

**STATE OF  
CONNECTICUT**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**Fiscal Year Ended  
June 30, 2015**



**2015**

**Kevin Lembo  
State Comptroller**

**STATE OF CONNECTICUT**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

For Fiscal Year Ended  
June 30, 2015

*Prepared by the Office of the  
State Comptroller*

**KEVIN LEMBO  
STATE COMPTROLLER**

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

<http://www.osc.state.ct.us/2015cafr/>

## *Office of the State Comptroller*

The Office of the State Comptroller provides accounting and financial services, administers employee and retiree benefits, develops accounting policy and exercises accounting oversight, and prepares financial reports for state, federal and municipal governments and the public.

The responsibilities of the Office of the State Comptroller were first charged in the State Constitution in 1786, and have been expanded over the years in the Connecticut General Statutes. According to Article Fourth, Section 24 of the State Constitution, the State Comptroller “shall adjust and settle all public accounts and demands, except grants and orders of the general assembly. He shall prescribe the mode of keeping and rendering all public accounts.”

In addition, state law charges the office to adjust and/or settle all demands against the state not first adjusted and settled by the General Assembly; to prepare all accounting statements relating to the financial condition of the state; to provide for the budgetary and financial reporting needs of the executive branch through the Core-CT computerized system; to pay all wages and salaries of state employees; and to administer miscellaneous appropriations including the procurement of medical, dental and pharmacy benefits.

The office is organized by seven divisions: Accounts Payable Division – manages the centralized accounts payable function for the state, Budget and Financial Analysis Division – performs the state’s accounting and financial reporting functions, Healthcare Policy and Benefit Services Division – administers benefits programs for all state employees, retirees and their families, Information Technology Division – is an inter-agency team that supports and helps maintain Core-CT, the statewide financial, human resource, and payroll system, Management Services Division – provides policy and program direction for certain administrative functions of the Office of the State Comptroller and develops and executes the agency budget, Payroll Services Division – pays all state employees; coordinates all payroll deductions maintains records on payroll taxes; and deposits federal and state income tax withholdings and social security contributions, and Retirement Services Division – administers state pension plans serving more than 40,000 state retirees.

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***Introductory  
Section***

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**KEVIN LEMBO**  
STATE COMPTROLLER



**MARTHA CARLSON**  
DEPUTY COMPTROLLER



STATE OF CONNECTICUT  
OFFICE *of the* STATE COMPTROLLER  
55 Elm Street  
Hartford, CT 06106

January 29, 2016

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, 2015. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

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

Between 2008 and 2010, Connecticut lost 119,000 payroll jobs or about 6 percent of the State's labor force due to the "Great Recession". Connecticut's employment recovery began in 2010, but it was volatile with months of gains partially offset by subsequent losses. Connecticut did not experience a consistent pattern of monthly growth in payroll employment until the final months of Fiscal Year 2014. During Fiscal Year 2015, Connecticut continued the pattern of sustained monthly job additions resulting in a gain of twenty-seven thousand payroll positions over the course of the fiscal year. That rate of job growth is fairly typical for the State during periods of moderate economic expansion, and it approximated the national rate of employment growth. By the end of Fiscal Year 2015, Connecticut had recovered almost 98,000 jobs or over 82 percent of the recessionary job loss. The State's unemployment rate fell from 9.5 percent in October of 2010 to 5.7 percent by the close of Fiscal Year 2015.

While Connecticut has been adding jobs, worker's wages have continued to stagnate during the recovery. This trend is not unique to Connecticut. Nationally, this recovery has been defined by sluggish wage gains. In Connecticut, wages were growing at a twelve-month rate of below 2 percent at the end of Fiscal Year 2015. This compares to wage gains as high as 7 percent going into the recession. Rising wages are an essential component of economic growth and, consequently, State revenue growth. The structural growth in State General Fund revenue in 2015 was just 1.6 percent. This is well below the average annual 5 percent growth that would be anticipated during a normal economic recovery period.

The slow pace of structural revenue growth after the 2008 recession has held the average annual General Fund spending increases over the past five fiscal years to 2.5 percent. Prior to the recession, General Fund spending was growing at an average annual rate of 7.3 percent. In order to sustain the modest rate of budget growth, tax increases and other revenue enhancements were implemented.

Both nationally and in Connecticut, economic growth has been moderating over the past several decades. From the 1950's to the mid-1980s, there were numerous periods of double-digit growth in Gross Domestic Product (GDP). Since that time, there has been a gradual downward slope in the GDP rate of growth. This corresponds to a reduction in the percentage of U.S. adults that are middle income. According to the Pew Research Center, the percentage of middle income adults has dropped from 61 percent in 1971 to 50 percent in 2015. The largest share of GDP, about two-thirds, is based on personal consumption expenditures. Middle income individuals have been a driving force in expanding the growth in consumer spending. Therefore, it is not surprising that the erosion of the middle income segment has contributed to slower economic growth and slower revenue growth.

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

Despite the implementation of three deficit mitigation initiatives and other cost cutting measures utilized in Fiscal Year 2015, the General Fund closed the fiscal year with a budgetary deficit of \$113,168,010, which represents six-tenths of one percent of Fiscal Year 2015 budgeted spending. The deficit was eliminated through a transfer from the State's Budget Reserve Fund. As a result of this transfer, the balance in reserve was reduced from a level of \$519,169,363 to \$406,001,353. The new Budget Reserve Fund balance is equal to 2.2 percent of net General Fund appropriations for Fiscal Year 2016. That level of reserves is insufficient. I proposed legislation that was passed into law as Public Act 15-244 that provides a methodology for increasing the balance in the Budget Reserve Fund systematically over time. That new law is described in detail in the Major Policy Initiatives section below.

A complete discussion of Fiscal Year 2015 budget and fiscal trends is contained in the MDA section of this report.

### Major Policy Initiatives

Budget Stabilization: The purpose of the State's Budget Reserve Fund is to create budget stability during periods of economic decline. Increasing taxes or cutting spending as the economy contracts in order to balance the State budget places additional downward pressure on economic growth. A sufficiently funded budget reserve can mitigate or completely eliminate the need for budget policies that worsen an economic downturn. Public Act 15-244 implements a systematic process to guarantee that major revenue windfalls are deposited to the Budget Reserve Fund before they can be diverted to other purposes. Since 1990, Connecticut has realized over \$5 billion in windfall revenue, yet the Budget Reserve Fund never exceeded \$1.4 billion.

Historically, most of the revenue windfall has come from the estimated and final payments component of the income tax and from the corporation tax.

This law will allow revenue growth in these tax categories that exceeds a ten year growth average to be intercepted for deposit to the Budget Reserve Fund. This ensures that windfall receipts are intercepted and placed in reserve before they can be diverted for other uses. The threshold limits that determine revenue windfall amounts were first calculated and published by the Comptroller's Office in Fiscal Year 2015. The law takes effect in Fiscal Year 2021.

Office of Early Childhood: An Office of Early Childhood (OEC) education was established to become operational in Fiscal Year 2015. This office assumes the responsibility for administering the following major programs as of July 1, 2014: school readiness; the Children's Trust Fund; Connecticut Charts-a-Course; State and federally funded child day care subsidies; child day care services management, evaluation, and professional development; child day care facilities licensing and inspection, and youth camp oversight.

The same act that created the OEC makes several changes to school readiness program funding, which the state provides through various grants allowing towns to purchase seats for three-to five-year olds who are too young to attend kindergarten. It expands school readiness seats and who is eligible for them, and increases the cost per seat from a maximum of \$8,346 to \$8,670. The act also makes several other major substantive changes in the following ways: (1) requires OEC to make more frequent unannounced visits to all licensed day care centers, group day care homes, and family day care homes; (2) gives OEC more authority over school readiness staff qualification requirements; and (3) changes the organization and membership of certain councils, committees and cabinets.

Required Installation of Interlock Devices: A new law requires any driver convicted of an administrative per se violation to install an ignition interlock device (IID) in all owned and operated vehicles after the license suspension period. Each driver that is required to install an IID must pay an administrative fee of \$100 to the Department of Motor Vehicles (DMV) prior to installation. This will result in a revenue gain to the Ignition Interlock Device Administration Account within DMV of up to \$650,000 annually beginning in Fiscal Year 2016.

### 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 State is also required to undergo an annual "single audit" for reporting to the Federal government. To meet all of these requirements, the State Auditors of Public Accounts have examined our financial statements and the appropriate supporting documentation.

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

## Profile of the Government and its Safeguards

### The Nutmeg State

Connecticut became the fifth state of the United States on January 9, 1788. Its borders encompass 5,009 square miles. Within its 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 3,590,886 in 2015 according to U.S. Census estimates. This is a population loss of 3,876. Connecticut was one of seven states to lose population between 2014 and 2015. Five large cities, Bridgeport, New Haven, Hartford (the State Capitol since 1875), Stamford and Waterbury, have populations in excess of 100,000 residents.

### State Government

Separation-of-Powers provisions of the State Constitution established the three branches of State government: executive, legislative and judicial. The executive branch, which is responsible for enforcing state laws, consists of six state executive officers: Governor, Lieutenant Governor, Treasurer, Comptroller, Secretary of State and Attorney General. All are elected to four-year terms.

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

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

### The Reporting Entity

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

## Internal Controls

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

## Budgetary Controls

The State Legislature prepares a 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 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.

## Economic Condition and Outlook

At this writing, Connecticut has recovered all of its private sector recessionary job losses and is continuing to add private sector employment. The State needs to reach the 1,713,000 job level to enter a full nonfarm employment expansionary phase. This will require an additional 13,300 nonfarm jobs. Connecticut's nonfarm jobs recovery is 69 months old and is averaging 1,532 new jobs per month since February 2010.

As is discussed above, Connecticut has been growing jobs at fairly typical recovery rate; however workers' wage growth has been below normal recovery levels. There are some early signs that wage increases may be accelerating slightly. Wages increased by less than 2 percent in Fiscal Year 2015. Current trends point to Connecticut wage growth of better than 3 percent. Wage Growth in the United States averaged 6.3 percent from 1960 until 2015, reaching an all-time high of 13.8 percent in January of 1979 and a record low of -5.77 percent in March of 2009. Historically, Connecticut wages have increased at a faster pace than the national average.

Connecticut, like most other states, has a revenue structure that is dependent on rising wages and the related increases in consumer spending. As wages have been slow to recover, Connecticut's revenue base has experienced lower than expected growth. As job expansion continues in the State and as wage acceleration takes hold, Connecticut's recent budget pressures will abate. Exactly when solid wage gains will emerge is as uncertain as it is vital to the State's budgetary health.

Looking forward it is also important to note that Connecticut's economy is dependent on the national economy, which is dependent on world events. Global economic activity has constrained domestic growth. China's economy (2<sup>nd</sup> largest in the world) has been slowing. In response, its central bank cut interest rates in hopes of boosting growth. Less oil demand from China as the economy slowed has produced a sharp drop in oil prices as well as coal and other commodities. These falling prices have negatively impacted the stock market.

The cheaper oil has damaged oil exporting economies such as Brazil and Russia, in addition to many Middle Eastern producers. The European economy has struggled to grow at all, advancing at an annual pace of less than 2 percent.

These events will also impact Connecticut's financial health in the coming years.

### Acknowledgements

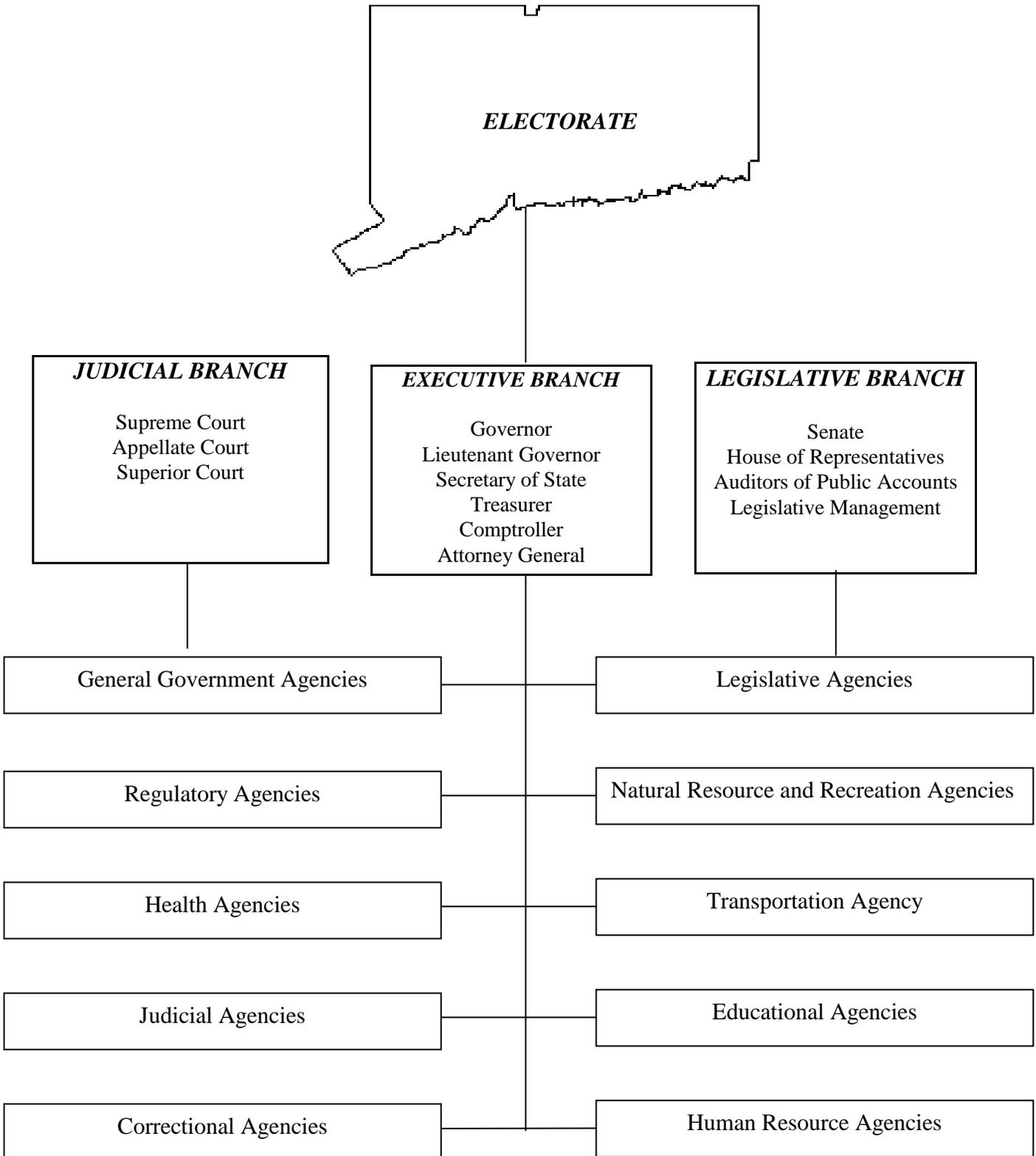
I want to thank my staff, the State Auditors, and all of the agency personnel and others who contributed to producing this report. I also want to thank its readers who bring meaning to the work that we do.

Sincerely,



Kevin Lembo  
Connecticut State Comptroller

# Organization Chart



*Selected State Officials  
(as of June 30, 2015)*

***EXECUTIVE***

Dannel P. Malloy  
*Governor*

Nancy Wyman  
*Lieutenant Governor*

Denise Merrill  
*Secretary of State*

Denise L. Nappier  
*Treasurer*

Kevin Lembo  
*Comptroller*

George C. Jepsen  
*Attorney General*

***JUDICIAL***

Chase T. Rogers  
*Chief Justice*

***LEGISLATIVE***

Martin M. Looney  
*President Pro Tempore of the State Senate*  
(36 Senators)

Brendan Sharkey  
*Speaker of the House of Representatives*  
(151 Representatives)

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*Financial  
Section*

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL  
210 CAPITOL AVENUE  
HARTFORD, CONNECTICUT 06106-1559

ROBERT M. WARD

**INDEPENDENT AUDITORS' REPORT**

Governor Dannel P. Malloy  
Members of the General Assembly

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the state's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

Government-wide Financial Statements

- the financial statements of the Special Transportation Fund account within the Transportation Fund and the Transportation Special Tax Obligations account within the Debt Service Fund, which in the aggregate, represent six percent of the assets, two percent of the net position and eight 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 System, Connecticut Community Colleges, Connecticut Airport Authority, Bradley International Airport Parking Facility, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 58 percent of the assets, 32 percent of the net position and 32 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 97 percent of the assets and 96 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 John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University System, the Connecticut Community Colleges, Bradley International Airport Parking Facility, and the federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 58 percent of the assets, 32 percent of the net position and 32 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.

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

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

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

### ***Opinions***

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, for the State of Connecticut, as of June 30, 2015, and the respective budgetary comparison for the General Fund and the Transportation Fund, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Notes 23 and 25 to the basic financial statements, in the 2015 fiscal year the State of Connecticut adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement revises accounting and financial reporting for pensions by state and local government employers. As a result of the implementation of GASB Statement No. 68 the State reported a restatement for a change in accounting principle by a net reduction of its beginning net position for governmental funds totaling \$25,552,318,000. The amounts reported for ending net position reflect the newly required net pension assets, deferred outflows of resources, net pension liabilities, and deferred inflows of resources related to the State's participation in defined benefit retirement systems. Our opinions are not modified in respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, the pension plans schedules and information and the other post-employment benefits schedule, as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial

statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the course of our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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

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

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report will be issued under separate cover in the *Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters for the Fiscal Year Ended June 30, 2015, State of Connecticut Comprehensive Annual Financial Report* and is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



John C. Geragosian  
Auditor of Public Accounts



Robert M. Ward  
Auditor of Public Accounts

January 29, 2016  
State Capitol  
Hartford, Connecticut

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

The following is a discussion and analysis of the State's financial performance and condition providing an overview of the State's activities for the fiscal year ended June 30, 2015. The information provided here should be read in conjunction with the letter of transmittal and in the basic financial statements.

### **FINANCIAL HIGHLIGHTS**

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

The primary government's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$38.1 billion (reported as net position deficit). Of this amount, \$46.8 billion reported as unrestricted net position deficit while \$11.5 billion is restricted for specific uses or invested in capital assets.

Net position deficit of governmental activities decreased by \$2.1 billion and net position of business-type activities increased by \$718.2 million. Component units reported an increase of \$111.4 million from June 30, 2014.

As a result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the State recorded \$2,360.8 billion deferred outflows of resources, \$24,568.3 billion net pension liability, and \$1,423.3 billion deferred inflows of resources for the primary government. As explained in Note 22 this was the primary reason for a \$25.6 billion adjustment to the beginning unrestricted net position in fiscal year 2015.

#### **Fund:**

The governmental funds reported combined ending fund balance of \$2.1 billion, an increase of \$0.1 million in comparison with the prior year. Of this total fund balance, \$190.5 million represents nonspendable fund balance, \$2.1 billion represents restricted fund balance, \$585.5 million represents committed fund balance, and \$22.3 million represents assigned fund balance. A negative \$801.9 million unassigned fund balance offsets these amounts. This deficit, which belongs primarily to the General Fund, increased by \$66.9 million during the fiscal year.

The State's stabilization account, the General Fund Budget Reserve Account (Rainy Day Fund) ended the fiscal year with a balance of \$406.0 million.

The Enterprise funds reported net position of \$5.5 billion at year-end, an increase of \$718.2 million during the year, substantially all of which was invested in capital assets or restricted for specific purposes.

#### **Long-Term Debt:**

Total long-term debt was \$57.3 billion for governmental activities at year-end, of which \$22.4 billion was bonded debt.

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

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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. All revenues and expenses are recognized regardless of when cash is received or spent, and all assets, deferred outflows of resources, liabilities and deferred inflows of

resources, including capital assets and long-term debt, are reported at the entity level. The government-wide statements report the State's net position and changes in net position. Over time, increases and decreases in net position measure whether the State's overall financial condition is getting better or worse. Non-financial factors such as the State's economic outlook, changes in its demographics, and the condition of capital assets and infrastructure should also be considered when evaluating the State's overall condition.

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

The statement of activities presents information showing how the State's net position changed during fiscal year 2015. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

### **Fund Financial Statements:**

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. Each of these categories uses different accounting approaches. Fund financial statements begin on page 36.

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

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

and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The State reports five individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Debt Service Fund, Transportation Fund, Restricted

Grants and Accounts Fund, and Grants and Loan Programs Fund, all of which are considered major funds. Data from the other eighteen governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements immediately following the required supplementary information.

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

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

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

## **Notes to the Financial Statements**

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

## **Required Supplementary Information (RSI)**

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

**Other Information**

The combining financial statements for the State’s nonmajor governmental, nonmajor enterprise, nonmajor fiduciary funds, and nonmajor discretely presented component units. This also includes the statistical section, which provides up to ten years of financial, economic, and demographic information.

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

**NET POSITION**

The combined net position deficit of the State decreased \$2.7 billion or 6.6 percent. In comparison, last year the combined net position deficit increased \$1.8 billion or 16.9 percent.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2015</u>	<u>2014*</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>						
Current and Other Assets	\$ 4,566	\$ 4,274	\$ 4,104	\$ 3,753	\$ 8,670	\$ 8,027
Capital Assets	13,031	12,540	4,151	3,781	17,182	16,321
<i>Total Assets</i>	<u>17,597</u>	<u>16,814</u>	<u>8,255</u>	<u>7,534</u>	<u>25,852</u>	<u>24,348</u>
<b>Deferred Outflows of Resources</b>	<u>2,461</u>	<u>99</u>	<u>16</u>	<u>21</u>	<u>2,477</u>	<u>120</u>
<b>LIABILITIES</b>						
Current Liabilities	4,149	3,665	829	728	4,978	4,393
Long-term Liabilities	55,311	56,031	1,926	2,029	57,237	58,060
<i>Total Liabilities</i>	<u>59,460</u>	<u>59,696</u>	<u>2,755</u>	<u>2,757</u>	<u>62,215</u>	<u>62,453</u>
<b>Deferred Inflows of Resources</b>	<u>1,423</u>	<u>-</u>	<u>17</u>	<u>17</u>	<u>1,440</u>	<u>17</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	4,958	5,777	3,449	3,169	8,407	8,946
Restricted	1,885	1,795	1,154	1,068	3,039	2,863
Unrestricted	(47,668)	(50,494)	896	544	(46,772)	(49,950)
<i>Total Net Position (Deficit)</i>	<u>\$ (40,825)</u>	<u>\$ (42,922)</u>	<u>\$ 5,499</u>	<u>\$ 4,781</u>	<u>\$ (35,326)</u>	<u>\$ (38,141)</u>

\*Restated for comparative purposes

The net position deficit of the State’s governmental activities decreased \$2.1 billion (4.9 percent) to \$40.8 billion during the current fiscal year. As a result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the State recorded \$2,360.8 billion deferred outflows of resources, \$24,568.3 billion net pension liability, and \$1,423.3 billion deferred inflows of resources for the primary government.

Total invested in capital assets net of related debt was \$5.0 billion (buildings, roads, bridges, etc.) and \$1.9 billion was restricted for specific purposes, resulting in an unrestricted net position deficit of \$47.7 billion. This deficit is the result of having long-term obligations that are greater than currently available resources. The State has recorded the following outstanding long-term obligations which contributed to the deficit; a) general obligation bonds issued in the amount of \$9.5 billion to finance various municipal grant programs (e.g., school construction) and \$2.2 billion issued to finance a contribution to a pension trust fund, and b) other long-term obligations in the amount of \$36.5 billion, which are partially funded or not funded by the State (e.g., net pension liability and OPEB obligations and compensated absences).

Net position of the State’s business-type activities increased \$718.2 million (15.0 percent) to \$5.5 billion during the current fiscal year. Of this amount, \$3.4 billion was invested in capital assets and \$1.2 billion was restricted

for specific purposes, resulting in unrestricted net positions of \$0.9 billion. These resources cannot be used to make up for the net position deficit of the State's governmental activities. The State can only use these net positions to finance the ongoing operations of its Enterprise funds (such as the University of Connecticut and Health Center and others).

## CHANGE IN NET POSITION

Changes in net position for the years ended June 30, 2015 and 2014 were as follows:

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

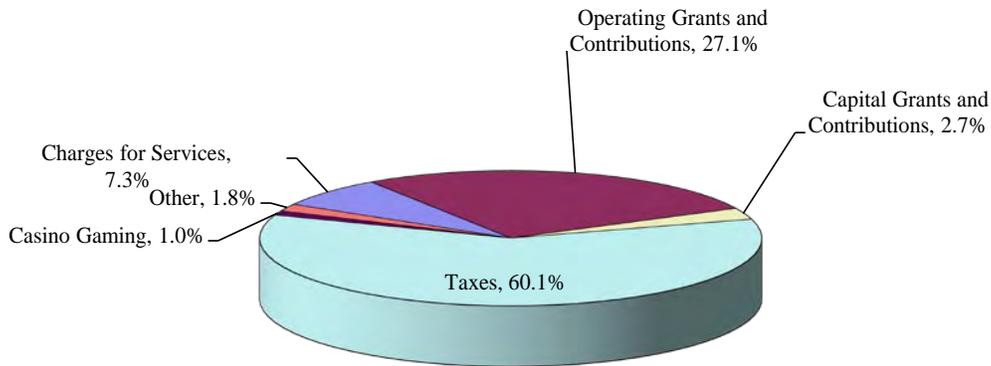
	Governmental Activities		Business-Type Activities		Total		% change 15-14
	2015	2014*	2015	2014	2015	2014*	
<b>REVENUES</b>							
Program Revenues							
Charges for Services	\$ 1,902	\$ 1,726	\$ 2,600	\$ 2,546	\$ 4,502	\$ 4,272	5.4%
Operating Grants and Contributions	7,096	6,497	676	780	7,772	7,277	6.8%
Capital Grants and Contributions	717	610	33	28	750	638	17.6%
General Revenues							
Taxes	15,707	15,257	-	-	15,707	15,257	2.9%
Casino Gaming Payments	268	280	-	-	268	280	-4.3%
Lottery Tickets	320	320	-	-	320	320	0.0%
Other	141	224	12	13	153	237	-35.4%
<b>Total Revenues</b>	<b>26,151</b>	<b>24,914</b>	<b>3,321</b>	<b>3,367</b>	<b>29,472</b>	<b>28,281</b>	<b>4.2%</b>
<b>EXPENSES</b>							
Legislative	108	123	-	-	108	123	-12.2%
General Government	1,713	2,060	-	-	1,713	2,060	-16.8%
Regulation and Protection	1,028	905	-	-	1,028	905	13.6%
Conservation and Development	922	997	-	-	922	997	-7.5%
Health and Hospital	2,172	2,624	-	-	2,172	2,624	-17.2%
Transportation	1,762	1,985	-	-	1,762	1,985	-11.2%
Human Services	6,736	8,273	-	-	6,736	8,273	-18.6%
Education, Libraries, and Museums	4,396	4,638	-	-	4,396	4,638	-5.2%
Corrections	1,820	2,143	-	-	1,820	2,143	-15.1%
Judicial	874	1,005	-	-	874	1,005	-13.0%
Interest and Fiscal Charges	797	922	-	-	797	922	-13.6%
University of Connecticut & Health Center	-	-	2,155	2,050	2,155	2,050	5.1%
State Universities	-	-	781	716	781	716	9.1%
Connecticut Community Colleges	-	-	538	514	538	514	4.7%
Employment Security	-	-	751	1,060	751	1,060	-29.2%
Clean Water	-	-	35	40	35	40	-12.5%
Other	-	-	69	73	69	73	-5.5%
<b>Total Expenses</b>	<b>22,328</b>	<b>25,675</b>	<b>4,329</b>	<b>4,453</b>	<b>26,657</b>	<b>30,128</b>	<b>-11.5%</b>
Excess (Deficiency) Before Transfers	3,823	(761)	(1,008)	(1,086)	2,815	(1,847)	
Transfers	(1,726)	(1,548)	1,726	1,548	-	-	
Special Item	-	31	-	-	-	31	
<b>Increase (Decrease) in Net Position</b>	<b>2,097</b>	<b>(2,278)</b>	<b>718</b>	<b>462</b>	<b>2,815</b>	<b>(1,816)</b>	
Net Position (Deficit) - Beginning (as restated)	(42,922)	(40,644)	4,781	4,319	(38,141)	(36,325)	
<b>Net Position (Deficit) - Ending</b>	<b>(40,825)</b>	<b>(42,922)</b>	<b>5,499</b>	<b>4,781</b>	<b>(35,326)</b>	<b>(38,141)</b>	<b>-7.4%</b>

\*Restated for comparative purposes

**GOVERNMENTAL ACTIVITIES**

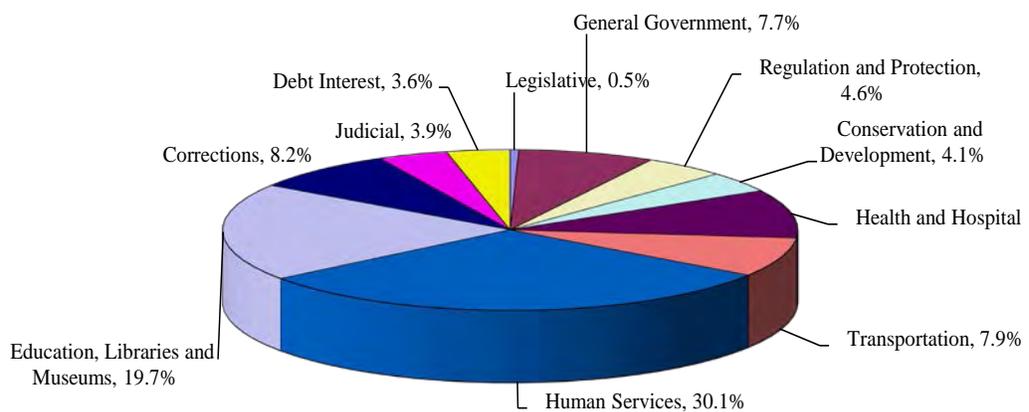
The following graph is a representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by \$1.2 billion, or 5.0 percent. This increase is primarily due to an increase of \$599 million from operating grants and contributions.

**Revenues - Governmental Activities  
2015**



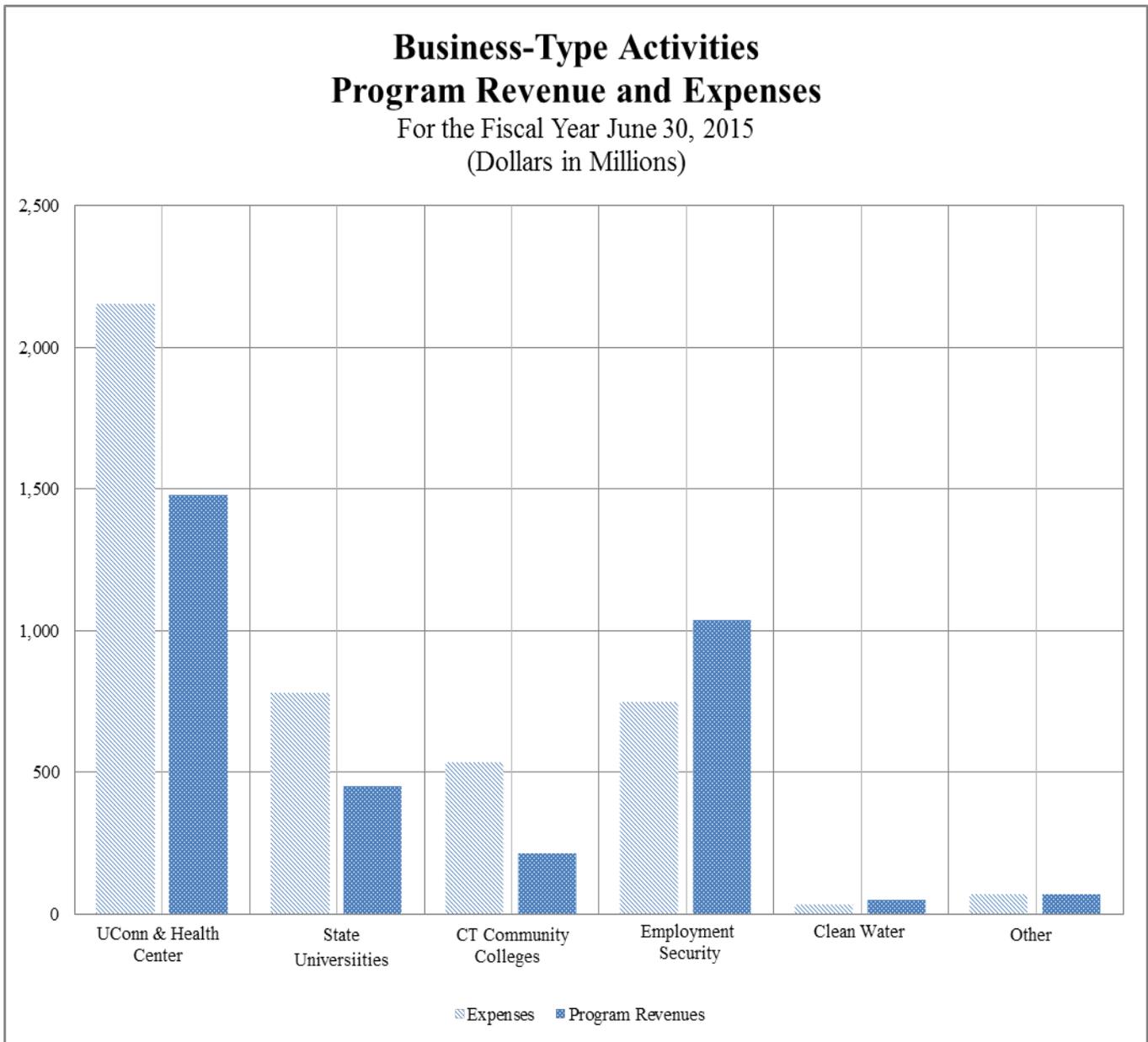
The following graph is a representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses decreased by \$3.3 million, or 13.0 percent. The decrease is mainly attributable to decreased spending in human services.

**Expenses - Governmental Activities  
2015**



**NET POSITION OF BUSINESS-TYPE ACTIVITIES**

Net position of business-type activities increased by \$718.2 million during the fiscal year. The following chart highlights the changes in net position for the major enterprise funds.



During the year, total revenues of business-type activities remained steady at \$3.3 billion, while total expenses decreased 2.8 percent to \$4.3 billion. In comparison, last year total revenues decreased 10.1 percent, while total expenses decreased 4.7 percent. The decrease in total expenses of \$124 million was due mainly to a decrease in Employment Security expenses of \$309.0 million or 29.2 percent. Although, total expenses exceeded total revenues by \$1,008 million, this deficiency was reduced by transfers of \$1,726 million, resulting in an increase in net position of \$718.2 million.

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

As of the end of the fiscal year, the State's governmental funds had fund balances of \$2,109.4 million, an increase of \$12.3 million over the prior year ending fund balances. Of the total governmental fund balances, \$2,113 million represents fund balance that is considered restricted for specific purposes by external constraints or enabling legislation; \$190.5 million represents fund balance that is non-spendable; \$607.8 million represents fund balance that is committed or assigned for specific purposes. A negative \$801.9 million unassigned fund balance offsets these amounts.

### **General Fund**

The General Fund is the chief operating fund of the State. At the end of the fiscal year, the General Fund had a fund balance deficit of \$189.8 million, an increase of \$148.7 million in comparison with the prior year. Of this total fund balance, \$603.4 million represents non-spendable fund balance or committed for specific purposes, leaving a deficit of \$793.2 million in unassigned fund balance.

At the end of fiscal year 2015, General Fund revenues were 3.2 percent, or \$553.4 million, higher than fiscal year 2014 revenues. This change in revenue results from increases of \$747 million primarily attributable to taxes (\$525.4 million) and federal grants and aid (\$221.6 million). These increases were offset by decreases of \$193.6 million primarily attributable to licenses, permits, and fees (\$57.2 million), casino gaming payments (\$11.9 million), charges for services (\$4.7 million), fines, forfeits, and rents (\$78.9 million), and other revenue (\$40.9 million).

At the end of fiscal year 2015, General Fund expenditures were 2.1 percent, or \$344.6 million, higher than fiscal year 2014. This was primarily attributable to increases in education, corrections, and judicial of \$535.6 million, \$41.5 million, and \$38.7 million, respectively. Net other financing sources and uses decreased by \$903.6 million, which is primarily due to bonds not being issued in fiscal year 2015.

### **Debt Service Fund**

At the end of fiscal year 2015, the Debt Service Fund had a fund balance of \$668.4 million, all of which was restricted, an increase of \$.9 million in comparison with the prior year.

### **Transportation Fund**

The State's Transportation Fund had a fund balance of \$257.3 million at the end of fiscal 2015. Of this amount, \$29.4 million was in non-spendable form and \$227.9 million was restricted or committed for specific purposes. Fund balance increased by 30.7 million during the current fiscal year.

At the end of fiscal year 2015, Transportation Fund revenues decreased by \$21.1, or 1.5 percent, and expenditures increased by \$52.7 million, or 6.2 percent. The decreased revenue is primarily due to a decrease in taxes.

### **Restricted Grants and Accounts Fund**

At the end of fiscal year 2015, the Restricted Grants and Accounts Fund had a fund balance of \$84.8 million, all of which was restricted for specific purposes, an increase of \$39.1 million in comparison with the prior year.

Total revenues were 14.2 percent, or \$796.4 million, higher than in fiscal year 2014. Overall, total expenditures were 6.8 percent, or \$417.9 million, higher than fiscal year 2014.

### **Grant and Loan Programs**

As of June 30, 2015, the Grant and Loan Programs Fund had a fund balance of \$753.0 million, all of which was restricted for specific purposes, an increase of \$284.5 million in comparison with the prior year.

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

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

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

The State maintains Fiduciary funds for the assets of Pension and Other Employee Benefit Trust funds, an Investment Trust fund, and a Private-Purpose Trust fund. The net positions of the State's Fiduciary funds totaled \$30.9 billion, an increase of \$544.8 million when compared to the prior year ending net position.

## **Budget Highlights-General Fund**

The revised State budget as adopted for Fiscal Year 2015 was anticipating a small surplus of \$0.4 million dollars on gross General Fund appropriations of \$17.8 billion. By the end of the fiscal year, a General Fund deficit of \$113.2 million had emerged from operations. In accordance with state law, a transfer from the State's Budget Reserve Fund was made to cover this deficit, which decreased the total reserve balance in the fund to \$406.0 million.

As Fiscal Year 2015 progressed, it became clear that the General Fund would not reach the budgeted revenue targets. By the end of the fiscal year, revenues were \$176.2 million short of the original budget projection. In an attempt to eliminate General Fund deficit projections for Fiscal Year 2015, the Governor implemented three deficit mitigations plans over the course of the fiscal year and implemented other cost cutting initiatives. These measures proved insufficient to completely eliminate a fiscal year-end deficit, but they did substantially lessen that deficit.

The State experienced significant job growth throughout Fiscal Year 2015. However, suppressed wage growth during the fiscal year significantly constrained the growth in major state revenue sources. By the end of Fiscal Year 2015, weekly wages in Connecticut were growing by less than 2 percent. Considering the level of job growth that the State was experiencing, wage growth was expected to approach 5 percent. As a result of the wage drag on overall State economic growth, General Fund revenue in Fiscal Year 2015 grew by just 1.6 percent.

As discussed above, significant expenditures controls were implemented in an attempt to keep the budget in balance. General Fund spending in Fiscal Year 2015 was held to a growth rate of 2.6 percent. In the six fiscal years following the large Fiscal Year 2009 General Fund deficit, spending growth in the General Fund has averaged 2.5 percent per year. This compares to average annual General Fund spending growth of 7.3 percent in the four years leading up to that large deficit.

Twenty-six appropriation line-items in the budget account for 87 percent of General Fund spending. In order to control the growth in General Fund spending during the Fiscal Year 2009 to 2015 period, actual dollar reductions were made over the period in several of these large line-items (comparing spending in Fiscal Year 2009 to spending in Fiscal Year 2015). Some notable reductions between those fiscal years included a cut of \$155.8 million in higher education operating support, a decline of \$148.0 million in state employee payroll expense, and a decrease of \$84.8 million in the Department of Children and Families residential board and care program. During that six year period, the largest dollar increases were an additional \$516.1 million to fund the State Employees Retirement System, an increase of \$498.9 million in Medicaid spending, and \$444.8 million more to fund the Teachers' Retirement system. It is important to note that the vast majority of funding to the retirement systems is for individuals that have already retired. These obligations were incurred over many decades, but were not fully funded. These have now become fixed state costs. Pension reforms have substantially lowered pension costs for new hires.

Some of the spending trends listed above were reversed between Fiscal Year 2014 and Fiscal Year 2015. General Fund spending for Medicaid declined \$103.7 million during the period as federal Medicaid spending increased by

16.4 percent. The state employee General Fund payroll expense grew by \$105.5 million as wage increases that had been eliminated in past years were reinstated and critical positions were filled. Higher education operations also experienced a \$31.5 million increase during Fiscal Year 2015.

Fiscal Year 2015 recorded \$13.9 billion in Fiscal Year 2015 operating activity that fell outside the General Fund. The majority of this activity was in the Special Revenue Funds group. These are funds that have dedicated revenue sources to support their programs. This fund category includes federally supported programs, the operating activities of the universities, and the Transportation Fund. Federal grants grew by 10.6 percent in Fiscal Year 2015 over the prior fiscal year. This equates to \$545.8 million in additional federal spending. The largest federal increase was in Medicaid. This caused the special revenue fund group to grow by 9.8 percent to total \$11.5 billion in Fiscal Year 2015.

The Transportation Fund ended Fiscal Year 2015 with a positive fund balance of \$180.1 million. Spending increased by 4.5 percent during Fiscal Year 2015 and totaled \$1.3 billion. Since 2009, Transportation Fund spending has grown by an average of 2.7 percent a year.

Capital project spending grew by 12.5 percent between Fiscal Year 2014 and Fiscal Year 2015 to total \$1.7 billion. Since 2009, the average annual growth in capital spending has been 6.3 percent. This is consistent with growth in the private sector use of debt financing as companies took advantage of historically low interest rates.

Within the Required Supplemental Information Section of this report, there is a reconciliation of Fiscal Year 2015 General Fund operations for the accrual budgetary basis of accounting and the accounting basis used within the fund financial statements in this report. In Fiscal Year 2014, a new budgetary accrual approach was developed with the intention of eliminating the growth in the annual General Fund negative unassigned fund balance contained in this report.

## **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, 2015 totaled \$17.2 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 decrease in the State's investment in capital assets for the fiscal year was \$539.5 million.

Major capital asset events for governmental activities during the fiscal year include additions to buildings and land of \$292 million and depreciation expense of \$917.6 million.

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

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

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 1,709	\$ 1,687	\$ 68	\$ 68	\$ 1,777	\$ 1,755
Buildings	2,505	2,234	2,868	2,706	5,373	4,940
Improvements Other Than Buildings	156	158	166	171	322	329
Equipment	62	72	332	325	394	397
Infrastructure	4,934	4,924	-	-	4,934	4,924
Construction in Progress	3,665	3,465	717	511	4,382	3,976
Total	<u>\$ 13,031</u>	<u>\$ 12,540</u>	<u>\$ 4,151</u>	<u>\$ 3,781</u>	<u>\$ 17,182</u>	<u>\$ 16,321</u>

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

## Long-Term Debt - Bonded Debt

At the end of the current fiscal year, the State had total debt outstanding of \$23.9 billion. Pursuant to various public and special acts, the State has authorized the issuance of the following types of debt: general obligation debt (payable from the General Fund), special tax obligation debt (payable from the Debt Service Fund), and revenue debt (payable from specific revenues of the Enterprise funds).

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

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

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 16,403	\$ 15,282	\$ -	\$ -	\$ 16,403	\$ 15,282
Transportation Related bonds	4,090	3,771	-	-	4,090	3,771
Revenue Bonds	-	-	1,357	1,213	1,357	1,213
Long-Term Notes	520	581	-	-	520	581
Premiums and Deferred Amounts	1,417	1,195	111	84	1,528	1,279
<b>Total</b>	<b>\$ 22,430</b>	<b>\$ 20,829</b>	<b>\$ 1,468</b>	<b>\$ 1,297</b>	<b>\$ 23,898</b>	<b>\$ 22,126</b>

The State's total bonded debt increased by \$1.8 million (8.0 percent) during the current fiscal year. This increase resulted mainly from an increase in general obligation bonds of \$1.1 million.

Section 3-21 of the Connecticut General Statutes provides that the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but have not been issued and the total amount of such indebtedness which has been issued and remains outstanding shall not exceed 1.6 times the total estimated General Fund tax receipts of the State for the current fiscal year. In computing the indebtedness at any time, revenue anticipation notes, refunded indebtedness, bond anticipation notes, tax increment financing, budget deficit bonding, revenue bonding, balances in debt retirement funds and other indebtedness pursuant to certain provisions of the General Statutes shall be excluded from the calculation. As of July 2015, the State had a debt incurring margin of \$3.6 billion.

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

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2015	2014*	2015	2014	2015	2014*
Net Pension Liability	\$ 26,171	\$ 27,773	\$ -	\$ -	\$ 26,171	\$ 27,773
Net OPEB Obligation	8,983	7,763	-	-	8,983	7,763
Compensated Absences	499	513	186	167	685	680
Workers Compensation	651	620	-	-	651	620
Federal Loan Payable	-	-	103	434	103	434
Other	150	129	351	302	501	431
<b>Total</b>	<b>\$ 36,454</b>	<b>\$ 36,798</b>	<b>\$ 640</b>	<b>\$ 903</b>	<b>\$ 37,094</b>	<b>\$ 37,701</b>

\*Restated for comparative purposes

The State's other long-term obligations decreased by \$607 million (1.6 percent) during the fiscal year. This decrease was due mainly to a decrease in the net pension liability (Governmental activities) of \$1.6 million or 5.8 percent. Additional information on the State's long-term debt can be found in Notes 16 and 17 of this report.

### **Economic Outlook and Next Year's Budget**

At this writing, Connecticut has recovered all of its private sector recessionary job losses and is continuing to add private sector employment. The State needs to reach the 1,713,000 job level to enter a full nonfarm employment expansionary phase. This will require an additional 13,300 nonfarm jobs. Connecticut's nonfarm jobs recovery is 69 months old and is averaging 1,532 new jobs per month since February 2010.

Connecticut has been growing jobs at fairly typical recovery rate; however workers' wage growth has been below normal recovery levels. There are some early signs that wage increases may be accelerating slightly. Wages increased by less than 2 percent in Fiscal Year 2015. Current trends point to Connecticut wage growth of better than 3 percent. Wage Growth in the United States averaged 6.3 percent from 1960 until 2015, reaching an all-time high of 13.8 percent in January of 1979 and a record low of -5.77 percent in March of 2009. Historically, Connecticut wages have increased at a faster pace than the national average.

Connecticut, like most other states, has a revenue structure that is dependent on rising wages and the related increases in consumer spending. As wages have been slow to recover, Connecticut's revenue base has experienced lower than expected growth. As job expansion continues in the State and as wage acceleration takes hold, Connecticut's recent budget pressures will abate. Exactly when solid wage gains will emerge is as uncertain as it is vital to the State's budgetary health.

Looking forward it is also important to note that Connecticut's economy is dependent on the national economy, which is dependent on world events. Global economic activity has constrained domestic growth. China's economy (2<sup>nd</sup> largest in the world) has been slowing. In response, its central bank cut interest rates in hopes of boosting growth. Less oil demand from China as the economy slowed has produced a sharp drop in oil prices as well as coal and other commodities. These falling prices have negatively impacted the stock market.

The cheaper oil has damaged oil exporting economies such as Brazil and Russia, in addition to many Middle Eastern producers. The European economy has struggled to grow at all, advancing at an annual pace of less than 2 percent.

All of these economic trends will impact future Connecticut budgets. The Governor is required to submit a balanced budget for Fiscal Year 2017 in February 2016. Currently, the Fiscal Year 2016 budget is facing the same slow growth in revenue that was experienced in Fiscal Year 2015. Cost controls are in place to avoid ending Fiscal Year 2016 with a budget deficit.

### **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 Position**

June 30, 2015

(Expressed in Thousands)

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 1,227,870	\$ 651,813	\$ 1,879,683	\$ 249,984
Deposits with U.S. Treasury	-	135,027	135,027	-
Investments	112,895	69,222	182,117	424,485
Receivables, (Net of Allowances)	2,135,861	862,641	2,998,502	124,557
Due from Primary Government	-	-	-	6,976
Inventories	48,172	10,655	58,827	5,916
Restricted Assets	-	221,928	221,928	1,101,604
Internal Balances	(343,797)	343,797	-	-
Other Current Assets	7,400	38,743	46,143	15,391
<b>Total Current Assets</b>	<u>3,188,401</u>	<u>2,333,826</u>	<u>5,522,227</u>	<u>1,928,913</u>
<b>Noncurrent Assets:</b>				
Cash and Cash Equivalents	-	461,671	461,671	-
Due From Component Units	36,035	-	36,035	-
Investments	-	62,451	62,451	197,445
Receivables, (Net of Allowances)	672,973	835,108	1,508,081	519,297
Restricted Assets	668,426	405,445	1,073,871	4,494,718
Capital Assets, (Net of Accumulated Depreciation)	13,031,241	4,151,445	17,182,686	798,602
Other Noncurrent Assets	-	5,084	5,084	60,092
<b>Total Noncurrent Assets</b>	<u>14,408,675</u>	<u>5,921,204</u>	<u>20,329,879</u>	<u>6,070,154</u>
<b>Total Assets</b>	<u>17,597,076</u>	<u>8,255,030</u>	<u>25,852,106</u>	<u>7,999,067</u>
<b>Deferred Outflows of Resources</b>				
Accumulated Decrease in Fair Value of Hedging Derivatives	3,361	-	3,361	104,894
Unamortized Losses on Bond Refundings	96,600	12,873	109,473	71,902
Related to Pensions	2,360,827	-	2,360,827	7,162
Other Deferred Outflows	-	3,253	3,253	88
<b>Total Deferred Outflows of Resources</b>	<u>2,460,788</u>	<u>16,126</u>	<u>2,476,914</u>	<u>184,046</u>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Accrued Liabilities	861,512	328,515	1,190,027	118,980
Due to Component Units	6,976	-	6,976	-
Due to Primary Government	-	-	-	36,035
Due to Other Governments	313,861	757	314,618	-
Current Portion of Long-Term Obligations	1,970,995	180,854	2,151,849	415,872
Amount Held for Institutions	-	-	-	320,224
Unearned Revenue	18,417	226,630	245,047	-
Medicaid Liability	539,059	-	539,059	-
Liability for Escheated Property	395,617	-	395,617	-
Other Current Liabilities	43,119	92,633	135,752	48,832
<b>Total Current Liabilities</b>	<u>4,149,556</u>	<u>829,389</u>	<u>4,978,945</u>	<u>939,943</u>
<b>Noncurrent Liabilities:</b>				
Non-Current Portion of Long-Term Obligations	55,310,129	1,925,859	57,235,988	4,795,607
<b>Total Noncurrent Liabilities</b>	<u>55,310,129</u>	<u>1,925,859</u>	<u>57,235,988</u>	<u>4,795,607</u>
<b>Total Liabilities</b>	<u>59,459,685</u>	<u>2,755,248</u>	<u>62,214,933</u>	<u>5,735,550</u>
<b>Deferred Inflows of Resources</b>				
Related to Pensions	1,423,296	-	1,423,296	5,176
Other Deferred Inflows	-	16,902	16,902	-
<b>Total Deferred Inflows of Resources</b>	<u>1,423,296</u>	<u>16,902</u>	<u>1,440,198</u>	<u>5,176</u>
<b>Net Position</b>				
Net Investment in Capital Assets	4,957,690	3,448,779	8,406,469	526,892
<b>Restricted For:</b>				
Transportation	155,031	-	155,031	-
Debt Service	615,961	4,508	620,469	31,238
Federal Grants and Other Accounts	71,892	-	71,892	-
Capital Projects	54,315	288,105	342,420	102,499
Grant and Loan Programs	766,375	-	766,375	-
Clean Water and Drinking Water Projects	-	698,818	698,818	-
Bond Indenture Requirements	-	-	-	964,616
Loans	-	3,742	3,742	-
<b>Permanent Investments or Endowments:</b>				
Expendable	-	-	-	96,702
Nonexpendable	107,696	13,578	121,274	339,807
Other Purposes	113,627	145,706	259,333	70,057
Unrestricted (Deficit)	(47,667,704)	895,770	(46,771,934)	310,576
<b>Total Net Position (Deficit)</b>	<u>\$ (40,825,117)</u>	<u>\$ 5,499,006</u>	<u>\$ (35,326,111)</u>	<u>\$ 2,442,387</u>

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

## Statement of Activities

For The Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services, Fees, Fines , and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
Governmental Activities:				
Legislative	\$ 107,629	\$ 3,421	\$ -	\$ -
General Government	1,712,498	711,050	55,453	-
Regulation and Protection	1,028,126	643,620	166,585	-
Conservation and Development	921,859	96,616	157,295	-
Health and Hospitals	2,172,348	81,127	145,307	-
Transportation	1,761,500	53,719	-	717,358
Human Services	6,736,623	127,999	5,886,389	-
Education, Libraries, and Museums	4,396,212	39,951	535,993	-
Corrections	1,820,490	12,121	136,207	-
Judicial	873,879	132,633	12,645	-
Interest and Fiscal Charges	796,727	-	-	-
Total Governmental Activities	<u>22,327,891</u>	<u>1,902,257</u>	<u>7,095,874</u>	<u>717,358</u>
Business-Type Activities:				
University of Connecticut & Health Center	2,154,599	1,200,847	253,176	25,412
State Universities	781,238	379,797	64,847	7,395
Connecticut Community Colleges	538,036	102,444	111,951	-
Employment Security	750,573	821,694	218,384	-
Clean Water	35,125	25,960	15,125	-
Other	69,099	68,936	12,935	-
Total Business-Type Activities	<u>4,328,670</u>	<u>2,599,678</u>	<u>676,418</u>	<u>32,807</u>
Total Primary Government	<u>\$ 26,656,561</u>	<u>\$ 4,501,935</u>	<u>\$ 7,772,292</u>	<u>\$ 750,165</u>
<b>Component Units</b>				
Connecticut Housing Finance Authority (12/31/14)	\$ 177,765	\$ 193,068	\$ -	\$ -
Connecticut Lottery Corporation	1,149,379	1,144,031	-	-
Connecticut Airport Authority	94,586	89,918	-	13,136
Other Component Units	405,039	339,479	38,315	72,001
Total Component Units	<u>\$ 1,826,769</u>	<u>\$ 1,766,496</u>	<u>\$ 38,315</u>	<u>\$ 85,137</u>
General Revenues:				
Taxes:				
Personal Income				
Corporate Income				
Sales and Use				
Other				
Restricted for Transportation Purposes:				
Motor Fuel				
Other				
Casino Gaming Payments				
Tobacco Settlement				
Lottery Tickets				
Unrestricted Investment Earnings				
Contributions to Endowments				
Special Item				
Transfers-Internal Activities				
Total General Revenues, Contributions, and Transfers				
Change in Net Position				
Net Position (Deficit)- Beginning (as restated)				
Net Position (Deficit)- Ending				

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

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

<b>Primary Government</b>			
<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>	<b>Component</b>
<b><u>Activities</u></b>	<b><u>Activities</u></b>		<b><u>Units</u></b>
\$ (104,208)	\$ -	\$ (104,208)	\$ -
(945,995)	-	(945,995)	-
(217,921)	-	(217,921)	-
(667,948)	-	(667,948)	-
(1,945,914)	-	(1,945,914)	-
(990,423)	-	(990,423)	-
(722,235)	-	(722,235)	-
(3,820,268)	-	(3,820,268)	-
(1,672,162)	-	(1,672,162)	-
(728,601)	-	(728,601)	-
(796,727)	-	(796,727)	-
(12,612,402)	-	(12,612,402)	-
-	(675,164)	(675,164)	-
-	(329,199)	(329,199)	-
-	(323,641)	(323,641)	-
-	289,505	289,505	-
-	5,960	5,960	-
-	12,772	12,772	-
-	(1,019,767)	(1,019,767)	-
(12,612,402)	(1,019,767)	(13,632,169)	-
-	-	-	15,303
-	-	-	(5,348)
-	-	-	8,468
-	-	-	44,756
-	-	-	63,179
8,186,946	-	8,186,946	-
687,347	-	687,347	-
4,167,054	-	4,167,054	-
1,735,788	-	1,735,788	-
846,062	-	846,062	-
83,868	-	83,868	-
267,986	-	267,986	-
118,988	-	118,988	-
319,700	-	319,700	-
22,091	11,638	33,729	46,937
-	-	-	-
-	-	-	1,259
(1,726,281)	1,726,281	-	-
14,709,549	1,737,919	16,447,468	48,196
2,097,147	718,152	2,815,299	111,375
(42,922,264)	4,780,854	(38,141,410)	2,331,012
\$ (40,825,117)	\$ 5,499,006	\$ (35,326,111)	\$ 2,442,387

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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:***

This fund is used 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.

#### ***Grant and Loan Programs Fund:***

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

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

Nonmajor governmental funds are presented, by fund type beginning on page 106.

**Balance Sheet**  
**Governmental Funds**  
June 30, 2015  
(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants &amp; Accounts</u>	<u>Grant &amp; Loan Programs</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ 200,780	\$ 345,968	\$ 298,848	\$ 372,073	\$ 1,217,669
Investments	-	-	-	-	-	112,895	112,895
Securities Lending Collateral	-	-	-	-	-	7,192	7,192
Receivables:							
Taxes, Net of Allowances	1,220,173	-	44,312	-	-	-	1,264,485
Accounts, Net of Allowances	373,208	-	7,866	12,827	14,345	23,204	431,450
Loans, Net of Allowances	3,419	-	-	32,522	466,646	170,386	672,973
From Other Governments	185,564	-	-	243,583	-	4,631	433,778
Interest	-	1,267	29	-	-	-	1,296
Other	-	-	-	-	-	1	1
Due from Other Funds	48,739	-	1,267	44	4	254,056	304,110
Due from Component Units	33,843	-	-	2,192	-	-	36,035
Inventories	14,595	-	29,351	-	-	-	43,946
Restricted Assets	-	668,426	-	-	-	-	668,426
Total Assets	<u>\$ 1,879,541</u>	<u>\$ 669,693</u>	<u>\$ 283,605</u>	<u>\$ 637,136</u>	<u>\$ 779,843</u>	<u>\$ 944,438</u>	<u>\$ 5,194,256</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable and Accrued Liabilities	\$ 345,779	\$ -	\$ 23,256	\$ 211,059	\$ 13,176	\$ 69,380	\$ 662,650
Due to Other Funds	324,116	1,267	-	2,565	28	304,252	632,228
Due to Component Units	-	-	-	6,976	-	-	6,976
Due to Other Governments	304,707	-	-	9,154	-	-	313,861
Unearned Revenue	11,407	-	-	-	-	7,010	18,417
Medicaid Liability	223,769	-	-	315,290	-	-	539,059
Liability For Escheated Property	395,617	-	-	-	-	-	395,617
Securities Lending Obligation	-	-	-	-	-	7,192	7,192
Other Liabilities	35,926	-	-	-	-	-	35,926
Total Liabilities	<u>1,641,321</u>	<u>1,267</u>	<u>23,256</u>	<u>545,044</u>	<u>13,204</u>	<u>387,834</u>	<u>2,611,926</u>
<b>Deferred Inflows of Resources</b>							
Receivables to be Collected in Future Periods	<u>428,069</u>	<u>-</u>	<u>3,061</u>	<u>7,286</u>	<u>13,590</u>	<u>20,911</u>	<u>472,917</u>
<b>Fund Balances</b>							
Nonspendable:							
Inventories/Long-Term Receivables	51,123	-	29,351	-	-	-	80,474
Permanent Fund Principal	-	-	-	-	-	110,068	110,068
Restricted For:							
Debt Service	-	668,426	-	-	-	-	668,426
Transportation Programs	-	-	194,626	-	-	-	194,626
Federal Grant and State Programs	-	-	-	84,806	-	-	84,806
Grants and Loans	-	-	-	-	741,313	-	741,313
Other	-	-	-	-	-	423,762	423,762
Committed For:							
Continuing Appropriations	64,964	-	33,311	-	-	-	98,275
Budget Reserve Fund	406,001	-	-	-	-	-	406,001
Future Budget Years	81,221	-	-	-	-	-	81,221
Assigned To:							
Other	-	-	-	-	11,736	10,594	22,330
Unassigned	(793,158)	-	-	-	-	(8,731)	(801,889)
Total Fund Balances	<u>(189,849)</u>	<u>668,426</u>	<u>257,288</u>	<u>84,806</u>	<u>753,049</u>	<u>535,693</u>	<u>2,109,413</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,879,541</u>	<u>\$ 669,693</u>	<u>\$ 283,605</u>	<u>\$ 637,136</u>	<u>\$ 779,843</u>	<u>\$ 944,438</u>	<u>\$ 5,194,256</u>

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

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

June 30, 2015

(Expressed in Thousands)

Total Fund Balance - Governmental Funds \$ 2,109,413

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

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

Buildings	4,296,546	
Equipment	2,593,268	
Infrastructure	14,307,362	
Other Capital Assets	5,836,359	
Accumulated Depreciation	<u>(14,059,739)</u>	12,973,796

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 inflows of resources in the governmental fund 472,917

Deferred Inflows of resources are not reported in the governmental funds:  
Related to pensions (1,423,296)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 53,069

Deferred outflows of resources are not reported in the governmental funds:  
Amount on refunding of bonded debt 96,600  
Related to pensions 2,360,827 2,457,427

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (Note 17).

Net Pension Liability	(24,568,279)	
Net OPEB Obligation	(8,982,926)	
Worker's Compensation	(651,184)	
Capital Leases	(35,368)	
Compensated Absences	(497,595)	
Claims and Judgments	(75,587)	
Landfill Postclosure Care	<u>(35,185)</u>	(34,846,124)

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 Position. This is the net effect of these balances on the statement (Note 17).

Bonds and Notes Payable	(21,012,352)	
Unamortized Premiums	(1,417,172)	
Accrued Interest Payable	<u>(192,795)</u>	<u>(22,622,319)</u>

Net Position of Governmental Activities \$ (40,825,117)

*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, 2015  
(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants &amp; Accounts</u>	<u>Grant &amp; Loan Programs</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>							
Taxes	\$ 14,783,751	\$ -	\$ 931,149	\$ -	\$ -	\$ -	\$ 15,714,900
Licenses, Permits, and Fees	254,257	-	339,818	13,467	1	73,277	680,820
Tobacco Settlement	-	-	-	-	-	118,988	118,988
Federal Grants and Aid	2,132,399	-	12,115	5,593,874	-	74,844	7,813,232
Lottery Tickets	319,700	-	-	-	-	-	319,700
Charges for Services	35,813	-	63,700	-	42	910	100,465
Fines, Forfeits, and Rents	-	-	19,575	-	-	1,246	20,821
Casino Gaming Payments	267,986	-	-	-	-	-	267,986
Investment Earnings (Loss)	856	6,130	818	1,118	5,813	3,122	17,857
Interest on Loans	-	-	-	-	-	41	41
Miscellaneous	159,007	-	4,901	795,232	13,643	136,170	1,108,953
Total Revenues	<u>17,953,769</u>	<u>6,130</u>	<u>1,372,076</u>	<u>6,403,691</u>	<u>19,499</u>	<u>408,598</u>	<u>26,163,763</u>
<b>Expenditures</b>							
Current:							
Legislative	117,251	-	-	3,053	-	575	120,879
General Government	801,461	-	5,594	318,649	699,621	118,470	1,943,795
Regulation and Protection	434,785	-	105,467	415,326	16,579	193,584	1,165,741
Conservation and Development	270,565	-	-	296,531	344,469	143,026	1,054,591
Health and Hospitals	2,245,026	-	-	206,732	11,740	36,335	2,499,833
Transportation	-	-	795,115	767,778	80,328	8	1,643,229
Human Services	3,942,452	-	-	3,798,482	18,358	3,624	7,762,916
Education, Libraries, and Museums	4,465,680	-	-	531,108	39,925	5,255	5,041,968
Corrections	2,041,564	-	-	23,045	2,782	2,272	2,069,663
Judicial	928,110	-	-	19,759	-	50,324	998,193
Capital Projects	-	-	-	-	-	934,452	934,452
Debt Service:							
Principal Retirement	1,151,673	269,845	-	-	-	-	1,421,518
Interest and Fiscal Charges	537,181	190,777	1,002	166,074	4,364	5,537	904,935
Total Expenditures	<u>16,935,748</u>	<u>460,622</u>	<u>907,178</u>	<u>6,546,537</u>	<u>1,218,166</u>	<u>1,493,462</u>	<u>27,561,713</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,018,021</u>	<u>(454,492)</u>	<u>464,898</u>	<u>(142,846)</u>	<u>(1,198,667)</u>	<u>(1,084,864)</u>	<u>(1,397,950)</u>
<b>Other Financing Sources (Uses)</b>							
Bonds Issued	-	-	-	-	1,475,272	1,344,895	2,820,167
Premiums on Bonds Issued	2,234	70,344	-	-	127,549	186,729	386,856
Transfers In	205,864	465,145	47,449	213,894	4,000	87,346	1,023,698
Transfers Out	(1,374,625)	(2,841)	(480,520)	(31,956)	(123,685)	(736,352)	(2,749,979)
Refunding Bonds Issued	95,085	614,125	-	-	-	-	709,210
Payment to Refunded Bond Escrow Agent	(97,132)	(683,398)	-	-	-	-	(780,530)
Capital Lease Obligations	3,036	-	-	-	-	-	3,036
Total Other Financing Sources (Uses)	<u>(1,165,538)</u>	<u>463,375</u>	<u>(433,071)</u>	<u>181,938</u>	<u>1,483,136</u>	<u>882,618</u>	<u>1,412,458</u>
Net Change in Fund Balances	<u>(147,517)</u>	<u>8,883</u>	<u>31,827</u>	<u>39,092</u>	<u>284,469</u>	<u>(202,246)</u>	<u>14,508</u>
Fund Balances (Deficit) - Beginning	(41,192)	659,543	226,539	45,714	468,580	737,939	2,097,123
Change in Reserve for Inventories	(1,140)	-	(1,078)	-	-	-	(2,218)
Fund Balances (Deficit) - Ending	<u>\$ (189,849)</u>	<u>\$ 668,426</u>	<u>\$ 257,288</u>	<u>\$ 84,806</u>	<u>\$ 753,049</u>	<u>\$ 535,693</u>	<u>\$ 2,109,413</u>

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

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

June 30, 2015

(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 14,508

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 Position. Bond proceeds were received this year from:

Bonds Issued	(2,820,167)	
Refunding Bonds Issued	(709,210)	
Premium on Bonds Issued	(386,856)	(3,916,233)

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

Principal Retirement	1,421,518	
Payments to Refunded Bond Escrow Agent	780,530	
Capital Lease Payments	5,489	2,207,537

Some capital assets acquired this year were financed with capital leases. The amount financed by leases is reported in the governmental funds as a source of financing, but lease obligations are reported as long-term liabilities on the Statement of Activities (3,036)

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	1,388,215	
Depreciation Expense	(902,620)	
Retirements	(522)	485,073

Inventories are reported as expenditures in the governmental funds when purchased. However, in the Statement of Activities the cost of these assets is recognized when those assets are consumed. This is the amount by which consumption exceeded purchases of inventories. (2,218)

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	(12,064)	
Increase in Interest Accreted on Capital Appreciation Debt	(15,876)	
Amortization of Bond Premium	154,104	
Amortization of Loss on Debt Refundings	(18,750)	
Decrease in Compensated Absences Liability	14,172	
Increase in Workers Compensation Liability	(31,606)	
Increase in Claims and Judgments Liability	(29,436)	
Decrease in Landfill Liability	566	
Decrease in Net Pension Obligation	2,559,621	
Pension Cost, Net	1,920,711	
Increase in Net OPEB Obligation	(1,219,865)	3,321,577

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. Unearned revenues decreased by this amount this year. (12,444)

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. 2,383

Change in Net Position of Governmental Activities	\$ 2,097,147
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*The accompanying notes are an integral part of the financial statements.*

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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.

#### ***Connecticut Community Colleges:***

This fund is used to account for the operations of the State community colleges system, which consists of twelve regional community colleges.

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

This fund is used to account for the collection of 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 projects.

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

Nonmajor proprietary funds are presented, by fund type beginning on page 124.

**Statement of Net Position**

**Proprietary Funds**

June 30, 2015

(Expressed in Thousands)

	<b>Business-Type Activities</b>			
	<b>Enterprise Funds</b>			
	<b>University of Connecticut &amp; Health Center</b>	<b>State Universities</b>	<b>Connecticut Community Colleges</b>	<b>Employment Security</b>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 323,769	\$ 197,787	\$ 82,935	\$ 776
Deposits with U.S. Treasury	-	-	-	135,027
Investments	652	68,570	-	-
Receivables:				
Accounts, Net of Allowances	130,802	187,618	14,295	188,585
Loans, Net of Allowances	2,088	4,077	-	-
Interest	-	-	-	-
From Other Governments	-	2,552	-	7,846
Due from Other Funds	199,518	47,254	118,135	625
Inventories	10,655	-	-	-
Restricted Assets	221,928	-	-	-
Other Current Assets	32,598	4,504	1,222	-
Total Current Assets	<u>922,010</u>	<u>512,362</u>	<u>216,587</u>	<u>332,859</u>
Noncurrent Assets:				
Cash and Cash Equivalents	1,429	132,903	-	-
Investments	14,661	35,087	-	-
Receivables:				
Loans, Net of Allowances	10,649	9,075	197	-
Restricted Assets	735	-	-	-
Capital Assets, Net of Accumulated Depreciation	2,300,148	1,175,183	649,126	-
Other Noncurrent Assets	3,430	1,216	-	-
Total Noncurrent Assets	<u>2,331,052</u>	<u>1,353,464</u>	<u>649,323</u>	<u>-</u>
Total Assets	<u>3,253,062</u>	<u>1,865,826</u>	<u>865,910</u>	<u>332,859</u>
<b>Deferred Outflows of Resources</b>				
Unamortized Losses on Bond Refundings	5,200	-	-	-
Other Deferred Outflows	-	3,253	-	-
Total Deferred Outflows of Resources	<u>5,200</u>	<u>3,253</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	206,726	59,316	41,328	44
Due to Other Funds	17,604	4,131	-	-
Due to Other Governments	-	-	-	757
Current Portion of Long-Term Obligations	70,599	24,160	1,993	-
Unearned Revenue	-	223,751	2,879	-
Other Current Liabilities	72,785	19,420	428	-
Total Current Liabilities	<u>367,714</u>	<u>330,778</u>	<u>46,628</u>	<u>801</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	460,684	369,231	38,035	103,054
Total Noncurrent Liabilities	<u>460,684</u>	<u>369,231</u>	<u>38,035</u>	<u>103,054</u>
Total Liabilities	<u>828,398</u>	<u>700,009</u>	<u>84,663</u>	<u>103,855</u>
<b>Deferred Inflows of Resources</b>				
Other Deferred Inflows	-	16,902	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>16,902</u>	<u>-</u>	<u>-</u>
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	1,789,007	1,016,668	649,126	-
Restricted For:				
Debt Service	-	-	-	-
Clean and Drinking Water Projects	-	-	-	-
Capital Projects	288,105	-	-	-
Nonexpendable Purposes	13,091	467	20	-
Loans	3,742	-	-	-
Other Purposes	19,395	19,931	106,380	-
Unrestricted (Deficit)	316,524	115,102	25,721	229,004
Total Net Position (Deficit)	<u>\$ 2,429,864</u>	<u>\$ 1,152,168</u>	<u>\$ 781,247</u>	<u>\$ 229,004</u>

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

<u>Business-Type Activities</u>			<u>Governmental</u>
<u>Enterprise Funds</u>			<u>Activities</u>
<u>Clean</u>	<u>Other</u>	<u>Total</u>	<u>Internal</u>
<u>Water</u>	<u>Funds</u>		<u>Service</u>
			<u>Funds</u>
\$ 4,105	\$ 42,441	\$ 651,813	\$ 10,201
-	-	135,027	-
-	-	69,222	-
-	7,990	529,290	671
263,916	44,237	314,318	-
7,418	723	8,141	-
-	494	10,892	-
-	-	365,532	6,681
-	-	10,655	4,226
-	-	221,928	-
411	8	38,743	208
<u>275,850</u>	<u>95,893</u>	<u>2,355,561</u>	<u>21,987</u>
251,576	75,763	461,671	-
12,703	-	62,451	-
738,099	77,088	835,108	-
336,071	68,639	405,445	-
-	26,988	4,151,445	57,445
-	438	5,084	-
<u>1,338,449</u>	<u>248,916</u>	<u>5,921,204</u>	<u>57,445</u>
<u>1,614,299</u>	<u>344,809</u>	<u>8,276,765</u>	<u>79,432</u>
7,470	203	12,873	-
-	-	3,253	-
<u>7,470</u>	<u>203</u>	<u>16,126</u>	<u>-</u>
9,837	11,264	328,515	1,905
-	-	21,735	22,343
-	-	757	-
73,802	10,300	180,854	79
-	-	226,630	-
-	-	92,633	-
<u>83,639</u>	<u>21,564</u>	<u>851,124</u>	<u>24,327</u>
806,684	148,171	1,925,859	2,036
<u>806,684</u>	<u>148,171</u>	<u>1,925,859</u>	<u>2,036</u>
<u>890,323</u>	<u>169,735</u>	<u>2,776,983</u>	<u>26,363</u>
-	-	16,902	-
-	-	16,902	-
-	(6,022)	3,448,779	57,445
-	4,508	4,508	-
558,906	139,912	698,818	-
-	-	288,105	-
-	-	13,578	-
-	-	3,742	-
-	-	145,706	-
<u>172,540</u>	<u>36,879</u>	<u>895,770</u>	<u>(4,376)</u>
<u>\$ 731,446</u>	<u>\$ 175,277</u>	<u>\$ 5,499,006</u>	<u>\$ 53,069</u>

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

For The Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>University of Connecticut &amp; Health Center</b>	<b>State Universities</b>	<b>Connecticut Community Colleges</b>
<b>Operating Revenues</b>			
Charges for Sales and Services (Net of allowances & discounts \$181,094)	\$ 1,059,810	\$ 353,570	\$ 96,760
Assessments	-	-	-
Federal Grants, Contracts, and Other Aid	176,303	45,648	99,965
State Grants, Contracts, and Other Aid	31,931	15,333	9,068
Private Gifts and Grants	44,942	3,866	2,918
Interest on Loans	-	-	-
Other	85,221	23,392	4,155
Total Operating Revenues	<u>1,398,207</u>	<u>441,809</u>	<u>212,866</u>
<b>Operating Expenses</b>			
Salaries, Wages, and Administrative	1,872,989	685,207	473,995
Unemployment Compensation	-	-	-
Claims Paid	-	-	-
Depreciation and Amortization	133,820	60,244	29,191
Other	142,404	24,145	34,850
Total Operating Expenses	<u>2,149,213</u>	<u>769,596</u>	<u>538,036</u>
Operating Income (Loss)	<u>(751,006)</u>	<u>(327,787)</u>	<u>(325,170)</u>
<b>Nonoperating Revenue (Expenses)</b>			
Interest and Investment Income	1,060	1,144	131
Interest and Fiscal Charges	(5,386)	(11,642)	-
Other - Net	55,816	2,835	1,529
Total Nonoperating Revenues (Expenses)	<u>51,490</u>	<u>(7,663)</u>	<u>1,660</u>
Income (Loss) Before Capital Contributions, Grants, and Transfers	<u>(699,516)</u>	<u>(335,450)</u>	<u>(323,510)</u>
Capital Contributions	25,412	7,395	-
Federal Capitalization Grants	-	-	-
Transfers In	1,008,308	389,381	340,942
Transfers Out	-	-	-
Change in Net Position	334,204	61,326	17,432
Total Net Position (Deficit) - Beginning (as restated)	<u>2,095,660</u>	<u>1,090,842</u>	<u>763,815</u>
Total Net Position (Deficit) - Ending	<u>\$ 2,429,864</u>	<u>\$ 1,152,168</u>	<u>\$ 781,247</u>

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

<b>Business-Type Activities</b>				<b>Governmental</b>
<b>Enterprise Funds</b>				<b>Activities</b>
<b>Employment Security</b>	<b>Clean Water</b>	<b>Other Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
\$ -	\$ -	\$ 25,559	\$ 1,535,699	\$ 54,808
723,263	-	40,045	763,308	-
204,758	-	-	526,674	-
13,626	-	-	69,958	-
-	-	-	51,726	-
-	19,278	2,256	21,534	-
98,431	-	1,076	212,275	118
<u>1,040,078</u>	<u>19,278</u>	<u>68,936</u>	<u>3,181,174</u>	<u>54,926</u>
-	544	20,016	3,052,751	38,016
750,573	-	-	750,573	-
-	-	28,412	28,412	-
-	-	1,143	224,398	14,983
-	747	3,135	205,281	-
<u>750,573</u>	<u>1,291</u>	<u>52,706</u>	<u>4,261,415</u>	<u>52,999</u>
<u>289,505</u>	<u>17,987</u>	<u>16,230</u>	<u>(1,080,241)</u>	<u>1,927</u>
-	8,599	704	11,638	435
-	(33,834)	(4,669)	(55,531)	-
-	6,682	(11,724)	55,138	21
-	(18,553)	(15,689)	11,245	456
<u>289,505</u>	<u>(566)</u>	<u>541</u>	<u>(1,068,996)</u>	<u>2,383</u>
-	-	-	32,807	-
-	15,125	12,935	28,060	-
-	1,031	-	1,739,662	-
(12,790)	-	(591)	(13,381)	-
<u>276,715</u>	<u>15,590</u>	<u>12,885</u>	<u>718,152</u>	<u>2,383</u>
<u>(47,711)</u>	<u>715,856</u>	<u>162,392</u>	<u>4,780,854</u>	<u>50,686</u>
<u>\$ 229,004</u>	<u>\$ 731,446</u>	<u>\$ 175,277</u>	<u>\$ 5,499,006</u>	<u>\$ 53,069</u>

## Statement of Cash Flows

## Proprietary Funds

For the Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<u>Business-Type Activities</u>	
	<u>Enterprise Funds</u>	
	<u>University of Connecticut &amp; Health Center</u>	<u>State Universities</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	\$ 1,066,401	\$ 350,825
Payments to Suppliers	(707,048)	(194,896)
Payments to Employees	(1,313,357)	(492,776)
Other Receipts (Payments)	381,654	94,798
Net Cash Provided by (Used in) Operating Activities	<u>(572,350)</u>	<u>(242,049)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from Sale of Bonds	-	-
Retirement of Bonds and Annuities Payable	-	-
Interest on Bonds and Annuities Payable	-	-
Transfers In	493,908	285,088
Transfers Out	-	-
Other Receipts (Payments)	26,219	5,152
Net Cash Flows from Noncapital Financing Activities	<u>520,127</u>	<u>290,240</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Additions to Property, Plant, and Equipment	(382,007)	(160,285)
Proceeds from Capital Debt	250,000	21,241
Principal Paid on Capital Debt	(17,764)	(42,790)
Interest Paid on Capital Debt	(55,306)	(14,064)
Transfer In	307,698	102,176
Federal Grant	-	-
Other Receipts (Payments)	22,359	(242)
Net Cash Flows from Capital and Related Financing Activities	<u>124,980</u>	<u>(93,964)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales and Maturities of Investments	-	95,487
Purchase of Investment Securities	(86)	(39,951)
Interest on Investments	1,064	1,142
(Increase) Decrease in Restricted Assets	-	-
Other Receipts (Payments)	-	-
Net Cash Flows from Investing Activities	<u>978</u>	<u>56,678</u>
Net Increase (Decrease) in Cash and Cash Equivalents	73,735	10,905
Cash and Cash Equivalents - Beginning of Year	474,126	319,785
Cash and Cash Equivalents - End of Year	<u>\$ 547,861</u>	<u>\$ 330,690</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>		
Operating Income (Loss)	\$ (751,006)	\$ (327,787)
Adjustments not Affecting Cash:		
Depreciation and Amortization	133,820	60,244
Other	167,379	-
Change in Assets and Liabilities:		
(Increase) Decrease in Receivables, Net	1,849	(15,997)
(Increase) Decrease in Due from Other Funds	-	-
(Increase) Decrease in Inventories and Other Assets	4,863	(1,870)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(129,255)	42,903
Increase (Decrease) in Due to Other Funds	-	458
Total Adjustments	<u>178,656</u>	<u>85,738</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (572,350)</u>	<u>\$ (242,049)</u>

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

*Connecticut*

<b>Business-Type Activities</b>					<b>Governmental</b>	
<b>Enterprise Funds</b>					<b>Activities</b>	
<b>Connecticut Community Colleges</b>	<b>Employment Security</b>	<b>Clean Water</b>	<b>Other</b>	<b>Totals</b>	<b>Internal Service Funds</b>	
\$ 95,996	\$ 718,860	\$ 91,817	\$ 74,457	\$ 2,398,356	\$	52,689
(81,043)	-	(747)	(9,294)	(993,028)		(21,832)
(397,095)	-	(443)	(12,806)	(2,216,477)		(10,969)
<u>77,640</u>	<u>(705,294)</u>	<u>(108,469)</u>	<u>(66,554)</u>	<u>(326,225)</u>		<u>20</u>
<u>(304,502)</u>	<u>13,566</u>	<u>(17,842)</u>	<u>(14,197)</u>	<u>(1,137,374)</u>		<u>19,908</u>
-	-	224,483	60,236	284,719		-
-	-	(70,351)	(7,809)	(78,160)		-
-	-	(29,717)	(4,174)	(33,891)		-
290,715	-	661	-	1,070,372		-
-	(12,790)	-	(591)	(13,381)		-
<u>10,310</u>	<u>-</u>	<u>-</u>	<u>(12,030)</u>	<u>29,651</u>		<u>21</u>
<u>301,025</u>	<u>(12,790)</u>	<u>125,076</u>	<u>35,632</u>	<u>1,259,310</u>		<u>21</u>
(18,767)	-	-	(139)	(561,198)		(21,527)
-	-	-	-	271,241		-
-	-	-	-	(60,554)		-
-	-	-	-	(69,370)		-
35,930	-	-	-	445,804		-
-	-	15,125	13,155	28,280		-
<u>(8,299)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,818</u>		<u>-</u>
<u>8,864</u>	<u>-</u>	<u>15,125</u>	<u>13,016</u>	<u>68,021</u>		<u>(21,527)</u>
-	-	-	-	95,487		-
-	-	-	-	(40,037)		-
134	-	8,860	718	11,918		435
-	-	(108,185)	-	(108,185)		-
-	-	<u>(22,536)</u>	<u>(31,347)</u>	<u>(53,883)</u>		<u>-</u>
<u>134</u>	<u>-</u>	<u>(121,861)</u>	<u>(30,629)</u>	<u>(94,700)</u>		<u>435</u>
5,521	776	498	3,822	95,257		(1,163)
<u>77,414</u>	<u>-</u>	<u>3,607</u>	<u>38,619</u>	<u>913,551</u>		<u>11,364</u>
<u>\$ 82,935</u>	<u>\$ 776</u>	<u>\$ 4,105</u>	<u>\$ 42,441</u>	<u>\$ 1,008,808</u>	<u>\$</u>	<u>10,201</u>
\$ (325,170)	\$ 289,505	\$ 17,987	\$ 16,230	\$ (1,080,241)	\$	1,927
29,191	-	-	1,143	224,398		14,983
(8,630)	-	-	-	158,749		-
(3,025)	69,973	(35,829)	633	17,604		(515)
-	93	-	-	93		(1,605)
(1,059)	-	-	(30,366)	(28,432)		(98)
4,191	(330,606)	-	(1,837)	(414,604)		5,216
-	(15,399)	-	-	(14,941)		-
<u>20,668</u>	<u>(275,939)</u>	<u>(35,829)</u>	<u>(30,427)</u>	<u>(57,133)</u>		<u>17,981</u>
<u>\$ (304,502)</u>	<u>\$ 13,566</u>	<u>\$ (17,842)</u>	<u>\$ (14,197)</u>	<u>\$ (1,137,374)</u>	<u>\$</u>	<u>19,908</u>

*Continued*

**Statement of Cash Flows**  
**Proprietary Funds (Continued)**  
For the Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>Business-Type Activities</u>	
	<u>Enterprise Funds</u>	
	<u>University of Connecticut &amp; Health Center</u>	<u>State Universities</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>		
Cash and Cash Equivalents - Current	\$ 323,769	\$ 197,786
Cash and Cash Equivalents - Noncurrent	1,429	132,902
Cash and Cash Equivalents - Restricted	<u>222,663</u>	<u>-</u>
	<u>\$ 547,861</u>	<u>\$ 330,688</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>		
Proceeds from Refunding Bonds	\$ 40,297	
Amortization of Premiums/Discounts net Loss on Debt Refundings	7,885	
Unrealized Gain on Investments	401	
Capital Assets Acquired Through Gifts	16,324	
Loss on Disposal of Capital Assets	(2,332)	
Investment Under Corporated Licensing Agreement	1,440	
Mortgage Proceeds held by Trustee in Construction Escrow	(37,451)	
Accruals of Expenses related to Construction in Progress	2,262	
Fixed Assets included in Accounts Payable		5,526
State Financed Plant Facilities		7,395

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

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

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

This fund is used 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:***

This fund is used 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 132

Agency Funds, page 138

# Statement of Fiduciary Net Position

## Fiduciary Funds

June 30, 2015

(Expressed in Thousands)

	<b>Pension &amp; Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund External Investment Pool</b>	<b>Private- Purpose Trust Fund Escheat Securities</b>	<b>Agency Funds</b>	<b>Total</b>
<b>Assets</b>					
Current:					
Cash and Cash Equivalents	\$ 108,375	\$ -	\$ -	\$ 357,422	\$ 465,797
Receivables:					
Accounts, Net of Allowances	24,936	-	-	1,238	26,174
From Other Governments	1,444	-	-	-	1,444
From Other Funds	1,677	-	-	4,141	5,818
Interest	986	999	-	78	2,063
Investments (See Note 4)	29,541,256	1,004,995	-	-	30,546,251
Inventories	-	-	-	28	28
Securities Lending Collateral	1,860,558	-	-	-	1,860,558
Other Assets	-	15	593	380,734	381,342
Noncurrent:					
Due From Employers	240,962	-	-	-	240,962
Total Assets	<u>31,780,194</u>	<u>1,006,009</u>	<u>593</u>	<u>\$ 743,641</u>	<u>33,530,437</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	38,320	114	-	\$ 45,142	83,576
Securities Lending Obligation	1,860,559	-	-	-	1,860,559
Due to Other Funds	5,836	-	-	-	5,836
Funds Held for Others	-	-	-	698,499	698,499
Total Liabilities	<u>1,904,715</u>	<u>114</u>	<u>-</u>	<u>\$ 743,641</u>	<u>2,648,470</u>
<b>Net Position</b>					
Held in Trust For:					
Employees' Pension Benefits (Note 13)	29,524,409	-	-		29,524,409
Other Employee Benefits (Note 15)	351,070	-	-		351,070
Individuals, Organizations, and Other Governments	-	1,005,895	593		1,006,488
Total Net Position	<u>\$ 29,875,479</u>	<u>\$ 1,005,895</u>	<u>\$ 593</u>		<u>\$ 30,881,967</u>

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

## Statement of Changes in Fiduciary Net Position

### Fiduciary Funds

For the Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<u>Pension &amp; Other Employee Benefit Trust Funds</u>	<u>Investment Trust Fund External Investment Pool</u>	<u>Private- Purpose Trust Fund Escheat Securities</u>	<u>Total</u>
<b>Additions</b>				
Contributions:				
Plan Members	\$ 613,551	\$ -	\$ -	\$ 613,551
State	2,944,919	-	-	2,944,919
Municipalities	114,281	-	-	114,281
Total Contributions	<u>3,672,751</u>	<u>-</u>	<u>-</u>	<u>3,672,751</u>
Investment Income	909,945	2,248	-	912,193
Less: Investment Expense	(91,853)	(531)	-	(92,384)
Net Investment Income	<u>818,092</u>	<u>1,717</u>	<u>-</u>	<u>819,809</u>
Escheat Securities Received	-	-	41,169	41,169
Pool's Share Transactions	-	83,691	-	83,691
Transfers In	8,313	-	-	8,313
Other	82,084	-	-	82,084
Total Additions	<u>4,581,240</u>	<u>85,408</u>	<u>41,169</u>	<u>4,707,817</u>
<b>Deductions</b>				
Administrative Expense	783	-	-	783
Benefit Payments and Refunds	4,337,817	-	-	4,337,817
Escheat Securities Returned or Sold	-	-	41,819	41,819
Distributions to Pool Participants	-	1,717	-	1,717
Transfer Out	8,313	-	-	8,313
Other	75	-	(635)	(560)
Total Deductions	<u>4,346,988</u>	<u>1,717</u>	<u>41,184</u>	<u>4,389,889</u>
Change in Net Position Held In Trust For:				
Pension and Other Employee Benefits	234,252	-	-	234,252
Individuals, Organizations, and Other Governments	-	83,691	(15)	83,676
Net Position - Beginning (as restated)	<u>29,641,227</u>	<u>922,204</u>	<u>608</u>	<u>30,564,039</u>
Net Position - Ending	<u>\$ 29,875,479</u>	<u>\$ 1,005,895</u>	<u>\$ 593</u>	<u>\$ 30,881,967</u>

*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 Airport Authority:***

The Connecticut Airport Authority, a public instrumentality and political subdivision of the State of Connecticut was established on July 1, 2011, to operate Bradley International Airport as well as the other State-owned (general aviation) airports.

#### ***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.

### ***Nonmajor:***

The nonmajor component units are presented beginning on page 142.

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## Statement of Net Position Component Units

June 30, 2015

(Expressed in Thousands)

	Connecticut Housing Finance Authority (12-31-14)	Connecticut Lottery Corporation	Connecticut Airport Authority	Other Component Units	Total
<b>Assets</b>					
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 10,174	\$ 70,291	\$ 169,519	\$ 249,984
Investments	-	10,957	-	413,528	424,485
Receivables:					
Accounts, Net of Allowances	-	31,109	6,118	52,336	89,563
Loans, Net of Allowances	-	-	-	22,436	22,436
Other	-	1,882	-	2,030	3,912
Due From Other Governments	-	-	8,646	-	8,646
Due From Primary Government	-	-	5,874	1,102	6,976
Restricted Assets	699,499	-	3,020	399,085	1,101,604
Inventories	-	-	-	5,916	5,916
Other Current Assets	-	3,490	212	11,689	15,391
Total Current Assets	<u>699,499</u>	<u>57,612</u>	<u>94,161</u>	<u>1,077,641</u>	<u>1,928,913</u>
Noncurrent Assets:					
Investments	-	119,397	-	78,048	197,445
Accounts, Net of Allowances	-	-	-	30,928	30,928
Loans, Net of Allowances	-	-	-	488,369	488,369
Restricted Assets	4,290,903	-	109,002	94,813	4,494,718
Capital Assets, Net of Accumulated Depreciation	3,260	1,180	344,713	449,449	798,602
Other Noncurrent Assets	-	4,986	-	55,106	60,092
Total Noncurrent Assets	<u>4,294,163</u>	<u>125,563</u>	<u>453,715</u>	<u>1,196,713</u>	<u>6,070,154</u>
Total Assets	<u>4,993,662</u>	<u>183,175</u>	<u>547,876</u>	<u>2,274,354</u>	<u>7,999,067</u>
<b>Deferred Outflows of Resources</b>					
Accumulated Decrease in Fair Value of Hedging					
Derivatives	85,603	-	19,291	-	104,894
Unamortized Losses on Bond Refundings	69,903	-	1,999	-	71,902
Related to Pensions	-	2,181	-	4,981	7,162
Other	-	-	-	88	88
Total Deferred Outflows of Resources	<u>155,506</u>	<u>2,181</u>	<u>21,290</u>	<u>5,069</u>	<u>184,046</u>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	21,288	14,715	16,813	66,164	118,980
Current Portion of Long-Term Obligations	379,814	11,255	6,435	18,368	415,872
Due To Primary Government	-	-	2,926	33,109	36,035
Amount Held for Institutions	-	-	-	320,224	320,224
Other Liabilities	-	27,882	1,779	19,171	48,832
Total Current Liabilities	<u>401,102</u>	<u>53,852</u>	<u>27,953</u>	<u>457,036</u>	<u>939,943</u>
Noncurrent Liabilities:					
Pension Liability	-	44,624	57,359	42,919	144,902
Noncurrent Portion of Long-Term Obligations	3,784,019	119,941	142,271	604,474	4,650,705
Total Noncurrent Liabilities	<u>3,784,019</u>	<u>164,565</u>	<u>199,630</u>	<u>647,393</u>	<u>4,795,607</u>
Total Liabilities	<u>4,185,121</u>	<u>218,417</u>	<u>227,583</u>	<u>1,104,429</u>	<u>5,735,550</u>
<b>Other Deferred Inflows</b>					
Unamortized Investment Earnings	-	1,594	2,049	1,533	5,176
Total Deferred Inflows of Resources	<u>-</u>	<u>1,594</u>	<u>2,049</u>	<u>1,533</u>	<u>5,176</u>
<b>Net Position</b>					
Net Investment in Capital Assets	3,260	1,180	211,150	311,302	526,892
Restricted:					
Debt Service	-	-	7,424	23,814	31,238
Bond Indentures	962,516	-	2,100	-	964,616
Expendable Endowments	-	-	-	96,702	96,702
Nonexpendable Endowments	-	-	-	339,807	339,807
Capital Projects	-	-	102,499	-	102,499
Other Purposes	-	(1,838)	-	71,895	70,057
Unrestricted (Deficit)	(1,729)	(33,997)	16,361	329,941	310,576
Total Net Position	<u>\$ 964,047</u>	<u>\$ (34,655)</u>	<u>\$ 339,534</u>	<u>\$ 1,173,461</u>	<u>\$ 2,442,387</u>

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

## Statement of Activities

### Component Units

For The Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Connecticut Housing Finance Authority (12/31/14)	\$ 177,765	\$ 193,068	\$ -	\$ -
Connecticut Lottery Corporation	1,149,379	1,144,031	-	-
Connecticut Airport Authority	94,586	89,918	-	13,136
Other Component Units	405,039	339,479	38,315	72,001
Total Component Units	<u>\$ 1,826,769</u>	<u>\$ 1,766,496</u>	<u>\$ 38,315</u>	<u>\$ 85,137</u>

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

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

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

<b>Connecticut Housing Finance Authority (12-31-14)</b>	<b>Connecticut Lottery Corporation</b>	<b>Connecticut Airport Authority</b>	<b>Other Component Units</b>	<b>Totals</b>
\$ 15,303	\$ -	\$ -	\$ -	\$ 15,303
-	(5,348)	-	-	(5,348)
-	-	8,468	-	8,468
-	-	-	44,756	44,756
<u>15,303</u>	<u>(5,348)</u>	<u>8,468</u>	<u>44,756</u>	<u>63,179</u>
34,410	7,185	127	5,215	46,937
-	-	-	1,259	1,259
<u>34,410</u>	<u>7,185</u>	<u>127</u>	<u>6,474</u>	<u>48,196</u>
49,713	1,837	8,595	51,230	111,375
914,334	(36,492)	330,939	1,122,231	2,331,012
<u>\$ 964,047</u>	<u>\$ (34,655)</u>	<u>\$ 339,534</u>	<u>\$ 1,173,461</u>	<u>\$ 2,442,387</u>

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## Notes to the Financial Statements

### June 30, 2015

#### 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) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. The State reported as component units the following organizations that are public instrumentalities and political subdivisions of the State (public authorities).

##### *Connecticut Housing Finance Authority (CHFA)*

CHFA was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority's fiscal year is for the period ending on December 31, 2014.

##### *Connecticut Airport Authority (CAA)*

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

##### *Materials, Innovation, and Recycling Authority (MIRA)*

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

##### *Connecticut Higher Education Supplemental Loan Authority (CHESLA)*

CHESLA was created to assist students, their parents, and institutions of higher education to finance the cost of higher education through its bond funds. Effective fiscal year 2013, CHESLA was statutorily consolidated into CHEFA, making CHESLA a subsidiary of CHEFA.

##### *Connecticut Health and Educational Facilities Authority (CHEFA)*

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

##### *Connecticut Student Loan Foundation (CSLF)*

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

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

##### *Capital Region Development Authority (CRDA)*

CRDA was established July 1, 2012 to market the major sports, convention, and exhibition venues in the region. CRDA became the successor to the Capital City Economic Development Authority, which was established in 1998.

##### *Connecticut Innovations, Incorporated (CI)*

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

##### *Connecticut Green Bank (CGB)*

CGB was established on July 1, 2011 through Public Act 11-80 as a quasi-public agency that supersedes Connecticut Clean Energy Fund. CGB uses public and private funds to finance and support clean energy investment in residential, municipal, small business and larger commercial projects and stimulate demand for clean energy and the deployment of clean energy sources within the state.

##### *Connecticut Lottery Corporation (CLC)*

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

CHFA, MIRA, CHESLA, CHEFA, CSLF, and CRDA are reported as component units because the State appoints a voting majority of the organization's governing board and is contingently liable for the organization's bonded debt that is secured by a special capital reserve fund, or other contractual agreement.

CI and CGB are reported as component units because the State appoints a voting majority of the organization's governing board and has the ability to access the resources of the organization.

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

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

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

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

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

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

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

***Government-wide Financial Statements***

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

1. Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds issued to buy, construct, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the purchase, construction, or improvement of those assets or related debt should be included in this component of net position.

2. Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

3. Unrestricted – This component of net position is the remaining balance of net position, after the determination of the other two components of net position.

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.

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

The State reports the following major governmental funds:

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

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

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

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

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

The State reports the following major enterprise funds:

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

**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.

**Connecticut Community Colleges** – This fund is used to account for the operations of the State community colleges system, which consists of twelve regional community colleges.

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

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

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

In addition, the State reports the following fund types:

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

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

**Other Post-Employment Benefit (OPEB) Trust Funds**- These funds account for resources held in trust for the members and beneficiaries of the state’s other post-employment benefit plans which are described in notes 13 and 14.

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

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

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

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

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

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

**Governmental Fund Financial Statements**

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

### e. 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 "statutory" basis of accounting that utilizes the accounting standards that were applied in the budget act and related legislation. Commencing in Fiscal Year 2014, appropriations were made to legislatively budgeted funds to account for expense accruals. The actual expense accruals were posted using the same methodology described above for the governmental fund financial statements. Revenues were recognized when received except in the General Fund and Transportation Fund. In those two funds certain taxes and Indian gaming payments are recognized within a statutory accrual period as approved by the State Comptroller. The state's three major tax categories (the personal income tax, the sales and use tax, and the corporation tax), among other taxes, are subject to statutory accrual. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for the General and Transportation funds. During the 2015 fiscal year, the original adopted budget was adjusted by the General Assembly and the Finance Advisory Committee.

### Budget Reserve Fund ("Rainy Day Fund")

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

Historically, resources from the Rainy Day Fund have only been expended during recessionary periods to cover overall budget shortfalls after other budgetary measures have been exhausted. Under the provisions of Section 4-30a of the State Statutes, a deposit of \$248.5 million was transferred during fiscal year 2015 based on fiscal year 2014 surplus. During fiscal year 2016 a withdrawal of \$113.2 million will be made to cover the budgetary shortfall in fiscal year 2015.

After the transfer is made to cover the shortfall in fiscal year 2015 the Budget Reserve Fund will have a balance of \$406.0 million. Effective February 28, 2003, the amount on deposit cannot exceed 10 percent of the net General Fund appropriations for the current fiscal year.

### f. Assets and Liabilities

#### *Cash and Cash Equivalents (see Note 3)*

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

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

**Investments (see Note 3)**

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

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

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

- The fair value of State bonds held by the Clean Water and Drinking Water funds (Enterprise funds) which is estimated using a comparison of other State bonds.
- The fair value of securities not publicly traded held by the Connecticut Innovations, Incorporated, a Component Unit. The fair value of these investments is determined by an independent valuation committee of the Corporation, after 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 position.

**Inventories**

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

**Capital Assets and Depreciation**

Capital assets include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, railways, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the State as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year, except for the University of Connecticut which uses an initial individual cost of more than \$5,000. 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:

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

**Securities Lending Transactions (see Note 3)**

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

**Escheat Property**

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

**Deferred Outflows of Resources**

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

**Unearned Revenues**

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

**Long-term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight line

method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are reported as an expense in the year they are incurred. Other significant long-term obligations include the net pension liability, OPEB obligation, compensated absences, workers' compensation claims, and federal loans. In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether 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 position at its net or accreted value rather than at face value.

#### **Compensated Absences**

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

Vacation and sick policy 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.

#### **g. Derivative Instruments**

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

#### **h. Deferred Inflows of Resources**

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

#### **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. Supplemental Nutrition Assistance Program (SNAP)**

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

#### **k. External Investment Pool**

Assets and liabilities of the Short-Term Investment Fund are allocated ratably to the External Investment Pool Fund based on its investment in the Short-Term Investment Fund (see Note 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 Nonmajor Fund Deficits**

The following funds have deficit fund/net position balances at June 30, 2015, none of which constitutes a violation of statutory provisions (amounts in thousands).

**Capital Projects**

State Facilities	\$ 103,418
Transportation	\$ 718

**Enterprise**

Bradley Parking Garage	\$ 25,544
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**Note 3 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.

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

**Primary Government**

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

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

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

For financial reporting purposes, STIF is 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.

For disclosure purposes, certificates of deposit held by STIF are reported in this note as bank deposits, not as investments.

As of June 30, 2015, STIF had the following investments and maturities (amounts in thousands):

Investment Type	Short-Term Investment Fund	
	Amortized Cost	Investment Maturities (in years)
		Less Than 1
Federal Agency Securities	\$ 1,476,285	\$ 1,476,285
Bank Commercial Paper	350,000	350,000
US Government Guaranteed or Insured	65,295	65,295
Government Money Market Funds	501,170	501,170
Repurchase Agreements	500,000	500,000
Total Investments	<u>\$ 2,892,750</u>	<u>\$ 2,892,750</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, 2015, the weighted average maturity of the STIF was 37 days. Additionally, STIF is allowed by policy to invest in floating-rate securities. However, investment in these securities having maturities greater than two years is limited to no more than 20 percent of the overall portfolio. For purposes of the fund's weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprice frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2015, the amount of STIF's investments in variable-rate securities was \$568 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, 2015, STIF's investments were rated by Standard and Poor's as follows (amounts in thousands):

Investment Type	Short-Term Investment Fund			
	Amortized Cost	Quality Ratings		
		AAA	AA	A
Federal Agency Securities	\$ 1,476,285	\$ -	\$ 1,476,285	\$ -
Bank Commercial Paper	350,000	-	350,000	-
U.S. Government Guaranteed & Insured Securities	65,295	-	65,295	-
Government Money Market Funds	501,170	501,170	-	-
Repurchase Agreements	500,000	-	250,000	250,000
Total Investments	<u>\$ 2,892,750</u>	<u>\$ 501,170</u>	<u>\$ 2,141,580</u>	<u>\$ 250,000</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, 2015, STIF's investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

<u>Investment Issuer</u>	<u>Amortized Cost</u>
Federal Home Loan Bank	\$ 673,629
Federal Farm Credit Bank	\$ 457,890
U.S. Bank	\$ 350,000
Freddie Mac	\$ 151,386
Merryl Lynch	\$ 250,000
Fannie Mae	\$ 193,379
Morgan Stanley	\$ 250,001
Western Asset	\$ 251,169
RBC Capital Markets	\$ 250,000

**Custodial Credit Risk-Bank Deposits-Nonnegotiable**

**Certificate of Deposits** (amounts in thousands):

The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificate of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least A- and its issuer rating is at least "C", or backed by a letter of credit issued by a Federal Home Loan bank. As of June 30, 2015, \$2,065,000 of the bank balance of STIF's

deposits of \$2,140,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,202,063
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	<u>862,475</u>
Total	<u>\$ 2,064,538</u>

**Combined Investment Funds (CIFS)**

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

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

	<u>Primary Government</u>		<u>Fiduciary Funds</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Equity in the CIFS	\$ 110,069	\$ 652	\$ 29,541,256
Other Investments	<u>2,826</u>	<u>68,570</u>	<u>1,004,995</u>
Total Investments-Current	<u>\$ 112,895</u>	<u>\$ 69,222</u>	<u>\$ 30,546,251</u>

As of June 30, 2015, the CIFS had the following investments and maturities (amounts in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Cash Equivalents	\$ 198,784	\$ 198,784	\$ -	\$ -	\$ -
Asset Backed Securities	191,411	3,902	161,552	15,533	10,424
Government Securities	2,746,047	149,878	1,086,902	617,616	891,651
Government Agency Securities	725,993	122,431	56,503	6,194	540,865
Mortgage Backed Securities	377,930	10,098	61,452	73,195	233,185
Corporate Debt	3,068,331	803,147	998,896	1,005,421	260,867
Convertible Debt	<u>34,542</u>	<u>1,644</u>	<u>13,963</u>	<u>-</u>	<u>18,935</u>
Total Debt Investments	7,343,038	<u>\$ 1,289,884</u>	<u>\$ 2,379,268</u>	<u>\$ 1,717,959</u>	<u>\$ 1,955,927</u>
Common Stock	14,406,676				
Preferred Stock	124,880				
Real Estate Investment Trust	309,747				
Business Development Corporation	80,600				
Mutual Fund	820,291				
Limited Liability Corporation	1,157				
Trusts	583				
Limited Partnerships	<u>6,668,284</u>				
Total Investments	<u>\$ 29,755,256</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 Barclays 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, 2015, 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
		Equivalents	Backed	Securities	Securities	Agency	Backed	Debt
Aaa	\$ 2,235,451	\$ 100	\$ 138,598	\$ 1,269,100	\$ 534,650	\$ 233,191	\$ 59,812	\$ -
Aa	492,201	7,500	2,886	334,515	-	14,683	132,617	-
A	641,373	-	1,486	327,413	-	11,067	301,407	-
Baa	799,566	-	109	454,248	-	11,211	333,202	796
Ba	520,267	-	-	82,170	-	-	428,750	9,347
B	840,172	-	-	36,043	-	-	788,159	15,970
Caa	261,361	-	-	40,775	-	-	220,586	-
Ca	12,769	-	-	3,527	-	-	9,242	-
C	940	-	-	-	-	-	940	-
Prime 1	493,856	-	2,672	-	-	4,798	486,386	-
Prime 2	30,391	-	-	-	-	-	30,391	-
Government fixed not rated	202,429	-	-	11,086	191,343	-	-	-
Non Government fixed not rated	187,170	-	-	187,170	-	-	-	-
Not Rated	625,092	191,184	45,660	-	-	102,980	276,839	8,429
	<u>\$ 7,343,038</u>	<u>\$ 198,784</u>	<u>\$ 191,411</u>	<u>\$ 2,746,047</u>	<u>\$ 725,993</u>	<u>\$ 377,930</u>	<u>\$ 3,068,331</u>	<u>\$ 34,542</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, 2015, CIFS' foreign deposits and investments were as follows (amounts in thousands):

Foreign Currency	Total	Combined Investment Funds								
		Cash	Fixed Income Securities					Equities		Real Estate
			Collateral	Government	Corporate	Asset	Mortgage	Common	Preferred	
Argentine Peso	\$ 81	\$ 81	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Australian Dollar	410,838	999	113	89,266	13,020	-	-	288,175	-	19,265
Brazilian Real	279,997	2,492	-	111,328	1,437	-	-	128,965	35,775	-
Canadian Dollar	84,910	145	43	15,550	-	-	-	66,765	-	2,407
Chilean Peso	2,761	-	-	1,660	-	-	-	1,101	-	-
Colombian Peso	31,645	42	-	26,266	4,684	-	-	653	-	-
Croatian Kuna	86	-	-	-	-	-	-	86	-	-
Czech Koruna	4,158	74	-	-	-	-	-	4,084	-	-
Danish Krone	88,349	686	-	1,241	-	-	-	86,422	-	-
Egyptian Pound	6,662	207	-	-	-	-	-	6,455	-	-
Euro Currecny	1,964,783	(1,610)	-	189,222	6,257	(535)	-	1,727,992	29,649	13,808
Hong Kong Dollar	633,515	1,576	-	-	-	-	-	627,957	-	3,982
Hungarian Forint	24,324	-	-	6,341	-	-	-	17,983	-	-
Iceland Krona	2	2	-	-	-	-	-	-	-	-
Indian Rupee	3,300	-	-	1,612	1,688	-	-	-	-	-
Indonesian Rupiah	96,094	20	-	42,289	6,442	-	-	47,343	-	-
Israeli Shekel	17,565	404	-	-	-	-	-	17,161	-	-
Japanese Yen	1,339,030	4,395	-	58,669	-	-	-	1,270,735	-	5,231
Malaysian Ringgit	84,282	451	-	63,042	-	-	-	20,789	-	-
Mexican Peso	198,235	1,980	-	159,361	4,268	-	-	29,454	-	3,172
Moroccan Dirham	62	-	-	-	-	-	-	62	-	-
New Turkish Lira	201,272	11	-	41,199	-	-	-	159,454	-	608
New Zealand Dollar	110,084	929	-	96,223	-	-	-	12,932	-	-
Nigerian Naira	2,698	-	-	2,698	-	-	-	-	-	-
Norwegian Krone	60,802	1,325	-	14,124	-	-	-	45,353	-	-
Peruvian Nouveau Sol	1,864	-	-	1,864	-	-	-	-	-	-
Philippine Peso	65,375	17	-	3,444	-	-	-	61,914	-	-
Polish Zloty	105,748	81	-	65,666	-	-	-	40,001	-	-
Pound Sterling	1,387,031	1,764	223	200,831	11,298	-	5,805	1,151,938	-	15,172
Romanian Leu	6,293	-	-	6,293	-	-	-	-	-	-
Russian Ruble	26,939	-	-	26,610	329	-	-	-	-	-
Singapore Dollar	91,253	1,344	-	-	-	-	-	83,945	-	5,964
South African Rand	179,454	8	-	80,084	-	-	-	99,362	-	-
South Korean Won	299,880	148	-	-	-	-	-	289,596	10,136	-
Sri Lanka Rupee	78	-	-	-	-	-	-	78	-	-
Swedish Krona	183,098	942	-	6,746	-	-	-	175,410	-	-
Swiss Franc	452,525	(554)	-	-	-	-	-	453,079	-	-
Thailand Baht	114,855	236	-	13,615	-	-	-	101,004	-	-
Uganda Shilling	2,159	-	-	2,159	-	-	-	-	-	-
Uruguayan Peso	3,357	-	-	3,357	-	-	-	-	-	-
	<u>\$ 8,565,444</u>	<u>\$ 18,195</u>	<u>\$ 379</u>	<u>\$ 1,330,760</u>	<u>\$ 49,423</u>	<u>\$ (535)</u>	<u>\$ 5,805</u>	<u>\$ 7,016,248</u>	<u>\$ 75,560</u>	<u>\$ 69,609</u>

**Derivatives**

As of June 30, 2015, the CIFS held the following derivative investments (amounts in thousands):

<u>Derivative Investments</u>	<u>Fair Value</u>
Adjustable Rate Securities	\$ 505,870
Asset Backed Securities	191,498
Mortgage Backed Securities	277,288
Collateralized Mortgage Obligations	100,623
TBA's	190,181
Interest Only Securities	740
Options	(306)
<b>Total</b>	<b>\$ 1,265,894</b>

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

The CIFS also invest in foreign currency contracts. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the CIFS' investments against currency fluctuations. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms. As of June 30, 2015, the fair value of contracts to buy and contracts to sell was \$8.4 billion and \$8.3 billion, respectively.

**Custodial Credit Risk-Bank Deposits**

The CIFS minimize this risk by maintaining certain restrictions set forth in the Investment Policy Statement. The CIFS use a Liquidity Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2015, the CIFS had deposits with a bank balance of \$31.0 million which was uninsured and uncollateralized.

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

**Other Investments**

As of June 30, 2015, the State had other investments and maturities as follows (amounts in thousands):

Investment Type	Other Investments				
	Investment Maturities (in years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
State Bonds	\$ 21,080	\$ -	\$ 6,780	\$ 14,300	\$ -
U.S. Government and Agency Securities	350,209	101,380	10,929	236,776	1,124
Guaranteed Investment Contracts	147,829	11,735	29,830	47,930	58,334
Money Market Funds	8,301	8,301	-	-	-
<b>Total Debt Investments</b>	<b>527,419</b>	<b>\$ 121,416</b>	<b>\$ 47,539</b>	<b>\$ 299,006</b>	<b>\$ 59,458</b>
Endowment Pool	11,611				
Corporate Stock	2,850				
Limited Partnership	150				
<b>Total Investments</b>	<b>\$ 542,030</b>				

**Credit Risk**

As of June 30, 2015, other debt investments were rated by Standard and Poor's as follows (amounts in thousands):

Investment Type	Other Investments			
	Fair Value	Quality Ratings		
		AA	A	Unrated
State Bonds	\$ 21,080	\$ 21,080	\$ -	\$ -
U.S. Government and Agency Securities	261,116	261,116	-	-
Guaranteed Investment Contracts	147,829	35,952	111,877	-
Money Market Funds	8,301	-	-	8,301
<b>Total</b>	<b>\$ 438,326</b>	<b>\$ 318,148</b>	<b>\$ 111,877</b>	<b>\$ 8,301</b>

Connecticut State Universities reported \$89 million as U.S. Government Securities, these securities have no credit risk therefore, these securities are not included in the above table.

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

The State maintains its deposits at qualified financial institutions located in the state to reduce its exposure to this risk. These institutions are required to maintain, segregated from its other assets, eligible collateral in an amount equal to 10 percent, 25 percent, 100 percent, or 120 percent of its public deposits. The collateral is held in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. As of June 30, 2015, \$660,444 of the bank balance of the Primary Government of \$664,623 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 55,181
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	605,263
<b>Total</b>	<b>\$ 660,444</b>

**Component Units**

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Lottery Corporation (CLC) reported the following investments and maturities as of 12-31-14 and 6-30-15, respectively (amounts in thousands):

Investment Type	Major Component Units				
	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Collateralized Mortgage Obligations	\$ 863	\$ -	\$ -	\$ 863	\$ -
Fidelity Funds	6,114	6,114	-	-	-
GNMA & FNMA Program Assets	621,231	-	-	-	621,231
Mortgage Backed Securities	878	-	-	150	728
Municipal Bonds	42,164	201	1,191	1,567	39,205
U.S. Government Agency Securities	928	-	-	-	928
Structured Securities	690	-	-	-	690
Fidelity Tax Exempt Fund	3,333	3,333	-	-	-
<b>Total Debt Investments</b>	<b>676,201</b>	<b>\$ 9,648</b>	<b>\$ 1,191</b>	<b>\$ 2,580</b>	<b>\$ 662,782</b>
Annuity Contracts	130,354				
<b>Total Investments</b>	<b>\$ 806,555</b>				

The CHFA and the CLC own 83.8 percent and 16.2 percent of the above investments, respectively. GNMA Program Assets represent securitized home mortgage loans of CHFA which are guaranteed by the Government National Mortgage Association. Annuity contracts are the only investment held by the CLC, which are not subject to investment risks discussed next.

### Interest Rate Risk

#### CHFA

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

### Credit Risk

#### CHFA

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

CHFA's investments were rated as of 12-31-14 as follows (amounts in thousands):

Investment Type	Component Units			
	Fair Value	Quality Ratings		
		CCC	D	Unrated
Collateralized Mortgage Obligations	\$ 863	\$ 863	\$ -	\$ -
Fidelity Tax Exempt Fund	3,333	-	-	3,333
Municipal Bonds	42,164	-	-	42,164
Structured Securities	690	-	690	-
Total	<u>\$ 47,050</u>	<u>\$ 863</u>	<u>\$ 690</u>	<u>\$ 45,497</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, 2014, the Authority had no investments in any one issuer that represents 5 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA

and FNMA Program Assets), and investments in the State's STIF.

### Security Lending Transactions

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

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

According to the Agreement, the Agent has an obligation to indemnify the funds in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures during the fiscal year that resulted in a declaration or notice of default of the borrower. During the fiscal year, the funds and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. At year end, the funds had no credit exposure to borrowers because the value of the collateral held and the market value of securities on loan were \$1,866.8 million and \$1,826.0 million, respectively.

Under normal circumstances, the average duration of collateral investments is managed so that it will not exceed 60 days. At year end, the average duration of the collateral investments was 23.22 days and an average weighted maturity of 44.83 days.

### Note 4 Receivables-Current

As of June 30, 2015, current receivables consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	\$ 1,393,705	\$ -	\$ -
Accounts	1,180,329	644,856	89,883
Loans-Current Portion	-	314,318	22,436
Other Governments	434,667	10,892	8,646
Interest	1,296	5,282	599
Other (1)	4,181	2,859	3,313
Total Receivables	3,014,178	978,207	124,877
Allowance for			
Uncollectibles	(878,317)	(115,566)	(320)
Receivables, Net	<u>\$ 2,135,861</u>	<u>\$ 862,641</u>	<u>\$ 124,557</u>

(1) Includes a reconciling amount of \$4,180 million from fund financial statements to government-wide financial statements.

**Note 5 Taxes Receivable**

Taxes receivable consisted of the following as of June 30, 2015 (amounts in thousands):

	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Total</u>
Sales and Use	\$ 584,122	\$ -	\$ 584,122
Income Taxes	433,141	-	433,141
Corporations	8,823	-	8,823
Gasoline and Special Fuel	-	44,527	44,527
Various Other	323,092	-	323,092
Total Taxes Receivable	1,349,178	44,527	1,393,705
Allowance for Uncollectibles	(129,005)	(215)	(129,220)
Taxes Receivable, Net	\$ 1,220,173	\$ 44,312	\$ 1,264,485

**Note 6 Receivables-Noncurrent**

Noncurrent receivables for the primary government and its component units, as of June 30, 2015, consisted of the following (amounts in thousands):

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units</u>
Accounts	\$ -	\$ -	\$ 30,928
Loans	687,334	840,143	640,935
Total Receivables	687,334	840,143	671,863
Allowance for Uncollec	(14,361)	(5,035)	(152,566)
Receivables, Net	\$ 672,973	\$ 835,108	\$ 519,297

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

**Note 8 Current Liabilities**

**a. Accounts Payable and Accrued Liabilities**

As of June 30, 2015, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Interest</u>	<u>Other</u>	<u>Total Payables &amp; Accrued Liabilities</u>
<b>Governmental Activities:</b>					
General	\$ 163,629	\$ 182,150	\$ -	\$ -	\$ 345,779
Transportation	12,938	10,318	-	-	23,256
Restricted Accounts	201,486	9,573	-	-	211,059
Grants and Loans	12,071	102	-	1,003	13,176
Other Governmental	62,567	6,813	-	-	69,380
Internal Service	1,047	858	-	-	1,905
Reconciling amount from fund financial statements to government-wide financial statements	-	-	192,795	4,162	196,957
Total-Governmental Activities	\$ 453,738	\$ 209,814	\$ 192,795	\$ 5,165	\$ 861,512
<b>Business-Type Activities:</b>					
UConn/Health Center	\$ 99,494	\$ 73,250	\$ -	\$ 33,982	\$ 206,726
State Universities	18,165	38,815	2,336	-	59,316
Other Proprietary	12,734	23,347	11,828	14,564	62,473
Total-Business-Type Activities	\$ 130,393	\$ 135,412	\$ 14,164	\$ 48,546	\$ 328,515
<b>Component Units:</b>					
CHFA	\$ -	\$ -	\$ 15,169	\$ 6,119	\$ 21,288
Connecticut Lottery Corporation	2,224	3,231	1,882	7,378	14,715
Connecticut Airport Authority	7,004	4,147	1,284	4,378	16,813
Other Component Units	6,846	-	998	58,320	66,164
Total-Component Units	\$ 16,074	\$ 7,378	\$ 19,333	\$ 76,195	\$ 118,980

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 \$738.1 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 9.2 percent. At year end, the noncurrent portion of loans receivable was \$103.0 million.

**Note 7 Restricted Assets**

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2015, restricted assets were comprised of the following (amounts in thousands):

	<u>Cash &amp; Cash Equivalents</u>	<u>Investments</u>	<u>Loans, Net of Allowances</u>	<u>Other</u>	<u>Total Restricted Assets</u>
	<b>Governmental Activities:</b>				
Debt Service	\$ 668,426	\$ -	\$ -	\$ -	\$ 668,426
Total-Governmental Activities	\$ 668,426	\$ -	\$ -	\$ -	\$ 668,426
<b>Business-Type Activities:</b>					
UConn/Health Center	\$ 222,663	\$ -	\$ -	\$ -	\$ 222,663
Clean Water	177,238	158,833	-	-	336,071
Other Proprietary	56,077	12,562	-	-	68,639
Total-Business-Type Activities	\$ 455,978	\$ 171,395	\$ -	\$ -	\$ 627,373
<b>Component Units:</b>					
CHFA	\$ 539,457	\$ 666,553	\$ 3,534,954	\$ 99,438	\$ 4,840,402
CAA	109,934	-	-	2,088	112,022
Other Component Units	457,168	-	21,787	14,943	493,898
Total-Component Units	\$ 1,106,559	\$ 666,553	\$ 3,556,741	\$ 116,469	\$ 5,446,322

**Note 9 Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 1,686,533	\$ 23,006	\$ 522	\$ 1,709,017
Construction in Progress	<u>3,465,057</u>	<u>1,130,658</u>	<u>930,875</u>	<u>3,664,840</u>
Total Capital Assets not being Depreciated	5,151,590	1,153,664	931,397	5,373,857
Capital Assets being Depreciated:				
Buildings	4,005,874	378,146	87,319	4,296,701
Improvements Other than Buildings	443,034	21,624	1,632	463,026
Equipment	2,548,252	304,468	116,516	2,736,204
Infrastructure	<u>13,824,648</u>	<u>482,714</u>	<u>-</u>	<u>14,307,362</u>
Total Other Capital Assets being Depreciated	20,821,808	1,186,952	205,467	21,803,293
Less: Accumulated Depreciation For:				
Buildings	1,772,065	107,415	87,319	1,792,161
Improvements Other than Buildings	285,250	22,992	1,632	306,610
Equipment	2,475,882	315,104	116,516	2,674,470
Infrastructure	<u>8,900,576</u>	<u>472,092</u>	<u>-</u>	<u>9,372,668</u>
Total Accumulated Depreciation	13,433,773	917,603	205,467	14,145,909
Other Capital Assets, Net	<u>7,388,035</u>	<u>269,349</u>	<u>-</u>	<u>7,657,384</u>
Governmental Activities, Capital Assets, Net	<u>\$ 12,539,625</u>	<u>\$ 1,423,013</u>	<u>\$ 931,397</u>	<u>\$ 13,031,241</u>

\* Depreciation expense was charged to functions as follows:

**Governmental Activities:**

Legislative	\$ 5,634
General Government	53,264
Regulation and Protection	33,959
Conservation and Development	14,048
Health and Hospitals	13,884
Transportation	666,663
Human Services	1,852
Education, Libraries and Museums	42,467
Corrections	51,891
Judicial	18,958

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

	<u>14,983</u>
<b>Total Depreciation Expense</b>	<u>\$ 917,603</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 67,788	\$ 286	\$ 2	\$ 68,072
Construction in Progress	<u>510,620</u>	<u>476,775</u>	<u>270,224</u>	<u>717,171</u>
Total Capital Assets not being Depreciated	578,408	477,061	270,226	785,243
Capital Assets being Depreciated:				
Buildings	4,502,086	307,364	22,503	4,786,947
Improvements Other Than Buildings	363,146	10,351	210	373,287
Equipment	968,935	82,540	56,264	995,211
Infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Capital Assets being Depreciated	5,834,167	400,255	78,977	6,155,445
Less: Accumulated Depreciation For:				
Buildings	1,795,044	139,742	15,556	1,919,230
Improvements Other Than Buildings	191,988	15,123	24	207,087
Equipment	<u>644,339</u>	<u>67,902</u>	<u>49,315</u>	<u>662,926</u>
Total Accumulated Depreciation	2,631,371	222,767	64,895	2,789,243
Other Capital Assets, Net	<u>3,202,796</u>	<u>177,488</u>	<u>14,082</u>	<u>3,366,202</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 3,781,204</u>	<u>\$ 654,549</u>	<u>\$ 284,308</u>	<u>\$ 4,151,445</u>

**Component Units**

Capital assets of the component units consisted of the following as of June 30, 2015 (amounts in thousands):

Land	\$ 58,225
Buildings	724,863
Improvements other than Buildings	321,925
Machinery and Equipment	534,498
Construction in Progress	<u>17,558</u>
Total Capital Assets	1,657,069
Accumulated Depreciation	<u>858,467</u>
Capital Assets, Net	<u>\$ 798,602</u>

**Note 10 State Retirement Systems**

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

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

**Special Funding Situation**

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

**Plan Descriptions and Funding Policy**

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

	SERS	TRS	JRS
	<u>6/30/2014</u>	<u>6/30/2014</u>	<u>6/30/2014</u>
Inactive Members or their			
Beneficiaries receiving benefits	45,803	34,310	250
Inactive Members Entitled to but			
not yet Receiving Benefits	1,457	13,011	4
Active Members	49,976	51,433	212

**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 allowances, contribution requirements of plan members and the State, and other plan provisions are described in Sections 5-152 to 5-192 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living allowances to plan members and their beneficiaries.

**Funding Policy**

The contribution requirements of plan members and the State are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. Tier I Plan B regular and Hazardous Duty members are required to contribute 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 and Tier III Plans regular and Hazardous Duty members are required to contribute 2 percent and 5 percent of their annual salary, respectively. Individuals hired on or after July 1, 2011 otherwise eligible for the Alternative Retirement Plan (ARP) are eligible to become members of the Hybrid Plan in addition to their other existing choices. The Hybrid Plan has defined benefits identical to Tier II/IIA and Tier III for individuals hired on or after July 1, 2011, but requires employee contributions 3 percent higher than the contribution required from the applicable Tier II/IIA/III plan. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

**Teachers' Retirement System**

**Plan Description**

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

**Funding Policy**

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. Administrative costs of the plan are funded by the State.

**Judicial Retirement System**

**Plan Description**

JRS is a single-employer defined-benefit pension plan covering any appointed judge or compensation commissioner in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the

State, and other plan provisions are described in Sections 51-49 to 51-51 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living allowances to plan members and their beneficiaries.

**Funding Policy**

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 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.

**Investments**

The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the Chief Investment Officer, as they manage the investment programs of the pension plans. Plan assets are managed primarily through asset allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits. The following is the asset allocation policy as of June 30, 2014.

Asset Class	SERS		TRB		JRS	
	Target	Long-Term Expected	Target	Long-Term Expected	Target	Long-Term Expected
	Allocation	Real Rate of Return	Allocation	Real Rate of Return	Allocation	Real Rate of Return
Large Cap U.S. Equities	21.0%	5.8%	21.0%	5.8%	16.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%	18.0%	6.6%	14.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%	9.0%	8.3%	7.0%	8.3%
Real Estate	7.0%	5.1%	7.0%	5.1%	7.0%	5.1%
Private Equity	11.0%	7.6%	11.0%	7.6%	10.0%	7.6%
Alternative Investment	8.0%	4.1%	8.0%	4.1%	8.0%	4.1%
Fixed Income (Core)	8.0%	1.3%	7.0%	1.3%	8.0%	1.3%
High Yield Bonds	5.0%	3.9%	5.0%	3.9%	14.0%	3.9%
Emerging Market Bond	4.0%	3.7%	5.0%	3.7%	8.0%	3.7%
Inflation Linked Bonds	5.0%	1.0%	3.0%	1.0%	5.0%	1.0%
Cash	4.0%	0.4%	6.0%	0.4%	3.0%	0.4%

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

**Rate of Return:** For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan expense was 15.6, 15.7, and 13.7 percent for SERS, TRS, and JRS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The components of the net pension liability at June 30, 2014 were as follows (amounts in millions):

	SERS	TRS	JRS
Total Pension Liability	\$ 26,487	\$ 26,349	\$ 352
Fiduciary Net Position	10,473	16,208	188
Net Pension Liability	\$ 16,014	\$ 10,141	\$ 164
Ratio of Fiduciary Net Position to Total Pension Liability	39.54%	61.51%	53.38%

**Deferred Retirement Option Program (DROP)**

Section 10-183v of the General Statute authorizes that a TRS member teacher receiving retirement benefits from the system may be reemployed for up to one full school year by a local board of education, the State Board of Education or

by a constituent unit of the state system of higher education in a position (1) designated by the Commissioner of Education as a subject shortage area, or (2) at a school located in a school district identified as a priority school district. Such reemployment may be extended for an additional school year, by written request for approval to the Teachers' Retirement Board.

As of June 30, 2015 the balance held for the DROP was not available from the Teachers' Retirement Board.

**Discount Rate**

The discount rate used to measure the total pension liability was 8.0, 8.5, and 8.0 percent for SERS, TRS, and JRS respectively. The projection of cash flows used to determine the SERS, TRS, and JRS discount rate assumed employee contributions will be made at the current contribution rate and that contributions from the State will be made at actuarially determined rates in future years. Based on those assumptions, SERS, TRS, and JRS pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the State, calculated using the discount rates of 8.0, 8.5 and 8.0 percent for SERS, TRS, and JRS, as well as what the State's net pension liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-

percentage-point higher than the current rate (amounts in millions):

	1% Decrease in Rate	Current Discount Rate	1% Increase in Rate
SERS Net Pension Liability	\$ 19,103	\$ 16,014	\$ 13,416
TRS Net Pension Liability	\$ 12,942	\$ 10,141	\$ 7,761
JRS Net Pension Liability	\$ 199	\$ 164	\$ 134

**GASB Statement 68 Employer Reporting  
Employer Contributions**

The following table presents the primary government's and component units' contributions recognized by the pension plans at the measurement date June 30, 2014 (amounts in thousands):

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>	<u>Total</u>
Primary Government	\$ 1,257,085	\$ 948,540	\$ 16,298	\$ 2,221,923
Component Units	11,805	-	-	11,805
Total Employer Contributions	<u>\$ 1,268,890</u>	<u>\$ 948,540</u>	<u>\$ 16,298</u>	<u>\$ 2,233,728</u>

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

As of the reporting date June 30, 2015, the primary government and component units reported net pension liabilities for the following plans administered by the State as follows (amounts in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
Proportionate Share of the Net Pension Liability		
State Employees' Retirement System	\$ 15,865,384	\$ 148,982
Net Pension Liability		
Teachers' Retirement System	10,141,454	-
Judicial Retirement System	163,993	-
Total Net Pension Liability	<u>\$ 26,170,831</u>	<u>\$ 148,982</u>

The primary government's and component units' proportions of the collective net pension liability for the State Employees' Retirement System as of the measurement date June 30, 2014 as follows (amounts in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
State Employees' Retirement System		
Proportion-June 30, 2014	99.07%	0.93%

For the reporting year ended June 30, 2015, the primary government and component units' recognized pension expense for the following pension plans administered by the State as follows (amounts in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
Pension Expense		
State Employees' Retirement System	\$ 1,258,138	\$ 11,815
Teachers' Retirement System	775,485	-
Judicial Retirement System	9,043	-
Total	<u>\$ 2,042,666</u>	<u>\$ 11,815</u>

**Deferred Outflows and Inflows of Resources**

As of the reporting date June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>		<u>Component Units</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
State Employees' Retirement System				
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ -	\$ 566,620	\$ -	\$ 5,322
Employer Contributions Subsequent to Measurement Date	1,358,986	-	12,663	-
Total	<u>\$ 1,358,986</u>	<u>\$ 566,620</u>	<u>\$ 12,663</u>	<u>\$ 5,322</u>

**Teachers' Retirement System**

Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ -	\$ 856,674
Employer Contributions Subsequent to Measurement Date	984,110	-
Total	<u>\$ 984,110</u>	<u>\$ 856,674</u>

**Judicial Retirement System**

Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ -	\$ -
Employer Contributions Subsequent to Measurement Date	17,731	-
Total	<u>\$ 17,731</u>	<u>\$ -</u>

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

**State Employees' Retirement System**

	<u>Primary Government</u>	<u>Component Units</u>
<u>Year Ending June 30</u>		
2016	\$ 141,655	\$ 1,330
2017	141,655	1,330
2018	141,655	1,330
2019	141,657	1,330
Total	<u>\$ 566,622</u>	<u>\$ 5,320</u>

**Teachers' Retirement System**

	<u>Primary Government</u>
<u>Year Ending June 30</u>	
2016	\$ 214,169
2017	214,169
2018	214,169
2019	214,167
Total	<u>\$ 856,674</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
Valuation Date	6/30/14	6/30/14	6/30/14
Inflation	2.75%	3.0%	2.75%
Salary Increases	4.00%-20.00%	3.75%-7.00%	4.75%
Investment Rate of Return	8.00%	8.5%	8.00%

The actuarial assumptions used in the June 30, 2014 SERS and JRS reported mortality rates based on the RP-2000 Mortality Table projected with the scale AA using 15 years for males and 25 years for females, set back 2 and 1 years respectively, for periods after service retirement and 55% (men) and 80% (women) for periods after disability retirement thus providing approximately a 13% margin in the assumed rates.

The actuarial assumptions used in the June 30, 2014 TRS actuarial report were based on RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, using a two year setback for males and females for the period after retirement and for dependent beneficiaries.

**Changes in Net Pension Liability**

The following schedule presents changes in the State's pension liability and fiduciary net position for each plan for the measurement date June 30, 2014 (amounts in thousands):

Total Pension Liability	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
Service Cost	\$ 287,473	\$ 347,198	\$ 7,539
Interest	1,998,736	2,105,069	26,301
Benefit payments	(1,566,964)	(1,737,144)	(21,668)
Net change in total pension liability	719,245	715,123	12,172
Total pension liability - beginning (a)	25,767,688	25,634,086	339,601
Total pension liability - ending (c)	<u>\$ 26,486,933</u>	<u>\$ 26,349,209</u>	<u>\$ 351,773</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,268,890	\$ 948,540	\$ 16,298
Contributions - member	144,807	261,213	1,641
Net investment income	1,443,391	2,277,550	23,156
Benefit payments	(1,566,964)	(1,737,144)	(21,668)
Other	-	(5,307)	-
Net change in plan fiduciary net position	1,290,124	1,744,852	19,427
Plan net position - beginning (b)	9,182,443	14,462,903	168,353
Plan net position - ending (d)	<u>\$ 10,472,567</u>	<u>\$ 16,207,755</u>	<u>\$ 187,780</u>
Net pension liability - beginning (a)-(b)	<u>\$ 16,585,245</u>	<u>\$ 11,171,183</u>	<u>\$ 171,248</u>
Net pension liability - ending (c)-(d)	<u>\$ 16,014,366</u>	<u>\$ 10,141,454</u>	<u>\$ 163,993</u>

**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 \$35.4 million and \$.9 million, respectively.

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

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

**Plan Descriptions and Funding Policy**

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

	<u>MERS</u>	<u>CPJERS</u>
	<u>6/30/2014</u>	<u>12/31/2013</u>
Retirees and beneficiaries receiving benefits	6,511	364
Terminated plan members entitled to but not receiving benefits	1,258	142
Active plan members	8,477	346
Total	<u>16,246</u>	<u>852</u>
Number of participating employers	187	1

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

MERS is a cost-sharing multiple-employer defined benefit pension plan that covers fire, police, and other personnel (except teachers) of participating municipalities in the State. Pension plan assets are pooled and the plan assets can be used to pay the pensions of the retirees of any participating employer. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and participating municipalities, and other plan provisions are described in Chapters 7-425 to 7-451 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

**Funding Policy**

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

**Investment Policy**

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

Asset Class	MERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equities	16.0%	5.8%
Developed Non-U.S. Equities	14.0%	6.6%
Emerging Markets (Non-U.S.)	7.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	10.0%	7.6%
Alternative Investment	8.0%	4.1%
Fixed Income (Core)	8.0%	1.3%
High Yield Bonds	14.0%	3.9%
Emerging Market Bond	8.0%	3.7%
Inflation Linked Bonds	5.0%	1.0%
Cash	3.0%	0.4%

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

**Net Pension Liability of Participating Employers**

The components of the net pension liability for MERS at June 30, 2014 were as follows (amounts in millions):

	MERS
Employers' Total Pension Liability	\$ 2,501
Fiduciary Net Position	<u>2,263</u>
Employers' Net Pension Liability	<u>\$ 238</u>
Ratio of Fiduciary Net Position to Total Pension Liability	90.48%

**Discount Rate**

The discount rate used to measure the total pension liability was 8 percent for MERS. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal

to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of MERS, calculated using the discount rate of 8 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in millions):

	1% Decrease in Rate	Current Discount Rate	1% Increase in Rate
Net Pension Liability	\$ 544	\$ 238	\$ (20)

**Net difference between projected and actual investment earnings on pension plan investments**

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. The collective amount of the net difference between projected and actual investment earnings as of June 30, 2014 compared to the plan's expected rate of return of 8 percent was \$107,180,000. The first year amortization of \$21,436,000 is recognized as pension expense and the remaining amount is shown as a deferred inflow of resources. Each employer's proportional share of these collective amounts is presented on the schedules of pension amounts by employer.

**Deferred outflows and deferred inflows of resources**

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

	Collective Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	<u>\$ 85,744</u>
Amounts recognized in subsequent fiscal years:	
2015	\$ 21,436
2016	21,436
2017	21,436
2018	21,436

The above amounts do not include the deferred outflows/inflows of resources for employer contributions made subsequent to the measurement date. These amounts

should be calculated and recorded by each participating employer.

**Collective Pension Expense**

Collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the period ended June 30, 2014 is as follows (amounts in thousands):

Service Cost	\$ 59,763
Interest on the total pension liability	185,379
Member Contributions	(18,998)
Projected earnings on plan investments	(150,628)
Expensed portion of current period differences	
between projected and actual earnings on plan investments	(21,436)
Other	(13)
Collective Pension Expense	\$ 54,067

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement date:

Inflation	3.25%
Salary increase	4.25-11.0%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and non-annuitants (set

forward one year for males and set back one year for females).

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

**Plan Description**

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

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

**Funding**

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

**Pension Liability**

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

**Note 12 Pension Trust Funds Financial Statements**

The financial statements of the pension trust funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. State contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investment income and related expenses of the Combined Investment Funds are allocated ratably to the pension trust funds based on each fund's equity in the Combined Investment Funds. As of June 30, 2015 the Fiduciary Fund financial statements were as follows (amounts in thousands):

<b>Statement of Fiduciary Net Position (000's)</b>							
	<b>State Employees'</b>	<b>State Teachers'</b>	<b>Judicial</b>	<b>Connecticut Municipal Employees'</b>	<b>Probate Judges'</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>							
Current:							
Cash and Cash Equivalents	\$ 4	\$ 8,248	\$ 12	\$ 4,387	\$ -	\$ 314	\$ 12,965
Receivables:							
Accounts, Net of Allowances	6,159	9,614	8	9,151	4	-	24,936
From Other Governments	-	1,444	-	-	-	-	1,444
From Other Funds	19	3	-	1	-	-	23
Interest	297	638	3	45	2	-	985
Investments	10,662,217	16,109,803	189,523	2,200,632	89,152	1,522	29,252,849
Securities Lending Collateral	681,850	986,457	13,352	154,923	6,559	130	1,843,271
Noncurrent:							
Due From Employers	-	-	-	240,962	-	-	240,962
<b>Total Assets</b>	<b>11,350,546</b>	<b>17,116,207</b>	<b>202,898</b>	<b>2,610,101</b>	<b>95,717</b>	<b>1,966</b>	<b>31,377,435</b>
<b>Liabilities</b>							
Accounts Payable and Accrued Liabilities	\$ 41	\$ 8,040	\$ -	\$ -	\$ -	\$ -	\$ 8,081
Securities Lending Obligation	681,850	986,458	13,352	154,923	6,559	130	1,843,272
Due to Other Funds	-	1,656	-	-	17	-	1,673
<b>Total Liabilities</b>	<b>681,891</b>	<b>996,154</b>	<b>13,352</b>	<b>154,923</b>	<b>6,576</b>	<b>130</b>	<b>1,853,026</b>
<b>Net Position</b>							
Held in Trust For Employee Pension Benefits	10,668,655	16,120,053	189,546	2,455,178	89,141	1,836	29,524,409
<b>Total Net Assets</b>	<b>\$ 10,668,655</b>	<b>\$ 16,120,053</b>	<b>\$ 189,546</b>	<b>\$ 2,455,178</b>	<b>\$ 89,141</b>	<b>\$ 1,836</b>	<b>\$ 29,524,409</b>

<b>Statement of Changes in Fiduciary Net Position (000's)</b>							
	<b>State Employees'</b>	<b>State Teachers'</b>	<b>Judicial</b>	<b>Connecticut Municipal Employees'</b>	<b>Probate Judges'</b>	<b>Other</b>	<b>Total</b>
<b>Additions</b>							
Contributions:							
Plan Members	\$ 187,339	\$ 228,100	\$ 1,791	\$ 16,726	\$ 235	\$ 43	\$ 434,234
State	1,371,649	984,110	17,731	-	-	-	2,373,490
Municipalities	-	-	-	113,515	-	-	113,515
<b>Total Contributions</b>	<b>1,558,988</b>	<b>1,212,210</b>	<b>19,522</b>	<b>130,241</b>	<b>235</b>	<b>43</b>	<b>2,921,239</b>
Investment Income	328,107	503,807	5,330	61,584	2,453	26	901,307
Less: Investment Expenses	(33,126)	(50,865)	(539)	(6,217)	(248)	(2)	(90,997)
<b>Net Investment Income</b>	<b>294,981</b>	<b>452,942</b>	<b>4,791</b>	<b>55,367</b>	<b>2,205</b>	<b>24</b>	<b>810,310</b>
Transfer In	-	8,313	-	-	-	-	8,313
Other	244	62,570	-	-	1,370	-	64,184
<b>Total Additions</b>	<b>1,854,213</b>	<b>1,736,035</b>	<b>24,313</b>	<b>185,608</b>	<b>3,810</b>	<b>67</b>	<b>3,804,046</b>
<b>Deductions</b>							
Administrative Expense	783	-	-	-	-	-	783
Benefit Payments and Refunds	1,657,585	1,823,737	22,552	132,670	4,925	-	3,641,469
Other	-	-	-	49	-	-	49
<b>Total Deductions</b>	<b>1,658,368</b>	<b>1,823,737</b>	<b>22,552</b>	<b>132,719</b>	<b>4,925</b>	<b>-</b>	<b>3,642,301</b>
Changes in Net Assets	195,845	(87,702)	1,761	52,889	(1,115)	67	161,745
<b>Net Position Held in Trust For Employee Pension Benefits:</b>							
Beginning of Year (as restated)	10,472,810	16,207,755	187,785	2,402,289	90,256	1,769	29,362,664
<b>End of Year</b>	<b>\$ 10,668,655</b>	<b>\$ 16,120,053</b>	<b>\$ 189,546</b>	<b>\$ 2,455,178</b>	<b>\$ 89,141</b>	<b>\$ 1,836</b>	<b>\$ 29,524,409</b>

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

The State sponsors two defined benefit OPEB plans: the State Employee OPEB Plan (SEOPEBP) and the Retired Teacher Healthcare Plan (RTHP). 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. 14.

**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. As of June 30, 2013 (date of the latest actuarial valuation), the plan had 67,593 retirees and beneficiaries receiving benefits.

**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.

**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, 2014 (date of the latest actuarial valuation), the plan had 37,055 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	\$ 1,513,336	\$ 125,620
Interest on Net OPEB Obligation	399,381	36,881
Adjustment to Annual Required Contribution	(371,050)	(44,326)
Annual OPEB Cost	1,541,667	118,175
Contributions Made	546,284	25,145
Increase in net OPEB Obligation	995,383	93,030
Net OPEB Obligation - Beginning of Year	7,006,676	887,838
Net OPEB Obligation - End of Year	<u>\$ 8,002,059</u>	<u>\$ 980,868</u>

In addition, other related information for each plan for the past three fiscal years was as follows (amounts in thousands):

	<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
SEOPEBP	2015	\$ 1,541,667	35.4%	\$ 8,002,059
	2014	\$ 1,560,006	33.0%	\$ 7,006,676
	2013	\$ 1,316,612	41.2%	\$ 5,961,366
RTHP	2015	\$ 118,175	21.3%	\$ 980,868
	2014	\$ 192,851	13.5%	\$ 887,838
	2013	\$ 179,620	15.1%	\$ 720,942

**Funded Status and Funding Progress**

The following is funded status information for the SEOPEBP and the RTHP as of June 30, 2013 and 2014, respectively, date of the latest actuarial valuations (amounts in million):

	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
SEOPEBP	\$143.8	\$ 19,676.3	\$ 19,532.4	0.7%	\$ 3,539.8	551.8%
RTHP	\$0	\$ 2,433.0	\$ 2,433.0	0.0%	\$ 3,831.6	63.5%

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>SEOPEBP</u>	<u>RTHP</u>
Actuarial Valuation Date	6-30-13	6-30-14
Actuarial Cost Method	Projected Unit Credit	Entry Age
Amortization Method	Level Percent of Pay, Closed, 30 Years	Level Percent of Pay, Open
Remaining Amortization Period	23 Years	25 Years
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions:		
Investment Rate of Return	5.70%	4.5% (includes 3% inflation rate)
Projected Salary Increases	3.75%	3.75%-7.00% (includes 3% inflation rate)
Healthcare Inflation Rate	7.00% graded to 5.00% over 5 years	5.75% Initial, 5% 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. 14.

**Plan Description**

PFSBF is a cost-sharing multiple-employer defined benefit OPEB plan that covers policemen and firemen of participating municipalities in the State. As of June 30, 2014 there were 9 municipalities participating in the plan with a total membership of 591 active members. The plan provides survivor benefits upon the death of an active or retired member of the fund to his spouse and dependent

children. Plan benefits, contribution requirements of plan members and participant municipalities, and other plan provisions are described in Sections 7-323a to 7-323i of the General Statutes.

### Contributions

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

### Note 14 OPEB Trust Funds Financial Statements

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

Statement of Fiduciary Net Position (000's)				
	State Employees' OPEB Plan	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefits	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ 95,357	\$ 53	\$ 95,410
Receivables:				
Accounts, Net of Allowances	-	-	-	-
From Other Funds	(8)	1,662	-	1,654
Interest	-	-	1	1
Investments	260,310	-	28,097	288,407
Securities Lending Collateral	15,430	-	1,857	17,287
Total Assets	\$ 275,732	\$ 97,019	\$ 30,008	\$ 402,759
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilit	\$ 26,501	\$ 3,738	\$ -	\$ 30,239
Securities Lending Obligation	15,430	-	1,857	17,287
Due To Other Funds	4,163	-	-	4,163
Total Liabilities	46,094	3,738	1,857	51,689
<b>Net Position</b>				
Held in Trust For Other				
Postemployment Benefits	229,638	93,281	28,151	351,070
Total Net Assets	\$ 229,638	\$ 93,281	\$ 28,151	\$ 351,070

Statement of Changes in Fiduciary Net Position (000's)				
	State Employees' OPEB Plan	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefit	Total
<b>Additions</b>				
Contributions:				
Plan Members	\$ 93,277	\$ 85,517	\$ 523	\$ 179,317
State	546,284	25,145	-	571,429
Municipalities	-	-	766	766
Total Contributions	639,561	110,662	1,289	751,512
Investment Income	7,620	156	862	8,638
Less: Investment Expenses	(769)	-	(87)	(856)
Net Investment Income	6,851	156	775	7,782
Other	15,368	2,532	-	17,900
Total Additions	661,780	113,350	2,064	777,194
<b>Deductions</b>				
Administrative Expense	-	-	-	-
Benefit Payments and Refunds	582,157	113,087	1,104	696,348
Transfer Out	-	8,313	-	8,313
Other	26	-	-	26
Total Deductions	582,183	121,400	1,104	704,687
Changes in Net Assets	79,597	(8,050)	960	72,507
<b>Net Position Held in Trust For Other Postemployment Benefits:</b>				
Beginning of Year	150,041	101,331	27,191	278,563
End of Year	\$ 229,638	\$ 93,281	\$ 28,151	\$ 351,070

### Note 15 Capital and Operating Leases State as Lessor

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

2016	\$ 40,342
2017	39,253
2018	32,483
2019	31,792
2020	32,096
Thereafter	86,948
Total	\$ 262,914

Contingent revenues for the year ended June 30, 2015, were \$199 thousand.

### State as Lessee

Obligations under capital and operating leases as of June 30, 2015, were as follows (amounts in thousands):

	Noncancelable Operating Leases	Capital Leases
2016	\$ 92,437	\$ 7,721
2017	18,181	6,537
2018	9,308	6,142
2019	14,675	5,674
2020	6,868	4,700
2021-2025	4,337	6,161
2026-2030	-	6,102
2031-2036	-	1,215
Total minimum lease payments	\$ 145,806	44,252
Less: Amount representing interest costs		8,884
Present value of minimum lease payments		\$ 35,368

Minimum capital lease payments were discounted using interest rates changing from 3.66 percent to 6.00 percent.

Rental payments on noncancelable operating leases charged to expenses during the year ended June 30, 2015, were \$92.4 million.

**Note 16 Long-Term Debt**

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2015, (amounts in thousands):

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts due within one year</b>
<b>Bonds:</b>					
General Obligation	\$ 15,281,579	\$ 2,736,220	\$ 1,615,262	\$ 16,402,537	\$ 1,212,674
Transportation	3,771,260	731,545	413,265	4,089,540	256,845
	19,052,839	3,467,765	2,028,527	20,492,077	1,469,519
Plus/(Less) Premiums	1,195,127	386,856	164,811	1,417,172	150,488
<b>Total Bonds</b>	<b>20,247,966</b>	<b>3,854,621</b>	<b>2,193,338</b>	<b>21,909,249</b>	<b>1,620,007</b>
<b>Long-Term Notes</b>	<b>580,775</b>	<b>461,610</b>	<b>522,110</b>	<b>520,275</b>	<b>167,690</b>
<b>Other L/T Liabilities:</b> <sup>1</sup>					
Net Pension Liability (Note 11) <sup>2</sup>	27,773,383	4,362,297	5,964,849	26,170,831	-
Net Pension Obligation	2,559,621		2,559,621	-	-
Net OPEB Obligation	7,763,060	1,659,843	439,977	8,982,926	-
Compensated Absences	513,333	32,233	46,562	499,004	42,414
Workers' Compensation	619,578	137,770	106,164	651,184	103,675
Capital Leases	37,820	3,036	5,488	35,368	6,060
Claims and Judgments	46,151	38,576	9,140	75,587	31,149
Landfill Post Closure Care	35,751	8,009	8,575	35,185	-
Liability on Interest Rate Swaps	8,700	-	5,339	3,361	-
Contracts Payable & Other	705	-	-	705	-
<b>Total Other Liabilities</b>	<b>39,358,102</b>	<b>6,241,764</b>	<b>9,145,715</b>	<b>36,454,151</b>	<b>183,298</b>
<b>Governmental Activities Long-Term Liabilities</b> <sup>2</sup>	<b>\$ 60,186,843</b>	<b>\$ 10,557,995</b>	<b>\$ 11,861,163</b>	<b>\$ 58,883,675</b>	<b>\$ 1,970,995</b>
<sup>1</sup> In prior years, the General and Transportation funds have been used to liquidate other liabilities.					
<sup>2</sup> The beginning totals are restated by the effect of roll-back procedures pertaining to reporting the net pension liability following the guidance of GASB No. 68 as of the June 30, 2014 measurement date.					
<b>Business-Type Activities</b>					
Revenue Bonds	\$ 1,212,681	\$ 265,696	\$ 121,598	\$ 1,356,779	\$ 110,096
Plus/(Less) Premiums and Discounts	84,548	27,731	1,542	110,737	1,486
<b>Total Revenue Bonds</b>	<b>1,297,229</b>	<b>293,427</b>	<b>123,140</b>	<b>1,467,516</b>	<b>111,582</b>
Compensated Absences	166,577	59,666	40,153	186,090	55,533
Federal Loans Payable	433,569	60,606	391,121	103,054	-
Other	301,886	60,423	11,678	350,631	13,719
<b>Total Other Liabilities</b>	<b>902,032</b>	<b>180,695</b>	<b>442,952</b>	<b>639,775</b>	<b>69,252</b>
<b>Business-Type Long-Term Liabilities</b>	<b>\$ 2,199,261</b>	<b>\$ 474,122</b>	<b>\$ 566,092</b>	<b>\$ 2,107,291</b>	<b>\$ 180,834</b>

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately \$34.9 million. This liability represents the State's share of the cost of cleaning up certain polluted sites in the state under federal and state superfund regulations. The liability was estimated using the cash flow technique and could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort. In addition, there are other polluted sites in the state that require remedial action by the State that will result in additional cleanup costs. The State did not recognize a liability for these costs at year end because it could not be reasonably estimated.

As of June 30, 2015, long-term debt of component units consisted of the following (amounts in thousands):

	<b>Long-Term Debt</b>	<b>Balance June 30, 2015</b>	<b>Amounts due within year</b>
Bonds Payable	\$ 4,532,155	\$ 356,199	
Escrow Deposits	189,900	47,520	
Closure of Landfills	-	-	
Annuities Payable	130,652	11,255	
Rate swap liability	183,246	-	
Net Pension Liability	148,982	-	
Other	30,624	898	
<b>Total</b>	<b>\$ 5,215,559</b>	<b>\$ 415,872</b>	

**Landfill Closure and Postclosure Care**

Public Act 13-247 and section 99 of Public Act 13-184 required the Materials Innovation and Recycling Authority to transfer all legally required reserves and obligations resulting from the closure of the authority’s landfills located in Hartford, Ellington, Waterbury, Wallingford and Shelton to the State Department of Energy and Environmental Protection (DEEP). The transfer of legal obligations resulting from the closure of landfills was addressed by a memorandum of understanding (“MOU”) between the Authority and DEEP. The MOU became effective April 24, 2014 at which point in time DEEP began reimbursing the Authority for all postclosure care and maintenance work at all landfills other than the Hartford landfill and the parties began a transition process to assign vendor contracts for the performance of landfill postclosure care work to DEEP and to assign federal and state licenses, permits, and orders (“Authorizations”) related to the landfills to DEEP.

During the year ended June 30, 2015, all work associated with the closure of the Hartford landfill was completed. DEEP assumed the obligation to reimburse the authority for all postclosure care work for the Hartford landfill upon the landfill being certified as closed. All landfill expense reimbursements paid by DEEP totaled \$112,000 in FY2015.

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

**Note 17 Long-Term Notes and Bonded Debt**

**a. Bond Anticipation Notes**

In February 2015 the State issued General Obligation 2015 series A Bond Anticipation Notes (BANS) to restore fund balances in its Capital Project Funds that had fallen below expectations just prior to the completion of a public debt offering one month later. All BANS were retired upon the \$400 million issuance of General Obligation 2015 series A bonds on March 13, 2015.

**b. Economic Recovery Notes**

In December 2009, Public Act 09-2 authorized the issuance \$915.8 million of General Obligation Economic Recovery Notes which were used to fund a major portion of the State’s General Fund deficit at that time. In October 2013, a portion of these notes were refunded when the State issued \$314.3 million of General Obligation Refunding Notes which were issued in four series as variable-rate remarketed obligations (VRO) that ultimately mature on January 1, 2018. Any

series of these notes may be converted by the State at any time from the VRO rate, which is determined by the remarketing agent on a daily basis, to another interest rate mode – such as an adjusted SIFMA rate mode.

If the State decides to convert the interest rate mode, each holder is required to tender their notes for conversion while the State has agreed to make available supplementary information describing the notes following the conversion. If any tendered VRO’s of a series are not successfully remarketed they may continue to be owned by their respective holders until the VRO Special Mandatory Redemption Date. That series of notes in that case would bear interest at a higher stepped-up rate. The liquidity available to purchase tendered notes is only provided by remarketing resources and the State’s general fund. In the opinion of management, the higher cost precludes the likelihood of conversion by the State. The original VRO interest rate modes remain in effect at the end of the fiscal year.

Total Economic Recovery and VRO Notes outstanding at June 30, 2015 were \$520.3 million. The notes mature on various dates through 2018 and bear interest rates from 3.0 to 5.0 percent. Future amounts needed to pay principal and interest on these notes outstanding at June 30, 2015 were as follows (amounts in thousands):

Year Ending	Principal	Interest	Total
June 30,			
2016	\$ 167,690	\$ 18,570	\$ 186,260
2017	175,465	9,360	184,825
2018	177,120	3,958	181,078
Total	<u>\$ 520,275</u>	<u>\$ 31,888</u>	<u>\$ 552,163</u>

**c. 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, 2015, were as follows (amounts in thousands):

Purpose of Bonds	Final	Original	Amount Outstanding	Authorized
	Maturity Dates	Interest Rates		But Unissued
Capital Improvements	2016-2035	1.00-5.75%	\$ 2,731,827	\$ 870,919
School Construction	2016-2035	1.00-5.750%	4,680,451	5
Municipal & Other				
Grants & Loans	2016-2035	0.713-5.632%	2,083,597	832,966
Housing Assistance	2016-2031	0.25-5.460%	335,245	203,753
Elimination of Water				
Pollution	2016-2031	2.91-5.09%	214,914	351,208
General Obligation				
Refunding	2016-2038	1.50-5.50%	3,384,252	-
GAAP Conversion	2016-2027	1.00-5.00%	560,430	151,500
Pension Obligation	2016-2032	4.55-6.27%	2,230,543	-
Miscellaneous	2016-2034	3.00-5.125%	86,340	41,701
			16,307,599	\$ 2,452,052
Accretion-Variou Capital Appreciation Bonds			94,938	
		Total	\$ 16,402,537	

Future amounts needed to pay principal and interest on as General Obligation bonds outstanding at June 30, 2015, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,212,674	\$ 734,445	\$ 1,947,119
2017	1,165,498	690,011	1,855,509
2018	1,144,193	643,884	1,788,077
2019	1,078,001	593,026	1,671,027
2020	1,039,125	548,177	1,587,302
2021-2025	4,936,353	2,340,309	7,276,662
2026-2030	3,886,270	1,008,985	4,895,255
2031-2035	1,839,220	176,500	2,015,720
2036-2040	6,265	422	6,687
Total	<u>\$ 16,307,599</u>	<u>\$ 6,735,759</u>	<u>\$ 23,043,358</u>

**Transportation Related Bonds**

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

Transportation Related bonds outstanding and bonds authorized but unissued at June 30, 2015, were as follows (amounts in thousands):

Purpose of Bonds	Final	Original	Authorized	
	Maturity	Interest	Amount	But
	Dates	Rates	Outstanding	Unissued
Infrastructure				
Improvements	2016-2034	2.00-5.740%	\$ 4,089,540	\$ 3,027,462
			4,089,540	<u>\$ 3,027,462</u>
Accretion-Variou Capital Appreciation Bonds			-	
		Total	<u>\$ 4,089,540</u>	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2015, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2016	\$ 256,845	\$ 195,687	\$ 452,532
2017	249,260	184,219	433,479
2018	254,900	172,593	427,493
2019	247,795	160,738	408,533
2020	246,625	148,754	395,379
2021-2025	1,207,280	568,070	1,775,350
2026-2030	1,071,840	275,894	1,347,734
2031-2035	554,995	55,203	610,198
	<u>\$ 4,089,540</u>	<u>\$ 1,761,158</u>	<u>\$ 5,850,698</u>

**d. 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, 2015, were as follows (amounts in thousands):

Funds	Final Maturity Dates	Original Interest Rates	Amount Outstanding (000's)
Uconn	2015-2030	1.5-5.5%	\$ 118,974
State Universities	2015-2036	2.0-6.0%	322,630
Clean Water	2015-2031	1.0-5.0%	799,931
Drinking Water	2015-2028	2.0-5.0%	82,234
Bradley Parking Garage	2015-2024	6.5-6.6%	33,010
Total Revenue Bonds			1,356,779
Plus/(Less) premiums and discounts:			
Uconn			20,828
Clean Water			80,554
Other			9,355
Revenue Bonds, net			<u>\$ 1,467,516</u>

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

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

In 2000, Bradley Parking Garage bonds were issued in the amount of \$53.8 million to build a parking garage at the airport. As of June 30, 2015, \$33.0 million of these bonds are outstanding.

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

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2015, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2016	\$ 110,095	\$ 58,077	\$ 168,172
2017	95,758	55,823	151,581
2018	87,345	51,804	139,149
2019	86,190	48,090	134,280
2020	93,840	44,108	137,948
2021-2025	394,257	160,982	555,239
2026-2030	325,764	75,023	400,787
2031-2035	162,465	15,349	177,814
2036	1,065	21	1,086
Total	<u>\$ 1,356,779</u>	<u>\$ 509,277</u>	<u>\$ 1,866,056</u>

**e. Component Units**

Component Units' revenue bonds outstanding at June 30, 2015, were as follows (amounts in thousands):

<u>Component Unit</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Outstanding (000's)</u>
CT Housing Finance Authority	2016-2055	0.15-5.50%	\$ 3,801,418
CT Student Loan Foundation	2016-2047	0.00-1.671%	312,100
CT Higher Education Supplemental Loan Authority	2016-2036	0.40-5.25%	154,090
CT Airport Authority	2016-2032	%/1 mth libor	129,415
CT Regional Development Authority	2016-2034	1.00-7.00%	89,015
UConn Foundation	2016-2029	1.90-5.00%	25,510
CT Innovations Inc.	2016-2020	4.90-5.25%	<u>2,760</u>
Total Revenue Bonds			4,514,308
Plus/(Less) premiums and discounts:			
CHFA			17,457
CSLF			(874)
CHESLA			1,588
CRDA			(324)
Revenue Bonds, net			<u>\$ 4,532,155</u>

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

Following the merger of the operations of the Connecticut Development Authority, Connecticut Innovations, Incorporated (CII) assumed responsibility for the former authority's Special Obligation Industrial revenue bonds. The bonds were issued to finance such projects as the acquisition of land, the construction of buildings, the purchase and installation of machinery, equipment, and pollution control facilities. These activities are financed under its Self-Sustaining Bond Program which is described in the no-commitment debt section of this note. In addition, CII has \$2.8 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, a special needs indenture dated 9/25/95, and other bond resolutions dated October 2009. As of December 31, 2014, bonds outstanding under the bond resolution, the indenture, and other bond resolutions were \$3,222.9 million, \$60.5 million, and \$385.4 million respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's General fund, and (3) all monies and securities of the Authority's General and Capital Reserve funds. The resolution and indenture Capital Reserve funds are required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in any succeeding calendar year on all outstanding bonds. The required reserves are \$235.6 million

per the resolution and \$4.6 million per the indenture at 12/31/14. As of December 31, 2014, the Authority has entered into interest rate swap agreements for \$807.4 million of its outstanding variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

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

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

**Capital Reserves**

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

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

Future amounts needed to pay principal and interest on Component Unit revenue bonds outstanding at June 30, 2015, were as follows (amounts in thousands):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 133,524	\$ 105,994	\$ 239,518
2017	141,663	105,712	247,375
2018	145,054	103,282	248,336
2019	150,844	99,854	250,698
2020	195,987	107,578	303,565
2021-2025	810,474	427,755	1,238,229
2026-2030	848,182	322,821	1,171,003
2031-2035	905,091	198,362	1,103,453
2036-2040	647,784	102,708	750,492
2041-2045	279,128	73,514	352,642
2046-2050	226,492	29,093	255,585
2051-2055	29,460	5,984	35,444
2056-2060	625	-	625
	<u>\$ 4,514,308</u>	<u>\$ 1,682,657</u>	<u>\$ 6,196,965</u>

**No-commitment debt**

Under the Self-Sustaining Bond program, acquired from its combination with the Connecticut Development Authority, Connecticut Innovations, Inc., issues revenue bonds to finance such projects as described previously in the Component Unit section of this note. These bonds are paid solely from payments received from participating companies (or from proceeds of the sale of the specific projects in the event of default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances are not included in the Authority's financial statements. Total bonds outstanding for the year ended June 30, 2015 were \$491.1 million.

The Connecticut Health and Educational Facilities Authority has issued Special Obligation bonds for which the principal and interest are payable solely from the revenues of the institutions. Starting in 1999, the Authority elected to remove these bonds and related restricted assets from its financial statements, except for restricted assets for which the Authority has a fiduciary responsibility. Total Special Obligation bonds outstanding at June 30, 2015, were \$8,412.2 million, of which \$323.5 million was secured by Special Capital Reserve funds.

The Materials, Innovation, and Recycling Authority have 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 for 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. The amount of these bonds outstanding at June 30, 2015 was \$48.8 million. The State may be contingently liable for those bonds that are secured by special capital reserve funds as discussed previously in this section.

**f. Debt Refundings**

During the fiscal year the State issued General Obligation and Special Tax Obligation bonds of \$466.9 million at an average coupon interest rate of 4.77 percent to advance refund \$503.9 million of General Obligation and Special Tax

Obligation bonds with an average coupon interest rate of 4.83 percent. Although the advance refunding resulted in a \$24.7 million accounting loss, the State in effect reduced its aggregate fund level debt service payments by \$63.9 million over the next 12 years. The present value of these savings represents an economic gain (difference between the present values of the debt service payments of the old and the new bonds) of \$48.7 million.

The proceeds of the refunding bonds were used to purchase U.S. Government securities which were deposited into irrevocable trust accounts with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds were removed from the State's financial statements as they are considered defeased.

Additional defeasance occurred during the fiscal year when the State issued General Obligation SIFMA Index bonds and notes totaling \$242.4 million at an average coupon variable interest rate of 0.78 percent to advance refund \$241.0 million of General Obligation bonds and notes with an average coupon interest rate of 2.4 percent. The resulting cash flow savings on the variable interest rate SIFMA index refunding bonds and notes was \$2.2 million.

In prior years, the State placed the proceeds of refunding bonds in irrevocable trust accounts to provide for all future debt service payments on defeased bonds. The assets of the trust accounts and the liability for defeased bonds are not included in the State's financial statements. As of June 30, 2015, the outstanding balance of bonds defeased in prior years was approximately \$747.7 million.

**Note 18 - Derivative Financial Instruments**

The fair value balances and notional amounts of the State's derivative instruments outstanding at June 30, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (amounts in thousands; debit (credit)):

	Changes in Fair Value		Fair Value at Year End		Notional
	Classification	Amount	Classification	Amount	
<b>Governmental activities</b>					
Cash flow hedges:	Deferred		Non-current		
Pay-fixed interest	outflow of		portion of LT		
rate swap	Resources	\$ (5,340)	Obligation	\$ (3,361)	\$ 55,620

**Objective and Terms of Hedging Derivative Instruments**

The following table displays the objective and the terms of the States' governmental activities hedging derivative instruments outstanding at June 30, 2015, along with the credit rating of the associated counterparty (amounts in thousands).

<u>Type</u>	<u>Objective</u>	<u>Notional Amounts (000's)</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	\$ 15,620	4/27/2005	6/1/2016	Pay 3.99% receive CPI plus .65%	A3/A-
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	20,000	4/27/2005	6/1/2017	Pay 5.07% receive CPI plus 1.73%	A3/A-
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	20,000	4/27/2005	6/1/2020	Pay 5.2% receive CPI plus 1.79%	A3/A
	Total Notional Amount	<u>\$ 55,620</u>				

The fair values of interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payment required under the swaps, assuming 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, 2015, the State had no credit risk exposure on any of the swaps because the swaps had negative fair value. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the swaps' fair value.

**Basis Risk**

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

**Termination Risk**

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

**Rollover Risk**

Because all 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.

**Hedging Derivative Instrument Payments and Hedged Debt**

As rates vary, variable-rate bond interest payments and net swap payments will vary. Using rates as of June 30, 2015, debt service requirements of the State's outstanding

variable-rate bonds and net swap payments are as follows (amounts in thousands):

<u>Fiscal Year Ending June 30,</u>	<u>Variable-Rate Bonds</u>		<u>Interest Rate SWAP, Net</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		
2016	\$ 15,620	\$ 1,732	\$ 945	\$ 18,297
2017	20,000	1,367	687	22,054
2018	-	690	350	1,040
2019	-	690	350	1,040
2020	20,000	691	349	21,040
	<u>\$ 55,620</u>	<u>\$ 5,170</u>	<u>\$ 2,681</u>	<u>\$ 63,471</u>

**Note 19 Risk Management**

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

<u>Risk of Loss</u>	<u>Risk Financed by</u>	
	<u>Purchase of Commercial Insurance</u>	<u>Self- Insurance</u>
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 and Health Center fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net position (government-wide and proprietary fund statements) when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The

liabilities are determined based on the ultimate cost of settling the claims, including an amount for claims that have been incurred but not reported and claim adjustment expenses. The liabilities are actuarially determined and the unpaid liability for medical malpractice is reported at its present value, using a discount rate of 5 percent. In the General Fund, the liability for unpaid claims is only recorded if the liability is due for payment at year-end. Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the claims liabilities during the last two fiscal years were as follows (amounts in thousands):

	<u>Governmental Activities Workers' Compensation</u>	<u>Business-Type Activities Medical Malpractice</u>
Balance 6-30-13	\$ 587,652	\$ 19,889
Incurred claims	135,624	2,435
Paid claims	<u>(103,698)</u>	<u>(449)</u>
Balance 6-30-14	619,578	21,875
Incurred claims	137,770	9,884
Paid claims	<u>(106,164)</u>	<u>(5,009)</u>
Balance 6-30-15	<u>\$ 651,184</u>	<u>\$ 26,750</u>

**Note 20 Interfund Receivables and Payables**

Interfund receivable and payable balances at June 30, 2015, were as follows (amounts in thousands):

	Balance due to fund(s)												Total
	General	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Governmental	UConn	State Universities	Community/ Technical Colleges	Employment Security	Internal Services	Fiduciary	Component Units	
<u>Balance due from fund(s)</u>													
General	\$ -	\$ -	\$ 44	\$ 4	\$ 233,274	\$ 45,057	\$ 17,868	\$ 16,401	\$ 625	\$ 6,681	\$ 4,162	\$ -	\$ 324,116
Debt Service	-	1,267	-	-	-	-	-	-	-	-	-	-	1,267
Restricted Grants & Accounts	2,565	-	-	-	-	-	-	-	-	-	-	6,976	9,541
Grant & Loan Programs	28	-	-	-	-	-	-	-	-	-	-	-	28
Other Governmental	2,069	-	-	-	16,602	154,461	29,386	101,734	-	-	-	-	304,252
UConn	17,604	-	-	-	-	-	-	-	-	-	-	-	17,604
State Universities	4,130	-	-	-	-	-	-	-	-	-	-	-	4,130
Internal Services	22,343	-	-	-	-	-	-	-	-	-	-	-	22,343
Fiduciary	-	-	-	-	4,180	-	-	-	-	-	1,656	-	5,836
Component Units	33,843	-	2,192	-	-	-	-	-	-	-	-	-	36,035
Total	<u>\$ 82,582</u>	<u>\$ 1,267</u>	<u>\$ 2,236</u>	<u>\$ 4</u>	<u>\$ 254,056</u>	<u>\$ 199,518</u>	<u>\$ 47,254</u>	<u>\$ 118,135</u>	<u>\$ 625</u>	<u>\$ 6,681</u>	<u>\$ 5,818</u>	<u>\$ 6,976</u>	<u>\$ 725,152</u>

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, 2015, consisted of the following (amounts in thousands):

	Amount transferred to fund(s)											Total
	Debt		Restricted	Grants &	Other	State	Community/	Clean Water &	Fiduciary			
	General	Service	Transportation	Grants & Accounts	Loan Programs	Governmental	UConn	Universities				
<u>Amount transferred from fund(s)</u>												
General	\$ -	\$ 41,197	\$ 72,611	\$ -	\$ 61,807	626,807	\$ 285,007	\$ 287,196	\$ -	\$ -	\$ -	\$ 1,374,625
Debt Service	-	6,125	6,252	-	-	(9,536)	-	-	-	-	-	2,841
Transportation	-	459,020	-	15,000	-	6,500	-	-	-	-	-	480,520
Restricted Grants & Accounts	31,956	-	-	-	-	-	-	-	-	-	-	31,956
Grants & Loan Programs	123,685	-	-	-	-	-	-	-	-	-	-	123,685
Other Governmental	50,223	-	-	126,283	4,000	15,194	381,501	104,374	53,746	1,031	-	736,352
Employment Security	-	-	-	-	-	12,790	-	-	-	-	-	12,790
Clean Water & Drinking Water	-	-	-	-	-	591	-	-	-	-	-	591
Fiduciary	-	-	-	-	-	-	-	-	-	-	8,313	8,313
Total	\$ 205,864	\$ 465,145	\$ 47,449	\$ 213,894	\$ 4,000	\$ 87,346	\$ 1,008,308	\$ 389,381	\$ 340,942	\$ 1,031	\$ 8,313	\$ 2,771,673

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

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

During the fiscal year 2015, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB).

GASB Statement 68, *Accounting and Financial Reporting for Pensions*

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

**GASB Statements 68 and 71** – These Statements create standards for measuring and recognizing liabilities, assets, deferred outflows of resources, deferred inflows of resources, and expenditures for pensions provided to employees of the primary government and its component units. It requires the State to record the State's proportionate share of the net pension liability in the government-wide financial statements and the component unit financial statements.

Governmental activities beginning net deficit was \$17.4 billion. Beginning net position of governmental activities was reduced by \$25.6 billion on the Statement of Activities as a result of implementing these Statements. See note 11 for further information on pension reporting.

For fiscal year 2015, Component Unit beginning net position was \$2.4 billion. As a result of implementing GASB Statements 68 and 71, the beginning net position for the Component Units was reduced \$86.6 million on the Statement of Activities resulting in a restated beginning net position of \$2.3 billion. This reduction is reported on the

Combining Statement of Activities – Component Units as well. The following component units implemented GASB 68 and 71 which resulted in a decrease net position to Connecticut Lottery Corporation of \$48.0 million, Connecticut Airport Authority of \$54.8 million, Connecticut Innovations, Incorporated of \$25.6 million, and Connecticut Green Bank of \$14.9 million. The final revision made to Component Units was the addition of the Connecticut Student Loan Foundation as a component unit in fiscal year 2015. This resulted in an increase to Component Unit net position of \$56.7 million. The Connecticut Housing Finance Authority (major Component Unit) did not implement GASB 68 and 71 in fiscal year 2015 because it has a fiscal year ending December 31.

During fiscal year 2015, the Municipal Employees' Retirement System (MERS) became aware that employer contributions receivable had not been reported in accordance to GAAP in prior fiscal years. Prior to fiscal year 2015, a receivable for transition liabilities owed to MERS by certain employers that joined the State Rate Pool was not reported.

In the Statement of Changes in Fiduciary Net Position Net Position Held in Trust for Pension Benefits was increased by \$226.9 million to reflect the recognition of contributions receivable related to the pre-SLGRP transition liabilities.

**Special Items**

Special items are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence.

Until 2010, the Connecticut Student Loan Foundation (CSLF) administered the Federal Family Education Loan Program (FFELP) as the State designated guarantee agency. CSLF's

responsibilities as a guarantee agency included making claim payments to lenders whose loans it had insured and collecting defaulted loans from borrowers. CSLF transferred its guarantor operations to a third party. CSLF had the right to 50% of collection retention revenues in excess of operating costs on claims paid under the guarantees transferred by CSLF through December 2014.

The Budget Act of 2013 included a provision that reduced the compensation that guaranty agencies receive for rehabilitating a loan from the FFELP beginning July 1, 2014.

Funds which CSLF receive under this special item are restricted and may be used only for the educational purposes as specified and for the benefit of higher educational institutions located in the State and for supporting efforts in the State for the benefit of Connecticut students and their families for college access and completion. Any funds distributed to CSLF are to be distributed on an annual basis within 60 days of the end of each Federal fiscal year by the third party guarantor. Revenue from this special item as of June 30, 2015 was \$1,259.

**Fund Balance – Restricted and Assigned**

As of June 30, 2015 restricted and assigned fund balances of nonmajor governmental funds were comprised as follows (amounts in thousands):

	<b>Restricted</b>	<b>Assigned</b>
	<b>Purposes</b>	<b>Purposes</b>
Capital Projects	\$ 56,339	\$ -
Environmental Programs	50,146	-
Housing Programs	199,668	-
Employment Security Administration	13,721	-
Banking	14,711	-
Other	89,177	10,594
Total	<u>\$ 423,762</u>	<u>\$ 10,594</u>

**Restricted Net Position**

As of June 30, 2015, the government-wide statement of net position reported \$3,039 million of restricted net position, of which \$278.0 million was restricted by enabling legislation.

**Note 23 Related Organizations**

The Community Economic Development Fund is a legally separate organization that is related to the State because the State appoints a voting majority of the organization governing board. However, the State’s accountability for this organization does not extend beyond making the appointments.

**Note 24 New Accounting Pronouncements**

In 2015, The State implemented the following statements issued by the Governmental Accounting Standards Board (“GASB”).

*Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27* (Statement No. 68) – This Statement improves accounting and financial reporting by the State for pension reporting. It also improves information provided by state governmental employers

about financial support for pensions that are provided by other entities. As a result of implementing this Statement, presentation and terminology changes were made to the fund financial statements and government-wide statements as necessary in addition to the immediate recognition of certain elements.

*Pension Transition for Contributions Made Subsequent to the Measurement Date* (Statement No. 71) – This Statement improves accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

**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, 2015, the Departments of Transportation and Construction Services had contractual commitments of approximately \$3,689 million for infrastructure and other construction projects. Additionally, other commitments were approximately as follows:

School construction and alteration grant program \$3,129 million.

Clean and drinking water loan programs \$652 million.

Various programs and services \$3,901 million.

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

**Component Units**

As of December 31, 2014, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately \$137.8 million.

**B. Contingent Liabilities**

The State entered into a contractual agreement with H.N.S. Management Company, Inc. and ATE Management and Service Company, Inc. to manage and operate the bus transportation system for the State. The State shall pay all expenses of the system including all past, present and future pension plan liabilities of the personnel employed by the system and any other fees as agreed upon. When the agreement is terminated the State shall assume or 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.

As of June 30, 2015, the State reported an escheat liability of \$395.6 million in the General fund. This liability represents an estimate of the amount of escheat property likely to be

refunded to claimants in the future. However, there is a reasonable possibility that the State could be liable for an additional amount of escheat refunds of \$324.3 million in the future.

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

### **C. Litigation**

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

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

### **D. 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 \$39 million at June 30, 2015.

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 26 Subsequent Events**

In preparing these financial statements, the State has evaluated events and transactions for potential recognition or disclosure in the footnotes. The effect of this evaluation led the State to report the following events which took place after the State's fiscal year end date through to the date these financial statements were issued.

In August 2015, the State issued \$500 million of General Obligation bonds. The bonds were issued for housing, economic development as well as for other State purposes. The official offering includes 2015 series E \$250.0 million nontaxable bonds maturing in 2035 bearing interest rates ranging from 4.0 to 5.0 percent and series B \$250.0 million taxable bonds maturing in 2025 bearing interest rates ranging from 1.0 to 3.33 percent.

In October 2015, the State issued \$839.8 million of Special Tax Obligation Transportation Infrastructure bonds. The offering includes \$700 million of series A which will mature in 2035 bearing interest rates ranging from 3.0 percent to 5.0 percent and \$139.8 million of series B refunding bonds maturing in 2027 bearing interest rates ranging from 2.0 to 5.0 percent that will defease other bonds issued at a higher cost.

In December 2015, the State issued \$650.0 million of General Obligation bonds. The offering includes \$585.0 million of series F, for school construction and other State purposes, which mature in 2034 bearing interest rates ranging from 2.0 to 5.0 percent, and \$65.0 million series G "Green Bonds", for water pollution control purposes, which mature in 2035 bearing interest rates ranging from 2.0 to 5.0 percent.

In August 2015 and December 2015, the Connecticut Housing Finance Authority (CHFA) issued Housing Mortgage Finance Program bonds consisting of \$160.0 million of series C and \$30.1 million of series E bonds respectively, to finance home mortgage loans. Additionally, in May 2015 and in November 2015, CHFA privately placed \$35.0 million series B and \$75.0 million of series D Housing Mortgage Finance Program refunding bonds with the Federal Home Loan Bank of Dallas. These events occurred after CHFA's fiscal year end of December 31, 2014. In February 2015 CHFA issued \$150.0 million series A Housing Mortgage Finance Program bonds, the State added this debt to CHFA's financial statements for fiscal year ending December, 2014.

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***Required  
PERS  
Supplementary  
Information***

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# Budgetary Comparison Schedule

## Required Supplemental Information

### General and Transportation Funds

For the Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	General Fund			Variance with Final Budget positive (negative)
	Budget		Actual	
	Original	Final		
<b>Revenues</b>				
Budgeted:				
Taxes, Net of Refunds	\$ 14,914,700	\$ 14,807,500	\$ 14,792,350	\$ (15,150)
Casino Gaming Payments	278,500	268,000	267,986	(14)
Licenses, Permits, and Fees	256,200	257,600	257,444	(156)
Other	324,400	396,000	390,448	(5,552)
Federal Grants	1,299,600	1,241,200	1,241,244	44
Refunds of Payments	(72,900)	(64,300)	(64,281)	19
Operating Transfers In	443,100	443,300	420,681	(22,619)
Operating Transfers Out	(61,800)	(61,800)	(61,780)	20
Transfer to/from the Resources of the General Fund	76,400	26,200	37,946	11,746
Transfer Out - Transportation Strategy Board	-	-	-	-
Total Revenues	<u>17,458,200</u>	<u>17,313,700</u>	<u>17,282,038</u>	<u>(31,662)</u>
<b>Expenditures</b>				
Budgeted:				
Legislative	86,657	86,657	73,563	13,094
General Government	689,334	691,517	661,000	30,517
Regulation and Protection	299,132	307,629	287,252	20,377
Conservation and Development	219,944	221,190	205,811	15,379
Health and Hospitals	1,803,282	1,799,971	1,785,337	14,634
Transportation	-	-	-	-
Human Services	3,050,345	3,131,837	3,095,929	35,908
Education, Libraries, and Museums	5,092,546	5,078,556	5,025,390	53,166
Corrections	1,496,765	1,505,891	1,476,753	29,138
Judicial	601,930	608,268	593,314	14,954
Non Functional	4,337,746	4,246,771	4,215,340	31,431
Total Expenditures	<u>17,677,681</u>	<u>17,678,287</u>	<u>17,419,689</u>	<u>258,598</u>
Appropriations Lapsed	<u>132,105</u>	<u>205,164</u>	<u>-</u>	<u>(205,164)</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(87,376)</u>	<u>(159,423)</u>	<u>(137,651)</u>	<u>21,772</u>
<b>Other Financing Sources (Uses)</b>				
Prior Year Appropriations Carried Forward	85,920	85,920	85,920	-
Appropriations Continued to Fiscal Year 2016	-	-	(64,964)	(64,964)
Miscellaneous Adjustments	-	3,527	3,527	-
Total Other Financing Sources (Uses)	<u>85,920</u>	<u>89,447</u>	<u>24,483</u>	<u>(64,964)</u>
Net Change in Fund Balance	<u>\$ (1,456)</u>	<u>\$ (69,976)</u>	<u>(113,168)</u>	<u>\$ (43,192)</u>
Budgetary Fund Balances - July 1 (as restated)			171,369	
Changes in Reserves			<u>(20,956)</u>	
Budgetary Fund Balances - June 30			<u>\$ 37,245</u>	

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

**Transportation Fund**

<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget positive (negative)</u>
<u>Original</u>	<u>Final</u>		
\$ 958,900	\$ 916,700	\$ 931,116	\$ 14,416
-	-	-	-
377,000	388,400	394,908	6,508
5,000	5,800	6,946	1,146
12,100	12,100	12,115	15
(3,200)	(3,900)	(3,871)	29
-	53,800	41,197	(12,603)
(6,500)	(6,500)	(6,500)	-
-	-	-	-
(15,000)	(15,000)	(15,000)	-
<u>1,328,300</u>	<u>1,351,400</u>	<u>1,360,911</u>	<u>9,511</u>
-	-	-	-
7,916	7,344	6,520	824
76,538	76,538	63,869	12,669
-	-	-	-
-	-	-	-
594,037	614,914	592,393	22,521
-	-	-	-
-	-	-	-
-	-	-	-
681,587	682,610	659,887	22,723
1,360,078	1,381,406	1,322,669	58,737
11,000	21,468	-	(21,468)
-	-	-	-
(20,778)	(8,538)	38,242	46,780
26,340	26,340	26,340	-
-	-	(33,311)	(33,311)
-	-	-	-
26,340	26,340	(6,971)	(33,311)
<u>\$ 5,562</u>	<u>\$ 17,802</u>	31,271	<u>\$ 13,469</u>
		175,115	
		6,971	
		<u>\$ 213,357</u>	

**Budgetary Comparison Schedule**  
**Required Supplemental Information**  
**Budgeted Nonmajor Special Revenue Funds**

For the Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<u>Workers' Compensation</u>			<u>Banking</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>						
Budgeted:						
Fees, Assessments, and Other Income	\$ 27,251	\$ 23,779	\$ (3,472)	\$ 28,800	\$ 28,152	\$ (648)
Total Budgeted Revenues	<u>27,251</u>	<u>23,779</u>	<u>(3,472)</u>	<u>28,800</u>	<u>28,152</u>	<u>(648)</u>
<b>Expenditures</b>						
Budgeted:						
General Government	677	568	109	-	-	-
Regulation and Protection	24,296	19,571	4,725	22,358	21,272	1,086
Conservation and Development	-	-	-	500	500	-
Health and Hospitals	-	-	-	-	-	-
Human Services	2,184	2,257	(73)	-	-	-
Judicial	-	-	-	5,946	5,690	256
Total Budgeted Expenditures	<u>27,157</u>	<u>22,396</u>	<u>4,761</u>	<u>28,804</u>	<u>27,462</u>	<u>1,342</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>94</u>	<u>1,383</u>	<u>1,289</u>	<u>(4)</u>	<u>690</u>	<u>694</u>
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In (Out)	-	-	-	-	(5,700)	(5,700)
Use of Fund Balance from Prior Years	-	-	-	-	-	-
Prior Year Appropriations Carried Forward	-	1,000	1,000	-	13	13
Appropriations Continued to Fiscal Year 2016	-	(1,000)	(1,000)	-	(845)	(845)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,532)</u>	<u>(6,532)</u>
Net Change in Fund Balances	<u>\$ 94</u>	<u>1,383</u>	<u>\$ 1,289</u>	<u>\$ (4)</u>	<u>(5,842)</u>	<u>\$ (5,838)</u>
Budgetary Fund Balances - July 1 (as restated)		11,990			19,354	
Changes in Reserves		-			832	
Budgetary Fund Balances - June 30		<u>\$ 13,373</u>			<u>\$ 14,344</u>	

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

<u>Consumer Counsel &amp; Public Utility Control</u>			<u>Insurance</u>		
<u>Final</u>			<u>Final</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 25,600	\$ 25,605	\$ 5	\$ 68,345	\$ 61,322	\$ (7,023)
<u>25,600</u>	<u>25,605</u>	<u>5</u>	<u>68,345</u>	<u>61,322</u>	<u>(7,023)</u>
-	-	-	494	464	30
2,891	2,225	666	35,431	32,037	3,394
24,055	20,948	3,107	-	-	-
-	-	-	31,945	32,018	(73)
-	-	-	475	475	-
-	-	-	-	-	-
<u>26,946</u>	<u>23,173</u>	<u>3,773</u>	<u>68,345</u>	<u>64,994</u>	<u>3,351</u>
<u>(1,346)</u>	<u>2,432</u>	<u>3,778</u>	<u>-</u>	<u>(3,672)</u>	<u>(3,672)</u>
-	-	-	-	18	18
-	-	-	-	-	-
-	1,356	1,356	-	-	-
-	(455)	(455)	-	-	-
<u>-</u>	<u>901</u>	<u>901</u>	<u>-</u>	<u>18</u>	<u>18</u>
<u>\$ (1,346)</u>	<u>3,333</u>	<u>\$ 4,679</u>	<u>\$ -</u>	<u>(3,654)</u>	<u>\$ (3,654)</u>
	6,100			7,716	
	(901)			-	
	<u>\$ 8,532</u>			<u>\$ 4,062</u>	

*Continued*

**Budgetary Comparison Schedule**  
**Required Supplemental Information**  
**Budgeted Nonmajor Special Revenue Funds (Continued)**

For the Fiscal Year Ended June 30, 2015

(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>
<b>Revenues</b>						
Budgeted:						
Operating Transfers In	\$ -	\$ -	\$ -	\$ 61,780	\$ 61,240	\$ (540)
Fees, Assessments, and Other Income	3,355	3,646	291	-	-	-
Total Budgeted Revenues	<u>3,355</u>	<u>3,646</u>	<u>291</u>	<u>61,780</u>	<u>61,240</u>	<u>(540)</u>
<b>Expenditures</b>						
Budgeted:						
General Government	-	-	-	61,699	61,699	-
Conservation and Development	-	-	-	-	-	-
Judicial	2,787	2,445	342	-	-	-
Total Budgeted Expenditures	<u>2,787</u>	<u>2,445</u>	<u>342</u>	<u>61,699</u>	<u>61,699</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>568</u>	<u>1,201</u>	<u>633</u>	<u>81</u>	<u>(459)</u>	<u>(540)</u>
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In (Out)	-	-	-	-	-	-
Prior Year Appropriations Carried Forward	-	-	-	-	-	-
Appropriations Continued to Fiscal Year 2016	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 568</u>	<u>1,201</u>	<u>\$ 633</u>	<u>\$ 81</u>	<u>(459)</u>	<u>\$ (540)</u>
Budgetary Fund Balances (Deficit) - July 1 (as restated)		1,674			459	
Changes in Reserves		-			-	
Budgetary Fund Balances (Deficit) - June 30		<u>\$ 2,875</u>			<u>\$ -</u>	

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

<u>Regional Market</u>			<u>Soldiers', Sailors', and Marines'</u>		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>1,029</u>	<u>828</u>	<u>(201)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,029</u>	<u>828</u>	<u>(201)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
1,214	1,073	141	312	217	95
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,214</u>	<u>1,073</u>	<u>141</u>	<u>312</u>	<u>217</u>	<u>95</u>
<u>(185)</u>	<u>(245)</u>	<u>(60)</u>	<u>(312)</u>	<u>(217)</u>	<u>95</u>
-	-	-	-	-	-
-	-	-	-	312	312
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>312</u>	<u>312</u>
<u>\$ (185)</u>	<u>(245)</u>	<u>\$ (60)</u>	<u>\$ (312)</u>	<u>95</u>	<u>\$ 407</u>
	552			(7,624)	
	-			(312)	
	<u>\$ 307</u>			<u>\$ (7,841)</u>	

## Budgetary vs. GAAP Basis of Accounting Required Supplemental Information

For the Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<u>General Fund</u>	<u>Transportation Fund</u>
Net change in fund balances (budgetary basis)	\$ (113,168)	\$ 31,272
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	191,680	(4,857)
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	(213,793)	(793)
Salaries and Fringe Benefits Payable	8,720	563
Increase (Decrease) in Continuing Appropriations	(20,956)	6,971
Fund Reclassification-Bus Operations	-	(1,329)
Net change in fund balances (GAAP basis)	<u>\$ (147,517)</u>	<u>\$ 31,827</u>

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

1. Revenues are recorded when received in cash except for certain year-end accruals (statutory basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis).
2. Certain expenditures are not subject to accrual for budgeting purposes and are recorded when paid in cash (statutory basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis).
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 committed fund balance.

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

## Other Postemployment Benefit Plans Required Supplementary Information Schedules of Funding Progress

(Expressed in Millions)

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL)</b>	<b>(b-a) Unfunded AAL (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>((b-a)/c) UAAL as a Percentage of Covered Payroll</b>
<b><u>RTHP</u></b>						
6/30/2008	\$-	\$2,318.8	\$2,318.8	0.0%	\$3,399.3	68.2%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$-	\$2,997.8	\$2,997.8	0.0%	\$3,646.0	82.2%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2012	\$-	\$3,048.3	\$3,048.3	0.0%	\$3,652.5	83.5%
6/30/2013 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2014	\$-	\$2,433.0	\$2,433.0	0.0%	\$3,831.6	63.5%
6/30/2015 *	\$-	\$-	\$-	0.0%	\$-	0.0%

Actuarial valuations for other postemployment benefit plans are required to be disclosed starting with fiscal year 2008.

**SEOEBP**

6/30/2011	\$49.6	\$17,954.3	\$17,904.7	0.3%	\$3,902.2	458.8%
6/30/2012 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2013	\$143.8	\$19,676.3	\$19,532.5	0.7%	\$3,539.7	551.8%
6/30/2014 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2015 *	\$-	\$-	\$-	0.0%	\$-	0.0%

\*No actuarial valuation was performed.

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

**Pension Plans**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**  
(Expressed in Thousands)

<b><u>SERS</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Actuarially determined employer contribution	\$ 1,268,935	\$ 1,059,652	\$ 926,372	\$ 944,077	\$ 897,428
Actual employer contributions	<u>1,268,890</u>	<u>1,058,113</u>	<u>926,343</u>	<u>825,801</u>	<u>720,527</u>
Annual contributions deficiency excess	<u>\$ 45</u>	<u>\$ 1,539</u>	<u>\$ 29</u>	<u>\$ 118,276</u>	<u>\$ 176,901</u>
Covered Payroll	\$ 3,355,077	\$ 3,304,538	\$ 3,209,782	\$ 3,308,498	\$ 2,920,661
Actual contributions as a percentage of covered-employee payroll	37.82%	32.02%	28.86%	24.96%	24.67%
<b><u>TRS</u></b>					
Actuarially determined employer contribution	\$ 948,540	\$ 787,536	\$ 757,246	\$ 581,593	\$ 559,224
Actual employer contributions	<u>948,540</u>	<u>787,536</u>	<u>757,246</u>	<u>581,593</u>	<u>559,224</u>
Annual contributions deficiency excess	<u>\$ -</u>				
Covered Payroll	\$ 3,930,957	\$ 4,101,750	\$ 3,943,990	\$ 3,823,754	\$ 3,676,686
Actual contributions as a percentage of covered-employee payroll	24.13%	19.20%	19.20%	15.21%	15.21%
<b><u>JRS</u></b>					
Actuarially determined employer contribution	\$ 16,298	\$ 16,006	\$ 15,095	\$ 16,208	\$ 15,399
Actual employer contributions	<u>16,298</u>	<u>16,006</u>	<u>15,095</u>	<u>-</u>	<u>-</u>
Annual contributions deficiency excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,208</u>	<u>\$ 15,399</u>
Covered Payroll	\$ 33,386	\$ 31,748	\$ 30,308	\$ 33,102	\$ 31,602
Actual contributions as a percentage of covered-employee payroll	48.82%	50.42%	49.81%	0.00%	0.00%

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 753,698	\$ 716,944	\$ 663,926	\$ 623,063	\$ 518,764
<u>699,770</u>	<u>711,555</u>	<u>663,931</u>	<u>623,063</u>	<u>518,764</u>
<u>\$ 53,928</u>	<u>\$ 5,389</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,497,400	\$ 3,497,400	\$ 3,310,400	\$ 3,107,900	\$ 2,980,100
20.01%	20.35%	20.06%	20.05%	17.41%
\$ 539,303	\$ 518,560	\$ 412,099	\$ 396,249	\$ 281,366
<u>539,303</u>	<u>518,560</u>	<u>412,099</u>	<u>396,249</u>	<u>281,366</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,529,470	\$ 3,393,717	\$ 3,296,792	\$ 3,169,992	\$ 3,035,232
15.28%	15.28%	12.50%	12.50%	9.27%
\$ 14,172	\$ 13,434	\$ 12,375	\$ 11,730	\$ 12,236
<u>14,173</u>	<u>13,434</u>	<u>12,375</u>	<u>11,730</u>	<u>12,236</u>
<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 34,000	\$ 33,982	\$ 33,757	\$ 31,803	\$ 30,149
41.69%	39.53%	36.66%	36.88%	40.59%

**Other Postemployment Benefit Plans  
Required Supplementary Information  
Schedule of Employer Contributions**

(Expressed in Thousands)

<b><u>Fiscal Year</u></b>	<b><u>RTHP</u></b>		<b><u>SEOPEBP</u></b>	
	<b><u>Annual Required Contributions</u></b>	<b><u>Percentage Contributed</u></b>	<b><u>Annual Required Contributions</u></b>	<b><u>Percentage Contributed</u></b>
2008	\$116.1	21.5%	\$0.0	0%
2009	\$116.7	25.3%	\$0.0	0%
2010	\$121.3	10.0%	\$0.0	0%
2011	\$177.1	3.0%	\$0.0	0%
2012	\$184.1	26.9%	\$1,354.7	40.0%
2013	\$180.4	15.0%	\$1,271.3	42.7%
2014	\$187.2	13.9%	\$1,525.4	33.7%
2015	\$125.6	20.0%	\$1,513.0	36.1%

Actuarial valuations for other postemployment benefit plans are required to be disclosed starting with fiscal year 2008. June 30, 2011 was the first year an actuarial valuation for State Employees Other Postemployment Benefit Plan was performed.

**Pension Plans**  
**Required Supplementary Information**  
**Schedule of Changes in the Net Pension Liability**  
**and Plan Net Position**

(Expressed in Thousands)

	<b>2014</b>	<b>2014</b>	<b>2014</b>
	<b>SERS</b>	<b>TRS</b>	<b>JRS</b>
<b>Total Pension Liability</b>			
Service Cost	\$ 287,473	\$ 347,198	\$ 7,539
Interest	1,998,736	2,090,483	26,301
Benefit payments	(1,563,029)	(1,737,144)	(21,668)
Refunds of contributions	<u>(3,935)</u>	<u>-</u>	<u>-</u>
Net change in total pension liability	719,245	700,537	12,172
Total pension liability - beginning	<u>25,767,688</u>	<u>25,648,672</u>	<u>339,601</u>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 26,486,933</u></b>	<b><u>\$ 26,349,209</u></b>	<b><u>\$ 351,773</u></b>
<b>Plan net position</b>			
Contributions - employer	\$ 1,268,890	\$ 948,540	\$ 16,298
Contributions - member	144,807	261,213	1,641
Net investment income	1,443,391	2,277,550	23,156
Benefit payments	(1,563,029)	(1,737,144)	(21,668)
Refunds of contributions	(3,935)	-	-
Other Changes	<u>-</u>	<u>(5,307)</u>	<u>-</u>
Net change in plan net position	1,290,124	1,744,852	19,427
Plan net position - beginning	<u>9,182,443</u>	<u>14,462,903</u>	<u>168,353</u>
<b>Plan net position - ending (b)</b>	<b><u>\$ 10,472,567</u></b>	<b><u>\$ 16,207,755</u></b>	<b><u>\$ 187,780</u></b>
Ratio of plan net position to total pension liability	39.54%	61.51%	53.38%
<b>Net pension liability - ending (a) -(b)</b>	<b><u>\$ 16,014,366</u></b>	<b><u>\$ 10,141,454</u></b>	<b><u>\$ 163,993</u></b>
Covered-employee payroll	\$ 3,487,577	\$ 3,831,624	\$ 33,386
Net pension liability as a percentage of covered-employee payroll	459.18%	264.68%	491.20%

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

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**Balance Sheet****Nonmajor Governmental Funds-By Fund Type**

June 30, 2015

(Expressed in Thousands)

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 209,051	\$ 157,199	\$ 5,823	\$ 372,073
Investments	2,825	-	110,070	112,895
Securities Lending Collateral	-	-	7,192	7,192
Receivables:				
Accounts, Net of Allowances	23,204	-	-	23,204
Loans, Net of Allowances	170,386	-	-	170,386
From Other Governments	4,631	-	-	4,631
From Other Funds	8,079	245,975	2	254,056
Other Receivables	-	-	1	1
Total Assets	<u>\$ 418,176</u>	<u>\$ 403,174</u>	<u>\$ 123,088</u>	<u>\$ 944,438</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 8,573	\$ 60,807	\$ -	\$ 69,380
Due to Other Funds	9,306	286,746	8,200	304,252
Unearned Revenue	7,010	-	-	7,010
Securities Lending Obligation	-	-	7,192	7,192
Total Liabilities	<u>24,889</u>	<u>347,553</u>	<u>15,392</u>	<u>387,834</u>
<b>Deferred Inflows of Resources</b>				
Receivables to be Collected in Future Periods	20,911	-	-	20,911
<b>Fund Balances</b>				
Nonspendable:				
Permanent Fund Principal	-	-	110,068	110,068
Restricted	361,753	56,339	5,670	423,762
Assigned	10,594	-	-	10,594
Unassigned	29	(718)	(8,042)	(8,731)
Total Fund Balances	<u>372,376</u>	<u>55,621</u>	<u>107,696</u>	<u>535,693</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 418,176</u>	<u>\$ 403,174</u>	<u>\$ 123,088</u>	<u>\$ 944,438</u>

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

## Nonmajor Governmental Funds - By Fund Type

For The Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Revenues</b>				
Licenses, Permits, and Fees	\$ 73,277	\$ -	\$ -	\$ 73,277
Tobacco Settlement	118,988	-	-	118,988
Federal Grants and Aid	74,844	-	-	74,844
Charges for Services	910	-	-	910
Fines, Forfeits, and Rents	1,246	-	-	1,246
Investment Earnings	589	-	2,533	3,122
Interest on Loans	41	-	-	41
Miscellaneous	136,051	14	105	136,170
Total Revenues	<u>405,946</u>	<u>14</u>	<u>2,638</u>	<u>408,598</u>
<b>Expenditures</b>				
Current:				
Legislative	575	-	-	575
General Government	116,470	-	2,000	118,470
Regulation and Protection	193,584	-	-	193,584
Conservation and Development	142,579	-	447	143,026
Health and Hospitals	36,335	-	-	36,335
Transportation	8	-	-	8
Human Services	3,624	-	-	3,624
Education, Libraries, and Museums	5,245	-	10	5,255
Corrections	2,272	-	-	2,272
Judicial	50,320	-	4	50,324
Capital Projects	-	934,452	-	934,452
Debt Service:				
Interest and Fiscal Charges	863	4,674	-	5,537
Total Expenditures	<u>551,875</u>	<u>939,126</u>	<u>2,461</u>	<u>1,493,462</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(145,929)</u>	<u>(939,112)</u>	<u>177</u>	<u>(1,084,864)</u>
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	272,449	1,072,446	-	1,344,895
Premium on Bonds Issued	25,567	161,162	-	186,729
Transfers In	87,319	-	27	87,346
Transfers Out	(161,701)	(574,090)	(561)	(736,352)
Total Other Financing Sources (Uses)	<u>223,634</u>	<u>659,518</u>	<u>(534)</u>	<u>882,618</u>
Net Change in Fund Balances	77,705	(279,594)	(357)	(202,246)
Fund Balances - Beginning	294,671	335,215	108,053	737,939
Fund Balances - Ending	<u>\$ 372,376</u>	<u>\$ 55,621</u>	<u>\$ 107,696</u>	<u>\$ 535,693</u>

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## ***Special Revenue Funds***

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

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

### ***Banking:***

This fund is used to account for monies collected from various banking institutions throughout the state.

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

This fund is used to account for monies collected from various public utility companies.

### ***Insurance:***

This fund is used to account for monies collected from authorized insurers within the state.

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

This fund is used to account for monies collected from the criminal injuries board.

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

This fund is used 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:***

This fund is used 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:***

This fund is used 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:***

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

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

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

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

This fund is used 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, 2015

(Expressed in Thousands)

	<u>Workers'</u>	<u>Banking</u>	<u>Consumer Counsel and Public Utility Control</u>	<u>Insurance</u>	<u>Criminal Injuries</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 14,272	\$ 15,540	\$ 9,611	\$ 5,574	\$ 3,064
Investments	-	-	-	-	-
Receivables:					
Accounts, Net of Allowances	-	-	433	-	-
Loans, Net of Allowances	-	-	-	-	-
From Other Governments	-	-	-	-	-
From Other Funds	10	-	-	6	1
Total Assets	<u>\$ 14,282</u>	<u>\$ 15,540</u>	<u>\$ 10,044</u>	<u>\$ 5,580</u>	<u>\$ 3,065</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$ 604	\$ 651	\$ 610	\$ 889	\$ 190
Unearned Revenue	-	-	5,521	1,489	-
Due to Other Funds	108	178	151	209	-
Total Liabilities	<u>712</u>	<u>829</u>	<u>6,282</u>	<u>2,587</u>	<u>190</u>
<b>Deferred Inflows of Resources</b>					
Receivables to be Collected in Future Periods	-	-	103	-	-
<b>Fund Balances</b>					
Restricted	13,570	14,711	3,659	2,993	2,875
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>13,570</u>	<u>14,711</u>	<u>3,659</u>	<u>2,993</u>	<u>2,875</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 14,282</u>	<u>\$ 15,540</u>	<u>\$ 10,044</u>	<u>\$ 5,580</u>	<u>\$ 3,065</u>

<u>Regional Market</u>	<u>Soldiers', Sailors', &amp; Marines'</u>	<u>Employment Security Administration</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ 349	\$ -	\$ 12,641	\$ 43,363	\$ 33,776	\$ 70,861	\$ 209,051
-	-	-	2,825	-	-	2,825
-	-	-	-	5,201	17,570	23,204
-	-	-	4,460	165,926	-	170,386
-	-	4,631	-	-	-	4,631
-	8,043	4	-	-	15	8,079
<u>\$ 349</u>	<u>\$ 8,043</u>	<u>\$ 17,276</u>	<u>\$ 50,648</u>	<u>\$ 204,903</u>	<u>\$ 88,446</u>	<u>\$ 418,176</u>
\$ 25	\$ -	\$ 2,863	\$ 470	\$ 35	\$ 2,236	\$ 8,573
-	-	-	-	-	-	7,010
6	7,841	692	32	2	87	9,306
<u>31</u>	<u>7,841</u>	<u>3,555</u>	<u>502</u>	<u>37</u>	<u>2,323</u>	<u>24,889</u>
-	-	-	-	5,198	15,610	20,911
318	202	13,721	50,146	199,668	59,890	361,753
-	-	-	-	-	10,594	10,594
-	-	-	-	-	29	29
<u>318</u>	<u>202</u>	<u>13,721</u>	<u>50,146</u>	<u>199,668</u>	<u>70,513</u>	<u>372,376</u>
<u>\$ 349</u>	<u>\$ 8,043</u>	<u>\$ 17,276</u>	<u>\$ 50,648</u>	<u>\$ 204,903</u>	<u>\$ 88,446</u>	<u>\$ 418,176</u>

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

For The Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<u>Workers'</u>		<u>Consumer</u>		<u>Criminal</u>	<u>Mashantucket</u>
	<u>Compensation</u>	<u>Banking</u>	<u>Public Utility</u>	<u>Insurance</u>	<u>Injuries</u>	<u>Pequot and</u>
			<u>Control</u>			<u>Mohegan</u>
						<u>Fund</u>
<b>Revenues</b>						
Licenses, Permits, and Fees	\$ -	\$ 28,121	\$ 23	\$ 31,490	\$ 1,030	\$ -
Tobacco Settlement	-	-	-	-	-	-
Federal Grants and Aid	-	-	-	-	-	-
Charges for Services	10	-	-	-	-	-
Fines, Forfeits, and Rents	-	-	-	-	37	-
Investment Earnings	45	-	-	22	3	-
Interest on Loans	-	-	-	-	-	-
Miscellaneous	<u>23,724</u>	<u>28</u>	<u>25,147</u>	<u>35,445</u>	<u>2,576</u>	<u>-</u>
Total Revenues	<u>23,779</u>	<u>28,149</u>	<u>25,170</u>	<u>66,957</u>	<u>3,646</u>	<u>-</u>
<b>Expenditures</b>						
Current:						
Legislative	-	-	-	-	-	-
General Government	569	-	41	464	-	61,699
Regulation and Protection	19,559	21,235	2,445	31,993	-	-
Conservation and Development	-	500	20,648	-	-	-
Health and Hospitals	-	-	-	32,018	-	-
Transportation	-	-	-	-	-	-
Human Services	2,256	-	-	471	-	-
Education, Libraries, and Museums	-	-	-	-	-	-
Corrections	-	-	-	-	-	-
Judicial	-	5,679	-	-	2,445	-
Debt Service:						
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	<u>22,384</u>	<u>27,414</u>	<u>23,134</u>	<u>64,946</u>	<u>2,445</u>	<u>61,699</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,395</u>	<u>735</u>	<u>2,036</u>	<u>2,011</u>	<u>1,201</u>	<u>(61,699)</u>
<b>Other Financing Sources (Uses)</b>						
Bonds Issued	-	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-	-
Transfers In	-	-	-	13	-	61,780
Transfers Out	-	(5,700)	-	-	-	(540)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(5,700)</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>61,240</u>
Net Change in Fund Balances	1,395	(4,965)	2,036	2,024	1,201	(459)
Fund Balances - Beginning	<u>12,175</u>	<u>19,676</u>	<u>1,623</u>	<u>969</u>	<u>1,674</u>	<u>459</u>
Fund Balances-Ending	<u>\$ 13,570</u>	<u>\$ 14,711</u>	<u>\$ 3,659</u>	<u>\$ 2,993</u>	<u>\$ 2,875</u>	<u>\$ -</u>

<u>Regional Market</u>	<u>Soldiers', Sailors', &amp; Marines'</u>	<u>Employment Security Administration</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ 42	\$ -	\$ 3,806	\$ 2,163	\$ -	\$ 6,602	\$ 73,277
-	-	-	-	-	118,988	118,988
-	-	74,844	-	-	-	74,844
-	-	-	-	-	900	910
786	-	-	-	-	423	1,246
1	-	25	172	51	270	589
-	-	-	41	-	-	41
-	-	295	45	1,716	47,075	136,051
<u>829</u>	<u>-</u>	<u>78,970</u>	<u>2,421</u>	<u>1,767</u>	<u>174,258</u>	<u>405,946</u>
-	-	-	-	-	575	575
-	-	-	4,028	42,854	6,815	116,470
-	-	105,311	-	-	13,041	193,584
1,072	-	-	51,545	67,517	1,297	142,579
-	-	-	-	-	4,317	36,335
-	-	-	8	-	-	8
-	236	-	-	25	636	3,624
-	-	-	-	-	5,245	5,245
-	-	-	-	-	2,272	2,272
-	-	-	-	-	42,196	50,320
-	-	8	249	490	116	863
<u>1,072</u>	<u>236</u>	<u>105,319</u>	<u>55,830</u>	<u>110,886</u>	<u>76,510</u>	<u>551,875</u>
<u>(243)</u>	<u>(236)</u>	<u>(26,349)</u>	<u>(53,409)</u>	<u>(109,119)</u>	<u>97,748</u>	<u>(145,929)</u>
-	-	-	60,000	174,765	37,684	272,449
-	-	-	7,865	14,718	2,984	25,567
-	236	12,790	-	-	12,500	87,319
-	-	-	(8,056)	(14,229)	(133,176)	(161,701)
-	236	12,790	59,809	175,254	(80,008)	223,634
(243)	-	(13,559)	6,400	66,135	17,740	77,705
561	202	27,280	43,746	133,533	52,773	294,671
<u>\$ 318</u>	<u>\$ 202</u>	<u>\$ 13,721</u>	<u>\$ 50,146</u>	<u>\$ 199,668</u>	<u>\$ 70,513</u>	<u>\$ 372,376</u>

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## ***Capital Projects Funds***

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

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

### ***Infrastructure:***

This fund is used 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:***

This fund is used 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, 2015

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	157,199	\$ -	\$ 157,199
Receivables:				
Due From Other Funds	<u>203,883</u>	<u>42,092</u>	<u>-</u>	<u>245,975</u>
Total Assets	<u>\$ 203,883</u>	<u>\$ 199,291</u>	<u>\$ -</u>	<u>\$ 403,174</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 21,680	\$ 39,127	\$ -	\$ 60,807
Due To Other Funds	<u>285,621</u>	<u>407</u>	<u>718</u>	<u>286,746</u>
Total Liabilities	<u>307,301</u>	<u>39,534</u>	<u>718</u>	<u>347,553</u>
<b>Fund Balances</b>				
Restricted	(103,418)	159,757	-	56,339
Unassigned	<u>-</u>	<u>-</u>	<u>(718)</u>	<u>(718)</u>
Total Fund Balances (Deficit)	<u>(103,418)</u>	<u>159,757</u>	<u>(718)</u>	<u>55,621</u>
Total Liabilities and Fund Balances	<u>\$ 203,883</u>	<u>\$ 199,291</u>	<u>\$ -</u>	<u>\$ 403,174</u>

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

For The Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<u>State</u>			
	<u>Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
<b>Revenues</b>				
Miscellaneous	\$ 14	\$ -	\$ -	\$ 14
Total Revenues	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>
<b>Expenditures</b>				
Capital Projects	265,512	668,940	-	934,452
Debt Service:				
Interest and Fiscal Charges	<u>1,903</u>	<u>2,771</u>	<u>-</u>	<u>4,674</u>
Total Expenditures	<u>267,415</u>	<u>671,711</u>	<u>-</u>	<u>939,126</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(267,401)</u>	<u>(671,711)</u>	<u>-</u>	<u>(939,112)</u>
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	472,446	600,000	-	1,072,446
Premium on Bonds Issued	55,558	105,604	-	161,162
Transfer Out	<u>(563,440)</u>	<u>(10,650)</u>	<u>-</u>	<u>(574,090)</u>
Total Other Financing Sources	<u>(35,436)</u>	<u>694,954</u>	<u>-</u>	<u>659,518</u>
Net Change in Fund Balances	<u>(302,837)</u>	<u>23,243</u>	<u>-</u>	<u>(279,594)</u>
Fund Balances (Deficit) - Beginning	<u>199,419</u>	<u>136,514</u>	<u>(718)</u>	<u>335,215</u>
Fund Balances (Deficit) - Ending	<u>\$ (103,418)</u>	<u>\$ 159,757</u>	<u>\$ (718)</u>	<u>\$ 55,621</u>

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## ***Permanent Funds***

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

This fund is used 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, 2015

(Expressed in Thousands)

	<u>Soldiers', Sailors', &amp; Marines'</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 5,823	\$ 5,823
Investments	72,910	19,012	18,148	110,070
Securities Lending Collateral	4,759	1,245	1,188	7,192
Other Receivables	1	-	-	1
Due From Other Funds	-	-	2	2
Total Assets	<u>\$ 77,670</u>	<u>\$ 20,257</u>	<u>\$ 25,161</u>	<u>\$ 123,088</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Due To Other Funds	\$ 8,043	\$ -	\$ 157	\$ 8,200
Securities Lending Obligation	4,759	1,245	1,188	7,192
Total Liabilities	<u>12,802</u>	<u>1,245</u>	<u>1,345</u>	<u>15,392</u>
<b>Fund Balances</b>				
Nonspendable:				
Permanent Fund Principal	72,910	19,011	18,147	110,068
Restricted	-	1	5,669	5,670
Unassigned	<u>(8,042)</u>	<u>-</u>	<u>-</u>	<u>(8,042)</u>
Total Fund Balances	<u>64,868</u>	<u>19,012</u>	<u>23,816</u>	<u>107,696</u>
Total Liabilities and Fund Balances	<u>\$ 77,670</u>	<u>\$ 20,257</u>	<u>\$ 25,161</u>	<u>\$ 123,088</u>

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

For The Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<u>Soldiers', Sailors', &amp; Marines'</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
<b>Revenues</b>				
Investment Earnings	\$ 1,722	\$ 412	\$ 399	\$ 2,533
Miscellaneous	104	-	1	105
Total Revenues	<u>1,826</u>	<u>412</u>	<u>400</u>	<u>2,638</u>
<b>Expenditures</b>				
General Government	2,000	-	-	2,000
Conservation and Development	-	447	-	447
Education, Libraries, and Museums	-	-	10	10
Judicial	-	-	4	4
Total Expenditures	<u>2,000</u>	<u>447</u>	<u>14</u>	<u>2,461</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(174)</u>	<u>(35)</u>	<u>386</u>	<u>177</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(236)	-	(325)	(561)
Transfers In	-	-	27	27
Total Other Financing Sources (Uses)	<u>(236)</u>	<u>-</u>	<u>(298)</u>	<u>(534)</u>
Net Change in Fund Balances	<u>(410)</u>	<u>(35)</u>	<u>88</u>	<u>(357)</u>
Fund Balances - Beginning	<u>65,278</u>	<u>19,047</u>	<u>23,728</u>	<u>108,053</u>
Fund Balances - Ending	<u>\$ 64,868</u>	<u>\$ 19,012</u>	<u>\$ 23,816</u>	<u>\$ 107,696</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:***

This fund is used 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 Position Nonmajor Enterprise Funds

June 30, 2015

(Expressed in Thousands)

	<b>Second Injury &amp; Compensation Assurance</b>	<b>Bradley Parking Garage</b>	<b>Drinking Water</b>	<b>Total</b>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 34,616	\$ 168	\$ 7,657	\$ 42,441
Accounts Receivable, Net of Allowances	7,726	264	-	7,990
Loans, Net of Allowances	-	-	44,237	44,237
Interest Receivable	-	-	723	723
Due From Other Governments	-	-	494	494
Other	8	-	-	8
Total Current Assets	<u>42,350</u>	<u>432</u>	<u>53,111</u>	<u>95,893</u>
Noncurrent Assets:				
Cash and Cash Equivalents	-	-	75,763	75,763
Receivables:				
Loans, Net of Allowances	-	-	77,088	77,088
Restricted Assets	-	14,247	54,392	68,639
Capital Assets, Net of Accumulated Depreciation	-	26,988	-	26,988
Other Noncurrent Assets	-	438	-	438
Total Noncurrent Assets	<u>-</u>	<u>41,673</u>	<u>207,243</u>	<u>248,916</u>
Total Assets	<u>42,350</u>	<u>42,105</u>	<u>260,354</u>	<u>344,809</u>
<b>Deferred Outflows of Resources</b>				
Unamortized Losses on Bond Refundings	-	-	203	203
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>203</u>	<u>203</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	7,825	2,533	906	11,264
Current Portion of Long-Term Debt	522	2,435	7,343	10,300
Total Current Liabilities	<u>8,347</u>	<u>4,968</u>	<u>8,249</u>	<u>21,564</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Liabilities	1,244	62,681	84,246	148,171
Total Noncurrent Liabilities	<u>1,244</u>	<u>62,681</u>	<u>84,246</u>	<u>148,171</u>
Total Liabilities	<u>9,591</u>	<u>67,649</u>	<u>92,495</u>	<u>169,735</u>
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	-	(6,022)	-	(6,022)
Restricted for:				
Debt Service	-	4,508	-	4,508
Drinking Water Projects	-	-	139,912	139,912
Unrestricted (Deficit)	32,759	(24,030)	28,150	36,879
Total Net Position (Deficit)	<u>\$ 32,759</u>	<u>\$ (25,544)</u>	<u>\$ 168,062</u>	<u>\$ 175,277</u>

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

For The Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<b>Second Injury &amp; Compensation Assurance</b>	<b>Bradley Parking Garage</b>	<b>Drinking Water</b>	<b>Total</b>
<b>Operating Revenues</b>				
Assessments	\$ 40,045	\$ -	\$ -	\$ 40,045
Charges for Sales and Services (Net of discounts \$1,623)	-	25,559	-	25,559
Interest on Loans	-	-	2,256	2,256
Miscellaneous	1,076	-	-	1,076
Total Operating Revenues	<u>41,121</u>	<u>25,559</u>	<u>2,256</u>	<u>68,936</u>
<b>Operating Expenses</b>				
Salaries, Wages, and Administrative	7,860	8,111	4,045	20,016
Claims Paid	28,412	-	-	28,412
Depreciation and Amortization	-	1,143	-	1,143
Other	-	-	3,135	3,135
Total Operating Expenses	<u>36,272</u>	<u>9,254</u>	<u>7,180</u>	<u>52,706</u>
Operating Income	<u>4,849</u>	<u>16,305</u>	<u>(4,924)</u>	<u>16,230</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest and Investment Income	48	19	637	704
Interest and Fiscal Charges	-	(2,684)	(1,985)	(4,669)
Other	-	(12,030)	306	(11,724)
Total Nonoperating Income (Expense)	<u>48</u>	<u>(14,695)</u>	<u>(1,042)</u>	<u>(15,689)</u>
Income (Loss) Before Grants and Transfers	<u>4,897</u>	<u>1,610</u>	<u>(5,966)</u>	<u>541</u>
Federal Capitalization Grants	-	-	12,935	12,935
Transfers Out	-	-	(591)	(591)
Change in Net Position	4,897	1,610	6,378	12,885
Total Net Position (Deficit) - Beginning	<u>27,862</u>	<u>(27,154)</u>	<u>161,684</u>	<u>162,392</u>
Total Net Position (Deficit) - Ending	<u>\$ 32,759</u>	<u>\$ (25,544)</u>	<u>\$ 168,062</u>	<u>\$ 175,277</u>

## Combining Statement of Cash Flows

### Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<b>Second Injury &amp; Compensation Assurance</b>	<b>Bradley Parking Garage</b>	<b>Drinking Water</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	\$ 39,477	\$ 26,143	\$ 8,837	\$ 74,457
Payments to Suppliers	-	(6,159)	(3,135)	(9,294)
Payments to Employees	(7,815)	(1,781)	(3,210)	(12,806)
Other Receipts (Payments)	(28,110)	(1,102)	(37,342)	(66,554)
Net Cash Provided by (Used in) Operating Activities	<u>3,552</u>	<u>17,101</u>	<u>(34,850)</u>	<u>(14,197)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Proceeds from Bonds Payable	-	-	60,236	60,236
Retirement of Bonds and Annuities Payable	-	(2,265)	(5,544)	(7,809)
Interest of Bonds	-	(2,684)	(1,490)	(4,174)
Transfers Out	-	-	(591)	(591)
Other Receipts (Payments)	-	(12,030)	-	(12,030)
Net Cash Flows from Noncapital Financing Activities	<u>-</u>	<u>(16,979)</u>	<u>52,611</u>	<u>35,632</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Additions to Property, Plant, and Equipment	-	(139)	-	(139)
Federal Grant	-	-	13,155	13,155
Net Cash Flows from Capital and Related Financing Activities	<u>-</u>	<u>(139)</u>	<u>13,155</u>	<u>13,016</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	48	19	651	718
Other Receipts (Payments)	-	-	(31,347)	(31,347)
Net Cash Flows from Investing Activities	<u>48</u>	<u>19</u>	<u>(30,696)</u>	<u>(30,629)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,600	2	220	3,822
Cash and Cash Equivalents - Beginning of Year	31,016	166	7,437	38,619
Cash and Cash Equivalents - End of Year	<u>\$ 34,616</u>	<u>\$ 168</u>	<u>\$ 7,657</u>	<u>\$ 42,441</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>				
<b>Provided by (Used In) Operating Activities</b>				
Operating Income (Loss)	\$ 4,849	\$ 16,305	\$ (4,924)	\$ 16,230
Adjustments not Affecting Cash:				
Depreciation and Amortization	-	1,143	-	1,143
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	237	585	(189)	633
(Increase) Decrease in Inventories and Other Assets	(5)	(624)	(29,737)	(30,366)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	(1,529)	(308)	-	(1,837)
Total Adjustments	<u>(1,297)</u>	<u>796</u>	<u>(29,926)</u>	<u>(30,427)</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 3,552</u>	<u>\$ 17,101</u>	<u>\$ (34,850)</u>	<u>\$ (14,197)</u>

## ***Internal Service Funds***

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

This fund is used 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:***

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

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

This fund is used 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 Position Internal Service Funds

June 30, 2015

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information &amp; Technology</u>	<u>Administrative Services</u>	<u>Total</u>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 7,121	\$ 3,080	\$ -	\$ 10,201
Receivables, Net of Allowances	9	547	115	671
Due From Other Funds	644	4,066	1,971	6,681
Inventories	4,117	-	109	4,226
Other Current Assets	52	-	156	208
Total Current Assets	<u>11,943</u>	<u>7,693</u>	<u>2,351</u>	<u>21,987</u>
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	<u>2,446</u>	<u>-</u>	<u>54,999</u>	<u>57,445</u>
Total Noncurrent Assets	<u>2,446</u>	<u>-</u>	<u>54,999</u>	<u>57,445</u>
Total Assets	<u>14,389</u>	<u>7,693</u>	<u>57,350</u>	<u>79,432</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	1,251	382	272	1,905
Due To Other Funds	-	-	22,343	22,343
Compensated Absences-Current Portion	41	18	20	79
Total Current Liabilities	<u>1,292</u>	<u>400</u>	<u>22,635</u>	<u>24,327</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	-	705	-	705
Compensated Absences	<u>571</u>	<u>402</u>	<u>358</u>	<u>1,331</u>
Total Noncurrent Liabilities	<u>571</u>	<u>1,107</u>	<u>358</u>	<u>2,036</u>
Total Liabilities	<u>1,863</u>	<u>1,507</u>	<u>22,993</u>	<u>26,363</u>
<b>Net Position</b>				
Net Investment in Capital Assets	2,446	-	54,999	57,445
Unrestricted (Deficit)	<u>10,080</u>	<u>6,186</u>	<u>(20,642)</u>	<u>(4,376)</u>
Total Net Position	<u>\$ 12,526</u>	<u>\$ 6,186</u>	<u>\$ 34,357</u>	<u>\$ 53,069</u>

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

For The Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information &amp; Technology</u>	<u>Administrative Services</u>	<u>Total</u>
<b>Operating Revenues</b>				
Charges for Sales and Services	\$ 26,482	\$ 4,512	\$ 23,814	\$ 54,808
Miscellaneous	118	-	-	118
Total Operating Revenues	<u>26,600</u>	<u>4,512</u>	<u>23,814</u>	<u>54,926</u>
<b>Operating Expenses</b>				
Salaries, Wages, and Administrative	23,802	6,158	8,056	38,016
Depreciation and Amortization	737	-	14,246	14,983
Total Operating Expenses	<u>24,539</u>	<u>6,158</u>	<u>22,302</u>	<u>52,999</u>
Operating Income	<u>2,061</u>	<u>(1,646)</u>	<u>1,512</u>	<u>1,927</u>
<b>Nonoperating Revenue (Expenses)</b>				
Investment Income	435	-	-	435
Other Nonoperating Revenue (Expense)	21	-	-	21
Total Nonoperating Revenue (Expense)	<u>456</u>	<u>-</u>	<u>-</u>	<u>456</u>
Income before Capital Contributions	<u>2,517</u>	<u>(1,646)</u>	<u>1,512</u>	<u>2,383</u>
Change in Net Position	2,517	(1,646)	1,512	2,383
Total Net Position - Beginning	<u>10,009</u>	<u>7,832</u>	<u>32,845</u>	<u>50,686</u>
Total Net Position - Ending	<u>\$ 12,526</u>	<u>\$ 6,186</u>	<u>\$ 34,357</u>	<u>\$ 53,069</u>

## Combining Statement of Cash Flows

### Internal Service Funds

For the Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information Technology</u>	<u>Administrative Services</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	\$ 26,550	\$ 2,564	\$ 23,575	\$ 52,689
Payments to Suppliers	(20,648)	(2,880)	1,696	(21,832)
Payments to Employees	(2,975)	(3,204)	(4,790)	(10,969)
Other Receipts (Payments)	27	-	(7)	20
Net Cash Provided by (Used in) Operating Activities	<u>2,954</u>	<u>(3,520)</u>	<u>20,474</u>	<u>19,908</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Additions to Property, Plant, and Equipment	(1,053)	-	(20,474)	(21,527)
Net Cash Flows from Capital and Related Financing Activities	<u>(1,053)</u>	<u>-</u>	<u>(20,474)</u>	<u>(21,527)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Other Receipts (Payments)	21	-	-	21
Net Cash Flows from Noncapital Financing Activities	<u>21</u>	<u>-</u>	<u>-</u>	<u>21</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	435	-	-	435
Net Cash Flows from Investing Activities	<u>435</u>	<u>-</u>	<u>-</u>	<u>435</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,357	(3,520)	-	(1,163)
Cash and Cash Equivalents - Beginning of Year	4,764	6,600	-	11,364
Cash and Cash Equivalents - End of Year	<u>\$ 7,121</u>	<u>\$ 3,080</u>	<u>\$ -</u>	<u>\$ 10,201</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>				
Operating Income	\$ 2,061	\$ (1,646)	\$ 1,512	\$ 1,927
Adjustments Not Affecting Cash:				
Depreciation	737	-	14,246	14,983
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(2)	(500)	(13)	(515)
(Increase) Decrease in Due From Other Funds	70	(1,449)	(226)	(1,605)
(Increase) Decrease in Inventories and Other Assets	(91)	-	(7)	(98)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	179	75	4,962	5,216
Total Adjustments	<u>893</u>	<u>(1,874)</u>	<u>18,962</u>	<u>17,981</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 2,954</u>	<u>\$ (3,520)</u>	<u>\$ 20,474</u>	<u>\$ 19,908</u>

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

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

See notes 10 and 11 for a description of the Pension Trust Funds.

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

This fund is used 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 and Survivors' Benefits Plan:***

This fund is used 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:***

This fund is used 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 Position Pension (and Other Employee Benefit) Trust Funds

June 30, 2015

(Expressed in Thousands)

	<b>Pension Trust</b>			
	<b>State Employees</b>	<b>State Teachers</b>	<b>Judicial</b>	<b>Connecticut Municipal Employees</b>
<b>Assets</b>				
Current:				
Cash and Cash Equivalents	\$ 4	\$ 8,248	\$ 12	\$ 4,387
Receivables:				
Accounts, Net of Allowances	6,159	9,614	8	9,151
From Other Governments	-	1,444	-	-
From Other Funds	19	3	-	1
Interest	297	638	3	45
Investments	10,662,217	16,109,803	189,523	2,200,632
Securities Lending Collateral	681,850	986,457	13,352	154,923
Noncurrent:				
Due From Employers	-	-	-	240,962
Total Assets	<u>11,350,546</u>	<u>17,116,207</u>	<u>202,898</u>	<u>2,610,101</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	41	8,040	-	-
Securities Lending Obligation	681,850	986,458	13,352	154,923
Due to Other Funds	-	1,656	-	-
Total Liabilities	<u>681,891</u>	<u>996,154</u>	<u>13,352</u>	<u>154,923</u>
<b>Net Position</b>				
Held in Trust For Employee				
Pension and Other Benefits	<u>10,668,655</u>	<u>16,120,053</u>	<u>189,546</u>	<u>2,455,178</u>
Total Net Position	<u>\$ 10,668,655</u>	<u>\$ 16,120,053</u>	<u>\$ 189,546</u>	<u>\$ 2,455,178</u>

<u>Pension Trust</u>		<u>Other Employee Benefits</u>			
<u>Probate Judges</u>	<u>Other</u>	<u>Retired Teacher Healthcare Plan</u>	<u>Policemen, Firemen, and Survivors' Benefits</u>	<u>State Employee OPEB Plan</u>	<u>Total</u>
\$ -	\$ 314	\$ 95,357	\$ 53	\$ -	\$ 108,375
4	-	-	-	-	24,936
-	-	-	-	-	1,444
-	-	1,662	-	(8)	1,677
2	-	-	1	-	986
89,152	1,522	-	28,097	260,310	29,541,256
6,559	130	-	1,857	15,430	1,860,558
-	-	-	-	-	240,962
<u>95,717</u>	<u>1,966</u>	<u>97,019</u>	<u>30,008</u>	<u>275,732</u>	<u>31,780,194</u>
-	-	3,738	-	26,501	38,320
6,559	130	-	1,857	15,430	1,860,559
17	-	-	-	4,163	5,836
<u>6,576</u>	<u>130</u>	<u>3,738</u>	<u>1,857</u>	<u>46,094</u>	<u>1,904,715</u>
89,141	1,836	93,281	28,151	229,638	29,875,479
<u>\$ 89,141</u>	<u>\$ 1,836</u>	<u>\$ 93,281</u>	<u>\$ 28,151</u>	<u>\$ 229,638</u>	<u>\$ 29,875,479</u>

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

For The Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<b>Pension Trust</b>			
	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>
<b>Additions</b>				
Contributions:				
Plan Members	\$ 187,339	\$ 228,100	\$ 1,791	\$ 16,726
State	1,371,649	984,110	17,731	-
Municipalities	-	-	-	113,515
Total Contributions	<u>1,558,988</u>	<u>1,212,210</u>	<u>19,522</u>	<u>130,241</u>
Investment Income	328,107	503,807	5,330	61,584
Less: Investment Expenses	<u>(33,126)</u>	<u>(50,865)</u>	<u>(539)</u>	<u>(6,217)</u>
Net Investment Income	<u>294,981</u>	<u>452,942</u>	<u>4,791</u>	<u>55,367</u>
Transfers In	-	8,313	-	-
Other	244	62,570	-	-
Total Additions	<u>1,854,213</u>	<u>1,736,035</u>	<u>24,313</u>	<u>185,608</u>
<b>Deductions</b>				
Administrative Expense	783	-	-	-
Benefit Payments and Refunds	1,657,585	1,823,737	22,552	132,670
Transfer Out	-	-	-	-
Other	-	-	-	49
Total Deductions	<u>1,658,368</u>	<u>1,823,737</u>	<u>22,552</u>	<u>132,719</u>
Changes in Net Position	195,845	(87,702)	1,761	52,889
<b>Net Position Held in Trust For Pension and Other Employee Benefits</b>				
Beginning of Year (as restated)	<u>10,472,810</u>	<u>16,207,755</u>	<u>187,785</u>	<u>2,402,289</u>
End of Year	<u>\$ 10,668,655</u>	<u>\$ 16,120,053</u>	<u>\$ 189,546</u>	<u>\$ 2,455,178</u>

<u>Pension Trust</u>		<u>Other Employee Benefits</u>			
<u>Probate Judges</u>	<u>Other</u>	<u>Retired Teacher Healthcare Plan</u>	<u>Policemen, Firemen, and Survivors' Benefits</u>	<u>State Employee OPEB Plan</u>	<u>Total</u>
\$ 235	\$ 43	\$ 85,517	\$ 523	\$ 93,277	\$ 613,551
-	-	25,145	-	546,284	2,944,919
-	-	-	766	-	114,281
<u>235</u>	<u>43</u>	<u>110,662</u>	<u>1,289</u>	<u>639,561</u>	<u>3,672,751</u>
2,453	26	156	862	7,620	909,945
(248)	(2)	-	(87)	(769)	(91,853)
<u>2,205</u>	<u>24</u>	<u>156</u>	<u>775</u>	<u>6,851</u>	<u>818,092</u>
-	-	-	-	-	8,313
<u>1,370</u>	<u>-</u>	<u>2,532</u>	<u>-</u>	<u>15,368</u>	<u>82,084</u>
<u>3,810</u>	<u>67</u>	<u>113,350</u>	<u>2,064</u>	<u>661,780</u>	<u>4,581,240</u>
-	-	-	-	-	783
4,925	-	113,087	1,104	582,157	4,337,817
-	-	8,313	-	-	8,313
-	-	-	-	26	75
<u>4,925</u>	<u>-</u>	<u>121,400</u>	<u>1,104</u>	<u>582,183</u>	<u>4,346,988</u>
(1,115)	67	(8,050)	960	79,597	234,252
<u>90,256</u>	<u>1,769</u>	<u>101,331</u>	<u>27,191</u>	<u>150,041</u>	<u>29,641,227</u>
<u>\$ 89,141</u>	<u>\$ 1,836</u>	<u>\$ 93,281</u>	<u>\$ 28,151</u>	<u>\$ 229,638</u>	<u>\$ 29,875,479</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, 2015

(Expressed in Thousands)

	<u>Fringe Benefit Clearing</u>	<u>Receipts Pending Distribution</u>	<u>Insurance Companies' Securities</u>	<u>State Institution Activity</u>	<u>Other</u>	<u>Total</u>
<b>Assets</b>						
Cash and Cash Equivalents	\$ 1,016	\$ 58,497	\$ -	\$ 21,951	\$ 275,958	\$ 357,422
Receivables:						
Accounts, Net of Allowances	-	1,226	-	12	-	1,238
From Other Funds	4,141	-	-	-	-	4,141
Interest	-	-	-	2	76	78
Inventories	-	-	-	28	-	28
Other Assets	-	-	352,902	809	27,023	380,734
Total Assets	<u>\$ 5,157</u>	<u>\$ 59,723</u>	<u>\$ 352,902</u>	<u>\$ 22,802</u>	<u>\$ 303,057</u>	<u>\$ 743,641</u>
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ -	\$ 43,028	\$ -	\$ 1,358	\$ 756	\$ 45,142
Funds Held for Others	5,157	16,695	352,902	21,444	302,301	698,499
Total Liabilities	<u>\$ 5,157</u>	<u>\$ 59,723</u>	<u>\$ 352,902</u>	<u>\$ 22,802</u>	<u>\$ 303,057</u>	<u>\$ 743,641</u>

## Combining Statement of Changes in Assets and Liabilities

### Agency Funds

For The Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b><u>Fringe Benefit Clearing</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,325	\$ -	\$ 309	\$ 1,016
From Other Funds	4,279	4,141	4,279	4,141
Total Assets	<u>\$ 5,604</u>	<u>\$ 4,141</u>	<u>\$ 4,588</u>	<u>\$ 5,157</u>
<b>Liabilities</b>				
Funds Held for Others	\$ 5,604	\$ 5,157	\$ 5,604	\$ 5,157
Total Liabilities	<u>\$ 5,604</u>	<u>\$ 5,157</u>	<u>\$ 5,604</u>	<u>\$ 5,157</u>
<b><u>Receipts Pending Distribution</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 56,775	\$ 4,757	\$ 3,035	\$ 58,497
Accounts, Net of Allowances	1,269	1,226	1,269	1,226
Total Assets	<u>\$ 58,044</u>	<u>\$ 5,983</u>	<u>\$ 4,304</u>	<u>\$ 59,723</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 46,899	\$ 43,028	\$ 46,899	\$ 43,028
Funds Held for Others	11,145	6,776	1,226	16,695
Total Liabilities	<u>\$ 58,044</u>	<u>\$ 49,804</u>	<u>\$ 48,125</u>	<u>\$ 59,723</u>
<b><u>Insurance Companies' Securities</u></b>				
<b>Assets</b>				
Other Assets	\$ 356,549	\$ 352,902	\$ 356,549	\$ 352,902
Total Assets	<u>\$ 356,549</u>	<u>\$ 352,902</u>	<u>\$ 356,549</u>	<u>\$ 352,902</u>
<b>Liabilities</b>				
Funds Held for Others	\$ 356,549	\$ 352,902	\$ 356,549	\$ 352,902
Total Liabilities	<u>\$ 356,549</u>	<u>\$ 352,902</u>	<u>\$ 356,549</u>	<u>\$ 352,902</u>
<b><u>State Institution Activity</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 23,902	\$ 21,951	\$ 23,902	\$ 21,951
Accounts, Net of Allowances	6,079	12	6,079	12
Interest	3	2	3	2
Inventories	13	28	13	28
Other Assets	5	809	5	809
Total Assets	<u>\$ 30,002</u>	<u>\$ 22,802</u>	<u>\$ 30,002</u>	<u>\$ 22,802</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 6,479	\$ 1,358	\$ 6,479	\$ 1,358
Funds Held for Others	23,523	21,444	23,523	21,444
Total Liabilities	<u>\$ 30,002</u>	<u>\$ 22,802</u>	<u>\$ 30,002</u>	<u>\$ 22,802</u>

*continues*

# Combining Statement of Changes in Assets and Liabilities

continued

## Agency Funds

For The Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b><u>Other</u></b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 78,144	\$ 275,958	\$ 78,144	\$ 275,958
Interest	6	76	6	76
Other Assets	29,966	27,023	29,966	27,023
Total Assets	<u>\$ 108,116</u>	<u>\$ 303,057</u>	<u>\$ 108,116</u>	<u>\$ 303,057</u>
<b><u>Liabilities</u></b>				
Accounts Payable and Accrued Liabilities	\$ 542	\$ 756	\$ 542	\$ 756
Funds Held for Others	107,574	302,301	107,574	302,301
Total Liabilities	<u>\$ 108,116</u>	<u>\$ 303,057</u>	<u>\$ 108,116</u>	<u>\$ 303,057</u>
<b><u>Total - All Agency Funds</u></b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 160,146	\$ 302,666	\$ 105,390	\$ 357,422
Accounts, Net of Allowances	7,348	1,238	7,348	1,238
From Other Funds	4,279	4,141	4,279	4,141
Interest	9	78	9	78
Inventories	13	28	13	28
Other Assets	386,520	380,734	386,520	380,734
Total Assets	<u>\$ 558,315</u>	<u>\$ 688,885</u>	<u>\$ 503,559</u>	<u>\$ 743,641</u>
<b><u>Liabilities</u></b>				
Accounts Payable and Accrued Liabilities	\$ 53,920	\$ 45,142	\$ 53,920	\$ 45,142
Funds Held for Others	504,395	688,580	494,476	698,499
Total Liabilities	<u>\$ 558,315</u>	<u>\$ 733,722</u>	<u>\$ 548,396</u>	<u>\$ 743,641</u>

## ***Component Units***

### ***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.

### ***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 Region Development Authority:***

The Capital Region 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.

### ***UConn Foundation:***

The Foundation was created exclusively to solicit, receive, and administer gifts and financial resources from private sources for the benefit of all campuses and programs of the University of Connecticut and Health Center.

### ***Clean Energy Finance and Investment Authority:***

Clean Energy Finance and Investment Authority was created to develop programs to finance and support clean energy investment in residential, municipal, small business and larger commercial projects and stimulate demand for clean energy and the deployment of clean energy sources within the state.

### ***Connecticut Student Loan Foundation:***

Connecticut Student Loan Foundation was established as a Connecticut State chartered nonprofit corporation established pursuant to State of Connecticut Statute Chapter 187a for the purpose of improving educational opportunity.

## Combining Statement of Net Position

### Nonmajor Component Units

June 30, 2015

(Expressed in Thousands)

	<b>Connecticut Higher Education Supplemental Loan <u>Authority</u></b>	<b>Connecticut Health and Educational Facilities <u>Authority</u></b>	<b>Connecticut Student Loan <u>Foundation</u></b>	<b>Materials, Innovations, and Recycling <u>Authority</u></b>	<b>Connecticut Innovations, <u>Incorporated</u></b>
<b>Assets</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 2,326	\$ 441	\$ 965	\$ 53,771	\$ 57,003
Investments	-	5,413	-	-	2,325
Receivables:					
Accounts, Net of Allowances	-	155	-	12,122	-
Loans, Net of Allowances	16,754	-	-	-	5,682
Interest Receivable	599	-	-	-	1,431
Due From Primary Government	-	-	-	-	1,102
Restricted Assets	28,512	323,724	38,935	1,800	-
Inventories	-	-	-	5,916	-
Other Current Assets	2,014	74	34	2,442	218
Total Current Assets	<u>50,205</u>	<u>329,807</u>	<u>39,934</u>	<u>76,051</u>	<u>67,761</u>
Noncurrent Assets:					
Investments	-	-	-	-	77,048
Accounts, Net of Allowances	-	-	-	-	-
Loans, Net of Allowances	102,988	-	307,638	-	50,796
Restricted Assets	23,557	10,407	-	-	46,268
Capital Assets, Net of Accumulated Depreciation	-	169	-	105,276	341
Other Noncurrent Assets	155	-	-	392	133
Total Noncurrent Assets	<u>126,700</u>	<u>10,576</u>	<u>307,638</u>	<u>105,668</u>	<u>174,586</u>
Total Assets	<u>176,905</u>	<u>340,383</u>	<u>347,572</u>	<u>181,719</u>	<u>242,347</u>
<b>Deferred Outflows of Resources</b>					
Related to Pensions	-	-	-	-	3,311
Other	-	-	-	-	88
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,399</u>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable & Accrued Liabilities	2,887	2,297	4,311	18,865	4,708
Current Portion of Long-Term Obligations	11,105	-	-	-	500
Due To Primary Government	-	-	-	-	-
Amounts Held for Institutions	-	320,224	-	-	-
Other Liabilities	-	-	-	-	19,171
Total Current Liabilities	<u>13,992</u>	<u>322,521</u>	<u>4,311</u>	<u>18,865</u>	<u>24,379</u>
Noncurrent Liabilities:					
Pension Liability	-	-	-	-	28,019
Noncurrent Portion of Long-Term Obligations	144,573	2,172	311,226	3,500	11,157
Total Noncurrent Liabilities	<u>144,573</u>	<u>2,172</u>	<u>311,226</u>	<u>3,500</u>	<u>39,176</u>
Total Liabilities	<u>158,565</u>	<u>324,693</u>	<u>315,537</u>	<u>22,365</u>	<u>63,555</u>
<b>Deferred Inflows of Resources</b>					
Unamortized Investment Earnings	-	-	-	-	1,001
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,001</u>
<b>Net Position</b>					
Net Investment in Capital Assets	-	169	-	105,277	341
Restricted:					
Debt Service	15,923	-	7,891	-	-
Expendable Endowments	-	-	-	-	-
Nonexpendable Endowments	-	-	-	-	-
Other Purposes	-	11,735	-	48	15,163
Unrestricted (Deficit)	<u>2,417</u>	<u>3,786</u>	<u>24,144</u>	<u>54,029</u>	<u>165,686</u>
Total Net Position	<u>\$ 18,340</u>	<u>\$ 15,690</u>	<u>\$ 32,035</u>	<u>\$ 159,354</u>	<u>\$ 181,190</u>

<u>UConn Foundation</u>	<u>Capital Region Development Authority</u>	<u>Connecticut Green Bank</u>	<u>Total</u>
\$ 3,960	\$ 11,159	\$ 39,894	\$ 169,519
405,790	-	-	413,528
32,581	4,924	2,554	52,336
-	-	-	22,436
-	-	-	2,030
-	-	-	1,102
-	6,114	-	399,085
-	-	-	5,916
-	446	6,461	11,689
<u>442,331</u>	<u>22,643</u>	<u>48,909</u>	<u>1,077,641</u>
-	-	1,000	78,048
30,928	-	-	30,928
-	26,947	-	488,369
887	4,895	8,799	94,813
6,594	310,099	26,970	449,449
1,693	838	51,895	55,106
<u>40,102</u>	<u>342,779</u>	<u>88,664</u>	<u>1,196,713</u>
<u>482,433</u>	<u>365,422</u>	<u>137,573</u>	<u>2,274,354</u>
-	-	1,670	4,981
-	-	-	88
-	-	1,670	5,069
6,362	12,090	14,644	66,164
2,770	3,993	-	18,368
-	33,109	-	33,109
-	-	-	320,224
-	-	-	19,171
<u>9,132</u>	<u>49,192</u>	<u>14,644</u>	<u>457,036</u>
-	-	14,900	42,919
<u>37,519</u>	<u>94,327</u>	<u>-</u>	<u>604,474</u>
<u>37,519</u>	<u>94,327</u>	<u>14,900</u>	<u>647,393</u>
<u>46,651</u>	<u>143,519</u>	<u>29,544</u>	<u>1,104,429</u>
-	-	532	1,533
-	-	532	1,533
(726)	179,270	26,971	311,302
-	-	-	23,814
96,702	-	-	96,702
339,806	-	1	339,807
-	36,150	8,799	71,895
-	6,483	73,396	329,941
<u>\$ 435,782</u>	<u>\$ 221,903</u>	<u>\$ 109,167</u>	<u>\$ 1,173,461</u>

**Combining Statement of Activities**

**Nonmajor Component Units**

For The Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Connecticut Higher Education Supplemental Loan Authority	\$ 10,793	\$ 12,368	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	6,903	7,818	-	-
Connecticut Student Loan Foundation	37,764	11,778	-	-
Materials, Innovations, and Recycling Authority	110,737	98,265	-	-
Connecticut Innovations, Incorporated	87,636	65,191	29,025	27,992
UConn Foundation	54,549	43,355	-	-
Capital Region Development Authority	52,699	47,798	9,098	44,009
Connecticut Green Bank	43,958	52,906	192	-
Total Nonmajor Component Units	<u>\$ 405,039</u>	<u>\$ 339,479</u>	<u>\$ 38,315</u>	<u>\$ 72,001</u>

General Revenues:

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

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

<b>Connecticut Higher Education Supplemental Loan Authority</b>	<b>Connecticut Health &amp; Educational Facilities Authority</b>	<b>Connecticut Student Loan Foundation</b>	<b>Materials, Innovations, and Recycling Authority</b>	<b>Connecticut Innovations, Incorporated</b>	<b>UConn Foundation</b>	<b>Capital Region Development Authority</b>	<b>Connecticut Green Bank</b>	<b>Totals</b>
\$ 1,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,575
-	915	-	-	-	-	-	-	915
-	-	(25,986)	-	-	-	-	-	(25,986)
-	-	-	(12,472)	-	-	-	-	(12,472)
-	-	-	-	34,572	-	-	-	34,572
-	-	-	-	-	(11,194)	-	-	(11,194)
-	-	-	-	-	-	48,206	-	48,206
-	-	-	-	-	-	-	9,140	9,140
<u>1,575</u>	<u>915</u>	<u>(25,986)</u>	<u>(12,472)</u>	<u>34,572</u>	<u>(11,194)</u>	<u>48,206</u>	<u>9,140</u>	<u>44,756</u>
1,148	13	67	60	(6,256)	10,067	328	(212)	5,215
-	-	1,259	-	-	-	-	-	1,259
<u>1,148</u>	<u>13</u>	<u>1,326</u>	<u>60</u>	<u>(6,256)</u>	<u>10,067</u>	<u>328</u>	<u>(212)</u>	<u>6,474</u>
2,723	928	(24,660)	(12,412)	28,316	(1,127)	48,534	8,928	51,230
15,617	14,762	56,695	171,766	152,874	436,909	173,369	100,239	1,122,231
<u>\$ 18,340</u>	<u>\$ 15,690</u>	<u>\$ 32,035</u>	<u>\$ 159,354</u>	<u>\$ 181,190</u>	<u>\$ 435,782</u>	<u>\$ 221,903</u>	<u>\$ 109,167</u>	<u>\$1,173,461</u>

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## *Statistical Section*

This part of the State of Connecticut’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

### **FINANCIAL TRENDS INFORMATION**

These schedules contain trend information to help the reader understand how the State’s financial performance and well-being have changed over time.

Net Position by Component	148
Changes in Net Position	150
Fund Balances, Governmental Funds	152
Changes in Fund Balances, Governmental Funds	152

### **REVENUE CAPACITY INFORMATION**

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

Personal Income Tax Rates	153
Personal Income Tax Filers and Liability by Income Level	153
Personal Income by Major Component	154

### **DEBT CAPACITY INFORMATION**

These schedules present information to assist the user in understanding and assessing a government’s debt burden and its ability to issue additional debt.

Legal Debt Margin	157
Ratios of Outstanding Debt by Type	158
Ratios of Net General Bonded Debt	158
Pledged-Revenue Coverage	160

### **DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the State’s financial activities take place and to help make comparisons over time and with other governments.

Population and Per Capita Personal Income	164
Employment Information	164
Top Ten Employers	166

### **OPERATING INFORMATION**

These schedules contain information about the State’s operations and a resource to help the reader understand how the State’s financial information relates to the activities it performs.

State Employees by Function	167
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**Sources:** Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

## Net Position by Component

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities:			
Net Invested in Capital Assets	\$ 3,469,145	\$ 4,269,038	\$ 4,930,749
Restricted	1,496,693	1,384,938	1,641,377
Unrestricted	<u>(10,041,840)</u>	<u>(10,497,613)</u>	<u>(13,460,055)</u>
Total Governmental Activities Net Position	<u>\$ (5,076,002)</u>	<u>\$ (4,843,637)</u>	<u>\$ (6,887,929)</u>
Business-Type Activities:			
Net Invested in Capital Assets	\$ 2,303,600	\$ 2,345,553	\$ 2,465,734
Restricted	1,606,661	1,769,958	1,649,200
Unrestricted	<u>140,071</u>	<u>235,022</u>	<u>306,755</u>
Total Business-Type Activities Net Position	<u>\$ 4,050,332</u>	<u>\$ 4,350,533</u>	<u>\$ 4,421,689</u>
Primary Government:			
Net Invested in Capital Assets	\$ 5,772,745	\$ 6,614,591	\$ 7,396,483
Restricted	3,103,354	3,154,896	3,290,577
Unrestricted	<u>(9,901,769)</u>	<u>(10,262,591)</u>	<u>(13,153,300)</u>
Total Primary Government Net Position	<u>\$ (1,025,670)</u>	<u>\$ (493,104)</u>	<u>\$ (2,466,240)</u>

Notes: The governmental activities have a deficit in unrestricted Net Position mainly because the State recognized in the Statement of Net Position the following long-term obligations:

1. General obligation bonds which were issued to finance various grant programs of the State, such as school construction and municipal aid.
2. Other long-term obligations which the State has partially funded or not funded. For example, net pension liabilities, compensated absences obligations, etc.
3. In fiscal year 2014, Bradley International Airport, a major Enterprise fund, was reclassified as a major component unit. Business-type activities for the fiscal years prior to 2014 have been restated to reflect this change.
4. In fiscal year 2015, the State implemented GASB statement No. 68 requiring the reporting of the actuarially determined liability to the pension plan members net of the fiduciary net position of the plans.

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 5,499,602	\$ 4,910,178	\$ 4,905,025	\$ 5,305,440	\$ 5,824,691	\$ 5,776,818	\$ 4,957,690
1,617,726	1,777,780	1,809,873	1,647,790	2,282,900	1,795,757	1,884,897
<u>(16,686,518)</u>	<u>(20,361,003)</u>	<u>(20,764,608)</u>	<u>(21,984,094)</u>	<u>(23,199,567)</u>	<u>(24,943,380)</u>	<u>(47,667,704)</u>
<u>\$ (9,569,190)</u>	<u>\$ (13,673,045)</u>	<u>\$ (14,049,710)</u>	<u>\$ (15,030,864)</u>	<u>\$ (15,091,976)</u>	<u>\$ (17,370,805)</u>	<u>\$ (40,825,117)</u>
\$ 2,499,175	\$ 2,544,919	\$ 2,677,999	\$ 2,810,724	\$ 3,029,092	\$ 3,169,151	\$ 3,448,779
1,359,459	1,157,139	1,051,544	995,806	898,180	1,065,211	1,154,457
<u>373,035</u>	<u>302,435</u>	<u>171,738</u>	<u>360,131</u>	<u>391,597</u>	<u>546,492</u>	<u>895,770</u>
<u>\$ 4,231,669</u>	<u>\$ 4,004,493</u>	<u>\$ 3,901,281</u>	<u>\$ 4,166,661</u>	<u>\$ 4,318,869</u>	<u>\$ 4,780,854</u>	<u>\$ 5,499,006</u>
\$ 7,998,777	\$ 7,455,097	\$ 7,583,024	\$ 8,116,164	\$ 8,853,783	\$ 8,945,969	\$ 8,406,469
2,977,185	2,934,919	2,861,417	2,643,596	3,181,080	2,860,968	3,039,354
<u>(16,313,483)</u>	<u>(20,058,568)</u>	<u>(20,592,870)</u>	<u>(21,623,963)</u>	<u>(22,807,970)</u>	<u>(24,396,888)</u>	<u>(46,771,934)</u>
<u>\$ (5,337,521)</u>	<u>\$ (9,668,552)</u>	<u>\$ (10,148,429)</u>	<u>\$ (10,864,203)</u>	<u>\$ (10,773,107)</u>	<u>\$ (12,589,951)</u>	<u>\$ (35,326,111)</u>

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**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Expressed in Thousands)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental Activities:</b>										
Legislative	\$ 96,622	\$ 97,492	\$ 111,910	\$ 101,695	\$ 105,870	\$ 99,542	\$ 113,982	\$ 106,349	\$ 122,679	\$ 107,629
General Government	1,352,908	1,731,215	1,737,917	1,752,751	1,565,653	1,508,994	1,987,920	2,036,173	2,060,294	1,712,498
Regulation and Protection	712,061	702,467	788,419	768,272	796,124	780,363	853,458	868,187	905,310	1,028,126
Conservation and Development	396,296	429,057	473,797	562,507	565,836	529,292	692,719	665,365	997,092	921,859
Health and Hospital	1,922,583	2,003,994	2,298,272	2,278,059	2,443,119	2,300,369	2,475,759	2,540,349	2,623,687	2,172,348
Transportation	1,090,504	1,150,770	1,482,250	1,570,324	1,742,009	1,637,847	1,845,656	1,572,755	1,985,288	1,761,500
Human Services	4,941,454	4,828,418	5,743,810	6,208,275	6,829,916	6,675,895	7,223,118	7,471,625	8,272,895	6,736,623
Education, Libraries, and Museums	3,888,711	4,008,903	4,749,284	4,591,672	4,920,983	4,463,129	4,495,905	4,490,144	4,638,713	4,396,212
Corrections	1,768,368	1,836,147	2,085,053	2,071,331	2,082,743	1,932,375	2,061,176	1,976,657	2,142,788	1,820,490
Judicial	654,894	694,442	806,309	793,580	828,128	828,124	910,362	893,860	1,004,610	873,879
Interest and Fiscal Charges	619,730	635,113	733,791	810,403	792,950	873,847	816,508	779,515	922,110	796,727
Total Governmental Activities Expenses	17,444,131	18,118,018	21,010,812	21,508,869	22,673,331	21,629,777	23,476,563	23,400,979	25,675,466	22,327,891
<b>Business-Type Activities:</b>										
University of Connecticut and Health Center	1,464,055	1,519,026	1,626,532	1,725,343	1,703,104	1,806,815	1,801,687	1,872,131	2,050,529	2,154,599
State Universities	536,026	571,006	610,851	639,397	649,630	651,513	652,092	666,417	716,459	781,238
Connecticut Community Colleges	343,191	363,548	407,422	446,451	448,961	480,985	477,494	488,496	514,565	538,036
Employment Security	572,602	585,803	631,935	1,573,806	2,700,797	2,306,715	1,823,464	1,514,674	1,059,631	750,573
Clean Water	26,076	30,183	27,181	30,723	52,761	45,473	53,330	50,194	39,841	35,125
Other	75,883	68,581	68,618	65,091	78,013	61,199	58,152	58,989	72,674	69,099
Total Business-Type Activities Expenses	3,017,833	3,138,147	3,372,539	4,480,811	5,633,266	5,352,700	4,866,219	4,650,901	4,453,699	4,328,670
Total Primary Government Expenses	\$ 20,461,964	\$ 21,256,165	\$ 24,383,351	\$ 25,989,680	\$ 28,306,597	\$ 26,982,477	\$ 28,342,782	\$ 28,051,880	\$ 30,129,165	\$ 26,656,561
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services, Fees, Fines, and Forfeitures	\$ 1,379,061	\$ 1,317,480	\$ 1,447,573	\$ 1,490,271	\$ 1,522,375	\$ 1,647,311	\$ 1,952,042	\$ 1,575,556	\$ 1,726,200	\$ 1,902,257
Operating Grants and Contributions	4,034,673	3,974,468	4,271,504	5,552,688	6,113,086	6,350,067	5,770,935	5,992,403	6,496,625	7,095,874
Capital Grants and Contributions	541,875	411,516	442,310	646,416	765,837	725,080	716,056	767,793	610,274	717,358
Total Governmental Activities Program Revenues	5,955,609	5,703,464	6,161,387	7,689,375	8,401,298	8,722,458	8,439,033	8,335,752	8,833,099	9,715,489
<b>Business-Type Activities:</b>										
Charges for Services, Fees, Fines, and Forfeitures	1,875,344	1,907,265	1,943,772	2,062,643	2,170,823	2,336,105	2,471,871	2,484,561	2,546,840	2,599,678
Operating Grants and Contributions	277,357	296,851	322,936	907,050	1,885,115	1,789,697	1,412,355	1,172,820	780,137	676,418
Capital Grants and Contributions	78,043	10,199	32,167	53,351	7,386	34,098	12,328	51,614	27,807	32,807
Total Business-Type Activities Program Revenues	2,230,744	2,214,315	2,298,875	3,023,044	4,063,324	4,159,900	3,896,554	3,708,995	3,354,784	3,308,903
Total Primary Government Program Revenues	\$ 8,186,353	\$ 7,917,779	\$ 8,460,262	\$ 10,712,419	\$ 12,464,622	\$ 12,882,358	\$ 12,335,587	\$ 12,044,747	\$ 12,187,883	\$ 13,024,392
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (11,488,522)	\$ (12,414,554)	\$ (14,849,425)	\$ (13,819,494)	\$ (14,272,033)	\$ (12,907,319)	\$ (15,037,530)	\$ (15,065,227)	\$ (16,842,367)	\$ (12,612,402)
Business-Type Activities	(787,089)	(923,832)	(1,073,664)	(1,457,767)	(1,569,942)	(1,192,800)	(969,665)	(941,906)	(1,098,915)	(1,019,767)
Total Primary Government Net Expense	\$ (12,275,611)	\$ (13,338,386)	\$ (15,923,089)	\$ (15,277,261)	\$ (15,841,975)	\$ (14,100,119)	\$ (16,007,195)	\$ (16,007,133)	\$ (17,941,282)	\$ (13,632,169)

Note: In fiscal year 2014, the Bradley International Airport, a major Enterprise fund, was reclassified as a major component unit. Business-type activities for the fiscal years prior to 2014, disclosed in this and the next page, have been restated to reflect this change.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Personal Income	\$ 5,625,882	\$ 6,270,806	\$ 6,588,233	\$ 5,657,309	\$ 5,773,609	\$ 6,327,263	\$ 7,360,165	\$ 7,743,804	\$ 7,752,553	\$ 8,186,946
Corporate Income	655,607	831,688	548,539	437,444	465,980	726,090	601,509	558,287	627,100	687,347
Sales and Use	3,382,118	3,509,164	3,537,911	3,301,096	3,150,203	3,365,250	3,880,607	3,953,768	4,116,012	4,167,054
Other	1,608,235	1,513,855	1,544,801	1,407,084	1,455,628	1,655,594	1,953,170	2,327,754	1,796,678	1,735,788
Restricted for Transportation Purposes:										
Motor Fuel	515,013	609,427	487,568	492,566	494,222	477,411	713,477	693,444	882,107	846,062
Other	68,418	67,888	192,663	196,034	209,684	237,242	76,618	79,000	82,216	83,868
Casino Gaming Payments	427,527	430,476	411,411	377,805	384,248	359,582	344,645	296,396	279,873	267,986
Tobacco Settlement	108,619	113,691	141,348	153,819	128,977	121,422	123,799	123,745	197,138	118,988
Lottery Tickets	284,865	279,000	283,000	283,000	285,500	289,300	310,000	312,100	319,500	319,700
Unrestricted Investment Earnings	104,911	165,472	131,915	42,493	27,681	18,434	15,955	3,942	27,313	22,091
Special Items:										
Statutory Payment from Component Units	-	-	-	13,150	-	-	-	-	31,000	-
Other	-	-	-	-	21,000	-	-	-	-	-
Transfers-Internal Activities	(996,522)	(1,144,548)	(1,062,256)	(1,156,590)	(1,347,362)	(1,080,151)	(1,227,570)	(1,088,125)	(1,547,952)	(1,726,281)
<b>Total Governmental Activities</b>	<b>11,784,673</b>	<b>12,646,919</b>	<b>12,805,133</b>	<b>11,205,210</b>	<b>11,049,370</b>	<b>12,497,437</b>	<b>14,152,375</b>	<b>15,004,115</b>	<b>14,563,538</b>	<b>14,709,549</b>
Business-Type Activities										
Unrestricted Investment Earnings	89,553	107,976	98,787	60,759	27,468	20,483	18,141	16,742	12,948	11,638
Special Items:										
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	(21,000)	-	-	-	-	-
Extraordinary Item-Loss to Early Retire Debt	-	-	-	-	-	-	-	-	-	-
Debt Reduction Transfer	-	-	-	85,000	-	-	-	-	-	-
Transfers-Internal Activities	996,522	1,144,548	1,062,256	1,156,590	1,347,362	1,080,151	1,227,570	1,088,125	1,547,952	1,726,281
<b>Total Business-Type Activities</b>	<b>1,086,075</b>	<b>1,252,524</b>	<b>1,161,043</b>	<b>1,302,349</b>	<b>1,353,830</b>	<b>1,100,634</b>	<b>1,245,711</b>	<b>1,104,867</b>	<b>1,560,900</b>	<b>1,737,919</b>
<b>Total Primary Government</b>	<b>\$ 12,870,748</b>	<b>\$ 13,899,443</b>	<b>\$ 13,966,176</b>	<b>\$ 12,507,559</b>	<b>\$ 12,403,200</b>	<b>\$ 13,598,071</b>	<b>\$ 15,398,086</b>	<b>\$ 16,108,982</b>	<b>\$ 16,124,438</b>	<b>\$ 16,447,468</b>
<b>Changes in Net Position</b>										
Governmental Activities	\$ 296,151	\$ 232,365	\$ (2,044,292)	\$ (2,614,284)	\$ (3,222,663)	\$ (409,882)	\$ (885,155)	\$ (61,112)	\$ (2,278,829)	\$ 2,097,147
Business-Type Activities	298,986	328,692	87,379	(155,418)	(216,112)	(92,166)	276,046	162,961	461,985	718,152
<b>Total Primary Government</b>	<b>\$ 595,137</b>	<b>\$ 561,057</b>	<b>\$ (1,956,913)</b>	<b>\$ (2,769,702)</b>	<b>\$ (3,438,775)</b>	<b>\$ (502,048)</b>	<b>\$ (609,109)</b>	<b>\$ 101,849</b>	<b>\$ (1,816,844)</b>	<b>\$ 2,815,299</b>
<b>Other Changes in Net Position</b>										
Governmental Activities:										
Prior-Year Adjustments	\$ 18,470	\$ -	\$ -	\$ (66,976)	\$ (881,193)	\$ 33,217	\$ (95,999)	\$ -	\$ -	\$ (25,551,459)
Fund Reclassification	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>18,470</b>	<b>-</b>	<b>-</b>	<b>(66,976)</b>	<b>(881,193)</b>	<b>33,217</b>	<b>(95,999)</b>	<b>-</b>	<b>-</b>	<b>(25,551,459)</b>
Business-Type Activities:										
Prior-Year Adjustments	-	(11,195)	-	(21,652)	-	-	-	-	-	-
Fund Reclassification	-	-	-	-	-	-	-	-	-	-
Change in Reporting Period	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>-</b>	<b>(11,195)</b>	<b>-</b>	<b>(21,652)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 18,470</b>	<b>\$ (11,195)</b>	<b>\$ -</b>	<b>\$ (88,628)</b>	<b>\$ (881,193)</b>	<b>\$ 33,217</b>	<b>\$ (95,999)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (25,551,459)</b>

**Notes:** In fiscal year 2012 the sales tax increased from 6.00% to 6.35%. Starting in fiscal year 2013, due to the change in fund classification reported on the previous page, lottery ticket sales were reported as general revenue, rather than as "transfers-internal activities" under the governmental activities section reported above. Transfers-internal activities for fiscal years prior to 2013 have been restated to reflect this change. Other changes in Net Position are direct adjustments to the beginning balance of Net Position (See Note 23).

**Fund Balances, Governmental Funds**

Last Ten Fiscal Years  
(Expressed in Thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Reserved/Nonspendable, Restricted,										
Committed or Assigned	\$ 1,917,260	\$ 2,326,082	\$ 2,052,521	\$ 1,503,851	\$ 696,149	\$ 451,637	\$ 233,632	\$ 628,429	\$ 686,017	\$ 603,309
Unreserved/Unassigned	(1,058,714)	(994,314)	(1,149,231)	(2,303,429)	(1,678,971)	(1,748,946)	(1,146,053)	(1,217,051)	(727,209)	(793,158)
<b>Total General Fund</b>	<b>\$ 858,546</b>	<b>\$ 1,331,768</b>	<b>\$ 903,290</b>	<b>\$ (799,578)</b>	<b>\$ (982,822)</b>	<b>\$ (1,297,309)</b>	<b>\$ (912,421)</b>	<b>\$ (588,622)</b>	<b>\$ (41,192)</b>	<b>\$ (189,849)</b>
<b>All Other Governmental Funds</b>										
Reserved/Nonspendable, Restricted,										
Committed or Assigned	\$ 1,323,595	\$ 1,374,180	\$ 1,711,007	\$ 1,647,404	\$ 1,728,125	\$ 2,691,530	\$ 2,608,751	\$ 2,592,926	\$ 2,146,103	\$ 2,307,993
Unreserved/Unassigned										
Transportation Fund	128,762	189,630	160,745	89,998	94,074	-	-	-	-	-
Special Revenue Funds	533,857	539,357	502,679	247,763	352,525	(1,823)	(9)	-	-	29
Capital Projects Funds	264,513	(171,645)	(156,937)	181,139	229,037	(718)	(718)	(718)	(718)	(718)
Permanent Funds	-	-	-	-	-	(3,991)	(4,714)	(5,812)	(7,070)	(8,042)
<b>Total All Other Governmental Fund:</b>	<b>\$ 2,250,727</b>	<b>\$ 1,931,522</b>	<b>\$ 2,217,494</b>	<b>\$ 2,166,304</b>	<b>\$ 2,403,761</b>	<b>\$ 2,684,998</b>	<b>\$ 2,603,310</b>	<b>\$ 2,586,396</b>	<b>\$ 2,138,315</b>	<b>\$ 2,299,262</b>

**Changes in Fund Balances, Governmental Funds**

Last Ten Fiscal Years  
(Expressed in Thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 11,836,809	\$ 12,742,807	\$ 13,014,886	\$ 11,416,766	\$ 11,594,568	\$ 12,602,015	\$ 14,712,566	\$ 15,395,003	\$ 15,222,023	\$ 15,714,900
Assessments	21,555	22,841	21,457	28,129	27,268	28,444	-	-	-	-
Licenses, Permits, and Fees	536,468	531,636	550,025	546,871	611,535	601,767	657,446	617,132	692,028	680,820
Tobacco Settlement	108,619	113,691	141,347	153,819	128,977	121,422	123,799	123,745	197,138	118,988
Federal Grants and Aid	4,578,381	4,405,160	4,717,846	6,017,660	6,926,397	7,241,824	6,490,516	6,760,196	7,106,897	7,813,232
Lottery Tickets	284,865	279,000	283,000	283,000	285,500	289,300	310,000	312,100	319,500	319,700
Charges for Services	108,797	101,270	100,143	101,500	98,617	98,843	107,327	103,622	107,970	100,465
Fines, Forfeits, and Rents	107,115	37,183	73,444	32,841	86,520	142,355	452,358	74,552	97,815	20,821
Casino Gaming Payments	427,527	430,476	411,410	377,805	384,248	359,582	344,645	296,396	279,873	267,986
Investment Earnings	102,694	165,902	132,490	43,287	27,841	18,626	14,386	3,042	26,121	17,857
Miscellaneous	593,629	658,074	693,292	790,010	704,145	712,466	704,405	804,558	853,389	1,108,994
<b>Total Revenues</b>	<b>18,706,459</b>	<b>19,488,040</b>	<b>20,139,340</b>	<b>19,791,688</b>	<b>20,875,616</b>	<b>22,216,644</b>	<b>23,917,448</b>	<b>24,490,346</b>	<b>24,902,754</b>	<b>26,163,763</b>
<b>Expenditures</b>										
Legislative	91,733	97,383	104,160	102,088	98,336	99,989	103,512	109,635	116,344	120,879
General Government	1,305,571	1,722,376	1,626,024	1,707,309	1,437,645	1,502,016	1,876,249	1,996,036	1,952,284	1,943,795
Regulation and Protection	686,747	699,927	735,875	750,473	734,718	778,567	784,002	883,063	858,450	1,165,741
Conservation and Development	384,063	428,251	442,519	510,887	504,250	527,165	662,823	668,303	945,552	1,054,591
Health and Hospital	1,889,242	1,990,506	2,154,248	2,222,497	2,215,141	2,271,075	2,374,693	2,472,142	2,488,749	2,499,833
Transportation	648,628	1,010,056	1,190,650	1,268,269	1,440,072	1,441,006	1,534,797	1,508,262	1,482,632	1,643,229
Human Services	4,877,611	4,791,635	5,390,379	6,059,858	6,175,132	6,578,719	6,967,044	7,213,996	7,835,677	7,762,916
Education, Libraries, and Museums	3,813,549	3,982,868	6,307,070	4,401,423	4,379,875	4,255,644	4,185,168	4,226,319	4,509,914	5,041,968
Corrections	1,723,591	1,829,048	1,949,342	2,010,977	1,903,466	1,920,179	1,939,091	1,958,289	2,030,842	2,069,663
Judicial	648,274	692,392	754,223	775,711	762,290	824,089	858,339	893,276	956,164	998,193
Capital Projects	671,124	304,964	341,148	438,724	435,288	464,023	547,212	757,001	955,785	934,452
Debt Service:										
Principal	1,102,770	1,231,376	1,153,553	1,166,282	1,238,055	1,273,278	1,473,894	1,515,283	1,323,303	1,421,518
Interest	670,385	709,740	810,297	918,633	935,878	945,781	947,102	888,243	893,737	904,935
<b>Total Expenditures</b>	<b>18,513,288</b>	<b>19,490,522</b>	<b>22,959,488</b>	<b>22,333,131</b>	<b>22,260,146</b>	<b>22,881,531</b>	<b>24,253,926</b>	<b>25,089,848</b>	<b>26,349,433</b>	<b>27,561,713</b>
Revenue Over (Under) Expenditure	193,171	(2,482)	(2,820,148)	(2,541,443)	(1,384,530)	(664,887)	(336,478)	(599,502)	(1,446,679)	(1,397,950)
<b>Other Financing Sources (Uses) and Special Items</b>										
Bonds Issued	1,362,145	1,253,345	3,688,623	1,863,600	2,617,910	1,619,625	1,554,801	1,802,290	2,761,025	2,820,167
Premiums on Bonds Issued	55,244	86,759	69,779	110,560	189,469	74,583	313,715	216,795	390,556	386,856
Transfers In	751,789	818,874	928,444	1,040,765	772,174	922,118	933,231	953,198	1,058,913	1,023,698
Transfers Out	(1,750,539)	(1,965,914)	(1,993,489)	(2,192,545)	(2,122,891)	(2,005,934)	(2,175,501)	(2,041,323)	(2,606,865)	(2,749,979)
Refunding Bonds Issued	61,020	527,730	231,085	586,940	344,105	412,870	1,219,815	194,890	1,280,710	709,210
Payment to Refunded Bond Escrow	(65,473)	(561,269)	(241,560)	(590,397)	(379,015)	(431,550)	(1,388,158)	(224,910)	(1,378,119)	(780,530)
Capital Lease Obligations	-	117	437	-	-	4,089	6,084	3,556	8,828	3,036
Special Items:										
Loans to Component Units	-	-	-	-	-	-	-	-	-	-
Payment from Component Units	-	-	-	13,150	-	-	-	-	31,000	-
Other	-	-	-	-	26,099	-	-	-	-	-
<b>Total Other Financing Sources (Uses) and Special Items</b>	<b>414,186</b>	<b>159,642</b>	<b>2,683,319</b>	<b>832,073</b>	<b>1,447,851</b>	<b>595,801</b>	<b>463,987</b>	<b>904,496</b>	<b>1,546,048</b>	<b>1,412,458</b>
<b>Net Change in Fund Balances</b>	<b>\$ 607,357</b>	<b>\$ 157,160</b>	<b>\$ (136,829)</b>	<b>\$ (1,709,370)</b>	<b>\$ 63,321</b>	<b>\$ (69,086)</b>	<b>\$ 127,509</b>	<b>\$ 304,994</b>	<b>\$ 99,369</b>	<b>\$ 14,508</b>

**Debt Service as a Percentage of**

<b>Noncapital Expenditures</b>	10.01%	10.48%	8.90%	10.23%	10.36%	10.19%	10.39%	10.40%	8.94%	8.89%
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NOTE: Starting in fiscal year 2013, lottery ticket sales were reported as revenues, rather than as transfers from the Connecticut Lottery Corporation fund.

This fund is no longer being reported as an enterprise fund, it is being reported as a component unit instead. Transfers in reported above were restated to reflect this for fiscal years prior to 2013.

## Personal Income Tax Rates

Calendar Years 2006 through 2014  
(Expressed in Thousands)

Year	Annual Income Tax Rates are applied to Taxable Income in excess of the following brackets				
	Median Rate	Single/ Married Filing Separate	Married Filing Jointly	Head of Household	Average Effective Rate
2006 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	3.34%
2007 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	3.46%
2008 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	3.45%
2009 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	2.70%
2010 <sup>[1]</sup>	5.00%	\$10,000	\$20,000	\$16,000	2.83%

**Income Tax Rates are applied to Taxable Income by income range for the same brackets**

For taxable years commencing on or after January 1, 2011: <sup>[2]</sup>

5.00%	\$10,000 - \$50,000	\$20,000 - \$100,000	\$16,000 - \$80,000	3.20%
5.50%	\$50,000 - \$100,000	\$100,000 - \$200,000	\$80,000 - \$160,000	3.20%
6.00%	\$100,000 - \$200,000	\$200,000 - \$400,000	\$160,000 - \$320,000	3.20%
6.50%	\$200,000 - \$250,000	\$400,000 - \$500,000	\$320,000 - \$400,000	3.20%
6.70%	greater than \$250,000	greater than \$500,000	greater than \$400,000	3.20%

**Notes:**

[1] Taxable income equal to or less than amounts listed this year is taxed at a rate of 3%.

In addition there is a tax on millionaires of 6.5%. The average effective rate equals fiscal year net tax collections divided by prior-year total personal income based on statistics provided by the U. S. Bureau of Economic Analysis.

[2] Taxable income equal to or less than amounts listed this year is taxed at a rate of 3% except as follows.

The amount to which the 3% rate applies is reduced by \$1,000 for each \$5,000, or fraction thereof, by which AGI exceeds \$56,500 for singles and by \$1,000 for each \$2,500 for filing separately, by \$1,600 for each \$4,000 for head of household and by \$2,000 for each \$5,000 or fraction thereof, by which AGI exceeds \$56,500, \$50,250 \$78,500 and \$100,500 for single, filing separately, head of household, and filing jointly

Source: Department of Revenue Services - Annual Report.

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

Calendar Years 2006 and 2013

(Expressed in Thousands)

Income Level	Calendar Year 2006				Calendar Year 2013			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$50,000 and under	793,827	54.2%	\$ 351,402,683	5.8%	939,183	51.6%	\$ 342,158,133	4.1%
\$50,001-\$100,000	384,467	26.3%	1,116,206,822	18.5%	443,842	24.4%	1,248,397,942	14.9%
\$100,001-\$200,000	199,943	13.7%	1,266,867,105	21.0%	286,899	15.8%	1,807,822,681	21.6%
\$200,001-\$500,000	61,843	4.2%	881,056,789	14.6%	107,748	5.9%	1,454,384,079	17.4%
\$500,001-\$2,000,000	19,637	1.3%	862,381,898	14.3%	34,619	1.9%	1,388,345,466	16.6%
\$2,000,000 and up	4,316	0.4%	1,565,417,845	25.9%	9,164	0.5%	2,132,053,482	25.5%
Total	1,464,033	100.0%	\$ 6,043,333,142	100.0%	1,821,455	100.0%	\$ 8,373,161,783	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 2013 is the most recent year for which the data is available.

Source: Department of Revenue Services reporting for fiscal year ending June 30, 2015.

## Personal Income by Major Component

Last Ten Calendar Years

(Expressed in Thousands)

Description	2006	2007	2008
<b>Income by place of residence (seasonally adjusted)</b>			
Personal income	\$ 191,598,752	\$ 202,061,536	\$ 202,478,680
Average Effective Rate for Personal Income 1/	3.12%	3.21%	3.29%
Derivation of personal income			
Earnings by place of work	134,710,116	139,500,596	139,247,608
Less: Contributions for government social insurance 2/	13,302,212	13,875,828	14,332,072
Employee and self-employed contributions for government social insurance	6,998,604	7,294,252	7,530,132
Employer contributions for government social insurance	6,303,608	6,581,576	6,801,940
Plus: Adjustment for residence 3/	8,158,152	9,007,848	9,649,060
<b>Equals: Net earnings by place of residence</b>	<b>129,566,056</b>	<b>134,632,616</b>	<b>134,564,596</b>
Plus: Dividends, interest, and rent 4/	41,519,212	45,396,836	43,184,796
Plus: Personal current transfer receipts	20,513,484	22,032,084	24,729,288
Components of earnings by place of work:			
Wages and salaries	95,947,404	100,689,548	100,829,864
Supplements to wages and salaries	21,073,216	22,323,648	22,858,076
Employer contributions for employee pension and insurance funds 5/	14,769,608	15,742,072	16,056,136
Employer contributions for government social insurance	6,303,608	6,581,576	6,801,940
Proprietors' income 6/	17,689,496	16,487,400	15,559,668
Farm proprietors' income	47,756	64,624	(8,328)
Nonfarm proprietors' income	17,641,740	16,422,776	15,567,996

### Notes:

1/ Total direct rate for personal income is not available. Average effective rate equals fiscal year net tax collections divided by prior-year total Personal Income.

2/ Employer contributions for government social insurance are included in earnings by industry and earnings by place of work, but they are excluded from income. Employee and self-employed net earnings by place of residence and personal contributions are subtractions in the calculation of net earnings by place of residence and all of the income measures.

3/ The adjustment for residence is the net inflow of the earnings of inter-area commuters. For the United States, it consists of adjustments for border workers and US residents employed by international organizations and foreign embassies.

4/ Rental income of persons includes the capital consumption adjustment.

5/ Includes actual employer contributions and actuarially imputed employer contributions to reflect benefits accrued by defined benefit pension plan participants through service to employers in the current period.

6/ Proprietors' income includes the inventory valuation adjustment and the capital consumption adjustment.

Note-- Thousands of dollars, seasonally adjusted at annual rates. All dollar estimates are in current dollars (not adjusted for inflation)

Last updated: September 30, 2015-- new estimates for 2015:II; revised estimates for 1976:I-2015:I

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

	<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>
\$	199,025,884	\$	208,105,804	\$	214,945,216	\$	231,565,076	\$	224,942,272	\$	236,827,808	\$	239,591,407
	2.63%		2.77%		3.02%		3.35%		3.27%		3.35%		3.37%
	138,226,080		140,513,668		142,457,296		150,996,208		151,668,564		158,917,828		159,993,596
	13,950,676		14,012,780		12,718,692		13,669,600		15,721,892		16,292,536		16,331,162
	7,318,024		7,391,024		5,877,812		6,323,076		8,359,968		8,724,868		8,794,598
	6,632,652		6,621,756		6,840,880		7,346,524		7,361,924		7,567,668		7,536,564
	9,423,576		11,224,296		11,737,788		13,945,648		12,605,660		14,573,972		14,587,240
	133,698,980		137,725,184		141,476,392		151,272,256		148,552,332		157,199,264		158,249,674
	37,698,576		41,001,916		44,231,732		50,537,064		46,538,908		48,804,924		50,013,521
	27,628,328		29,378,704		29,237,092		29,755,756		29,851,032		30,823,620		31,328,212
	96,765,628		99,101,392		99,601,344		106,665,848		106,189,588		110,453,092		111,190,530
	22,611,952		23,191,020		23,276,520		23,986,672		24,539,516		25,454,024		25,591,602
	15,979,300		16,569,264		16,435,640		16,640,148		17,177,592		17,886,356		18,055,038
	6,632,652		6,621,756		6,840,880		7,346,524		7,361,924		7,567,668		7,536,564
	18,848,500		18,221,256		19,579,432		20,343,688		20,939,460		23,010,712		23,211,464
	10,800		9,520		1,912		(22,136)		38,416		(15,636)		(1,280)
	18,837,700		18,211,736		19,577,520		20,365,824		20,901,044		23,026,348		23,212,744

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**Legal Debt Margin Information**

Last Ten Fiscal Years  
(Expressed in Thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Estimated General Fund Tax Receipts	\$ 10,455,400	\$ 11,250,700	\$ 12,453,200	\$ 12,971,100	\$ 10,927,600	\$ 14,019,100	\$ 14,019,100	\$ 14,334,000	\$ 14,334,000	\$ 15,711,565
Statutory Multiplier	<u>1.6</u>									
Statutory Debt Limit for Debt Incurred	16,728,640	18,001,120	19,925,120	20,753,760	17,484,160	22,430,560	22,430,560	22,934,400	22,934,400	25,138,504
Less: Authorized Bonds, Notes, and Other Obligations Subject to Certain Limitations	<u>12,938,435</u>	<u>13,481,602</u>	<u>14,266,573</u>	<u>14,876,927</u>	<u>15,110,495</u>	<u>15,493,181</u>	<u>15,180,510</u>	<u>18,970,659</u>	<u>18,456,323</u>	<u>21,520,230</u>
Legal Debt Margin	<u>\$ 3,790,205</u>	<u>\$ 4,519,518</u>	<u>\$ 5,658,547</u>	<u>\$ 5,876,833</u>	<u>\$ 2,373,665</u>	<u>\$ 6,937,379</u>	<u>\$ 7,250,050</u>	<u>\$ 3,963,741</u>	<u>\$ 4,478,077</u>	<u>\$ 3,618,274</u>
Legal Debt Margin as a percentage of the debt limit	<u>22.66%</u>	<u>25.11%</u>	<u>28.40%</u>	<u>28.32%</u>	<u>13.58%</u>	<u>30.93%</u>	<u>32.32%</u>	<u>17.28%</u>	<u>19.53%</u>	<u>14.39%</u>
Date Calculation was made	12/16/05	2/1/07	2/1/08	2/1/09	2/1/10	10/1/11	2/1/12	7/1/13	12/15/13	7/1/15

**Source:** State of Connecticut General Obligation Bonds Offering Statement dated November 2015.

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental Activities</b>			
General Obligation Bonds	\$ 10,211,493	\$ 10,596,581	\$ 13,092,570
Transportation Obligation Bonds	3,094,001	2,822,585	2,790,682
Long-Term Notes	146,090	-	-
Capital Leases	60,491	56,244	51,748
<b>Total Governmental Activities</b>	<u>13,512,075</u>	<u>13,475,410</u>	<u>15,935,000</u>
<b>Business-Type Activities</b>			
Revenue Bonds	<u>1,523,130</u>	<u>1,577,723</u>	<u>1,358,084</u>
<b>Total Business-Type Activities</b>	<u>1,523,130</u>	<u>1,577,723</u>	<u>1,358,084</u>
<b>Total Primary Government</b>	<u>\$ 15,035,205</u>	<u>\$ 15,053,133</u>	<u>\$ 17,293,084</u>
<b>Debt as a Percentage of Personal Income</b>	7.85%	7.45%	8.54%
<b>Amount of Debt Per Capita</b>	\$4,274	\$4,268	\$4,877

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

## Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Obligation Bonds	\$ 10,211,493	\$ 10,596,581	\$ 13,092,570
Transportation Obligation Bonds	3,094,001	2,822,585	2,790,682
Debt Service Fund Balance	(674,630)	(676,894)	(683,636)
<b>Net General Obligation Bonded Debt</b>	<u>\$ 12,630,864</u>	<u>\$ 12,742,272</u>	<u>\$ 15,199,616</u>
<b>Net General Obligation Debt as a Percentage of Personal Income</b>	7.10%	6.62%	7.72%
<b>Amount of Net GO Debt Per Capita</b>	\$3,590	\$3,613	\$4,286

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$	13,443,525	\$ 13,592,708	\$ 13,794,340	\$ 13,964,576	\$ 14,228,228	\$ 15,281,579	\$ 16,402,537
	2,817,015	3,030,485	3,357,595	3,287,340	3,461,875	3,771,260	4,089,540
	228,160	1,143,955	915,795	747,935	573,365	580,775	520,275
	47,129	41,702	42,995	42,759	38,218	37,820	35,368
	<u>16,535,829</u>	<u>17,808,850</u>	<u>18,110,725</u>	<u>18,042,610</u>	<u>18,301,686</u>	<u>19,671,434</u>	<u>21,047,720</u>
	<u>1,601,797</u>	<u>1,498,380</u>	<u>1,556,218</u>	<u>1,439,345</u>	<u>1,376,698</u>	<u>1,212,681</u>	<u>1,356,779</u>
	<u>1,601,797</u>	<u>1,498,380</u>	<u>1,556,218</u>	<u>1,439,345</u>	<u>1,376,698</u>	<u>1,212,681</u>	<u>1,356,779</u>
\$	<u>18,137,626</u>	<u>19,307,230</u>	<u>19,666,943</u>	<u>19,481,955</u>	<u>19,678,384</u>	<u>20,884,115</u>	<u>22,404,499</u>
	9.11%	9.28%	9.15%	8.41%	8.75%	8.82%	9.35%
	\$5,092	\$5,399	\$5,492	\$5,427	\$5,472	\$5,806	\$6,234

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	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$	13,443,525	\$ 13,592,708	\$ 13,794,340	\$ 13,964,576	\$ 14,228,228	\$ 15,281,579	\$ 16,402,537
	2,817,015	3,030,485	3,357,595	3,287,340	3,461,875	3,771,260	4,089,540
	(679,384)	(687,752)	(708,645)	(703,376)	(660,113)	(659,543)	(668,426)
\$	<u>15,581,156</u>	<u>15,935,441</u>	<u>16,443,290</u>	<u>16,548,540</u>	<u>17,029,990</u>	<u>18,393,296</u>	<u>19,823,651</u>
	8.00%	8.12%	7.93%	7.55%	7.77%	8.11%	8.74%
	\$4,374	\$4,456	\$4,592	\$4,610	\$4,736	\$5,114	\$5,516

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## Pledged-Revenue Coverage

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>University of Connecticut and Health Center</b>				
Gross Revenues	\$ 1,476,058	\$ 1,578,763	\$ 1,577,646	\$ 1,806,256
Operating Expenses	<u>1,327,713</u>	<u>1,388,753</u>	<u>1,482,749</u>	<u>1,592,289</u>
Net Available Revenues	<u>\$ 148,345</u>	<u>\$ 190,010</u>	<u>\$ 94,897</u>	<u>\$ 213,967</u>
Debt Service:				
Principal	\$ 61,964	\$ 69,921	\$ 74,846	\$ 76,148
Interest	<u>13,032</u>	<u>15,901</u>	<u>15,897</u>	<u>52,307</u>
Total	<u>\$ 74,996</u>	<u>\$ 85,822</u>	<u>\$ 90,743</u>	<u>\$ 128,455</u>
Coverage	1.98	2.21	1.05	1.67
<b>State Universities</b>				
Gross Revenues	\$ 549,800	\$ 580,879	\$ 631,477	\$ 629,832
Operating Expenses	<u>496,923</u>	<u>529,744</u>	<u>568,197</u>	<u>589,022</u>
Net Available Revenues	<u>\$ 52,877</u>	<u>\$ 51,135</u>	<u>\$ 63,280</u>	<u>\$ 40,810</u>
Debt Service:				
Principal	\$ 16,294	\$ 79,813	\$ 18,669	\$ 19,163
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,294</u>	<u>\$ 79,813</u>	<u>\$ 18,669</u>	<u>\$ 19,163</u>
Coverage	3.25	0.64	3.39	2.13
<b>Clean Water</b>				
Gross Revenues	\$ 54,295	\$ 55,955	\$ 50,557	\$ 52,232
Operating Expenses	<u>856</u>	<u>747</u>	<u>564</u>	<u>465</u>
Net Available Revenues	<u>\$ 53,439</u>	<u>\$ 55,208</u>	<u>\$ 49,993</u>	<u>\$ 51,767</u>
Debt Service:				
Principal	\$ 34,386	\$ 62,192	\$ 42,520	\$ 46,897
Interest	<u>25,220</u>	<u>29,436</u>	<u>22,048</u>	<u>23,635</u>
Total	<u>\$ 59,606</u>	<u>\$ 91,628</u>	<u>\$ 64,568</u>	<u>\$ 70,532</u>
Coverage	0.90	0.60	0.77	0.73
<b>Bradley Parking Garage</b>				
Gross Revenues	\$ 24,651	\$ 23,168	\$ 22,984	\$ 20,375
Operating Expenses	<u>10,467</u>	<u>8,522</u>	<u>8,968</u>	<u>9,039</u>
Net Available Revenues	<u>\$ 14,184</u>	<u>\$ 14,646</u>	<u>\$ 14,016</u>	<u>\$ 11,336</u>
Debt Service:				
Principal	\$ 2,040	\$ 2,210	\$ 1,460	\$ 1,550
Interest	<u>3,099</u>	<u>3,558</u>	<u>3,451</u>	<u>3,437</u>
Total	<u>\$ 5,139</u>	<u>\$ 5,768</u>	<u>\$ 4,911</u>	<u>\$ 4,987</u>
Coverage	2.76	2.54	2.85	2.27

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,786,129	\$ 1,774,037	\$ 1,975,204	\$ 1,814,856	\$ 2,236,397	\$ 2,463,391
<u>1,569,966</u>	<u>1,673,797</u>	<u>1,669,601</u>	<u>1,738,237</u>	<u>1,915,644</u>	<u>2,015,393</u>
<u>\$ 216,163</u>	<u>\$ 100,240</u>	<u>\$ 305,603</u>	<u>\$ 76,619</u>	<u>\$ 320,753</u>	<u>\$ 447,998</u>
\$ 79,655	\$ 95,962	\$ 90,400	\$ 61,905	\$ 17,810	\$ 17,764
<u>53,523</u>	<u>52,730</u>	<u>49,723</u>	<u>52,254</u>	<u>50,069</u>	<u>55,306</u>
<u>\$ 133,178</u>	<u>\$ 148,692</u>	<u>\$ 140,123</u>	<u>\$ 114,159</u>	<u>\$ 67,879</u>	<u>\$ 73,070</u>
1.62	0.67	2.18	0.67	4.73	6.13
\$ 669,388	\$ 702,729	\$ 687,772	\$ 722,893	\$ 815,596	\$ 835,169
<u>599,792</u>	<u>588,571</u>	<u>589,972</u>	<u>603,660</u>	<u>651,797</u>	<u>709,352</u>
<u>\$ 69,596</u>	<u>\$ 114,158</u>	<u>\$ 97,800</u>	<u>\$ 119,233</u>	<u>\$ 163,799</u>	<u>\$ 125,817</u>
\$ 18,976	\$ 32,986	\$ 69,526	\$ 16,211	\$ 18,052	\$ 42,791
<u>-</u>	<u>11,851</u>	<u>11,572</u>	<u>10,300</u>	<u>11,654</u>	<u>14,064</u>
<u>\$ 18,976</u>	<u>\$ 44,837</u>	<u>\$ 81,098</u>	<u>\$ 26,511</u>	<u>\$ 29,706</u>	<u>\$ 56,855</u>
3.67	2.55	1.21	4.50	5.51	2.21
\$ 64,648	\$ 59,714	\$ 60,032	\$ 77,527	\$ 56,751	\$ 49,684
<u>8,502</u>	<u>9,468</u>	<u>11,078</u>	<u>10,971</u>	<u>3,093</u>	<u>1,291</u>
<u>\$ 56,146</u>	<u>\$ 50,246</u>	<u>\$ 48,954</u>	<u>\$ 66,556</u>	<u>\$ 53,658</u>	<u>\$ 48,393</u>
\$ 53,745	\$ 67,310	\$ 70,687	\$ 70,578	\$ 70,603	\$ 70,351
<u>37,113</u>	<u>32,724</u>	<u>35,226</u>	<u>33,057</u>	<u>32,582</u>	<u>29,717</u>
<u>\$ 90,858</u>	<u>\$ 100,034</u>	<u>\$ 105,913</u>	<u>\$ 103,635</u>	<u>\$ 103,185</u>	<u>\$ 100,068</u>
0.62	0.50	0.46	0.64	0.52	0.48
\$ 18,792	\$ 21,076	\$ 21,723	\$ 23,029	\$ 24,640	\$ 25,578
<u>8,776</u>	<u>8,609</u>	<u>8,287</u>	<u>9,140</u>	<u>8,828</u>	<u>9,254</u>
<u>\$ 10,016</u>	<u>\$ 12,467</u>	<u>\$ 13,436</u>	<u>\$ 13,889</u>	<u>\$ 15,812</u>	<u>\$ 16,324</u>
\$ 1,650	\$ 1,755	\$ 1,865	\$ 1,990	\$ 2,120	\$ 2,265
<u>3,620</u>	<u>3,378</u>	<u>3,172</u>	<u>3,218</u>	<u>2,987</u>	<u>3,112</u>
<u>\$ 5,270</u>	<u>\$ 5,133</u>	<u>\$ 5,037</u>	<u>\$ 5,208</u>	<u>\$ 5,107</u>	<u>\$ 5,377</u>
1.90	2.43	2.67	2.67	3.10	3.04

*Continued next page*

## Pledged-Revenue Coverage (Continued)

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Drinking Water</b>				
Gross Revenues	\$ 10,187	\$ 22,664	\$ 17,164	\$ 10,714
Operating Expenses	<u>3,391</u>	<u>2,570</u>	<u>2,576</u>	<u>4,184</u>
Net Available Revenues	<u>\$ 6,796</u>	<u>\$ 20,094</u>	<u>\$ 14,588</u>	<u>\$ 6,530</u>
Debt Service:				
Principal	\$ 1,839	\$ 3,209	\$ 2,660	\$ 2,718
Interest	<u>2,067</u>	<u>2,081</u>	<u>1,633</u>	<u>1,794</u>
Total	<u>\$ 3,906</u>	<u>\$ 5,290</u>	<u>\$ 4,293</u>	<u>\$ 4,512</u>
Coverage	1.74	3.80	3.40	1.45
<b>Rate Reduction Bonds<sup>1</sup></b>				
Gross Revenues	\$ 44,376	\$ 32,417	\$ 35,261	\$ 18,319
Operating Expenses	<u>320</u>	<u>310</u>	<u>305</u>	<u>747</u>
Net Available Revenues	<u>\$ 44,056</u>	<u>\$ 32,107</u>	<u>\$ 34,956</u>	<u>\$ 17,572</u>
Debt Service:				
Principal	\$ 26,145	\$ 27,155	\$ 28,450	\$ 110,990
Interest	<u>9,029</u>	<u>7,733</u>	<u>6,436</u>	<u>-</u>
Total	<u>\$ 35,174</u>	<u>\$ 34,888</u>	<u>\$ 34,886</u>	<u>\$ 110,990</u>
Coverage	1.25	0.92	1.00	0.16

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**Notes:** Gross revenues include nonoperating revenue. Operating expenses include nonoperating expenses and exclude depreciation and interest expenses. Revenues for Higher Education funds include transfers in. Revenues for Clean Water and Drinking Water bonds include federal grants.

<sup>1</sup> Second Injury bonds were liquidated in fiscal year 2005.

Rate Reduction Bonds were issued in fiscal year 2005 and retired in fiscal year 2010.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 14,714	\$ 17,935	\$ 9,706	\$ 12,786	\$ 29,427	\$ 16,134
7,068	8,802	5,032	5,601	8,207	7,180
\$ 7,646	\$ 9,133	\$ 4,674	\$ 7,185	\$ 21,220	\$ 8,954
\$ 3,964	\$ 4,055	\$ 4,643	\$ 4,952	\$ 5,727	\$ 5,544
2,405	2,141	2,391	2,163	1,706	1,490
\$ 6,369	\$ 6,196	\$ 7,034	\$ 7,115	\$ 7,433	\$ 7,034
1.20	1.47	0.66	1.01	2.85	1.27
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-

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**Demographic and Economic Statistics**  
**Population and Per Capita Personal Income**

Last Ten Calendar Years  
 (Expressed in Thousands)

Year	Population			
	United States	% Growth From Previous Year	Connecticut	% Growth From Previous Year
2006	298,380	0.97%	3,518	0.31%
2007	301,231	0.96%	3,527	0.26%
2008	304,094	0.95%	3,546	0.54%
2009	306,772	0.88%	3,562	0.45%
2010	309,330	0.83%	3,576	0.39%
2011	311,592	0.73%	3,581	0.14%
2012	314,168	0.83%	3,590	0.25%
2013	316,395	0.71%	3,596	0.17%
2014	318,857	0.78%	3,597	0.03%
2015	322,273	1.07%	3,594	-0.08%

Sources: U.S. Bureau of Economic Analysis

**Demographic and Economic Statistics**  
**Employment Information**

Last Ten Fiscal Years  
 (Expressed in Thousands)

Year	United States Labor Force			
	Civilian Labor force	Employed	Unemployed	Unemployment Rate
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%
2010	153,741	139,119	14,623	9.5%
2011	153,421	139,334	14,087	9.2%
2012	155,063	142,974	12,088	7.8%
2013	155,835	144,058	11,777	7.6%
2014	155,700	146,247	9,453	6.1%
2015	157,037	148,739	8,299	5.3%

Sources: U.S. Department of Labor

<b>Personal Income</b>		<b>Per Capita Personal Income</b>		<b>% Above the United States</b>
<b>United States</b>	<b>Connecticut</b>	<b>United States</b>	<b>Connecticut</b>	
\$ 11,180,604,000	\$ 177,997,159	\$37,471	\$50,596	35.0%
\$ 11,867,043,000	\$ 192,569,668	\$39,395	\$54,599	38.6%
\$ 12,002,122,000	\$ 197,006,000	\$39,468	\$55,557	40.8%
\$ 12,083,900,000	\$ 194,767,000	\$39,390	\$54,679	38.8%
\$ 12,590,671,000	\$ 196,299,789	\$40,703	\$54,894	34.9%
\$ 13,017,400,000	\$ 207,248,000	\$41,777	\$57,874	38.5%
\$ 13,355,900,000	\$ 219,167,000	\$42,512	\$61,049	43.6%
\$ 14,138,400,000	\$ 219,078,000	\$44,686	\$60,923	36.3%
\$ 14,792,000,000	\$ 226,851,000	\$46,391	\$60,906	31.3%
\$ 15,356,000,000	\$ 239,591,407	\$47,649	\$66,664	39.9%

<b>Connecticut Labor Force</b>			
<b>Civilian Labor Force</b>	<b>Employed</b>	<b>Unemployed</b>	<b>Unemployment Rate</b>
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%
1,887	1,721	166	8.8%
1,886	1,715	166	8.8%
1,898	1,728	170	9.0%
1,851	1,702	149	8.0%
1,879	1,753	126	6.7%
1,918	1,809	109	5.7%

## Demographic and Economic Statistics

### Top Ten Non-Governmental Employers

Current Year and Ten Years Ago

<u>NAME</u>	<u>2015</u>				<u>2006</u>		
	<u>Employees in CT</u>	<u>Percentage of Total CT Employment</u>	<u>Rank</u>		<u>Employees in CT</u>	<u>Percentage of Total CT Employment</u>	<u>Rank</u>
United Technologies Corp. UTC	24,000	1.3%	1	(1)	26,400	1.5%	1
Yale University & Health Sys	14,001	0.8%	2		11,500	0.7%	5
Stop & Shop Co. LLC	13,574	0.8%	3	(2)	14,049	0.8%	2
Foxwoods Resort Casino	10,500	0.6%	4		11,500	0.7%	4
Immucor	7,200	0.4%	5		-	0.0%	-
Mohegan Sun Casino	6,000	0.3%	6		10,000	0.6%	6
Northeast Utilities	5,001	0.3%	7		4,615	0.3%	-
Hartford Financial Services	5,000	0.3%	8		12,100	0.7%	3
Aetna Inc.	4,000	0.2%	9		7,450	0.4%	9
Cigna Corp	4,000	0.2%	10		-	0.0%	
<b>Total</b>	<b>93,276</b>	<b>5.2%</b>			<b>97,614</b>	<b>5.7%</b>	

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**Sources:** 2006 -Hartford Business Journal (HBJ), 2014 Infogroup, Omaha, NE

(1) Includes Sikorsky Aircraft, UTC Aerospace, Pratt & Whitney - Business units of UTC.

(2) Omitted from the 2013 HBJ survey. The number equals the employees reported by HBJ in 2008.

**State Employees by Function**

Last Nine Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Primary Government										
Legislative	668	695	701	713	706	705	716	705	685	722
General Government	3,654	3,783	3,897	3,811	3,630	3,584	3,453	3,107	3,324	3,360
Regulation and Protection	4,258	4,324	4,384	4,271	4,088	4,099	3,999	3,945	4,064	4,126
Conservation and Development	1,302	1,306	1,356	1,388	1,293	1,296	1,393	1,324	1,303	1,309
Health and Hospital	7,774	7,841	7,984	4,138	3,925	3,844	3,862	3,857	3,822	3,792
Transportation	3,131	3,198	3,256	3,139	3,070	3,055	3,018	2,986	3,027	3,092
Human Services	1,891	1,969	2,046	1,982	5,175	5,133	5,017	4,618	4,841	4,898
Education, Libraries, and Museums	19,375	19,619	20,219	20,126	20,225	20,777	21,692	21,203	20,937	21,263
Corrections	9,797	9,927	10,116	10,034	9,539	9,243	9,151	8,628	8,588	8,721
Judicial	4,381	4,457	4,628	4,567	4,601	4,626	4,744	4,605	4,597	4,639
Total Number of Employees - Primary Government	<u>56,231</u>	<u>57,119</u>	<u>58,587</u>	<u>54,169</u>	<u>56,252</u>	<u>56,362</u>	<u>57,045</u>	<u>54,978</u>	<u>55,188</u>	<u>55,922</u>

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**Note:** The number of employees excludes job classes such as contractors, intermittent, durational, seasonal, trainee, temporary, and part-time employment. The total for the primary government includes the employees of the University of Connecticut, the University of Connecticut Health Center, and the Board of Regents for Higher Education which includes the State University System and the Connecticut Community Colleges.

## Operating Indicators by Function

Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b><u>Legislative</u></b>										
<b>Office of Legislative Management</b>										
Number of Public and Special Acts	319	206	256	200	270	217	273	221	311	258
Number of Amendments Drafted	2,102	2,040	2,977	2,853	3,889	2,717	3,043	2,458	2,756	2,190
<b><u>General Government</u></b>										
<b>Office of the State Treasurer</b>										
% of Payments made Electronically	56.7%	56.2%	64.2%	66.1%	69.0%	68.8%	63.4%	74.6%	69.6%	75.0%
Number of Unclaimed Property Claims Paid	11,985	22,732	20,930	16,787	14,481	17,360	17,933	18,381	17,852	20,897
<b>Department of Revenue Services</b>										
% of Income Tax Returns Filed Electronically	54.0%	67.0%	70.2%	72.4%	70.5%	75.0%	78.0%	81.0%	82.0%	84.0%
Revenue Collected per \$1 of Agency Expense	\$202	\$202	\$207	\$207	\$178	\$203	\$250	\$270	\$256	\$255
<b>Department of Construction Services</b>										
Number of Construction Contracts Awarded	27	34	28	13	20	28	22	26	n/a	13
State Floor Space Owned and Leased	8,656,234	8,621,174	8,713,211	8,770,901	8,651,460	7,465,869	7,129,801	7,895,255	n/a	9,282,711
<b><u>Regulation and Protection</u></b>										
<b>Department of Emergency Services &amp; Public Protection</b>										
Number of Background Checks - Firearms	38,672	35,159	64,766	29,693	44,632	37,194	33,064	38,304	47,745	61,107
Number of Fingerprint Checks for CT/Pd's	107,056	122,193	258,111	178,379	165,603	211,163	138,044	110,452	98,216	100,145
<b>Department of Motor Vehicles</b>										
Number of Registered Motor Vehicles	3,078,000	3,040,000	3,015,867	3,016,521	3,002,772	3,007,638	2,974,801	2,973,691	2,272,537	3,026,823
Number of Licensed Drivers	2,460,000	2,400,000	2,848,602	2,883,324	2,916,143	2,934,576	2,986,267	3,029,328	2,534,090	2,542,588
<b>Department of Labor</b>										
Number of Initial Unemployment Claims	222,770	222,553	215,404	261,400	326,179	299,563	335,166	275,782	265,700	245,632
Persons Using Employment Service (1)	61,103	116,100	140,922	170,701	211,613	228,283	228,203	218,879	218,879	191,372
<b><u>Conservation and Development</u></b>										
<b>Department of Energy &amp; Environmental Protection</b>										
Nitrogen Discharged into Long Island Sound (2)	11,208	10,940	10,558	9,100	8,400	7,670	7,670	7,500	7,500	7,340
Attained Goal of Open Space (3)	77.6%	77.8%	78.0%	78.0%	79.0%	81.0%	79.0%	81.0%	81.0%	84.0%
<b><u>Health and Hospitals</u></b>										
<b>Department of Public Health</b>										
Number of Tuberculosis Cases Served (severed includes both active and latent cases)	3,041	3,238	3,498	2,770	3,124	3,006	2,103	1,988	1,515	n/a
Number of Licenses Applications - New	12,914	12,750	15,439	12,595	12,964	14,899	14,510	13,976	17,116	n/a
Number of Licenses Applications - Renewal	136,069	133,887	140,973	123,014	149,818	151,205	149,370	150,663	153,997	n/a
<b>Department of Developmental Services</b>										
Number of Qualified Providers	127	161	184	176	188	204	233	239	248	250
Number of Persons Served in Various Programs	19,997	20,256	15,148	15,270	15,390	15,495	15,640	15,858	16,037	16,274
<b><u>Human Services</u></b>										
<b>Department of Social Services</b>										
Number of Medicaid Eligible Clients	403,972	399,635	392,179	409,960	434,480	465,667	556,558	581,174	610,527	656,252
Temp Family Assistance Average Caseload	24,104	22,556	21,124	20,203	20,862	20,862	20,517	19,223	18,506	18,256
Child Care Number of Children Served	18,920	21,440	22,523	21,422	18,204	18,204	20,154	20,747	13,804	13,964
<b><u>Education</u></b>										
<b>Department of Higher Education</b>										
Number of Degrees Conferred - Statewide	34,582	35,694	36,045	36,634	38,047	38,912	40,218	n/a	n/a	n/a
Enrollment - Statewide	174,257	176,542	178,855	184,544	191,134	193,212	200,637	n/a	n/a	n/a

## Operating Indicators by Function

Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b><u>Transportation</u></b>										
<b>Department of Transportation</b>										
Active Construction Projects	181	159	175	212	281	257	188	102	117	268
Miles of Road Resurfaced	305	191	218	265	215	282	258	340	326	355
Estimated Billions of Persons Using Roadways	4.191	4.228	4.265	4.302	4.399	4.313	4.353	4.157	4.185	4.214
<b><u>Corrections</u></b>										
<b>Department of Corrections</b>										
Incarcerated Population	18,390	18,352	18,970	19,482	19,204	18,431	17,631	16,591	16,674	16,551
Direct Daily Inmate Expenditures	\$81	\$84	\$86	\$90	\$92	\$90	\$95	\$95	\$95	\$100
<b><u>Judicial</u></b>										
<b>Judicial Branch</b>										
Number of Superior Court Cases Filed	517,836	542,655	547,354	570,497	563,572	567,607	513,511	468,981	443,135	n/a
Average Number of Supervised Probationers	56,145	58,117	57,597	56,500	56,555	57,778	53,345	50,699	48,779	n/a

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

(2) Average annual number of tons

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

n/a = statistic not available at time of publication

## Capital Assets by Function

Last Ten Fiscal Years

		2006	2007	2008	2009*
<b>Legislative</b>	<b>Total \$</b>	<b>169,165 \$</b>	<b>168,585 \$</b>	<b>170,185 \$</b>	<b>168,584</b>
Buildings		156,802	156,802	158,449	156,585
Equipment		12,363	11,783	11,736	11,999
<b>General Government</b>	<b>Total \$</b>	<b>750,105 \$</b>	<b>940,122 \$</b>	<b>1,060,383 \$</b>	<b>1,154,135</b>
Land		152,290	156,894	158,454	160,947
Construction in Progress		113,739	330,272	386,317	379,176
Buildings		271,169	201,892	206,930	244,017
Improvements Other than Buildings		51,319	51,319	51,319	54,768
Equipment		161,588	199,745	257,363	315,227
<b>Regulation and Protection</b>	<b>Total \$</b>	<b>407,636 \$</b>	<b>393,026 \$</b>	<b>392,819 \$</b>	<b>376,832</b>
Land		9,971	9,930	9,980	8,823
Buildings		192,720	210,729	201,412	201,776
Improvements Other than Buildings		15,608	16,107	26,580	17,076
Equipment		189,337	156,260	154,847	149,157
<b>Conservation and Development</b>	<b>Total \$</b>	<b>406,522 \$</b>	<b>441,614 \$</b>	<b>460,286 \$</b>	<b>475,504</b>
Land		189,754	221,438	233,759	248,585
Buildings		104,456	106,053	107,762	104,476
Improvements Other than Buildings		61,522	62,957	63,699	63,340
Equipment		50,790	51,166	55,066	59,103
<b>Health and Hospital</b>	<b>Total \$</b>	<b>291,535 \$</b>	<b>301,903 \$</b>	<b>291,844 \$</b>	<b>300,135</b>
Land		7,587	7,587	6,892	6,913
Buildings		233,343	234,072	224,808	222,123
Improvements Other than Buildings		16,922	17,013	16,767	26,061
Equipment		33,683	43,231	43,377	45,038
<b>Transportation</b>	<b>Total \$</b>	<b>13,845,896 \$</b>	<b>14,333,229 \$</b>	<b>15,043,055 \$</b>	<b>15,637,149</b>
Land		902,133	925,204	958,763	942,688
Construction in Progress		1,544,958	1,629,903	956,131	973,326
Buildings		438,355	467,737	479,255	466,452
Improvements Other than Buildings		246,032	246,088	246,664	247,521
Equipment		636,398	620,978	772,476	740,699
Infrastructure		10,078,020	10,443,319	11,629,766	12,266,463
<b>Human Services</b>	<b>Total \$</b>	<b>13,705 \$</b>	<b>11,478 \$</b>	<b>13,807 \$</b>	<b>13,809</b>
Improvements Other than Buildings		-	-	-	-
Equipment		13,705	11,478	13,807	13,809
<b>Education, Libraries, and Museums</b>	<b>Total \$</b>	<b>425,930 \$</b>	<b>458,586 \$</b>	<b>517,232 \$</b>	<b>570,910</b>
Land		1,027	1,027	1,027	1,027
Buildings		263,280	294,811	350,948	406,118
Improvements Other than Buildings		8,060	8,060	8,079	8,200
Equipment		153,563	154,688	157,178	155,565
<b>Corrections</b>	<b>Total \$</b>	<b>940,306 \$</b>	<b>1,059,023 \$</b>	<b>964,442 \$</b>	<b>978,850</b>
Land		20,388	20,388	19,351	10,351
Buildings		809,175	812,869	721,522	737,481
Improvements Other than Buildings		48,581	51,331	48,863	51,437
Equipment		62,162	174,435	174,706	179,581
<b>Judicial</b>	<b>Total \$</b>	<b>384,345 \$</b>	<b>389,968 \$</b>	<b>394,221 \$</b>	<b>439,743</b>
Land		11,467	11,616	11,616	14,616
Buildings		299,165	303,080	303,080	343,153
Improvements Other than Buildings		1,755	1,755	1,755	1,767
Equipment		71,958	73,517	77,770	80,207
<b>Total Capital Assets at Historical Cost</b>	<b>\$</b>	<b>17,635,145 \$</b>	<b>18,497,534 \$</b>	<b>19,308,274 \$</b>	<b>20,115,651</b>
<b>Total Accumulated Depreciation</b>	<b>\$</b>	<b>(7,880,552) \$</b>	<b>(8,545,550) \$</b>	<b>(9,280,140) \$</b>	<b>(9,921,291)</b>
<b>Governmental Activities, Capital Assets, Net</b>	<b>\$</b>	<b>9,754,593 \$</b>	<b>9,951,984 \$</b>	<b>10,028,134 \$</b>	<b>10,194,360</b>

\* Restated for comparison purposes.

2010	2011	2012	2013	2014	2015
\$ 168,349	\$ 171,245	\$ 170,329	\$ 170,552	\$ 171,283	\$ 171,286
156,585	156,805	156,805	156,805	157,087	157,087
11,764	14,440	13,524	13,747	14,195	14,199
<b>\$ 1,218,961</b>	<b>\$ 1,189,407</b>	<b>\$ 1,017,372</b>	<b>\$ 1,259,818</b>	<b>\$ 1,254,165</b>	<b>\$ 1,263,226</b>
180,404	191,400	193,063	189,192	190,216	192,744
331,767	296,604	144,159	308,902	233,319	188,534
297,601	297,821	297,896	321,232	382,840	392,392
54,763	54,741	54,741	53,638	53,937	54,016
354,426	348,841	327,513	386,854	384,854	435,540
<b>\$ 395,028</b>	<b>\$ 402,401</b>	<b>\$ 452,633</b>	<b>\$ 481,959</b>	<b>\$ 557,330</b>	<b>\$ 582,024</b>
8,837	8,837	8,775	8,775	8,775	9,227
209,095	210,755	236,968	256,762	320,719	326,624
17,181	19,837	19,846	19,846	24,430	27,496
159,915	162,972	187,044	196,576	203,406	218,677
<b>\$ 571,685</b>	<b>\$ 590,538</b>	<b>\$ 603,652</b>	<b>\$ 614,615</b>	<b>\$ 630,730</b>	<b>\$ 652,381</b>
345,121	355,989	366,999	374,267	381,167	389,414
104,548	107,653	107,146	107,640	108,731	121,393
65,650	69,317	70,753	72,907	75,717	74,992
56,366	57,579	58,754	59,801	65,114	66,582
<b>\$ 304,608</b>	<b>\$ 311,328</b>	<b>\$ 298,566</b>	<b>\$ 357,353</b>	<b>\$ 358,066</b>	<b>\$ 365,287</b>
6,911	6,911	6,767	6,561	6,752	6,707
224,682	239,079	227,432	283,644	284,411	289,390
27,094	18,757	16,988	18,778	18,800	19,013
45,921	46,581	47,382	48,370	48,103	50,177
<b>\$ 16,256,933</b>	<b>\$ 17,338,101</b>	<b>\$ 18,343,934</b>	<b>\$ 19,395,070</b>	<b>\$ 20,444,797</b>	<b>\$ 21,579,682</b>
993,751	1,004,641	1,036,517	1,060,109	1,072,625	1,083,450
1,387,610	2,043,549	2,441,123	2,690,602	3,231,739	3,476,307
481,206	543,331	560,152	576,030	746,765	1,025,616
246,075	246,874	254,243	260,263	211,743	228,346
592,510	843,984	1,028,099	1,155,032	1,357,277	1,458,601
12,555,781	12,655,722	13,023,800	13,653,034	13,824,648	14,307,362
<b>\$ 14,441</b>	<b>\$ 14,142</b>	<b>\$ 13,926</b>	<b>\$ 16,843</b>	<b>\$ 16,841</b>	<b>\$ 17,285</b>
-	667	667	667	667	667
14,441	13,475	13,259	16,176	16,173	16,618
<b>\$ 773,831</b>	<b>\$ 776,143</b>	<b>\$ 779,508</b>	<b>\$ 977,529</b>	<b>\$ 1,064,712</b>	<b>\$ 1,052,735</b>
1,027	1,027	1,027	1,027	1,027	1,027
608,276	608,276	608,276	802,713	890,490	864,538
8,211	8,217	8,217	8,217	209	209
156,317	158,623	161,988	165,572	172,986	186,961
<b>\$ 975,787</b>	<b>\$ 1,003,179</b>	<b>\$ 1,010,491</b>	<b>\$ 1,007,522</b>	<b>\$ 1,012,802</b>	<b>\$ 1,031,119</b>
10,351	10,351	10,305	10,305	10,322	10,322
740,705	760,336	756,975	759,122	762,754	768,283
50,793	51,140	51,481	51,515	52,162	52,625
173,938	181,352	191,730	186,580	187,563	199,889
<b>\$ 454,167</b>	<b>\$ 448,899</b>	<b>\$ 450,962</b>	<b>\$ 456,279</b>	<b>\$ 462,672</b>	<b>\$ 462,125</b>
15,648	15,648	15,648	15,648	15,648	15,601
351,821	351,830	351,922	351,922	351,922	351,219
1,657	1,740	3,242	4,675	5,369	5,663
85,041	79,681	80,150	84,034	89,733	89,642
<b>\$ 21,133,790</b>	<b>\$ 22,245,383</b>	<b>\$ 23,141,373</b>	<b>\$ 24,737,540</b>	<b>\$ 25,973,398</b>	<b>\$ 27,177,150</b>
<b>\$ (10,563,938)</b>	<b>\$ (11,321,085)</b>	<b>\$ (12,175,489)</b>	<b>\$ (12,750,730)</b>	<b>\$ (13,433,773)</b>	<b>\$ (14,145,909)</b>
<b>\$ 10,569,852</b>	<b>\$ 10,924,298</b>	<b>\$ 10,965,884</b>	<b>\$ 11,986,810</b>	<b>\$ 12,539,625</b>	<b>\$ 13,031,241</b>

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*State Comptroller*

**Martha Carlson**  
*Deputy Comptroller*

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