Current and Other Assets	\$ 4,273	\$ 5,122	\$ 3,861	\$ 3,805	\$ 8,134	\$ 8,927
Capital Assets	<u>11,076</u>	<u>10,028</u>	<u>3,352</u>	<u>3,326</u>	<u>14,428</u>	<u>13,354</u>
Total Assets	<u>15,349</u>	<u>15,150</u>	<u>7,213</u>	<u>7,131</u>	<u>22,562</u>	<u>22,281</u>
LIABILITIES:						
Current Liabilities	3,346	3,078	733	741	4,079	3,819
Long-term Liabilities	<u>21,572</u>	<u>19,027</u>	<u>1,976</u>	<u>1,727</u>	<u>23,548</u>	<u>20,754</u>
Total Liabilities	<u>24,918</u>	<u>22,105</u>	<u>2,709</u>	<u>2,468</u>	<u>27,627</u>	<u>24,573</u>
NET ASSETS:						
Invested in Capital Assets,						
Net of Related Debt	5,500	4,914	2,612	2,558	8,112	7,472
Restricted	1,618	1,641	1,470	1,757	3,088	3,398
Unrestricted	<u>(16,687)</u>	<u>(13,510)</u>	<u>422</u>	<u>348</u>	<u>(16,265)</u>	<u>(13,162)</u>
Total Net Assets (Deficit)	<u>\$ (9,569)</u>	<u>\$ (6,955)</u>	<u>\$ 4,504</u>	<u>\$ 4,663</u>	<u>\$ (5,065)</u>	<u>\$ (2,292)</u>

* Restated for comparative purposes. See Note 22.

The net asset deficit of the State's governmental activities increased \$2.6 billion (37.6 percent) to \$9.6 billion during the current fiscal year. Of this amount, \$7.1 billion was invested in capital assets (buildings, roads, bridges, etc.) or was restricted for various purposes, resulting in an unrestricted net asset deficit of \$16.7 billion. This deficit is the result of having long-term obligations that are greater than currently available resources. Specifically, the State has recorded the following outstanding long-term obligations which contributed to the deficit; a) general obligation bonds in the amount of \$7.2 billion which were issued to finance various municipal grant programs (e.g., school construction) and a contribution to a pension trust fund, and b) other long-term obligations in the amount of \$5.6 billion (e.g., net pension obligation and compensated absences).

Net assets of the State's business-type activities decreased \$0.2 billion (3.4 percent) to \$4.5 billion during the current fiscal year. Of this amount, \$4.1 billion was invested in capital assets or was restricted for various purposes, resulting in unrestricted net assets of \$0.4 billion. These resources cannot be used to make up for the net asset deficit of the State's 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 and Health Center, Bradley International Airport, and others).

CHANGE IN NET ASSETS

Changes in net assets for the years ended June 30, 2009 and 2008 were as follows:

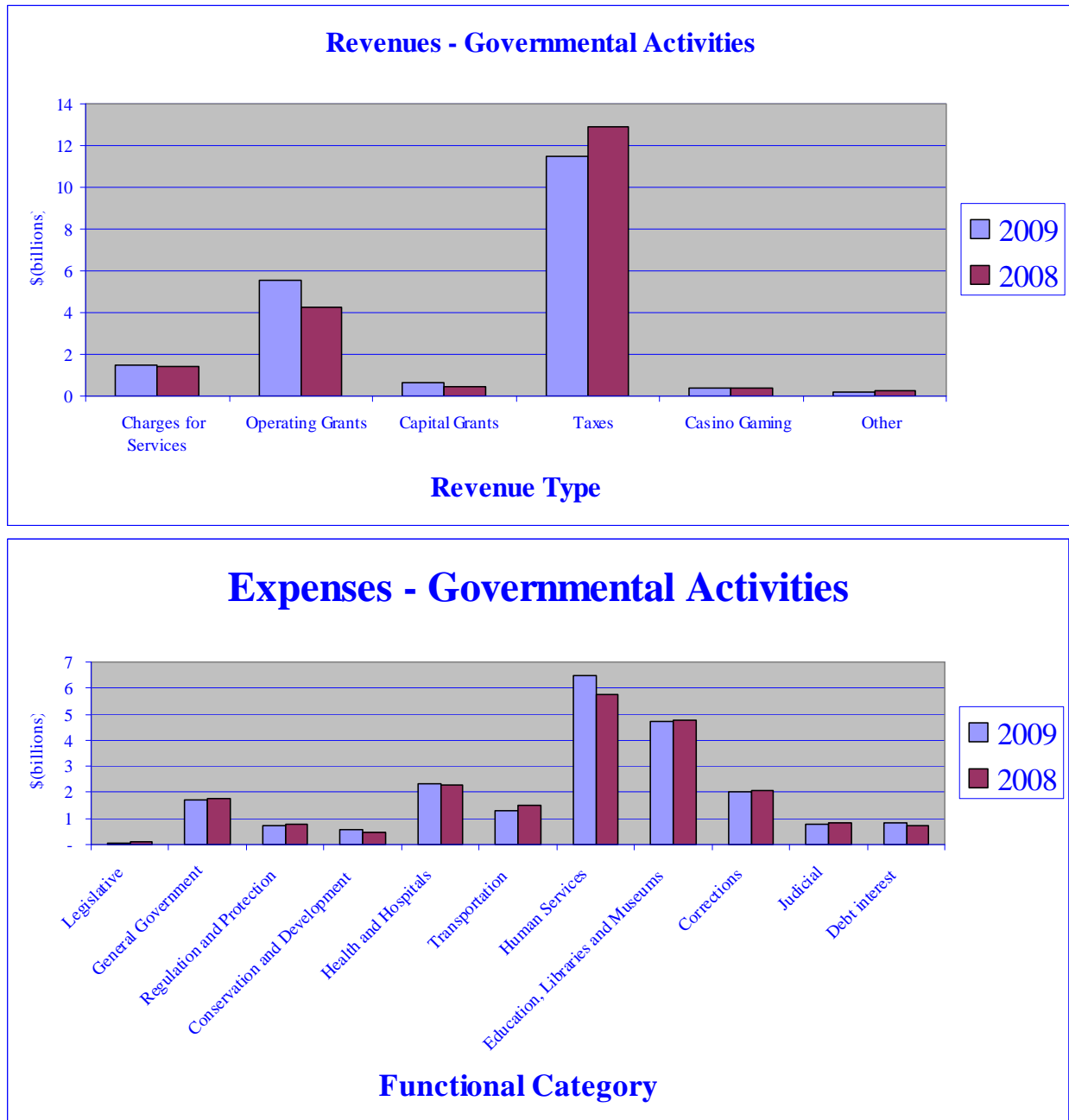
State of Connecticut's Changes in Net Assets (Expressed in Millions)

	Governmental Activities		Business-Type Activities		Total		%change
	2009	2008	2009	2008	2009	2008	09-08
REVENUES							
Program Revenues							
Charges for Services	\$ 1,490	\$ 1,448	\$ 3,108	\$ 3,000	\$ 4,598	\$ 4,448	3.4%
Operating Grants and Contributions	5,553	4,271	907	323	6,460	4,594	40.6%
Capital Grants and Contributions	646	442	64	36	710	478	48.5%
General Revenues							
Taxes	11,491	12,901	-	-	11,491	12,901	-10.9%
Casino Gaming Payments	378	411	-	-	378	411	-8.0%
Other	197	273	76	117	273	390	-30.0%
Total Revenues	19,755	19,746	4,155	3,476	23,910	23,222	3.0%
EXPENSES							
Legislative	32	112	-	-	32	112	-71.4%
General Government	1,735	1,738	-	-	1,735	1,738	-0.2%
Regulation and Protection	731	789	-	-	731	789	-7.4%
Conservation and Development	550	474	-	-	550	474	16.0%
Health and Hospitals	2,344	2,298	-	-	2,344	2,298	2.0%
Transportation	1,302	1,482	-	-	1,302	1,482	-12.1%
Human Services	6,478	5,744	-	-	6,478	5,744	12.8%
Education, Libraries and Museums	4,707	4,749	-	-	4,707	4,749	-0.9%
Corrections	2,043	2,085	-	-	2,043	2,085	-2.0%
Judicial	777	806	-	-	777	806	-3.6%
Interest and Fiscal Charges	810	734	-	-	810	734	10.4%
University of Connecticut & Health Center	-	-	1,725	1,626	1,725	1,626	6.1%
State Universities	-	-	639	611	639	611	4.6%
Bradley International Airport	-	-	68	68	68	68	0.0%
CT Lottery Corporation	-	-	723	732	723	732	-1.2%
Employment Security	-	-	1,574	632	1,574	632	149.1%
Clean Water	-	-	31	27	31	27	14.8%
Other	-	-	512	476	512	476	7.6%
Total Expenses	21,509	21,011	5,272	4,172	26,781	25,183	6.3%
Excess (Deficiency) Before Transfers and Special Items	(1,754)	(1,265)	(1,117)	(696)	(2,871)	(1,961)	46.4%
Special Items	13	-	85	-	-	-	
Transfers	(873)	(779)	873	779	-	-	0.0%
Increase (Decrease) in Net Assets	(2,614)	(2,044)	(159)	83	(2,773)	(1,961)	41.4%
Net Assets (Deficit) - Beginning (as restated)	(6,955)	(4,911)	4,663	4,580	(2,292)	(331)	592.4%
Net Assets (Deficit) - Ending	\$ (9,569)	\$ (6,955)	\$ 4,504	\$ 4,663	\$ (5,065)	\$ (2,292)	121.0%

Special Items are significant transactions or other activity within management's control that are either unusual in nature or infrequent in occurrence.

GOVERNMENTAL ACTIVITIES

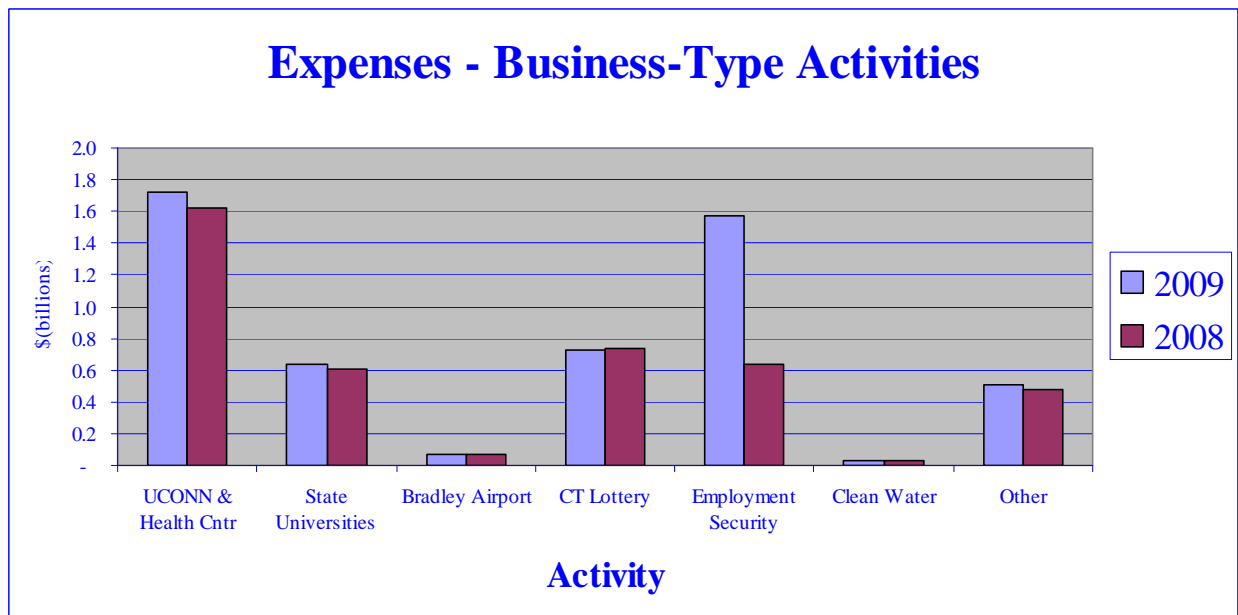
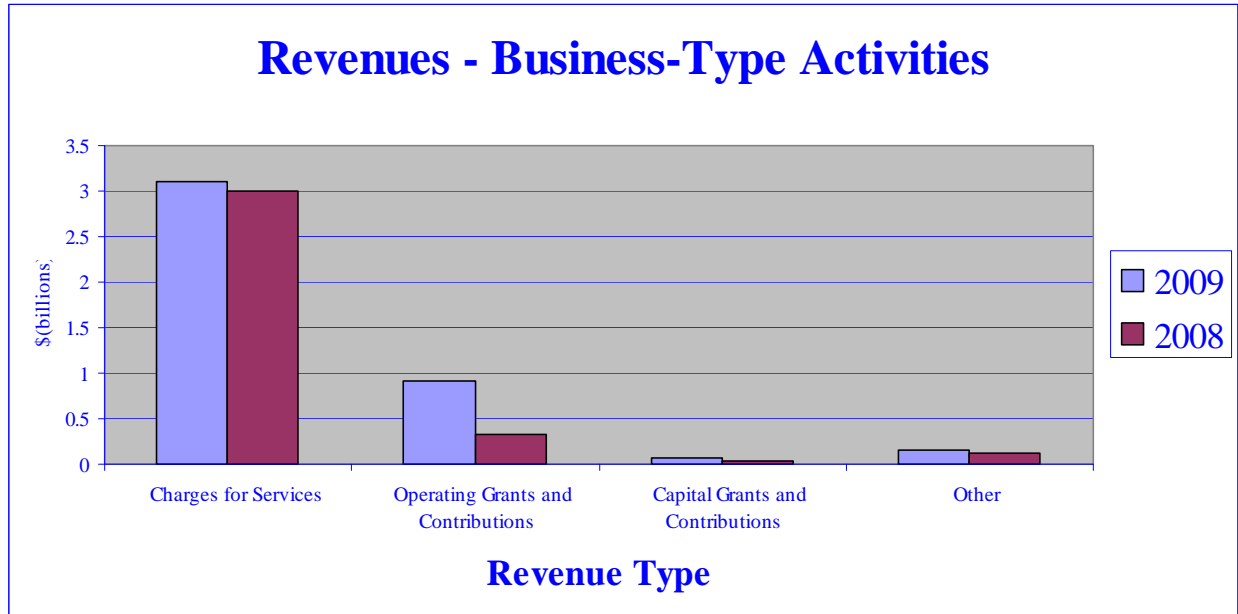
The following charts provide a two year comparison of governmental activities revenues and expenses.



During the year, total revenues of governmental activities increased slightly to \$19.8 billion, while total expenses increased 2.4 percent to \$21.5 billion. In comparison, last year total revenues and expenses increased 2.8 percent and 16.0 percent, respectively. The small increase in total revenues was due mainly to an increase in grant revenues of \$1.5 billion (31.5 percent) that was offset by a decrease in tax revenues of \$1.4 billion (10.9 percent). Although, total expenses exceeded total revenues by \$1.7 billion, this excess was increased by transfers of \$0.9 billion, resulting in a decrease in net assets of \$2.6 billion.

BUSINESS-TYPE ACTIVITIES

The following charts provide a two year comparison of business-type activities revenues and expenses.



During the year, total revenues of business-type activities increased 19.5 percent to \$4.2 billion, while total expenses increased by 26.4 percent to \$5.3 billion. In comparison, last year total revenues and expenses increased 3.5 percent and 6.9 percent, respectively. The increase in total expenses was due mainly to an increase in Employment Security expenses of \$1.0 billion or 149.1 percent. Although, total expenses exceeded total revenues by \$1.1 billion, this excess was reduced by transfers and special items of \$0.9 billion, resulting in a decrease in net assets of \$0.2 billion.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance serves as a useful measure of the State's net resources available for spending at the end of the fiscal year.

As of June 30, 2009, the State's governmental funds had fund balances of \$1.4 billion, a decrease of \$1.7 billion when compared to the prior year ending fund balances. Of the total governmental fund balances, \$3.2 billion represents reserved fund balance, meaning that this portion is not available for the new spending because it has already been committed for specific purposes. The remainder of fund balance is an unreserved deficit fund balance of \$1.8 billion.

General Fund

The General Fund is the chief operating fund of the State. As of June 30, 2009, the General Fund had a fund balance deficit of \$0.8 billion. Of this amount, \$1.5 billion was reserved for various purposes, leaving a deficit of \$2.3 billion in unreserved fund balance. Fund balance decreased by \$1.7 billion during the current fiscal year.

Debt Service Fund

As of June 30, 2009, the Debt Service Fund had a fund balance of \$679 million, all of which was reserved. Fund balance decreased by \$4 million during the current fiscal year.

Transportation Fund

As of June 30, 2009, the Transportation Fund had a fund balance of \$154 million. Of this amount, \$64 million was reserved for various purposes, leaving \$90 million in unreserved fund balance. Fund balance decreased by \$72 million during the current fiscal year.

Restricted Grants and Accounts Fund

As of June 30, 2009, the Restricted Grants and Accounts Fund had a fund balance of \$578 million, all of which was reserved. Fund balance decreased by \$38 million during the fiscal year.

Proprietary Funds

The State's Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Accordingly, a discussion of the financial activities of the Proprietary funds has been provided in that section.

Fiduciary Funds

The State maintains Fiduciary funds for the assets of Pension and Other Employee Benefit Trust funds, an Investment Trust fund, and a Private-Purpose Trust fund. As of June 30, 2009, the net assets of the State's Fiduciary funds totaled \$21.6 billion, a decrease of \$5.5 billion when compared to the prior year ending net asset balance.

Budgetary Highlights-General Fund

The General Fund had a budget deficit estimated to be \$10 million at the beginning of the fiscal year. Because the economy continued to be in a recession during the fiscal year, the deficit estimate grew to \$946 million by the end of the fiscal year.

Although actual fund expenditures exceeded revenues by \$1,534 million, this excess was reduced by other financing sources of \$586 million, resulting in an actual deficit of \$948 million for the fiscal year. A portion of the 2008 surplus in the amount of \$179 million was spent during the fiscal year. This amount was reported as other financing source in the budgetary statement.

Actual revenues were lower than originally budgeted by \$1,276 million for the fiscal year. This negative revenue variance resulted mainly from a negative tax revenue variance of \$2,263 million that was offset by positive federal and transfer revenue variances of \$1,089 million. Some of the actual tax revenues that were lower than originally budgeted were as follows: personal income, \$1,290 million; sales and use, \$429 million; corporations, \$176 million; and real estate conveyance, \$113 million.

Final budgeted appropriations were almost the same as originally budgeted for the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2009 totaled \$14.4 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress. The net increase in the State's investment in capital assets for the fiscal year was \$1.1 billion, due mainly to a 10 percent increase in governmental activities' capital assets.

Major capital asset events during the fiscal year included the following:

- Additions to land of \$0.9 billion
- Additions to infrastructure of \$0.6 billion
- Depreciation expense of \$0.9 billion

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008*	2009	2008*	2009	2008*
Land	\$ 2,295	\$ 1,400	\$ 60	\$ 60	\$ 2,355	\$ 1,460
Buildings	1,209	1,116	2,493	2,406	3,702	3,522
Improvements Other than Buildings	222	174	252	249	474	423
Equipment	194	337	354	361	548	698
Infrastructure	5,819	5,659	-	-	5,819	5,659
Construction in Progress	1,337	1,342	193	250	1,530	1,592
Total	<u>\$ 11,076</u>	<u>\$ 10,028</u>	<u>\$ 3,352</u>	<u>\$ 3,326</u>	<u>\$ 14,428</u>	<u>\$ 13,354</u>

* Restated for comparative purposes. See Note 22.

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

Long-Term Debt

Bonded Debt

At the end of the current fiscal year, the State had total bonded debt of \$18.5 billion. Pursuant to various public and special acts, the State has authorized the issuance of the following types of debt: general obligation debt (payable from the General Fund), special tax obligation debt (payable from the Debt Service Fund), and revenue debt (payable from specific revenues of the Enterprise funds).

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

State of Connecticut's Bonded Debt (in millions)

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	Government
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 13,444	\$ 13,092	\$ -	\$ -	\$ 13,444	\$ 13,092
Transportation Related Bonds	2,817	2,791	-	-	2,817	2,791
Revenue Bonds	-	-	1,602	1,358	1,602	1,358
Bond Anticipation Notes	228	-	-	-	228	-
Premiums and deferred amounts	420	348	32	20	452	368
Total	<u>\$ 16,909</u>	<u>\$ 16,231</u>	<u>\$ 1,634</u>	<u>\$ 1,378</u>	<u>\$ 18,543</u>	<u>\$ 17,609</u>

The State's total bonded debt increased by \$0.9 billion (5.3 percent) during the current fiscal year. This increase resulted mainly from an increase in general obligation bonds of \$0.6 billion (including bond anticipation notes) and an increase in revenue bonds of \$0.2 billion.

The State's General Obligation Bonds are rated Aa3, AA, and AA by Moody's Investor Service, Standard and Poor's Corporation, and Fitch Ratings, respectively. Special Tax Obligation Bonds are rated A1, AA, AA- by Moody's Investor Service, Standard and Poor's Corporation, and Fitch Ratings, 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 2009, the State had a debt incurring margin of \$5.9 billion.

Other Long-Term Debt

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

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	Government
	2009	2008	2009	2008	2009	2008
Net Pension Obligation	\$ 2,021	\$ 1,917	\$ -	\$ -	\$ 2,021	\$ 1,917
Net OPEB Obligation	2,543	1,234	-	-	2,543	1,234
Compensated Absences	503	482	135	130	638	612
Workers Compensation	460	413	-	-	460	413
Lottery Prizes	-	-	204	232	204	232
Other	91	66	186	163	277	229
Total	<u>\$ 5,618</u>	<u>\$ 4,112</u>	<u>\$ 525</u>	<u>\$ 525</u>	<u>\$ 6,143</u>	<u>\$ 4,637</u>

The State's other long-term obligations increased by \$1.5 billion (32.5 percent) during the fiscal year. This increase was due mainly to an increase in the Net OPEB Obligation of \$1.3 billion.

Additional information on the State's long-term debt can be found in Notes 17 and 18 of this report.

Economic Factors and Next Year's Budget

During the fiscal year, the State's economy continued to be in a recession. The State lost 65,100 payroll jobs over the fiscal year, bringing the unemployment rate to 8.00 percent – the highest rate for the last twenty years. New home permits and new auto registrations decreased 46.9 percent and 33.9 percent over the fiscal year, respectively. New business starts declined 8.8 percent, while business terminations increased 17.2 percent over the fiscal year. Personal income decreased 1.7 percent to \$193.6 billion for the fiscal year. Nationally, the economy showed signs of improvement by growing 3.5 percent in the third quarter of 2009, after posting declines of 6.4 percent and 0.7 percent in the first and second quarters of the year, respectively. However, the unemployment rate continued to grow, reaching 9.8 percent by the end of the third quarter of the year.

For fiscal year 2010, the General Fund had a budget surplus initially estimated to be \$2 million. Budgeted revenues were expected to increase 2.3 percent to \$17,372 million, while budgeted appropriations were expected to decrease 1.7 percent to \$17,370 million. However, due to the continuing economic recession, the Fund had an estimated budget deficit of \$515 million by the second half of the fiscal year. Budgeted revenues and appropriations were expected to be \$357.4 million lower and \$157.6 million higher than originally anticipated, respectively. To eliminate the estimated budget deficit, the Governor proposed spending cuts of \$284 million and transfers of cash from other state funds of \$53 million. Because some of the proposed spending cuts needed legislative approval, the Governor called the legislature into special session. At this writing, no legislation has been enacted to mitigate the Fiscal Year 2010 General Fund deficit. If the fiscal year closes with a deficit, additional borrowing will be required.

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, 2009

(Expressed in Thousands)

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 641,367	\$ 647,787	\$ 1,289,154	\$ 199,372
Deposits with U.S. Treasury	-	243,629	243,629	-
Investments	482,427	50,011	532,438	287,104
Receivables, (Net of Allowances)	2,177,947	806,863	2,984,810	42,456
Due from Primary Government	-	-	-	13,108
Inventories	54,952	11,954	66,906	3,694
Restricted Assets	-	141,565	141,565	1,248,737
Internal Balances	(102,089)	102,089	-	-
Other Current Assets	17,536	14,536	32,072	2,900
Total Current Assets	3,272,140	2,018,434	5,290,574	1,797,371
Noncurrent Assets:				
Cash and Cash Equivalents	-	268,896	268,896	-
Due From Component Units	9,793	-	9,793	-
Investments	-	240,203	240,203	39,632
Receivables, (Net of Allowances)	235,818	608,024	843,842	166,081
Restricted Assets	679,779	684,507	1,364,286	4,329,972
Capital Assets, (Net of Accumulated Depreciation)	11,075,553	3,351,555	14,427,108	442,591
Other Noncurrent Assets	75,669	41,334	117,003	8,789
Total Noncurrent Assets	12,076,612	5,194,519	17,271,131	4,987,065
Total Assets	15,348,752	7,212,953	22,561,705	6,784,436
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	691,971	289,174	981,145	72,770
Notes Payable	353,085	-	353,085	-
Due to Component Units	13,108	-	13,108	-
Due to Other Governments	150,651	284	150,935	-
Current Portion of Long-Term Obligations	954,162	182,597	1,136,759	166,235
Amount Held for Institutions	-	-	-	446,227
Deferred Revenue	81,422	204,553	285,975	-
Medicaid Liability	584,992	-	584,992	-
Liability for Escheated Property	339,429	-	339,429	-
Other Current Liabilities	176,956	56,027	232,983	30,005
Total Current Liabilities	3,345,776	732,635	4,078,411	715,237
Noncurrent Liabilities:				
Non-Current Portion of Long-Term Obligations	21,572,165	1,976,366	23,548,531	4,264,368
Total Noncurrent Liabilities	21,572,165	1,976,366	23,548,531	4,264,368
Total Liabilities	24,917,941	2,709,001	27,626,942	4,979,605
Net Assets				
Invested in Capital Assets, Net of Related Debt	5,499,602	2,611,952	8,111,554	299,724
Restricted For:				
Transportation	68,439	-	68,439	-
Debt Service	642,100	42,380	684,480	17,504
Federal Grants and Other Accounts	576,383	-	576,383	-
Capital Projects	179,927	195,822	375,749	18,843
Unemployment Compensation	-	362,403	362,403	-
Clean Water and Drinking Water Projects	-	696,365	696,365	-
Bond Indenture Requirements	-	2,349	2,349	885,718
Loans	-	6,159	6,159	-
Permanent Investments or Endowments:				
Expendable	2,348	-	2,348	72,984
Nonexpendable	85,834	12,802	98,636	247,353
Other Purposes	62,696	152,169	214,865	39,904
Unrestricted (Deficit)	(16,686,518)	421,551	(16,264,967)	222,801
Total Net Assets (Deficit)	\$ (9,569,189)	\$ 4,503,952	\$ (5,065,237)	\$ 1,804,831

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

Statement of Activities

For The Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services, Fees, Fines , and Other	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Legislative	\$ 32,159	\$ 2,701	\$ 44	\$ -
General Government	1,734,577	506,224	58,557	-
Regulation and Protection	730,701	525,057	143,551	-
Conservation and Development	549,811	133,395	74,549	-
Health and Hospitals	2,343,919	62,747	168,934	-
Transportation	1,302,395	78,136	-	646,416
Human Services	6,478,180	39,722	4,553,058	-
Education, Libraries, and Museums	4,707,240	27,365	425,986	-
Corrections	2,042,503	7,346	121,397	-
Judicial	776,981	107,578	6,612	-
Interest and Fiscal Charges	810,403	-	-	-
Total Governmental Activities	21,508,869	1,490,271	5,552,688	646,416
Business-Type Activities:				
University of Connecticut & Health Center	1,725,343	908,260	199,170	3,814
State Universities	639,397	323,874	53,013	49,537
Bradley International Airport	67,995	53,723	-	10,406
Connecticut Lottery Corporation	723,249	991,482	-	-
Employment Security	1,573,806	640,317	560,869	-
Clean Water	30,723	15,661	18,998	-
Other	511,542	174,532	75,000	-
Total Business-Type Activities	5,272,055	3,107,849	907,050	63,757
Total Primary Government	\$ 26,780,924	\$ 4,598,120	\$ 6,459,738	\$ 710,173
Component Units				
Connecticut Housing Finance Authority (12-31-08)	\$ 227,636	\$ 194,134	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	5,546	7,067	-	-
Other	302,378	217,356	7,651	15,389
Total Component Units	\$ 535,560	\$ 418,557	\$ 7,651	\$ 15,389
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				
Special Items:				
Transfer from Component Unit				
Debt Reduction Transfer				
Transfer to the State				
Transfers-Internal Activities				
Total General Revenues, Contributions, Special Items, 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

Primary Government			
Governmental	Business-Type	Total	Component
<u>Activities</u>	<u>Activities</u>		<u>Units</u>
\$ (29,414)	\$ -	\$ (29,414)	\$ -
(1,169,796)	-	(1,169,796)	-
(62,093)	-	(62,093)	-
(341,867)	-	(341,867)	-
(2,112,238)	-	(2,112,238)	-
(577,843)	-	(577,843)	-
(1,885,400)	-	(1,885,400)	-
(4,253,889)	-	(4,253,889)	-
(1,913,760)	-	(1,913,760)	-
(662,791)	-	(662,791)	-
(810,403)	-	(810,403)	-
(13,819,494)	-	(13,819,494)	-
-	(614,099)	(614,099)	-
-	(212,973)	(212,973)	-
-	(3,866)	(3,866)	-
-	268,233	268,233	-
-	(372,620)	(372,620)	-
-	3,936	3,936	-
-	(262,010)	(262,010)	-
-	(1,193,399)	(1,193,399)	-
(13,819,494)	(1,193,399)	(15,012,893)	-
-	-	-	(33,502)
-	-	-	1,521
-	-	-	(61,982)
-	-	-	(93,963)
5,657,309	-	5,657,309	-
437,444	-	437,444	-
3,301,096	-	3,301,096	-
1,407,084	-	1,407,084	-
492,566	-	492,566	-
196,034	-	196,034	-
377,805	-	377,805	-
153,819	-	153,819	-
42,493	75,933	118,426	48,178
-	-	-	23,317
13,150	-	13,150	-
-	85,000	85,000	-
-	-	-	(13,150)
(873,590)	873,590	-	-
11,205,210	1,034,523	12,239,733	58,345
(2,614,284)	(158,876)	(2,773,160)	(35,618)
(6,954,905)	4,662,828	(2,292,077)	1,840,449
\$ (9,569,189)	\$ 4,503,952	\$ (5,065,237)	\$ 1,804,831

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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.

Restricted Grants and Accounts Fund:

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

Nonmajor Funds:

Nonmajor governmental funds are presented, by fund type beginning on page 96.

Balance Sheet

Governmental Funds

June 30, 2009

(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants & Accounts</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and Cash Equivalents	\$ -	\$ -	\$ 102,776	\$ 8,089	\$ 519,438	\$ 630,303
Investments	387,263	-	-	-	95,164	482,427
Securities Lending Collateral	-	-	-	-	17,255	17,255
Receivables:						
Taxes, Net of Allowances	922,924	-	42,943	-	-	965,867
Accounts, Net of Allowances	188,859	-	10,560	11,641	29,791	240,851
Loans, Net of Allowances	-	-	-	-	235,818	235,818
From Other Governments	762,270	-	-	178,636	10,179	951,085
Interest	-	1,367	34	-	-	1,401
Other	-	-	-	-	2	2
Due from Other Funds	27,126	-	1,367	563,616	415,757	1,007,866
Due from Component Units	9,793	-	-	-	-	9,793
Inventories	24,357	-	26,856	-	-	51,213
Restricted Assets	-	679,384	-	-	395	679,779
Other Assets	-	-	-	-	208	208
Total Assets	<u>\$ 2,322,592</u>	<u>\$ 680,751</u>	<u>\$ 184,536</u>	<u>\$ 761,982</u>	<u>\$ 1,324,007</u>	<u>\$ 5,273,868</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 284,264	\$ -	\$ 25,069	\$ 153,832	\$ 60,632	\$ 523,797
Notes Payable	-	-	-	-	353,085	353,085
Due to Other Funds	939,237	1,367	-	3,209	89,485	1,033,298
Due to Component Units	-	-	-	444	12,664	13,108
Due to Other Governments	147,045	-	-	3,606	-	150,651
Deferred Revenue	667,502	-	5,289	22,551	36,484	731,826
Medicaid Liability	584,992	-	-	-	-	584,992
Liability For Escheated Property	339,429	-	-	-	-	339,429
Securities Lending Obligation	-	-	-	-	17,255	17,255
Other Liabilities	159,701	-	-	-	-	159,701
Total Liabilities	<u>3,122,170</u>	<u>1,367</u>	<u>30,358</u>	<u>183,642</u>	<u>569,605</u>	<u>3,907,142</u>
Fund Balances						
Reserved For:						
Petty Cash	840	-	-	-	-	840
Inventories	24,357	-	26,856	-	-	51,213
Loans	9,793	-	-	-	235,818	245,611
Continuing Appropriations	87,113	-	37,324	-	1,500	125,937
Debt Service	-	679,384	-	-	-	679,384
Restricted Purposes	-	-	-	578,340	88,182	666,522
Budget Reserve Fund	1,381,748	-	-	-	-	1,381,748
Unreserved Reported In:						
General Fund	(2,303,429)	-	-	-	-	(2,303,429)
Transportation Fund	-	-	89,998	-	-	89,998
Special Revenue Funds	-	-	-	-	247,763	247,763
Capital Project Funds	-	-	-	-	181,139	181,139
Total Fund Balances	<u>(799,578)</u>	<u>679,384</u>	<u>154,178</u>	<u>578,340</u>	<u>754,402</u>	<u>1,366,726</u>
Total Liabilities and Fund Balances	<u>\$ 2,322,592</u>	<u>\$ 680,751</u>	<u>\$ 184,536</u>	<u>\$ 761,982</u>	<u>\$ 1,324,007</u>	<u>\$ 5,273,868</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, 2009

(Expressed in Thousands)

Total Fund Balance - Governmental Funds	\$	1,366,726
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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	2,880,415	
Equipment	1,542,647	
Infrastructure	14,047,034	
Other Capital Assets	2,332,376	
Accumulated Depreciation	<u>(9,788,408)</u>	11,014,064

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.	74,918
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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.	650,533
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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.	(10,659)
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Long-term liabilities are not due and payable in the current period and therefore
are not reported in the funds (Note 17).

Net Pension Obligation	(2,020,664)	
Net OPEB Obligation	(2,542,958)	
Worker's Compensation	(459,778)	
Capital Leases	(47,129)	
Compensated Absences	(498,471)	
Claims and Judgments	<u>(43,690)</u>	(5,612,690)

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 17).

Bonds Payable	(16,488,700)	
Unamortized Premiums	(613,861)	
Less: Deferred Loss on Refundings	193,825	
Accrued Interest Payable	<u>(143,345)</u>	<u>(17,052,081)</u>

Net Assets of Governmental Activities	\$	<u>(9,569,189)</u>
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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, 2009

(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants & Accounts</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes	\$ 10,703,681	\$ -	\$ 688,213	\$ -	\$ 24,872	\$ 11,416,766
Assessments	-	-	-	-	28,129	28,129
Licenses, Permits and Fees	160,935	-	297,292	7,450	81,194	546,871
Tobacco Settlement	-	-	-	-	153,819	153,819
Federal Grants and Aid	4,111,553	-	-	1,831,921	74,186	6,017,660
Charges for Services	32,558	-	62,497	-	6,445	101,500
Fines, Forfeits and Rents	-	-	30,440	-	2,401	32,841
Casino Gaming Payments	377,805	-	-	-	-	377,805
Investment Earnings	18,731	11,696	2,914	3,122	6,824	43,287
Miscellaneous	152,158	-	5,428	547,400	85,024	790,010
Total Revenues	15,557,421	11,696	1,086,784	2,389,893	462,894	19,508,688
Expenditures						
Current:						
Legislative	99,453	-	-	2,635	-	102,088
General Government	1,223,277	-	2,193	285,698	196,141	1,707,309
Regulation and Protection	377,126	-	86,122	84,445	202,780	750,473
Conservation and Development	142,478	-	-	107,273	261,136	510,887
Health and Hospitals	1,989,034	-	-	216,938	16,525	2,222,497
Transportation	-	-	630,912	633,487	3,870	1,268,269
Human Services	5,589,908	-	-	455,426	14,524	6,059,858
Education, Libraries, and Museums	3,233,199	-	-	468,655	699,569	4,401,423
Corrections	1,978,251	-	-	23,439	9,287	2,010,977
Judicial	745,375	-	-	13,664	16,672	775,711
Capital Projects	-	-	-	-	438,724	438,724
Debt Service:						
Principal Retirement	886,789	278,770	723	-	-	1,166,282
Interest and Fiscal Charges	571,936	178,937	10,068	148,308	9,384	918,633
Total Expenditures	16,836,826	457,707	730,018	2,439,968	1,868,612	22,333,131
Excess (Deficiency) of Revenues Over Expenditures	(1,279,405)	(446,011)	356,766	(50,075)	(1,405,718)	(2,824,443)
Other Financing Sources (Uses)						
Bonds Issued	55,585	-	-	-	1,808,015	1,863,600
Premiums on Bonds Issued	720	39,109	-	-	70,731	110,560
Transfers In	624,864	423,049	25,459	91,098	159,295	1,323,765
Transfers Out	(1,116,820)	(16,942)	(454,341)	(79,061)	(525,381)	(2,192,545)
Refunding Bonds Issued	-	586,940	-	-	-	586,940
Payment to Refunded Bond Escrow Agent	-	(590,397)	-	-	-	(590,397)
Special Item: Transfer from Component Unit	13,150	-	-	-	-	13,150
Total Other Financing Sources (Uses)	(422,501)	441,759	(428,882)	12,037	1,512,660	1,115,073
Net Change in Fund Balances	(1,701,906)	(4,252)	(72,116)	(38,038)	106,942	(1,709,370)
Fund Balances - Beginning (as restated)	903,290	683,636	220,376	616,378	647,460	3,071,140
Changes in Reserves for Inventories	(962)	-	5,918	-	-	4,956
Fund Balances - Ending	\$ (799,578)	\$ 679,384	\$ 154,178	\$ 578,340	\$ 754,402	\$ 1,366,726

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, 2009

(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds \$ (1,709,370)

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	(1,863,600)	
Refunding Bonds Issued	(586,940)	
Premium on Bonds Issued	<u>(110,560)</u>	(2,561,100)

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	1,166,282	
Payments to Refunded Bond Escrow Agent	590,397	
Capital Lease Payments	<u>4,620</u>	1,761,299

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	1,948,972	
Depreciation Expense	(851,964)	
Retirements	<u>(53,307)</u>	1,043,701

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

4,956

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	(22,760)	
Decrease in Interest Accreted on Capital Appreciation Debt	99,210	
Amortization of Bond Premium	57,756	
Amortization of Loss on Debt Refundings	(29,801)	
Increase in Compensated Absences Liability	(20,913)	
Increase in Workers Compensation Liability	(47,159)	
Increase in Claims and Judgments Liability	(30,055)	
Increase in Net Pension Obligation	(104,127)	
Increase in Net OPEB Obligation	<u>(1,308,562)</u>	(1,406,411)

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 decreased by this amount this year

246,337

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

2,481

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	10,286	
Amortization of Debt Issue Costs	<u>(6,463)</u>	3,823

Change in Net Assets of Governmental Activities \$ (2,614,284)

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, 2009

(Expressed in Thousands)

	General Fund			
				Variance with Final Budget
	Budget			positive
Revenues	Original	Final	Actual	(negative)
Budgeted:				
Taxes, Net of Refunds	\$ 12,971,100	\$ 10,703,200	\$ 10,708,262	\$ 5,062
Operating Transfers In	398,300	403,000	402,995	(5)
Casino Gaming Payments	449,000	377,900	377,805	(95)
Licenses, Permits, and Fees	153,500	157,200	162,474	5,274
Other	324,000	282,700	278,406	(4,294)
Federal Grants	2,768,100	3,623,100	3,619,490	(3,610)
Refunds of Payments	(600)	(700)	(662)	38
Operating Transfers Out	(86,300)	(86,300)	(86,300)	-
Transfer to the Resources of the General Fund	-	238,503	238,331	(172)
Transfer Out - Transportation Strategy Board	-	-	-	-
Total Revenues	16,977,100	15,698,603	15,700,801	2,198
Expenditures				
Budgeted:				
Legislative	80,761	78,784	71,555	7,229
General Government	650,870	567,521	520,115	47,406
Regulation and Protection	293,421	329,253	286,822	42,431
Conservation and Development	130,416	125,982	113,329	12,653
Health and Hospitals	1,675,088	1,699,449	1,662,540	36,909
Transportation	15,854	2,854	(50)	2,904
Human Services	5,026,218	5,094,923	5,041,515	53,408
Education, Libraries, and Museums	3,993,286	4,064,566	4,019,381	45,185
Corrections	1,591,890	1,642,166	1,577,167	64,999
Judicial	550,328	564,910	543,078	21,832
Non Functional	3,779,886	3,600,383	3,399,403	200,980
Total Expenditures	17,788,018	17,770,791	17,234,855	535,936
Appropriations Lapsed	117,480	456,591	-	(456,591)
Excess (Deficiency) of Revenues Over Expenditures	(693,438)	(1,615,597)	(1,534,054)	81,543
Other Financing Sources (Uses)				
Prior Year Appropriations Carried Forward	504,098	504,098	504,098	-
Appropriations Continued to Fiscal Year 2010	-	-	(88,771)	(88,771)
Transfer of 2008 Surplus	179,420	179,420	179,420	-
Miscellaneous Adjustments	-	(13,699)	(8,271)	5,428
Total Other Financing Sources (Uses)	683,518	669,819	586,476	(83,343)
Net Change in Fund Balance	\$ (9,920)	\$ (945,778)	(947,578)	\$ (1,800)
Budgetary Fund Balances - July 1			684,405	
Changes in Reserves			(594,795)	
Budgetary Fund Balances - June 30			\$ (857,968)	

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

Transportation Fund

Budget		Variance with Final Budget positive (negative)	
<u>Original</u>	<u>Final</u>	<u>Actual</u>	
\$ 730,500	\$ 687,600	\$ 687,973	\$ 373
-	-	-	-
-	-	-	-
407,300	364,400	363,212	(1,188)
47,000	15,600	15,583	(17)
-	-	-	-
(3,000)	(2,400)	(2,772)	(372)
(9,500)	(9,500)	(9,500)	-
-	(6,492)	(6,492)	-
(15,300)	(15,300)	(15,300)	-
<u>1,157,000</u>	<u>1,033,908</u>	<u>1,032,704</u>	<u>(1,204)</u>
-	-	-	-
2,517	2,518	2,152	366
79,259	79,602	59,677	19,925
-	-	-	-
-	-	-	-
517,321	528,594	512,908	15,686
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
604,823	595,516	553,464	42,052
1,203,920	1,206,230	1,128,201	78,029
11,000	42,553	-	(42,553)
<u>(35,920)</u>	<u>(129,769)</u>	<u>(95,497)</u>	<u>34,272</u>
38,693	38,693	38,693	-
-	-	(37,324)	(37,324)
-	-	-	-
-	8,665	9,429	764
<u>38,693</u>	<u>47,358</u>	<u>10,798</u>	<u>(36,560)</u>
<u>\$ 2,773</u>	<u>\$ (82,411)</u>	<u>(84,699)</u>	<u>\$ (2,288)</u>
		216,963	
		(1,369)	
		<u>\$ 130,895</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 118.

Statement of Net Assets

Proprietary Funds

June 30, 2009

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 295,375	\$ 127,199	\$ 48,316	\$ 23,420
Deposits with U.S. Treasury	-	-	-	-
Investments	3,331	13,519	-	33,161
Receivables:				
Accounts, Net of Allowances	112,080	157,202	4,188	16,530
Loans, Net of Allowances	2,573	1,917	-	-
Interest	-	-	-	6,321
From Other Governments	-	2,058	9,816	-
Due from Other Funds	54,050	43,459	-	-
Inventories	10,526	-	-	-
Restricted Assets	128,910	-	12,655	-
Other Current Assets	9,468	1,932	185	2,403
Total Current Assets	616,313	347,286	75,160	81,835
Noncurrent Assets:				
Cash and Cash Equivalents	1,472	105,578	-	-
Investments	9,497	26,662	-	168,315
Receivables:				
Loans, Net of Allowances	9,548	9,334	-	-
Restricted Assets	25,967	-	105,187	-
Capital Assets, Net of Accumulated Depreciation	1,664,600	864,985	302,476	2,786
Other Noncurrent Assets	2,373	2,727	6,249	4,997
Total Noncurrent Assets	1,713,457	1,009,286	413,912	176,098
Total Assets	2,329,770	1,356,572	489,072	257,933
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	132,388	58,352	11,967	17,553
Due to Other Funds	17,722	3,234	10,923	-
Due to Other Governments	-	-	-	-
Current Portion of Long-Term Obligations	54,498	21,152	10,145	35,077
Deferred Revenue	29,129	169,865	1,513	815
Other Current Liabilities	18,932	7,540	-	29,003
Total Current Liabilities	252,669	260,143	34,548	82,448
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	331,512	324,066	188,836	168,890
Total Noncurrent Liabilities	331,512	324,066	188,836	168,890
Total Liabilities	584,181	584,209	223,384	251,338
Net Assets (Deficit)				
Invested in Capital Assets, Net of Related Debt	1,358,703	668,424	109,991	2,786
Restricted For:				
Debt Service	10,397	-	27,475	-
Unemployment Compensation	-	-	-	-
Clean and Drinking Water Projects	-	-	-	-
Capital Projects	121,251	-	74,571	-
Nonexpendable Purposes	10,819	1,963	-	-
Bond Indentures	-	-	2,349	-
Loans	6,159	-	-	-
Other Purposes	19,458	69,174	-	6,595
Unrestricted (Deficit)	218,802	32,802	51,302	(2,786)
Total Net Assets (Deficit)	\$ 1,745,589	\$ 772,363	\$ 265,688	\$ 6,595

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

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
Employment Security	Clean Water	Other Funds	Total	Internal Service Funds
\$ -	\$ 970	\$ 152,507	\$ 647,787	\$ 11,064
243,629	-	-	243,629	-
-	-	-	50,011	-
148,509	46,617	15,332	500,458	241
-	253,105	10,033	267,628	-
-	8,780	589	15,690	-
10,874	24	315	23,087	-
1,797	-	76,626	175,932	2,926
-	-	1,428	11,954	3,739
-	-	-	141,565	-
-	-	548	14,536	73
404,809	309,496	257,378	2,092,277	18,043
-	123,478	38,368	268,896	-
-	35,729	-	240,203	-
-	528,064	61,078	608,024	-
-	487,401	65,952	684,507	-
-	-	516,708	3,351,555	61,489
-	23,514	1,474	41,334	751
-	1,198,186	683,580	5,194,519	62,240
404,809	1,507,682	940,958	7,286,796	80,283
158	8,195	60,561	289,174	18,981
41,964	-	-	73,843	66,931
284	-	-	284	-
-	53,745	7,980	182,597	244
-	-	3,231	204,553	129
-	-	552	56,027	-
42,406	61,940	72,324	806,478	86,285
-	806,053	157,009	1,976,366	4,657
-	806,053	157,009	1,976,366	4,657
42,406	867,993	229,333	2,782,844	90,942
-	-	472,048	2,611,952	54,871
-	-	4,508	42,380	-
362,403	-	-	362,403	-
-	604,902	91,463	696,365	-
-	-	-	195,822	-
-	-	20	12,802	-
-	-	-	2,349	-
-	-	-	6,159	-
-	-	56,942	152,169	-
-	34,787	86,644	421,551	(65,530)
\$ 362,403	\$ 639,689	\$ 711,625	\$ 4,503,952	\$ (10,659)

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds

For The Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
Operating Revenues				
Charges for Sales and Services	\$ 807,164	\$ 306,912	\$ 42,622	\$ 991,303
Assessments	-	-	-	-
Federal Grants, Contracts and Other Aid	152,855	33,896	-	-
State Grants, Contracts and Other Aid	27,853	16,073	-	-
Private Gifts and Grants	40,132	3,044	-	-
Interest on Loans	-	-	-	-
Other	60,576	13,707	-	173
Total Operating Revenues	1,088,580	373,632	42,622	991,476
Operating Expenses				
Salaries, Wages and Administrative	1,502,379	565,085	40,342	94,962
Lottery Prize Awards	-	-	-	604,712
Unemployment Compensation	-	-	-	-
Claims Paid	-	-	-	-
Depreciation and Amortization	117,969	50,375	17,863	477
Other	89,910	23,937	-	8,428
Total Operating Expenses	1,710,258	639,397	58,205	708,579
Operating Income (Loss)	(621,678)	(265,765)	(15,583)	282,897
Nonoperating Revenue (Expenses)				
Interest and Investment Income	10,089	4,533	3,304	15,174
Interest and Fiscal Charges	(15,085)	-	(9,790)	(14,670)
Other	18,850	3,255	11,101	6
Total Nonoperating Revenues (Expenses)	13,854	7,788	4,615	510
Income (Loss) Before Capital Contributions, Grants, Transfers, and Special Item	(607,824)	(257,977)	(10,968)	283,407
Capital Contributions	3,814	49,537	10,406	-
Federal Capitalization Grants	-	-	-	-
Transfers In	688,737	248,412	9,647	-
Transfers Out	-	-	-	(283,000)
Special Item: Debt Reduction Transfer	-	-	-	-
Change in Net Assets	84,727	39,972	9,085	407
Total Net Assets (Deficit) - Beginning (as restated)	1,660,862	732,391	256,603	6,188
Total Net Assets (Deficit) - Ending	\$ 1,745,589	\$ 772,363	\$ 265,688	\$ 6,595

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

Business-Type Activities				Governmental
Enterprise Funds				Activities
Employment Security	Clean Water	Other Funds	Totals	Internal Service Funds
\$ -	\$ -	\$ 132,856	\$ 2,280,857	\$ 88,644
616,419	-	36,465	652,884	-
560,869	-	47,689	795,309	-
13,180	-	17,084	74,190	-
-	-	3,699	46,875	-
-	13,386	1,621	15,007	-
10,718	-	3,590	88,764	30
<u>1,201,186</u>	<u>13,386</u>	<u>243,004</u>	<u>3,953,886</u>	<u>88,674</u>
-	465	425,447	2,628,680	63,252
-	-	-	604,712	-
1,573,806	-	-	1,573,806	-
-	-	38,352	38,352	-
-	-	19,086	205,770	18,814
-	-	22,856	145,131	-
<u>1,573,806</u>	<u>465</u>	<u>505,741</u>	<u>5,196,451</u>	<u>82,066</u>
<u>(372,620)</u>	<u>12,921</u>	<u>(262,737)</u>	<u>(1,242,565)</u>	<u>6,608</u>
19,637	17,573	5,623	75,933	87
-	(30,258)	(5,691)	(75,494)	(45)
-	2,275	(110)	35,377	(106)
<u>19,637</u>	<u>(10,410)</u>	<u>(178)</u>	<u>35,816</u>	<u>(64)</u>
<u>(352,983)</u>	<u>2,511</u>	<u>(262,915)</u>	<u>(1,206,749)</u>	<u>6,544</u>
-	-	-	63,757	3,450
-	18,998	6,528	25,526	-
-	983	243,708	1,191,487	-
(25,250)	-	(9,647)	(317,897)	(7,513)
-	-	85,000	85,000	-
<u>(378,233)</u>	<u>22,492</u>	<u>62,674</u>	<u>(158,876)</u>	<u>2,481</u>
<u>740,636</u>	<u>617,197</u>	<u>648,951</u>	<u>4,662,828</u>	<u>(13,140)</u>
<u>\$ 362,403</u>	<u>\$ 639,689</u>	<u>\$ 711,625</u>	<u>\$ 4,503,952</u>	<u>\$ (10,659)</u>

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
Cash Flows from Operating Activities				
Receipts from Customers	\$ 819,476	\$ 302,736	\$ 43,916	\$ 987,364
Payments to Suppliers	(495,144)	(177,892)	(24,890)	(28,776)
Payments to Employees	(1,036,579)	(400,950)	(15,188)	(13,997)
Other Receipts (Payments)	297,496	66,722	-	(675,276)
Net Cash Provided by (Used in) Operating Activities	(414,751)	(209,384)	3,838	269,315
Cash Flows from Noncapital Financing Activities				
Proceeds from Sale of Bonds	-	-	-	-
Retirement of Bonds and Annuities Payable	-	-	-	(37,906)
Interest on Bonds and Annuities Payable	-	-	-	(15,994)
Transfers In	454,808	240,257	9,647	-
Transfers Out	-	-	-	(283,000)
Other Receipts (Payments)	23,437	3,192	-	7,913
Net Cash Flows from Noncapital Financing Activities	478,245	243,449	9,647	(328,987)
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant and Equipment	(93,504)	(26,320)	(19,707)	(326)
Proceeds from Capital Debt	150,000	-	-	-
Principal Paid on Capital Debt	(76,148)	(19,163)	(9,605)	-
Interest Paid on Capital Debt	(52,307)	-	(10,259)	-
Transfer In	120,342	-	-	-
Federal Grant	2,182	-	-	-
Capital Contributions	-	18,061	4,008	-
Other Receipts (Payments)	398	58	18,645	-
Net Cash Flows from Capital and Related Financing Activities	50,963	(27,364)	(16,918)	(326)
Cash Flows from Investing Activities				
Proceeds from Sales and Maturities of Investments	-	3,040	-	37,792
Purchase of Investment Securities	(37)	(1,933)	-	(7,913)
Interest on Investments	10,984	5,104	3,558	16,504
(Increase) Decrease in Restricted Assets	-	-	-	-
Other Receipts (Payments)	969	-	(834)	-
Net Cash Flows from Investing Activities	11,916	6,211	2,724	46,383
Net Increase (Decrease) in Cash and Cash Equivalents	126,373	12,912	(709)	(13,615)
Cash and Cash Equivalents - Beginning of Year	318,605	219,865	136,995	37,035
Cash and Cash Equivalents - End of Year	\$ 444,978	\$ 232,777	\$ 136,286	\$ 23,420
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ (621,678)	\$ (265,765)	\$ (15,583)	\$ 282,897
Adjustments not Affecting Cash:				
Depreciation and Amortization	117,969	50,375	17,863	477
Other	84,006	93	(13)	97
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	5,442	(16,251)	1,294	(4,117)
(Increase) Decrease in Due from Other Funds	(7,636)	305	-	-
(Increase) Decrease in Inventories and Other Assets	1,790	(302)	-	(1,250)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	5,356	22,161	277	(8,789)
Increase (Decrease) in Due to Other Funds	-	-	-	-
Total Adjustments	206,927	56,381	19,421	(13,582)
Net Cash Provided by (Used In) Operating Activities	\$ (414,751)	\$ (209,384)	\$ 3,838	\$ 269,315
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets				
Cash and Cash Equivalents - Current	\$ 295,375	\$ 127,199	\$ 48,316	
Cash and Cash Equivalents - Noncurrent	1,472	105,578	-	
Cash and Cash Equivalents - Restricted	148,131	-	87,970	
	\$ 444,978	\$ 232,777	\$ 136,286	

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

Business-Type Activities				Governmental
Enterprise Funds				Activities
Employment Security	Clean Water	Other	Totals	Internal Service Funds
\$ 594,302	\$ 66,556	\$ 169,483	\$ 2,983,833	\$ 89,477
-	-	(85,468)	(812,170)	(37,258)
-	(441)	(327,413)	(1,794,568)	(31,402)
(588,689)	(119,398)	71,408	(947,737)	(4,004)
<u>5,613</u>	<u>(53,283)</u>	<u>(171,990)</u>	<u>(570,642)</u>	<u>16,813</u>
-	365,960	29,675	395,635	-
-	(46,897)	(115,258)	(200,061)	-
-	(23,635)	(1,794)	(41,423)	-
-	982	235,320	941,014	-
(25,250)	-	(9,647)	(317,897)	-
-	17,855	110,817	163,214	-
<u>(25,250)</u>	<u>314,265</u>	<u>249,113</u>	<u>940,482</u>	<u>-</u>
-	-	(12,104)	(151,961)	(22,534)
-	-	-	150,000	-
-	-	-	(104,916)	-
-	-	(3,437)	(66,003)	-
-	-	3,690	124,032	-
-	19,167	5,297	26,646	-
-	-	-	22,069	-
-	-	(47,362)	(28,261)	(130)
<u>-</u>	<u>19,167</u>	<u>(53,916)</u>	<u>(28,394)</u>	<u>(22,664)</u>
-	-	-	40,832	-
-	-	-	(9,883)	-
19,637	17,723	6,266	79,776	87
-	(28,493)	(11,630)	(40,123)	-
-	(268,409)	(20,492)	(288,766)	(21)
<u>19,637</u>	<u>(279,179)</u>	<u>(25,856)</u>	<u>(218,164)</u>	<u>66</u>
-	970	(2,649)	123,282	(5,785)
-	-	155,156	867,656	16,849
<u>\$ -</u>	<u>\$ 970</u>	<u>\$ 152,507</u>	<u>\$ 990,938</u>	<u>\$ 11,064</u>
\$ (372,620)	\$ 12,921	\$ (262,737)	\$ (1,242,565)	\$ 6,608
-	-	19,086	205,770	18,814
-	-	(4,673)	79,510	(4,700)
(21,011)	(66,204)	64,419	(36,428)	593
(1,106)	-	-	(8,437)	239
367,290	-	(310)	367,218	278
-	-	12,225	31,230	(5,019)
<u>33,060</u>	<u>-</u>	<u>-</u>	<u>33,060</u>	<u>-</u>
<u>378,233</u>	<u>(66,204)</u>	<u>90,747</u>	<u>671,923</u>	<u>10,205</u>
<u>\$ 5,613</u>	<u>\$ (53,283)</u>	<u>\$ (171,990)</u>	<u>\$ (570,642)</u>	<u>\$ 16,813</u>

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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 130

Agency Funds, page 136

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Agency Funds	Total
Assets					
Cash and Cash Equivalents	\$ 112,518	\$ -	\$ -	\$ 91,928	\$ 204,446
Receivables:					
Accounts, Net of Allowances	16,735	-	-	4,941	21,676
From Other Governments	3,104	-	-	-	3,104
From Other Funds	1,802	-	-	5,612	7,414
Interest	607	943	-	23	1,573
Investments	20,295,775	1,107,232	-	-	21,403,007
Inventories	-	-	-	452	452
Securities Lending Collateral	3,358,101	-	-	-	3,358,101
Other Assets	-	17	88,297	364,621	452,935
Total Assets	<u>23,788,642</u>	<u>1,108,192</u>	<u>88,297</u>	<u>\$ 467,577</u>	<u>25,452,708</u>
Liabilities					
Accounts Payable and Accrued Liabilities	20,951	524	-	\$ 9,116	30,591
Securities Lending Obligation	3,358,101	-	-	-	3,358,101
Due to Other Funds	3,209	-	-	16,857	20,066
Funds Held for Others	-	-	-	441,604	441,604
Total Liabilities	<u>3,382,261</u>	<u>524</u>	<u>-</u>	<u>\$ 467,577</u>	<u>3,850,362</u>
Net Assets					
Held in Trust For:					
Employees' Pension Benefits (Note 13)	20,298,248	-	-		20,298,248
Other Employee Benefits (Note 15)	108,133	-	-		108,133
Individuals, Organizations, and Other Governments	-	1,107,668	88,297		1,195,965
Total Net Assets	<u>\$ 20,406,381</u>	<u>\$ 1,107,668</u>	<u>\$ 88,297</u>		<u>\$ 21,602,346</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, 2009

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Total
Additions				
Contributions:				
Plan Members	\$ 400,599	\$ -	\$ -	\$ 400,599
State	1,727,708	-	-	1,727,708
Municipalities	36,102	-	-	36,102
Total Contributions	2,164,409	-	-	2,164,409
Investment Income	(4,426,734)	19,055	-	(4,407,679)
Less: Investment Expense	(93,228)	(318)	-	(93,546)
Net Investment Income	(4,519,962)	18,737	-	(4,501,225)
Escheat Securities Received	-	-	21,700	21,700
Pool's Share Transactions	-	132,131	-	132,131
Transfers In	2,703	-	-	2,703
Other	7,339	-	-	7,339
Total Additions	(2,345,511)	150,868	21,700	(2,172,943)
Deductions				
Administrative Expense	2,883	-	-	2,883
Benefit Payments and Refunds	3,111,267	-	-	3,111,267
Escheat Securities Returned or Sold	-	-	6,891	6,891
Distributions to Pool Participants	-	18,737	-	18,737
Other	2,740	-	21,858	24,598
Total Deductions	3,116,890	18,737	28,749	3,164,376
Change in Net Assets Held In Trust For:				
Pension and Other Employee Benefits	(5,462,401)	-	-	(5,462,401)
Individuals, Organizations, and Other Governments	-	132,131	(7,049)	125,082
Net Assets - Beginning	25,868,782	975,537	95,346	26,939,665
Net Assets - Ending	\$ 20,406,381	\$ 1,107,668	\$ 88,297	\$ 21,602,346

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

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Component Unit Financial Statements

Major Component Units

Connecticut Housing Finance Authority:

the Connecticut Housing Finance Authority is a public instrumentality and political subdivision of the State 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 throughout the State.

Connecticut Health and Educational Facilities Authority:

the Connecticut Health and Educational Facilities Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

Nonmajor:

The nonmajor component units are presented beginning on page 140.

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Statement of Net Assets Component Units

June 30, 2009

(Expressed in Thousands)

	Connecticut Housing Finance Authority <u>(12-31-08)</u>	Connecticut Health and Educational Facilities Authority	Other Component Units	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 3,596	\$ 195,776	\$ 199,372
Investments	-	115	286,989	287,104
Receivables:				
Accounts, Net of Allowances	-	123	25,598	25,721
Loans, Net of Allowances	-	-	16,045	16,045
Other	-	-	690	690
Due From Primary Government	-	-	13,108	13,108
Restricted Assets	752,031	446,230	50,476	1,248,737
Inventories	-	-	3,694	3,694
Other Current Assets	-	154	2,746	2,900
Total Current Assets	<u>752,031</u>	<u>450,218</u>	<u>595,122</u>	<u>1,797,371</u>
Noncurrent Assets:				
Investments	-	-	39,632	39,632
Accounts, Net of Allowances	-	-	23,082	23,082
Loans, Net of Allowances	-	-	142,999	142,999
Restricted Assets	4,236,186	10,045	83,741	4,329,972
Capital Assets, Net of Accumulated Depreciation	3,173	349	439,069	442,591
Other Noncurrent Assets	-	-	8,789	8,789
Total Noncurrent Assets	<u>4,239,359</u>	<u>10,394</u>	<u>737,312</u>	<u>4,987,065</u>
Total Assets	<u>4,991,390</u>	<u>460,612</u>	<u>1,332,434</u>	<u>6,784,436</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	35,928	1,372	35,470	72,770
Current Portion of Long-Term Obligations	138,514	-	27,721	166,235
Amount Held for Institutions	-	446,227	-	446,227
Other Liabilities	29,068	-	937	30,005
Total Current Liabilities	<u>203,510</u>	<u>447,599</u>	<u>64,128</u>	<u>715,237</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	<u>3,898,989</u>	<u>2,225</u>	<u>363,154</u>	<u>4,264,368</u>
Total Noncurrent Liabilities	<u>3,898,989</u>	<u>2,225</u>	<u>363,154</u>	<u>4,264,368</u>
Total Liabilities	<u>4,102,499</u>	<u>449,824</u>	<u>427,282</u>	<u>4,979,605</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	3,173	349	296,202	299,724
Restricted:				
Debt Service	-	-	17,504	17,504
Bond Indentures	885,718	-	-	885,718
Expendable Endowments	-	-	72,984	72,984
Nonexpendable Endowments	-	-	247,353	247,353
Capital Projects	-	-	18,843	18,843
Other Purposes	-	7,820	32,084	39,904
Unrestricted	-	2,619	220,182	222,801
Total Net Assets	<u>\$ 888,891</u>	<u>\$ 10,788</u>	<u>\$ 905,152</u>	<u>\$ 1,804,831</u>

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

Statement of Activities

Component Units

For The Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Connecticut Housing Finance Authority (12/31/08)	\$ 227,636	\$ 194,134	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	5,546	7,067	-	-
Other Component Units	302,378	217,356	7,651	15,389
Total Component Units	<u>\$ 535,560</u>	<u>\$ 418,557</u>	<u>\$ 7,651</u>	<u>\$ 15,389</u>

General Revenues:

Investment Income (Loss)

Contributions to Endowments

Special Item: Transfer to the State

Total General Revenues,

Contributions, and Special Item

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**

Connecticut Housing Finance Authority (12-31-08)	Connecticut Health & Educational Facilities Authority	Other Component Units	Totals
\$ (33,502)	\$ -	\$ -	\$ (33,502)
-	1,521	-	1,521
-	-	(61,982)	(61,982)
<u>(33,502)</u>	<u>1,521</u>	<u>(61,982)</u>	<u>(93,963)</u>
106,196	301	(58,319)	48,178
-	-	23,317	23,317
<u>-</u>	<u>(13,150)</u>	<u>-</u>	<u>(13,150)</u>
106,196	(12,849)	(35,002)	58,345
72,694	(11,328)	(96,984)	(35,618)
816,197	22,116	1,002,136	1,840,449
<u>\$ 888,891</u>	<u>\$ 10,788</u>	<u>\$ 905,152</u>	<u>\$ 1,804,831</u>

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Notes to the Financial Statements

June 30, 2009

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, 2008.

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, 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.

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

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, 12, and 14.

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

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

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

d. Measurement Focus and Basis of Accounting Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

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

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 carryforwards of spending authority from one fiscal budget into a subsequent budget). The continuing appropriations include: appropriations continued for a one-month period after year-end which are part of a program that was not renewed the succeeding year; appropriations continued the entire succeeding year, as in the case of highway and other capital construction projects; and appropriations continued for specified amounts for certain special programs. Carryforward appropriations are reported as reservations of the fund balance in the financial statements.

The budget is prepared on a “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 2009 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 an independent 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:

Assets	Years
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 and OPEB obligations.

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 Special Act No. 09-06, the General Assembly enacted an Early Retirement Incentive Program in order to mitigate the deficit of the General Fund of the State. 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, except for one modification. The modification provides that the balance of any compensated absences shall be paid in three equal annual installments beginning during fiscal year ending June 30, 2013.

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 18).

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)	\$ (947,578)	\$ (84,699)
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	385,400	(949)
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	(601,590)	11,342
Salaries and Fringe Benefits Payable	56,609	(792)
Decrease in Continuing Appropriations	(415,327)	(1,368)
Transfer of 2008 Surplus	(179,420)	-
Fund Reclassification-Bus Operations	-	4,350
Net change in fund balances (GAAP basis)	<u>\$ (1,701,906)</u>	<u>\$ (72,116)</u>

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, 2009, none of which constitutes a violation of statutory provisions (amounts in thousands).

Special Revenue	
Insurance	\$ 664
Enterprise	
Bradley Parking Garage	\$ 19,146
Internal Service	
Administrative Services	\$ 30,972

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 eleven Combined Investment Funds.

Short-Term Investment Fund (STIF)

STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, 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 accompanying financial statements. Instead, investments in the internal portion of STIF by participant funds are reported as cash equivalents in the government-wide and fund financial statements.

As of June 30, 2009, STIF had the following investments and maturities (amounts in thousands):

Short-Term Investment Fund		Investment Maturities (in years)	
Investment Type	Amortized Cost	Less Than 1	1-5
Floating Rate Notes	\$ 116,033	\$ 116,033	\$ -
Federal Agency Securities	436,897	100,844	336,053
Money Market Funds	163,803	163,803	-
Total Investments	<u>\$ 716,733</u>	<u>\$ 380,680</u>	<u>\$ 336,053</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, 2009, the weighted average maturity of the STIF was 9 days. Additionally, STIF is allowed by policy to invest in floating-rate securities, and investments in such securities with maturities up to two years are 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, 2009, the amount of STIF's investments in variable-rate securities was \$503 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, 2009, STIF's investments were rated by Standard and Poor's as follows (amounts in thousands):

Short-Term Investment Fund		Quality Ratings			
Investment Type	Amortized Cost	AAA	AA	A	Unrated
Floating Rate Notes	\$ 116,034	\$ -	\$ 5,000	\$ 66,589	\$ 44,445
Federal Agency Securities	436,896	436,896	-	-	-
Money Market Funds	163,803	163,803	-	-	-
Total Investments	<u>\$ 716,733</u>	<u>\$ 600,699</u>	<u>\$ 5,000</u>	<u>\$ 66,589</u>	<u>\$ 44,445</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 any one issuer, except for overnight or two-business day repurchase agreements and U.S. government and agency securities. As of June 30, 2009, STIF's investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Amortized Cost
Beta Finance	\$ 50,000
FHLB	\$ 78,000
FHLMC	\$ 228,030
FNMA	\$ 74,983
Gryphon	\$ 44,445

Custodial Credit Risk-Bank Deposits-Nonnegotiable

Certificate of Deposits and NOW Accounts (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, 2009, \$879,500 of the bank balance of STIF's deposits of \$3,830,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 796,500
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	<u>83,000</u>
Total	<u>\$ 879,500</u>

Short-Term Plus Investment Fund (STIF Plus)

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. The State Treasurer is authorized to invest monies of STIF Plus in U.S. government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers' acceptance, repurchase agreements, and asset-backed securities. 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 and is not reported in the accompanying financial statements. Instead, investments in STIF Plus by participant funds are reported as other investments in the government-wide and fund financial statements.

As of June 30, 2009, 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	\$ 5,071	\$ 5,071	\$ -	
Corporate Notes	73,019	30,541	42,478	
Asset Backed Securities	10,279	-	10,279	
Repurchase Agreements	485	485	-	
Total Investments	\$ 88,854	\$ 36,097	\$ 52,757	

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, 2009, the weighted average maturity of STIF Plus was 109 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 reprise frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2009, STIF Plus's investment in variable-rate securities was \$79.9 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, 2009, 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	D
Federal Agency Securities	\$ 5,071	\$ 5,071	\$ -	\$ -	\$ -
Corporate Notes	73,019	-	29,335	43,684	-
Asset Backed Securities	10,279	9,721	-	-	558
Repurchase Agreements	485	-	-	485	-
Total	<u>\$ 88,854</u>	<u>\$ 14,792</u>	<u>\$ 29,335</u>	<u>\$ 44,169</u>	<u>\$ 558</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, 2009, STIF Plus' investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Fair Value
Bank of America	\$ 8,784
Citigroup	\$ 11,555
FHLMC	\$ 5,071
GE Capital Corp	\$ 14,534
Goldman Sachs	\$ 9,575
HSBC	\$ 4,869
Merrill Lynch	\$ 8,901
Wells Fargo	\$ 14,801

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 accompanying financial statements. Instead, investments in the CIFS by participant funds are reported as equity in the CIFS in the government-wide and fund financial statements. As of June 30, 2009, the amount of equity in the CIFS reported in the financial statements was as follows (amounts in thousands):

	Primary Government		
	Governmental	Business-Type	Fiduciary
	Activities	Activities	Funds
Equity in the CIFS	\$ 85,834	\$ 559	\$ 20,295,775
Other Investments	396,593	49,452	1,107,232
Total Investments-Current	<u>\$ 482,427</u>	<u>\$ 50,011</u>	<u>\$ 21,403,007</u>

As of June 30, 2009, 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	\$ 1,466,778	\$ 1,439,200	\$ -	\$ -	\$ 27,578
Asset Backed Securities	122,298	5,810	100,989	15,499	-
Government Securities	2,531,238	208,995	788,253	762,585	771,405
Government Agency Securities	978,443	1,419	40,941	66,235	869,848
Mortgage Backed Securities	480,456	815	18,514	18,911	443,210
Corporate Debt	1,756,610	229,634	607,786	623,225	294,971
Convertible Debt	28,687	580	13,963	4,586	9,558
Mutual Fund	318,934	-	-	-	318,934
Total Debt Instruments	7,683,444	<u>\$ 1,886,453</u>	<u>\$ 1,570,446</u>	<u>\$ 1,491,041</u>	<u>\$ 2,735,504</u>
Common Stock	9,568,436				
Preferred Stock	48,399				
Real Estate Investment Trust	65,333				
Mutual Fund	570,811				
Limited Liability Corporation	3,329				
Trusts	4,656				
Limited Partnerships	2,486,773				
Total Investments	<u>\$ 20,431,181</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, 2009, CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

Combined Investment Funds

	Fair Value	Cash	Asset	Government	Government	Mortgage	Corporate	Convertible	Mutual
		Equivalents	Backed	Government	Agency	Backed	Debt	Debt	Fund
			Securities	Securities	Securities	Securities			
Aaa	\$ 3,035,622	\$ -	\$ 78,677	\$ 1,774,059	\$ 850,931	\$ 227,600	\$ 104,355	\$ -	\$ -
Aa	225,537	-	49	47,274	-	20,755	157,459	-	-
A	560,822	-	720	77,067	-	12,603	470,149	283	-
Baa	516,518	-	3,632	157,264	-	31,274	324,348	-	-
Ba	409,308	-	490	203,491	-	22,578	181,164	1,585	-
B	337,959	-	-	59,211	-	21,900	253,563	3,285	-
Caa	151,164	-	-	-	-	23,318	127,630	216	-
Ca	21,336	-	-	2,401	-	1,971	16,964	-	-
C	1,687	-	-	-	-	495	1,192	-	-
Prime 1	510,556	510,000	556	-	-	-	-	-	-
Not Rated	1,912,935	956,778	38,174	210,471	127,512	117,962	119,786	23,318	318,934
Total	<u>\$ 7,683,444</u>	<u>\$ 1,466,778</u>	<u>\$ 122,298</u>	<u>\$ 2,531,238</u>	<u>\$ 978,443</u>	<u>\$ 480,456</u>	<u>\$ 1,756,610</u>	<u>\$ 28,687</u>	<u>\$ 318,934</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 non-U.S. denominated securities, managers are required to limit that investment to a portion of their respective portfolios. As of June 30, 2009, CIFS' foreign deposits and investments were as follows (amounts in thousands):

Combined Investment Funds									
Foreign Currency	Fixed Income Securities						Equities		
	Total	Cash	Government	Mutual	Corporate	Convertible	Common Stock	Preferred	Real Estate
			Securities	Funds	Debt	Securities		Stock	Investment Trust
Argentine Peso	\$ 27	\$ 27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Australian Dollar	245,216	1,230	16,318	-	10,761	-	216,606	-	301
Brazilian Real	106,436	548	26,188	-	5,239	-	38,336	36,125	-
Canadian Dollar	74,164	304	-	-	-	-	73,860	-	-
Chilean Peso	1,973	1	-	-	996	-	976	-	-
Colombian Peso	8,389	-	7,202	-	1,187	-	-	-	-
Czech Koruna	12,243	416	-	-	-	-	11,827	-	-
Danish Krone	28,656	463	-	-	-	-	28,193	-	-
Egyptian Pound	7,873	16	957	-	-	-	6,900	-	-
Euro Currency	1,378,709	4,767	57,612	-	4,044	-	1,304,610	7,454	222
Hong Hong Dollar	315,551	1,183	-	-	-	-	313,412	-	956
Hungarian Fornit	16,697	5	16,607	-	85	-	-	-	-
Iceland Krona	2	2	-	-	-	-	-	-	-
Indonesian Rupiah	31,307	192	8,232	-	5,061	-	17,822	-	-
Israeli Shekel	6,998	190	-	-	-	-	6,808	-	-
Japanese Yen	959,443	2,694	-	12,266	-	623	941,241	-	2,619
Kazakhstan Tenge	424	-	-	-	424	-	-	-	-
Malaysian Ringgit	40,324	127	10,698	-	8,563	-	20,936	-	-
Mexican Peso	46,820	1,299	36,314	-	562	-	8,645	-	-
Moroccan Dirham	1,547	77	-	-	-	-	1,470	-	-
New Russian Rubel	3,233	70	-	-	3,163	-	-	-	-
New Taiwan Dollar	69,883	723	-	-	-	-	69,160	-	-
New Zealand Dollar	41,035	172	31,778	-	-	-	9,076	-	9
Norwegian Krone	26,912	169	-	-	-	-	26,743	-	-
Pakistan Rupee	179	179	-	-	-	-	-	-	-
Peruvian Nouveau Sol	900	-	895	-	-	-	5	-	-
Philippine Peso	7,560	68	-	-	-	-	7,492	-	-
Polish Zloty	47,061	51	30,993	-	-	-	16,017	-	-
Pound Sterling	759,347	1,602	7,224	-	9,271	-	737,344	-	3,906
Singapore Dollar	75,620	2,591	-	-	-	-	68,956	-	4,073
South African Rand	82,667	1,517	23,256	-	1,585	-	56,309	-	-
South Korean Won	272,920	240	772	-	-	-	269,672	2,236	-
Swedish Krona	74,153	757	-	-	-	-	73,396	-	-
Swiss Franc	332,481	1,952	7,900	-	-	-	322,629	-	-
Thailand Baht	46,847	116	9,367	-	201	-	37,163	-	-
Turkish Lira	58,159	71	13,203	-	-	-	44,885	-	-
Total	\$ 5,181,756	\$ 23,819	\$ 305,516	\$ 12,266	\$ 51,142	\$ 623	\$ 4,730,489	\$ 45,815	\$ 12,086

Custodial Credit Risk-Bank Deposits

The CIFS minimize this risk by maintaining certain restrictions set forth in the Investment Policy Statement. The CIFS use a Liquidity Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2009, the CIFS had deposits with a bank balance of \$16.9 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, 2009, the State had other investments and maturities as follows (amounts in thousands):

Investment Type	Fair Value	Other Investments			
		Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Repurchase Agreements	\$ 2,773	\$ 2,773	\$ -	\$ -	\$ -
State Bonds	49,114	4,738	17,866	16,118	10,392
U.S. Government Securities	67,300	32,278	15,823	10,472	8,727
Guaranteed Investment Contracts	430,113	15,006	149,223	145,937	119,947
Tax Exempt Proceeds Fund	18,804	18,804	-	-	-
Money Market Funds	396	396	-	-	-
Total Debt Investments	568,500	<u>\$ 73,995</u>	<u>\$ 182,912</u>	<u>\$ 172,527</u>	<u>\$ 139,066</u>
Annuity Contracts	201,476				
Endowment Pool	9,347				
Limited Partnership	150				
Total Investments	<u>\$ 779,473</u>				

Credit Risk

As of June 30, 2009, other investments were rated by Standard and Poor's as follows (amounts in thousands):

Investment Type	Fair Value	Other Investments			
		Quality Ratings			
		AAA	AA	A	Unrated
Repurchase Agreements	\$ 2,773	\$ 2,773	\$ -	\$ -	\$ -
State Bonds	49,114	-	49,114	-	-
Guaranteed Investment Contracts	430,113	75,480	290,013	64,620	-
Tax Exempt Proceeds Fund	18,804	-	-	-	18,804
Money Market Funds	396	396	-	-	-
Total	<u>\$ 501,200</u>	<u>\$ 78,649</u>	<u>\$ 339,127</u>	<u>\$ 64,620</u>	<u>\$ 18,804</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, 2009, \$124,288 of the bank balance of the Primary Government of \$379,443 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 110,207
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	14,081
Total	<u>\$ 124,288</u>

Component Units

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Health and Education Facilities Authority (CHEFA) reported the following investments and maturities as of 12-31-08 and 6-30-09, respectively (amounts in thousands):

Major Component Units

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More Than 10
Collateralized Mortgage Obligations	\$ 1,014	\$ -	\$ -	\$ 1,014
Corporate Finance Bonds	4,610	-	4,610	-
Federated Funds	1,923	1,923	-	-
Fidelity Tax Exempt Fund	17,829	17,829	-	-
GNMA Program Assets	1,064,051	-	-	1,064,051
Guaranteed Investment Contracts	127,943	23,963	103,980	-
Mortgage Backed Securities	2,631	-	673	1,958
Repurchase Agreements	3,591	-	-	3,591
U.S. Government Securities	2,170	1,264	-	906
Structured Securities	628	-	-	628
Money Market Funds	308,403	308,403	-	-
Certificate of Deposits	2,000	2,000	-	-
Total	<u>\$ 1,536,793</u>	<u>\$ 355,382</u>	<u>\$ 109,263</u>	<u>\$ 1,072,148</u>

The CHFA and the CHEFA own 71.5 percent and 28.5 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, certificate of deposits, and the Federated and Fidelity 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, the Federal Home Loan Mortgage Corporation 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.

CHFA's and CHEFA's investments were rated as of 12-31-08 and 6-30-09, respectively, as follows (amounts in thousands):

Component Units

Investment Type	Fair Value	Quality Ratings				
		AAA	AA	BBB	D	Unrated
Collateralized Mortgage Obligations	\$ 1,014	\$ -	\$ -	\$ -	\$ -	\$ 1,014
Corporate Finance Bonds	4,610	-	-	4,610	-	-
Federated Funds	1,923	-	-	-	-	1,923
Fidelity Tax Exempt Fund	17,829	-	-	-	-	17,829
GNMA Assets	1,064,051	-	-	-	-	1,064,051
Guaranteed Investment Contracts	127,943	289	127,654	-	-	-
Mortgage Backed Securities	2,631	-	-	-	-	2,631
Repurchase Agreements	3,591	-	-	-	-	3,591
Structured Securities	628	-	-	-	628	-
Money Market Funds	308,403	308,403	-	-	-	-
Certificate of Deposits	2,000	-	-	-	-	2,000
Total	<u>\$ 1,534,623</u>	<u>\$ 308,692</u>	<u>\$ 127,654</u>	<u>\$ 4,610</u>	<u>\$ 628</u>	<u>\$ 1,093,039</u>

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, 2008, the Authority had no investments in any one issuer that represents 5 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA 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 Trinity Funding LLC exceeded 5 percent of the Authority's portfolio.

Security Lending Transactions

Certain of the Combined Investment Funds are permitted by State Statute to engage in security lending transactions to provide incremental returns to the funds. The funds' master custodian is authorized to lend available securities to authorized broker-dealers and banks subject to a form loan agreement.

During the year, the master custodian lent certain securities and received cash or other collateral as indicated on the Securities Lending Authorization Agreement. The master custodian did not have the ability to pledge or sell collateral securities received absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100 percent of the market value of the loaned securities.

According to the Agreement, the master custodian has an obligation to indemnify the funds in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures during the fiscal year that resulted in a declaration and notice of Default of the Borrower (other than the default by Lehman Brothers which resulted in no loss to the funds). During the fiscal year, the funds and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. At year end, the funds had no credit exposure to borrowers because the value of the collateral held and the market value of securities on loan were \$3,386.8 million and \$3,281.1 million, respectively.

Under normal circumstances, the average duration of collateral investments is managed so that it will not exceed (a) 120 days or (b) the average duration of the loans by more than 45 days. If any of these limits is exceeded for any 3-day period, the Trustee shall take certain actions. At year end, the average duration of the collateral investments was 41.03 days; the average duration of the loans was unknown, although it is assumed to remain at 1 day.

Note 5 Receivables-Current

As of June 30, 2009, current receivables consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	\$ 1,155,267	\$ -	\$ -
Accounts	996,432	591,272	26,582
Loans-Current Portion	-	267,628	18,179
Other Governments	951,085	23,087	-
Interest	1,401	10,782	542
Other (1)	18,502	4,908	148
Total Receivables	3,122,687	897,677	45,451
Allowance for			
Uncollectibles	(944,740)	(90,814)	(2,995)
Receivables, Net	<u>\$ 2,177,947</u>	<u>\$ 806,863</u>	<u>\$ 42,456</u>

(1) Includes a reconciling amount of \$18,500 from fund financial statements to government-wide financial statements.

Note 6 Taxes Receivable

Taxes receivable consisted of the following as of June 30, 2009 (amounts in thousands):

	Governmental Activities		
	General	Transportation	Total
	Fund	Fund	
Sales and Use	\$ 459,628	\$ -	\$ 459,628
Income Taxes	335,523	-	335,523
Corporations	104,932	-	104,932
Gasoline and Special Fuel	-	43,304	43,304
Various Other	211,880	-	211,880
Total Taxes Receivable	1,111,963	43,304	1,155,267
Allowance for Uncollectibles	(189,039)	(361)	(189,400)
Taxes Receivable, Net	\$ 922,924	\$ 42,943	\$ 965,867

Note 7 Receivables-Noncurrent

Noncurrent receivables for the primary government and its component units, as of June 30, 2009, consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Accounts	\$ -	\$ -	\$ 47,656
Loans	245,386	610,889	129,958
Total Receivables	245,386	610,889	177,614
Allowance for Uncollectibles	(9,568)	(2,865)	(11,533)
Receivables, Net	\$ 235,818	\$ 608,024	\$ 166,081

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 \$528 million.

The Connecticut Higher Education Supplemental Loan Authority (a component unit) makes loans to individuals from the proceeds of bonds issued by the Authority. The loans bear interest rates ranging from 0 percent to 9.7 percent. At year end, the noncurrent portion of loans receivable was \$106.9 million.

Note 8 Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2009,

restricted assets were comprised of the following (amounts in thousands):

	Cash & Cash Equivalents	Investments	Loans, Net of Allowances	Other	Total Restricted Assets
Governmental Activities:					
Debt Service	\$ 679,384	\$ -	\$ -	\$ -	\$ 679,384
Environmental	395	-	-	-	395
Total-Governmental Activities	\$ 679,779	\$ -	\$ -	\$ -	\$ 679,779
Business-Type Activities:					
Bradley International Airport	\$ 87,970	\$ 28,258	\$ -	\$ 1,614	\$ 117,842
UConn/Health Center	148,131	-	-	6,746	154,877
Clean Water	175,642	311,759	-	-	487,401
Other Proprietary	26,785	39,167	-	-	65,952
Total-Business-Type Activities	\$ 438,528	\$ 379,184	\$ -	\$ 8,360	\$ 826,072
Component Units:					
CHFA	\$ 551,591	\$ 1,077,719	\$ 3,196,823	\$ 162,084	\$ 4,988,217
CHEFA	455,959	-	-	316	456,275
Other Component Units	117,856	16,125	-	236	134,217
Total-Component Units	\$ 1,125,406	\$ 1,093,844	\$ 3,196,823	\$ 162,636	\$ 5,578,709

Note 9 Current Liabilities

a. Accounts Payable and Accrued Liabilities

As of June 30, 2009, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

	Vendors	Salaries and Benefits	Interest	Other	Total Payables & Accrued Liabilities
Governmental Activities:					
General	\$ 41,767	\$ 242,497	\$ -	\$ -	\$ 284,264
Transportation	11,900	13,169	-	-	25,069
Other Governmental	187,091	24,642	-	2,731	214,464
Internal Service	2,545	2,167	-	14,269	18,981
Reconciling amount from fund financial statements to government-wide financial statements	-	-	143,345	5,848	149,193
Total-Governmental Activities	\$ 243,303	\$ 282,475	\$ 143,345	\$ 22,848	\$ 691,971
Business-Type Activities:					
UConn/Health Center	\$ 28,769	\$ 79,464	\$ -	\$ 24,155	\$ 132,388
State Universities	14,029	42,294	2,029	-	58,352
Other Proprietary	22,991	31,936	19,238	24,269	98,434
Total-Business-Type Activities	\$ 65,789	\$ 153,694	\$ 21,267	\$ 48,424	\$ 289,174

b. Notes Payable

Notes payable consist of the short-term portion of Bond Anticipation Notes as described in Note 18. The activity for the notes for the year ended June 30, 2009 was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Anticipation Notes	\$ -	\$ 353,085	\$ -	\$ 353,085

Note 10 Capital Assets

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

	Beginning Balance (1)	Additions	Retirements	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated:				
Land	\$ 1,399,842	\$ 948,028	\$ 53,307	\$ 2,294,563
Construction in Progress	1,342,448	809,315	814,600	1,337,163
Total Capital Assets not being Depreciated	2,742,290	1,757,343	867,907	3,631,726
Other Capital Assets:				
Buildings	2,754,166	164,332	36,317	2,882,181
Improvements Other than Buildings	463,726	72,192	65,748	470,170
Equipment	1,718,326	144,367	140,825	1,721,868
Infrastructure	11,629,766	647,748	-	12,277,514
Total Other Capital Assets at Historical Cost	16,565,984	1,028,639	242,890	17,351,733
Less: Accumulated Depreciation For:				
Buildings	1,637,572	72,055	36,317	1,673,310
Improvements Other than Buildings	290,342	23,692	65,748	248,286
Equipment	1,381,206	287,552	140,825	1,527,933
Infrastructure	5,971,020	487,357	-	6,458,377
Total Accumulated Depreciation	9,280,140	870,656 *	242,890	9,907,906
Other Capital Assets, Net	7,285,844	157,983	-	7,443,827
Governmental Activities, Capital Assets, Net	<u>\$10,028,134</u>	<u>\$ 1,915,326</u>	<u>\$ 867,907</u>	<u>\$ 11,075,553</u>

(1) Restated. See Note No. 22.

* Depreciation expense was charged to functions as follows:

Governmental Activities:

Legislative	\$ 5,918
General Government	61,532
Regulation and Protection	30,807
Conservation and Development	15,699
Health and Hospitals	14,393
Transportation	611,681
Human Services	2,282
Education, Libraries and Museums	36,551
Corrections	51,002
Judicial	22,099
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	18,692
Total Depreciation Expense	<u>\$ 870,656</u>

	Beginning Balance (1)	Additions	Retirements	Ending Balance
Business-Type Activities				
Capital Assets not being Depreciated:				
Land	\$ 59,969	\$ -	\$ 341	\$ 59,628
Construction in Progress	249,661	61,974	118,500	193,135
Total Capital Assets not being Depreciated	309,630	61,974	118,841	252,763
Capital Assets being Depreciated:				
Buildings	3,583,211	208,005	7,463	3,783,753
Improvements Other Than Buildings	472,244	22,461	2	494,703
Equipment	930,661	69,349	60,853	939,157
Total Other Capital Assets at Historical Cost	4,986,116	299,815	68,318	5,217,613
Less: Accumulated Depreciation For:				
Buildings	1,177,411	119,113	5,519	1,291,005
Improvements Other Than Buildings	222,742	20,688	-	243,430
Equipment	569,643	65,551	50,808	584,386
Total Accumulated Depreciation	1,969,796	205,352	56,327	2,118,821
Other Capital Assets, Net	3,016,320	94,463	11,991	3,098,792
Business-Type Activities, Capital Assets, Net	<u>\$ 3,325,950</u>	<u>\$ 156,437</u>	<u>\$ 130,832</u>	<u>\$ 3,351,555</u>

(1) Restated. See Note No. 22.

Component Units

Capital assets of the component units consisted of the following as of June 30, 2009 (amounts in thousands):

Land	\$ 29,031
Buildings	8,881
Improvements other than Buildings	2,851
Machinery and Equipment	724,056
Construction in Progress	14,226
Total Capital Assets	779,045
Accumulated Depreciation	(336,454)
Capital Assets, net	\$ 442,591

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 and Funding Policy

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

	SERS	TRS	JRS
	6/30/2008	6/30/2008	6/30/2008
Retirees and beneficiaries receiving benefits	38,093	28,787	225
Terminated plan members entitled to but not yet receiving benefits	1,592	1,394	1
Active plan members	53,196	51,738	220
Total	92,881	81,919	446

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 percent 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 and Net Pension Obligation

The State's annual pension cost and net pension obligation for each plan for the current year were as follows (amounts in thousands):

	SERS	TRS	JRS
Annual required contribution	\$ 753,698	\$ 539,303	\$ 14,172
Interest on net pension obligation	203,745	(40,843)	4
Adjustment to annual required contribution	(146,667)	33,963	(2)
Annual pension cost	810,776	532,423	14,174
Contributions made	699,770	539,303	14,173
Increase (decrease) in net pension obligation	111,006	(6,880)	1
Net pension obligation beginning of year	2,396,999	(480,510)	48
Net pension obligation/(asset) end of year	\$ 2,508,005	\$ (487,390)	\$ 49

Connecticut

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

	Fiscal Year	Pension Cost (APC)	of APC Contributed	Pension Obligation/(Asset)
SERS	2007	\$ 725,009	91.6%	\$ 2,332,327
	2008	\$ 776,227	91.7%	\$ 2,396,999
	2009	\$ 810,776	86.3%	\$ 2,508,005
TRS	2007	\$ 441,802	93.3%	\$ 1,495,542
	2008	\$ 542,508	464.2%	\$ (480,510)
	2009	\$ 532,423	101.3%	\$ (487,390)
JRS	2007	\$ 12,376	100%	\$ 47
	2008	\$ 13,435	100%	\$ 48
	2009	\$ 14,174	100%	\$ 49

Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2008 the most recent actuarial valuation date (amounts in millions):

	Actuarial Value of Assets	Actuarial Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
SERF	\$ 9,990.2	\$ 19,243.4	\$ 9,253.2	51.9%	\$ 3,497.4	264.6%
TRF	\$ 15,271.0	\$ 21,801.0	\$ 6,530.0	70.0%	\$ 3,399.3	192.1%
JRF	\$ 191.7	\$ 267.0	\$ 75.3	71.8%	\$ 34.0	221.5%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The following is information as of the most recent actuarial valuation:

	SERF	TRF	JRS
Valuation Date	6/30/2008	6/30/2008	6/30/08
Actuarial Cost Method	Projected unit credit cost method	Entry age actuarial cost method using level percent of payroll funding	Projected unit credit cost method
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining Amortization Period	24 Years	29.2 years	23 Years
Asset Valuation Method	5-year smoothed market	4-year smoothed market	5-year smoothed market
Actuarial Assumptions:			
Investment Rate of Return	8.25%	8.5%	8.25%
Projected Salary Increases	4.0%-20.0%	4.0%-7.5%	5.25%
Includes inflation at	4.0%	4.0%	5.25%
Cost-of-Living Adjustments	2.7%-3.6%	2.0%-3.0%	2.75%-5.25%

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 \$35.3 million and \$21.7 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:

	CMERS 7/1/2007	CPJERS 12/31/2007
Retirees and beneficiaries receiving benefits	5,263	277
Terminated plan members entitled to but not receiving benefits	495	28
Active plan members	8,695	409
Total	<u>14,453</u>	<u>714</u>
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 2.28 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.

Statement of Fiduciary Net Assets (000's)

	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Assets							
Cash and Cash Equivalents	\$ -	\$ 2,729	\$ 2	\$ -	\$ -	\$ 220	\$ 2,951
Receivables:							
Accounts, Net of Allowances	2,289	9,216	7	5,219	4	-	16,735
From Other Governments	-	3,104	-	-	-	-	3,104
From Other Funds	21	144	-	-	-	-	165
Interest	189	372	4	38	3	-	606
Investments	7,320,844	11,396,682	148,168	1,345,096	66,306	864	20,277,960
Securities Lending Collateral	<u>1,216,042</u>	<u>1,834,046</u>	<u>29,704</u>	<u>262,857</u>	<u>12,018</u>	<u>145</u>	<u>3,354,812</u>
Total Assets	<u>8,539,385</u>	<u>13,246,293</u>	<u>177,885</u>	<u>1,613,210</u>	<u>78,331</u>	<u>1,229</u>	<u>23,656,333</u>
Liabilities							
Accounts Payable and Accrued Liabilities	64	-	-	-	-	-	64
Securities Lending Obligation	1,216,042	1,834,046	29,704	262,857	12,018	145	3,354,812
Due to Other Funds	<u>499</u>	<u>1,567</u>	<u>-</u>	<u>1,128</u>	<u>15</u>	<u>-</u>	<u>3,209</u>
Total Liabilities	<u>1,216,605</u>	<u>1,835,613</u>	<u>29,704</u>	<u>263,985</u>	<u>12,033</u>	<u>145</u>	<u>3,358,085</u>
Net Assets							
Held in Trust For Employee							
Pension Benefits	<u>7,322,780</u>	<u>11,410,680</u>	<u>148,181</u>	<u>1,349,225</u>	<u>66,298</u>	<u>1,084</u>	<u>20,298,248</u>
Total Net Assets	<u>\$ 7,322,780</u>	<u>\$ 11,410,680</u>	<u>\$ 148,181</u>	<u>\$ 1,349,225</u>	<u>\$ 66,298</u>	<u>\$ 1,084</u>	<u>\$ 20,298,248</u>

Connecticut

Statement of Changes in Fiduciary Net Assets (000's)

	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Additions							
Contributions:							
Plan Members	\$ 70,847	\$ 241,145	\$ 1,618	\$ 15,337	\$ 291	\$ 38	\$ 329,276
State	699,770	539,303	14,173	-	-	-	1,253,246
Municipalities	-	156	-	35,937	-	-	36,093
Total Contributions	770,617	780,604	15,791	51,274	291	38	1,618,615
Investment Income	(1,673,282)	(2,476,319)	(25,788)	(238,441)	(12,083)	(54)	(4,425,967)
Less: Investment Expenses	(35,132)	(52,245)	(541)	(5,006)	(254)	-	(93,178)
Net Investment Income	(1,708,414)	(2,528,564)	(26,329)	(243,447)	(12,337)	(54)	(4,519,145)
Transfers In	-	-	-	-	2,703	-	2,703
Other	-	277	-	-	-	-	277
Total Additions	(937,797)	(1,747,683)	(10,538)	(192,173)	(9,343)	(16)	(2,897,550)
Deductions							
Administrative Expense	846	-	10	-	-	-	856
Benefit Payments and Refunds	1,070,474	1,396,098	18,522	90,925	3,095	2	2,579,116
Other	-	-	7	24	2,709	-	2,740
Total Deductions	1,071,320	1,396,098	18,539	90,949	5,804	2	2,582,712
Changes in Net Assets	(2,009,117)	(3,143,781)	(29,077)	(283,122)	(15,147)	(18)	(5,480,262)
Net Assets Held in Trust For Employee Pension Benefits:							
Beginning of Year	9,331,897	14,554,461	177,258	1,632,347	81,445	1,102	25,778,510
End of Year	\$ 7,322,780	\$ 11,410,680	\$ 148,181	\$ 1,349,225	\$ 66,298	\$ 1,084	\$ 20,298,248

Note 14 Other Postemployment Benefits (OPEB)

The State sponsors two defined benefit OPEB plans: the State Employee OPEB Plan (SEOPEBP) and the Retired Teacher Healthcare Plan (RTHP). SEOPEBP is administered by the State Comptroller (Healthcare Policy and Benefit Division), and RTHP is administered by the Teachers' Retirement Board. None of these plans issues stand-alone financial statements. However, financial statements for these plans are presented in Note No. 15.

State Employee OPEB Plan

Plan Description

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

Plan Funding

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

In the prior fiscal year, a limited actuarial valuation of the plan disclosed that the plan had an estimated liability of

\$23.7 billion as of June 30, 2008. A full actuarial valuation of the plan was to be performed in the current fiscal year, but it was not completed on time. Thus, required disclosures on funded status, funding progress, and actuarial methods and assumptions for the plan could not be made in this note. These disclosures will be made starting next fiscal year.

Retired Teacher Healthcare Plan

Plan Description

RTHP is a single-employer defined benefit OPEB plan that covers retired teachers and administrators of public schools in the State who are receiving benefits from the Teachers' Retirement System. The plan provides healthcare insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Section 10-183 of the General Statutes. As of June 30, 2008 (date of the latest actuarial valuation), the plan had 30,619 retirees and beneficiaries receiving benefits.

Plan Funding

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

Annual OPEB Cost and Net OPEB Obligation

The State's annual OPEB cost and the net OPEB obligation for each plan for the current fiscal year were as follows (amounts in thousands):

	<u>SEOPEBP</u>	<u>RTHP</u>
Annual Required Contribution	\$ 1,703,712	\$ 116,667
Interest on Net OPEB Obligation	7,667	458
Adjustment to Annual Required Contribution	(42,058)	(3,421)
Annual OPEB Cost	1,669,321	113,704
Contributions Made	452,029	22,433
Increase in net OPEB Obligation	1,217,292	91,271
Net OPEB Obligation - Beginning of Year	1,139,042	95,353
Net OPEB Obligation - End of Year	<u>\$ 2,356,334</u>	<u>\$ 186,624</u>

In addition, other related information for each plan for the current and prior fiscal years was as follows:

	<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
SEOPEBP	2009	\$ 1,669,321	27.1%	\$ 2,356,334
	2008	\$ 1,602,739	28.9%	\$ 1,139,042
RTHP	2009	\$ 113,704	19.7%	\$ 186,624
	2008	\$ 116,123	17.9%	\$ 95,353

Funded Status and Funding Progress

The following is funded status information for the RTHP as of June 30, 2008, date of the latest actuarial valuation (amounts in million):

	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
RTHP	\$ -	\$ 2,318.8	\$ 2,318.8	0.0%	\$ 3,399.3	68.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding in progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing

or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the State and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the State and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

	<u>RTHP</u>
Actuarial Valuation Date	6-30-08
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level Percent Open
Remaining Amortization Period	30 Years
Asset Valuation Method	n/a
Actuarial Assumptions:	
Investment Rate of Return	4.50%
Projected Salary Increases	4.0%-7.5%
Healthcare Inflation Rate	9% Initial, 4% Ultimate

Other OPEB Plan

The State acts solely as the administrator and custodian of the assets of the Policemen and Firemen Survivors' Benefit Fund (PFSBF). The State makes no contribution to and has only a fiduciary responsibility for this fund. The fund does not issue stand-alone financial statements. However, financial statements for this fund are presented in Note No. 15.

Plan Description

PFSBF is a cost-sharing multiple-employer defined benefit OPEB plan that covers policemen and firemen of participating municipalities in the State. As of 6/30/09 there were 8 municipalities participating in the plan with a total membership of 608 active members. The plan provides survivor benefits upon the death of an active or retired member of the fund to his spouse and dependent children. Plan benefits, contribution requirements of plan members and participant municipalities, and other plan provisions are described in Sections 7-323a to 7-323i of the General Statutes.

Contributions

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

Note 15 OPEB Trust Fund Financial Statements

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

Statement of Fiduciary Net Assets (000's)

	State Employees'	Retired Teachers'	Policemen and Firemen	Total
Assets				
Cash and Cash Equivalents	\$ 31,733	\$ 77,832	\$ 2	\$ 109,567
Receivables:				
From Other Funds	70	1,567	-	1,637
Interest	-	-	1	1
Investments	-	-	17,815	17,815
Securities Lending Collateral	-	-	3,289	3,289
Total Assets	<u>31,803</u>	<u>79,399</u>	<u>21,107</u>	<u>132,309</u>
Liabilities				
Accounts Payable	7,142	13,745	-	20,887
Securities Lending Obligation	-	-	3,289	3,289
Total Liabilities	<u>7,142</u>	<u>-</u>	<u>3,289</u>	<u>3,289</u>
Net Assets				
Held in Trust For Other				
Postemployment Benefits	24,661	65,654	17,818	108,133
Total Net Assets	<u>\$ 24,661</u>	<u>\$ 65,654</u>	<u>\$ 17,818</u>	<u>\$ 108,133</u>

Statement of Changes in Fiduciary Net Assets (000's)

	State Employees'	Retired Teachers'	Policemen and Firemen	Total
Additions				
Contributions:				
Plan Members	\$ -	\$ 70,864	\$ 459	\$ 71,323
State	452,029	22,433	-	474,462
Municipalities	-	-	9	9
Total Contributions	<u>452,029</u>	<u>93,297</u>	<u>468</u>	<u>545,794</u>
Investment Income	527	1,074	(2,368)	(767)
Less: Investment Expenses	-	-	(50)	(50)
Net Investment Income	<u>527</u>	<u>1,074</u>	<u>(2,418)</u>	<u>(817)</u>
Other	-	7,062	-	7,062
Total Additions	<u>452,556</u>	<u>101,433</u>	<u>(1,950)</u>	<u>552,039</u>
Deductions				
Administrative Expense	-	2,027	-	2,027
Benefit Payments and Refunds	437,945	93,369	837	532,151
Total Deductions	<u>437,945</u>	<u>95,396</u>	<u>837</u>	<u>534,178</u>
Changes in Net Assets	14,611	6,037	(2,787)	17,861
Net Assets Held in Trust For Other Postemployment Benefits:				
Beginning of Year (as restated)	10,050	59,617	20,605	90,272
End of Year	<u>\$ 24,661</u>	<u>\$ 65,654</u>	<u>\$ 17,818</u>	<u>\$ 108,133</u>

Note 16 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):

2010	\$ 31,804
2011	27,800
2012	17,845
2013	17,761
2014	17,983
Thereafter	<u>12,182</u>
Total	<u>\$ 125,375</u>

Contingent revenues for the year ended June 30, 2009, were \$.3 million.

State as Lessee

Obligations under capital and operating leases as of June 30, 2009, were as follows (amounts in thousands):

	Noncancelable Operating Leases	Capital Leases
2010	\$ 80,122	\$ 7,916
2011	58,090	7,855
2012	40,208	7,300
2013	36,890	7,168
2014	14,295	4,008
2015-2019	24,134	14,786
2020-2024	63,205	7,819
2025-2029	3,440	6,110
2030-2034	-	2,432
Total minimum lease payments	<u>\$ 320,384</u>	65,394
Less: Amount representing interest costs		18,265
Present value of minimum lease payments		<u>\$ 47,129</u>

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, 2009, were \$129.4 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 \$296 million at June 30, 2009.

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 17 Long-Term Debt

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2009, (amounts in thousands):

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Amounts due within one year
Governmental Activities					
Bonds:					
General Obligation	\$ 13,092,570	\$ 1,409,655	\$ 1,058,700	\$ 13,443,525	\$ 611,644
Transportation	2,790,682	812,725	786,392	2,817,015	144,101
	15,883,252	2,222,380	1,845,092	16,260,540	755,745
Plus/(Less) premiums and deferred amounts	348,228	99,763	27,955	420,036	74,564
Total Bonds	16,231,480	2,322,143	1,873,047	16,680,576	830,309
Bond Anticipation Notes:	-	228,160	-	228,160	-
Other Liabilities:					
Net Pension Obligation	1,916,537	1,357,372	1,253,245	2,020,664	-
Net OPEB Obligation	1,234,395	1,783,025	474,462	2,542,958	-
Compensated Absences	481,964	30,592	9,889	502,667	26,392
Workers' Compensation	412,619	143,104	95,945	459,778	88,067
Capital Leases	51,748	-	4,619	47,129	5,466
Claims and Judgments	13,635	40,091	10,036	43,690	3,928
Contracts Payable & Other	1,117	-	412	705	-
Total Other Liabilities	4,112,015	3,354,184	1,848,608	5,617,591	123,853
Governmental Activities Long-Term Liabilities	\$ 20,343,495	\$ 5,904,487	\$ 3,721,655	\$ 22,526,327	\$ 954,162
In prior years, the General and Transportation funds have been used to liquidate other liabilities.					
Business-Type Activities					
Revenue Bonds	\$ 1,358,084	\$ 390,807	\$ 147,094	\$ 1,601,797	\$ 94,118
Plus/(Less) premiums, discounts and deferred amounts	19,779	18,979	6,476	32,282	95
Total Revenue Bonds	1,377,863	409,786	153,570	1,634,079	94,213
Lottery Prizes	232,283	8,249	36,565	203,967	35,077
Compensated Absences	130,005	29,890	25,246	134,649	39,254
Other	162,969	35,636	12,337	186,268	14,053
Total Other Liabilities	525,257	73,775	74,148	524,884	88,384
Business-Type Long-Term Liabilities	\$ 1,903,120	\$ 483,561	\$ 227,718	\$ 2,158,963	\$ 182,597

Starting this fiscal year, the liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately \$40 million. This liability represents the State's share of the cost of cleaning up certain polluted sites in the state under federal and state superfund regulations. The liability was estimated using the cash flow technique.

As of June 30, 2009, long-term debt of component units consisted of the following (amounts in thousands):

Long-Term Debt	Balance June 30, 2009	Amounts due within year
Bonds Payable	\$ 4,162,391	\$ 108,807
Escrow Deposits	172,992	45,451
Closure of Landfill:	63,389	11,104
Due to State	9,793	-
Deferred Revenue	2,983	455
Other	19,055	418
Total	\$ 4,430,603	\$ 166,235

Note 18 Bonded Debt

a. Bond Anticipation Notes

As of June 30, 2009, \$581.2 million in Bond Anticipation Notes bearing interest rates from 2 percent to 4 percent were outstanding. Of these notes, \$353.1 million mature in April 2010 and are reported as short-term liabilities of the Capital Projects and Special Revenue funds. The \$228.1 million long-term portion of the notes mature on June 1, 2011.

Future amounts needed to pay principal and interest on these notes are as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2011	\$ 228,160	\$ 18,685	\$ 246,845
Total	\$ 228,160	\$ 18,685	\$ 246,845

b. Primary Government – Governmental Activities

General Obligation Bonds

General Obligation bonds are those bonds that are paid out of the revenues of the General Fund and that are supported by the full faith and credit of the State. General obligation bonds outstanding and bonds authorized but unissued at June 30, 2009, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Capital Improvements	2009-2027	2.00-7.372%	\$ 2,237,466	\$ 260,411
School Construction	2009-2028	2.00-6.777%	3,805,450	88,451
Municipal & Other				
Grants & Loans	2009-2022	2.00-7.312%	1,087,237	157,143
Elderly Housing	2009-2027	2.299-6.795%	113,837	97,979
Elimination of Water Pollution	2009-2023	3.00-7.312%	218,710	581,384
General Obligation				
Refunding	2009-2022	2.00-6.00%	3,355,698	-
Pension Obligation	2009-2032	4.20-6.27%	2,276,578	-
Miscellaneous	2009-2036	2.50-6.75%	101,675	67,058
			13,196,651	\$ 1,252,426
Accretion-Various Capital Appreciation Bonds			246,874	
Total			\$ 13,443,525	

Future amounts needed to pay principal and interest on general obligation bonds outstanding at June 30, 2009, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2010	\$ 952,740	\$ 744,694	\$ 1,697,434
2011	938,464	646,979	1,585,443
2012	883,664	583,703	1,467,367
2013	810,716	525,080	1,335,796
2014	780,168	474,528	1,254,696
2015-2019	3,425,400	1,801,441	5,226,841
2020-2024	2,585,186	1,271,921	3,857,107
2025-2029	1,838,623	645,626	2,484,249
2030-2034	973,005	120,858	1,093,863
2035-2039	8,685	1,083	9,768
Total	\$ 13,196,651	\$ 6,815,913	\$ 20,012,564

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, 2009, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Infrastructure				
Improvements	2009-2027	2.00-7.125%	\$ 2,817,015	\$ 1,556,672
Specific Highways	2009	4.80%	-	4,066
General Obligation				
Other	2009	7.513%	-	1
			2,817,015	\$ 1,560,739
Accretion-Various Capital Appreciation Bonds			-	
Total			\$ 2,817,015	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2009, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2010	\$ 285,315	\$ 132,600	\$ 417,915
2011	255,870	118,005	373,875
2012	239,085	105,450	344,535
2013	271,735	92,891	364,626
2014	224,095	81,167	305,262
2015-2019	782,260	279,790	1,062,050
2020-2024	531,650	118,364	650,014
2025-2029	227,005	22,811	249,816
	\$ 2,817,015	\$ 951,078	\$ 3,768,093

Variable-Rate Demand Bonds

As of June 30, 2009, variable-rate demand bonds included in bonded debt were as follows (amounts in thousands).

	Outstanding	Issuance	Maturity
Bond Type	Principal	Year	Year
Special Tax Obligation	\$ 43,000	1990	2010
General Obligation	50,000	1997	2014
General Obligation	100,000	2001	2021
General Obligation	280,000	2005	2023
Total	<u>\$ 473,000</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 .11 percent to .15 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 were 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,
2001 GO expires in the year 2015, 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 eight separate pay-fixed, receive-variable interest rate swaps in effect 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, 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, 2009, 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 nonamortizing and mature on the same date.

Associated Bond Issue	Notional		Effective Date	Fixed Rate Paid	Variable Rate Received	SWAP		
	Amounts	(000's)				Fair Values	Termination	Counterparty
						(000's)	Date	Credit Rating
1990 STO	\$	25,800	12/19/1990	5.746%	65% of LIBOR	\$ (1,215)	12/1/2010	A3/A-/BBB
1990 STO		17,200	12/19/1990	5.709%	65% of LIBOR	(821)	12/1/2010	Aa2/A+/A
2001 GO		20,000	6/28/2001	4.330%	CPI plus 1.43%	(720)	6/15/2012	A2/A/nr
2005 GO		140,000	3/24/2005	3.392%	60% of LIBOR plus 30bp	(7,295)	3/1/2023	Aa1/AAA/nr
2005 GO		140,000	3/24/2005	3.401%	60% of LIBOR plus 30bp	(7,363)	3/1/2023	Aa3/A+/nr
2005 GO		15,620	4/27/2005	3.990%	CPI plus .65%	(1,466)	6/1/2016	A2/A/nr
2005 GO		20,000	4/27/2005	5.070%	CPI plus 1.73%	(2,107)	6/1/2017	A2/A/nr
2005 GO		20,000	4/27/2005	5.200%	CPI plus 1.79%	(2,062)	6/1/2020	AAA/nr/nr
Total	\$	<u>398,620</u>				<u>\$ (23,049)</u>		

Fair value

As of June 30, 2009, all of the swaps had negative fair values because interest rates had declined since the time when the swaps were undertaken. 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, 2009, the State had no credit risk exposure on any of the swaps because the swaps had negative fair value. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the swaps' fair value.

The swap agreements contain varying collateral agreements with the counterparties. With the exception of the 2005 swap with a credit rating of Aa1/AAA/nr, the 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. Given the negative fair values, no collateral was required to be posted for any of the swaps at June 30, 2009. The State is not required to post collateral for any of the swaps.

Two separate counter parties, with credit ratings of Aa1/AAA/nr and Aa3/A+/nr, hold equal positions totaling approximately 70 percent of the notional amount of the swaps outstanding. The lowest rated counterparty, rated A3/A-/BBB holds one swap of approximately 6 percent of the notional amount of the swaps outstanding, while another counter party, rated A2/A/nr, holds three swaps of approximately 14 percent. The remaining two swaps are held by counter parties rated Aa2/A+/A or better.

Basis Risk

The State's variable-rate bond coupon payments are equivalent to the Securities Industry and Financial Markets Association Municipal Swap (SIFMA) 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 SIFMA 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, 2009, the SIFMA rate was 0.35 percent, whereas 65 percent and 60 percent plus 30bp of LIBOR were 0.201 and 0.485 percent, respectively. The State recognizes this basis risk by including an amount for basis risk in its debt service budget. For fiscal year 2009, 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 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, 2009, 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.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Variable-Rate Bonds</u>		<u>Interest Rate</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>SWAP, Net</u>		
2010	\$ 20,800	\$ 5,913	\$ 9,846	\$	36,559
2011	22,200	5,730	8,651		36,581
2012	20,000	5,661	8,129		33,790
2013	-	5,651	7,273		12,924
2014	-	5,651	7,273		12,924
2015-2019	195,620	21,032	30,177		246,829
2020-2024	140,000	2,886	5,656		148,542
Total	<u>\$ 398,620</u>	<u>\$ 52,524</u>	<u>\$ 77,005</u>	<u>\$</u>	<u>528,149</u>

c. Primary Government – Business-Type Activities

Revenue Bonds

Revenue bonds are those bonds that are paid out of resources pledged in the enterprise funds and component units.

Enterprise funds' revenue bonds outstanding at June 30, 2009, were as follows (amounts in thousands):

<u>Funds</u>	<u>Final</u> <u>Maturity</u> <u>Dates</u>	<u>Original</u> <u>Interest</u> <u>Rates</u>	<u>Amount</u> <u>Outstanding</u> <u>(000's)</u>
Uconn	2010-2033	2.0-6.0%	\$ 177,616
State Universities	2010-2034	2-6.0%	295,397
Bradley International Airport	2010-2033	2.5-5.25%	198,930
Clean Water	2010-2028	2-5.5%	827,103
Bradley Parking Garage	2010-2024	6.125-6.6%	44,655
Drinking Water	2010-2028	2-5.5%	58,096
Total Revenue Bonds			1,601,797
Plus/(Less) premiums, discounts and deferred amounts:			
Uconn			(4,342)
State Universities			1,514
Bradley International Airport			51
Clean Water			35,059
Other			-
Revenue Bonds, net			<u>\$ 1,634,079</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, 2009, the following bonds were outstanding:

- a) 2004 Airport Revenue Refunding Bonds in the amount of \$10.7 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 \$170.9 million and 2001 Bradley International Airport Refunding Bonds in the amount of \$17.3 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, 2009, 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, 2009, 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.

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2009, were as follows (amounts in thousands):

Year Ending				
June 30,	Principal	Interest	Total	
2010	\$ 94,119	\$ 74,117	\$ 168,236	
2011	99,912	71,054	170,966	
2012	101,162	67,453	168,615	
2013	103,543	62,348	165,891	
2014	89,937	57,860	147,797	
2015-2019	437,230	222,327	659,557	
2020-2024	366,489	118,422	484,911	
2025-2029	224,665	42,880	267,545	
2030-2034	82,650	6,937	89,587	
2035-2039	2,090	85	2,175	
Total	\$ 1,601,797	\$ 723,483	\$ 2,325,280	

d. Component Units

Component units' revenue bonds outstanding at June 30, 2009, were as follows (amounts in thousands):

	Final	Interest	Amount
Component Unit	Maturity	Rates	Outstanding
	Date		(000's)
CT Development Authority	2009-2020	3.9-6%	\$ 22,585
CT Housing Finance Authority	2009-2049	1.5-9.36%	3,870,056
CT Resources Recovery Authority	2009-2016	5.125-5.5%	20,343
CT Higher Education			
Supplemental Loan Authority	2009-2028	0.0-9.7%	138,710
Capital City Economic			
Development Authority	2009-2033	3.1-5%	105,115
UConn Foundation	2009-2029	3.875-5.5%	6,955
Total Revenue Bonds			4,163,764
Plus/(Less) premiums, discounts, and deferred amounts:			
CDA			13
CRRA			(360)
CCEDA			(327)
CHESLA			(699)
Revenue Bonds, net			\$ 4,162,391

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. As of June 30, 2009 no bonds were outstanding under the Umbrella Program. Bonds issued under the Self-Sustaining Bond Program are discussed in the no-commitment debt section of this note. In addition, the Authority had \$22.6 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, 2008, bonds outstanding under the bond resolution and the indenture were \$3,813.4 million and \$56.6 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 (\$273.5 million at 12/31/08) on all outstanding bonds. As of December 31, 2008, the Authority has entered into interest rate swap agreements for \$963.5 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 \$20.3 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 \$9.0 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, 2009, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2010	\$ 115,034	\$ 174,396	\$ 289,430
2011	136,732	168,995	305,727
2012	126,744	162,634	289,378
2013	116,788	175,401	292,189
2014	130,181	155,596	285,777
2015-2019	714,302	681,909	1,396,211
2020-2024	759,646	515,839	1,275,485
2025-2029	850,102	342,971	1,193,073
2030-2034	768,355	179,981	948,336
2035-2039	429,525	43,219	472,744
2040-2044	16,355	2,525	18,880
Total	\$ 4,163,764	\$ 2,603,466	\$ 6,767,230

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, 2009 were \$979.8 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, 2009 were \$83.9 million. Of this amount, \$40.4 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, 2009, were \$6,824.0 million, of which \$296.7 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 \$74.2 million of general obligation bonds with an average interest rate of 2.71 percent to refund \$73.3 million of general obligation bonds with an average interest rate of 4.44 percent. The reacquisition price exceeded the carrying amount of the old debt by \$2.0 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 refunded these bonds to reduce its total debt service payments over the next fifteen years by \$2.5 million and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$3.5 million. As of June 30, 2009, \$2,482.6 million of outstanding general obligation, special tax

obligation, and revenue bonds had been advanced refunded and are, accordingly, considered defeased.

In addition, \$506.3 million of variable-rate Special Tax Obligation bonds were advance refunded during the year.

Note 19 Risk Management

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

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

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

For the risk of theft, of damage to, or destruction of assets (particularly in the automobile fleet), the State insures only leased cars and vehicles valued at more than \$100 thousand. When purchasing commercial insurance the State may retain some of the risk by assuming a deductible or self-insured retention amount in the insurance policy. This amount varies greatly because the State carries 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):

	Governmental Activities Workers' Compensation	Business-Type Activities Medical Malpractice
Balance 6-30-07	\$ 382,128	\$ 20,000
Incurred claims	115,558	3,291
Paid claims	(85,067)	(2,001)
Balance 6-30-08	412,619	21,290
Incurred claims	143,104	8,790
Paid claims	(95,945)	(4,856)
Balance 6-30-09	\$ 459,778	\$ 25,224

Note 20 Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2009, were as follows (amounts in thousands):

	Balance due to fund(s)											
	General	Transportation	Restricted Grants & Accounts	Other Governmental	UConn	State Universities	Other Proprietary	Employment Security	Internal Services	Fiduciary	Component Units	Total
Balance due from fund(s)												
General	\$ -	\$ -	\$ 553,105	\$ 280,655	\$ 52,218	\$ 21,720	\$ 20,969	\$ 1,797	\$ 2,926	\$ 5,847	\$ -	\$ 939,237
Debt Service	-	1,367	-	-	-	-	-	-	-	-	-	1,367
Restricted Grants & Accounts	3,133	-	-	76	-	-	-	-	-	-	444	3,653
Other Governmental	2,626	-	-	7,631	1,832	21,739	55,657	-	-	-	12,664	102,149
UConn	17,722	-	-	-	-	-	-	-	-	-	-	17,722
State Universities	3,234	-	-	-	-	-	-	-	-	-	-	3,234
Employment Security	-	-	-	41,964	-	-	-	-	-	-	-	41,964
Other Proprietary	412	-	10,511	-	-	-	-	-	-	-	-	10,923
Internal Services	-	-	-	66,931	-	-	-	-	-	-	-	66,931
Fiduciary	-	-	-	18,500	-	-	-	-	-	1,567	-	20,067
Component Units	9,793	-	-	-	-	-	-	-	-	-	-	9,793
Total	\$ 36,920	\$ 1,367	\$ 563,616	\$ 415,757	\$ 54,050	\$ 43,459	\$ 76,626	\$ 1,797	\$ 2,926	\$ 7,414	\$ 13,108	\$ 1,217,040

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

Note 21 Interfund Transfers

Interfund transfers for the fiscal year ended June 30, 2009, consisted of the following (amounts in thousands):

	Amount transferred to fund(s)									
	General	Debt Service	Transportation	Restricted Grants & Accounts	Other Governmental	UConn	State Universities	Other Proprietary	Fiduciary	Total
Amount transferred from fund(s)										
General	\$ -	\$ -	\$ -	\$ -	\$ 101,712	\$ 536,282	\$ 238,315	\$ 240,511	\$ -	\$ 1,116,820
Debt Service	-	-	16,797	145	-	-	-	-	-	16,942
Transportation	6,492	423,049	-	15,300	9,500	-	-	-	-	454,341
Restricted Grants & Accounts	78,373	-	-	-	688	-	-	-	-	79,061
Other Governmental	249,486	-	8,662	75,653	22,145	152,455	10,097	4,180	2,703	525,381
Internal Service	7,513	-	-	-	-	-	-	-	-	7,513
Connecticut Lottery	283,000	-	-	-	-	-	-	-	-	283,000
Employment Security	-	-	-	-	25,250	-	-	-	-	25,250
Other Proprietary	-	-	-	-	-	-	-	9,647	-	9,647
Total	\$ 624,864	\$ 423,049	\$ 25,459	\$ 91,098	\$ 159,295	\$ 688,737	\$ 248,412	\$ 254,338	\$ 2,703	\$ 2,517,955

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

Note 22 Restatement of Fund Balance/Net Assets, and Restricted Assets

As of June 30, 2009, the beginning net assets/fund balances for the following funds and activities were restated as follows (amounts in thousands):

	Balance 6-30-08 Previously Reported	Correction of Reported Assets/Liabilities	Balance 6-30-08 as Restated
Governmental Funds and Activities			
Major Funds:			
Restricted Grants and Accounts	\$ 666,022	\$ (49,644)	\$ 616,378
Total Governmental Funds	\$ 3,120,784	\$ (49,644)	\$ 3,071,140
Governmental Activities:			
Capital Assets	\$ 10,045,466	\$ (17,332)	\$ 10,028,134
Net Assets of Governmental Activities	\$ (6,887,929)	\$ (66,976)	\$ (6,954,905)
Proprietary Funds and Business-Type Activities			
Major Funds:			
State Universities	\$ 754,043	\$ (21,652)	\$ 732,391
Total Proprietary Funds	\$ 4,684,480	\$ (21,652)	\$ 4,662,828
Net Assets of Business-Type Activities	\$ 4,684,480	\$ (21,652)	\$ 4,662,828

The beginning fund balance of the Restricted fund, a governmental fund, was adjusted to correct an overstatement in the balance of accounts receivable reported last year.

The beginning net asset balance of governmental activities was adjusted to correct a net overstatement in the balance of capital assets reported last year.

The beginning net assets balance of the State Universities fund, a proprietary fund, was adjusted to reflect the cumulative effect of a change in the depreciation method for library books, a capital asset.

As of June 30, 2009, the government-wide statement of net assets reported \$3,088 of restricted net assets, of which \$300 million was restricted by enabling legislation.

Note 23 Related Organizations

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

Note 24 New Accounting Pronouncements

In fiscal year 2009, the State implemented the following Statements issued by the Governmental Accounting Standards Board: Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations"; Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"; and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

Statement No. 49 establishes accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. Previously, the GAAP hierarchy for state and local governments was set forth in an American Institute of Certified Public Accountants' auditing standard, rather than in GASB's authoritative literature.

Statement No. 56 incorporates into GASB's authoritative literature certain accounting and financial reporting guidance presented in American Institute of Certified Public Accountants' auditing standards. This guidance deals with financial reporting of related party transactions, going concern considerations, and subsequent events.

Note 25 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, 2009, the Departments of Transportation and Public Works had contractual commitments of approximately \$936 million for infrastructure and other construction projects. Additionally, other commitments were approximately as follows:

School construction and alteration grant program \$2,821 million.

Clean and drinking water loan programs \$433 million.

Various programs and services \$3,269 million.

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

Component Units

As of December 31, 2008, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately \$146 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 18 – 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 26 Subsequent Events

In July 2009, the State issued \$115.8 million of Clean Water Fund revenue bonds. The bonds will mature in years 2010 through 2022 and bear interest rates ranging from 1.5 percent to 5.0 percent.

In October 2009, the State issued \$196 million of Special Tax Obligation Transportation Infrastructure bonds. The

bonds will mature in years 2010 through 2029 and bear interest rates ranging from 2.5 percent to 5.0 percent.

In October 2009, the State issued \$304 million Special Tax Obligation “Taxable Build America” Bonds. The bonds will mature in years 2020 through 2029 and bear interest rates ranging from 4.86 percent to 5.74 percent.

In October 2009, the State issued \$49.8 million of Special tax obligation refunding bonds. The bonds will mature in years 2010 through 2014 and bear interest rates ranging from 2.50 percent to 5.00 percent.

In December 2009, the State issued \$915.8 million of General Obligation Economic Recovery Notes. The notes will mature in years 2012 through 2016 and bear interest rates ranging from 2.00 percent to 5.00 percent.

In December 2009, the State issued \$165.8 million of General Obligation Bonds. The bonds will mature in years 2012 through 2014 and bear an interest rate of 5.00 percent.

In December 2009, the State issued \$450.0 million of General Obligation “Taxable Build America” Bonds. The bonds will mature in years 2020 through 2029 and bear interest rates ranging from 4.95 percent to 5.63 percent.

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***Required
PERS
Supplementary
Information***

Pension and Other Postemployment Benefit Plans

Required Supplementary Information

Schedules of Funding Progress

(Expressed in Millions)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
<u>SERS</u>						
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	\$9,585.1	\$17,888.1	\$8,303.0	53.6%	\$3,310.4	250.8%
6/30/2008	\$9,990.2	\$19,243.4	\$9,253.2	51.9%	\$3,497.4	264.6%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%

*No actuarial valuation was performed.

TRS

6/30/2003 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2004	\$9,847.0	\$15,070.5	\$5,223.5	65.3%	\$2,930.8	178.2%
6/30/2005 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2006	\$10,190.3	\$17,112.8	\$6,922.5	59.5%	\$3,137.7	220.6%
6/30/2007 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2008	\$15,271.0	\$21,801.0	\$6,530.0	70.0%	\$3,399.3	192.1%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%

*No actuarial valuation was performed.

JRS

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%
6/30/2008	\$191.7	\$267.0	\$75.3	71.8%	\$34.0	221.5%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%

*No actuarial valuation was performed.

RTHP

6/30/2008	\$-	\$2,318.8	\$2,318.8	0.0%	\$3,399.3	68.2%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%

*No actuarial valuation was performed.

Only one actuarial valuation is presented because GASB Statement No. 45 was implemented in fiscal year 2008.

Pension and Other Postemployment Benefit Plans
Required Supplementary Information
Schedules of Employer Contributions

(Expressed in Millions)

Fiscal Year	<u>SERS</u>		<u>TRS</u>		<u>JRS</u>		<u>RTHP</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2003	\$421.5	100.0%	\$221.2	81.3%	\$10.1	100.0%	\$0.0	0.0%
2004	\$470.3	100.0%	\$270.5	68.5%	\$11.6	100.0%	\$0.0	0.0%
2005	\$518.8	100.0%	\$281.4	65.8%	\$12.2	100.0%	\$0.0	0.0%
2006	\$623.1	100.0%	\$396.2	100.0%	\$11.7	100.0%	\$0.0	0.0%
2007	\$663.9	100.0%	\$416.0	99.0%	\$12.4	100.0%	\$0.0	0.0%
2008	\$716.9	99.2%	\$518.6	485.7%	\$13.4	100.0%	\$116.1	17.9%
2009	\$753.7	92.8%	\$539.3	100.0%	\$14.2	100.0%	\$116.7	19.2%

For RTHP required information is presented starting with fiscal year 2008 because GASB Statement No. 45 was implemented in that year.

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

Balance Sheet

Nonmajor Governmental Funds-By Fund Type

June 30, 2009

(Expressed in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Assets				
Cash and Cash Equivalents	\$ 512,992	\$ -	\$ 6,446	\$ 519,438
Investments	9,330	-	85,834	95,164
Securities Lending Collateral	-	-	17,255	17,255
Receivables:				
Accounts, Net of Allowances	29,791	-	-	29,791
Loans, Net of Allowances	235,818	-	-	235,818
From Other Governments	10,179	-	-	10,179
From Other Funds	67,643	348,104	10	415,757
Other	-	-	2	2
Restricted Assets	395	-	-	395
Other Assets	208	-	-	208
Total Assets	<u>\$ 866,356</u>	<u>\$ 348,104</u>	<u>\$ 109,547</u>	<u>\$ 1,324,007</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 28,154	\$ 32,478	\$ -	\$ 60,632
Notes Payable	298,115	54,970	-	353,085
Due to Other Funds	5,858	79,517	4,110	89,485
Due to Component Units	12,664	-	-	12,664
Deferred Revenue	36,484	-	-	36,484
Securities Lending Obligation	-	-	17,255	17,255
Total Liabilities	<u>381,275</u>	<u>166,965</u>	<u>21,365</u>	<u>569,605</u>
Fund Balances				
Reserved For:				
Loans	235,818	-	-	235,818
Continuing Appropriations	1,500	-	-	1,500
Permanent Investments	-	-	85,834	85,834
Trust Activities	-	-	2,348	2,348
Unreserved	<u>247,763</u>	<u>181,139</u>	<u>-</u>	<u>428,902</u>
Total Fund Balances	<u>485,081</u>	<u>181,139</u>	<u>88,182</u>	<u>754,402</u>
Total Liabilities and Fund Balances	<u>\$ 866,356</u>	<u>\$ 348,104</u>	<u>\$ 109,547</u>	<u>\$ 1,324,007</u>

Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds - By Fund Type

For The Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Special Revenue <u>Funds</u>	Capital Projects <u>Funds</u>	Permanent <u>Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ 24,872	\$ -	\$ -	\$ 24,872
Assessments	28,129	-	-	28,129
Licenses, Permits and Fees	81,194	-	-	81,194
Tobacco Settlement	153,819	-	-	153,819
Federal Grants and Aid	74,186	-	-	74,186
Charges for Services	6,445	-	-	6,445
Fines, Forfeits and Rents	2,401	-	-	2,401
Investment Earnings	8,445	-	(1,621)	6,824
Miscellaneous	85,024	-	-	85,024
Total Revenues	<u>464,515</u>	<u>-</u>	<u>(1,621)</u>	<u>462,894</u>
Expenditures				
Current:				
General Government	196,141	-	-	196,141
Regulation and Protection	202,780	-	-	202,780
Conservation and Development	260,332	-	804	261,136
Health and Hospitals	16,518	-	7	16,525
Transportation	3,870	-	-	3,870
Human Services	14,524	-	-	14,524
Education, Libraries, and Museums	699,478	-	91	699,569
Corrections	9,287	-	-	9,287
Judicial	16,655	-	17	16,672
Capital Projects	-	438,724	-	438,724
Debt Service:				
Interest and Fiscal Charges	5,010	4,374	-	9,384
Total Expenditures	<u>1,424,595</u>	<u>443,098</u>	<u>919</u>	<u>1,868,612</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(960,080)</u>	<u>(443,098)</u>	<u>(2,540)</u>	<u>(1,405,718)</u>
Other Financing Sources (Uses)				
Bonds Issued	873,510	934,505	-	1,808,015
Premium on Bonds Issued	44,052	26,679	-	70,731
Transfers In	159,295	-	-	159,295
Transfers Out	(341,632)	(180,010)	(3,739)	(525,381)
Total Other Financing Sources (Uses)	<u>735,225</u>	<u>781,174</u>	<u>(3,739)</u>	<u>1,512,660</u>
Net Change in Fund Balances	(224,855)	338,076	(6,279)	106,942
Fund Balances (Deficit) - Beginning	709,936	(156,937)	94,461	647,460
Fund Balances - Ending	<u>\$ 485,081</u>	<u>\$ 181,139</u>	<u>\$ 88,182</u>	<u>\$ 754,402</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.

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, 2009

(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>
Assets						
Cash and Cash Equivalents	\$ 6,841	\$ 21,294	\$ 7,204	\$ 5,781	\$ 5,689	\$ 50
Investments	-	-	-	-	-	-
Receivables:						
Accounts, Net of Allowances	-	76	-	-	-	-
Loans, Net of Allowances	-	-	-	-	-	-
From Other Governments	-	-	-	-	-	-
From Other Funds	27	-	-	8	10	-
Restricted Assets	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total Assets	<u>\$ 6,868</u>	<u>\$ 21,370</u>	<u>\$ 7,204</u>	<u>\$ 5,789</u>	<u>\$ 5,699</u>	<u>\$ 50</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 750	\$ 784	\$ 870	\$ 886	\$ 204	\$ -
Notes Payable	-	-	-	-	-	-
Deferred Revenue	-	64	5,042	5,375	-	-
Due to Other Funds	191	171	181	192	-	-
Due to Component Units	-	-	-	-	-	-
Total Liabilities	<u>941</u>	<u>1,019</u>	<u>6,093</u>	<u>6,453</u>	<u>204</u>	<u>-</u>
Fund Balances						
Reserved For:						
Loans	-	-	-	-	-	-
Continuing Appropriations	-	1,500	-	-	-	-
Unreserved	5,927	18,851	1,111	(664)	5,495	50
Total Fund Balances (Deficit)	<u>5,927</u>	<u>20,351</u>	<u>1,111</u>	<u>(664)</u>	<u>5,495</u>	<u>50</u>
Total Liabilities and Fund Balances	<u>\$ 6,868</u>	<u>\$ 21,370</u>	<u>\$ 7,204</u>	<u>\$ 5,789</u>	<u>\$ 5,699</u>	<u>\$ 50</u>

<u>Regional Market</u>	<u>Soldiers, Sailors & Marines</u>	<u>Employment Security Administration</u>	<u>Grant & Loan Programs</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ 915	\$ -	\$ 22,939	\$ 239,776	\$ 102,197	\$ 48,905	\$ 51,401	\$ 512,992
-	-	-	-	9,330	-	-	9,330
-	-	-	5,145	20,893	463	3,214	29,791
-	-	-	184,033	26,018	25,359	408	235,818
-	-	10,179	-	-	-	-	10,179
-	3,845	380	63,299	-	-	74	67,643
-	-	-	-	395	-	-	395
-	-	-	-	208	-	-	208
<u>\$ 915</u>	<u>\$ 3,845</u>	<u>\$ 33,498</u>	<u>\$ 492,253</u>	<u>\$ 159,041</u>	<u>\$ 74,727</u>	<u>\$ 55,097</u>	<u>\$ 866,356</u>
\$ 26	\$ 46	\$ 3,883	\$ 13,029	\$ 6,078	\$ 8	\$ 1,590	\$ 28,154
-	-	-	285,995	-	12,120	-	298,115
-	-	6	4,917	18,315	463	2,302	36,484
6	3,799	730	25	432	2	129	5,858
-	-	-	12,664	-	-	-	12,664
<u>32</u>	<u>3,845</u>	<u>4,619</u>	<u>316,630</u>	<u>24,825</u>	<u>12,593</u>	<u>4,021</u>	<u>381,275</u>
-	-	-	184,033	26,018	25,359	408	235,818
-	-	-	-	-	-	-	1,500
883	-	28,879	(8,410)	108,198	36,775	50,668	247,763
<u>883</u>	<u>-</u>	<u>28,879</u>	<u>175,623</u>	<u>134,216</u>	<u>62,134</u>	<u>51,076</u>	<u>485,081</u>
<u>\$ 915</u>	<u>\$ 3,845</u>	<u>\$ 33,498</u>	<u>\$ 492,253</u>	<u>\$ 159,041</u>	<u>\$ 74,727</u>	<u>\$ 55,097</u>	<u>\$ 866,356</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds

For The Fiscal Year Ended June 30, 2009

(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>Control</u>		<u>Injuries</u>	<u>Mohegan</u>
						<u>Fund</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-	-
Licenses, Permits and Fees	-	20,104	39	15	1,025	-
Tobacco Settlement	-	-	-	-	-	-
Federal Grants and Aid	-	-	-	-	-	-
Charges for Services	14	-	-	-	-	-
Fines, Forfeits and Rents	-	319	19	-	129	-
Investment Earnings	313	-	-	103	88	-
Miscellaneous	<u>22,071</u>	<u>67</u>	<u>22,848</u>	<u>22,693</u>	<u>1,966</u>	<u>-</u>
Total Revenues	<u>22,398</u>	<u>20,490</u>	<u>22,906</u>	<u>22,811</u>	<u>3,208</u>	<u>-</u>
Expenditures						
Current:						
General Government	-	-	-	-	-	92,999
Regulation and Protection	21,740	30,032	19,101	23,669	-	-
Conservation and Development	-	-	-	-	-	-
Health and Hospitals	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Education, Libraries, and Museums	-	-	-	-	-	-
Corrections	-	-	-	-	-	-
Judicial	-	2,116	-	-	2,252	-
Debt Service:						
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	<u>21,740</u>	<u>32,148</u>	<u>19,101</u>	<u>23,669</u>	<u>2,252</u>	<u>92,999</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>658</u>	<u>(11,658)</u>	<u>3,805</u>	<u>(858)</u>	<u>956</u>	<u>(92,999)</u>
Other Financing Sources (Uses)						
Bonds Issued	-	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-	-
Transfers In	-	-	-	-	-	93,049
Transfers Out	<u>(7,000)</u>	<u>(21,000)</u>	<u>(3,500)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>(150)</u>
Total Other Financing Sources (Uses)	<u>(7,000)</u>	<u>(21,000)</u>	<u>(3,500)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>92,899</u>
Net Change in Fund Balances	(6,342)	(32,658)	305	(1,858)	(44)	(100)
Fund Balances - Beginning	<u>12,269</u>	<u>53,009</u>	<u>806</u>	<u>1,194</u>	<u>5,539</u>	<u>150</u>
Fund Balances (Deficit) - Ending	<u>\$ 5,927</u>	<u>\$ 20,351</u>	<u>\$ 1,111</u>	<u>\$ (664)</u>	<u>\$ 5,495</u>	<u>\$ 50</u>

<u>Regional Market</u>	<u>Soldiers, Sailors & Marines</u>	<u>Employment Security Administration</u>	<u>Grant & Loan Programs</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 24,872	\$ -	\$ -	\$ 24,872
-	-	-	-	28,129	-	-	28,129
-	-	346	-	42,035	-	17,630	81,194
-	-	-	-	-	-	153,819	153,819
-	-	74,186	-	-	-	-	74,186
-	-	-	-	4,859	-	1,572	6,445
943	-	-	-	845	-	146	2,401
16	-	161	3,422	3,502	190	650	8,445
<u>8</u>	<u>2</u>	<u>1</u>	<u>6,382</u>	<u>6,455</u>	<u>351</u>	<u>2,180</u>	<u>85,024</u>
<u>967</u>	<u>2</u>	<u>74,694</u>	<u>9,804</u>	<u>110,697</u>	<u>541</u>	<u>175,997</u>	<u>464,515</u>
-	-	-	62,412	36,537	197	3,996	196,141
-	-	91,614	1,541	-	-	15,083	202,780
1,022	-	-	106,357	141,159	10,794	1,000	260,332
-	-	-	13,439	-	-	3,079	16,518
-	-	-	3,700	170	-	-	3,870
-	3,192	-	10,431	-	-	901	14,524
-	-	-	695,144	-	-	4,334	699,478
-	-	-	4,554	-	-	4,733	9,287
-	-	-	-	-	-	12,287	16,655
<u>122</u>	<u>-</u>	<u>21</u>	<u>4,224</u>	<u>255</u>	<u>188</u>	<u>200</u>	<u>5,010</u>
<u>1,144</u>	<u>3,192</u>	<u>91,635</u>	<u>901,802</u>	<u>178,121</u>	<u>11,179</u>	<u>45,613</u>	<u>1,424,595</u>
<u>(177)</u>	<u>(3,190)</u>	<u>(16,941)</u>	<u>(891,998)</u>	<u>(67,424)</u>	<u>(10,638)</u>	<u>130,384</u>	<u>(960,080)</u>
-	-	-	751,040	50,010	33,560	38,900	873,510
-	-	-	39,229	761	1,603	2,459	44,052
-	3,190	25,250	4,006	3,000	-	30,800	159,295
-	-	-	(66,809)	(32,060)	(10,466)	(198,647)	(341,632)
-	3,190	25,250	727,466	21,711	24,697	(126,488)	735,225
(177)	-	8,309	(164,532)	(45,713)	14,059	3,896	(224,855)
1,060	-	20,570	340,155	179,929	48,075	47,180	709,936
<u>\$ 883</u>	<u>\$ -</u>	<u>\$ 28,879</u>	<u>\$ 175,623</u>	<u>\$ 134,216</u>	<u>\$ 62,134</u>	<u>\$ 51,076</u>	<u>\$ 485,081</u>

**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, 2009

(Expressed in Thousands)

	Workers' Compensation			Banking		
	<u>Final</u>			<u>Final</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues						
Budgeted:						
Fees, Assessments, and Other Income	\$ 24,100	\$ 22,397	\$ (1,703)	\$ 19,000	\$ 20,493	\$ 1,493
Total Budgeted Revenues	<u>24,100</u>	<u>22,397</u>	<u>(1,703)</u>	<u>19,000</u>	<u>20,493</u>	<u>1,493</u>
Expenditures						
Budgeted:						
Regulation and Protection	25,025	21,949	3,076	39,011	30,053	8,958
Judicial	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>1,958</u>	<u>42</u>
Total Budgeted Expenditures	<u>25,025</u>	<u>21,949</u>	<u>3,076</u>	<u>41,011</u>	<u>32,011</u>	<u>9,000</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>(925)</u>	<u>448</u>	<u>1,373</u>	<u>(22,011)</u>	<u>(11,518)</u>	<u>10,493</u>
Other Financing Sources (Uses)						
Operating Transfer Out	-	(7,000)	(7,000)	-	(21,000)	(21,000)
Prior Year Appropriations Carried Forward	1,020	1,020	-	1,050	1,050	-
Appropriations Continued to Fiscal Year 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>(1,500)</u>
Total Other Financing Sources (Uses)	<u>1,020</u>	<u>(5,980)</u>	<u>(7,000)</u>	<u>1,050</u>	<u>(21,450)</u>	<u>(22,500)</u>
Net Change in Fund Balances	<u>\$ 95</u>	<u>(5,532)</u>	<u>\$ (5,627)</u>	<u>\$ (20,961)</u>	<u>(32,968)</u>	<u>\$ (12,007)</u>
Budgetary Fund Balances - July 1		13,419			53,811	
Changes in Reserves		<u>(1,020)</u>			<u>450</u>	
Budgetary Fund Balances - June 30		<u>\$ 6,867</u>			<u>\$ 21,293</u>	

Consumer Counsel & Public Utility Control			Insurance		
<u>Final</u>			<u>Final</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 24,300	\$ 22,844	\$ (1,456)	\$ 24,100	\$ 23,177	\$ (923)
24,300	22,844	(1,456)	24,100	23,177	(923)
24,242	20,928	3,314	24,131	23,738	393
-	-	-	-	-	-
24,242	20,928	3,314	24,131	23,738	393
58	1,916	1,858	(31)	(561)	(530)
-	(3,500)	(3,500)	-	(1,000)	(1,000)
-	-	-	45	45	-
-	-	-	-	-	-
-	(3,500)	(3,500)	45	(955)	(1,000)
\$ 58	(1,584)	\$ (1,642)	\$ 14	(1,516)	\$ (1,530)
	8,788			7,350	
	-			(45)	
	\$ 7,204			\$ 5,789	

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, 2009

(Expressed in Thousands)

	<u>Criminal Injuries Compensation</u>			<u>Mashantucket Pequot and Mohegan Fund</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues						
Budgeted:						
Operating Transfers In	\$ -	\$ -	\$ -	\$ 86,300	\$ 93,048	\$ 6,748
Fees, Assessments, and Other Income	2,625	3,207	582	-	-	-
Total Budgeted Revenues	2,625	3,207	582	86,300	93,048	6,748
Expenditures						
Budgeted:						
Conservation and Development	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Judicial	2,625	2,620	5	-	-	-
Non Functional	-	-	-	92,998	92,998	-
Total Budgeted Expenditures	2,625	2,620	5	92,998	92,998	-
Excess (Deficiency) of Revenues Over Expenditures	-	587	587	(6,698)	50	6,748
Other Financing Sources (Uses)						
Operating Transfer Out	-	(1,000)	(1,000)	-	(150)	(150)
Prior Year Appropriations Carried Forward	-	-	-	-	-	-
Appropriations Continued to Fiscal Year 2010	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(1,000)	(1,000)	-	(150)	(150)
Net Change in Fund Balances	\$ -	(413)	\$ (413)	\$ (6,698)	(100)	\$ 6,598
Budgetary Fund Balances - July 1		6,111			150	
Changes in Reserves		-			-	
Budgetary Fund Balances - June 30		\$ 5,698			\$ 50	

Regional Market			Soldiers, Sailors, and Marines		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>1,100</u>	<u>967</u>	<u>(133)</u>	<u>3,300</u>	<u>3,110</u>	<u>(190)</u>
<u>1,100</u>	<u>967</u>	<u>(133)</u>	<u>3,300</u>	<u>3,110</u>	<u>(190)</u>
1,182	1,020	162	-	-	-
-	-	-	3,296	3,199	97
-	-	-	-	-	-
<u>122</u>	<u>121</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,304</u>	<u>1,141</u>	<u>163</u>	<u>3,296</u>	<u>3,199</u>	<u>97</u>
<u>(204)</u>	<u>(174)</u>	<u>30</u>	<u>4</u>	<u>(89)</u>	<u>(93)</u>
-	-	-	-	-	-
124	124	-	-	-	-
-	-	-	-	-	-
<u>124</u>	<u>124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (80)</u>	<u>(50)</u>	<u>\$ 30</u>	<u>\$ 4</u>	<u>(89)</u>	<u>\$ (93)</u>
	1,089			(3,698)	
	<u>(124)</u>			<u>-</u>	
	<u>\$ 915</u>			<u>\$ (3,787)</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, 2009

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
Assets				
Due From Other Funds	\$ 299,287	\$ 42,232	\$ 6,585	\$ 348,104
Total Assets	<u>\$ 299,287</u>	<u>\$ 42,232</u>	<u>\$ 6,585</u>	<u>\$ 348,104</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 9,989	\$ 22,489	\$ -	\$ 32,478
Notes Payable	54,970	-	-	54,970
Due To Other Funds	<u>79,278</u>	<u>239</u>	<u>-</u>	<u>79,517</u>
Total Liabilities	<u>144,237</u>	<u>22,728</u>	<u>-</u>	<u>166,965</u>
Fund Balances				
Unreserved	<u>155,050</u>	<u>19,504</u>	<u>6,585</u>	<u>181,139</u>
Total Fund Balances	<u>155,050</u>	<u>19,504</u>	<u>6,585</u>	<u>181,139</u>
Total Liabilities and Fund Balances	<u>\$ 299,287</u>	<u>\$ 42,232</u>	<u>\$ 6,585</u>	<u>\$ 348,104</u>

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

For The Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
Expenditures				
Capital Projects	\$ 85,577	\$ 353,147	\$ -	\$ 438,724
Debt Service:				
Interest and Fiscal Charges	2,809	1,565	-	4,374
Total Expenditures	<u>88,386</u>	<u>354,712</u>	<u>-</u>	<u>443,098</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(88,386)</u>	<u>(354,712)</u>	<u>-</u>	<u>(443,098)</u>
Other Financing Sources (Uses)				
Bonds Issued	634,505	300,000	-	934,505
Premium on Bonds Issued	22,062	4,617	-	26,679
Transfer Out	<u>(179,510)</u>	<u>(500)</u>	<u>-</u>	<u>(180,010)</u>
Total Other Financing Sources (Uses)	<u>477,057</u>	<u>304,117</u>	<u>-</u>	<u>781,174</u>
Net Change in Fund Balances	388,671	(50,595)	-	338,076
Fund Balances (Deficit) - Beginning	<u>(233,621)</u>	<u>70,099</u>	<u>6,585</u>	<u>(156,937)</u>
Fund Balances - Ending	<u>\$ 155,050</u>	<u>\$ 19,504</u>	<u>\$ 6,585</u>	<u>\$ 181,139</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, 2009

(Expressed in Thousands)

	<u>Soldiers, Sailors, & Marines</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 528	\$ -	\$ 5,918	\$ 6,446
Investments	56,722	15,662	13,450	85,834
Securities Lending Collateral	11,651	3,019	2,585	17,255
Other Receivables	-	1	1	2
Due From Other Funds	-	-	10	10
Total Assets	<u>\$ 68,901</u>	<u>\$ 18,682</u>	<u>\$ 21,964</u>	<u>\$ 109,547</u>
Liabilities and Fund Balance				
Liabilities				
Due To Other Funds	\$ 3,844	\$ -	\$ 266	\$ 4,110
Securities Lending Obligation	11,651	3,019	2,585	17,255
Total Liabilities	<u>15,495</u>	<u>3,019</u>	<u>2,851</u>	<u>21,365</u>
Fund Balances				
Reserved For:				
Permanent Investments	56,722	15,662	13,450	85,834
Trust Activities	<u>(3,316)</u>	<u>1</u>	<u>5,663</u>	<u>2,348</u>
Total Fund Balances	<u>53,406</u>	<u>15,663</u>	<u>19,113</u>	<u>88,182</u>
Total Liabilities and Fund Balances	<u>\$ 68,901</u>	<u>\$ 18,682</u>	<u>\$ 21,964</u>	<u>\$ 109,547</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Permanent Funds

For The Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Soldiers, Sailors, & Marines</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
Revenues				
Investment Earnings	\$ (1,008)	\$ 180	\$ (793)	\$ (1,621)
Total Revenues	<u>(1,008)</u>	<u>180</u>	<u>(793)</u>	<u>(1,621)</u>
Expenditures				
Conservation and Development	-	804	-	804
Health and Hospital	-	-	7	7
Education, Libraries and Museums	-	-	91	91
Judicial	-	-	17	17
Total Expenditures	<u>-</u>	<u>804</u>	<u>115</u>	<u>919</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,008)</u>	<u>(624)</u>	<u>(908)</u>	<u>(2,540)</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(3,190)</u>	<u>-</u>	<u>(549)</u>	<u>(3,739)</u>
Total Other Financing Sources (Uses)	<u>(3,190)</u>	<u>-</u>	<u>(549)</u>	<u>(3,739)</u>
Net Change in Fund Balances	<u>(4,198)</u>	<u>(624)</u>	<u>(1,457)</u>	<u>(6,279)</u>
Fund Balances - Beginning	<u>57,604</u>	<u>16,287</u>	<u>20,570</u>	<u>94,461</u>
Fund Balances - Ending	<u><u>\$ 53,406</u></u>	<u><u>\$ 15,663</u></u>	<u><u>\$ 19,113</u></u>	<u><u>\$ 88,182</u></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, 2009

(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury & Compensation Assurance</u>	<u>Bradley Parking Garage</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 83,190	\$ 57,251	\$ 76
Accounts Receivable, Net of Allowances	6,594	8,150	588
Loans, Net of Allowances	-	-	-
Interest Receivable	187	-	-
Due From Other Funds	76,626	-	-
Due From Other Governments	-	-	-
Inventories	1,428	-	-
Other	531	17	-
Total Current Assets	<u>168,556</u>	<u>65,418</u>	<u>664</u>
Noncurrent Assets:			
Cash and Cash Equivalents	-	-	-
Receivables:			
Loans, Net of Allowances	437	-	-
Restricted Assets	-	-	12,717
Capital Assets, Net of Accumulated Depreciation	483,137	5	33,566
Other Noncurrent Assets	-	-	928
Total Noncurrent Assets	<u>483,574</u>	<u>5</u>	<u>47,211</u>
Total Assets	<u>652,130</u>	<u>65,423</u>	<u>47,875</u>
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	45,560	11,576	2,456
Current Portion of Long-Term Debt	1,900	360	1,756
Deferred Revenue	3,231	-	-
Other Current Liabilities	531	-	21
Total Current Liabilities	<u>51,222</u>	<u>11,936</u>	<u>4,233</u>
Noncurrent Liabilities:			
Noncurrent Portion of Long-Term Liabilities	<u>36,567</u>	<u>1,159</u>	<u>62,788</u>
Total Noncurrent Liabilities	<u>36,567</u>	<u>1,159</u>	<u>62,788</u>
Total Liabilities	<u>87,789</u>	<u>13,095</u>	<u>67,021</u>
Net Assets (Deficit)			
Invested in Capital Assets, Net of Related Debt	483,137	-	(11,089)
Restricted for:			
Debt Service	-	-	4,508
Drinking Water Projects	-	-	-
Nonexpendable Purposes	20	-	-
Other Purposes	56,942	-	-
Unrestricted (Deficit)	<u>24,242</u>	<u>52,328</u>	<u>(12,565)</u>
Total Net Assets (Deficit)	<u>\$ 564,341</u>	<u>\$ 52,328</u>	<u>\$ (19,146)</u>

Drinking Water	Rate Reduction Bond Operations (12-31-08)	<u>Total</u>
\$ -	\$ 11,990	\$ 152,507
-	-	15,332
10,033	-	10,033
402	-	589
-	-	76,626
315	-	315
-	-	1,428
-	-	548
<u>10,750</u>	<u>11,990</u>	<u>257,378</u>
38,368	-	38,368
60,641	-	61,078
53,235	-	65,952
-	-	516,708
<u>546</u>	<u>-</u>	<u>1,474</u>
<u>152,790</u>	<u>-</u>	<u>683,580</u>
<u>163,540</u>	<u>11,990</u>	<u>940,958</u>
969	-	60,561
3,964	-	7,980
-	-	3,231
-	-	552
<u>4,933</u>	<u>-</u>	<u>72,324</u>
<u>56,495</u>	<u>-</u>	<u>157,009</u>
<u>56,495</u>	<u>-</u>	<u>157,009</u>
<u>61,428</u>	<u>-</u>	<u>229,333</u>
-	-	472,048
-	-	4,508
91,463	-	91,463
-	-	20
-	-	56,942
<u>10,649</u>	<u>11,990</u>	<u>86,644</u>
<u>\$ 102,112</u>	<u>\$ 11,990</u>	<u>\$ 711,625</u>

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Nonmajor Enterprise Funds

For The Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury & Compensation Assurance</u>	<u>Bradley Parking Garage</u>
Operating Revenues			
Assessments	\$ -	\$ 36,465	\$ -
Charges for Sales and Services	95,172	-	19,959
Federal Grants and Contracts	47,689	-	-
State Grants and Contracts	17,084	-	-
Private Gifts and Grants	3,699	-	-
Interest on Loans	-	-	-
Miscellaneous	3,070	520	-
Total Operating Revenues	<u>166,714</u>	<u>36,985</u>	<u>19,959</u>
Operating Expenses			
Salaries, Wages and Administrative	405,676	7,389	7,968
Claims Paid	-	38,352	-
Depreciation and Amortization	17,919	2	1,165
Other	22,856	-	-
Total Operating Expenses	<u>446,451</u>	<u>45,743</u>	<u>9,133</u>
Operating Income	<u>(279,737)</u>	<u>(8,758)</u>	<u>10,826</u>
Nonoperating Revenues (Expenses)			
Interest and Investment Income	1,362	877	416
Interest and Fiscal Charges	-	-	(3,437)
Other	1,287	-	(1,071)
Total Nonoperating Income (Expense)	<u>2,649</u>	<u>877</u>	<u>(4,092)</u>
Income (Loss) Before Grants, Transfers, and Special Item	<u>(277,088)</u>	<u>(7,881)</u>	<u>6,734</u>
Federal Capitalization Grants	-	-	-
Transfers In	243,361	-	-
Transfers Out	-	-	(9,647)
Special Item: Debt Reduction Transfer	-	-	-
Change in Net Assets	<u>(33,727)</u>	<u>(7,881)</u>	<u>(2,913)</u>
Total Net Assets (Deficit) - Beginning	<u>598,068</u>	<u>60,209</u>	<u>(16,233)</u>
Total Net Assets (Deficit) - Ending	<u>\$ 564,341</u>	<u>\$ 52,328</u>	<u>\$ (19,146)</u>

Drinking Water	Rate Reduction Bond Operations (12-31-08)	<u>Total</u>
\$ -	\$ -	\$ 36,465
-	17,725	132,856
-	-	47,689
-	-	17,084
-	-	3,699
1,621	-	1,621
-	-	3,590
<u>1,621</u>	<u>17,725</u>	<u>243,004</u>
4,184	230	425,447
-	-	38,352
-	-	19,086
-	-	22,856
<u>4,184</u>	<u>230</u>	<u>505,741</u>
<u>(2,563)</u>	<u>17,495</u>	<u>(262,737)</u>
2,374	594	5,623
(2,254)	-	(5,691)
191	(517)	(110)
<u>311</u>	<u>77</u>	<u>(178)</u>
<u>(2,252)</u>	<u>17,572</u>	<u>(262,915)</u>
6,528	-	6,528
347	-	243,708
-	-	(9,647)
-	85,000	85,000
<u>4,623</u>	<u>102,572</u>	<u>62,674</u>
<u>97,489</u>	<u>(90,582)</u>	<u>648,951</u>
<u>\$ 102,112</u>	<u>\$ 11,990</u>	<u>\$ 711,625</u>

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury & Compensation Assurance</u>	<u>Bradley Parking Garage</u>
Cash Flows from Operating Activities			
Receipts from Customers	\$ 90,308	\$ 36,466	\$ 19,959
Payments to Suppliers	(79,449)	-	(6,019)
Payments to Employees	(316,924)	(6,045)	(1,949)
Other Receipts (Payments)	<u>112,027</u>	<u>(35,613)</u>	<u>1,418</u>
Net Cash Provided by (Used in) Operating Activities	<u>(194,038)</u>	<u>(5,192)</u>	<u>13,409</u>
Cash Flows from Noncapital Financing Activities			
Proceeds from Sales of Bonds	-	-	-
Retirement of Bonds and Annuities Payable	-	-	(1,550)
Interest of Bonds	-	-	-
Transfers In	234,763	-	-
Transfers Out	-	-	(9,647)
Other Receipts (Payments)	<u>8,096</u>	<u>-</u>	<u>790</u>
Net Cash Flows from Noncapital Financing Activities	<u>242,859</u>	<u>-</u>	<u>(10,407)</u>
Cash Flows from Capital and Related Financing Activities			
Additions to Property, Plant and Equipment	(12,104)	-	-
Interest Paid on Capital Debt	-	-	(3,437)
Federal Grant	-	-	-
Transfer In	3,690	-	-
Other Receipts (Payments)	<u>(47,362)</u>	<u>-</u>	<u>-</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(55,776)</u>	<u>-</u>	<u>(3,437)</u>
Cash Flows from Investing Activities			
Interest on Investments	1,793	877	416
(Increase) Decrease in Restricted Assets	-	-	-
Other Receipts (Payments)	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>1,793</u>	<u>877</u>	<u>416</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,162)	(4,315)	(19)
Cash and Cash Equivalents - Beginning of Year	<u>88,352</u>	<u>61,566</u>	<u>95</u>
Cash and Cash Equivalents - End of Year	<u>\$ 83,190</u>	<u>\$ 57,251</u>	<u>\$ 76</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities			
Operating Income (Loss)	\$ (279,737)	\$ (8,758)	\$ 10,826
Adjustments not Affecting Cash:			
Depreciation and Amortization	17,919	2	1,165
Other	(4,673)	-	-
Change in Assets and Liabilities:			
(Increase) Decrease in Receivables, Net	62,222	2,190	(456)
(Increase) Decrease in Inventories and Other Assets	161	29	1,064
Increase (Decrease) in Accounts Payables & Accrued Liabilities	<u>10,070</u>	<u>1,345</u>	<u>810</u>
Total Adjustments	<u>85,699</u>	<u>3,566</u>	<u>2,583</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (194,038)</u>	<u>\$ (5,192)</u>	<u>\$ 13,409</u>

Rate Reduction		
Bond		
Drinking Water	Operations (12-31-08)	Totals
\$ 5,025	\$ 17,725	\$ 169,483
-	-	(85,468)
(2,265)	(230)	(327,413)
(6,424)	-	71,408
<u>(3,664)</u>	<u>17,495</u>	<u>(171,990)</u>
29,675	-	29,675
(2,718)	(110,990)	(115,258)
(1,794)	-	(1,794)
557	-	235,320
-	-	(9,647)
<u>713</u>	<u>101,218</u>	<u>110,817</u>
<u>26,433</u>	<u>(9,772)</u>	<u>249,113</u>
-	-	(12,104)
-	-	(3,437)
5,297	-	5,297
-	-	3,690
-	-	(47,362)
<u>5,297</u>	<u>-</u>	<u>(53,916)</u>
2,586	594	6,266
(11,630)	-	(11,630)
(20,492)	-	(20,492)
<u>(29,536)</u>	<u>594</u>	<u>(25,856)</u>
(1,470)	8,317	(2,649)
<u>1,470</u>	<u>3,673</u>	<u>155,156</u>
<u>\$ -</u>	<u>\$ 11,990</u>	<u>\$ 152,507</u>
\$ (2,563)	\$ 17,495	\$ (262,737)
-	-	19,086
-	-	(4,673)
463	-	64,419
(1,564)	-	(310)
-	-	12,225
<u>(1,101)</u>	<u>-</u>	<u>90,747</u>
<u>\$ (3,664)</u>	<u>\$ 17,495</u>	<u>\$ (171,990)</u>

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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, 2009

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information & Technology</u>	<u>Administrative Services</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 4,261	\$ 6,803	\$ -	\$ 11,064
Receivables, Net of Allowances	44	83	114	241
Due From Other Funds	808	2,118	-	2,926
Inventories	3,606	41	92	3,739
Other Current Assets	73	-	-	73
Total Current Assets	<u>8,792</u>	<u>9,045</u>	<u>206</u>	<u>18,043</u>
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	1,577	7,724	52,188	61,489
Other Noncurrent Assets	-	751	-	751
Total Noncurrent Assets	<u>1,577</u>	<u>8,475</u>	<u>52,188</u>	<u>62,240</u>
Total Assets	<u>10,369</u>	<u>17,520</u>	<u>52,394</u>	<u>80,283</u>
Current Liabilities:				
Accounts Payable and Accrued Liabilities	1,339	2,254	15,388	18,981
Due To Other Funds	-	-	66,931	66,931
Deferred Revenue	-	-	129	129
Compensated Absences-Current Portion	53	144	47	244
Total Current Liabilities	<u>1,392</u>	<u>2,398</u>	<u>82,495</u>	<u>86,285</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	-	705	-	705
Compensated Absences	736	2,345	871	3,952
Advances From Other Funds	-	-	-	-
Total Noncurrent Liabilities	<u>736</u>	<u>3,050</u>	<u>871</u>	<u>4,657</u>
Total Liabilities	<u>2,128</u>	<u>5,448</u>	<u>83,366</u>	<u>90,942</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,956	727	52,188	54,871
Unrestricted (Deficit)	6,285	11,345	(83,160)	(65,530)
Total Net Assets (Deficit)	<u>\$ 8,241</u>	<u>\$ 12,072</u>	<u>\$ (30,972)</u>	<u>\$ (10,659)</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets Internal Service Funds

For The Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information & Technology</u>	<u>Administrative Services</u>	<u>Total</u>
Operating Revenues				
Charges for Sales and Services	\$ 22,407	\$ 34,402	\$ 31,835	\$ 88,644
Miscellaneous	25	-	5	30
Total Operating Revenues	<u>22,432</u>	<u>34,402</u>	<u>31,840</u>	<u>88,674</u>
Operating Expenses				
Salaries, Wages and Administrative	20,495	31,881	10,876	63,252
Depreciation and Amortization	503	3,150	15,161	18,814
Total Operating Expenses	<u>20,998</u>	<u>35,031</u>	<u>26,037</u>	<u>82,066</u>
Operating Income (Loss)	<u>1,434</u>	<u>(629)</u>	<u>5,803</u>	<u>6,608</u>
Nonoperating Revenue (Expenses)				
Investment Income	87	-	-	87
Interest Expense	-	(45)	-	(45)
Other Nonoperating Expense	(21)	(85)	-	(106)
Total Nonoperating Revenues (Expenses)	<u>66</u>	<u>(130)</u>	<u>-</u>	<u>(64)</u>
Income (Loss) Before Capital Contributions and				
Transfers	<u>1,500</u>	<u>(759)</u>	<u>5,803</u>	<u>6,544</u>
Capital Contributions	3,450	-	-	3,450
Transfers Out	(2,813)	(3,500)	(1,200)	(7,513)
Change in Net Assets	2,137	(4,259)	4,603	2,481
Total Net Assets (Deficit) - Beginning	<u>6,104</u>	<u>16,331</u>	<u>(35,575)</u>	<u>(13,140)</u>
Total Net Assets (Deficit) - Ending	<u>\$ 8,241</u>	<u>\$ 12,072</u>	<u>\$ (30,972)</u>	<u>\$ (10,659)</u>

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information Technology</u>	<u>Administrative Services</u>	<u>Totals</u>
Cash Flows from Operating Activities				
Receipts from Customers	\$ 22,446	\$ 35,204	\$ 31,827	\$ 89,477
Payments to Suppliers	(22,260)	(12,491)	(2,507)	(37,258)
Payments to Employees	(3,074)	(19,812)	(8,516)	(31,402)
Other Receipts (Payments)	537	(3,526)	(1,015)	(4,004)
Net Cash Provided by (Used in) Operating Activities:	(2,351)	(625)	19,789	16,813
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant and Equipment	(512)	(2,233)	(19,789)	(22,534)
Other Receipts (Payments)	-	(130)	-	(130)
Net Cash Flows from Capital and Related Financing Activities:	(512)	(2,363)	(19,789)	(22,664)
Cash Flows from Investing Activities				
Interest on Investments	87	-	-	87
Other Receipts (Payments)	(21)	-	-	(21)
Net Cash Flows from Investing Activities:	66	-	-	66
Net Increase (Decrease) in Cash and Cash Equivalents	(2,797)	(2,988)	-	(5,785)
Cash and Cash Equivalents - Beginning of Year	7,058	9,791	-	16,849
Cash and Cash Equivalents - End of Year	\$ 4,261	\$ 6,803	\$ -	\$ 11,064
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ 1,434	\$ (629)	\$ 5,803	\$ 6,608
Adjustments Not Affecting Cash:				
Depreciation	503	3,150	15,161	18,814
Other	-	(3,500)	(1,200)	(4,700)
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(16)	617	(8)	593
(Increase) Decrease in Due From Other Funds	54	185	-	239
(Increase) Decrease in Inventories and Other Current Assets	125	(26)	179	278
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(4,451)	(422)	(146)	(5,019)
Total Adjustments	(3,785)	4	13,986	10,205
Net Cash Provided by (Used In) Operating Activities:	\$ (2,351)	\$ (625)	\$ 19,789	\$ 16,813

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.

State Employees' Health Benefits Plan:

to account for resources used to provide health benefits to retired State employees and their beneficiaries. 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, 2009

(Expressed in Thousands)

	Pension Trust			
	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>
Assets				
Cash and Cash Equivalents	\$ -	\$ 2,729	\$ 2	\$ -
Receivables:				
Accounts, Net of Allowances	2,289	9,216	7	5,219
From Other Governments	-	3,104	-	-
From Other Funds	21	144	-	-
Interest	189	372	4	38
Investments	7,320,844	11,396,682	148,168	1,345,096
Securities Lending Collateral	<u>1,216,042</u>	<u>1,834,046</u>	<u>29,704</u>	<u>262,857</u>
Total Assets	<u>8,539,385</u>	<u>13,246,293</u>	<u>177,885</u>	<u>1,613,210</u>
Liabilities				
Accounts Payable and Accrued Liabilities	64	-	-	-
Securities Lending Obligation	1,216,042	1,834,046	29,704	262,857
Due to Other Funds	<u>499</u>	<u>1,567</u>	<u>-</u>	<u>1,128</u>
Total Liabilities	<u>1,216,605</u>	<u>1,835,613</u>	<u>29,704</u>	<u>263,985</u>
Net Assets				
Held in Trust For Employee				
Pension and Other Benefits	<u>7,322,780</u>	<u>11,410,680</u>	<u>148,181</u>	<u>1,349,225</u>
Total Net Assets	<u>\$ 7,322,780</u>	<u>\$ 11,410,680</u>	<u>\$ 148,181</u>	<u>\$ 1,349,225</u>

Pension Trust			Other Employee Benefits			
Probate Judges	Other	Retired Teacher Healthcare Plan	Policemen, Firemen, Survivors' Benefits	State Employee OPEB Plan	Total	
\$ -	\$ 220	\$ 77,832	\$ 2	\$ 31,733	\$ 112,518	
4	-	-	-	-	16,735	
-	-	-	-	-	3,104	
-	-	1,567	-	70	1,802	
3	-	-	1	-	607	
66,306	864	-	17,815	-	20,295,775	
12,018	145	-	3,289	-	3,358,101	
78,331	1,229	79,399	21,107	31,803	23,788,642	
-	-	13,745	-	7,142	20,951	
12,018	145	-	3,289	-	3,358,101	
15	-	-	-	-	3,209	
12,033	145	13,745	3,289	7,142	3,382,261	
66,298	1,084	65,654	17,818	24,661	20,406,381	
\$ 66,298	\$ 1,084	\$ 65,654	\$ 17,818	\$ 24,661	\$ 20,406,381	

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

For The Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Pension Trust			
	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>
Additions				
Contributions:				
Plan Members	\$ 70,847	\$ 241,145	\$ 1,618	\$ 15,337
State	699,770	539,303	14,173	-
Municipalities	-	156	-	35,937
Total Contributions	<u>770,617</u>	<u>780,604</u>	<u>15,791</u>	<u>51,274</u>
Investment Income	(1,673,282)	(2,476,319)	(25,788)	(238,441)
Less: Investment Expenses	<u>(35,132)</u>	<u>(52,245)</u>	<u>(541)</u>	<u>(5,006)</u>
Net Investment Income	<u>(1,708,414)</u>	<u>(2,528,564)</u>	<u>(26,329)</u>	<u>(243,447)</u>
Transfers In	-	-	-	-
Other	<u>-</u>	<u>277</u>	<u>-</u>	<u>-</u>
Total Additions	<u>(937,797)</u>	<u>(1,747,683)</u>	<u>(10,538)</u>	<u>(192,173)</u>
Deductions				
Administrative Expense	846	-	10	-
Benefit Payments and Refunds	1,070,474	1,396,098	18,522	90,925
Other	<u>-</u>	<u>-</u>	<u>7</u>	<u>24</u>
Total Deductions	<u>1,071,320</u>	<u>1,396,098</u>	<u>18,539</u>	<u>90,949</u>
Changes in Net Assets	<u>(2,009,117)</u>	<u>(3,143,781)</u>	<u>(29,077)</u>	<u>(283,122)</u>
Net Assets Held in Trust For				
Pension and Other Employee Benefits				
Beginning of Year	<u>9,331,897</u>	<u>14,554,461</u>	<u>177,258</u>	<u>1,632,347</u>
End of Year	<u>\$ 7,322,780</u>	<u>\$ 11,410,680</u>	<u>\$ 148,181</u>	<u>\$ 1,349,225</u>

<u>Pension Trust</u>		<u>Other Employee Benefits</u>				
<u>Probate</u>		<u>Retired</u>	<u>Policemen,</u>	<u>State</u>		
<u>Judges</u>	<u>Other</u>	<u>Teacher</u>	<u>Firemen,</u>	<u>Employee OPEB</u>		
		<u>Healthcare Plan</u>	<u>Survivors 'Benefits</u>	<u>Plan</u>		<u>Total</u>
\$ 291	\$ 38	\$ 70,864	\$ 459	\$ -	\$	400,599
-	-	22,433	-	452,029		1,727,708
-	-	-	9	-		36,102
291	38	93,297	468	452,029		2,164,409
(12,083)	(54)	1,074	(2,368)	527		(4,426,734)
(254)	-	-	(50)	-		(93,228)
(12,337)	(54)	1,074	(2,418)	527		(4,519,962)
2,703	-	-	-	-		2,703
-	-	7,062	-	-		7,339
(9,343)	(16)	101,433	(1,950)	452,556		(2,345,511)
-	-	2,027	-	-		2,883
3,095	2	93,369	837	437,945		3,111,267
2,709	-	-	-	-		2,740
5,804	2	95,396	837	437,945		3,116,890
(15,147)	(18)	6,037	(2,787)	14,611		(5,462,401)
81,445	1,102	59,617	20,605	10,050		25,868,782
<u>\$ 66,298</u>	<u>\$ 1,084</u>	<u>\$ 65,654</u>	<u>\$ 17,818</u>	<u>\$ 24,661</u>	<u>\$</u>	<u>20,406,381</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, 2009

(Expressed in Thousands)

	<u>Fringe Benefit</u>	<u>Receipts</u>	<u>Insurance</u>	<u>State</u>		
	<u>Clearing</u>	<u>Pending</u>	<u>Companies'</u>	<u>Institution</u>	<u>Other</u>	<u>Total</u>
Assets		<u>Distribution</u>	<u>Securities</u>	<u>Activity</u>		
Cash and Cash Equivalents	\$ 33	\$ -	\$ -	\$ 25,701	\$ 66,194	\$ 91,928
Receivables:						
Accounts, Net of Allowances	-	1,520	-	3,421	-	4,941
From Other Funds	5,612	-	-	-	-	5,612
Interest	-	-	-	5	18	23
Inventories	-	-	-	452	-	452
Other Assets	-	-	326,153	296	38,172	364,621
Total Assets	<u>\$ 5,645</u>	<u>\$ 1,520</u>	<u>\$ 326,153</u>	<u>\$ 29,875</u>	<u>\$ 104,384</u>	<u>\$ 467,577</u>
Liabilities						
Accounts Payable and Accrued Liabilities	\$ -	\$ 7,192	\$ -	\$ 817	\$ 1,107	\$ 9,116
Due To Other Funds	-	16,857	-	-	-	16,857
Funds Held for Others	5,645	(22,529)	326,153	29,058	103,277	441,604
Total Liabilities	<u>\$ 5,645</u>	<u>\$ 1,520</u>	<u>\$ 326,153</u>	<u>\$ 29,875</u>	<u>\$ 104,384</u>	<u>\$ 467,577</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For The Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>Fringe Benefit Clearing</u>				
Assets				
Cash and Cash Equivalents	\$ 29	\$ 4	\$ -	\$ 33
From Other Funds	4,795	5,612	4,795	5,612
Total Assets	<u>\$ 4,824</u>	<u>\$ 5,616</u>	<u>\$ 4,795</u>	<u>\$ 5,645</u>
Liabilities				
Funds Held for Others	\$ 4,824	\$ 821	\$ -	\$ 5,645
Total Liabilities	<u>\$ 4,824</u>	<u>\$ 821</u>	<u>\$ -</u>	<u>\$ 5,645</u>
<u>Receipts Pending Distribution</u>				
Assets				
Accounts, Net of Allowances	\$ 1,398	\$ 1,520	\$ 1,398	\$ 1,520
Total Assets	<u>\$ 1,398</u>	<u>\$ 1,520</u>	<u>\$ 1,398</u>	<u>\$ 1,520</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 2,023	\$ 5,169	\$ -	\$ 7,192
Due To Other Funds	4,712	16,857	4,712	16,857
Funds Held for Others	(5,337)	616	17,808	(22,529)
Total Liabilities	<u>\$ 1,398</u>	<u>\$ 22,642</u>	<u>\$ 22,520</u>	<u>\$ 1,520</u>
<u>Insurance Companies Securities</u>				
Assets				
Other Assets	\$ 333,106	\$ 326,153	\$ 333,106	\$ 326,153
Total Assets	<u>\$ 333,106</u>	<u>\$ 326,153</u>	<u>\$ 333,106</u>	<u>\$ 326,153</u>
Liabilities				
Funds Held for Others	\$ 333,106	\$ 326,153	\$ 333,106	\$ 326,153
Total Liabilities	<u>\$ 333,106</u>	<u>\$ 326,153</u>	<u>\$ 333,106</u>	<u>\$ 326,153</u>
<u>State Institution Activity</u>				
Assets				
Cash and Cash Equivalents	\$ 22,726	\$ 25,701	\$ 22,726	\$ 25,701
Accounts, Net of Allowances	3,753	3,421	3,753	3,421
Interest	20	5	20	5
Inventories	399	452	399	452
Other Assets	307	296	307	296
Total Assets	<u>\$ 27,205</u>	<u>\$ 29,875</u>	<u>\$ 27,205</u>	<u>\$ 29,875</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 1,069	\$ 817	\$ 1,069	\$ 817
Funds Held for Others	26,136	29,058	26,136	29,058
Total Liabilities	<u>\$ 27,205</u>	<u>\$ 29,875</u>	<u>\$ 27,205</u>	<u>\$ 29,875</u>

continues

Combining Statement of Changes in Assets and Liabilities

continued

Agency Funds

For The Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>Other</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 89,899	\$ 57,715	\$ 81,420	\$ 66,194
Interest	101	18	101	18
Other Assets	-	38,172	-	38,172
Total Assets	<u>\$ 90,000</u>	<u>\$ 95,905</u>	<u>\$ 81,521</u>	<u>\$ 104,384</u>
<u>Liabilities</u>				
Accounts Payable and Accrued Liabilities	\$ 1,613	\$ 1,107	\$ 1,613	\$ 1,107
Funds Held for Others	88,387	95,905	81,015	103,277
Total Liabilities	<u>\$ 90,000</u>	<u>\$ 97,012</u>	<u>\$ 82,628</u>	<u>\$ 104,384</u>
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 112,654	\$ 83,420	\$ 104,146	\$ 91,928
Accounts, Net of Allowances	5,151	4,941	5,151	4,941
From Other Funds	4,795	5,612	4,795	5,612
Interest	121	23	121	23
Inventories	399	452	399	452
Other Assets	333,413	364,621	333,413	364,621
Total Assets	<u>\$ 456,533</u>	<u>\$ 459,069</u>	<u>\$ 448,025</u>	<u>\$ 467,577</u>
<u>Liabilities</u>				
Accounts Payable and Accrued Liabilities	\$ 4,705	\$ 7,093	\$ 2,682	\$ 9,116
Due To Other Funds	4,712	16,857	4,712	16,857
Funds Held for Others	447,116	452,553	458,065	441,604
Total Liabilities	<u>\$ 456,533</u>	<u>\$ 476,503</u>	<u>\$ 465,459</u>	<u>\$ 467,577</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, 2009

(Expressed in Thousands)

	Connecticut Development Authority	Connecticut Higher Education Supplemental Loan Authority	Connecticut Resources Recovery Authority	Connecticut Innovations, Incorporated
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 46,268	\$ 1,212	\$ 97,949	\$ 39,095
Investments	-	-	-	9,555
Receivables:				
Accounts, Net of Allowances	38	-	19,715	-
Loans, Net of Allowances	5,258	10,787	-	-
Interest Receivable	148	542	-	-
Due From Primary Government	13,108	-	-	-
Restricted Assets	-	21,837	28,639	-
Inventories	-	-	3,628	-
Other Current Assets	471	-	1,789	337
Total Current Assets	<u>65,291</u>	<u>34,378</u>	<u>151,720</u>	<u>48,987</u>
Noncurrent Assets:				
Investments	1,219	-	-	38,413
Accounts, Net of Allowances	6,765	-	-	-
Loans, Net of Allowances	36,123	106,876	-	-
Restricted Assets	17,486	12,300	34,207	-
Capital Assets, Net of Accumulated Depreciation	150	-	144,559	828
Other Noncurrent Assets	351	2,397	3,190	-
Total Noncurrent Assets	<u>62,094</u>	<u>121,573</u>	<u>181,956</u>	<u>39,241</u>
Total Assets	<u>127,385</u>	<u>155,951</u>	<u>333,676</u>	<u>88,228</u>
Liabilities				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	2,667	910	22,516	694
Current Portion of Long-Term Obligations	3,796	5,721	15,143	-
Other Liabilities	777	-	-	160
Total Current Liabilities	<u>7,240</u>	<u>6,631</u>	<u>37,659</u>	<u>854</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	<u>25,129</u>	<u>135,364</u>	<u>69,356</u>	<u>-</u>
Total Noncurrent Liabilities	<u>25,129</u>	<u>135,364</u>	<u>69,356</u>	<u>-</u>
Total Liabilities	<u>32,369</u>	<u>141,995</u>	<u>107,015</u>	<u>854</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	150	-	133,360	828
Restricted:				
Debt Service	11,942	-	5,562	-
Expendable Endowments	-	-	-	-
Nonexpendable Endowments	-	-	-	-
Capital Projects	-	-	-	-
Other Purposes	-	1,000	31,084	-
Unrestricted	<u>82,924</u>	<u>12,956</u>	<u>56,655</u>	<u>86,546</u>
Total Net Assets	<u>\$ 95,016</u>	<u>\$ 13,956</u>	<u>\$ 226,661</u>	<u>\$ 87,374</u>

Capital City Economic Development Authority	UConn Foundation	<u>Total</u>
\$ 4,304	\$ 6,948	\$ 195,776
-	277,434	286,989
1,459	4,386	25,598
-	-	16,045
-	-	690
-	-	13,108
-	-	50,476
66	-	3,694
149	-	2,746
<u>5,978</u>	<u>288,768</u>	<u>595,122</u>
-	-	39,632
-	16,317	23,082
-	-	142,999
18,843	905	83,741
288,523	5,009	439,069
1,713	1,138	8,789
<u>309,079</u>	<u>23,369</u>	<u>737,312</u>
<u>315,057</u>	<u>312,137</u>	<u>1,332,434</u>
1,672	7,011	35,470
2,841	220	27,721
-	-	937
<u>4,513</u>	<u>7,231</u>	<u>64,128</u>
123,791	9,514	363,154
<u>123,791</u>	<u>9,514</u>	<u>363,154</u>
<u>128,304</u>	<u>16,745</u>	<u>427,282</u>
163,386	(1,522)	296,202
-	-	17,504
-	72,984	72,984
-	247,353	247,353
18,843	-	18,843
-	-	32,084
4,524	(23,423)	220,182
<u>\$ 186,753</u>	<u>\$ 295,392</u>	<u>\$ 905,152</u>

Combining Statement of Activities

Nonmajor Component Units

For The Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Connecticut Development Authority	\$ 10,647	\$ 7,331	\$ -	\$ -
Connecticut Higher Education Supplemental Loan Authority	9,224	8,564	-	-
Connecticut Resources Recovery Authority	202,235	176,606	-	-
Connecticut Innovations, Incorporated	4,704	541	-	-
Capital City Economic Development Authority	32,314	14,689	7,651	15,389
UConn Foundation	43,254	9,625	-	-
Total Nonmajor Component Units	<u>\$ 302,378</u>	<u>\$ 217,356</u>	<u>\$ 7,651</u>	<u>\$ 15,389</u>

General Revenues:

Investment Income (Loss)
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**

Connecticut Development Authority	Connecticut Higher Education Supplemental Loan Authority	Connecticut Resources Recovery Authority	Connecticut Innovations, Incorporated	Capital City Economic Development Authority	UConn Foundation	Totals
\$ (3,316)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,316)
-	(660)	-	-	-	-	(660)
-	-	(25,629)	-	-	-	(25,629)
-	-	-	(4,163)	-	-	(4,163)
-	-	-	-	5,415	-	5,415
-	-	-	-	-	(33,629)	(33,629)
<u>(3,316)</u>	<u>(660)</u>	<u>(25,629)</u>	<u>(4,163)</u>	<u>5,415</u>	<u>(33,629)</u>	<u>(61,982)</u>
207	1,560	2,818	237	300	(63,441)	(58,319)
-	-	-	-	-	23,317	23,317
<u>207</u>	<u>1,560</u>	<u>2,818</u>	<u>237</u>	<u>300</u>	<u>(40,124)</u>	<u>(35,002)</u>
(3,109)	900	(22,811)	(3,926)	5,715	(73,753)	(96,984)
98,125	13,056	249,472	91,300	181,038	369,145	1,002,136
<u>\$ 95,016</u>	<u>\$ 13,956</u>	<u>\$ 226,661</u>	<u>\$ 87,374</u>	<u>\$ 186,753</u>	<u>\$ 295,392</u>	<u>\$ 905,152</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.

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DEBT CAPACITY INFORMATION

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DEMOGRAPHIC AND ECONOMIC INFORMATION

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OPERATING INFORMATION

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Capital Asset Statistics by Function	166

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 Eight Fiscal Years
(Expressed in Thousands)

	2002	2003	2004
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	(8,196,738)	(9,203,348)	(10,390,481)
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	106,375	132,394	40,461
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	(8,090,363)	(9,070,954)	(10,350,020)
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 implementing 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.

2005	2006	2007	2008	2009
\$ 3,294,888	\$ 3,469,145	\$ 4,269,038	\$ 4,930,749	\$ 5,499,602
1,324,933	1,496,693	1,384,938	1,641,377	1,617,726
<u>(10,010,444)</u>	<u>(10,041,840)</u>	<u>(10,497,613)</u>	<u>(13,460,055)</u>	<u>(16,686,518)</u>
<u>\$ (5,390,623)</u>	<u>\$ (5,076,002)</u>	<u>\$ (4,843,637)</u>	<u>\$ (6,887,929)</u>	<u>\$ (9,569,190)</u>
\$ 2,314,139	\$ 2,407,382	\$ 2,455,118	\$ 2,578,856	\$ 2,611,952
1,568,559	1,704,585	1,871,568	1,757,846	1,470,449
<u>115,901</u>	<u>179,171</u>	<u>274,411</u>	<u>347,778</u>	<u>421,551</u>
<u>\$ 3,998,599</u>	<u>\$ 4,291,138</u>	<u>\$ 4,601,097</u>	<u>\$ 4,684,480</u>	<u>\$ 4,503,952</u>
\$ 5,609,027	\$ 5,876,527	\$ 6,724,156	\$ 7,509,605	\$ 8,111,554
2,893,492	3,201,278	3,256,506	3,399,223	3,088,175
<u>(9,894,543)</u>	<u>(9,862,669)</u>	<u>(10,223,202)</u>	<u>(13,112,277)</u>	<u>(16,264,967)</u>
<u>\$ (1,392,024)</u>	<u>\$ (784,864)</u>	<u>\$ (242,540)</u>	<u>\$ (2,203,449)</u>	<u>\$ (5,065,238)</u>

Changes in Net Assets

Last Eight Fiscal Years

(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental Activities:								
Legislative	\$ 80,212	\$ 80,176	\$ 89,532	\$ 91,037	\$ 96,622	\$ 97,492	\$ 111,910	\$ 32,159
General Government	1,339,982	1,145,613	1,100,700	1,288,231	1,352,908	1,731,215	1,737,917	1,734,577
Regulation and Protection	627,352	574,674	590,377	633,466	712,061	702,467	788,419	730,701
Conservation and Development	434,356	410,167	448,077	424,125	396,296	429,057	473,797	549,811
Health and Hospital	1,664,152	1,711,076	1,683,465	1,801,346	1,922,583	2,003,994	2,298,272	2,343,919
Transportation	1,366,108	941,257	1,153,888	1,183,961	1,090,504	1,150,770	1,482,250	1,302,395
Human Services	3,882,711	4,138,932	4,630,154	4,535,915	4,941,454	4,828,418	5,743,810	6,478,180
Education, Libraries, and Museums	3,000,315	3,090,630	3,174,305	3,408,288	3,888,711	4,008,903	4,749,284	4,707,240
Corrections	1,355,142	1,450,392	1,579,043	1,675,965	1,768,368	1,836,147	2,085,053	2,042,503
Judicial	538,368	555,791	546,163	649,666	654,894	694,442	806,309	776,981
Interest and Fiscal Charges	592,490	595,949	577,448	612,115	619,730	635,113	733,791	810,403
Total Governmental Activities Expenses	14,881,188	14,694,657	15,573,152	16,304,115	17,444,131	18,118,018	21,010,812	21,508,869
Business-Type Activities:								
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	1,626,532	1,725,343
State Universities	-	-	469,712	506,993	536,026	571,006	610,851	639,397
Bradley International Airport	50,455	54,323	59,338	61,559	62,625	67,244	67,635	67,995
CT Lottery Corporation	672,118	643,214	656,716	691,163	709,591	698,628	731,851	723,249
Employment Security	736,261	963,201	811,483	580,549	572,602	585,803	631,935	1,573,806
Second Injury and Compensation Assurance	61,235	-	-	-	-	-	-	-
Clean Water	30,903	29,435	24,759	27,740	26,076	30,183	27,181	30,723
Other	19,186	72,633	361,367	405,423	419,074	432,129	476,040	511,542
Total Business-Type Activities Expenses	3,440,033	3,740,692	3,637,777	3,659,754	3,790,049	3,904,019	4,172,025	5,272,055
Total Primary Government Expenses	\$ 18,321,221	\$ 18,435,349	\$ 19,210,929	\$ 19,963,869	\$ 21,234,180	\$ 22,022,037	\$ 25,182,837	\$ 26,780,924
Program Revenues								
Governmental Activities:								
Charges for Services, Fees, Fines, and Forfeitures	\$ 942,871	\$ 1,072,932	\$ 1,253,672	\$ 1,316,668	\$ 1,379,061	\$ 1,317,480	\$ 1,447,573	\$ 1,490,271
Operating Grants and Contributions	3,320,099	3,489,213	3,850,132	3,809,577	4,034,673	3,974,468	4,271,504	5,552,688
Capital Grants and Contributions	509,112	562,613	543,805	335,256	541,875	411,516	442,310	646,416
Total Governmental Activities Program Revenues	4,772,082	5,124,758	5,647,609	5,461,501	5,955,609	5,703,464	6,161,387	7,689,375
Business-Type Activities:								
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	2,999,934	3,107,849
Operating Grants and Contributions	447,706	456,239	227,674	262,015	277,357	296,851	322,936	907,050
Capital Grants and Contributions	37,837	10,195	9,339	86,684	80,082	13,735	35,922	63,757
Total Business-Type Activities Program Revenues	2,895,191	3,061,200	3,172,968	3,211,722	3,257,544	3,230,308	3,358,792	4,078,656
Total Primary Government Program Revenues	\$ 7,667,273	\$ 8,185,958	\$ 8,820,577	\$ 8,673,223	\$ 9,213,153	\$ 8,933,772	\$ 9,520,179	\$ 11,768,031
Net (Expense)/Revenue								
Governmental Activities	\$ (10,109,106)	\$ (9,569,899)	\$ (9,925,543)	\$ (10,842,614)	\$ (11,488,522)	\$ (12,414,554)	\$ (14,849,425)	\$ (13,819,494)
Business-Type Activities	(544,842)	(679,492)	(464,809)	(448,032)	(532,505)	(673,711)	(813,233)	(1,193,399)
Total Primary Government Net Expense	\$ (10,653,948)	\$ (10,249,391)	\$ (10,390,352)	\$ (11,290,646)	\$ (12,021,027)	\$ (13,088,265)	\$ (15,662,658)	\$ (15,012,893)

Connecticut

	2002	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Taxes:								
Personal Income	\$ 3,680,434	\$ 3,593,080	\$ 4,392,403	\$ 4,983,163	\$ 5,625,882	\$ 6,270,806	\$ 6,588,233	\$ 5,657,309
Corporate Income	197,245	390,012	473,505	538,834	655,607	831,688	548,539	437,444
Sales and Use	2,933,268	2,938,341	3,061,423	3,278,902	3,382,118	3,509,164	3,537,911	3,301,096
Other	948,369	1,208,083	1,274,149	1,487,321	1,608,235	1,513,855	1,544,801	1,407,084
Restricted for Transportation Purposes:								
Motor Fuel	424,037	450,696	470,001	482,476	515,013	609,427	487,568	492,566
Other	109,272	64,524	70,411	69,720	68,418	67,888	192,663	196,034
Casino Gaming Payments	368,954	387,255	402,733	417,838	427,527	430,476	411,411	377,805
Tobacco Settlement	139,968	137,915	116,578	118,321	108,619	113,691	141,348	153,819
Unrestricted Investment Earnings	84,684	54,741	18,350	69,332	104,911	165,472	131,915	42,493
Other	-	15,855	-	-	-	-	-	-
Special Items:								
Statutory Payment from Component Units	-	100,000	17,500	15,000	-	-	-	13,150
Other	-	127,256	(174,760)	(165,412)	-	-	-	-
Transfers-Internal Activities	(657,037)	(640,268)	(417,062)	(692,499)	(711,657)	(865,548)	(779,256)	(873,590)
Total Governmental Activities	<u>8,229,194</u>	<u>8,827,490</u>	<u>9,705,231</u>	<u>10,602,996</u>	<u>11,784,673</u>	<u>12,646,919</u>	<u>12,805,133</u>	<u>11,205,210</u>
Business-Type Activities								
Unrestricted Investment Earnings	89,388	111,336	90,486	93,879	113,387	129,317	117,360	75,933
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)	-	-	-	-	-
Debt Reduction Transfer	-	-	-	-	-	-	-	85,000
Transfers-Internal Activities	657,037	640,268	417,062	498,499	711,657	865,548	779,256	873,590
Total Business-Type Activities	<u>741,926</u>	<u>745,139</u>	<u>501,375</u>	<u>592,378</u>	<u>825,044</u>	<u>994,865</u>	<u>896,616</u>	<u>1,034,523</u>
Total Primary Government	<u>\$ 8,971,120</u>	<u>\$ 9,572,629</u>	<u>\$ 10,206,606</u>	<u>\$ 11,195,374</u>	<u>\$ 12,609,717</u>	<u>\$ 13,641,784</u>	<u>\$ 13,701,749</u>	<u>\$ 12,239,733</u>
Changes in Net Assets								
Governmental Activities	\$ (1,879,912)	\$ (742,409)	\$ (220,312)	\$ (239,618)	\$ 296,151	\$ 232,365	\$ (2,044,292)	\$ (2,614,284)
Business-Type Activities	<u>197,084</u>	<u>65,647</u>	<u>36,566</u>	<u>144,346</u>	<u>292,539</u>	<u>321,154</u>	<u>83,383</u>	<u>(158,876)</u>
Total Primary Government	<u>\$ (1,682,828)</u>	<u>\$ (676,762)</u>	<u>\$ (183,746)</u>	<u>\$ (95,272)</u>	<u>\$ 588,690</u>	<u>\$ 553,519</u>	<u>\$ (1,960,909)</u>	<u>\$ (2,773,160)</u>
Other Changes in Net Assets								
Governmental Activities:								
Prior-Year Adjustments	\$ -	\$ 12,384	\$ 100,104	\$ 289,253	\$ 18,470	\$ -	\$ -	\$ (66,976)
Fund Reclassification	-	-	26,934	-	-	-	-	-
Total Governmental Activities	<u>-</u>	<u>12,384</u>	<u>127,038</u>	<u>289,253</u>	<u>18,470</u>	<u>-</u>	<u>-</u>	<u>(66,976)</u>
Business-Type Activities:								
Prior-Year Adjustments	-	9,392	(9,750)	-	-	11,195	-	(21,652)
Fund Reclassification	-	-	(241,971)	-	-	-	-	-
Change in Reporting Period	-	-	-	194,336	-	-	-	-
Total Business-Type Activities	<u>-</u>	<u>9,392</u>	<u>(251,721)</u>	<u>194,336</u>	<u>-</u>	<u>11,195</u>	<u>-</u>	<u>(21,652)</u>
Total Primary Government	<u>\$ -</u>	<u>\$ 21,776</u>	<u>\$ (124,683)</u>	<u>\$ 483,589</u>	<u>\$ 18,470</u>	<u>\$ 11,195</u>	<u>\$ -</u>	<u>\$ (88,628)</u>

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 Eight Fiscal Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009
General Fund								
Reserved	\$ 509,096	\$ 440,819	\$ 720,581	\$ 1,434,544	\$ 1,917,260	\$ 2,326,082	\$ 2,052,521	\$ 1,503,851
Unreserved	(944,022)	(842,318)	(900,171)	(1,037,651)	(1,058,714)	(994,314)	(1,149,231)	(2,303,429)
Total General Fund	\$ (434,926)	\$ (401,499)	\$ (179,590)	\$ 396,893	\$ 858,546	\$ 1,331,768	\$ 903,290	\$ (799,578)
All Other Governmental Funds								
Reserved	\$ 1,209,556	\$ 1,177,121	\$ 1,296,214	\$ 1,250,708	\$ 1,323,595	\$ 1,374,180	\$ 1,711,007	\$ 1,647,404
Unreserved								
Transportation Fund	178,620	125,330	119,203	123,209	128,762	189,630	160,745	89,998
Special Revenue Funds	595,158	443,507	512,106	535,689	533,857	539,357	502,679	247,763
Capital Projects Funds	(90,862)	146,984	221,849	168,105	264,513	(171,645)	(156,937)	181,139
Total All Other Governmental Funds	\$ 1,892,472	\$ 1,892,942	\$ 2,149,372	\$ 2,077,711	\$ 2,250,727	\$ 1,931,522	\$ 2,217,494	\$ 2,166,304

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 Eight Fiscal Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009
Revenues								
Taxes	\$ 8,278,340	\$ 8,727,502	\$ 9,742,801	\$ 10,830,226	\$ 11,836,809	\$ 12,742,807	\$ 13,014,886	\$ 11,416,766
Assessments	-	-	25,827	17,968	21,555	22,841	21,457	28,129
Licenses, Permits and Fees	551,369	524,998	515,049	530,148	536,468	531,636	550,025	546,871
Tobacco Settlement	139,968	137,915	116,578	118,321	108,619	113,691	141,347	153,819
Federal Grants and Aid	3,837,393	4,028,640	4,383,498	4,117,007	4,578,381	4,405,160	4,717,846	6,017,660
Charges for Services	61,047	92,922	98,225	95,683	108,797	101,270	100,143	101,500
Fines, Forfeits and Rents	71,039	99,909	138,619	189,525	107,115	37,183	73,444	32,841
Casino Gaming Payments	368,954	387,255	402,733	417,838	427,527	430,476	411,410	377,805
Investment Earnings	78,074	50,959	27,531	69,342	102,694	165,902	132,490	43,287
Miscellaneous	292,742	363,471	456,841	470,567	593,629	658,074	693,292	790,010
Total Revenues	13,678,926	14,413,571	15,907,702	16,856,625	18,421,594	19,209,040	19,856,340	19,508,688
Expenditures								
Legislative	76,595	77,307	84,272	86,006	91,733	97,383	104,160	102,088
General Government	1,326,900	1,115,263	1,056,469	1,167,476	1,305,571	1,722,376	1,626,024	1,707,309
Regulation and Protection	607,074	558,710	559,219	602,472	686,747	699,927	735,875	750,473
Conservation and Development	428,254	402,655	432,590	407,547	384,063	428,251	442,519	510,887
Health and Hospital	1,652,838	1,686,699	1,642,797	1,761,561	1,889,242	1,990,506	2,154,248	2,222,497
Transportation	576,857	537,797	527,326	573,035	648,628	1,010,056	1,190,650	1,268,269
Human Services	3,866,970	4,089,089	4,538,769	4,454,092	4,877,611	4,791,635	5,390,379	6,059,858
Education, Libraries, and Museums	2,981,859	3,042,345	3,091,136	3,324,865	3,813,549	3,982,868	6,307,070	4,401,423
Corrections	1,334,427	1,422,713	1,525,804	1,621,273	1,723,591	1,829,048	1,949,342	2,010,977
Judicial	532,774	546,154	532,784	627,602	648,274	692,392	754,223	775,711
Capital Projects	1,030,628	871,029	780,194	707,023	671,124	304,964	341,148	438,724
Debt Service:								
Principal	824,825	904,658	965,313	1,051,308	1,102,770	1,231,376	1,153,553	1,166,282
Interest	599,795	613,181	647,797	644,563	670,385	709,740	810,297	918,633
Total Expenditures	15,839,796	15,867,600	16,384,470	17,028,823	18,513,288	19,490,522	22,959,488	22,333,131
Revenues Over (Under) Expenditures	(2,160,870)	(1,454,029)	(476,768)	(172,198)	(91,694)	(281,482)	(3,103,148)	(2,824,443)
Other Financing Sources (Uses) and Special Items								
Bonds Issued	1,621,001	1,804,145	1,395,545	1,278,110	1,362,145	1,253,345	3,688,623	1,863,600
Premiums on Bonds Issued	131,016	124,606	269,058	93,014	55,244	86,759	69,779	110,560
Transfers In	1,105,265	1,282,163	1,679,858	1,034,799	1,036,654	1,097,874	1,211,444	1,323,765
Transfers Out	(1,763,439)	(1,796,544)	(2,098,625)	(1,729,854)	(1,750,539)	(1,965,914)	(1,993,489)	(2,192,545)
Refunding Bonds Issued	1,121,670	745,669	1,961,040	447,013	61,020	527,730	231,085	586,940
Payment to Refunded Bond Escrow Agent	(1,204,925)	(776,597)	(2,146,469)	(484,379)	(65,473)	(561,269)	(241,560)	(590,397)
Capital Lease Obligations	6,989	1,077	-	27,628	-	117	437	-
Special Items:								
Transfer of Loans to Component Unit	-	-	(204,117)	-	-	-	-	-
Statutory Payment from Component Units	-	100,000	17,500	15,000	-	-	-	13,150
Other	-	-	29,357	-	-	-	-	-
Total Other Financing Sources (Uses) and Special Items	1,017,577	1,484,519	903,147	681,331	699,051	438,642	2,966,319	1,115,073
Net Change in Fund Balances	\$ (1,143,293)	\$ 30,490	\$ 426,379	\$ 509,133	\$ 607,357	\$ 157,160	\$ (136,829)	\$ (1,709,370)
Debt Service as a Percentage of Noncapital Expenditures	9.54%	10.24%	10.28%	10.34%	10.01%	10.48%	8.90%	10.23%

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 Eight Calendar Years

(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009
Farm Earnings	\$ 169,384	\$ 163,186	\$ 181,512	\$ 179,546	\$ 132,701	\$ 135,635	\$ 188,000	\$ 180,000
Agricultural Services, Forestry, Fishing	53,215	47,990	45,653	43,390	48,463	47,947	51,000	51,000
Mining	132,885	142,415	183,161	210,433	239,725	241,968	177,000	160,000
Construction	5,949,891	5,883,794	6,702,149	7,221,766	8,279,075	8,318,690	8,264,000	7,140,000
Durable Goods	11,755,698	11,794,810	12,388,008	12,909,198	13,269,852	13,710,583	13,179,000	12,069,000
Nondurable Goods	5,085,994	5,093,473	5,360,660	5,495,647	5,718,664	5,626,388	4,445,000	4,129,000
Wholesale Trade	5,420,568	5,515,096	5,819,416	6,199,684	6,637,800	6,869,412	7,016,000	6,488,000
Retail Trade	7,295,378	7,349,016	7,533,969	7,696,592	7,938,639	8,061,698	8,149,000	8,016,000
Transportation and Public Utilities	3,063,712	3,323,358	3,639,012	3,664,577	2,631,548	2,837,925	2,996,000	2,729,000
Services	59,658,975	59,358,363	65,546,050	69,407,977	72,920,312	77,525,040	79,229,000	78,794,000
Federal, Civilian	1,555,257	1,556,662	1,685,192	1,651,650	1,731,848	1,760,774	1,762,000	1,860,000
Military	684,388	785,349	842,406	882,223	932,364	921,195	978,000	1,089,000
State and Local	11,714,486	11,852,667	12,467,586	13,126,266	13,846,143	15,044,395	15,815,000	16,051,000
Other ¹	34,457,608	36,109,211	36,501,189	38,118,358	43,670,025	51,468,018	54,757,000	54,807,000
Total Personal Income	\$ 146,997,439	\$ 148,975,390	\$ 158,895,963	\$ 166,807,307	\$ 177,997,159	\$ 192,569,668	\$ 197,006,000	\$ 193,563,000
Average Effective Rate ²	2.50%	2.48%	2.97%	3.17%	3.34%	3.46%	3.45%	2.70%

Notes: Fiscal year 2009 amounts are based on third quarter estimates.

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

²Total 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 Eight Calendar Years
(Expressed in Thousands)

<u>Year</u>	Top Income Tax Rates is Applied to Taxable Income in Excess of				Average Effective Rate
	<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%
2008	5.00%	\$10,000	\$20,000	\$16,000	3.45%
2009	5.00%	\$10,000	\$20,000	\$16,000	2.70%

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 2007

(Expressed in Thousands)

<u>Income Level</u>	Calendar Year 2002				Calendar Year 2007			
	<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%	811,965	53.6%	\$ 354,701,019	5.1%
\$50,001 - \$100,000	373,002	26.7%	765,850,088	26.8%	391,252	25.8%	1,144,834,938	16.5%
\$100,001 - \$200,000	152,952	11.0%	746,506,146	26.1%	216,846	14.3%	1,378,683,663	19.9%
\$200,001 - \$500,000	43,707	3.1%	452,609,898	15.8%	68,050	4.5%	971,731,870	14.0%
\$500,001 - \$2,000,000	12,202	0.9%	330,851,853	11.6%	22,076	1.5%	968,858,227	14.0%
\$2,000,000 and up	1,971	0.2%	347,553,185	12.2%	5,258	0.3%	2,115,938,960	30.5%
Total	1,394,736	100.0%	\$ 2,859,498,915	100.0%	1,515,447	100.0%	\$ 6,934,748,677	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 2007 is the most recent year for which the data is available.

Source: Department of Revenue Services

Legal Debt Margin Information

Last Seven Fiscal Years

(Expressed in Thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Estimated General Fund Tax Receipts	\$ 8,147,500	\$ 8,624,000	\$ 9,441,100	\$ 10,455,400	\$ 11,250,700	\$ 12,453,200	\$ 12,971,100
Statutory Multiplier	<u>1.6</u>	<u>1.6</u>	<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	19,925,120	20,753,760
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>	<u>14,266,573</u>	<u>14,876,927</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>	<u>\$ 5,658,547</u>	<u>\$ 5,876,833</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>	<u>28.40%</u>	<u>28.32%</u>
Date Calculation was made	11/1/02	12/16/03	1/1/05	12/16/05	2/1/07	2/1/08	2/1/09

Source: State of Connecticut General Obligation Bonds Offering Statement

Ratios of Outstanding Debt by Type

Last Seven Fiscal Years
(Expressed in Thousands)

	2003	2004	2005
Governmental Activities			
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
Total Governmental Activities	<u>12,709,392</u>	<u>13,087,536</u>	<u>13,305,632</u>
Business-Type Activities			
Revenue Bonds	1,555,161	1,713,805	1,619,658
Total Business-Type Activities	<u>1,555,161</u>	<u>1,713,805</u>	<u>1,619,658</u>
Total Primary Government	<u>\$ 14,264,553</u>	<u>\$ 14,801,341</u>	<u>\$ 14,925,290</u>
Debt as a Percentage of Personal Income	9.58%	9.32%	8.95%
Amount of Debt Per Capita	\$4,092	\$4,230	\$4,252

Notes: Details regarding the State's debt can be found in Note 18 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 Seven 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)
Net General Obligation Bonded Debt	<u>\$ 11,800,086</u>	<u>\$ 12,124,881</u>	<u>\$ 12,341,562</u>
Net General Obligation Debt as a Percentage of Personal Income	7.92%	7.63%	7.40%
Amount of Net GO Debt Per Capita	\$3,385	\$3,465	\$3,516

Notes: Details regarding the State's debt can be found in Note 18 of the financial statements.

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

2006	2007	2008	2009
\$ 10,211,493	\$ 10,596,581	\$ 13,092,570	\$ 13,443,525
3,094,001	2,822,585	2,790,682	2,817,015
146,090	-	-	228,160
<u>60,491</u>	<u>56,244</u>	<u>51,748</u>	<u>47,129</u>
<u>13,512,075</u>	<u>13,475,410</u>	<u>15,935,000</u>	<u>16,535,829</u>
<u>1,523,130</u>	<u>1,577,723</u>	<u>1,358,084</u>	<u>1,601,797</u>
<u>1,523,130</u>	<u>1,577,723</u>	<u>1,358,084</u>	<u>1,601,797</u>
<u>\$ 15,035,205</u>	<u>\$ 15,053,133</u>	<u>\$ 17,293,084</u>	<u>\$ 18,137,626</u>
8.45%	7.82%	8.78%	9.37%
\$4,290	\$4,357	\$5,077	\$5,181

2006	2007	2008	2009
\$ 10,211,493	\$ 10,596,581	\$ 13,092,570	\$ 13,443,525
3,094,001	2,822,585	2,790,682	2,817,015
<u>(674,630)</u>	<u>(676,894)</u>	<u>(683,636)</u>	<u>(679,384)</u>
<u>\$ 12,630,864</u>	<u>\$ 12,742,272</u>	<u>\$ 15,199,616</u>	<u>\$ 15,581,156</u>
7.10%	6.62%	7.72%	8.05%
\$3,604	\$3,688	\$4,463	\$4,450

Pledged-Revenue Coverage

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
University of Connecticut and Health Center²					
Gross Revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,311,797
Operating Expenses	-	-	-	-	1,154,520
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,277</u>
Debt Service:					
Principal	\$ -	\$ -	\$ -	\$ -	\$ 50,810
Interest	-	-	-	-	10,198
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,008</u>
Coverage	-	-	-	-	2.58
State Universities²					
Gross Revenues	\$ -	\$ -	\$ -	\$ -	\$ 526,083
Operating Expenses	-	-	-	-	432,163
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,920</u>
Debt Service:					
Principal	\$ -	\$ -	\$ -	\$ -	\$ 68,312
Interest	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,312</u>
Coverage	-	-	-	-	1.37
Bradley International Airport					
Gross Revenues	\$ 55,888	\$ 53,364	\$ 54,712	\$ 56,286	\$ 54,862
Operating Expenses	21,815	24,688	27,838	31,254	29,464
Net Available Revenues	<u>\$ 34,073</u>	<u>\$ 28,676</u>	<u>\$ 26,874</u>	<u>\$ 25,032</u>	<u>\$ 25,398</u>
Debt Service:					
Principal	\$ 3,480	\$ 6,785	\$ 3,860	\$ 5,775	\$ 6,140
Interest	6,084	8,291	11,609	10,156	13,397
Total	<u>\$ 9,564</u>	<u>\$ 15,076</u>	<u>\$ 15,469</u>	<u>\$ 15,931</u>	<u>\$ 19,537</u>
Coverage	3.56	1.90	1.74	1.57	1.30
Clean Water					
Gross Revenues	\$ 48,285	\$ 57,219	\$ 48,471	\$ 50,566	\$ 37,338
Operating Expenses	1,133	1,320	986	804	604
Net Available Revenues	<u>\$ 47,152</u>	<u>\$ 55,899</u>	<u>\$ 47,485</u>	<u>\$ 49,762</u>	<u>\$ 36,734</u>
Debt Service:					
Principal	\$ 22,630	\$ 24,915	\$ 31,040	\$ 27,050	\$ 36,723
Interest	29,607	28,179	29,917	28,631	24,155
Total	<u>\$ 52,237</u>	<u>\$ 53,094</u>	<u>\$ 60,957</u>	<u>\$ 55,681</u>	<u>\$ 60,878</u>
Coverage	0.90	1.05	0.78	0.89	0.60
Second Injury & Compensation Assurance¹					
Gross Revenues	\$ 86,946	\$ 106,629	\$ 112,608	\$ 96,107	\$ 99,687
Operating Expenses	66,843	62,375	50,654	48,100	44,793
Net Available Revenues	<u>\$ 20,103</u>	<u>\$ 44,254</u>	<u>\$ 61,954</u>	<u>\$ 48,007</u>	<u>\$ 54,894</u>
Debt Service:					
Principal	\$ 30,100	\$ 136,630	\$ 50,830	\$ 42,890	\$ 56,875
Interest	10,646	12,642	10,581	7,455	5,274
Total	<u>\$ 40,746</u>	<u>\$ 149,272</u>	<u>\$ 61,411</u>	<u>\$ 50,345</u>	<u>\$ 62,149</u>
Coverage	0.49	0.30	1.01	0.95	0.88

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 1,408,197	\$ 1,476,058	\$ 1,578,763	\$ 1,577,646	\$ 1,806,256
<u>1,270,111</u>	<u>1,327,713</u>	<u>1,388,753</u>	<u>1,482,749</u>	<u>1,592,289</u>
<u>\$ 138,086</u>	<u>\$ 148,345</u>	<u>\$ 190,010</u>	<u>\$ 94,897</u>	<u>\$ 213,967</u>
\$ 57,660	\$ 61,964	\$ 69,921	\$ 74,846	\$ 76,148
<u>11,158</u>	<u>13,032</u>	<u>15,901</u>	<u>15,897</u>	<u>52,307</u>
<u>\$ 68,818</u>	<u>\$ 74,996</u>	<u>\$ 85,822</u>	<u>\$ 90,743</u>	<u>\$ 128,455</u>
2.01	1.98	2.21	1.05	1.67
\$ 529,180	\$ 549,800	\$ 580,879	\$ 631,477	\$ 629,832
<u>464,940</u>	<u>496,923</u>	<u>529,744</u>	<u>568,197</u>	<u>589,022</u>
<u>\$ 64,240</u>	<u>\$ 52,877</u>	<u>\$ 51,135</u>	<u>\$ 63,280</u>	<u>\$ 40,810</u>
\$ 63,673	\$ 16,294	\$ 79,813	\$ 18,669	\$ 19,163
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 63,673</u>	<u>\$ 16,294</u>	<u>\$ 79,813</u>	<u>\$ 18,669</u>	<u>\$ 19,163</u>
1.01	3.25	0.64	3.39	2.13
\$ 60,618	\$ 60,740	\$ 63,314	\$ 64,576	\$ 57,027
<u>32,649</u>	<u>33,871</u>	<u>38,636</u>	<u>39,692</u>	<u>40,342</u>
<u>\$ 27,969</u>	<u>\$ 26,869</u>	<u>\$ 24,678</u>	<u>\$ 24,884</u>	<u>\$ 16,685</u>
\$ 8,780	\$ 10,140	\$ 8,430	\$ 9,410	\$ 9,605
<u>11,357</u>	<u>11,151</u>	<u>10,684</u>	<u>10,257</u>	<u>10,259</u>
<u>\$ 20,137</u>	<u>\$ 21,291</u>	<u>\$ 19,114</u>	<u>\$ 19,667</u>	<u>\$ 19,864</u>
1.39	1.26	1.29	1.27	0.84
\$ 47,439	\$ 54,295	\$ 55,955	\$ 50,557	\$ 52,232
<u>755</u>	<u>856</u>	<u>747</u>	<u>564</u>	<u>465</u>
<u>\$ 46,684</u>	<u>\$ 53,439</u>	<u>\$ 55,208</u>	<u>\$ 49,993</u>	<u>\$ 51,767</u>
\$ 38,207	\$ 34,386	\$ 62,192	\$ 42,520	\$ 46,897
<u>26,985</u>	<u>25,220</u>	<u>29,436</u>	<u>22,048</u>	<u>23,635</u>
<u>\$ 65,192</u>	<u>\$ 59,606</u>	<u>\$ 91,628</u>	<u>\$ 64,568</u>	<u>\$ 70,532</u>
0.72	0.90	0.60	0.77	0.73
\$ 96,918	\$ -	\$ -	\$ -	\$ -
<u>55,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 41,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 54,255	\$ -	\$ -	\$ -	\$ -
<u>2,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 56,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
0.72	-	-	-	-

Pledged-Revenue Coverage

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Bradley Parking Garage¹				
Gross Revenues	\$ -	\$ -	\$ 17,498	\$ 20,474
Operating Expenses	-	-	11,691	9,169
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,807</u>	<u>\$ 11,305</u>
Debt Service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	-	3,575	3,582
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,575</u>	<u>\$ 3,582</u>
Coverage	-	-	1.62	3.16
Drinking Water¹				
Gross Revenues	\$ -	\$ 13,637	\$ 9,366	\$ 18,888
Operating Expenses	-	1,189	1,541	1,946
Net Available Revenues	<u>\$ -</u>	<u>\$ 12,448</u>	<u>\$ 7,825</u>	<u>\$ 16,942</u>
Debt Service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	115	1,375	1,375
Total	<u>\$ -</u>	<u>\$ 115</u>	<u>\$ 1,375</u>	<u>\$ 1,375</u>
Coverage	-	108.24	5.69	12.32
Rate Reduction Bonds¹				
Gross Revenues	\$ -	\$ -	\$ -	\$ -
Operating Expenses	-	-	-	-
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total	<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.

¹ 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.

² 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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 22,068	\$ 23,351	\$ 24,651	\$ 23,168	\$ 22,984	\$ 20,375
7,077	7,971	10,467	8,522	8,968	9,039
<u>\$ 14,991</u>	<u>\$ 15,380</u>	<u>\$ 14,184</u>	<u>\$ 14,646</u>	<u>\$ 14,016</u>	<u>\$ 11,336</u>
\$ -	\$ 1,885	\$ 2,040	\$ 2,210	\$ 1,460	\$ 1,550
3,582	3,518	3,099	3,558	3,451	3,437
<u>\$ 3,582</u>	<u>\$ 5,403</u>	<u>\$ 5,139</u>	<u>\$ 5,768</u>	<u>\$ 4,911</u>	<u>\$ 4,987</u>
4.19	2.85	2.76	2.54	2.85	2.27
\$ 9,205	\$ 5,963	\$ 10,187	\$ 22,664	\$ 17,164	\$ 10,714
1,508	1,743	3,391	2,570	2,576	4,184
<u>\$ 7,697</u>	<u>\$ 4,220</u>	<u>\$ 6,796</u>	<u>\$ 20,094</u>	<u>\$ 14,588</u>	<u>\$ 6,530</u>
\$ 1,332	\$ 1,513	\$ 1,839	\$ 3,209	\$ 2,660	\$ 2,718
1,906	2,130	2,067	2,081	1,633	1,794
<u>\$ 3,238</u>	<u>\$ 3,643</u>	<u>\$ 3,906</u>	<u>\$ 5,290</u>	<u>\$ 4,293</u>	<u>\$ 4,512</u>
2.38	1.16	1.74	3.80	3.40	1.45
\$ -	\$ 23,075	\$ 44,376	\$ 32,417	\$ 35,261	\$ 18,319
-	150	320	310	305	747
<u>\$ -</u>	<u>\$ 22,925</u>	<u>\$ 44,056</u>	<u>\$ 32,107</u>	<u>\$ 34,956</u>	<u>\$ 17,572</u>
\$ -	\$ 12,605	\$ 26,145	\$ 27,155	\$ 28,450	\$ 110,990
-	7,428	9,029	7,733	6,436	-
<u>\$ -</u>	<u>\$ 20,033</u>	<u>\$ 35,174</u>	<u>\$ 34,888</u>	<u>\$ 34,886</u>	<u>\$ 110,990</u>
-	1.14	1.25	0.92	1.00	0.16

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
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%	3,455	-1.4%
2008	301,600	0.15%	3,406	-1.4%
2009	304,060	0.97%	3,501	1.3%

Notes: Personal Income for 2009 is based on third 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)

United States Labor Force				
Year	Civilian			Unemployment
	Labor force	Employed	Unemployed	Rate
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	153,283	146,140	7,143	4.7%
2008	154,390	145,891	8,499	5.5%
2009	154,926	140,196	14,729	9.5%

Sources: U.S. Department of Labor

Personal Income		Per Capita Personal Income		
United States	Connecticut	United States	Connecticut	% Above the United States
\$ 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	\$ 177,997,159	\$37,492	\$50,784	35.5%
\$ 11,867,043,000	\$ 192,569,668	\$39,407	\$55,737	41.4%
\$ 12,002,122,000	\$ 197,006,000	\$39,795	\$57,841	45.3%
\$ 12,083,900,000	\$ 193,563,000	\$39,742	\$55,288	39.1%

Connecticut Labor Force			
Civilian Labor force	Employed	Unemployed	Unemployment Rate
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%
1,897	1,795	102	5.4%
1,879	1,731	147	7.8%

Demographic and Economic Statistics

Top Ten Employers

Current Year and Ten Years Ago

<u>NAME</u>	2009			1999		
	<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.	27,050	1.7%	1	13,000	0.8%	2
Stop & Shop Cos., Inc.	13,574 (1)	0.8%	2	15,123	0.9%	1
Yale University	12,795	0.8%	3	10,368	0.6%	6
Hartford Financial Services	12,500	0.8%	4	10,856	0.7%	5
Mohegan Sun Casino	9,800	0.6%	5	5,500	0.3%	18
Foxwoods Resort Casino	9,276	0.6%	6	11,436	0.7%	3
Wal-Mart Stores, Inc.	9,204 (1)	0.6%	7	-	0.0%	-
General Dynamics Electric Boat	8,200	0.5%	8	7,275	0.4%	11
Aetna Inc.	7,206	0.4%	9	5,900	0.4%	16
AT&T Connecticut	<u>7,000</u>	<u>0.4%</u>	10	<u>9,600</u>	<u>0.6%</u>	7
Total	116,605	7.2%		89,058	5.4%	

Sources: Hartford Business Journal (HBJ)- June 2009

(1) Omitted from the 2009 HBJ survey. The number equals the employees reported by HBJ in 2008.

State Employees by Function

Last Five Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Primary Government					
Legislative	665	668	695	701	713
General Government	3,645	3,654	3,783	3,897	3,811
Regulation and Protection	4,196	4,258	4,324	4,384	4,271
Conservation and Development	1,296	1,302	1,306	1,356	1,388
Health and Hospital	7,668	7,774	7,841	7,984	4,138
Transportation	3,053	3,131	3,198	3,256	3,139
Human Services	1,847	1,891	1,969	2,046	1,982
Education, Libraries, and Museums	18,874	19,375	19,619	20,219	20,126
Corrections	9,738	9,797	9,927	10,116	10,034
Judicial	<u>4,297</u>	<u>4,381</u>	<u>4,457</u>	<u>4,628</u>	<u>4,567</u>
Total Number of Employees - Primary Government	<u>55,279</u>	<u>56,231</u>	<u>57,119</u>	<u>58,587</u>	<u>54,169</u>

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.

Operating Indicators by Function

Last Seven Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Legislative</u>							
Office of Legislative Management							
Number of Public and Special Acts	259	310	267	319	206	256	200
Number of Amendments Drafted	2,840	2,359	2,614	2,102	2,040	2,977	2,853
<u>General Government</u>							
Office of the State Treasurer							
Percentage of Disbursements made Electronically	30.2%	43.4%	51.5%	56.7%	56.2%	64.2%	69.0%
Number of Unclaimed Property Claims Paid	12,665	13,368	11,938	11,985	22,732	20,930	16,787
Department of Revenue Services							
Percentage of Income Tax Returns Filed Electronically	n/a	n/a	45.0%	54.0%	67.0%	70.2%	72.4%
Revenue Collected per \$1 of Agency Expense	\$156	\$163	\$191	\$202	\$202	\$207	\$207
Department of Public Works							
Number of Construction Contracts Awarded	22	17	25	27	34	28	13
State Floor Space Owned and Leased	9,843,368	9,456,479	8,882,469	8,656,234	8,621,174	8,713,211	8,770,901
<u>Regulation and Protection</u>							
Department of Public Safety							
Number of Background Checks - Firearms	18,786	34,816	40,508	38,672	35,159	64,766	29,693
Number of Fingerprint Checks for CT/Pd's	129,538	121,849	118,717	107,056	122,193	258,111	178,379
Department of Motor Vehicles							
Number of Registered Motor Vehicles	2,900,000	2,950,000	3,020,000	3,078,000	3,040,000	3,015,867	3,016,521
Number of Licensed Drivers	2,300,000	2,430,000	2,300,000	2,460,000	2,400,000	2,848,602	2,883,324
Department of Labor							
Number of Initial Unemployment Claims	297,205	282,736	248,109	222,770	222,553	215,404	261,400
Number of Persons Using Employment Service (1)	57,198	49,183	54,915	61,103	116,100	140,922	170,701
<u>Conservation and Development</u>							
Department of Environmental Protection							
Nitrogen Discharged into Long Island Sound (2)	12,500	12,100	11,607	11,208	10,940	10,558	9,100
Attained Goal of Open Space (3)	72.0%	75.2%	77.4%	77.6%	77.8%	78.0%	78.0%
Department of Agriculture							
Number of Farmers Participating in Farmers Market	119	140	175	180	220	280	350
<u>Health and Hospitals</u>							
Department of Public Health							
Number of Tuberculosis Cases Identified	121	112	111	105	105	108	98
Number of Licenses Applications - New	11,883	11,141	11,592	12,914	12,750	15,439	12,595
Number of Licenses Applications - Renewal	139,297	143,777	145,985	136,069	133,887	140,973	123,014
Department of Developmental Services							
Number of Qualified Providers	143	136	132	127	161	184	176
Number of Persons Served in Various Programs	19,921	20,399	20,148	19,997	20,256	15,148	15,270
<u>Human Services</u>							
Department of Social Services							
Number of Medicaid Eligible Clients	354,944	385,518	393,998	403,972	399,635	392,179	409,960
Temp Family Assistance Average Caseload	26,234	24,404	24,658	24,104	22,556	21,124	20,203
Child Care Number of Children Served	32,400	26,974	19,799	18,920	21,440	22,523	21,422
<u>Education</u>							
Department of Higher Education							
Number of Degrees Conferred - Statewide	30,498	32,499	33,659	34,582	35,694	36,045	36,634
Enrollment - Statewide	169,739	170,597	172,631	174,257	176,542	178,855	184,544

Operating Indicators by Function

Last Seven Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Transportation</u>							
Department of Transportation							
Active Construction Projects	122	212	190	181	159	175	212
Miles of Road Resurfaced	319	310	362	305	191	218	265
Estimated Billions of Persons Using Roadways	4.081	4.118	4.154	4.191	4.228	4.265	4.302
<u>Corrections</u>							
Department of Corrections							
Incarcerated Population	18,295	19,271	18,837	18,390	18,352	18,970	19,482
Direct Daily Inmate Expenditures	\$74	\$73	\$76	\$81	\$84	\$86	\$90
<u>Judicial</u>							
Judicial Branch							
Number of Superior Court Cases Filed	567,696	535,158	536,501	517,836	542,655	547,354	570,497
Average Number of Supervised Probationers	52,320	54,315	57,516	56,145	58,117	57,597	56,500

(1) The department of Labor assists individuals in job search, resume preparation, etc.

(2) Average annual number of tons

(3) Percentage of accomplished State goal to acquire 320,957 acres of open space

n/a = statistic not available at time of publication

Capital Asset Statistics by Function

Last Seven Fiscal Years

Function	Asset	2003	2004	2005
Legislative	Total	169,205	169,586	170,236
	Buildings	156,802	156,802	156,802
	Equipment	12,403	12,784	13,434
General Government	Total	1,061,936	915,339	649,856
	Land	108,157	106,097	142,117
	Construction in Progress	460,271	336,502	136,592
	Buildings	251,678	312,970	172,778
	Improvements Other than Buildings	4,947	17,369	48,740
	Equipment	236,883	142,401	149,629
Regulation and Protection	Total	398,591	404,200	404,080
	Land	9,971	9,971	9,971
	Buildings	182,904	189,603	192,720
	Improvements Other than Buildings	13,036	13,402	15,620
	Equipment	192,680	191,224	185,769
Conservation and Development	Total	496,022	510,811	396,141
	Land	304,832	314,487	186,985
	Buildings	90,516	92,128	101,792
	Improvements Other than Buildings	55,122	58,716	60,629
	Equipment	45,552	45,480	46,735
Health and Hospital	Total	262,379	264,505	280,546
	Land	6,833	7,624	7,653
	Buildings	205,623	203,328	222,456
	Improvements Other than Buildings	15,884	15,328	15,133
	Equipment	34,039	38,225	35,304
Transportation	Total	11,997,362	12,646,864	13,446,989
	Land	416,209	473,967	893,160
	Construction in Progress	1,276,607	1,335,433	1,244,525
	Buildings	356,873	478,750	507,662
	Improvements Other than Buildings	156,036	230,308	280,065
	Equipment	574,229	586,292	592,481
	Infrastructure	9,217,408	9,542,114	9,929,096
Human Services	Total	18,811	18,018	15,149
	Equipment	18,811	18,018	15,149
Education, Libraries, and Museums	Total	387,002	376,740	404,412
	Land	43,935	1,027	1,027
	Buildings	222,395	222,395	245,279
	Improvements Other than Buildings	8,060	8,060	8,060
	Equipment	112,612	145,258	150,046
Corrections	Total	944,305	947,479	1,052,584
	Land	10,351	10,319	11,388
	Buildings	816,261	823,300	916,294
	Improvements Other than Buildings	56,500	57,080	59,275
	Equipment	61,193	56,780	65,627
Judicial	Total	334,250	358,862	359,114
	Land	11,467	11,467	11,467
	Buildings	256,163	277,774	277,774
	Improvements Other than Buildings	1,805	1,805	1,805
	Equipment	64,815	67,816	68,068
Total Capital Assets at Historical Cost		16,069,863	16,612,404	17,179,107
Total Accumulated Depreciation		(6,537,926)	(6,993,537)	(7,538,788)
Governmental Activities, Capital Assets, Net		9,531,937	9,618,867	9,640,319

2006	2007	2008	2009
169,165	168,585	170,185	168,584
156,802	156,802	158,449	156,585
12,363	11,783	11,736	11,999
750,105	940,122	1,060,383	1,154,135
152,290	156,894	158,454	160,947
113,739	330,272	386,317	379,176
271,169	201,892	206,930	244,017
51,319	51,319	51,319	54,768
161,588	199,745	257,363	315,227
407,636	393,026	392,819	376,832
9,971	9,930	9,980	8,823
192,720	210,729	201,412	201,776
15,608	16,107	26,580	17,076
189,337	156,260	154,847	149,157
406,522	441,614	460,286	475,504
189,754	221,438	233,759	248,585
104,456	106,053	107,762	104,476
61,522	62,957	63,699	63,340
50,790	51,166	55,066	59,103
291,535	301,903	291,844	300,135
7,587	7,587	6,892	6,913
233,343	234,072	224,808	222,123
16,922	17,013	16,767	26,061
33,683	43,231	43,377	45,038
13,845,896	14,333,229	14,890,656	16,504,955
902,133	925,204	960,528	1,844,301
1,544,958	1,629,903	1,649,455	957,987
438,355	467,737	478,372	466,450
246,032	246,088	246,243	246,083
636,398	620,978	688,675	712,620
10,078,020	10,443,319	10,867,383	12,277,514
13,705	11,478	13,807	13,809
13,705	11,478	13,807	13,809
425,930	458,586	517,232	570,910
1,027	1,027	1,027	1,027
263,280	294,811	350,948	406,118
8,060	8,060	8,079	8,200
153,563	154,688	157,178	155,565
940,306	1,059,023	964,442	978,850
20,388	20,388	19,351	10,351
809,175	812,869	721,522	737,481
48,581	51,331	48,863	51,437
62,162	174,435	174,706	179,581
384,345	389,968	394,221	439,743
11,467	11,616	11,616	14,616
299,165	303,080	303,080	343,153
1,755	1,755	1,755	1,767
71,958	73,517	77,770	80,207
17,635,145	18,497,534	19,155,875	20,983,457
(7,880,552)	(8,545,550)	(9,110,409)	(9,907,904)
9,754,593	9,951,984	10,045,466	11,075,553

Office of the State Comptroller Organization

Nancy Wyman
State Comptroller

Mark E. Ojakian
Deputy Comptroller

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Brenda Halpin
Director

ACCOUNTS PAYABLE DIVISION

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