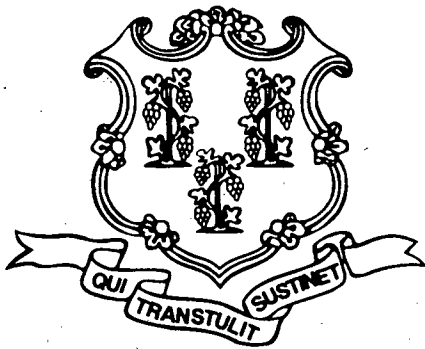


**STATE OF  
CONNECTICUT**



**1996**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**Fiscal Year Ended  
June 30, 1996**

**Nancy Wyman  
State Comptroller**



***STATE OF CONNECTICUT***

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

For Fiscal Year Ended  
June 30, 1996

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

**NANCY WYMAN  
STATE COMPTROLLER**

# STATE OF CONNECTICUT

## Office of the State Comptroller

---

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

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

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

# STATE OF CONNECTICUT

## Contents

### INTRODUCTORY SECTION

State Comptroller Letter of Transmittal.....	3
Certificate of Achievement.....	22
Connecticut State Organization Chart.....	23
Selected State Officials.....	24

### FINANCIAL SECTION

Independent Auditors' Report.....	26
-----------------------------------	----

### GENERAL PURPOSE FINANCIAL STATEMENTS

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units.....	30
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds.....	32
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Non-GAAP Budgetary Basis - General Fund and Budgeted Special Revenue Funds.....	34
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units .....	36
Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units .....	38
Combined Statement of Changes in Fund Balances - Higher Education and University Hospital Funds.....	40
Combined Statement of Revenues, Expenditures, and Other Changes - Higher Education and University Hospital Funds.....	42
Notes to the Financial Statements	
Summary of Significant Accounting Policies.....	43
Budgetary Basis vs. GAAP.....	50
Fund Deficits.....	51
Cash Deposits and Investments.....	51
Loans Receivable.....	55
Taxes Receivable.....	55
Restricted Assets.....	56
Property, Plant, and Equipment.....	56
Retirement Systems.....	57
Other Retirement Systems Administered by the State.....	62
Deferred Compensation Plan.....	64
Postemployment Benefits.....	64
Capital and Operating Leases.....	64
Changes in General Long-Term Debt.....	65
Debt.....	65
Risk Management.....	71
Interfund Receivables and Payables.....	72
Restatement of Fund Balances.....	72
Reserved Retained Earnings, Reserved Fund Balances, and Contributed Capital.....	73
Segment Information - Enterprise Funds.....	73
Condensed Financial Statements - Component Units.....	74
Related Organizations.....	75
Commitments and Contingencies.....	75
Subsequent Events.....	76
Required PERS Supplementary Information.....	77

# STATE OF CONNECTICUT

## Contents

### COMBINING STATEMENTS AND ACCOUNT GROUP SCHEDULES

Special Revenue Funds	
Narrative.....	85
Combining Balance Sheet.....	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	88
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Non-GAAP Budgetary Basis - Budgeted Special Revenue Funds.....	90
Capital Projects Funds	
Narrative.....	95
Combining Balance Sheet.....	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	97
Enterprise Funds	
Narrative.....	99
Combining Balance Sheet.....	100
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings.....	101
Combining Statement of Cash Flows.....	102
Internal Service Funds	
Narrative.....	103
Combining Balance Sheet.....	104
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings.....	105
Combining Statement of Cash Flows.....	106
Fiduciary Funds	
Narrative.....	107
Combining Balance Sheet - Fiduciary Funds.....	108
Combining Balance Sheet - Pension Trust Funds.....	110
Combining Balance Sheet - Agency Funds.....	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Expendable Trust Funds.....	114
Combining Statement of Revenues, Expenses, and Changes in Fund Balances - Nonexpendable and Pension Trust Funds.....	116
Combining Statement of Cash Flows - Nonexpendable Trust Funds.....	118
Combining Statement of Changes in Assets & Liabilities - All Agency Funds.....	119
General Fixed Assets Account Group	
Narrative.....	123
Schedule of General Fixed Assets by Source.....	124
Schedule of General Fixed Assets by Function.....	125
Schedule of Changes in General Fixed Assets by Function.....	125
Higher Education and University Hospital Funds	
Narrative.....	127
Combining Balance Sheet.....	128
Component Units	
Narrative.....	131
Combining Balance Sheet.....	132
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings.....	134
Combining Statement of Cash Flows.....	136
<b>STATISTICAL SECTION</b>	
Schedule of General Governmental Expenditures by Function - for the Last Ten Fiscal Years.....	140
Schedule of Revenues by Source - for the Last Ten Fiscal Years.....	140
Schedule of Computation of Legal Debt Margin.....	142
Schedule of Net General Long-Term Bonded Debt Per Capita - for the Last Ten Fiscal Years.....	142

# STATE OF CONNECTICUT

## Contents

---

Schedule of Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures - for the Last Ten Fiscal Years.....	143
Schedule of Revenue Bond Coverage - for the Last Ten Fiscal Years.....	144
Schedule of Bank Deposits - for the Last Ten Fiscal Years.....	147
Schedule of Resident Employment, Unemployment, and Unemployment Rate - for the Last Ten Years.....	148
Schedule of Non-Farm Employment by Industry Seasonally Adjusted-For the Last Ten Years.....	148
Schedule of Personal Income and Per Capita Personal Income - Connecticut Compared to the United States and New England - for the Last Ten Years.....	149
Schedule of Top Twenty Private Sector Employers.....	150
Schedule of Economic Indicators - for the Last Ten Years.....	151
Schedule of Demographic Statistics - for the Last Ten Years.....	151
Schedule of Major Revenue Sources - General Fund - for the Last Ten Fiscal Years.....	152
Schedule of Sales and Use Tax - Major Industrial Categories.....	152
Schedule of Miscellaneous Statistics.....	153
Office of the State Comptroller Organization Chart.....	154

**THIS PAGE LEFT INTENTIONALLY BLANK**



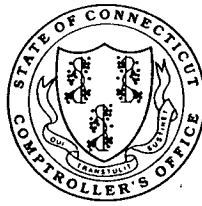
---

*Introductory  
Section*

---

**STATE OF CONNECTICUT**

**THIS PAGE LEFT INTENTIONALLY BLANK**



## STATE OF CONNECTICUT

NANCY WYMAN  
COMPTROLLER

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

MARK E. OJAKIAN  
DEPUTY COMPTROLLER

December 31, 1996

To the Citizens of the State of Connecticut:

I am pleased to present this Comprehensive Annual Financial Report (CAFR) of the State of Connecticut for the fiscal year ended June 30, 1996.

This report was prepared in its entirety by this office and we take full responsibility for the accuracy of the data and the completeness and fairness of the presentation of the financial statements, supporting schedules, and statistical tables in it.

The CAFR is designed to be in conformance with generally accepted accounting principles (GAAP) for governmental units as promulgated by the Governmental Accounting Standards Board (GASB) as well as the reporting requirements prescribed by the Government Finance Officers Association and the American Institute of Certified Public Accountants. We believe that this report presents fairly the financial position of the State and the results of its operations as measured by the financial activity of its various funds. The report is consistent with full disclosure so that the reader may gain maximum understanding of the State's financial affairs. The report is presented in three sections:

The Introductory Section contains this transmittal letter, a list of the State's principal elected, appointed and administrative officials, an organizational chart of the State government, and a table of contents.

The Financial Section contains the Auditors of Public Accounts' report, the general purpose financial statements which include the notes to the financial statements, and the combining and individual fund and account group financial statements.

The Statistical Section contains comprehensive statistical data and selected financial and demographic information on a multi-year basis.

## THE REPORTING ENTITY

Connecticut, a state of approximately 3.3 million people in an area of 5,009 square miles, has a developed infrastructure, technologically advanced industrial base and a strong insurance and financial services industry. The State of Connecticut ratified the Constitution of the United States on January 9, 1788. It has a legislative - executive - judicial form of government with a bicameral legislature (36 Senators, 151 Representatives). The Governor, Lieutenant Governor, Secretary of State, Treasurer, Comptroller, and Attorney General are independently elected for four-year terms. Senators and Representatives are elected for two-year terms.

The State provides a broad range of services including public safety, state highways and other transportation services, state parks, social services, higher education, health services, economic development, and regulatory responsibilities.

This report includes all the funds and account groups of the State plus related public authorities, the Teachers' Retirement System and Bradley International Airport.

## STATE INITIATIVES

### ■ HEALTH CARE REFORM

*Medicaid Managed Care (Connecticut Access).* In July 1995, Connecticut's Department of Social Services implemented Connecticut Access, a plan to move a majority of the State's Medicaid population from a fee-for-service health care delivery system to managed care. The plan required a 1915 (b) waiver from the federal Health Care Financing Administration and called for the staggered enrollment of certain Medicaid beneficiaries - primarily recipients of Aid to Families with Dependent Children - into managed care plans. When fully implemented in January 1997, approximately 235,000 Medicaid eligible individuals will have been transitioned from fee-for-service into one of eleven managed care organizations. Connecticut Access was designed to achieve two main objectives: (1) improve the health status of Medicaid recipients through enhanced access to and coordination of health care; and (2) reduce Medicaid expenditures over the long term. At present, the State is developing the capability to evaluate the success of this initiative.

*Municipal Health Insurance.* The Comptroller administers a health insurance program that covers approximately 166,000 Connecticut state employees, retirees and dependents. In recent years, the State plan has been successful in controlling health costs, while preserving benefit levels. In 1996, the Connecticut General Assembly approved a plan to allow the Comptroller to open the State health plan to Connecticut municipalities as a means of reducing their health insurance costs. The Comptroller's office is currently in the process of implementing the program. The target date for municipal enrollment is July 1997. Participation by municipalities will be strictly voluntary and there will be no cost increases to the State.

*The Work Group for Health Care Access for the Uninsured.* In recent years, Connecticut's uninsured population has grown dramatically. In order to address this problem, the Work Group for Health Care Access was formed in May of 1996. The Work Group's diverse membership includes the Comptroller and State legislators, representatives of private sector businesses, labor, hospitals and physicians, insurance companies, HMOs and advocates for the uninsured. Work

Group members have identified two promising reform concepts. The first involves expanding Medicaid to cover most or all of Connecticut's uninsured children. The second includes a package of tax incentives to encourage small businesses to provide coverage for their employees. The Work Group will recommend that the Connecticut General Assembly give priority consideration to these two reform concepts in the upcoming legislative session.

*Long-Term Health Care Insurance.* In 1997, the State of Connecticut will begin offering long-term health care insurance to its employees through payroll deduction. The insurance plan will be available at group rates and employees will be responsible for the full cost. The insurance will cover a full range of long-term care services, including both nursing home and in-home care. The policies are designed to protect the subscriber's assets and therefore insure the family against the impoverishment that can result from a long-term illness. An additional objective of the plan is to reduce State Medicaid expenditures for long-term care.

#### ■ WELFARE REFORM

*Connecticut's Jobs First Program.* In January 1996, Connecticut's Department of Social Services implemented a welfare reform program known as Jobs First. The program includes a 21 month cash benefit limit for employable recipients and has earning incentives to encourage individuals to seek employment while on welfare. Jobs First also includes some job training and placement services and an allowance for child care costs. In addition, Medicaid eligibility can be extended up to two years for those leaving welfare for work. The first group of individuals is scheduled to reach the 21 month limit and lose benefits in November 1997. During the 1996 fiscal year, the Department of Social Services reported a 5.7 percent reduction in its Aid to Families with Dependent Children (AFDC) caseload. At present, it is unclear whether the caseload reduction can be attributed to the Jobs First program, a generally improving state economy or a combination of both factors.

*Federal Reform and Reimbursement Changes.* Due to the passage of federal welfare reform legislation, Connecticut has the option of continuing to operate under the provisions of its Jobs First program or converting to the provisions of the new federal Temporary Assistance to Needy Families (TANF) program. This issue will be addressed by the 1997 General Assembly. For program funding purposes, the State converted from a 50 percent federal reimbursement to a federal block grant on October 1, 1996. Over the next several years, the block grant will yield higher federal payments to the State. Afterwards, however, it appears that block grant payments will not keep pace with what federal reimbursements would have been under the old formula.

#### ■ FINANCIAL REPORTING

*Conversion to Generally Accepted Accounting Principles.* In 1993, the Connecticut General Assembly enacted Public Act 93-402, which authorized the use of generally accepted accounting principles (GAAP) for the preparation and maintenance of the State's annual financial statements and the preparation of the State's biennial budget. Originally, conversion to GAAP from the modified cash basis of accounting was scheduled for the 1995-96 fiscal year. However, implementation was postponed for two years - largely due to the cost of amortizing the accumulated GAAP deficit, which was approximately \$33 million a year for 15 years. Since then the accumulated GAAP deficit has grown. The conversion to GAAP is currently scheduled for the 1997-98 fiscal year and the Comptroller is recommending that implementation proceed on schedule.

## OPERATING RESULTS

The fiscal year 1995-96 saw the deterioration of the State's financial condition slowed substantially, but we have not yet reached the point of turnaround.

- While the operating deficit is the lowest in both absolute terms and as a percent of tax revenue in the last five years at \$191 million, this is the ninth year in a row of operating deficits highlighting the State's continual reliance on debt-financing.
- Long-term obligations increased \$827 million, which will have to be financed by future generations.
- Debt service, excluding the debt service on the State's Economic Recovery Notes, was 8% of governmental operating expenditures, a decrease from 8.4% in the prior year. In absolute terms, such expenditures decreased 3%.
- Net debt per capita, also exclusive of the Economic Recovery Notes, rose to \$2,670, double that of fiscal 1990.
- Government expenditures showed a slight decrease from 11.5% to 11.3% of total personal income in the State when compared to the prior fiscal year, however, in absolute terms, expenditures increased 2.5%.

### GOVERNMENTAL OPERATING RESULTS\* (millions)

	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>
General Fund Surplus (Deficit)	<u>\$ 198</u>	<u>\$ (242)</u>	<u>\$ 51</u>	<u>\$ 93</u>	<u>\$ (77)</u>
Special Revenue Funds:					
Transportation	14	17	(10)	(36)	3
Grant and Loan Programs	(301)	(307)	(306)	(283)	(232)
Housing Programs	(36)	(32)	(54)	(39)	(37)
Other, net	<u>(66)</u>	<u>(59)</u>	<u>(46)</u>	<u>5</u>	<u>(20)</u>
Total	<u>(389)</u>	<u>(381)</u>	<u>(416)</u>	<u>(353)</u>	<u>(286)</u>
Total Government Operating Deficits	<u><u>\$(191)</u></u>	<u><u>\$(623)</u></u>	<u><u>\$(365)</u></u>	<u><u>\$(260)</u></u>	<u><u>\$(363)</u></u>

\*Surplus (Deficit) includes transfers and excludes proceeds from debt financing.

TOTAL GOVERNMENTAL REVENUE  
(millions)

	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>
Taxes	\$ 7,339	\$ 6,822	\$ 6,437	\$ 6,141	\$5,596
Intergovernmental	2,830	2,734	2,641	2,617	2,135
All Other	1,640	1,632	1,514	1,447	1,410
Total	<u>\$11,809</u>	<u>\$11,188</u>	<u>\$10,592</u>	<u>\$10,205</u>	<u>\$9,141</u>
Deficits as a Percent:					
Total Revenue	1.6%	5.6%	3.4%	2.5%	4.0%
Total Tax Revenue	2.6%	9.1%	5.7%	4.2%	6.5%

Fiscal year 1996 saw governmental expenditures grow at less than a 3% rate while the growth in personal income was 4%. In the ten years since 1987, governmental expenditures have increased 108% while personal income increased only 55%.

GOVERNMENTAL OPERATING EXPENDITURES  
AS A PERCENT OF PERSONAL INCOME  
(millions)

<u>Fiscal Year</u>	<u>Governmental Expenditures</u>	<u>Connecticut Personal Income</u>	<u>Ratio</u>
1987	\$ 5,882	\$ 70,110	8.4
1988	6,372	77,419	8.2
1989	7,779	83,320	9.3
1990	8,534	86,749	9.8
1991	8,930	87,944	10.1
1992	9,541	92,945	10.3
1993	10,494	95,220	11.0
1994	10,934	98,434	11.1
1995	11,924	104,056	11.5
1996	12,221	108,549	11.3

Uncontrollable and fixed costs continued to consume a large share of the State's spending. Debt service, exclusive of the Economic Recovery Notes, decreased to 8% of total governmental expenditures. Total debt service, including the Economic Recovery Notes, increased to 10.7% of governmental expenditures, two times the ratio of fiscal year 1990. Medicaid spending leveled off in fiscal year 1996 at \$1.9 billion, however, it still remains at almost one-fifth of total General Fund spending. The net State share of Medicaid, after adjusting for the 50% share of federal reimbursements, was \$291 for every man, woman, and child in Connecticut.

Deficit financing for operating purposes continued in fiscal year 1996. Deficits of \$337 million were incurred in the Grant and Loan Programs and the Housing Programs special revenue funds in fiscal year 1996. This represents 19% of total special revenue funds spending. Debt financing for these and other special revenue programs was \$405 million, which is almost three-fifths of our spending on legitimate capital needs for State facilities and infrastructure.

As a result, debt per capita, exclusive of the Economic Recovery Notes, increased to \$2,670 — over twice what it was in fiscal year 1990. The remaining Economic Recovery Notes constitute an additional \$72 of debt per capita.

## General Fund

Fiscal year 1996 saw the State end the year with a general fund operating surplus for the first time since the 1994 fiscal year, with revenues growing faster than expenditures.

### GENERAL FUND OPERATING SURPLUS (DEFICIT) (millions)

	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>
Surplus (Deficit) in Prior Fiscal Year	<u>\$(242)</u>	<u>\$ 51</u>	<u>\$ 93</u>
Expenditure (Increases) Decreases:			
General Government	(40)	(15)	5
Health and Hospital	(38)	(28)	(6)
Human Services	(61)	(479)	(276)
Education, Libraries, and Museums	(95)	22	(102)
Corrections	(50)	(62)	(110)
Higher Education	8	(86)	(23)
Debt Service	116	(79)	(54)
Other, net	<u>25</u>	<u>1</u>	<u>51</u>
	<u>(135)</u>	<u>(726)</u>	<u>(515)</u>
Revenue Increases (Decreases):			
Taxes	481	355	270
Intergovernmental	82	82	50
Other, net	<u>12</u>	<u>(4)</u>	<u>153</u>
	<u>575</u>	<u>433</u>	<u>473</u>
Surplus (Deficit)	<u><u>\$198</u></u>	<u><u>\$(242)</u></u>	<u><u>\$ 51</u></u>

Tax revenues increased almost 8% while intergovernmental revenues (grants, etc.) increased 3%. The increases in the intergovernmental revenues are largely offset and in some cases more than offset by the increase in the related expenditures in the programs funded by those intergovernmental revenues. All expenditure categories increased except for higher education, debt service and other. The main reason for the decrease in debt service expenditures was the refinancing of \$241 million of Economic Recovery Notes which were due to be paid in the 1996 fiscal year from General Fund revenues.



GENERAL FUND REVENUES  
(millions)

	<u>FY 96</u>	<u>FY 95</u>	<u>Change</u>	<u>FY 94</u>
Taxes	\$ 6,831	\$6,350	\$481	\$5,995
Licenses, Permits, and Fees	112	107	5	118
Intergovernmental	2,644	2,562	82	2,480
Charges for Services	188	175	13	154
Fines, Forfeits, and Rents	24	35	(11)	31
Investment Earnings	26	28	(2)	25
Miscellaneous	129	116	13	188
Subtotal	<u>9,954</u>	<u>9,373</u>	<u>581</u>	<u>8,991</u>
Transfers In:				
Lottery	262	250	12	218
Other	3	21	(18)	2
	<u>265</u>	<u>271</u>	<u>(6)</u>	<u>220</u>
Total	<u>\$10,219</u>	<u>\$9,644</u>	<u>\$575</u>	<u>\$9,211</u>

As shown above, except for taxes, the net increase of other sources of revenues is relatively minor. A further analysis of the tax revenues shows that with the exception of the personal income tax and the sales and use tax, tax revenues have been fairly stagnant, increasing marginally or even decreasing. Revenue from the personal income tax increased by \$300 million, an increase of approximately 13% while the sales and use tax increased \$89 million or an increase of 3.8%.

GENERAL FUND TAX REVENUES  
(millions)

	<u>FY 96</u>	<u>FY 95</u>	<u>Change</u>	<u>FY 94</u>
Personal Income	\$2,606	\$2,306	\$300	\$2,270
Sales and Use	2,444	2,355	89	2,167
Corporation	629	604	25	609
Public Service Corporations	192	185	7	187
Inheritance and Estate	231	183	48	197
Insurance Companies	167	171	(4)	169
Cigarettes and Tobacco	125	130	(5)	120
Real Estate Conveyance	65	63	2	61
Alcoholic Beverages	40	40	-	42
Oil Companies	68	49	19	75
Hospital Gross Receipts	214	222	(8)	54
Admissions, Dues, and Cabaret	23	21	2	20
Miscellaneous	27	21	6	24
Total	<u>\$6,831</u>	<u>\$6,350</u>	<u>\$481</u>	<u>\$5,995</u>

The largest increases in General Fund expenditures were Education, Human Services and Corrections, two of which are being driven by outside factors such as mandated Medicaid expenditures and rising prison populations.

MEDICAID EXPENDITURES  
(millions)

<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
\$1,908	\$1,910	\$1,637	\$1,521	\$1,322

As previously discussed, Corrections and Judicial expenditures have continued to expand in step with crime and the increasing correction facility population.

TOTAL CORRECTION FACILITY POPULATION

<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
15,135	14,246	14,045	10,838	10,101

GENERAL FUND EXPENDITURES  
(millions)

	<u>FY 96</u>	<u>FY 95</u>	<u>Change</u>	<u>FY 94</u>
Legislative	\$ 48	\$ 47	\$ 1	\$ 46
General Government	550	510	40	495
Regulation and Protection	105	103	2	105
Conservation and Development	65	64	1	57
Health and Hospitals	819	781	38	753
Human Services*	3,439	3,378	61	2,899
Education, Libraries, and Museums	1,820	1,725	95	1,747
Corrections	839	789	50	727
Judicial	265	234	31	224
Federal and Other Grants	808	871	(63)	971
Debt Service	637	581	56	502
Subtotal	9,395	9,083	312	8,526
Transfers Out:				
Higher Education	442	450	(8)	364
Debt Service	92	264	(172)	180
Other	92	89	3	90
	626	803	(177)	634
Total	\$10,021	\$9,886	\$ 135	\$9,160

\*Includes Medicaid expenditures.

## Special Revenue Funds

Special revenue funds continue to be heavily debt-financed, suggesting that we are burdening future generations of taxpayers with the cost of current programs. Grant and loan programs and housing programs have shown operating deficits for the last five years. To the extent that loan programs result in receivables that can be counted on to mature in time to service the related debt, a case may be made that the economic benefits accrue to current and future taxpayers. Financing grants with debt, however, should be undertaken sparingly and in unusual circumstances.

### SPECIAL REVENUE FUND OPERATING RESULTS (millions)

	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>
Fiscal year deficits:					
Transportation	\$ 14	\$ 17	\$ (10)	\$ (36)	\$ 3
Grant and Loan Programs	(301)	(307)	(306)	(283)	(232)
Housing Programs	(36)	(32)	(54)	(39)	(37)
Other, net	<u>(66)</u>	<u>(59)</u>	<u>(46)</u>	<u>5</u>	<u>(20)</u>
Deficits before proceeds					
from debt financing	(389)	(381)	(416)	(353)	(286)
Proceeds from debt financing	<u>405</u>	<u>481</u>	<u>480</u>	<u>427</u>	<u>536</u>
Surplus	<u>\$ 16</u>	<u>\$ 100</u>	<u>\$ 64</u>	<u>\$ 74</u>	<u>\$ 250</u>

The deficits primarily arose in the Grant and Loan Programs Fund and the Housing Programs Fund. The Grant and Loan Fund expended \$311 million in fiscal year 1996 supported by revenues of only \$9 million. Bond proceeds of \$289 million and fund balance resources financed the balance. The Housing Programs Fund expended \$45 million in fiscal year 1996. Like the Grant and Loan Programs Fund, the balance was financed by \$31 million of bond proceeds, and \$8 million of revenues and additional fund balance resources.

Other major special revenue funds include the Transportation Fund, which is generally self-supporting. Expenditures and transfers of \$879 million were supported by revenues and transfers of \$893 million in fiscal year 1996. The fund balance of the Transportation Fund was \$92 million or 10% of expenditures and transfers.

The Lottery Fund continued to provide substantial support to the General Fund. Revenues of \$707 million provided \$262 million to the General Fund after prizes and expenses of \$436 million.

The Employment Security Administration Fund expended \$118 million on administration of the unemployment compensation program, supported by a like amount of federal financial assistance.

The Environmental Programs Fund also required debt financing. Expenditures and transfers of \$77 million were supported by \$27 million of revenues and transfers, along with bond proceeds of \$64 million.

## Capital Projects Funds

Capital spending has shown a decrease from the almost \$1 billion annual rate of past years with most of that spending directed toward infrastructure projects. Approximately 60% of infrastructure expenditures were financed by federal aid and the balance by State debt. Unlike the deficit financing of certain special revenue funds, the debt used to finance capital construction will provide a tangible benefit to the future generation of taxpayers who will use the asset for which they will pay the debt service. In addition, these infrastructure investments improve the economic climate of the State both immediately and for many years to come.

### TREND IN CAPITAL PROJECTS EXPENDITURES (millions)

<u>Fiscal Year</u>	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
1996	\$143	\$533	\$14	\$690
1995	286	668	3	957
1994	170	699	1	870
1993	247	612	3	862
1992	228	702	8	938

## Expendable Trust Funds

The Employment Security Fund showed a small surplus with expenditures (unemployment compensation claims) the lowest in five years.

### EMPLOYMENT SECURITY FUND (millions)

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Surplus (Deficit)</u>	<u>Fund Balance</u>
1996	\$590	\$478	\$112	\$239
1995	559	484	75	127
1994	1,400	619	781	52
1993	711	928	(217)	(730)
1992	517	879	(362)	(512)

## Pension Trust Funds

The operations of the pension trust funds showed slow growth for 1996. The State Employees' Retirement System (SERS), by far the largest pension fund for state employees (the Teachers' Retirement System primarily serves municipal employees), funded status remains fairly flat at 52.5% as of fiscal year 1996 as compared to 52.3% as of fiscal year 1992. The Teachers' Retirement System (TRS) funded status increased from 62.4% to 79.2%, and the Judicial Retirement System (JRS) from 37% to 43.2%, respectively.

### PENSION FUNDED STATUS

	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>
SERS	52.5%	54.8%	51.4%	51.4%	52.3%
TRS	79.2	77.5	70.7	69.8	62.4
JRS	43.2	37.5	36.5	36.6	37.0

## Enterprise Funds

The State enterprise funds collectively incurred a gain from operations of \$3 million in fiscal year 1996 with the largest fund, Bradley International Airport, earning all of this amount in fiscal year 1996 compared to a gain of \$7 million in fiscal year 1995.

### ENTERPRISE FUNDS (millions)

<u>Fiscal Year</u>	<u>Operations</u>			<u>Non- Operating Net</u>	<u>Net Income (Loss)</u>	<u>Retained Earnings</u>
	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>			
1996	\$37	\$40	\$(3)	\$ 6	\$ 3	\$ 40
1995	40	39	1	97	98	37
1994	46	42	4	(2)	2	(61)
1993	45	37	8	(13)	(5)	(63)
1992	38	34	4	(9)	(5)	(58)

## Higher Education

Expenditures showed a modest growth of less than 2% in fiscal year 1996, while State support decreased slightly. Total revenues increased just 1% over fiscal year 1995.

**TRENDS IN HIGHER EDUCATION  
CURRENT AND HOSPITAL FUNDS FINANCES**  
(millions)

	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>
<b>Revenues:</b>					
Tuition and Fees	\$ 233	\$ 260	\$ 215	\$ 205	\$ 188
Federal Grants	115	93	96	93	61
Private Gifts	21	31	29	34	14
Patient Services	180	174	173	176	184
Sales and Service	130	104	143	119	111
Other	<u>46</u>	<u>55</u>	<u>39</u>	<u>40</u>	<u>28</u>
Total	<u>725</u>	<u>717</u>	<u>695</u>	<u>667</u>	<u>586</u>
<b>Expenditures and Transfers:</b>					
Education and General	903	889	777	759	708
Hospital	170	170	165	157	146
Auxiliary Enterprises	98	79	104	94	79
Other	<u>4</u>	<u>20</u>	<u>15</u>	<u>13</u>	<u>20</u>
Total	<u>1,175</u>	<u>1,158</u>	<u>1,061</u>	<u>1,023</u>	<u>953</u>
Net before State support	(450)	(441)	(366)	(356)	(367)
State support	<u>442</u>	<u>450</u>	<u>364</u>	<u>341</u>	<u>382</u>
Net	<u>\$ (8)</u>	<u>\$ 9</u>	<u>\$ (2)</u>	<u>\$ (15)</u>	<u>\$ 15</u>
Tuition and fees as a percent of total expenditures and transfers	19.8%	22.5%	20.3%	20.0%	19.7%
State support as a percent of total expenditures and transfers	37.6%	38.9%	34.3%	33.3%	40.1%

**Debt Administration**

State general obligation bonds are rated Aa, AA-, and AA by Moody's, Standard and Poor's, and Fitch Investors Service, respectively, while transportation-related special tax obligation bonds are currently rated A1, AA-, and AA-, respectively.

The State issued over \$1 billion of bonds in fiscal year 1996, more than equal to fiscal year 1995. To the extent this bonding is for infrastructure or other assets benefiting future taxpayers, the debt is fully justifiable. The continued increase in the debt burden, however, particularly that portion that is used to finance current programs, bodes ill for the future. It means that future generations will pay for the sins of the past. And it means that the State will have reduced flexibility in future budgets, which will now be burdened by higher fixed costs for debt service.

DEBT ISSUANCES  
(millions)

	<u>FY 96</u>		<u>FY 95</u>		<u>FY 94</u>	
Special Revenue Funds:						
Grant and Loan Programs	\$ 289	25.6%	\$ 370	34.3%	\$ 312	29.3%
Environmental Programs	64	5.7	60	5.6	50	4.7
Housing Programs	31	2.7	23	2.1	105	9.9
Other	21	1.9	28	2.6	5	.5
	<u>405</u>	<u>35.9</u>	<u>481</u>	<u>44.6</u>	<u>472</u>	<u>44.4</u>
Capital Project/Debt Service Funds:						
State Facilities	398	35.3	273	25.3	267	25.1
Infrastructure/Debt Service	325	28.8	325	30.1	324	30.5
	<u>723</u>	<u>64.1</u>	<u>598</u>	<u>55.4</u>	<u>591</u>	<u>55.6</u>
Subtotal	1,128	<u>100.0%</u>	1,079	<u>100.0%</u>	1,063	<u>100.0%</u>
General Fund (Economic Recovery Notes)	<u>236</u>		-		-	
Total Governmental	<u>\$1,364</u>		<u>\$1,079</u>		<u>\$1,063</u>	

Debt service as a percent of government operations, excluding debt service on the Economic Recovery Notes, has decreased slightly to 8% from a high of 8.4% a year ago although it is still up from 7.2% only five years ago.

DEBT SERVICE AS A PERCENT OF  
GOVERNMENTAL OPERATING EXPENDITURES  
(millions)

	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>
Debt Service (Bonded):					
Principal	\$ 523	\$ 561	\$ 405	\$ 362	\$ 313
Interest	449	438	388	399	378
	<u>\$ 972</u>	<u>\$ 999</u>	<u>\$ 793</u>	<u>\$ 761</u>	<u>\$ 691</u>
Debt Service (Economic Recovery Notes):					
Principal	\$ 316	\$ 240	\$ 150	\$ 235	\$ 50
Interest	17	24	30	37	35
	<u>\$ 333</u>	<u>\$ 264</u>	<u>\$ 180</u>	<u>\$ 272</u>	<u>\$ 85</u>
Governmental Operating Expenditures	<u>\$12,221</u>	<u>\$11,924</u>	<u>\$10,934</u>	<u>\$10,494</u>	<u>\$ 9,541</u>

Debt Service as a Percent of Governmental Operating Expenditures:

Bonded	8.0%	8.4%	7.3%	7.3%	7.2%
Including Economic Recovery Notes	10.7%	10.6%	8.9%	9.8%	8.1%

Net State debt increased almost 7% to \$9 billion from \$8.4 billion in fiscal year 1995. Net State debt has more than doubled since fiscal year 1990.

NET STATE DEBT  
(millions)

	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>
Debt Outstanding (June 30):					
General Obligation Bonds	\$6,000	\$5,525	\$5,063	\$4,794	\$4,014
Transportation Bonds	3,201	2,991	2,865	2,592	2,489
Notes	<u>236</u>	<u>316</u>	<u>556</u>	<u>706</u>	<u>916</u>
	9,437	8,832	8,484	8,092	7,419
Debt Service Fund	<u>(456)</u>	<u>(420)</u>	<u>(490)</u>	<u>(433)</u>	<u>(388)</u>
 Net Debt, End of Year	 <u><u>\$8,981</u></u>	 <u><u>\$8,412</u></u>	 <u><u>\$7,994</u></u>	 <u><u>\$7,659</u></u>	 <u><u>\$7,031</u></u>
 Changes in Net Debt:					
Net Debt, Beginning of Year	\$8,412	\$7,994	\$7,659	\$7,031	\$5,301
Redemptions - Bonds	(523)	(561)	(405)	(362)	(313)
Redemptions - Notes	(316)	(240)	(150)	(235)	(50)
Issuances - Bonds	1,128	1,079	1,063	1,046	1,074
Issuances - Notes	236	-	-	25	966
Refundings - Issued	221	53	506	1,313	500
Refundings - Defeased	(209)	(49)	(438)	(1,175)	(464)
Accretion and Other	68	66	(184)	60	56
Debt Service Fund					
Decrease (Increase)	<u>(36)</u>	<u>70</u>	<u>(57)</u>	<u>(44)</u>	<u>(30)</u>
 Net Debt, End of Year	 <u><u>\$8,981</u></u>	 <u><u>\$8,412</u></u>	 <u><u>\$7,994</u></u>	 <u><u>\$7,659</u></u>	 <u><u>\$7,031</u></u>

Debt per capita has more than doubled to \$2,670 from \$1,204 in fiscal year 1990. Bonded debt is the primary focus of most analyses but it is only half the amount of incurred long-term obligations that will need to be paid by future generations of taxpayers. Long-term obligations also include capital leases; compensated absences that were earned by employees in past periods but which will be paid by future generations; workers' compensation claims, which arose from past events but will be settled in future periods; and the unfunded pension benefit obligation, which represents the value of pension benefits earned by employees but which is not funded currently. The total of these obligations increased \$827 million in fiscal year 1996.

NET DEBT PER CAPITA\*

<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>
\$2,670	\$2,472	\$2,271	\$2,122	\$1,865

\*Exclusive of Economic Recovery Notes.



TRENDS IN SELECTED LONG TERM DEBT  
(millions)

	<u>FY 96</u>	<u>FY 95</u>	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>
Net Bonded Debt	\$ 8,981	\$ 8,412	\$ 7,994	\$ 7,659	\$ 7,031
Capital Leases	54	56	55	50	50
Compensated Absences	262	257	267	175	174
Workers Compensation	<u>268</u>	<u>287</u>	<u>295</u>	<u>304</u>	<u>298</u>
Subtotal	<u>9,565</u>	<u>9,012</u>	<u>8,611</u>	<u>8,188</u>	<u>7,553</u>
Actuarial Unfunded Pension Benefit Obligation	<u>5,366</u>	<u>5,092</u>	<u>5,455</u>	<u>5,165</u>	<u>5,731</u>
 Total	 <u><u>\$14,931</u></u>	 <u><u>\$14,104</u></u>	 <u><u>\$14,066</u></u>	 <u><u>\$13,353</u></u>	 <u><u>\$13,284</u></u>

**Internal Controls**

Elected officials, agency commissioners, directors of public benefit corporations and agency managers are responsible for establishing internal control structures. Good internal controls are essential to achieving the proper conduct of government business with full accountability. This means that:

- resource use is consistent with laws, regulations and policies;
- resources are safeguarded against waste, loss and misuse; and
- reliable data are obtained, maintained and fairly disclosed in reports.

Good internal controls also facilitate the achievement of management objectives. In achieving these goals, good internal controls must strike a balance, providing reasonable, not absolute assurance. This recognizes that costs should not exceed benefits, nor should controls negatively impact operations.

Good internal control is comprised of the following elements:

- Control Environment - which reflects the overall attitude, awareness, and actions of elected officials or agency managers concerning the importance of control and its emphasis in state government (i.e. What is the tone at the top?)
- Accounting System - which consists of the methods and records established to identify, assemble, analyze, classify, record, and report transactions and to maintain accountability over state resources.
- Control Procedures - which includes those policies and procedures that elected officials and management have established to provide reasonable assurance that specific objectives are being achieved.

This office has been making consistent efforts to improve the overall internal control in state government and simultaneously to give managers authority commensurate with their responsibilities.

### **Budgetary Controls**

The key control mechanism of government finance is the budget. The Government Accounting Standards Board (GASB) has concluded that, "The budgetary process, including comparison of the approved budget with actual experience, is...a major aspect of accountability." The budget is more than just an aspect of accountability, however, it is also:

- An expression of public policy that identifies the activity or program to be carried out, the amount that may be expended for these purposes, and the time period in which these are to occur.
- A financial plan, or expression of financial intent. For example, what are the expected sources of financing for these programs - who bears the burden of paying for them?
- A form of control usually having the force of law.

Budget control is maintained at the individual appropriation account level by agency as established in authorized bills. Control over the obligation is exercised by the allotment process. Funds, both for budgeted and non-budgeted funds, are allotted by the Governor through the Office of Policy and Management. The Governor is further allowed to modify the allotments up to 3% of the fund or 5% of the appropriation amount. Modifications beyond those limits, but not in excess of 5% of the total funds, require the approval of the Finance Advisory Committee, which is comprised of the Governor, the Lieutenant Governor, the Treasurer, the Comptroller, two senate members, not of the same party, and three house members, not more than two of the same political party.

### **Cash and Investments Management**

The State Treasurer continually monitors cash flow to maximize the utilization of cash resources. During the year, temporary balances are invested in short-term investment funds, combined investment pools consisting of various certificates of deposit, bankers' acceptances, commercial paper, repurchase agreements, and student loans with various ranges of maturities. The investment income and average yield rate for the fiscal year 1995-96 for these funds were approximately \$116 million and 5.89%, respectively. By comparison, 90-day Treasury Bills and 90-day Certificates of Deposit earned 5.29% and 5.55%, respectively, during the same time period.

Bank balances at June 30, 1996, were \$37 million of which about four-fifths was not insured or protected by collateral.

### **Risk Management**

The State retains risk for certain property and liability claims, including workers' compensation claims. The State Insurance Purchasing Board serves as the focal point of risk management and insurance matters, maintaining a balance of commercially placed coverage and risk retention to provide optimal coverage at minimal cost.

## **ECONOMIC CONDITION AND OUTLOOK**

### **Employment**

Connecticut's economy has been slow to emerge from a recession that began in early 1989 and ended in late 1992. The recession cost Connecticut 158,000 jobs. The State's manufacturing industry lost about 20 percent of its employment base during this period and job losses in this sector persist to date. The only other industrial sector that continues to lose jobs during the recovery is Finance, Insurance and Real Estate (FIRE); however, the FIRE losses have slowed dramatically in 1996. Most of the losses in the FIRE sector are the result of downsizing and mergers. The largest share of the manufacturing job losses is attributable to cuts in federal defense spending.

Between 1985 and 1995, Connecticut's defense procurement receipts dropped from \$7.1 billion to \$2.5 billion (in 1992 dollars) - a 65 percent reduction. The loss of these relatively high paying defense jobs had a secondary impact on the State's overall economic performance. According to the U.S. Department of Commerce, the transportation component of the State's manufacturing industry, which is largely defense-related, has a 2.5 employment multiplier. This means each transportation job supports an additional 1.5 jobs in the general economy. With the loss of defense dollars and the related jobs, Connecticut has increasingly relied on other business sectors for employment growth.

At present, Connecticut has recovered almost 40 percent of its recessionary employment loss. The fastest growing private industries are services, and wholesale and retail trade. Small business is fueling much of the growth in these industries. Businesses with 100 or fewer employees accounted for about 65 percent of all net new jobs created in the State between 1975 and 1993 - compared with about 50 percent nationally. Establishments employing 20 or fewer workers accounted for about one-third of these new jobs.

During the first ten months of 1996, Connecticut added a net total of 20,500 non-farm jobs. This is the strongest job growth performance since the end of the recession. The Connecticut Labor Department projects that the State will add a total of 181,500 jobs between the years 1994 and 2005, representing a 10.8 percent increase in total employment. Most of these jobs will be in health care services, business services, general services and retail trade. The State Occupational Information Coordinating Council estimates that some of the fastest growing occupations in Connecticut will be: computer engineers and systems analysts (growing 74 and 52 percent respectively); blackjack dealers and recreation workers (increasing 74 percent); and, physical therapists, medical assistants, and home health aides (up 44, 42 and 40 percent respectively).

### **Income**

It is estimated that the jobs being created in Connecticut pay 30 to 50 percent less than the jobs that have been lost. The State's nominal median household income fell by 2.1 percent between 1994 and 1995. The results suggest that despite the employment gains of the recovery, many Connecticut families have not experienced improved economic well-being. Further evidence of wage erosion can be seen in hourly manufacturing pay, which has advanced just under 2 percent on average over the last three years. This rate of increase has not kept pace with inflation, resulting in a wage decline in real terms.

Despite the poor showing of median income and hourly wages, per capita income in Connecticut increased 5.7 percent between 1994 and 1995, the strongest gain since 1992. The contradictory movement in these income indicators may point to increasing income stratification in Connecticut with the largest gains being realized by those at upper income levels. This type of income distribution pattern is consistent with national results that point to increasing income inequality. It should be noted that Connecticut's per capita income is the highest in the nation - 33 percent above the national average for 1995.

Examining the changing sources of personal income in Connecticut between 1969 and 1994 shows less income being derived from wages and salaries and more income coming from dividends, interest and rent, and government transfer payments. Between 1969 and 1994, wages and salaries fell from 62.7 to 56.7 percent of total personal income. At the same time, dividends, interest and rent increased from 16.7 to 17.1 percent of total personal income. The transfer payment share of personal income increased from 7.2 to 14.1 percent over the period.

### **Other Economic Indicators**

Although all societal sectors are not benefiting equally, Connecticut is in the midst of a solid, sustained economic recovery. In addition to general employment and personal income growth, new business starts are up roughly 10 percent over last year. New auto registrations posted a 15 percent gain in the third quarter of 1996, and major state tax receipts are running well ahead of budget expectations for the current fiscal year.

Most forecasts show Connecticut posting moderate but consistent economic gains into the next century.

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Connecticut for its comprehensive annual financial report for the fiscal year ended June, 30, 1995. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of Connecticut has received a Certificate of Achievement for the last seven consecutive years (fiscal years ended 1989-1995.) We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

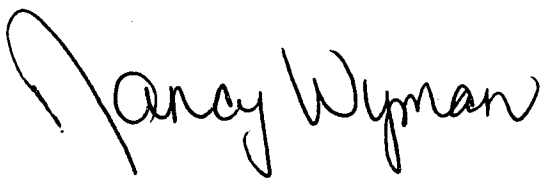
## **Independent Audit**

The Auditors of Public Accounts, who report to the legislature and are independent of the Executive Branch, have audited the accompanying financial statements in accordance with generally accepted auditing standards and their opinion has been included in this report.

## **ACKNOWLEDGMENTS**

I wish to express my appreciation to the many individuals in all agencies whose cooperation and assistance has made this report possible. In addition, the efforts of the GAAP Reporting Unit and others in our Budget and Financial Analysis Division deserve special acknowledgment.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Wyman". The signature is written in dark ink and is positioned to the left of the typed name.

Nancy Wyman  
State Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1995

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

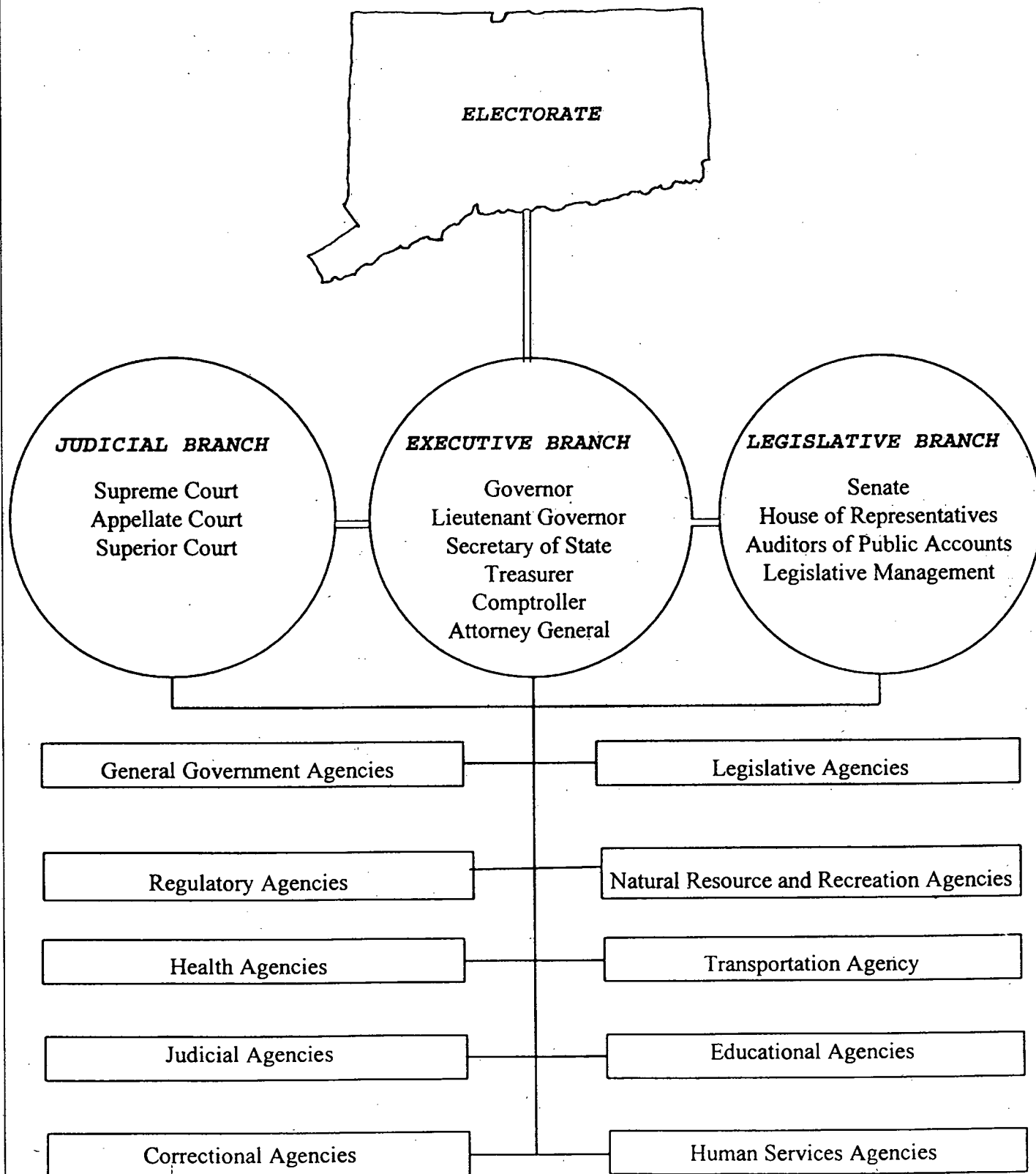


*Arthur R. Lynch*  
President

*Jeffrey L. Esser*  
Executive Director

# STATE OF CONNECTICUT

## Organization Chart



---

# STATE OF CONNECTICUT

## Selected State Officials

---

### *EXECUTIVE*

John G. Rowland  
*Governor*

M. Jodi Rell  
*Lieutenant Governor*

Miles Rapoport  
*Secretary of State*

Christopher B. Burnham  
*Treasurer*

Nancy Wyman  
*Comptroller*

Richard Blumenthal  
*Attorney General*

### *JUDICIAL*

Ellen A. Peters  
*Chief Justice*

### *LEGISLATIVE*

M. Adela Eads  
*President Pro Tempore of the State Senate*  
(36 Senators)

Thomas D. Ritter  
*Speaker of the House of Representatives*  
(151 Representatives)

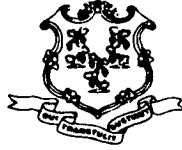


---

*Financial  
Section*

---

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL

210 CAPITOL AVENUE

HARTFORD, CONNECTICUT 06106-1559

KEVIN P. JOHNSTON

ROBERT G. JAEKLE

**INDEPENDENT AUDITORS' REPORT**

Governor John G. Rowland  
Members of the General Assembly

We have audited the accompanying general purpose financial statements of the State of Connecticut as of and for the year ended June 30, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Special Transportation Fund accounts within the Transportation Fund, which represent 13 percent and 46 percent, respectively, of the assets and revenues of the Special Revenue Funds; we did not audit the financial statements of the Transportation Special Tax Obligations Fund, which represent 100 percent of the assets and revenues of the Debt Service Funds; we did not audit the financial statements of the Bradley International Airport, which represent 56 percent and 91 percent, respectively, of the assets and revenues of the Enterprise Funds; we did not audit the financial statements of the Clean Water Fund, which represent four percent and one percent, respectively, of the assets and revenues of the Trust and Agency Funds; we did not audit the financial statements of the Connecticut Housing Finance Authority, the Connecticut Resources Recovery Authority, the Connecticut Development Authority, the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, and Connecticut Innovations Incorporated, which represent 100 percent of the assets and revenues of the Component Unit Funds; and, we did not audit the financial statements of the Connecticut State University, the University of Connecticut Foundation or that portion of the financial statements of the University Health Center Hospital and Current Unrestricted Funds involving patient receivables arising from clinical operations, which represent 33 percent and 40 percent, respectively, of the assets and revenues of the Higher Education and University Hospital Funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned funds and accounts, is based solely on the reports of other auditors. All of the aforementioned audits were conducted in accordance with generally accepted auditing standards. In addition, the audits of the Connecticut Resources Recovery Authority, Connecticut Housing Finance Authority, Connecticut Development Authority, Connecticut Innovations Incorporated, and Clean Water Fund, were conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut as of June 30, 1996, and the results of its operations, and cash flows of its proprietary fund types and non-expendable trust funds, for the year then ended in conformity with generally accepted accounting principles.


In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 1996, on our consideration of the State of Connecticut's internal control structure and a report dated December 31, 1996, on its compliance with laws and regulations. These reports will be included in the State's *Single Audit Report* for the fiscal year ended June 30, 1996.

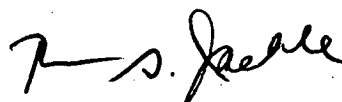
As discussed in Note 18 to the financial statements, during the audited period, the State of Connecticut changed its method for reporting the value of combined investment fund holdings from cost to market.

As discussed in Note 23 to the financial statements, the State of Connecticut is a defendant in certain legal proceedings. The ultimate outcome of the litigation cannot presently be determined. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying financial statements.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Connecticut. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report, and accordingly, express no opinion thereon.

  
Kevin P. Johnston  
Auditor of Public Accounts

  
Robert G. Jaekle  
Auditor of Public Accounts

December 31, 1996  
State Capitol  
Hartford, Connecticut

---

*General  
Purpose  
Financial  
Statements*

---

# STATE OF CONNECTICUT

## Combined Balance Sheet

### All Fund Types, Account Groups, and Discretely Presented Component Units

June 30, 1996

(Expressed in Thousands)

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>Assets and Other Debits:</b>						
Cash and Cash Equivalents.....	\$ -	\$ 356,909	\$ -	\$ 200,167	\$ 16,618	\$ 1,912
Investments:						
Equity in Combined Investment Funds.....	-	-	-	-	-	-
Other.....	-	27,035	-	-	52,920	-
Receivables:						
Taxes.....	551,300	44,624	-	-	-	-
Accounts, Net of Allowances.....	298,442	23,787	-	2,047	3,549	1,853
Tuition.....	-	-	-	-	-	-
Loans, Net of Allowances.....	-	391,199	-	-	90,606	-
Interest.....	1,352	7,527	7,087	492	11,227	-
Federal Grants Receivable.....	63,363	8,074	-	13,139	-	-
Non-Federal Grants Receivable.....	1,415	314	-	-	-	-
Deposits with U.S. Treasury.....	-	-	-	-	-	-
Due From Other Funds.....	13,840	23,499	-	279,415	-	4,149
Due From Component Units.....	-	-	-	-	-	-
Due From Primary Government.....	-	-	-	-	-	-
Advances to Other Funds.....	-	4,532	-	-	-	-
Receivable From Other Governments.....	386,638	6,771	-	46,705	3,588	-
Inventories and Prepaid Items.....	48,553	12,988	-	-	363	2,971
Restricted Assets.....	-	-	455,740	-	48,872	-
Property, Plant & Equipment.....	-	-	-	-	137,551	47,193
Other Assets.....	102,428	-	-	-	1,740	1,215
Other Debits:						
Amount Available in Debt Service Fund.....	-	-	-	-	-	-
Amount to be Provided For Debt Retirement.....	-	-	-	-	-	-
<b>Total Assets and Other Debits.....</b>	<b>\$ 1,467,331</b>	<b>\$ 907,259</b>	<b>\$ 462,827</b>	<b>\$ 541,965</b>	<b>\$ 367,034</b>	<b>\$ 59,293</b>
<b>Liabilities, Equity and Other Credits:</b>						
Liabilities:						
Accounts Payable and Accrued Liabilities.....	\$ 721,756	\$ 73,249	\$ -	\$ 95,985	\$ 8,744	\$ 3,537
Due to Other Funds.....	330,999	3,151	7,087	8,791	2,459	10,993
Due to Primary Government.....	-	-	-	-	-	-
Due to Component Units.....	224	11,176	-	-	-	-
Payable to Other Governments.....	70,752	158	-	-	-	-
Advances Due Other Funds.....	4,532	-	-	-	-	-
Deferred Revenue.....	487,490	28,687	-	21,137	31	2,748
Escrow Deposits.....	-	-	-	-	-	-
Notes and Loans Payable.....	-	-	-	-	-	-
Deferred Compensation Liability.....	-	-	-	-	-	-
Agency Deposit Liabilities.....	-	-	-	-	-	-
General Obligation Bonds.....	-	-	-	-	-	-
Transportation Related Bonds.....	-	-	-	-	-	-
Special Assessment Unemployment Compensation Bonds.....	-	-	-	-	-	-
Revenue Bonds.....	-	-	-	-	214,170	-
Capital Leases.....	-	-	-	-	-	-
Compensated Absences.....	-	-	-	-	69	2,843
Unfunded Pension Costs.....	-	-	-	-	-	-
Workers Compensation Liability.....	-	-	-	-	-	-
Liability for Landfill Closure Costs.....	-	-	-	-	-	-
Amount Held for Institutions.....	-	-	-	-	-	-
Liability for Escheat Property.....	28,850	-	-	-	-	-
Claims and Judgements.....	-	-	-	-	-	-
Malpractice Liability.....	-	-	-	-	-	-
<b>Total Liabilities.....</b>	<b>1,644,603</b>	<b>116,421</b>	<b>7,087</b>	<b>125,913</b>	<b>225,473</b>	<b>20,121</b>
Equity and Other Credits:						
Investment in Fixed Assets.....	-	-	-	-	-	-
Contributed Capital.....	-	-	-	-	101,409	7,930
Retained Earnings:						
Reserved.....	-	-	-	-	22,329	-
Unreserved.....	-	-	-	-	17,823	31,242
Fund Balances:						
Reserved.....	462,645	423,108	455,740	-	-	-
Unreserved, undesignated.....	(639,917)	367,730	-	416,052	-	-
<b>Total Equity and Other Credits.....</b>	<b>(177,272)</b>	<b>790,838</b>	<b>455,740</b>	<b>416,052</b>	<b>141,561</b>	<b>39,172</b>
<b>Total Liabilities, Equity and Other Credits.....</b>	<b>\$ 1,467,331</b>	<b>\$ 907,259</b>	<b>\$ 462,827</b>	<b>\$ 541,965</b>	<b>\$ 367,034</b>	<b>\$ 59,293</b>

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

Fiduciary Fund Types Trust and Agency	Account Groups		Higher Education & University Hospital	Total Primary Government (Memorandum only)	Component Units	Total Reporting Entity (Memorandum only)
	General Fixed Assets	General Long-Term Debt				
\$ 865,521	\$ -	\$ -	\$ 265,530	\$ 1,706,657	\$ 127,894	\$ 1,834,551
13,676,961	-	-	383	13,677,344	-	13,677,344
541,915	-	-	79,737	701,607	607,728	1,309,335
-	-	-	-	595,924	-	595,924
40,841	-	-	74,854	445,373	12,866	458,239
-	-	-	447	-	-	447
347,066	-	-	29,305	858,176	2,517,590	3,375,766
24,283	-	-	182	52,150	41,353	93,503
-	-	-	-	84,576	-	84,576
108	-	-	-	1,837	-	1,837
238,951	-	-	-	238,951	-	238,951
10,793	-	-	65,380	397,076	-	397,076
-	-	-	45,237	45,237	-	45,237
-	-	-	-	-	55,980	55,980
-	-	-	-	4,532	-	4,532
6,569	-	-	-	450,271	-	450,271
464	-	-	9,233	74,572	2,014	76,586
307,978	-	-	-	812,590	3,008,993	3,821,583
-	3,502,771	-	1,693,549	5,381,064	261,244	5,642,308
577,173	-	-	3,977	686,533	86,675	773,208
-	-	455,740	-	455,740	-	455,740
-	-	15,982,718	-	15,982,718	-	15,982,718
<b>\$ 16,638,623</b>	<b>\$ 3,502,771</b>	<b>\$ 16,438,458</b>	<b>\$ 2,267,814</b>	<b>\$ 42,653,375</b>	<b>\$ 6,722,337</b>	<b>\$ 49,375,712</b>
\$ 25,032	\$ -	\$ -	\$ 111,162	\$ 1,039,465	\$ 126,607	\$ 1,166,072
24,603	-	-	8,993	397,076	-	397,076
-	-	-	-	-	45,237	45,237
-	-	-	44,580	55,980	-	55,980
371	-	-	-	71,281	-	71,281
-	-	-	-	4,532	-	4,532
9,935	-	-	28,708	578,736	7,068	585,804
-	-	-	-	-	93,726	93,726
-	-	236,055	5,676	241,731	-	241,731
411,870	-	-	-	411,870	-	411,870
1,361,232	-	-	8,012	1,369,244	-	1,369,244
-	-	5,999,596	-	5,999,596	-	5,999,596
-	-	3,201,076	-	3,201,076	-	3,201,076
-	-	911,505	-	911,505	-	911,505
393,026	-	-	98,654	705,850	5,492,926	6,198,776
-	-	54,397	-	54,397	-	54,397
-	-	261,616	48,899	313,427	-	313,427
-	-	5,484,100	-	5,484,100	-	5,484,100
-	-	268,150	-	268,150	-	268,150
-	-	-	-	-	15,513	15,513
-	-	-	-	-	359,441	359,441
-	-	-	-	28,850	-	28,850
-	-	21,963	-	21,963	-	21,963
-	-	-	8,633	8,633	-	8,633
2,226,069	-	16,438,458	363,317	21,167,462	6,140,518	27,307,980
-	3,502,771	-	1,589,606	5,092,377	-	5,092,377
-	-	-	-	109,339	223,507	332,846
-	-	-	-	22,329	366,371	388,700
-	-	-	-	49,065	(8,059)	41,006
13,786,666	-	-	150,487	15,278,646	-	15,278,646
625,888	-	-	164,404	934,157	-	934,157
14,412,554	3,502,771	-	1,904,497	21,485,913	581,819	22,067,732
<b>\$ 16,638,623</b>	<b>\$ 3,502,771</b>	<b>\$ 16,438,458</b>	<b>\$ 2,267,814</b>	<b>\$ 42,653,375</b>	<b>\$ 6,722,337</b>	<b>\$ 49,375,712</b>

# STATE OF CONNECTICUT

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

### All Governmental Fund Types and Expendable Trust Funds

For The Fiscal Year Ended June 30, 1996

(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Taxes.....	\$ 6,831,209	\$ 508,054	\$ -	\$ -
Licenses, Permits and Fees.....	111,986	317,817	-	-
Intergovernmental.....	2,643,670	186,811	-	324,609
Charges for Services.....	188,443	23,386	-	-
Fines, Forfeits and Rents.....	23,929	1,430	-	-
Investment Earnings.....	25,691	17,958	29,586	119
Lottery.....	-	706,860	-	-
Assessments.....	-	-	-	-
Miscellaneous.....	128,965	63,393	-	192
<b>Total Revenues.....</b>	<b>9,953,893</b>	<b>1,825,709</b>	<b>29,586</b>	<b>324,920</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Legislative.....	47,422	-	-	-
General Government.....	550,369	632,304	-	-
Regulation and Protection.....	104,577	310,731	-	-
Conservation and Development.....	65,257	156,126	-	-
Health and Hospitals.....	819,068	7,433	-	-
Transportation.....	-	358,144	-	-
Human Services.....	3,439,377	10,705	-	-
Education, Libraries and Museums.....	1,819,843	159,068	-	-
Corrections.....	839,003	7,302	-	-
Judicial.....	264,492	7,079	-	-
Federal and Other Grants.....	808,233	67,197	-	-
Capital Projects.....	-	-	-	689,532
<b>Debt Service:</b>				
Principal Retirement.....	366,670	41,010	431,120	-
Interest and Fiscal Charges.....	270,308	15,479	180,430	-
<b>Total Expenditures.....</b>	<b>9,394,619</b>	<b>1,772,578</b>	<b>611,550</b>	<b>689,532</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>	<b>559,274</b>	<b>53,131</b>	<b>(581,964)</b>	<b>(364,612)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Bonds and Notes.....	-	404,702	265,596	694,026
Operating Transfers In.....	264,781	126,339	382,428	-
Operating Transfers Out.....	(625,972)	(569,047)	(30,483)	(107,128)
Capital Lease Obligations.....	4,316	636	-	-
Proceeds of Refunding Bonds.....	-	-	225,891	-
Payment to Refunded Bond Escrow Agent.....	-	-	(225,891)	-
Payment for Current Refunding of Debt.....	-	-	-	-
<b>Total Other Financing Sources (Uses).....</b>	<b>(356,875)</b>	<b>(37,370)</b>	<b>617,541</b>	<b>586,898</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses.....</b>	<b>202,399</b>	<b>15,761</b>	<b>35,577</b>	<b>222,286</b>
<b>Fund Balances (deficit) - July 1.....</b>	<b>(380,696)</b>	<b>780,051</b>	<b>420,163</b>	<b>193,766</b>
Equity Transfer to Component Units Contributed Capital.....	-	(4,752)	-	-
Changes in Reserves for Inventories.....	1,025	(222)	-	-
<b>Fund Balances (deficit) - June 30.....</b>	<b>\$ (177,272)</b>	<b>\$ 790,838</b>	<b>\$ 455,740</b>	<b>\$ 416,052</b>

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



Fiduciary Fund Type	Expendable Trust	Total (Memorandum only)
\$	580,150	\$ 7,919,413
	73	429,876
	-	3,155,090
	-	211,829
	-	25,359
	19,006	92,360
	-	706,860
	253,750	253,750
	10,355	202,905
	<u>863,334</u>	<u>12,997,442</u>
	-	47,422
	9,428	1,192,101
	587,569	1,002,877
	-	221,383
	-	826,501
	-	358,144
	-	3,450,082
	-	1,978,911
	-	846,305
	-	271,571
	-	875,430
	-	689,532
	74,481	913,281
	41,799	508,016
	<u>713,277</u>	<u>13,181,556</u>
	<u>150,057</u>	<u>(184,114)</u>
	-	1,364,324
	-	773,548
	(4,073)	(1,336,703)
	-	4,952
	227,469	453,360
	-	(225,891)
	<u>(227,469)</u>	<u>(227,469)</u>
	<u>(4,073)</u>	<u>806,121</u>
	145,984	622,007
	253,296	1,266,580
	-	(4,752)
	-	803
\$	<u>399,280</u>	\$ <u>1,884,638</u>

**STATE OF CONNECTICUT**  
**Combined Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Budget and Actual - Non-GAAP Budgetary Basis**  
**General Fund and Budgeted Special Revenue Funds**

For the Fiscal Year Ended June 30, 1996  
(Expressed in Thousands)

	Budget	General Fund Actual	Variance
<b>Revenues:</b>			
<b>Budgeted</b>			
Taxes, Net of Refunds.....	\$ 6,735,200	\$ 6,758,185	\$ 22,985
Operating Transfers In.....	272,600	272,690	90
Indian Gaming Payments.....	148,700	148,703	3
Licenses, Permits, and Fees.....	113,000	112,037	(963)
Other.....	221,000	220,491	(509)
Federal Grants.....	1,684,000	1,684,030	30
Operating Transfers Out.....	(85,000)	(85,000)	-
<b>Total Budgeted</b> .....	<b>9,089,500</b>	<b>9,111,136</b>	<b>21,636</b>
Federal and Other Restricted	-	799,950	799,950
<b>Total Revenues</b> .....	<b>9,089,500</b>	<b>9,911,086</b>	<b>821,586</b>
<b>Expenditures:</b>			
<b>Budgeted</b>			
Legislative.....	39,708	37,759	1,949
General Government.....	429,540	387,683	41,857
Regulation and Protection.....	88,989	82,268	6,721
Conservation and Development.....	52,735	49,938	2,797
Health and Hospitals.....	733,568	710,516	23,052
Transportation.....	-	-	-
Human Services.....	3,270,863	3,234,159	36,704
Education, Libraries, and Museums.....	2,085,201	2,075,705	9,496
Corrections.....	742,874	693,414	49,460
Judicial.....	199,811	198,594	1,217
Non Functional.....	1,444,293	1,376,113	68,180
Appropriations Lapsed.....	(158,809)	-	(158,809)
<b>Total Budgeted</b> .....	<b>8,928,773</b>	<b>8,846,149</b>	<b>82,624</b>
Federal and Other Restricted	-	799,950	(799,950)
<b>Total Expenditures</b> .....	<b>8,928,773</b>	<b>9,646,099</b>	<b>(717,326)</b>
<b>Excess (Deficiency) of Revenues</b> <b>Over Expenditures</b> .....	<b>160,727</b>	<b>264,987</b>	<b>104,260</b>
<b>Other Financing Sources (Uses):</b>			
Prior Year Appropriations Carried Forward.....	67,150	67,150	-
Appropriations Continued to Fiscal Year 1996-97.....	-	(82,624)	(82,624)
Transfers Between Funds.....	-	-	-
Miscellaneous Adjustments.....	-	454	454
<b>Total Other Financing Sources (Uses)</b> .....	<b>67,150</b>	<b>(15,020)</b>	<b>(82,170)</b>
<b>Excess (Deficiency) of Revenues and Other</b> <b>Sources Over Expenditures and Other Uses</b> .....	<b>\$ 227,877</b>	<b>249,967</b>	<b>\$ 22,090</b>
<b>Budgetary Fund Balances (deficit) - July 1</b> .....		<b>509,565</b>	
Changes in Reserves.....		(80,334)	
<b>Budgetary Fund Balances - June 30</b> .....		<b>\$ 679,198</b>	

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

<b>Budgeted Special Revenue Funds</b>			<b>(Total Memorandum Only)</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
\$ 500,600	\$ 498,370	\$ (2,230)	\$ 7,235,800	\$ 7,256,555	\$ 20,755
85,000	85,000	-	357,600	357,690	90
-	-	-	148,700	148,703	3
273,000	272,817	(183)	386,000	384,854	(1,146)
92,180	89,102	(3,078)	313,180	309,593	(3,587)
4,000	4,045	45	1,688,000	1,688,075	75
(200)	(250)	(50)	(85,200)	(85,250)	(50)
<b>954,580</b>	<b>949,084</b>	<b>(5,496)</b>	<b>10,044,080</b>	<b>10,060,220</b>	<b>16,140</b>
-	69,098	69,098	-	869,048	869,048
<b>954,580</b>	<b>1,018,182</b>	<b>63,602</b>	<b>10,044,080</b>	<b>10,929,268</b>	<b>885,188</b>
-	-	-	39,708	37,759	1,949
2,666	2,280	386	432,206	389,963	42,243
154,712	140,003	14,709	243,701	222,271	21,430
737	633	104	53,472	50,571	2,901
-	-	-	733,568	710,516	23,052
314,612	295,213	19,399	314,612	295,213	19,399
3,436	3,054	382	3,274,299	3,237,213	37,086
-	-	-	2,085,201	2,075,705	9,496
-	-	-	742,874	693,414	49,460
-	-	-	199,811	198,594	1,217
511,016	495,120	15,896	1,955,309	1,871,233	84,076
(24,851)	-	(24,851)	(183,660)	-	(183,660)
<b>962,328</b>	<b>936,303</b>	<b>26,025</b>	<b>9,891,101</b>	<b>9,782,452</b>	<b>108,649</b>
-	69,098	(69,098)	-	869,048	(869,048)
<b>962,328</b>	<b>1,005,401</b>	<b>(43,073)</b>	<b>9,891,101</b>	<b>10,651,500</b>	<b>(760,399)</b>
<b>(7,748)</b>	<b>12,781</b>	<b>20,529</b>	<b>152,979</b>	<b>277,768</b>	<b>124,789</b>
18,774	18,774	-	85,924	85,924	-
-	(18,921)	(18,921)	-	(101,545)	(101,545)
-	1,423	1,423	-	1,423	1,423
-	586	586	-	1,040	1,040
<b>18,774</b>	<b>1,862</b>	<b>(16,912)</b>	<b>85,924</b>	<b>(13,158)</b>	<b>(99,082)</b>
<b>\$ 11,026</b>	<b>14,643</b>	<b>\$ 3,617</b>	<b>\$ 238,903</b>	<b>264,610</b>	<b>\$ 25,707</b>
	246,723			756,288	
	38,679			(41,655)	
	<b>\$ 300,045</b>			<b>\$ 979,243</b>	

# STATE OF CONNECTICUT

## Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units

For The Fiscal Year Ended June 30, 1996

(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types	
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust
<b>Operating Revenues:</b>				
Charges for Services.....	\$ 33,959	\$ 103,006	\$ -	\$ -
Participants' Contributions.....	-	-	-	232,100
State Contribution.....	-	-	-	403,577
Interest on Financing Activities.....	3,350	-	-	-
Investment Earnings.....	-	-	26,219	1,714,864
Intergovernmental.....	-	-	9,165	-
Civic Center Lease Operations.....	-	-	-	-
Miscellaneous.....	-	-	245	83,497
<b>Total Operating Revenues.....</b>	<b>37,309</b>	<b>103,006</b>	<b>35,629</b>	<b>2,434,038</b>
<b>Operating Expenses:</b>				
Cost of Sales and Services.....	-	69,542	-	-
Administrative.....	24,722	13,514	1,008	120
Depreciation and Amortization.....	7,755	16,010	-	-
Interest on Financing Activities.....	7,856	-	18,909	-
Benefit Payments and Refunds.....	-	-	-	910,370
Other Program Expenses.....	-	-	980	26,009
Civic Center Lease Operations.....	-	-	-	-
Arbitrage Rebate.....	-	-	-	-
<b>Total Operating Expenses.....</b>	<b>40,333</b>	<b>99,066</b>	<b>20,897</b>	<b>936,499</b>
<b>Operating Income (Loss).....</b>	<b>(3,024)</b>	<b>3,940</b>	<b>14,732</b>	<b>1,497,539</b>
<b>Nonoperating Revenues (Expenses):</b>				
Interest and Investment Income.....	8,140	-	-	-
Interest and Fiscal Charges.....	(6,919)	-	-	-
Other.....	539	-	-	-
Sale of Foreclosed Real Estate.....	-	-	-	-
<b>Total Nonoperating Income (Expense).....</b>	<b>1,760</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>(1,264)</b>	<b>3,940</b>	<b>14,732</b>	<b>1,497,539</b>
<b>Operating Transfers In (Out)</b>				
Operating Transfers In.....	4,892	-	13,546	703
Operating Transfers Out.....	(822)	-	(3,648)	(44)
<b>Net Income (Loss).....</b>	<b>2,806</b>	<b>3,940</b>	<b>24,630</b>	<b>1,498,198</b>
<b>Add Items Affecting Contributed Capital:</b>				
Depreciation on Equipment Acquired through Capital Grants.....	-	-	-	-
<b>Total Add Back Items.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Retained Earnings/Fund Balances - July 1.....</b>	<b>37,346</b>	<b>27,303</b>	<b>310,673</b>	<b>12,179,773</b>
<b>Retained Earnings/Fund Balances - June 30.....</b>	<b>\$ 40,152</b>	<b>\$ 31,243</b>	<b>\$ 335,303</b>	<b>\$ 13,677,971</b>

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

<b>Total Primary Government (Memorandum only)</b>	<b>Proprietary Fund Type Component Units</b>	<b>Total Reporting Entity (Memorandum only)</b>
\$ 136,965	\$ 138,819	\$ 275,784
232,100	-	232,100
403,577	-	403,577
3,350	308,510	311,860
1,741,083	-	1,741,083
9,165	-	9,165
-	6,424	6,424
83,742	23,378	107,120
<u>2,609,982</u>	<u>477,131</u>	<u>3,087,113</u>
69,542	-	69,542
39,364	128,215	167,579
23,765	23,467	47,232
26,765	305,044	331,809
910,370	-	910,370
26,989	24,691	51,680
-	7,806	7,806
-	1,194	1,194
<u>1,096,795</u>	<u>490,417</u>	<u>1,587,212</u>
<u>1,513,187</u>	<u>(13,286)</u>	<u>1,499,901</u>
8,140	62,119	70,259
(6,919)	(24,531)	(31,450)
539	732	1,271
-	4,847	4,847
<u>1,760</u>	<u>43,167</u>	<u>44,927</u>
<u>1,514,947</u>	<u>29,881</u>	<u>1,544,828</u>
19,141	-	19,141
(4,514)	-	(4,514)
<u>1,529,574</u>	<u>29,881</u>	<u>1,559,455</u>
-	168	168
-	168	168
<u>12,555,095</u>	<u>328,263</u>	<u>12,883,358</u>
<u>\$ 14,084,669</u>	<u>\$ 358,312</u>	<u>\$ 14,442,981</u>

# STATE OF CONNECTICUT

## Combined Statement of Cash Flows

### All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units

For The Fiscal Year Ended June 30, 1996  
(Expressed in Thousands)

	Proprietary Fund		Fiduciary Fund	Total
	Types		Type	Primary
	Enterprise	Internal Service	Nonexpendable Trust	Government (Memorandum only)
<b>Cash Flows From Operating Activities:</b>				
Operating Income (Loss).....	\$ (3,024)	\$ 3,940	\$ 14,732	\$ 15,648
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Amortization and Depreciation.....	7,755	16,010	-	23,765
Provision for loan losses.....	417	-	-	417
Investment income.....	-	-	(26,219)	(26,219)
Interest expense.....	7,856	-	18,909	26,765
Changes in assets and liabilities:				
(Increase) decrease in receivables.....	(598)	676	(1,963)	(1,885)
(Increase) decrease in due from other funds.....	-	2,549	4,054	6,603
(Increase) decrease in receivable from other governments.....	21	-	-	21
(Increase) decrease in inventories and prepaid expenses.....	(80)	2,153	-	2,073
Increase (decrease) in accounts payable and accrued liabilities.....	1,273	(3,169)	1,289	(607)
Increase (decrease) in due to other funds.....	(860)	1,485	(1,667)	(1,042)
Increase (decrease) in payable to other governments.....	-	-	-	-
Miscellaneous operating activities.....	4,183	196	1,925	6,304
Issuance of loans, notes & installment contracts receivable.....	-	-	(33,712)	(33,712)
Collection of loans, notes & installment contracts receivable.....	2,248	-	-	2,248
<b>Net cash provided by (used in) operating activities.....</b>	<b>19,191</b>	<b>23,840</b>	<b>(22,652)</b>	<b>20,379</b>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Contributed capital.....	-	-	-	-
Proceeds from sale of bonds and notes.....	-	-	129,656	129,656
Retirement of bonds and notes payable.....	(2,305)	-	(55,615)	(57,920)
Interest on bonds and notes payable.....	(8,039)	-	(18,721)	(26,760)
Transfers from other funds.....	4,892	-	13,546	18,438
Transfers to other funds.....	(822)	-	(3,649)	(4,471)
Bond issuance and/or redemption costs.....	-	-	-	-
Miscellaneous noncapital financing activities-Additions.....	-	-	-	-
Miscellaneous noncapital financing activities-Deletions.....	-	-	-	-
<b>Net cash provided by (used in) noncapital financing activities.....</b>	<b>(6,274)</b>	<b>-</b>	<b>65,217</b>	<b>58,943</b>
<b>Cash Flows From Capital And Related Financing Activities:</b>				
Purchase of fixed assets.....	(6,410)	(21,928)	-	(28,338)
Proceeds from sale of bonds and notes.....	-	-	-	-
Retirement of bonds and notes payable.....	(2,630)	-	-	(2,630)
Interest on bonds and notes payable.....	(6,967)	-	-	(6,967)
Capital contributions or grants.....	1,871	-	-	1,871
Miscellaneous capital and related financing activities-Additions.....	-	-	-	-
Miscellaneous capital and related financing activities-Deletions.....	-	-	-	-
<b>Net cash provided by (used in) capital and related financing activities.....</b>	<b>(14,136)</b>	<b>(21,928)</b>	<b>-</b>	<b>(36,064)</b>
<b>Cash Flows From Investing Activities:</b>				
Proceeds from sales of investment securities.....	-	-	-	-
Purchases of investment securities.....	(627)	-	(58,701)	(59,328)
Interest and income on investments.....	7,533	-	16,712	24,245
Reduction in loan receivable.....	-	-	-	-
<b>Net cash provided by (used in) investing activities.....</b>	<b>6,906</b>	<b>-</b>	<b>(41,989)</b>	<b>(35,083)</b>
<b>Increase (decrease) in cash.....</b>	<b>5,687</b>	<b>1,912</b>	<b>576</b>	<b>8,175</b>
<b>Cash and cash equivalents - July 1.....</b>	<b>49,782</b>	<b>-</b>	<b>3,728</b>	<b>53,510</b>
<b>Cash and cash equivalents - June 30.....</b>	<b>\$ 55,469</b>	<b>\$ 1,912</b>	<b>\$ 4,304</b>	<b>\$ 61,685</b>
<b>Reconciliation of cash and cash equivalents to balance sheet:</b>				
Cash and cash equivalents - June 30 (balance sheet).....	\$ 16,618		\$ 865,521	
Plus-cash and cash equivalents in restricted assets.....	38,851		-	
Less-cash and cash equivalents in other fiduciary fund types.....	-		861,217	
<b>Cash and cash equivalents - June 30.....</b>	<b>\$ 55,469</b>		<b>\$ 4,304</b>	

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

Proprietary Fund Type Component Units	Total Reporting Entity (Memorandum only)
\$ (13,286)	\$ 2,362
24,425	48,190
11,229	11,646
-	(26,219)
188,727	215,492
(1,414)	(3,299)
1,375	7,978
-	21
4,289	6,362
(9,870)	(10,477)
(2,631)	(3,673)
-	-
19,678	25,982
(674,460)	(708,172)
258,306	260,554
<u>(193,632)</u>	<u>(173,253)</u>
4,752	4,752
506,340	635,996
(473,845)	(531,765)
(193,495)	(220,255)
-	18,438
-	(4,471)
(8,549)	(8,549)
20,917	20,917
(173)	(173)
<u>(144,053)</u>	<u>(85,110)</u>
(9,496)	(37,834)
354,874	354,874
(128,075)	(130,705)
(137,801)	(144,768)
-	1,871
106,753	106,753
(40)	(40)
<u>186,215</u>	<u>150,151</u>
1,101,307	1,101,307
(1,033,334)	(1,092,662)
73,915	98,160
8,708	8,708
<u>150,596</u>	<u>115,513</u>
(874)	7,301
260,835	314,345
<u>259,961</u>	<u>\$ 321,646</u>
\$ 127,894	
132,067	
-	
<u>\$ 259,961</u>	

# STATE OF CONNECTICUT

## Combined Statement of Changes in Fund Balances

### Higher Education and University Hospital Funds

For The Fiscal Year Ended June 30, 1996

(Expressed in Thousands)

	<u>Current Funds</u>		<u>Hospital Funds</u>	<u>Endowment and Similar Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>		
<b>Revenues and Other Additions:</b>				
Current and Hospital Funds Revenues.....	\$ 457,867	\$ 155,965	\$ 124,957	\$ -
Federal Grants and Contracts.....	-	-	-	-
Private Gifts, Grants, and Contracts.....	-	-	-	19
Investment Earnings.....	-	-	-	276
Interest on Loans Receivable.....	-	-	-	-
Expended for Plant Facilities.....	-	-	-	-
Retirement of Indebtedness.....	-	-	-	-
Foundation Revenues.....	-	-	-	-
Miscellaneous.....	-	-	-	636
<b>Total Revenues and Other Additions.....</b>	<u>457,867</u>	<u>155,965</u>	<u>124,957</u>	<u>931</u>
<b>Expenditures and Other Deductions:</b>				
Education and General.....	761,370	141,582	-	-
Auxiliary Enterprises.....	98,269	98	-	-
Hospital.....	48,233	140	121,608	-
Indirect Costs Recovered.....	-	14,248	-	-
Loan Cancellations and Write-offs.....	-	-	-	-
Interest on Indebtedness.....	-	-	-	-
Capital Expenditures.....	-	-	-	-
Disposal of Plant Facilities.....	-	-	-	-
Administrative Costs.....	-	-	-	-
Retirement of Indebtedness.....	-	-	-	-
Foundation Expenditures.....	-	-	-	-
Other.....	109	118	-	-
<b>Total Expenditures and Other Deductions.....</b>	<u>907,981</u>	<u>156,186</u>	<u>121,608</u>	<u>-</u>
<b>Transfers Among Funds - Additions (Deductions)</b>				
Mandatory:				
Retirement of Indebtedness.....	(4,113)	-	(212)	-
Nonmandatory:				
Other.....	(6,498)	2,283	828	167
<b>Total Transfers Among Funds.....</b>	<u>(10,611)</u>	<u>2,283</u>	<u>616</u>	<u>167</u>
Operating transfers from the State's				
Governmental Funds.....	442,071	-	-	-
<b>Net Increase (Decrease) in Fund Balances.....</b>	<u>(18,654)</u>	<u>2,062</u>	<u>3,965</u>	<u>1,098</u>
<b>Fund Balances (deficit) - July 1 (as restated).....</b>	<u>92,774</u>	<u>25,032</u>	<u>29,844</u>	<u>4,056</u>
<b>Fund Balances (deficit) - June 30.....</b>	<u>\$ 74,120</u>	<u>\$ 27,094</u>	<u>\$ 33,809</u>	<u>\$ 5,154</u>

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



<u>Loan Funds</u>	<u>Plant Funds</u>	<u>Affiliated Organization</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 738,789
12	3,427	-	3,439
169	-	-	188
164	4,874	-	5,314
452	-	-	452
-	142,906	-	142,906
-	2,165	-	2,165
-	-	29,739	29,739
349	11,230	-	12,215
<u>1,146</u>	<u>164,602</u>	<u>29,739</u>	<u>935,207</u>
-	-	-	902,952
-	-	-	98,367
-	-	-	169,981
-	-	-	14,248
54	-	-	54
-	7,172	-	7,172
-	112,522	-	112,522
-	17,143	-	17,143
115	-	-	115
-	2,430	-	2,430
-	-	10,346	10,346
190	69,025	-	69,442
<u>359</u>	<u>208,292</u>	<u>10,346</u>	<u>1,404,772</u>
-	4,325	-	-
(119)	3,339	-	-
<u>(119)</u>	<u>7,664</u>	<u>-</u>	<u>-</u>
-	106,457	-	548,528
668	70,431	19,393	78,963
31,393	1,579,167	63,268	1,825,534
<u>\$ 32,061</u>	<u>\$ 1,649,598</u>	<u>\$ 82,661</u>	<u>\$ 1,904,497</u>

# STATE OF CONNECTICUT

## Combined Statement of Revenues, Expenditures, and Other Changes

### Higher Education and University Hospital Funds

For The Fiscal Year Ended June 30, 1996

(Expressed in Thousands)

	Current Funds		Hospital Funds	Total
	Unrestricted	Restricted		
<b>Revenues:</b>				
Student Tuition and Fees.....	\$ 233,334	\$ -	\$ -	\$ 233,334
Federal Grants and Contracts.....	11,335	104,161	-	115,496
Private Gifts and Grants.....	3,967	16,576	-	20,543
Patient Service.....	55,653	-	124,677	180,330
Sales and Services.....	130,412	-	-	130,412
Investment Earnings.....	8,247	1,241	-	9,488
Endowment Income.....	-	76	-	76
Miscellaneous.....	14,919	19,766	280	34,965
<b>Total Revenues.....</b>	<b>457,867</b>	<b>141,820</b>	<b>124,957</b>	<b>724,644</b>
<b>Expenditures and Mandatory Transfers:</b>				
Education and General:				
Instruction.....	321,533	19,869	-	341,402
Research.....	22,443	69,809	-	92,252
Public Service.....	18,449	11,464	-	29,913
Academic Support.....	87,353	3,481	-	90,834
Student Services.....	44,773	3,788	-	48,561
Institutional Support.....	152,128	3,807	-	155,935
Scholarship and Fellowships.....	37,675	28,634	-	66,309
Plant Operations and Maintenance.....	77,016	730	-	77,746
<b>Total Educational and General Expenditures.....</b>	<b>761,370</b>	<b>141,582</b>	<b>-</b>	<b>902,952</b>
Hospital.....	48,233	140	121,608	169,981
Auxiliary Enterprises.....	98,269	98	-	98,367
Mandatory Transfers:				
Retirement of Indebtedness.....	4,113	-	212	4,325
<b>Total Expenditures and Mandatory Transfers.....</b>	<b>911,985</b>	<b>141,820</b>	<b>121,820</b>	<b>1,175,625</b>
<b>Other Transfers - Additions (Deductions):</b>				
Operating Transfers from the State's				
Governmental Funds.....	442,071	-	-	442,071
Subsidy Transfers.....	(1,128)	-	1,128	-
Other Non-mandatory Transfers.....	(5,370)	2,283	(300)	(3,387)
Excess of Restricted Receipts over Transfers				
to Revenues.....	-	(103)	-	(103)
Refunded to Grantors.....	(109)	(118)	-	(227)
<b>Total Other Transfers and Additions (Deductions)..</b>	<b>435,464</b>	<b>2,062</b>	<b>828</b>	<b>438,354</b>
<b>Net Increase (Decrease) in Fund Balances.....</b>	<b>\$ (18,654)</b>	<b>\$ 2,062</b>	<b>\$ 3,965</b>	<b>\$ (12,627)</b>

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

# STATE OF CONNECTICUT

## Notes to the Financial Statements

June 30, 1996

(Amounts in thousands unless otherwise stated)

### 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 (GASB). The financial statements of the higher education and university hospital funds have been prepared in conformity with generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants Industry Audit Guide, Audits of Colleges and Universities.

##### b. Financial Reporting Entity

As required by generally accepted accounting principles, the accompanying financial statements include (1) all funds, agencies, boards, commissions, and account groups that comprise the State's legal entity, (2) legally separate organizations that are financially accountable to the State (component units), and (3) other organizations for which the nature and significance of their relationship with the State are such that exclusions would cause the State's financial statements to be misleading (affiliated organizations). Financial accountability exists if (1) the State appoints a voting majority of the organization's governing board and (2) the State is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

##### *Component Units*

Component units are reported in the combined financial statements in a separate column (discrete presentation). In this column, the State has included legally separate organizations for which the State appoints a voting majority of the organization's governing board and is contingently liable for the organization's debt or provides significant funding for the organization's pro-

grams (applies only to the Connecticut Innovations, Incorporated). The financial data of the following organizations is included in this column.

##### *Connecticut Development Authority*

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

##### *Connecticut Housing Finance Authority*

The Authority is a public instrumentality and political subdivision of the State. It was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development and construction of housing for low and moderate families and persons throughout the State. The Authority's fiscal year is for the period ending on December 31, 1995.

##### *Connecticut Resources Recovery Authority*

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

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

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

# STATE OF CONNECTICUT

## Notes to the Financial Statements

---

### *Connecticut Health and Educational Facilities Authority*

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

### *Connecticut Innovations, Incorporated*

The Corporation is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut and encourage the development of new products, innovations, and inventions or markets in Connecticut by providing financial technical assistance.

Condensed financial information for the major component units is disclosed in Note 21. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

### *Affiliated Organizations*

The University of Connecticut Foundation, Inc. is a nonprofit corporation created exclusively to solicit, receive, and administer gifts and financial resources from private sources for the benefit of all campuses and programs of the University of Connecticut. The University is not financially accountable for the Foundation; however, because the nature and significance of the Foundation's relationship with the University are such that exclusion of the Foundation would cause the University's financial statements to be misleading, the Foundation is included as a component unit in the University's financial statements, which are included in the Higher Education and University Hospital funds group.

### **c. Fund Accounting**

The financial activities of the State are accounted for in individual funds and account groups.

A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other

financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. In the financial statements, individual funds are classified in four fund categories and component units. The four fund categories are: governmental funds, proprietary funds, fiduciary funds, and higher education and university hospital funds.

Account groups are accounting entities used to account for the State's general fixed assets and long-term debt. These account groups are not funds because they do not reflect available financial resources and related liabilities. In the financial statements, the account groups are the general fixed asset account group and the general long-term debt account group.

Because the State of Connecticut has a significant number of legal funds, a functional basis combining presentation was chosen to facilitate the preparation and readability of the Comprehensive Annual Financial Report (CAFR). More detailed information on the legal funds can be found in the Annual Report of the Comptroller - a "modified cash" basis document also produced by the Office of the Comptroller.

Following is a description of the fund categories, account groups, and component units used in the accompanying financial statements:

### ***Governmental Funds***

1. **General Fund** - The General Fund is the general operating fund of the State. It is used to account for all financial resources obtained and spent for those services normally provided by the State (e.g. health, social assistance, education, etc.), which are not accounted for in other funds.

2. **Special Revenue Funds** - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, major capital projects, and higher education and university hospital sources) that are legally restricted to expenditures for specified purposes. For example, motor fuel taxes levied to fund

# STATE OF CONNECTICUT

## Notes to the Financial Statements

---

Department of Transportation costs.

3. Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term bonds and notes.

4. Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure projects (other than those financed by proprietary funds and higher education and university hospital funds).

### *Proprietary Funds*

1. Enterprise Funds - These funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

2. Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State, or to other governments, on a cost-reimbursement basis.

### *Fiduciary Funds*

Trust and Agency Funds - These funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These funds include expendable trust funds, nonexpendable trust funds, pension trust funds, and agency funds.

### *Account Groups*

1. General Fixed Asset Account Group - This account group includes all the fixed assets (excluding infra-

structure) that are not accounted for in the proprietary funds and higher education and university hospital funds.

2. General Long-Term Debt Account Group - This account group includes all long-term obligations which are to be financed from governmental funds. These long-term obligations include the following:

- Unmatured principal on general obligation and transportation related bonds and notes.
- Other non-current liabilities for capital leases, compensated absences, unfunded pension costs, and workers' compensation claims.

### *Higher Education and University Hospital Funds*

The financial activities of the State's higher education institutions (University of Connecticut, state universities, and community-technical colleges), the university hospital, and affiliated organizations are accounted for in these funds, which are presented in a separate column within the combined financial statements.

The following fund categories and affiliated organizations are included:

1. Current Funds - These funds are used to account for resources that will be expended in the near future for operating purposes. Included in the current fund category are unrestricted funds that the governing boards retain full control of, in achieving the institutions' purposes and restricted funds that may be utilized only in accordance with external restrictions.

2. Hospital Funds - These funds account for the revenues and expenditures relating to the operations of the University hospital and dental clinics.

3. Endowment Funds - These funds account for gifts that are restricted as to principal by the donor.

4. Loan Funds - These funds are used to account for loans to students and for resources available for such purposes.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

5. Plant Funds - These funds account for resources that have been or will be used for institutional property acquisition, renewal and replacement, and resources accumulated for the retirement of debt associated with institutional properties.

6. Agency Funds - These funds account for funds held by an institution as custodian or fiscal agent for others such as student organizations, individual students, or faculty members.

7. Affiliated Organization - This column accounts for the financial activities of the University of Connecticut Foundation, Inc., a component unit of the University of Connecticut.

### Component Units

The component units include proprietary type organizations that are legally separate from the State but are considered part of the reporting entity.

### d. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting, which are described as follows:

### Governmental Funds and Expendable Trust Funds

These funds are accounted for using a current financial resources measurement focus and a modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and liabilities are normally included on the balance sheet. Fund balance represents a measure of "available spendable resources". Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual (i.e. both measurable and available). The word "available" means that the revenue is collectible within the current period or soon enough thereafter to pay current period liabilities. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt which are recorded as expenditures when due. Major revenue sources that are treated as susceptible to accrual include sales and use taxes, personal income taxes, public service corporation taxes, petroleum com-

pany taxes, and gasoline and special fuel taxes. Revenues from federal grants are recorded when the related expenditure has been incurred.

### Proprietary Funds, Nonexpendable Trust Funds, Pension Trust Funds, and Component Units

These funds are accounted for using a flow of economic resources measurement focus and an accrual basis of accounting. Under the flow of economic resources measurement focus all assets and liabilities are included on the balance sheet. Fund equity (proprietary funds and component units) is segregated into contributed capital and retained earnings components. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

For accounting and financial reporting purposes, these funds comply with all applicable GASB pronouncements and all applicable pronouncements issued by the Financial Accounting Standards Board (FASB) and its predecessors as follows (provided those pronouncements do not conflict with or contradict GASB pronouncements).

Fund Type	FASB Statements Issued on or Prior to 11/30/89	FASB Statements Issued to Date
Proprietary Funds	X	
Nonexpendable Trust Funds	X	
Pension Trust Funds	X	
Component Units:		
Conn. Development Authority		X
Conn. Housing Finance Authority	X	
Conn. Resources Recovery Authority	X	
Conn. Higher Education Supplemental Loan Authority	X	
Conn. Health & Educational Facilities Authority		X
Conn. Innovations, Inc.	X	

# STATE OF CONNECTICUT

## Notes to the Financial Statements

### *Agency Funds*

These funds are accounted for using a modified accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and do not measure nor report results of operations.

### *Higher Education and University Hospital Funds*

These funds are accounted for using a current financial resources measurement focus and an accrual basis of accounting with the following exceptions:

- All assets and liabilities are included on the balance sheet.
- Depreciation expense related to plant fund assets is not recorded.
- Revenues and expenditures of an academic term covering more than one fiscal year are reported in the fiscal year in which the program is predominately conducted.

### **e. Budgeting Process**

By statute, the Governor must submit the state budget to the General Assembly in February of each year. Prior to June 30, the General Assembly enacts the budget through the passage of appropriation acts for the next fiscal year 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 purposes 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. Expenditure control over special revenue, enterprise, and internal service funds that are not budgeted as part of the annual appropriation act is maintained by the allotment process.

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% of the fund or 5% of the appropriation amount. Modifications beyond those limits, but not in excess of 5% 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% of the total appropriated fund can be made only with the approval of the General Assembly.

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

# STATE OF CONNECTICUT

## Notes to the Financial Statements

---

for specified amounts for certain special programs. Carried-forward appropriations are reported as reservations of the fund balance in the financial statements.

The budget is prepared on a "modified cash" basis of accounting under which revenues are recognized when received except, in the General and Transportation Funds, for certain taxes and Federal and other restricted grant revenues which are recognized when earned. Tax revenues recognized when earned include the following: sales and use, personal income, corporation, public service corporations, petroleum companies, cigarettes, alcoholic beverages, gasoline, special motor fuel, and motor carrier road. Under the modified cash basis, expenditures are recognized when paid. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for all governmental funds for which a budget is legally adopted. During the 1996 fiscal year, the original adopted budget was adjusted by several supplementary appropriations authorized by the General Assembly and the Finance Advisory Committee.

### **f. Budgetary vs GAAP Basis of Accounting**

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

1. Revenues are recorded when received in cash except for certain year-end tax accruals (budgetary basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis) (see Note 1d).
2. Expenditures are recorded when paid in cash (budgetary basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis) (see Note 1d).
3. For budgetary reporting purposes, continuing appropriations are included with expenditures to determine the budgetary surplus or deficit because they are considered uses of spending authority for the fiscal year. But under the GAAP basis, continuing appropriations are not included as expenditures.

4. Certain special revenue funds are not subject to legal budgets.

Because of the above differences, a reconciliation between the budgetary and GAAP basis is presented in Note 2.

### **g. Assets and Liabilities**

#### ***Cash and Cash Equivalents***

In addition to petty cash and bank accounts, this account includes cash equivalents - short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents include investments in the short-term investment fund (see Note 4), the tax exempt proceeds fund (a money market fund) and repurchase agreements. Cash equivalents are carried at cost.

#### ***Investments***

Equity in combined investment funds is carried at market value (see Notes 4 and 18).

Other investments are carried at cost or amortized cost, except for investments in the following funds which are carried at market value: Deferred Compensation Fund, an agency fund; the University of Connecticut Foundation, Incorporated, an affiliated organization of the higher education and university hospital funds; and the Connecticut Innovations, Inc., the Connecticut Development Authority, and the Connecticut Health and Educational Facilities Authority (restricted investments only), component units.

The State invests in derivatives. These investments are held by the short-term investment fund and the combined investment funds (see Note 4).

#### ***Inventories***

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

---



# STATE OF CONNECTICUT

## Notes to the Financial Statements

### *Fixed Assets and Depreciation*

General fixed assets are recorded at historical or estimated historical cost. Donated fixed assets are valued at estimated fair value on the date donated. Interest costs incurred during construction and infrastructure fixed assets (highways, bridges, etc.) are not capitalized. No depreciation is provided for general fixed assets.

Fixed assets in the enterprise and internal service funds are carried at cost. Interest costs incurred during construction at Bradley International Airport are capitalized as part of the assets. Depreciation of the fixed assets is determined using the straight-line method and is based upon the assets' estimated useful lives.

Fixed assets in the higher education and university hospital funds are carried at cost. No depreciation is recorded in these funds.

Fixed assets of the component units are carried at cost. Depreciation of the fixed assets is determined using the straight-line method and is based upon the assets' estimated useful lives.

### *Other Assets*

In the General Fund, this account represents the cash value of undistributed food stamps at year end.

### *Deferred Revenues*

This liability account represents the following:

- Cash received by the State before the State has a legal claim to it (e.g. grant monies received before the incurring of qualifying expenditures).
- Revenues considered measurable but not available during the current period.

In subsequent periods, when the State has a legal claim to the cash received, or when the revenues become available, the liability for deferred revenues is removed from the balance sheet and revenue is recognized.

### *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 purchase price plus an amount which has accrued over the life of the bond on a semiannual compounding basis. The net value of the bonds are accreted (the discount reduced), based on this semiannual compounding, over the life of the bonds. This deep-discount debt is reported in the general long-term debt account group at its net or accreted value rather than at face value.

### *Other Long-term Obligations*

The portion of unfunded pension costs, workers' compensation claims, and accumulated compensated absences that is expected to be liquidated with available expendable financial resources is reported as an expenditure and a fund liability of the governmental and expendable trust funds that will pay it. The remaining portion that is not expected to be liquidated with available expendable financial resources is reported in the general long-term debt account group. In the proprietary funds, non-expendable and pension trust funds, higher education and university hospital funds, and component units such obligations are recorded as fund liabilities.

Vacation and sick policy is as follows. Employees hired on or before June 30, 1977, 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 accrued sick leave up to a maximum payment equivalent to sixty days.

### **h. Fund Equity**

#### *Contributed Capital*

The amount of permanent fund capital in the enterprise funds, internal service funds, and component units which is contributed by governments and others.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

### *Reserved Retained Earnings*

The portion of retained earnings in the enterprise funds and component units which is legally restricted for specific future use.

### *Reserved Fund Balances*

The portion of fund balances in the governmental, fiduciary, and higher education and university hospital fund types which is legally reserved for a specific future use or which is not available for appropriation or expenditure.

### **i. Revenues, Expenditures, and Interfund Transactions**

#### *Taxes*

Certain tax revenues that accrue to the State are considered "available" if the payer incurs the obligation to the State before year-end and payment is received within sixty days after year-end (see Note 6).

#### *Licenses, Permits, and Fees*

These items are not susceptible to accrual and are recognized as revenues when the cash is collected.

#### *Food Stamps*

Food stamps distributed to recipients during the year are recognized as revenue and expenditures in the General fund.

#### *Interest Rate Swap Agreements*

The State has entered into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements (see Note 15).

#### *Interfund Transactions*

Interfund transactions are recorded as follows:

- (1) Transfers which are from funds that are receiving revenues to funds in which the resources are to be expended are classified as operating transfers.
- (2) Transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the State are treated similarly by the funds of the State.
- (3) Reimbursements from one fund to another are treated as expenditures or expenses of the reim-

bursing fund and as a reduction of the expenditures or expenses of the reimbursed fund.

- (4) Non-recurring or non-routine transfers of equity between funds and contributions to the capital or proprietary funds are classified as equity transfers.

### **j. Total Columns on Combined Statements**

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present the financial position, the results of operations or cash flow in conformity with generally accepted accounting principles nor is such data comparable to a consolidation.

## Note 2

### BUDGETARY BASIS VS. GAAP

The following is a reconciliation of the excess (deficiency) of revenues and other sources over expenditures and other uses as accounted between the budgetary and GAAP basis of accounting:

<u>Financial Statements Fund Types</u>	<u>General</u>	<u>Special Revenue</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Budgetary basis)	\$ 249,967	\$14,643
Adjustments:		
Increases (decreases) in revenue accruals:		
Governmental Receivables	(22,412)	(1,901)
Other Receivables	(27,030)	1,331
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	4,197	5,074
Salaries and Fringe Benefits Payable	(17,797)	(2,173)
Increase (decrease) in Continuing Appropriations	<u>15,474</u>	<u>147</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis) - budgeted funds	202,399	17,121
To record excess of revenues and other sources over expenditures and other uses for nonbudgeted funds	<u>-</u>	<u>(1,360)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$202,399</u>	<u>\$15,761</u>

# STATE OF CONNECTICUT

## Notes to the Financial Statements

### Note 3

#### FUND DEFICITS

The following funds have deficit balances at June 30, 1996, in either unreserved fund balances or unreserved retained earnings, none of which constitutes a violation of statutory provisions.

<u>General Fund</u>	\$639,917
<u>Special Revenue</u>	
Consumer Counsel and Public Utility Control	\$1,716
<u>Enterprise Funds</u>	
Bradley International Airport	\$14,456
<u>Internal Service Funds</u>	
Correction Industries	\$1,210
<u>Component Units</u>	
Connecticut Development Authority (CDA)	\$10,441
Connecticut Innovations, Incorporated (CII)	\$20,063

The General Fund and Consumer Counsel & Public Utility Control Fund deficits have been addressed by Public Act 93-402, subsequently modified by Public Act 95-178, which among other things, requires any GAAP deficits for budgeted funds existing as of June 30, 1997 to be amortized in fifteen equal increments beginning with the annual budget for fiscal year 1998-99.

While the unreserved retained earnings of Correction Industries, Bradley, CII, and CDA have a deficit balance, the total fund equity of each fund is still positive.

### Note 4

#### CASH DEPOSITS AND INVESTMENTS

In this note, the State's deposits and investments are classified in categories of "custodial credit risk". This is the risk that the State will not be able (a) to recover deposits if the depository bank fails or (b) to recover the value of investments or collateral securities that are in the custody of an outside party if the counterparty to the investment or deposit transaction fails. Classification in category 1 means that the exposure of deposits or investments to potential custodial credit risk is low. The level of potential custodial credit risk is higher for those deposits or investments classified in category 2, and highest for those in category 3.

#### *Cash Deposits*

At June 30, 1996, the carrying amount of the State's deposits was \$(151,376) for the Primary Government and \$92,076 for the Component Units. The corresponding bank balance for such deposits was \$36,537 for the Primary Government and \$93,058 for the Component Units. Of the bank balance for the Primary Government, \$3,956 was insured by the Federal Deposit Insurance Corporation (Category 1), \$3,421 was collateralized (Category 3), and \$29,160 was uninsured and uncollateralized (Category 3). Of the bank balance for the Component Units, \$4,386 was insured by the Federal Deposit Insurance Corporation (Category 1), \$2,041 was collateralized (Category 3), and \$86,631 was uninsured and uncollateralized (Category 3).

Collateralized deposits are deposits protected by State statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal at least to a certain percentage (that is, 10, 25, 100, or 120) of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio - a measure of the bank's financial condition. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

---

### *Investments*

According to State statutes, the State Treasurer is responsible for investing monies of State funds and agencies as well as monies of pension and other trust funds. All investments made by the State Treasurer adhere to strict guidelines on prudence, corporate governance, social responsibility and affirmative action. Investment guidelines are established by the State Treasurer with the advice of the Investment Advisory Council. Over the past years, the State Treasurer has created one short-term investment fund and eight combined investment funds (including one international investment fund).

The short-term investment fund is a money market investment pool which is available for investment to the State, municipal entities, and political subdivisions of the State. The State Treasurer is authorized to invest monies of the short-term investment fund in United States government and agency obligations, United States postal service obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers' acceptances, repurchase agreements, reverse repurchase agreements, asset-backed securities, and student loans. Investments in this fund are carried at amortized cost and are included in the investments schedule (primary government).

The combined investment funds are open-end, unitized portfolios which are available for investment to the State pension and other trust funds. The State Treasurer is also authorized to invest monies of the combined investment funds in common stock, commercial equity real estate, foreign companies stocks and bonds, commercial and residential mortgages, foreign governments obligations, mortgage-backed securities, and venture capital partnerships. There is a restriction that not more than 55% of the investments held by the pension and other trust funds can consist of common stock. Investments in these funds are carried at market value and are included in the investments schedule (primary government).

For financial reporting purposes, the short-term investment fund and the combined investment funds are not

included in the combined financial statements. Instead, each fund type's investment in these funds is reported as "cash equivalents" or as "equity in combined investment funds" in the combined balance sheet. Complete financial information about the short-term investment fund and the combined investment funds can be obtained from financial statements issued by the State Treasurer.

Certain State agencies and component units are also authorized to invest in investment contracts and state and municipal bonds.

The combined investment funds account for the purchase and sale of investments using "trade date" accounting. This means that investments are increased or decreased on the date the purchase or sales order is made although the investments are not received or delivered until a later date (settlement date). As of year end, investments under unsettled purchases are disclosed as State investments but are not categorized under categories of custodial credit risk because the investments are still in the hands of the dealers. Investments held by the State under unsettled sales are not disclosed as State investments. However, these investments are disclosed separately because they are still subject to custodial credit risk that could result in losses prior to settlement.

The schedules on the following page disclose the carrying amount and market value of the State's investments in total and by investment type as of June 30, 1996. Further, the carrying amount of these investments is classified in three categories of custodial credit risk. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the State's name.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

### INVESTMENTS - PRIMARY GOVERNMENT

Investment Type	Carrying Amount		Total	Market Value
	Category 1	Category 2		
Common Stock	\$ 7,712,380	\$ 29,084	\$ 7,741,464	\$ 7,742,286
U.S. Government & Agency Securities	1,438,142	-	1,438,142	1,441,052
Corporate Debt	2,365,113	-	2,365,113	2,364,971
Banker's Acceptances	190,544	-	190,544	192,058
Commercial Paper	362,346	28,163	390,509	390,378
Convertible Securities	196,908	-	196,908	196,908
Mortgage-Backed Securities	145,960	-	145,960	145,960
Preferred Stock	76,513	-	76,513	76,513
Repurchase Agreements	659,780	45,000	704,780	707,277
Bank Notes	183,896	-	183,896	183,616
Certificates of Deposit - Negotiables	388,848	-	388,848	388,751
Collateralized Investment Agreements	137,919	55,845	193,764	194,238
State and Municipal Obligations	308,074	-	308,074	281,829
Asset-Backed Securities	284,964	-	284,964	284,979
Cash Equivalents	60,706	-	60,706	60,706
Other	10,794	-	10,794	10,792
	<u>\$14,522,887</u>	<u>\$158,092</u>	14,680,979	14,662,314

Investments not categorized because they are not evidenced by securities that exist in physical or book entry form:

Real Estate (Trusts, Limited Partnerships and Annuities)	768,122	768,122
Commercial Mortgages Trust Funds	124,943	124,943
Deferred Compensation Plan Mutual Investments	411,870	411,870
Limited Partnerships	441,888	441,888
Tax Exempt Proceeds Fund	138,544	138,544
Guaranteed Investment Contracts	267,488	267,488
Other	3,181	5,143
Investments held by broker-dealers under unsettled purchases (various securities)	514,934	514,934
Total Investments	<u>\$17,351,949</u>	<u>\$17,335,246</u>

The pension trust funds own approximately 82 percent of the investments that are in category 1.

As of year-end, the State held securities with a market value of \$226,174 under unsettled sales. These securities would have been classified under Category 1 of custodial credit risk if they were included in the investments schedule.

### INVESTMENTS - COMPONENT UNITS

Investment Type	Carrying Amount			Total	Market Value
	Category 1	Category 2	Category 3		
U.S. Government & Agency Securities	\$ -	\$ 747,072	\$ 23,284	\$ 770,356	\$ 764,084
Common Stock	11,821	-	-	11,821	11,821
Repurchase Agreements	-	243,419	-	243,419	243,419
Collateralized Investment Agreements	-	-	14,270	14,270	14,270
Product Development and Marketing Investments	12,633	-	-	12,633	12,633
Other	1,626	14,365	660	16,651	16,651
	<u>26,080</u>	<u>1,004,856</u>	<u>38,214</u>	1,069,150	1,062,878

Investments not categorized because they are not evidenced by securities that exist in physical or book entry form:

Guaranteed Investment Contracts	266,023	266,055
Fidelity Funds	48,903	48,903
Open Mutual Funds	57,257	57,257
Other	4,077	4,077
Total Investments	<u>\$1,445,410</u>	<u>\$1,439,170</u>

CHFA owns 84% of the investments that are in Category 2.

---

# STATE OF CONNECTICUT

## Notes to the Financial Statements

---

### *Derivatives*

GASB Technical Bulletin Number 94-1 defines derivatives as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. According to this definition, the following State's investments or contracts are considered to be derivatives:

- Short-term investment fund - Adjustable rate asset-backed, corporate, Federal agency, and foreign government securities whose interest rates vary directly with short-term money market indices and are reset daily, monthly, quarterly, and semi-annually.
- Combined investment funds - Collateralized mortgage obligations (CMOs), interest-only strips, common stock, and foreign exchange contracts (collateralized mortgage obligations are disclosed as mortgage-backed securities on the investments schedule).

The State invests in derivatives in order to increase earnings on investments or to hedge against fluctuations in the value of foreign currencies (as in the case of foreign exchange contracts).

CMO's are bonds which are issued by a special purpose trust and which are collateralized by an underlying pool of mortgage loans. The bonds pay interest at fixed or variable rates and have stated maturity dates. Interest payments on the bonds are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity of the bonds is unpredictable and is sensitive to changes in interest rates, but is generally prior to the stated maturity date. As of June 30, 1996 the State held CMOs valued at \$114.7 million.

Interest-only strips are a specialized type of CMOs. The cash flow on these investments is derived from the interest payments on the underlying mortgages. Therefore, these investments are very sensitive to changes in interest rates, which may encourage or discourage the prepayment of the underlying mortgages. For example, if interest rates decline, the underlying mortgages will be prepaid, thereby, reducing the cash flows from interest payments, and the value of these investments will decline. Because of the volatility of these investments, the State sold its remaining holding of these investments during the year.

The common stock represents an investment in an underlying derivative consisting of a subordinated "residual interest" in a securitized portfolio of commercial mortgage loans (the CMO residual). These loans were sold by the State to the corporate issuer who, in turn, issued bonds collateralized by the loans. The residual interest represents the difference between the principal of the underlying mortgage loans and the outstanding principal of the bonds. The underlying loans pay a fixed interest rate while the bonds pay a variable interest rate. The State is subject to the market risk that if the interest rate on the bonds increases, more of the cash flows generated by the loans will go to the bondholders, thereby, reducing the amount available to the State, and the value of the investment will decline. At June 30, 1996, the CMO residual had an estimated fair value value of \$86.6 million, and the weighted average yield on the underlying loans was 10.75% while the variable rate on the bonds was 5.47%.

Foreign exchange contracts are used to facilitate transactions in foreign securities and to manage the funds' currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the funds' investments against currency fluctuations. Losses may arise from changes in the value of foreign currencies or failure of the counterparties to perform under the contracts' terms.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

### Note 5

#### LOANS RECEIVABLE

Loans receivable for the primary government and its component units, as of June 30, 1996, consisted of the following:

	Primary Government					Component Units
	Special Revenue	Enterprise	Trust and Agency	Higher Education and University Hospital	Total	
Mortgage	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,261,776
Industrial	-	-	-	-	-	183,337
Housing	211,596	92,992	-	-	304,588	-
Clean Water	-	-	346,968	-	346,968	-
Student	-	-	-	24,278	24,278	-
Other	179,603	-	98	6,147	185,848	81,428
Less:						
Allowance for Losses	-	2,386	-	1,120	3,506	8,951
Loans Receivable Net	<u>\$391,199</u>	<u>\$90,606</u>	<u>\$347,066</u>	<u>\$29,305</u>	<u>\$858,176</u>	<u>\$2,517,590</u>

The mortgage loan program consists of home, multi-family and construction loan mortgages made by the Connecticut Housing Finance Authority. Most loans are insured by the Federal Housing Administration or by private mortgage insurance companies. In addition, home mortgage loans are guaranteed up to certain amounts by the Veterans Administration. Permanent loans earn interest at rates ranging from 0% to 13.5% and have initial terms of 10 to 40 years. Construction loans earn interest at rates ranging from 0% to 10.75%. Upon completion of each development, the related permanent mortgage loan, which will generally be provided by the Authority, will be payable over 30 to 40 years at annual interest rates ranging from 0% to 10.25%.

The Clean Water fund 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% and are secured by the full faith and credit or revenue pledges of the municipalities, or both.

The industrial loan program consists of loans made by the Connecticut Development Authority to finance the purchase of land, buildings, and equipment by qualified applicants and to finance other economic development programs of the Authority. These loans and installment contracts receivable are collateralized

by assets acquired from the proceeds of the related loans. These receivables have original terms of 1 to 25 years and earn interest at rates ranging from 1% to 12.00%. As of June 30, 1996, loans in the amount of \$67,761 (including loans of \$9,999 made by other lending institutions) were insured by an insurance fund created by the Authority and by the faith and credit pledged by the State. This insurance fund had net assets of \$7,936 at year end. Thus, the State is contingently liable in the event of any defaulted loans that could not be paid out of the assets of the insurance fund.

### Note 6

#### TAXES RECEIVABLE

Taxes receivable consisted of the following as of June 30, 1996:

	Funds	
	General	Special Revenue
Sales and use	\$369,034	\$ -
Income Taxes	57,138	-
Public Service Corporations	36,700	-
Hospital Gross Receipts	52,401	-
Gasoline and Special Fuel	-	44,624
Various Other	36,027	-
Taxes Receivable	<u>\$551,300</u>	<u>\$44,624</u>

# STATE OF CONNECTICUT

## Notes to the Financial Statements

### Note 7

#### RESTRICTED ASSETS

Restricted assets are defined as resources which are restricted by legal or contractual requirements. As of June 30, 1996, restricted assets for the primary government and its component units were comprised of the following:

	Primary Government				Component Units				
	Debt Service	Enterprise Bradley Int'l Airport	Trust and Agency Clean Water Fund	Total	Connecticut Housing Finance Authority (12-31-95)	Connecticut Resources Recovery Authority	Connecticut Higher Education Supplemental Loan Authority	Connecticut Health & Educational Facilities Authority	Total
Cash and Cash Equivalents	\$ 63,996	\$38,851	\$ -	\$ 102,847	\$ -	\$ 79,122	\$ -	\$ 52,945	\$ 132,067
Investments	391,744	9,682	307,978	709,404	309,516	23,354	6,061	437,454	776,385
Interest Receivable	-	336	-	336	3,857	1,096	-	3,476	8,429
Mortgage & Lease Receivable	-	-	-	-	-	-	-	2,092,112	2,092,112
Other	-	3	-	3	-	-	-	-	-
<b>Total</b>	<b>\$455,740</b>	<b>\$48,872</b>	<b>\$307,978</b>	<b>\$812,590</b>	<b>\$313,373</b>	<b>\$103,572</b>	<b>\$6,061</b>	<b>\$2,585,987</b>	<b>\$3,008,993</b>

### Note 8

#### PROPERTY, PLANT, AND EQUIPMENT

(1) A summary of changes in general fixed assets is as follows:

	Balance 7/1/95	Additions	Retirements	Balance 6/30/96
Land	\$ 326,707	\$ 6,910	\$ 9,170	\$ 324,447
Buildings	1,753,888	170,254	74,668	1,849,474
Improvements Other Than Buildings	179,512	22,488	164	201,836
Machinery and Equipment	924,827	76,109	60,078	940,858
Construction in Progress	397,048	118,139	329,031	186,156
<b>Total</b>	<b>\$3,581,982</b>	<b>\$393,900</b>	<b>\$473,111</b>	<b>\$3,502,771</b>

(2) Property, plant, and equipment for the primary government and its component units consisted of the following as of June 30, 1996:

	Primary Government			Total	Component Units
	Enterprise	Internal Service	Higher Education and University Hospital		
Land	\$ 2,657	\$ -	\$ 39,059	\$ 41,716	\$ 21,937
Buildings	70,562	-	1,015,145	1,085,707	169,425
Improvements Other Than Buildings	114,246	107	81,689	196,042	85
Machinery and Equipment	8,270	119,477	522,702	650,449	179,199
Construction in Progress	1,439	-	34,954	36,393	527
Subtotal	197,174	119,584	1,693,549	2,010,307	371,173
Less: Accumulated Depreciation	59,623	72,391	-	132,014	109,929
<b>Total</b>	<b>\$137,551</b>	<b>\$ 47,193</b>	<b>\$1,693,549</b>	<b>\$1,878,293</b>	<b>\$261,244</b>



# STATE OF CONNECTICUT

## Notes to the Financial Statements

In proprietary and component units funds, the following estimated useful lives are used to compute depreciation: Buildings 10-40 years; Land Improvements 20-50 years; Machinery and Equipment 2-21 years.

### Note 9

#### RETIREMENT SYSTEMS

The State of Connecticut sponsors five defined benefit public employee retirement systems (PERS) and one defined contribution pension plan. In addition, the State is the administrator and custodian of the assets for the Connecticut Municipal Employees' Retirement System and the Connecticut Probate Judges' and Employees' Retirement System as described in Note 10. The State's responsibility with respect to these systems is purely administrative and custodial in nature and no financial liability lies with the State. Therefore, limited GAAP pension disclosures have been disclosed for these two systems. The defined benefit pension plans are included in the State's financial statements as pension trust funds while the defined contribution pension plan is not included in the financial statements as it is not considered to be part of the State's reporting entity.

#### *Plan Descriptions*

- State Employees' Retirement System (SERS) is the administrator of a single-employer defined benefit PERS established in 1939 and governed by Sections 5-152 to 5-192 of the General Statutes. Substantially all of the State's full time employees who are not eligible for another State sponsored plan are covered by the SERS. Employees are covered under two tiers: a) Tier I covers participants hired prior to January 1, 1984; b) Tier II covers employees hired on or after January 1, 1984, plus employees hired between July 1, 1982 and January 1, 1984, who elected Tier II. The SERS provides retirement benefits as well as death and disability benefits. Tier I participants who retire at or after age 55 with 25 years of credited service or who retire at

or after age 60 with 10 years of credited service or who retire at age 70 are entitled to an annual retirement benefit equal to 2% of their final average earnings for each year of credited service, reduced for retirement prior to age 65 with less than 25 years of credited service. Final average earnings represent average annual salary received during three years of highest salary. Participants may choose early retirement at or after age 55 and the completion of 10 years of credited service and receive a reduced retirement benefit. Retirement benefits vest 100% at 10 years of credited service. Tier II participants who retire at or after age 62 with 10 years of credited service or who retire at age 60 with 25 years of service or at age 70 with 5 years of credited service or hazardous duty members who retire after 20 years of credited service are entitled to an annual retirement benefit equal to 1 and 1/3% of their final average earnings plus 1/2% of final average earnings in excess of the year's breakpoint, for each year of credited service. Hazardous duty members are entitled to an annual retirement benefit equal to 2 and 1/2% of their final average earnings up to 20 years of service plus 2% of final average earnings times years of service in excess of 20 years, for each year of credited service. Participants may choose early retirement at or after age 55 and the completion of 10 years of credited service and receive a reduced benefit. Retirement benefits vest 100% at 10 years of credited service or at 5 years of credited service if age 70. Tier I participants are required to contribute (depending on plan) either 2% of earnings up to the social security taxable wage base and 5% above that level or 5% of earnings to the SERS. Tier II participants are not required to make contributions to the SERS. The State funds the balance of the liability for benefits with annual contributions determined in accordance with statutes. The payroll for employees covered by the SERS for the year ended June 30, 1996, was \$2,272.5 million while the State's total payroll was \$2,524.3 million.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

---

- Teachers' Retirement System (TRS) is the administrator of a single-employer defined benefit PERS, with the State acting as a nonemployer contributor, established in 1917 and governed by Sections 10-183b to 10-183mm of the General Statutes. Any teacher, principal, superintendent or supervisor engaged in service of public schools in Connecticut is covered by the TRS, as are professional employees of State schools of higher education if they choose to be covered. The TRS provides retirement benefits as well as death and disability benefits. Participants who retire on or after age 60 with 20 years of credited service in Connecticut or who retire before age 60 with 35 years of credited service (including at least 25 years of service in Connecticut) are entitled to an annual retirement benefit equal to 2% of their average annual salary, for each year of credited service (maximum percent is 75%) plus any additional amounts derived from 6% and voluntary contributions by the teacher. Average annual salary represents average annual salary received during three years of highest salary.

Participants may choose early retirement at any age after the completion of 25 years of credited service (including 20 years of service in Connecticut) or at or after age 55 and the completion of 20 years of credited service (including 15 years of service in Connecticut with the last 5 years in Connecticut) and receive a reduced retirement benefit. Retirement benefits vest 100% at 10 years of credited service. Participants are required to contribute 7% of their annual salary to the TRS. Contributions are refunded to participants who leave the TRS based on years of credited service as follows: a) with less than 5 years of credited service, 5% contributions with interest and b) with 5 or more years of credited service, 5% contributions with interest and 1% contributions without interest. The State funds the balance of the liability for benefits with annual contributions determined in accordance with

statutes. The payroll for employees covered by the TRS for the year ended June 30, 1996, was \$2,152.2 million. The total employer's current-year payroll would represent the total payroll of all 169 towns and cities plus 19 regional school districts in Connecticut and this information is not available.

- Judicial Retirement System (JRS) is the administrator of a single-employer defined benefit PERS established in 1981 and governed by Sections 51-49 to 51-51 of the General Statutes. Any appointed judge or compensation commissioner in the State is covered by the JRS. The JRS provides retirement benefits as well as death and disability benefits. Participants who retire at or after age 65 with 10 years of credited service or who retire before age 65 with 20 years of credited service are entitled to an annual retirement benefit equal to 66.67% of final compensation. Final compensation is the participant's basic salary plus longevity payments based on years of service. Participants who retire at or after age 65 with less than 10 years of credited service receive a reduced retirement benefit. Mandatory retirement is at age 70. Retirement benefits vest at 10 years of credited service as follows: a) participants hired before 1981 - 50% of the retirement benefit at 10 years increasing to 100% after 15 years; b) participants hired after 1980 - 100% of the retirement benefit multiplied by a ratio of service at termination to service at the earliest retirement age. Participants are required to contribute 5% of their annual compensation to the JRS. If a participant withdraws from the JRS prior to reaching benefit eligibility, contributions without interest are refunded. The State funds the balance of the liability for benefits with annual contributions determined in accordance with statutes. The payroll for employees covered by the JRS for the year ended June 30, 1996, was \$19.0 million, while the State's total payroll was \$2,524.3 million.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

The following table summarizes membership by plans:

	SERS <u>7/1/95</u>	TRS <u>7/1/95</u>	JRS <u>10/1/95</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>28,236</u>	<u>19,759</u>	<u>177</u>	<u>48,172</u>
Active plan participants:				
Vested	26,139	29,102	73	55,314
Nonvested	<u>29,834</u>	<u>11,586</u>	<u>119</u>	<u>41,539</u>
Total	<u>55,973</u>	<u>40,688</u>	<u>192</u>	<u>96,853</u>

### ***Funding Status and Progress***

The amounts shown as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employees service to date. This measure is the actuarial present value of credited projected benefits and is intended to help users assess the State's PERS funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS. The measure is independent of the actuarial cost methods used to determine contributions to the PERS.

The pension benefit obligations were computed as part of the actuarial valuations performed as of July 1, 1995 for SERS and TRS, and as of October 1, 1995, for JRS. Significant actuarial assumptions used in the valuation include (a) rates of return on investment of present and future assets of 8.5% per year, (b) projected salary increases of 5.5% per year to 8.0% per year, (c) cost of living increases of 3% per year to 5.5% per year.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

The total unfunded pension benefit obligation (PBO) applicable to each retirement system is as follows: (amounts expressed in millions)

	SERS <u>7/1/95</u>	TRS <u>7/1/95</u>	JRS <u>10/1/95</u>	<u>Total</u>
Pension benefit obligation:				
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$4,299.6	\$3,817.5	\$ 96.2	\$ 8,213.3
Current employees -				
Accumulated employee contributions including allocated investment income	363.7	1,900.1	6.5	2,270.3
Employer - financed				
Vested	2,701.1	1,772.3	37.2	4,510.6
Non-vested	<u>473.8</u>	<u>-</u>	<u>14.8</u>	<u>488.6</u>
Total pension benefit obligation	7,838.2	7,489.9	154.7	15,482.8
Net assets available for benefits, at cost	<u>4,118.7</u>	<u>5,931.6</u>	<u>66.9</u>	<u>10,117.2</u>
Unfunded pension benefit obligation	<u>\$3,719.5</u>	<u>\$1,558.3</u>	<u>\$ 87.8</u>	<u>\$ 5,365.6</u>
Net assets available for benefits, at market	\$4,624.7	\$6,645.1	\$ 73.3	\$11,343.1

Public Act 92-205 significantly changed certain provisions of TRS. Teachers who retire on or after September 1, 1992 will no longer be guaranteed a cost of living adjustment of between 3% and 5%. Cost of living adjustments for such teachers will be paid from an excess earnings account and will depend on the rate of investment return for the TRS and on the balance available in the account. Secondly, effective July 1, 1992, the rate of teacher's contributions increased from 6% to 7% of annual salary. These provisions had the effect of reducing the unfunded actuarial accrued liability by almost \$1.4 billion dollars. No other changes in actuarial assumptions or benefit pensions that would significantly effect the valuation of the PBO occurred during 1992, 1993, 1994, and 1995.

### ***Contributions Required and Contributions Made***

The PERS funding policies have been established by statutes. These statutes require that annual contributions, determined on an actuarial basis, be made into the PERS in order to fund the normal cost and the amortization of the unfunded actuarial accrued liability. They also require employee contributions based

on fixed percentages ranging from 2% to 7% applied to an employee's annual compensation. The required annual contributions are determined by using the following actuarial funding methods: a) projected unit credit - used by the SERS and the JRS and b) entry age - used by the TRS. The unfunded actuarial accrued liability is being amortized over a 40 year period by all three PERS.

The actuarial computation of the pension contribution requirements for the JRS for 1996 was the same as the actual contribution. The actuarial computation of the pension contribution requirements for the SERS, including Federal reimbursements, was \$501.1 million, however, a collectively negotiated agreement (SEBAC III) reduced the actual contributions by \$166 million. The actuarial computation of the full pension contribution requirement for the TRS for 1996 was \$164.7 million; however, only \$140 million was actually contributed reflecting a reduction of \$24.7 million by the legislature to the State's TRS appropriation.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

Contributions actually made and actuarial contribution requirements applicable to each PERS were as follows:

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>	<u>Total</u>
	(in millions)			
<b>Contributions Made:</b>				
By Employees	\$35.9	\$162.7	\$1.0	\$199.6
% of Covered Payroll	1.6%	7.6%	5.3%	
By State	\$254.4	\$140.0	\$9.2	\$403.6
% of Covered Payroll	11.2%	6.5%	48.4%	
Federal and Other Reimbursements	\$80.7	-	-	\$80.7
% of Covered Payroll	3.6%			
<b>Contributions Required:</b>				
Normal Cost	\$196.7	\$53.5	\$5.2	\$255.4
% of Covered Payroll	8.7%	2.5%	27.4%	
Amortization of Unfunded Liability	\$304.4	\$111.2	\$4.0	\$419.6
% of Covered Payroll	13.4%	5.2%	21.0%	

Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the pension benefit obligation.

### **Trend Information**

Historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable.

Analysis of fund progress and ten-year historical trend information is disclosed on pages 78-82 of the State's comprehensive annual financial report.

In accordance with GAAP, employers contributing to public employee retirement systems must present three-year historical trend information. This information consists of:

- Net assets available for benefits, expressed as percentages of the pension obligation applicable to the entity's employees. Analysis of this percentage over time indicates whether the retirement system is becoming financially stronger or weaker.
- Unfunded pension benefit obligation, expressed as

percentages of annual covered payroll. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analytical purposes.

- Employer contributions expressed as percentages of annual covered payroll (contributions were made in accordance with actuarial requirements only for the JRS during the years 1994, 1995, and 1996).

The following table presents the required three-year trend information:

		<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
Net assets available for benefits as a percentage of the pension benefit obligation applicable to the State's employees	1996	52.5%	79.2%	43.2%
	1995	54.8%	77.5%	37.5%
	1994	51.4%	70.7%	36.5%
Unfunded pension benefit obligation as a percentage of annual covered payroll	1996	163.7%	72.4%	462.1%
	1995	153.7%	83.0%	500.0%
	1994	162.8%	109.3%	495.6%
State's contributions to the pension plan as a percentage of annual covered payroll	1996	11.2%	6.5%	48.4%
	1995	9.6%	6.5%	48.6%
	1994	11.6%	6.4%	45.9%

### **Other**

- The Connecticut Alternate Retirement Program (CARP) is a defined contribution plan for unclassified employees and is governed by Section 5-156 of the General Statutes. Unclassified employees at any of the units of the Connecticut State System of higher education are eligible under state law to participate. The State is the only nonemployee contributor to the pension plan. As of June 30, 1996, the pension plan's current membership consisted of 4,600 employees.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's

# STATE OF CONNECTICUT

## Notes to the Financial Statements

---

account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Members' rights in the pension benefits provided under this program vest immediately. An employee that leaves State service is entitled to his or her contributions and the State's contributions. Each employee must contribute 5% of his or her gross earnings to the pension plan. The State is required to contribute an amount equal to 8% of the employees' gross earnings. The covered payroll for employees covered by CARP was \$232.8 million while the State's total payroll was \$2,524.3 million.

During the year the State's required and actual contributions amounted to \$18.6 million, which was 8% of the current-year CARP covered payroll. Employees' required and actual contributions amounted to \$11.6 million which was 5% of the current-year CARP covered payroll.

No pension provision changes occurred during the year that affected the required contributions to be made by the State or its employees.

CARP held no securities of the State or other related parties during the year or as of the close of the fiscal year.

- State's Attorney and Public Defenders' Retirement Systems are single employer defined benefit PERS governed by Sections 51-287 and 51-295 respectively, of the General Statutes. The system covers certain state's attorneys and public defenders who contribute 5% of their salaries toward their retirement. Members of this system have a vested right to receive retirement benefits on a reduced actuarial basis after 10 years of service credit. Any state's attorney or public defender who has attained the

age of 65 and who has 10 or more years shall receive a retirement salary annually. Retirement salaries are based on (1) 1 and 1/2% of their annual salary, for those who have completed 10 or more but less than 15 years of service, (2) 3% of their annual salary for those who have completed 15 or more but less than 20 years of service, (3) 4 and 1/2% of their annual salary, for those who have completed 20 or more but less than 25 years of service, (4) 6% of their annual salary for those who have completed 25 or more years of service.

As of June 30, 1996, the State's Attorney Retirement System's membership stood at six active members, with thirteen retirees and five widow(ers) receiving benefits, while the Public Defenders' System had one active member, four retirees, and one widow(er) receiving benefits. Total combined assets of both plans stood at \$590 thousand with \$34 thousand being contributed by active employees.

---

### Note 10

#### OTHER RETIREMENT SYSTEMS ADMINISTERED BY THE STATE

The State acts solely as the administrator and custodian of the assets of the following retirement systems. Although these retirement systems are included as pension trust funds, the State makes no contribution and has no financial liability other than a fiduciary responsibility.

#### *Connecticut Municipal Employees' Retirement System (CMERS)*

The system, a cost-sharing multiple-employer PERS, provides a retirement system for fire and police personnel as well as general government employees (except teachers) for any local government authority in the State of Connecticut, including towns, cities, boroughs, regional school districts, housing authorities or other special districts, which may elect to participate

# STATE OF CONNECTICUT

## Notes to the Financial Statements

and is governed by Sections 7-425 to 7-451 of the Connecticut General Statutes. As of July 1, 1995, there were 7,468 active members and 3,798 retired members. Municipalities may designate which departments are to be covered under the CMERS and membership is then mandatory for all regular full time employees of participating departments except for fire and police hired after age 55. The pension plan provides pension, death, and disability benefits. A member may retire after reaching the age of 55 and having 10 years of continuous service, 15 years of active aggregate service, or 25 years of aggregate service. The pension benefit for members not covered by Social Security is 2% of the employee's average final compensation times years of service, while for members covered by Social Security, it is 1 and 1/6% of the average of compensation not in excess of the Social Security taxable wage base for the ten highest paid years of service plus 2% of that portion of average final compensation in excess of that used previously, times years of service. Average final compensation is the average of the three highest paid years of service. The current-year covered payroll for all participants amounts to \$237 million while the total payroll is unknown.

The entire cost is borne by the participating municipalities and their employees through employee contributions of 2.25% to 5.0% of salary and contribution assessments on participating municipalities ranging from 7.0% to 10.75% of a participant's payroll.

Municipal contributions are redetermined based on annual actuarial studies in order to maintain the fund on a sound actuarial basis. Total contributions made during 1996 amounted to \$32.3 million of which \$23.9 million was made by the municipalities and \$8.4 million by the employees.

The amounts shown as "pension benefit obligations" are standardized measurements that, with some exceptions, must be used by a PERS. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits

that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases and any step-rate benefits. The measure is independent of the actuarial funding method used to determine contributions to the systems.

Total unfunded pension benefit obligations of the CMERS as of July 1, 1995, is as follows: (amounts expressed in millions)

Total pension benefit obligation	\$644.4
Net assets available for benefits, at cost (market value \$733.4)	<u>564.3</u>
Unfunded pension benefit obligation	<u>\$ 80.1</u>

Historical trend information is presented on pages 78 and 82 in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable.

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

This system provides retirement benefits to Probate Court Judges and employees. As of June 30, 1996, there were 357 active members with 176 retirees and fifteen widows(ers) receiving benefits.

The entire cost is borne by the Probate Courts and their employees through employee contributions of 1.0 to 3.75 percent of earnings and assessments on the various Probate Courts of the State which assessments are to be actuarially determined. Total contributions made by the members amounted to \$229 thousand while the Probate Court system contributed its actuarially determined amount of \$349 thousand.

As of the latest actuarial valuation, December 31, 1995, the unfunded pension benefit obligation is zero using the Frozen Entry Age Cost Method.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

### Note 11

#### DEFERRED COMPENSATION PLAN

The State of Connecticut offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees in a permanent position, including elected and appointed officials and members of the General Assembly, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination of employment, disability, unforeseeable emergency or death.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant. At this time, the State believes that it is unlikely that it will use the assets of the plan to satisfy the claims of general creditors in the future.

Based on Article V of the State of Connecticut Deferred Compensation Plan, the State has no liability for losses under any employee selected plan. The State does have the duty of due care that would be required of an ordinary prudent investor.

### Note 12

#### POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 9, the State provides postretirement health care and life insurance benefits, in accordance with State statutes, Sections 5-257(d) and 5-259(a), to all employees who retire from the State.

Currently 26,961 retirees meet those eligibility requirements. When employees retire, the State pays 100% of their health care insurance premium cost (including dependent's coverage). In addition, the State pays 100% of the premium cost for a portion of the employees' life insurance continued after retirement. The amount of life insurance, continued at no cost to the retiree, is determined based on the number of years of service that the retiree had with the State at time of retirement as follows: a) if the retiree had 25 years or more of service, the amount of insurance will be one-half of the amount of insurance for which the retiree was insured immediately prior to retirement, but the reduced amount cannot be less than \$7,500; b) if the retiree had less than 25 years of service, the amount of insurance will be the proportionate amount that such years of service is to 25, rounded to the nearest \$100. The State finances the cost of postretirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the General Fund. During the year ended June 30, 1996, \$85.9 million was paid in postretirement benefits.

### Note 13

#### CAPITAL AND OPERATING LEASES

##### a. 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:

1997	\$ 16,826
1998	17,001
1999	17,122
2000	17,221
2001	17,321
Thereafter	31,039
Total	<u>\$116,530</u>

Contingent revenues for the year ended June 30, 1996, were \$1,145.

##### b. State as Lessee

Obligations under capital leases and operating leases as of June 30, 1996, were \$84,845 for capital leases and



# STATE OF CONNECTICUT

## Notes to the Financial Statements

\$61,571 for noncancelable operating leases in excess of one year. The following is a schedule of annual future minimum payments under these obligations along with the present value of the related net minimum capital lease payments discounted at approximately 6% as of June 30, 1996:

	Operating Leases	Capital Leases General Long-term
1997	\$13,932	\$10,208
1998	13,208	6,745
1999	11,044	5,723
2000	7,116	4,940
2001	4,420	4,186
Thereafter	<u>11,851</u>	<u>53,043</u>
Total future minimum payments	<u>\$61,571</u>	84,845
Less: Imputed interest		30,448
Present value of net minimum lease payments		<u>\$54,397</u>

Rental and lease payments for equipment charged to expenditures during the year ended June 30, 1996, totaled \$40,318.

### Note 14

#### CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 1996:

	Balance July 1, 1995	Issuances and Other Increases	Retirements and Other Decreases	Increase (Decrease) Accreted Value	Balance June 30, 1996
General Obligation Notes	\$ 315,710	\$ 236,055	\$ 315,710	\$ -	\$ 236,055
General Obligation Bonds	5,524,747	873,380	455,056	56,525	5,999,596
Transportation Related Bonds	2,991,319	485,630	277,280	1,407	3,201,076
Unemployment Compensation Bonds	990,700	222,755	301,950	-	911,505
Unfunded Pen- sion Costs	5,206,748	761,625	484,273	-	5,484,100
Compensated Absences	257,184	15,480	11,048	-	261,616
Worker's Compensation	286,954	29,178	47,982	-	268,150
Capital Leases	55,551	4,950	6,104	-	54,397
Claims and Judgements	25,115	21,963	25,115	-	21,963
Interfund Payables	22,687	-	22,687	-	-
Total General Long-Term Debt Account Group	<u>\$15,676,715</u>	<u>\$2,651,016</u>	<u>\$1,947,205</u>	<u>\$57,932</u>	<u>\$16,438,458</u>

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types reflects the net proceeds from the sale of bonds and notes in the amount of \$1,817.7 million. This amount includes discounts on the sale of certain bonds and accrued interest received at the time of sale in the amount of \$9.9 million. Additionally, the \$873.4 million of issuances and other increases for general obligation bonds includes \$9.9 million of bonds issued by the Connecticut Development Authority (CDA) for which the State of Connecticut has agreed to pay the principal and interest.

### Note 15

#### DEBT

##### a. Short-Term Debt

Up to \$739.4 million of general obligation temporary notes may be issued by the State with these notes having the full faith and credit of the state pledged for payment of principal and interest. As of June 30, 1996, no notes were outstanding. Additionally, revolving lines of credit have been secured from Dai-Ichi Kangyo Bank, Limited and The Industrial Bank of Japan, Limited in the amounts of \$550.0 million and \$203.9 million respectively. Of these amounts \$539.4 million and \$200.0 million may be advanced with respect to the payment of the above notes and \$10.6 million and \$3.9 million may be advanced with respect to the payment of up to 60 days interest on the notes. As of June 30, 1996, no amount was outstanding on the lines of credit.

##### b. Long-Term Debt

###### Economic Recovery Notes

In November 1995, \$236.1 million of General Obligation Economic Recovery notes were issued to refinance \$240.7 million in notes which were due in 1995-1996.

The economic recovery notes outstanding at June 30 were \$236.1 million. These notes mature on various dates through 1999 and bear interest rates from 4.25% to 5%.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

The following is a description of the future amounts needed to pay principal and interest on economic recovery notes outstanding at June 30, 1996.

Year Ending June 30,	Principal	Interest	Total
1997	\$ 79,000	\$ 10,471	\$ 89,471
1998	79,000	6,768	85,768
1999	78,055	2,829	80,884
Total	<u>\$236,055</u>	<u>\$20,068</u>	<u>\$256,123</u>

### 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 were as follows:

Purpose of Bonds	Final Maturity Dates	Interest Rates	Amount Outstanding	Authorized But Unissued
Capital Improvements	1997-2016	4.218-9.875%	\$1,808,393	\$193,970
School Construction	1997-2012	4-9.75%	721,699	30,265
Municipal Redevelopment	1996-2015	3.25-9.5%	1,486,713	479,516
Elderly Housing	1996-2011	7-7.4%	31,514	151
Elimination of Water Pollution	1998-2018	4.40-7.525%	289,418	3,269
General Obligation Refunding	1997-2012	2.40-7.35%	1,245,139	-
Miscellaneous	1997-2024	3.75-8.95%	49,909	48,746
			5,632,785	755,917
Accretion-Variou Capital Appreciation Bonds			366,811	
Total			<u>\$5,999,596</u>	

Future amounts needed to pay principal and interest on general obligation bonds outstanding at June 30, 1996, were as follows:

Year Ending June 30,	Principal	Interest	Total
1997	\$ 455,651	\$ 291,399	\$ 747,050
1998	452,468	272,030	724,498
1999	442,509	265,899	708,408
2000	437,353	271,532	708,885
2001	422,870	236,581	659,451
Thereafter	3,421,934	1,876,325	5,298,259
Total	<u>\$5,632,785</u>	<u>\$3,213,766</u>	<u>\$8,846,551</u>

### Transportation Related Bonds

Transportation related bonds include special tax obligation bonds and general obligation bonds that are paid out of revenues pledged or earned in the Transportation Fund. The revenue pledged or earned in the

Transportation Fund to pay special tax obligation bonds is transferred to the debt service fund for retirement of principal and interest.

Transportation related bonds outstanding and bonds authorized but unissued at June 30 were as follows:

Purpose of Bonds	Final Maturity Dates	Interest Rates	Amount Outstanding	Authorized But Unissued
Public Transportation Specific Highways Infrastructure Improvements	1997-1999	5.0-6.7%	\$ 15,053	\$ 668
General Obligation Refunding	1997	4.90-5.25%	1,110	19,900
Other Transportation	1996-2015	2.65-10.0%	3,112,032	422,437
	2004	5.15-9.75%	45,400	-
	1996-2010	4.218-9.25%	18,889	317
			3,192,484	443,322
Accretion-Variou Capital Appreciation Bonds			8,592	
Total			<u>\$3,201,076</u>	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30 were as follows:

Year Ending June 30,	Principal	Interest	Total
1997	\$ 140,358	\$ 173,430	\$ 313,788
1998	160,045	165,496	325,541
1999	166,849	156,092	322,941
2000	175,754	150,654	326,408
2001	186,840	137,265	324,105
Thereafter	2,362,638	845,162	3,207,800
	<u>\$3,192,484</u>	<u>\$1,628,099</u>	<u>\$4,820,583</u>

### Special Assessment Unemployment Compensation Advance Fund

In July, August, and September of 1993, the State issued \$1,020.7 million of Special Assessment Unemployment Compensation Advance Fund revenue bonds. The issuance of these special obligation revenue bonds was for the purpose of repaying loans made by the United States to Connecticut for payment of unemployment compensation benefits and assisting the State in meeting a portion of its unemployment compensation benefit obligations until increased employer assessments are levied. These bonds mature on various dates through 2001 and bear interest rates from 3.1% to 4.6% and shall be payable solely from the Unemploy-

# STATE OF CONNECTICUT

## Notes to the Financial Statements

ment Compensation Advance Fund and revenues and requisitional funds specifically pledged for their payment.

The State has no contingent obligation either directly or indirectly with the payment of these bonds.

Future amounts needed to pay principal and interest on special assessment unemployment compensation bonds were as follows:

Year Ending June 30,	Principal	Interest	Total
1997	\$ 75,000	\$ 39,461	\$ 114,461
1998	95,000	36,183	131,183
1999	115,000	31,967	146,967
2000	143,270	26,846	170,116
2001	150,265	18,916	169,181
Thereafter	332,970	6,550	339,520
	<u>\$911,505</u>	<u>\$159,923</u>	<u>\$1,071,428</u>

### Interest Rate Swap Agreements

The State has entered into interest rate swap agreements for the following outstanding debt:

Type	Face Value	Interest Rate	Maturity Date
Transportation - STO's	\$219,600	variable	2010

Based on these agreements, the State pays a fixed interest rate to the counterparty to the swap, and the counterparty pays the State a variable interest rate that is determined by the agreement. The State continues to make payments to the bondholders, and only the net difference in interest payments is exchanged with the counterparty. By entering into these agreements, the State has in effect exchanged its variable rate liability for a fixed rate obligation.

The agreements call for the following exchange of interest rates:

Counterparty	Face Value	Interest Rate Assumed by State	Interest Rate Assumed by Counterparty
AIG Corp.	\$131,800	5.75%	65% of 1 - month LIBOR* rate
Sumitomo Bank	\$87,800	5.71%	65% of 1 - month LIBOR* rate

\*The primary fixed income index reference rates used in the Euromarkets. Most international floating rates are quoted as LIBOR plus or minus spread.

Regarding these agreements, the State is exposed to the market risk relating to the relationship between the variable interest rate on the bonds (which is reset weekly) and the rate that it receives under the swap agreements (which is 65% of 1 - month LIBOR).

Both agreements are guaranteed by the counterparties, and the agreement with AIG Corp. has a collateral agreement which goes into effect if the credit rating of AIG falls below a defined level.

### Revenue Bonds

Revenue bonds are those bonds that are paid out of resources pledged in the enterprise funds, nonexpendable trust funds, higher education and university hospital funds, and component units. Revenue bonds outstanding at June 30 were as follows:

Fund Type	Maturity Dates	Interest Rates	Amounts Outstanding
Primary Government:			
Enterprise:			
Bradley International Airport	1996-2012	7.1-9.125%	\$ 90,540
Rental Housing	2000-2002	5.25-9.15%	123,630
Nonexpendable:			
Clean Water Fund	2009-2013	4.05-11.0%	388,420
Higher Education & University Hospitals:			
Investment in Plant	1997-2015	4.30-7.25%	98,654
Premium on Clean Water Fund bonds sold			4,606
		Total	<u>\$ 705,850</u>
Component Units:			
Conn. Development Authority	2002-2008	2.6-9.8%	142,260
Conn. Housing Finance Authority (as of 12-31-94)	2027	2.0-11.0%	2,772,385
Conn. Resources Recovery Authority	1996-2016	4.20-8.80%	367,634
Conn. Higher Education Supplemental Loan Authority	1996-2013	4.4-7.5%	74,100
Conn. Health & Educational Facilities Authority	1996-2024	4.32-14.94%	2,163,450
Discount on CHFA bonds sold			(26,903)
		Total	<u>\$5,492,926</u>

Revenue bonds issued by the component units do not constitute a liability or debt of the State, and the State is only contingently liable for these bonds as discussed in this section.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

The following is a description of revenue bonds with restrictive covenants:

### Primary Government:

Bradley International Airport's revenue bonds were issued in 1982 in the amount of \$100,000 to finance costs of improvements to the airport. As of June 30, 1996, the following bonds were outstanding:

- a) Airport revenue refunding bonds in the amount of \$86,930. These bonds were issued in October, 1992, to redeem the 1982 revenue bonds, and are secured by and payable solely from the gross operating revenues generated by the State from the operations of the airport and other receipts, funds or monies pledged in the bond indenture. In accordance with this indenture, certain assets of this fund have been restricted for the payment of bond principal and interest, construction projects and other uses.
- b) Airport subordinated refunding bonds in the amount of \$3,610. These bonds were issued in 1989 to help pay for certain expenses (e.g. issuance costs, redemption premium) incurred in the issuance of the 1992 refunding bonds.

In 1994, the State of Connecticut issued Clean Water Fund revenue bonds in the amount of \$325,245. 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 waste water treatment projects.

### Component Units

Connecticut Development Authority's revenue bonds are issued to finance such projects as the acquisition of land or the construction of buildings, and purchase and installation of machinery, equipment, and pollution control facilities. The Authority finances these projects through its Self-Sustaining Bond Program and Umbrella Program. Under the Umbrella Program, bonds outstanding at June 30, 1996, were \$78,755. Also, assets totaling \$82,693 are pledged under the terms of the bond resolution for the payment of principal and interest on these bonds until such time as it is deter-

mined that there are surplus funds as defined in the bond resolution. Bonds issued under the Self-Sustaining Bond Program are discussed in the no-commitment debt section. In addition, the Authority had \$63,505 in general obligation bonds outstanding at year end. These bonds were issued to finance the lease of an entertainment/sports facility, the purchase of a hockey team, and the construction of a music amphitheatre.

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. 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. In addition, all assets of the Authority's general and capital reserve funds (\$3,013,488) are restricted until such time as they are determined to be "surplus funds". The bond resolution describes "surplus funds" as being the excess of pledged receipts over funds required for the payment of operating expenses, principal and interest and requirements of the capital reserve fund during the most recent twelve months as determined annually between November 12 and December 1 and designated as such by the Authority.

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

Connecticut Higher Education Supplemental Loan Authority's revenue bonds are issued to provide loans to students, their parents, and institutions of higher education to assist in the financing of the cost of higher education. These loans are issued through the Authority's Bond fund. According to the bond resolu-

# STATE OF CONNECTICUT

## Notes to the Financial Statements

tions, 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.

Connecticut Health and Educational Facilities Authority's revenue bonds are issued 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. The Authority generally holds title to, or has first mortgages on, the buildings and related facilities financed by the bonds. The terms of the lease, mortgage and loan payments receivable from the institutions correspond to the amortization requirements of related bonds payable. On final payment of a bond issue, the title to or security interest in the building and related facilities reverts to the institution. Prior to July 1, 1979, the Authority issued general obligation bonds for which the Authority is ultimately responsible for the payment

of principal and interest when due. After July 1, 1979, the Authority has issued only special obligation bonds for which the principal and interest is payable solely from the revenues of the institutions. At year end, the Authority had \$28,010 and \$2,135,440 in outstanding general obligation and special obligation bonds, respectively.

Each Authority has established special capital reserve funds which secure all the outstanding bonds of the Authority at year end (except as discussed below). These funds are usually maintained at an amount equal to next year's bond debt service requirements. The State may be contingently liable to restore any deficiencies that may exist in the funds in any one year in the event that the Authority is unable to do so. For the Connecticut Resources Recovery Authority and the Connecticut Health and Educational Facilities Authority, bonds outstanding at year end in the amount of \$336,429 and \$257,770, respectively, were secured by the special capital reserve funds.

Future amounts required to pay principal and interest on revenue bonds outstanding at June 30, 1996, were as follows:

Year Ending June 30,	Primary Government							
	Enterprise Funds		Nonexpendable Trust		Higher Education and University Hospital Funds		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1997	\$ 4,995	\$14,611	\$ 15,395	\$ 18,947	\$ 6,415	\$5,582	\$ 187,483	\$ 326,395
1998	8,130	14,113	18,725	17,958	6,242	5,235	211,250	317,393
1999	14,960	13,169	19,705	16,910	6,238	4,897	193,977	304,548
2000	14,337	11,936	20,130	15,850	6,221	4,552	201,737	294,143
2001	16,256	10,642	20,090	14,748	5,158	4,200	222,187	281,933
Thereafter	<u>155,492</u>	<u>50,344</u>	<u>294,375</u>	<u>96,634</u>	<u>68,380</u>	<u>23,910</u>	<u>4,503,195</u>	<u>3,054,518</u>
	<u>\$214,170</u>	<u>\$114,815</u>	<u>\$388,420</u>	<u>\$181,047</u>	<u>\$98,654</u>	<u>\$48,376</u>	<u>\$5,519,829</u>	<u>\$4,578,930</u>

### No-commitment Debt

Under the Self-Sustaining Bond Program, the Connecticut Development Authority issues revenue bonds to finance such projects as described previously in the component units section. These bonds are paid solely from payments received from participating companies (or from proceeds of 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 and activity of the Self-Sustaining Bond Program are not included in the Authority's financial statements. Total bonds outstanding at June 30, 1996 were \$1,219.1 million bearing rates ranging from 3.4% to 14%.

# STATE OF CONNECTICUT

## Notes to the Financial Statements

The Connecticut Resources Recovery Authority has issued several bonds to fund the construction of waste processing facilities by independent contractors/operators. These bonds are payable from a pledge of revenues derived primarily under lease or loan agreements between the Authority and the operators. Certain of these bonds are secured by letters of credit. The Authority does not become involved in the construction activities or the repayment of the debt (other than the portion allocable to Authority purposes). In the event of default, payment of the debt is not guaranteed by the Authority or the State except for the State's contingent liability discussed below. Thus, the assets and liabilities related to these bond issues are not included in the Authority's financial statements. Total bonds outstanding at June 30, 1996 were \$344.6 million bearing interest rates ranging from 3.85% to 8.625%. Of this amount, \$170.5 million was secured by a special capital reserve fund. The State may be contingently liable for any deficiencies in the fund as explained previously in the component units section.

### Debt Refundings

During the year, the State advance refunded the following bonds (amounts in million).

Refunded Bonds	Average Interest Rate	Bond Type	Refunding Bonds	Average Interest Rate
\$58.9	6.79%	General Obligation	\$61.3	5.43%
\$150.2	6.84%	Special Tax Obligation	\$160.6	4.98%
\$43.1	6.93%	Revenue-Clean Water Fd.	\$48.4	5.14%

The proceeds of the refunding bonds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group and the nonexpendable trust fund.

The State advance refunded these bonds to reduce its total debt service payments over the next ten years by \$8.1 million and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$8.8 million. As of June 30, 1996, \$1,818.8 million of outstanding general obligation, special tax obligation, and revenue bonds (including prior year's refundings) are considered defeased.

Regarding the Clean Water Fund revenue bonds refunded, the difference between the book value of the refunded bonds and the amount deposited in the irrevocable trust resulted in an accounting loss of \$4.7 million which has been deferred and which will be recognized as an adjustment of interest expense over the life of the refunding bonds, using the outstanding bond method.

### Note Payable

An installment note for \$12.3 million to acquire a telecommunication system was established between the University of Connecticut and Connecticut Bank and Trust Co. in 1988 with an interest rate of 7.55% and final maturity in April 1999. Future amounts required to pay principal and interest on the note outstanding were as follows:

Year Ending	Principal	Interest	Total
June 30, 1997	1,395	631	2,026
1998	1,502	524	2,026
1999	1,618	408	2,026
	<u>\$4,515</u>	<u>\$1,563</u>	<u>\$6,078</u>

# STATE OF CONNECTICUT

## Notes to the Financial Statements

### Note 16

#### RISK MANAGEMENT

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

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

Regarding liability risk, the State is generally immune from liability due to having sovereign immunity. This means that the State cannot be sued for liability without its permission. For this reason, the State is self-insured for general liability risk. 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. 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 liability risks. The highest amount is a \$25 million self-insured retention carried in a railroad liability policy.

Regarding risk of, theft of, or damage to assets (particularly in the automobile fleet), the State insures only leased cars and vehicles valued at more than \$100 thousand.

Most State employees and retirees participate in four health plans. For one of these plans, the State is self-insured. This plan is administered by a vendor that is responsible for the processing and payment of claims. The State is responsible for making monthly contributions to the plan administrator to pay for claims processed in the following month. At the end of the fiscal year, the State determines whether total incurred claims (including incurred but not reported claims) paid by the plan administrator meet a contractual target. If total incurred claims are more than 103% of the target, the State would share the risk equally with the plan administrator. If total incurred claims are less than 97% of the target, the State would share the savings equally with the plan administrator. If total incurred claims fall between 97% and 103% of the target, the State would assume the risk or retain the savings entirely. As of June 30, 1996, total incurred claims paid by the plan administrator met the contractual target (i.e., the State entirely assumed the risk or retained the savings provided by the plans). Also, total incurred claims paid by the plan exceeded contributions made to the plan by \$26.3 million.

The State records its risk management activities in the General fund, except for activities related to the medical malpractice risk which are recorded in the University Hospital fund. At year end, a liability for unpaid claims is recorded in each fund when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability includes an amount for claims that have been incurred but not reported. The portion of the General fund liability considered to be long-term is recorded in the General Long-Term Debt account group. Changes in the claims liability accounts during the last two fiscal years were as follows:

	General Liability	Medical Malpractice	Workers' Compensation	Health Plan
Balance 6-30-94	\$ 1,940	\$10,725	\$294,799	\$ -
Incurred claims	780	857	51,875	270,476
Paid claims	(1,940)	(1,018)	(59,720)	(262,161)
Balance 6-30-95	780	10,564	286,954	8,315
Incurred claims	683	(1,620)	29,178	253,111
Paid claims	(780)	(311)	(47,982)	(235,093)
Balance 6-30-96	<u>\$ 683</u>	<u>\$ 8,633</u>	<u>\$268,150</u>	<u>\$ 26,333</u>

# STATE OF CONNECTICUT

## Notes to the Financial Statements

### Note 17

#### INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 1996, were as follows:

Fund	Interfund Receivables	Interfund Payables
General	\$ 13,840	\$ 335,755
Special Revenue:		
Transportation	13,312	730
Workers' Compensation	335	129
Banking	-	180
Consumer Counsel & Public Utility Control	-	148
Insurance	-	146
Criminal Injuries	340	-
Regional Market	-	9
Soldiers, Sailors, & Marines	400	342
Employment Security	1,851	979
Lottery & OTB	-	46
Grant and Loan Programs	-	11,188
Environmental Programs	7,261	223
Housing Programs	-	76
Other	4,532	131
	<u>28,031</u>	<u>14,327</u>
Debt Service	-	7,087
Capital Projects:		
State Facilities	253,523	7,919
Infrastructure	25,892	828
Transportation	-	44
	<u>279,415</u>	<u>8,791</u>
Enterprise:		
Rental Housing	-	671
Bradley	-	1,777
Other	-	11
	-	<u>2,459</u>
Internal Service:		
Correction Industries	231	7
Administrative Services	3,918	10,986
	<u>4,149</u>	<u>10,993</u>
Expendable Trust:		
Employment Security	<u>1,082</u>	<u>8,365</u>
Nonexpendable Trust:		
Clean Water	-	-
Soldiers, Sailors, & Marines	-	399
Other	3	62
	<u>3</u>	<u>461</u>

Pension Trust:		
State Employees	4,350	2,466
Probate Judges	-	1,022
	<u>4,350</u>	<u>3,488</u>
Agency:		
Payroll & Fringe Benefit	2,247	-
Receipts Pending Distribution	-	12,289
Other	3,111	-
	<u>5,358</u>	<u>12,289</u>
Higher Education & University Hospital:		
Current Unrestricted	57,062	3,813
Current Restricted	24	1,576
Hospital Funds	1,402	3,562
Endowment & Similar Funds	-	1
Plant Funds	52,119	44,621
Agency Funds	10	-
	<u>110,617</u>	<u>53,573</u>
Component Units:		
Ct. Development Authority	10,540	-
Ct. Innovations	860	-
Ct. Health & Educational Facilities Authority	44,580	45,237
	<u>55,980</u>	<u>45,237</u>
Totals	<u>\$502,825</u>	<u>\$502,825</u>

### Note 18

#### RESTATEMENT OF FUND BALANCES

As of June 30, 1996, the beginning fund balances for the following funds were restated as follows:

Fund	Balance 6-30-95 Previously Reported	Change in Accounting Principle	Correction of Reported Assets/ Liabilities	Balance 6-30-95 As Restated
Nonexpendable Trust Funds:				
Soldiers, Sailors & Marines	\$ 53,255	\$ (2,464)	\$ -	\$ 50,791
Other	18,078	1,137	-	19,215
Pension Trust Funds:				
State Employees	4,134,861	508,672	-	4,643,533
State Teachers	5,955,905	732,636	-	6,688,541
Judicial	67,063	5,769	-	72,832
Connecticut Municipal Employees	652,388	81,575	-	733,963
Probate Judges	35,236	5,162	-	40,398
Higher Education and University Hospital:				
Unrestricted Funds	115,035	-	(22,261)	92,774
Restricted Funds	23,489	-	1,543	25,032
Plant Funds	1,561,323	-	17,844	1,579,167



# STATE OF CONNECTICUT

## Notes to the Financial Statements

For the year ended June 30, 1996, the State changed its method of accounting for investments in the combined investment funds. Previously, the State reported those investments at cost, but now they are being reported at market value, as determined by each combined investment fund. This change was made to more accurately reflect the financial position and results of operation of the pension and other trust funds. For financial reporting purposes, this change is considered to be a change in accounting principle and its cumulative effect is reported as an adjustment to the beginning fund balance of the pension and other trust funds.

Reserved For	Fund Type				
	General	Special Revenue	Debt Service	Trust and Agency	Higher Education
Petty Cash	\$ 997	\$ -	\$ -	\$ -	\$ -
Budget Reserve	240,971	-	-	-	-
Inventories	48,553	12,988	-	-	-
Continuing Appropriations	82,624	18,921	-	-	-
Debt Service	89,500	-	455,740	-	-
Loans	-	391,199	-	-	-
Pension Obligations	-	-	-	13,677,971	-
Trust Activities	-	-	-	108,695	-
Restricted	-	-	-	-	150,487
	<u>\$462,645</u>	<u>\$423,108</u>	<u>\$455,740</u>	<u>\$13,786,666</u>	<u>\$150,487</u>

### Note 19

#### RESERVED RETAINED EARNINGS, RESERVED FUND BALANCES, AND CONTRIBUTED CAPITAL

##### Reserved Retained Earnings

Bradley International Airport, an enterprise fund, has \$22,329 restricted for debt service requirements and other programs of the airport. The Connecticut Housing Finance Authority, a component unit, has \$350,106 restricted for debt service requirements and other programs of the Authority. The Connecticut Resources Recovery Authority, a component unit, has \$16,265 restricted for specific purposes.

##### Contributed Capital

The following is a summary of changes in the contributed capital accounts for the year ended June 30, 1996:

	Primary Government	Component Units	
		Connecticut Resources Recovery Authority	Connecticut Innovations, Incorporated
Balance July 1, 1995	\$ 99,188	\$2,443	\$65,830
Contributions	1,871	-	5,062
Items added back to retained earnings	-	(168)	-
Balance June 30, 1996	<u>\$101,059</u>	<u>\$2,275</u>	<u>\$70,892</u>

##### Reserved Fund Balances

These balances are comprised as follows:

Reserved for continuing appropriations represents amounts of unexpended appropriations legally carried forward and available for encumbrances and expenditures in the succeeding year.

Reserved amounts in Higher Education represent amounts restricted for specific educational programs by federal grants, private gifts and endowments, and amounts reserved for student loans and debt service.

### Note 20

#### SEGMENT INFORMATION - ENTERPRISE FUNDS

The State maintains three enterprise funds which provide financing for State housing programs, airport services, and vocational education. Segment information for the year ended June 30, 1996, is as follows:

	Rental Housing	Bradley International Airport	Other
Operating Revenue	\$ 3,350	\$ 31,819	\$2,140
Depreciation and Amortization Expense	4	7,751	-
Operating Income (Loss)	(6,256)	3,493	(261)
Operating Transfers In	4,892	-	-
Operating Transfers Out	(822)	-	-
Net Non-operating Revenues (Expenses)	2,185	(425)	-
Net Income (Loss)	(1)	3,068	(261)
Contributed Capital	-	101,059	350
Property, Plant & Equipment:			
Additions (Deletions)	(4)	1,065	(20)
Net Working Capital	11,582	11,283	914
Total Assets	159,405	206,238	1,391
Bond and Other Long-Term Liabilities Payable from:			
Operating Revenues	123,630	90,540	-
Total Equity	31,493	108,932	1,136

# STATE OF CONNECTICUT

## Notes to the Financial Statements

### Note 21

#### CONDENSED FINANCIAL STATEMENTS - COMPONENT UNITS

<u>Balance Sheets</u>						
	Connecticut Development Authority	Connecticut Housing Finance Authority (12-31-95)	Connecticut Resources Recovery Authority	Connecticut Health & Educational Facilities Authority	Other	Total
<b>Assets:</b>						
Current assets	\$ 94,460	\$ 586,861	\$ 53,015	\$ 56,066	\$ 57,433	\$ 847,835
Property, plant, and equipment	16,655	2,628	241,569	177	215	261,244
Restricted assets	-	313,373	103,572	2,585,987	6,061	3,008,993
Other Assets	<u>185,977</u>	<u>2,320,519</u>	<u>32,562</u>	<u>-</u>	<u>65,207</u>	<u>2,604,265</u>
<b>Total Assets</b>	<b><u>\$297,092</u></b>	<b><u>\$3,223,381</u></b>	<b><u>\$430,718</u></b>	<b><u>\$2,642,230</u></b>	<b><u>\$128,916</u></b>	<b><u>\$6,722,337</u></b>
<b>Liabilities and Equity:</b>						
<b>Liabilities:</b>						
Current liabilities	\$ 14,888	\$ 34,112	\$ 18,466	\$ 107,997	\$ 3,449	\$ 178,912
Revenue bonds	142,260	2,745,482	367,634	2,163,450	74,100	5,492,926
Other liabilities	45	93,681	15,513	359,441	-	468,680
<b>Total Liabilities</b>	<u>157,193</u>	<u>2,873,275</u>	<u>401,613</u>	<u>2,630,888</u>	<u>77,549</u>	<u>6,140,518</u>
<b>Equity:</b>						
Contributed capital	150,340	-	2,275	-	70,892	223,507
Retained earnings	<u>(10,441)</u>	<u>350,106</u>	<u>26,830</u>	<u>11,342</u>	<u>(19,525)</u>	<u>358,312</u>
<b>Total Equity</b>	<u>139,899</u>	<u>350,106</u>	<u>29,105</u>	<u>11,342</u>	<u>51,367</u>	<u>581,819</u>
<b>Total Liabilities and Equity</b>	<b><u>\$297,092</u></b>	<b><u>\$3,223,381</u></b>	<b><u>\$430,718</u></b>	<b><u>\$2,642,230</u></b>	<b><u>\$128,916</u></b>	<b><u>\$6,722,337</u></b>

<u>Statements of Revenues, Expenditures, and Changes in Equity</u>						
	Connecticut Development Authority	Connecticut Housing Finance Authority (12-31-95)	Connecticut Resources Recovery Authority	Connecticut Health & Educational Facilities Authority	Other	Total
Operating Revenues	\$ 20,997	\$ 179,424	\$ 145,450	\$ 120,033	\$ 11,227	\$ 477,131
Operating Expenses:						
Depreciation and amortization	508	5,397	17,287	45	230	23,467
Other	<u>20,377</u>	<u>213,125</u>	<u>101,592</u>	<u>119,817</u>	<u>12,039</u>	<u>466,950</u>
<b>Operating Income (Loss)</b>	<u>112</u>	<u>(39,098)</u>	<u>26,571</u>	<u>171</u>	<u>(1,042)</u>	<u>(13,286)</u>
Nonoperating Revenues (Expenses)	113	53,464	(13,786)	618	2,758	43,167
<b>Net Income (Loss) for the Year</b>	225	14,366	12,785	789	1,716	29,881
Equity - beginning	139,674	335,740	16,320	10,553	44,589	546,876
Capital contributions	-	-	-	-	5,062	5,062
<b>Equity - ending</b>	<b><u>\$139,899</u></b>	<b><u>\$ 350,106</u></b>	<b><u>\$ 29,105</u></b>	<b><u>\$ 11,342</u></b>	<b><u>\$51,367</u></b>	<b><u>\$581,819</u></b>

# STATE OF CONNECTICUT

## Notes to the Financial Statements

### Note 22

#### RELATED ORGANIZATIONS

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

The State appoints a voting majority of the following organizations' governing boards: the University of Connecticut Educational Properties, Inc. (UCEPI), the Community Economic Development Fund, and the Connecticut Student Loan Foundation. The State's accountability for these organizations does not extend beyond making the appointments. During the fiscal year, UCEPI received a \$0.2 million operating grant from the State, and as of June 30, 1996, the Connecticut Student Loan Foundation owed the State \$21.8 million under a revolving loan agreement.

### Note 23

#### COMMITMENTS AND CONTINGENCIES

##### A. Commitments

At June 30, 1996, the State, including its component units, had the following outstanding commitments:

- 1) Infrastructure (highways, roads, etc.) and other construction contracts and miscellaneous contracts with various vendors totaling approximately \$1,326 million of which \$878 million is expected to be reimbursed by Federal grants.
- 2) School construction and alteration grants with various towns for \$805 million and interest costs of \$337 million for a total of \$1,142 million. Funding for these projects is expected to come from bond sales.
- 3) Loan commitments, mortgage and grant programs, and loan guarantees totaling approximately \$212 million. Funding for these programs is expected to come from bond sales.

##### B. Contingent Liabilities

The Division of Special Revenue, the agency responsible for the Lottery Fund, has entered into agreements with insurance companies under which the Lottery Fund purchases annuities under group contracts which provide payments corresponding to the State's obligation to prize winners. Notwithstanding these annuity contracts, the State of Connecticut is contingently liable for the prize payments due lottery winners. At June 30, 1996, amounts due lottery winners totaled \$962 million.

The Legislature has enacted legislation to assist the City of West Haven by authorizing the State to guarantee debt issued by the City in an amount up to \$35 million. At year end, the debt outstanding guaranteed by the State was \$23 million.

The State has 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.

##### C. Litigation

The State, its units and employees are parties to numerous legal proceedings many of which normally occur in governmental 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 deter-

---

# STATE OF CONNECTICUT

## Notes to the Financial Statements

---

mine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the State.

In December, \$77.5 million of general obligation bonds were issued, maturing at various dates through 2006 and having interest rates of 3.75% to 5%.

---

### Note 24

#### SUBSEQUENT EVENTS

In August, \$120 million of general obligation bonds were issued, maturing at various dates through 2016 and having interest rates of 4.5% to 6.5%.

In October, \$229.8 million of special tax obligation bonds for transportation infrastructure programs were issued. These consisted of \$150 million of serial bonds and \$79.8 million of refunding serial bonds maturing on various dates through 2016 and bearing interest rates of 4% to 6%. The refunding bonds were used to advance refund \$79.7 million of bonds bearing interest rates of 6.25% to 6.5%.

Also in October, the State issued \$100 million of Special Assessment Second Injury Fund Revenue Bonds. The issuance of these special obligation bonds was for the purpose of settling claims on a one-time, lump-sum basis in the Second Injury Trust Fund. The bonds are to be paid by assessments already being levied on insured employers and self-insured employers and will mature on various dates through 2012 and bear interest rates of 4.25% to 6%.

In November, \$159.1 million of general obligation bonds were issued. These bonds will mature at various dates through 2016 and have interest rates of 3.6% to 6.5%. \$81.6 million of the total bonds issued were used to advance refund \$77.4 million of bonds bearing interest rates of 6.2% to 7.125%.

Also in November, \$80 million of taxable general obligation bonds were issued, maturing in 2005 and 2006 and which will bear interest at the Periodic Auction Reset Securities rate. The rate used initially will be 5.35%.

---

---

*Required*

*PERS*

*Supplementary*

*Information*

---

# STATE OF CONNECTICUT

## Required Supplementary Information

### Analysis of Fund Progress

(Expressed in Millions)

Fiscal Year	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation	(3) % Funded (1)/(2)	(4) Unfunded Pension Benefit Obligation (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)
<b>State Employees' Retirement System</b>						
1988	\$1,844.6	\$4,089.3	45.1%	\$2,244.7	\$1,429.1	157.1%
1989	\$2,166.5	\$4,550.7	47.6%	\$2,384.2	\$1,583.0	150.6%
1990	\$2,552.1	\$5,071.5	50.3%	\$2,519.4	\$1,759.5	143.2%
1991	\$2,932.6	\$5,624.7	52.1%	\$2,692.1	\$1,802.8	149.3%
1992	\$3,140.2	\$6,009.7	52.3% (1)	\$2,869.5	\$1,983.6	144.7% (1)
1993	\$3,425.8	\$6,668.7	51.4%	\$3,242.9	\$1,931.4	167.9%
1994	\$3,695.6	\$7,189.8	51.4%	\$3,494.2	\$2,144.8	162.8%
1995	\$4,015.2	\$7,329.2	54.8%	\$3,314.0	\$2,155.9	153.7%
1996	\$4,118.7	\$7,838.2	52.5%	\$3,719.5	\$2,272.5	163.7%
<b>Teachers' Retirement System</b>						
1988	\$2,880.3	\$6,293.7	45.8%	\$3,413.4	\$1,193.5	286.0%
1989	\$3,275.2	\$6,856.7	47.8%	\$3,581.5	\$1,370.0	261.4%
1990	\$3,744.8	\$7,090.2	52.8%	\$3,345.4	\$1,540.8	217.1%
1991	\$4,308.5	\$7,425.2	58.0%	\$3,116.7	\$1,663.8	187.3%
1992	\$4,623.1	\$7,408.4	62.4%	\$2,785.3	\$1,792.5	155.4%
1993	\$4,811.4	\$6,896.7	69.8%	\$2,085.3	\$1,841.9	113.2%
1994	\$5,144.5	\$7,278.2	70.7%	\$2,133.7	\$1,952.4	109.3%
1995	\$5,804.3	\$7,489.9	77.5%	\$1,685.6	\$2,030.4	83.0%
1996	\$5,931.6	\$7,489.9	79.2%	\$1,558.3	\$2,152.2	72.4%
<b>Judicial Retirement System</b>						
1988	\$15.3	\$93.5	16.4%	\$78.2	\$9.7	806.2%
1989	\$21.9	\$103.6	21.1%	\$81.7	\$10.5	778.1%
1990	\$30.0	\$120.8	24.8%	\$90.8	\$12.8	709.4%
1991	\$37.6	\$110.0	34.2%	\$72.4	\$14.4	502.8%
1992	\$44.5	\$120.4	37.0%	\$75.9	\$15.3	496.1%
1993	\$47.8	\$130.6	36.6%	\$82.8	\$16.2	511.1%
1994	\$51.6	\$141.3	36.5%	\$89.7	\$18.1	495.6%
1995	\$55.5	\$148.0	37.5%	\$92.5	\$18.5	500.0%
1996	\$66.9	\$154.7	43.2%	\$87.8	\$19.0	462.1%
<b>Municipal Employees' Retirement System</b>						
1988	\$279.0	\$346.0	80.6%	\$67.0	\$144.0	46.5%
1989	\$348.0	\$388.0	89.7%	\$40.0	\$160.0	25.0%
1990	\$378.0	\$438.0	86.3%	\$60.0	\$185.0	32.4%
1991	\$411.9	\$469.6	87.7%	\$57.7	\$186.3	31.0%
1992	\$441.0	\$533.0	82.7%	\$92.0	\$195.0	47.2%
1993	\$475.0	\$526.3	90.3%	\$51.3	\$203.0	25.3%
1994	\$508.6	\$573.1	88.7%	\$64.5	\$214.6	30.1%
1995	\$536.0	\$620.1	86.4%	\$84.1	\$226.0	37.2%
1996	\$564.3	\$644.4	87.6%	\$80.1	\$237.0	33.8%

Isolated analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the State of Connecticut PERS funding status on a going-concern basis. Analysis of this percentage, over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the PERS. Trends in unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS. Prior to 1988, statements were not prepared on a GAAP basis, therefore, required supplementary information is only presented since then.

\* Net assets are presented at cost

(1) Amount/percentage changed to reflect corrections made by actuary.

**STATE OF CONNECTICUT**  
**State Employees' Retirement System**  
**Required Supplementary Information**  
**Revenues by Source and Expenses by Type**

(Expressed in Millions)

**Revenues by Source**

<b>Fiscal Year</b>	<b>Employee Contributions</b>	<b>State Contributions</b>		<b>Investment Income</b>	<b>Other</b>	<b>Total</b>
		<b>Dollar Amount</b>	<b>% of Annual Covered Payroll</b>			
1987	\$27.8	\$275.8	21.2%	\$102.8	\$43.0	\$449.4
1988	\$28.0	\$272.3	19.1%	\$144.6	\$50.6	\$495.5
1989	\$28.7	\$324.3	20.5%	\$180.8	\$49.0	\$582.8
1990	\$29.2	\$288.4	16.4%	\$260.6	\$53.6	\$631.8
1991	\$33.8	\$208.8	11.6%	\$179.7	\$60.0	\$482.3
1992	\$33.2	\$195.3	10.0%	\$312.7	\$51.4	\$592.6
1993	\$32.9	\$250.8	13.0%	\$297.8	\$42.6	\$624.1
1994	\$35.8	\$248.4	11.6%	\$356.3	\$61.8	\$702.3
1995	\$35.5	\$206.7	9.6%	\$185.2	\$85.5	\$512.9
1996	\$35.9	\$254.4	11.2%	\$658.4	\$80.7	\$1,029.4

**Expenses by Type**

<b>Fiscal Year</b>	<b>Benefits</b>	<b>Administrative</b>	<b>Refunds</b>	<b>Other</b>	<b>Total</b>
1987	\$154.9	\$0.1	\$2.8	\$-	\$157.8
1988	\$171.7	\$0.2	\$2.7	\$0.6	\$175.2
1989	\$192.6	\$1.9	\$2.2	\$0.6	\$197.3
1990	\$248.4	\$0.5	\$1.8	\$0.7	\$251.4
1991	\$272.1	\$0.2	\$1.8	\$-	\$274.1
1992	\$303.9	\$0.1	\$3.0	\$-	\$307.0
1993	\$351.9	\$0.2	\$2.2	\$-	\$354.3
1994	\$367.6	\$0.2	\$2.3	\$-	\$370.1
1995	\$388.9	\$0.2	\$2.3	\$14.4	\$405.8
1996	\$418.5	\$0.1	\$4.8	\$-	\$423.4

Contributions were made in accordance with actuarially determined contribution requirements for fiscal years 1987 through 1989. From 1990 through 1996 the actuarially determined contribution requirements were \$354.4 million, \$398 million, \$431.2 million, \$447.8 million, \$480.4 million, \$535.3 million, and \$501.1 million, while the actual contributions were \$341.4 million, \$263.8 million, \$246.7 million, \$293.4 million, \$310.2 million, \$292.2 million, and \$335.1 million, respectively.

# STATE OF CONNECTICUT

## State Teachers' Retirement System

### Required Supplementary Information

#### Revenues by Source and Expenses by Type

(Expressed in Millions)

##### Revenues by Source

Fiscal Year	Employee Contributions	State Contributions		Investment Income	Other	Total
		Dollar Amount	% of Annual Covered Payroll			
1987	\$75.5	\$204.7	19.2%	\$187.5	\$-	\$467.7
1988	\$89.6	\$242.5	20.3%	\$237.2	\$-	\$569.3
1989	\$100.1	\$282.9	20.6%	\$269.8	\$-	\$652.8
1990	\$106.9	\$321.6	20.9%	\$351.2	\$1.4	\$781.1
1991	\$115.0	\$158.4	9.5%	\$292.3	\$0.2	\$565.9
1992	\$124.9	\$133.0	7.4%	\$469.2	\$2.6	\$729.7
1993	\$149.5	\$111.6	6.1%	\$450.6	\$2.8	\$714.5
1994	\$150.9	\$124.3	6.4%	\$518.6	\$2.1	\$795.9
1995	\$160.0	\$132.5	6.5%	\$251.5	\$17.4	\$561.4
1996	\$162.7	\$140.0	6.5%	\$937.3	\$2.7	\$1,242.7

##### Expenses by Type

Fiscal Year	Benefits	Refunds	Other	Total
1987	\$154.8	\$6.5	\$-	\$161.3
1988	\$168.9	\$5.6	\$-	\$174.5
1989	\$183.7	\$5.8	\$-	\$189.5
1990	\$210.7	\$6.8	\$-	\$217.5
1991	\$243.9	\$6.8	\$13.2	\$263.9
1992	\$278.1	\$8.3	\$8.8	\$295.2
1993	\$333.6	\$11.4	\$25.8	\$370.8
1994	\$354.2	\$6.4	\$28.0	\$388.6
1995	\$392.6	\$8.1	\$19.7	\$420.4
1996	\$429.9	\$9.3	\$25.7	\$464.9

Contributions were made in accordance with actuarially determined contribution requirements for fiscal years 1987 through 1989. From 1990 through 1996 the actuarially determined contribution requirements were \$302.9 million, \$348.6 million, \$304.3 million, \$325 million, \$299.6 million, and \$145.8 million, \$154.0 million, and \$164.7 million, respectively, while the actual contributions made were \$282.9 million, \$321.6 million, \$158.3 million, \$133.0 million, \$111.6 million, \$124.3 million, \$132.5 million, and \$140.0 million, respectively.



# STATE OF CONNECTICUT

## Judicial Retirement System

### Required Supplementary Information

#### Revenues by Source and Expenses by Type

(Expressed in Millions)

#### Revenues by Source

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>State Contributions</u>		<u>Investment Income</u>	<u>Other</u>	<u>Total</u>
		<u>Dollar Amount</u>	<u>% of Annual Covered Payroll</u>			
1987	\$0.5	\$8.6	97.8%	\$0.6	\$-	\$9.7
1988	\$0.6	\$9.9	102.1%	\$1.1	\$-	\$11.6
1989	\$0.6	\$10.4	99.0%	\$1.7	\$-	\$12.7
1990	\$0.7	\$10.8	91.5%	\$3.0	\$-	\$14.5
1991	\$0.7	\$11.4	79.2%	\$2.6	\$0.2	\$14.9
1992	\$0.8	\$7.0	46.0%	\$4.2	\$-	\$12.0
1993	\$0.9	\$7.8	48.1%	\$4.7	\$-	\$13.4
1994	\$1.0	\$8.3	45.9%	\$5.4	\$-	\$14.7
1995	\$1.0	\$9.0	48.6%	\$2.3	\$-	\$12.3
1996	\$1.0	\$9.2	48.4%	\$10.1	\$-	\$20.3

#### Expenses by Type

<u>Fiscal Year</u>	<u>Administrative</u>		<u>Total</u>
	<u>Benefits</u>	<u>&amp; Other</u>	
1987	\$4.6	\$-	\$4.6
1988	\$4.9	\$-	\$4.9
1989	\$5.4	\$0.2	\$5.6
1990	\$5.9	\$-	\$5.9
1991	\$6.3	\$-	\$6.3
1992	\$7.0	\$-	\$7.0
1993	\$7.7	\$-	\$7.7
1994	\$8.2	\$-	\$8.2
1995	\$8.7	\$-	\$8.7
1996	\$9.5	\$-	\$9.5

Contributions were made in accordance with actuarially determined contribution requirements for fiscal years 1987-1996, except 1992. In 1992, the actuarially determined contribution requirement was \$10.6 million, while the actual contribution was \$7 million.

**STATE OF CONNECTICUT**  
**Municipal Employees' Retirement System**  
**Required Supplementary Information**  
**Revenues by Source and Expenses by Type**

(Expressed in Millions)

**Revenues by Source**

<b><u>Fiscal</u></b> <b><u>Year</u></b>	<b><u>Employee</u></b> <b><u>Contributions</u></b>	<b><u>State Contributions</u></b>		<b><u>Investment</u></b> <b><u>Income</u></b>	<b><u>Total</u></b>
		<b><u>Dollar</u></b> <b><u>Amount</u></b>	<b><u>% of Annual</u></b> <b><u>Covered Payroll</u></b>		
1987	\$7.3	\$13.3	N/A	\$22.1	\$42.7
1988	\$6.1	\$16.4	11.4%	\$60.6	\$83.1
1989	\$7.6	\$19.5	12.2%	\$20.2	\$47.3
1990	\$6.6	\$18.7	10.1%	\$24.7	\$50.0
1991	\$6.9	\$22.0	11.8%	\$26.3	\$55.2
1992	\$7.0	\$22.4	11.5%	\$29.9	\$59.3
1993	\$7.3	\$24.1	11.9%	\$29.6	\$61.0
1994	\$7.8	\$23.1	10.8%	\$27.4	\$58.3
1995	\$7.6	\$22.2	9.8%	\$26.9	\$56.7
1996	\$8.4	\$23.9	10.1%	\$103.2	\$135.5

**Expenses by Type**

<b><u>Fiscal</u></b> <b><u>Year</u></b>	<b><u>Benefits</u></b>	<b><u>Refunds</u></b>	<b><u>Total</u></b>
1987	\$11.6	\$0.7	\$12.3
1988	\$13.0	\$0.8	\$13.8
1989	\$15.0	\$1.1	\$16.1
1990	\$17.4	\$1.2	\$18.6
1991	\$21.1	\$2.4	\$23.5
1992	\$24.2	\$1.0	\$25.2
1993	\$26.5	\$0.8	\$27.3
1994	\$29.2	\$0.9	\$30.1
1995	\$32.6	\$0.0	\$32.6
1996	\$34.8	\$2.0	\$36.8

Contributions were made in accordance with actuarially determined contribution requirements.

---

*Combining  
Financial  
Statements*

---

**STATE OF CONNECTICUT**

**THIS PAGE LEFT INTENTIONALLY BLANK**

# STATE OF CONNECTICUT

## Special Revenue Funds

---

Special Revenue funds account for the proceeds of specific revenue sources (other than expendable trusts, major capital projects, and higher education and university hospital sources) that are legally restricted for specified purposes. Significant Special Revenue Funds include the following:

***Transportation Fund:***

to account for motor vehicle related 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.

***Workers' Compensation Administration:***

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

***Banking:***

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

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

to account for monies collected from various public utility companies.

***Insurance:***

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

***Criminal Injuries Compensation:***

to account for monies collected from the criminal injuries board.

***Regional Market Fund:***

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

***Mashantucket Pequot Fund:***

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

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

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

***Employment Security Administration:***

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

***Lottery:***

to account for lottery proceeds collected for the purposes of paying prizes and certain compensation to agents or claim centers. Balances in excess of the needs of the fund are transferred to the General Fund from time to time as determined by the executive director.

***Grants and Loan Programs:***

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

***Environmental Programs:***

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

***Housing Programs:***

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

# STATE OF CONNECTICUT

## Combining Balance Sheet

### Special Revenue Funds

June 30, 1996

(Expressed in Thousands)

	<u>Transportation</u>	<u>Workers' Compensation</u>	<u>Banking</u>	<u>Consumer Counsel and Public Utility Control</u>	<u>Insurance</u>	<u>Criminal Injuries</u>	<u>Mashantucket Pequot Fund</u>
<b>Assets:</b>							
Cash and Cash Equivalents.....	\$ 46,919	\$ 23,085	\$ 10,477	\$ 1,937	\$ 4,974	\$ 1,084	\$ 9
Investments:							
Other.....	-	-	-	-	-	-	-
Receivables:							
Taxes.....	44,624	-	-	-	-	-	-
Accounts, Net of Allowances.....	4,183	-	-	-	256	-	-
Loans, Net of Allowances.....	-	-	-	-	-	-	-
Interest.....	689	-	-	-	-	-	-
Federal Grants Receivable.....	7,912	-	-	-	-	-	-
Non Federal Grants Receivable.....	314	-	-	-	-	-	-
Due From Other Funds.....	13,312	335	-	-	-	340	-
Advances to Other Funds.....	-	-	-	-	-	-	-
Receivable From Other Governments.....	2,750	-	-	-	-	-	-
Inventories and Prepaid Items.....	12,988	-	-	-	-	-	-
<b>Total Assets.....</b>	<b>\$ 133,691</b>	<b>\$ 23,420</b>	<b>\$ 10,477</b>	<b>\$ 1,937</b>	<b>\$ 5,230</b>	<b>\$ 1,424</b>	<b>\$ 9</b>
<b>Liabilities and Fund Balances:</b>							
<b>Liabilities:</b>							
Accounts Payable and Accrued Liabilities.....	\$ 23,983	\$ 1,116	\$ 431	\$ 1,637	\$ 447	\$ 319	\$ -
Due to Other Funds.....	730	129	180	148	146	-	-
Due to Component Units.....	-	-	-	-	-	-	-
Payable to Other Governments.....	-	-	-	-	-	-	-
Deferred Revenue.....	16,785	-	-	1,868	2,847	-	-
<b>Total Liabilities.....</b>	<b>41,498</b>	<b>1,245</b>	<b>611</b>	<b>3,653</b>	<b>3,440</b>	<b>319</b>	<b>-</b>
<b>Fund Balances:</b>							
Reserved for Inventories.....	12,988	-	-	-	-	-	-
Reserved for Loans.....	-	-	-	-	-	-	-
Reserved for Continuing Appropriations.....	16,905	1,266	750	-	-	-	-
Unreserved, undesignated.....	62,300	20,909	9,116	(1,716)	1,790	1,105	9
<b>Total Fund Balances.....</b>	<b>92,193</b>	<b>22,175</b>	<b>9,866</b>	<b>(1,716)</b>	<b>1,790</b>	<b>1,105</b>	<b>9</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 133,691</b>	<b>\$ 23,420</b>	<b>\$ 10,477</b>	<b>\$ 1,937</b>	<b>\$ 5,230</b>	<b>\$ 1,424</b>	<b>\$ 9</b>

Regional Market	Soldiers, Sailors, & Marines	Employment Security Administration	Lottery	Grant & Loan Programs	Environmental Programs	Housing Programs	Other	Total
\$ 169	\$ -	\$ 7,642	\$ 18,046	\$ 144,973	\$ 57,263	\$ 10,436	\$ 29,895	\$ 356,909
-	-	-	-	-	27,035	-	-	27,035
-	-	-	-	-	-	-	-	44,624
-	-	-	15,984	-	-	1,449	1,915	23,787
-	-	-	-	113,485	66,118	211,596	-	391,199
1	1	14	4	276	6,334	111	97	7,527
-	-	-	-	-	162	-	-	8,074
-	-	-	-	-	-	-	-	314
-	400	1,851	-	-	7,261	-	-	23,499
-	-	-	-	-	-	-	4,532	4,532
-	-	1,526	-	217	-	2,278	-	6,771
-	-	-	-	-	-	-	-	12,988
<u>\$ 170</u>	<u>\$ 401</u>	<u>\$ 11,033</u>	<u>\$ 34,034</u>	<u>\$ 258,951</u>	<u>\$ 164,173</u>	<u>\$ 225,870</u>	<u>\$ 36,439</u>	<u>\$ 907,259</u>
\$ 28	\$ 59	\$ 5,222	\$ 30,463	\$ 716	\$ 2,347	\$ 213	\$ 6,268	\$ 73,249
9	342	979	46	12	223	76	131	3,151
-	-	-	-	11,176	-	-	-	11,176
-	-	-	158	-	-	-	-	158
-	-	883	590	83	3,192	524	1,915	28,687
<u>37</u>	<u>401</u>	<u>7,084</u>	<u>31,257</u>	<u>11,987</u>	<u>5,762</u>	<u>813</u>	<u>8,314</u>	<u>116,421</u>
-	-	-	-	-	-	-	-	12,988
-	-	-	-	113,485	66,118	211,596	-	391,199
-	-	-	-	-	-	-	-	18,921
133	-	3,949	2,777	133,479	92,293	13,461	28,125	367,730
133	-	3,949	2,777	246,964	158,411	225,057	28,125	790,838
<u>\$ 170</u>	<u>\$ 401</u>	<u>\$ 11,033</u>	<u>\$ 34,034</u>	<u>\$ 258,951</u>	<u>\$ 164,173</u>	<u>\$ 225,870</u>	<u>\$ 36,439</u>	<u>\$ 907,259</u>

# STATE OF CONNECTICUT

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

For The Fiscal Year Ended June 30, 1996

(Expressed in Thousands)

	Transportation	Workers' Compensation	Banking	Consumer Counsel and Public Utility Control	Insurance	Criminal Injuries	Mashantucket Pequot Fund
<b>Revenues:</b>							
Taxes.....	\$ 498,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Permits and Fees.....	261,649	-	13,195	9	323	1,904	-
Intergovernmental.....	71,242	-	-	-	-	-	-
Charges for Services.....	20,656	-	7	-	-	-	-
Fines, Forfeits and Rents.....	-	-	295	23	-	-	-
Investment Earnings.....	10,250	-	-	-	-	-	-
Lottery.....	-	-	-	-	-	-	-
Miscellaneous.....	-	17,744	24	12,263	10,978	63	-
<b>Total Revenues.....</b>	<b>862,167</b>	<b>17,744</b>	<b>13,521</b>	<b>12,295</b>	<b>11,301</b>	<b>1,967</b>	<b>-</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General Government.....	1,906	8	5	2	2	-	85,000
Regulation and Protection.....	111,240	18,398	12,284	12,360	11,100	-	-
Conservation and Development.....	-	-	-	-	-	-	-
Health and Hospitals.....	-	-	-	-	-	-	-
Transportation.....	352,839	-	-	-	-	-	-
Human Services.....	-	-	-	-	-	-	-
Education, Libraries, and Museums.....	-	-	-	-	-	-	-
Corrections.....	-	-	-	-	-	-	-
Judicial.....	-	-	-	-	-	1,404	-
Federal and Other Grants.....	67,197	-	-	-	-	-	-
<b>Debt Service:</b>							
Principal Retirement.....	40,910	-	-	-	-	-	-
Interest and Fiscal Charges.....	15,006	-	-	-	-	-	-
<b>Total Expenditures.....</b>	<b>589,098</b>	<b>18,406</b>	<b>12,289</b>	<b>12,362</b>	<b>11,102</b>	<b>1,404</b>	<b>85,000</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>	<b>273,069</b>	<b>(662)</b>	<b>1,232</b>	<b>(67)</b>	<b>199</b>	<b>563</b>	<b>(85,000)</b>
<b>Other Financing Sources (Uses):</b>							
Proceeds from Sale of Bonds.....	-	-	-	-	-	-	-
Operating Transfers In.....	31,067	1,372	-	-	-	57	85,000
Operating Transfers Out.....	(289,836)	-	-	-	-	-	-
Capital Lease Obligations.....	-	-	-	221	-	-	-
<b>Total Other Financing Sources (Uses).....</b>	<b>(258,769)</b>	<b>1,372</b>	<b>-</b>	<b>221</b>	<b>-</b>	<b>57</b>	<b>85,000</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses.....</b>	<b>14,300</b>	<b>710</b>	<b>1,232</b>	<b>154</b>	<b>199</b>	<b>620</b>	<b>-</b>
<b>Fund Balances (deficit) - July 1.....</b>	<b>78,115</b>	<b>21,465</b>	<b>8,634</b>	<b>(1,870)</b>	<b>1,591</b>	<b>485</b>	<b>9</b>
Equity Trans. to Component Units Contrib. Capital	-	-	-	-	-	-	-
Changes in Reserves for Inventories.....	(222)	-	-	-	-	-	-
<b>Fund Balances (deficit) - June 30.....</b>	<b>\$ 92,193</b>	<b>\$ 22,175</b>	<b>\$ 9,866</b>	<b>\$ (1,716)</b>	<b>\$ 1,790</b>	<b>\$ 1,105</b>	<b>\$ 9</b>



Regional Market	Soldiers, Sailors, & Marines	Employment Security Administration	Lottery	Grant & Loan Programs	Environmental Programs	Housing Programs	Other	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,646	\$ -	\$ 38	\$ 508,054
23	-	3	-	-	10,846	-	29,865	317,817
-	-	109,756	-	-	-	-	5,813	186,811
-	-	5	-	-	2,233	-	485	23,386
829	-	-	-	-	59	-	224	1,430
8	4	108	3	3,885	1,281	1,536	883	17,958
-	-	-	706,860	-	-	-	-	706,860
5	-	-	-	5,437	1,865	6,795	8,219	63,393
<u>865</u>	<u>4</u>	<u>109,872</u>	<u>706,863</u>	<u>9,322</u>	<u>25,930</u>	<u>8,331</u>	<u>45,527</u>	<u>1,825,709</u>
-	205	67	435,552	34,008	2,414	43,817	29,318	632,304
-	8	117,680	-	2,118	-	-	25,543	310,731
630	-	-	-	96,239	57,736	280	1,241	156,126
-	-	-	-	4,587	41	-	2,805	7,433
-	-	-	-	5,263	-	-	42	358,144
-	3,054	-	-	6,675	-	826	150	10,705
-	-	-	-	156,733	-	-	2,335	159,068
-	-	-	-	5,153	-	-	2,149	7,302
-	-	-	-	-	-	-	5,675	7,079
-	-	-	-	-	-	-	-	67,197
100	-	-	-	-	-	-	-	41,010
114	-	-	-	-	359	-	-	15,479
<u>844</u>	<u>3,267</u>	<u>117,747</u>	<u>435,552</u>	<u>310,776</u>	<u>60,550</u>	<u>44,923</u>	<u>69,258</u>	<u>1,772,578</u>
21	(3,263)	(7,875)	271,311	(301,454)	(34,620)	(36,592)	(23,731)	53,131
-	-	-	-	288,770	64,434	30,621	20,877	404,702
-	3,257	4,232	-	-	1,263	16	75	126,339
-	(94)	-	(262,050)	-	(16,351)	-	(716)	(569,047)
-	-	-	-	-	372	-	43	636
-	<u>3,163</u>	<u>4,232</u>	<u>(262,050)</u>	<u>288,770</u>	<u>49,718</u>	<u>30,637</u>	<u>20,279</u>	<u>(37,370)</u>
21	(100)	(3,643)	9,261	(12,684)	15,098	(5,955)	(3,452)	15,761
112	100	7,592	(6,484)	264,400	143,313	231,012	31,577	780,051
-	-	-	-	(4,752)	-	-	-	(4,752)
-	-	-	-	-	-	-	-	(222)
<u>\$ 133</u>	<u>\$ -</u>	<u>\$ 3,949</u>	<u>\$ 2,777</u>	<u>\$ 246,964</u>	<u>\$ 158,411</u>	<u>\$ 225,057</u>	<u>\$ 28,125</u>	<u>\$ 790,838</u>

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

For the Fiscal Year Ended June 30, 1996  
(Expressed in Thousands)

	<u>Transportation</u>			<u>Workers' Compensation</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>						
<b>Budgeted</b>						
Taxes, Net of Refunds.....	\$ 500,600	\$ 498,370	\$ (2,230)	\$ -	\$ -	\$ -
Operating Transfers In.....	-	-	-	-	-	-
Licenses, Permits, and Fees.....	258,400	259,296	896	-	-	-
Other.....	40,600	40,733	133	20,700	17,744	(2,956)
Federal Grants.....	4,000	4,045	45	-	-	-
Operating Transfers Out.....	(200)	(250)	(50)	-	-	-
<b>Total Budgeted.....</b>	<b>803,400</b>	<b>802,194</b>	<b>(1,206)</b>	<b>20,700</b>	<b>17,744</b>	<b>(2,956)</b>
Federal and Other Restricted.....	-	69,098	69,098	-	-	-
<b>Total Revenues.....</b>	<b>803,400</b>	<b>871,292</b>	<b>67,892</b>	<b>20,700</b>	<b>17,744</b>	<b>(2,956)</b>
<b>Expenditures:</b>						
<b>Budgeted</b>						
General Government.....	2,426	2,050	376	-	-	-
Regulation and Protection.....	90,898	84,813	6,085	22,519	18,318	4,201
Conservation and Development.....	-	-	-	-	-	-
Transportation.....	314,612	295,213	19,399	-	-	-
Human Services.....	-	-	-	-	-	-
Non Functional.....	425,802	409,906	15,896	-	-	-
Appropriations Lapsed.....	(24,851)	-	(24,851)	-	-	-
<b>Total Budgeted.....</b>	<b>808,887</b>	<b>791,982</b>	<b>16,905</b>	<b>22,519</b>	<b>18,318</b>	<b>4,201</b>
Federal and Other Restricted.....	-	69,098	(69,098)	-	-	-
<b>Total Expenditures.....</b>	<b>808,887</b>	<b>861,080</b>	<b>(52,193)</b>	<b>22,519</b>	<b>18,318</b>	<b>4,201</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures.....</b>	<b>(5,487)</b>	<b>10,212</b>	<b>15,699</b>	<b>(1,819)</b>	<b>(574)</b>	<b>1,245</b>
<b>Other Financing Sources (Uses):</b>						
Prior Year Appropriations Carried Forward.....	17,260	17,260	-	1,514	1,514	-
Appropriations Continued to Fiscal Year 1996-97.....	-	(16,905)	(16,905)	-	(1,266)	(1,266)
Transfers Between Funds.....	-	-	-	-	1,372	1,372
Miscellaneous Adjustments.....	-	586	586	-	-	-
<b>Total Other Financing Sources (Uses).....</b>	<b>17,260</b>	<b>941</b>	<b>(16,319)</b>	<b>1,514</b>	<b>1,620</b>	<b>106</b>
<b>Excess (Deficiency) of Revenues and Other</b>						
<b>Sources Over Expenditures and Other Uses.....</b>	<b>\$ 11,773</b>	<b>11,153</b>	<b>\$ (620)</b>	<b>\$ (305)</b>	<b>1,046</b>	<b>\$ 1,351</b>
<b>Budgetary Fund Balances - July 1.....</b>		<b>208,578</b>			<b>22,622</b>	
<b>Changes in Reserves.....</b>		<b>38,177</b>			<b>(248)</b>	
<b>Budgetary Fund Balances - June 30.....</b>		<b>\$ 257,908</b>			<b>\$ 23,420</b>	

Budget	Banking		Consumer Counsel & Public Utility Control			Budget	Insurance		Variance
	Actual	Variance	Budget	Actual	Variance		Actual	Variance	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
14,600	13,521	(1,079)	-	-	-	-	-	-	-
-	-	-	13,200	13,095	(105)	11,600	11,776	176	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>14,600</u>	<u>13,521</u>	<u>(1,079)</u>	<u>13,200</u>	<u>13,095</u>	<u>(105)</u>	<u>11,600</u>	<u>11,776</u>	<u>176</u>	<u>-</u>
<u>14,600</u>	<u>13,521</u>	<u>(1,079)</u>	<u>13,200</u>	<u>13,095</u>	<u>(105)</u>	<u>11,600</u>	<u>11,776</u>	<u>176</u>	<u>-</u>
-	-	-	-	-	-	-	-	-	-
14,584	12,286	2,298	13,263	11,974	1,289	11,948	11,112	836	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>14,584</u>	<u>12,286</u>	<u>2,298</u>	<u>13,263</u>	<u>11,974</u>	<u>1,289</u>	<u>11,948</u>	<u>11,112</u>	<u>836</u>	<u>-</u>
<u>14,584</u>	<u>12,286</u>	<u>2,298</u>	<u>13,263</u>	<u>11,974</u>	<u>1,289</u>	<u>11,948</u>	<u>11,112</u>	<u>836</u>	<u>-</u>
-	-	-	-	-	-	-	-	-	-
<u>16</u>	<u>1,235</u>	<u>1,219</u>	<u>(63)</u>	<u>1,121</u>	<u>1,184</u>	<u>(348)</u>	<u>664</u>	<u>1,012</u>	<u>-</u>
-	-	-	-	-	-	-	-	-	-
-	(750)	(750)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	(750)	(750)	-	-	-	-	-	-	-
<u>\$ 16</u>	<u>485</u>	<u>\$ 469</u>	<u>\$ (63)</u>	<u>1,121</u>	<u>\$ 1,184</u>	<u>\$ (348)</u>	<u>664</u>	<u>\$ 1,012</u>	<u>-</u>
	9,240			816			4,309		
	750			-			-		
	<u>\$ 10,475</u>			<u>\$ 1,937</u>			<u>\$ 4,973</u>		

Continued on next page

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

For the Fiscal Year Ended June 30, 1996  
(Expressed in Thousands)

	<u>Criminal Injuries Compensation</u>			<u>Mashantucket Pequot Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>						
<b>Budgeted</b>						
Taxes, Net of Refunds.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers In.....	-	-	-	85,000	85,000	-
Licenses, Permits, and Fees.....	-	-	-	-	-	-
Other.....	1,500	1,968	468	-	-	-
Federal Grants.....	-	-	-	-	-	-
Operating Transfers Out.....	-	-	-	-	-	-
<b>Total Budgeted.....</b>	<b>1,500</b>	<b>1,968</b>	<b>468</b>	<b>85,000</b>	<b>85,000</b>	<b>-</b>
Federal and Other Restricted.....	-	-	-	-	-	-
<b>Total Revenues.....</b>	<b>1,500</b>	<b>1,968</b>	<b>468</b>	<b>85,000</b>	<b>85,000</b>	<b>-</b>
<b>Expenditures:</b>						
<b>Budgeted</b>						
General Government.....	-	-	-	-	-	-
Regulation and Protection.....	1,500	1,500	-	-	-	-
Conservation and Development.....	-	-	-	-	-	-
Transportation.....	-	-	-	-	-	-
Human Services.....	-	-	-	-	-	-
Non Functional.....	-	-	-	85,000	85,000	-
Appropriations Lapsed.....	-	-	-	-	-	-
<b>Total Budgeted.....</b>	<b>1,500</b>	<b>1,500</b>	<b>-</b>	<b>85,000</b>	<b>85,000</b>	<b>-</b>
Federal and Other Restricted.....	-	-	-	-	-	-
<b>Total Expenditures.....</b>	<b>1,500</b>	<b>1,500</b>	<b>-</b>	<b>85,000</b>	<b>85,000</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures.....</b>	<b>-</b>	<b>468</b>	<b>468</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>						
Prior Year Appropriations Carried Forward.....	-	-	-	-	-	-
Appropriations Continued to Fiscal Year 1996-97.....	-	-	-	-	-	-
Transfers Between Funds.....	-	57	57	-	-	-
Miscellaneous Adjustments.....	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses).....</b>	<b>-</b>	<b>57</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other</b>						
<b>Sources Over Expenditures and Other Uses.....</b>	<b>\$ -</b>	<b>525</b>	<b>\$ 525</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Budgetary Fund Balances - July 1.....</b>		<b>899</b>			<b>9</b>	
Changes in Reserves.....		-			-	
<b>Budgetary Fund Balances - June 30.....</b>		<b>\$ 1,424</b>			<b>\$ 9</b>	

<u>Regional Market</u>			<u>Soldiers, Sailors, and Marines</u>			<u>Total</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,600	\$ 498,370	\$ (2,230)
-	-	-	-	-	-	85,000	85,000	-
-	-	-	-	-	-	273,000	272,817	(183)
930	866	(64)	3,650	2,920	(730)	92,180	89,102	(3,078)
-	-	-	-	-	-	4,000	4,045	45
-	-	-	-	-	-	(200)	(250)	(50)
<u>930</u>	<u>866</u>	<u>(64)</u>	<u>3,650</u>	<u>2,920</u>	<u>(730)</u>	<u>954,580</u>	<u>949,084</u>	<u>(5,496)</u>
-	-	-	-	-	-	-	69,098	69,098
<u>930</u>	<u>866</u>	<u>(64)</u>	<u>3,650</u>	<u>2,920</u>	<u>(730)</u>	<u>954,580</u>	<u>1,018,182</u>	<u>63,602</u>
-	-	-	240	230	10	2,666	2,280	386
-	-	-	-	-	-	154,712	140,003	14,709
737	633	104	-	-	-	737	633	104
-	-	-	-	-	-	314,612	295,213	19,399
-	-	-	3,436	3,054	382	3,436	3,054	382
214	214	-	-	-	-	511,016	495,120	15,896
-	-	-	-	-	-	(24,851)	-	(24,851)
<u>951</u>	<u>847</u>	<u>104</u>	<u>3,676</u>	<u>3,284</u>	<u>392</u>	<u>962,328</u>	<u>936,303</u>	<u>26,025</u>
-	-	-	-	-	-	-	69,098	(69,098)
<u>951</u>	<u>847</u>	<u>104</u>	<u>3,676</u>	<u>3,284</u>	<u>392</u>	<u>962,328</u>	<u>1,005,401</u>	<u>(43,073)</u>
<u>(21)</u>	<u>19</u>	<u>40</u>	<u>(26)</u>	<u>(364)</u>	<u>(338)</u>	<u>(7,748)</u>	<u>12,781</u>	<u>20,529</u>
-	-	-	-	-	-	18,774	18,774	-
-	-	-	-	-	-	-	(18,921)	(18,921)
-	-	-	-	(6)	(6)	-	1,423	1,423
-	-	-	-	-	-	-	586	586
-	-	-	-	(6)	(6)	<u>18,774</u>	<u>1,862</u>	<u>(16,912)</u>
<u>\$ (21)</u>	<u>19</u>	<u>\$ 40</u>	<u>\$ (26)</u>	<u>(370)</u>	<u>\$ (344)</u>	<u>\$ 11,026</u>	<u>14,643</u>	<u>\$ 3,617</u>
	150			100			246,723	
	-			-			38,679	
	<u>\$ 169</u>			<u>\$ (270)</u>			<u>\$ 300,045</u>	

**STATE OF CONNECTICUT**

**THIS PAGE LEFT INTENTIONALLY BLANK**

---

# STATE OF CONNECTICUT

## Capital Projects Funds

---

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure (other than those financed by proprietary funds, trust funds, and higher education and university hospital funds). Significant Capital Projects Funds are described as follows:

***State Facilities:***

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

***Infrastructure:***

to account for the proceeds of bond issues and related capital project grants to finance the state's transportation infrastructure program over a ten-year period. This program encompasses the planning, acquisition, removal, construction, equipping, reconstruction, repair, rehabilitation and improvement of, and acquisition of easements and rights-of-way with respect to, State highways and bridges, projects on the interstate

highway system, alternate highway projects in the interstate substitution program (the "interstate trade-in program"), waterway facilities, mass transportation and transit facilities, aeronautic facilities (excluding Bradley International Airport), the highway safety program, maintenance garages and administrative facilities of the Department, payment of the State's share of the costs of the local bridge program and payment of State contributions to the local bridge revolving fund.

***Other Transportation:***

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

# STATE OF CONNECTICUT

## Balance Sheet

### Capital Projects Funds

June 30, 1996

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infra- Structure</u>	<u>Transportation</u>	<u>Total</u>
<b>Assets:</b>				
Cash and Cash Equivalents.....	\$ -	\$ 155,324	\$ 44,843	\$ 200,167
<b>Receivables:</b>				
Accounts, Net of Allowances.....	5	1,823	219	2,047
Investment Income Receivable.....	-	492	-	492
Federal Grants Receivable.....	-	12,932	207	13,139
Due From Other Funds.....	253,523	25,892	-	279,415
Receivable From Other Governments.....	69	46,489	147	46,705
<b>Total Assets.....</b>	<b>\$ 253,597</b>	<b>\$ 242,952</b>	<b>\$ 45,416</b>	<b>\$ 541,965</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities.....	\$ 27,923	\$ 65,574	\$ 2,488	\$ 95,985
Due to Other Funds.....	7,919	828	44	8,791
Deferred Revenue.....	8	20,981	148	21,137
<b>Total Liabilities.....</b>	<b>35,850</b>	<b>87,383</b>	<b>2,680</b>	<b>125,913</b>
<b>Fund Balances:</b>				
Unreserved, undesignated.....	217,747	155,569	42,736	416,052
<b>Total Fund Balances.....</b>	<b>217,747</b>	<b>155,569</b>	<b>42,736</b>	<b>416,052</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 253,597</b>	<b>\$ 242,952</b>	<b>\$ 45,416</b>	<b>\$ 541,965</b>



# STATE OF CONNECTICUT

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

For The Fiscal Year Ended June 30, 1996

(Expressed in Thousands)

	State Facilities	Infra- Structure	Transportation	Total
<b>Revenues:</b>				
Intergovernmental.....	\$ 721	\$ 323,762	\$ 126	\$ 324,609
Investment Earnings.....	-	119	-	119
Miscellaneous.....	-	192	-	192
<b>Total Revenues.....</b>	<b>721</b>	<b>324,073</b>	<b>126</b>	<b>324,920</b>
<b>Expenditures:</b>				
Capital Projects.....	142,839	532,817	13,876	689,532
<b>Total Expenditures.....</b>	<b>142,839</b>	<b>532,817</b>	<b>13,876</b>	<b>689,532</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>				
	<b>(142,118)</b>	<b>(208,744)</b>	<b>(13,750)</b>	<b>(364,612)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Bonds.....	397,838	296,188	-	694,026
Operating Transfers Out.....	(107,128)	-	-	(107,128)
<b>Total Other Financing Sources (Uses).....</b>	<b>290,710</b>	<b>296,188</b>	<b>-</b>	<b>586,898</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses.....</b>				
	<b>148,592</b>	<b>87,444</b>	<b>(13,750)</b>	<b>222,286</b>
<b>Fund Balances (deficit) - July 1.....</b>	<b>69,155</b>	<b>68,125</b>	<b>56,486</b>	<b>193,766</b>
<b>Fund Balances (deficit) - June 30 .....</b>	<b>\$ 217,747</b>	<b>\$ 155,569</b>	<b>\$ 42,736</b>	<b>\$ 416,052</b>

**STATE OF CONNECTICUT**

**THIS PAGE LEFT INTENTIONALLY BLANK**

# STATE OF CONNECTICUT

## Enterprise Funds

---

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Significant Enterprise Funds of the State of Connecticut are described as follows:

***Rental Housing Fund:***

The Rental Housing Fund is used to account for the financing of various housing programs offered by the State from bond proceeds and the retirement of such obligations. Revenue is received from interest earned on program loans and investment income.

***Bradley International Airport:***

The airport is owned by the State of Connecticut and is operated by the Bureau of Aeronautics of the State of

Connecticut, Department of Transportation. In 1982, the State issued the Airport, 1982 series, Revenue Bonds in the aggregate principal amount of \$100,000,000. The bonds were refunded in 1992 with the issuance of \$94,065,000 in refunding bonds. The refunding bonds are secured by and payable solely from the gross operating revenues generated by the State from the operations of the Airport and other receipts, funds or monies pledged in the Indenture.

# STATE OF CONNECTICUT

## Combining Balance Sheet

### Enterprise Funds

June 30, 1996

(Expressed in Thousands)

	Rental Housing	Bradley International Airport	Other	Total
<b>Assets:</b>				
Cash and Cash Equivalents.....	\$ 4,636	\$ 11,313	\$ 669	\$ 16,618
Investments:				
Other.....	52,920	-	-	52,920
Receivables:				
Accounts, Net of Allowances.....	-	3,148	401	3,549
Loans, Net of Allowances.....	90,606	-	-	90,606
Interest.....	11,227	-	-	11,227
Receivable From Other Governments.....	-	3,588	-	3,588
Inventories and Prepaid Items.....	-	91	272	363
Restricted Assets.....	-	48,872	-	48,872
Property, Plant & Equipment.....	16	137,486	49	137,551
Other Assets.....	-	1,740	-	1,740
<b>Total Assets.....</b>	<b>\$ 159,405</b>	<b>\$ 206,238</b>	<b>\$ 1,391</b>	<b>\$ 367,034</b>
<b>Liabilities and Equity:</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities.....	\$ 3,610	\$ 4,989	\$ 145	\$ 8,744
Due to Other Funds.....	671	1,777	11	2,459
Deferred Revenue.....	-	-	31	31
Revenue Bonds.....	123,630	90,540	-	214,170
Compensated Absences.....	1	-	68	69
<b>Total Liabilities.....</b>	<b>127,912</b>	<b>97,306</b>	<b>255</b>	<b>225,473</b>
<b>Equity:</b>				
Contributed Capital.....	-	101,059	350	101,409
Retained Earnings:				
Reserved for Airport Operations.....	-	22,329	-	22,329
Unreserved.....	31,493	(14,456)	786	17,823
<b>Total Retained Earnings.....</b>	<b>31,493</b>	<b>7,873</b>	<b>786</b>	<b>40,152</b>
<b>Total Equity.....</b>	<b>31,493</b>	<b>108,932</b>	<b>1,136</b>	<b>141,561</b>
<b>Total Liabilities and Equity.....</b>	<b>\$ 159,405</b>	<b>\$ 206,238</b>	<b>\$ 1,391</b>	<b>\$ 367,034</b>

# STATE OF CONNECTICUT

## Combining Statement of Revenues, Expenses and Changes in Retained Earnings Enterprise Funds

For The Fiscal Year Ended June 30, 1996

(Expressed in Thousands)

	<u>Rental Housing</u>	<u>Bradley International Airport</u>	<u>Other</u>	<u>Total</u>
<b>Operating Revenues:</b>				
Charges for Services.....	\$ -	\$ 31,819	\$ 2,140	\$ 33,959
Interest on Financing Activities.....	3,350	-	-	3,350
<b>Total Operating Revenues.....</b>	<b>3,350</b>	<b>31,819</b>	<b>2,140</b>	<b>37,309</b>
<b>Operating Expenses:</b>				
Administrative.....	1,746	20,575	2,401	24,722
Depreciation and Amortization.....	4	7,751	-	7,755
Interest on Financing Activities.....	7,856	-	-	7,856
<b>Total Operating Expenses.....</b>	<b>9,606</b>	<b>28,326</b>	<b>2,401</b>	<b>40,333</b>
<b>Operating Income (Loss).....</b>	<b>(6,256)</b>	<b>3,493</b>	<b>(261)</b>	<b>(3,024)</b>
<b>Nonoperating Revenues (Expenses):</b>				
Interest and Investment Income.....	4,627	3,513	-	8,140
Interest and Fiscal Charges.....	-	(6,919)	-	(6,919)
Other.....	(2,442)	2,981	-	539
<b>Total Nonoperating Income (Expense).....</b>	<b>2,185</b>	<b>(425)</b>	<b>-</b>	<b>1,760</b>
<b>Income (Loss) Before Operating Transfers .....</b>	<b>(4,071)</b>	<b>3,068</b>	<b>(261)</b>	<b>(1,264)</b>
<b>Operating Transfers In (Out):</b>				
Operating Transfers In.....	4,892	-	-	4,892
Operating Transfers Out.....	(822)	-	-	(822)
<b>Net Income (Loss).....</b>	<b>(1)</b>	<b>3,068</b>	<b>(261)</b>	<b>2,806</b>
<b>Retained Earnings - July 1.....</b>	<b>31,494</b>	<b>4,805</b>	<b>1,047</b>	<b>37,346</b>
<b>Retained Earnings - June 30.....</b>	<b>\$ 31,493</b>	<b>\$ 7,873</b>	<b>\$ 786</b>	<b>\$ 40,152</b>

# STATE OF CONNECTICUT

## Combining Statement of Cash Flows

### Enterprise Funds

For The Fiscal Year Ended June 30, 1996  
(Expressed in Thousands)

	Rental Housing	Bradley International Airport	Other	Total
<b>Cash Flows From Operating Activities:</b>				
Operating Income (Loss).....	\$ (6,256)	\$ 3,493	\$ (261)	\$ (3,024)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Amortization and Depreciation.....	4	7,751	-	7,755
Provision for loan losses.....	417	-	-	417
Interest expense.....	7,856	-	-	7,856
Changes in assets and liabilities:				
(Increase) decrease in receivables.....	(235)	(571)	208	(598)
(Increase) decrease in receivable from other governments.....	-	21	-	21
(Increase) decrease in inventories and prepaid items.....	-	18	(98)	(80)
(Increase) decrease in accounts payable & accrued liabilities.....	1,054	191	28	1,273
Increase (decrease) in due to other funds.....	(1,198)	328	10	(860)
Miscellaneous operating activities.....	3	4,094	86	4,183
Collection of loans, notes & installment contracts receivable...	2,248	-	-	2,248
<b>Net cash provided by (used in) operating activities.....</b>	<b>3,893</b>	<b>15,325</b>	<b>(27)</b>	<b>19,191</b>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Retirement of bonds and notes payable.....	(2,305)	-	-	(2,305)
Interest on bonds and notes payable.....	(8,039)	-	-	(8,039)
Transfers from other funds.....	4,892	-	-	4,892
Transfers to other funds.....	(822)	-	-	(822)
<b>Net cash provided by (used in) noncapital financing activities.....</b>	<b>(6,274)</b>	<b>-</b>	<b>-</b>	<b>(6,274)</b>
<b>Cash Flows From Capital And Related Financing Activities:</b>				
Purchase of fixed assets.....	-	(6,410)	-	(6,410)
Retirement of bonds payable.....	-	(2,630)	-	(2,630)
Interest on bonds and notes payable.....	-	(6,967)	-	(6,967)
Capital contributions or grants.....	-	1,871	-	1,871
<b>Net cash provided by (used in) capital and related financing activities.....</b>	<b>-</b>	<b>(14,136)</b>	<b>-</b>	<b>(14,136)</b>
<b>Cash Flows From Investing Activities:</b>				
Proceeds from sale of investment securities.....	-	-	-	-
Purchase of investment securities.....	(627)	-	-	(627)
Interest and income on investments.....	4,006	3,527	-	7,533
<b>Net cash provided by (used in) investing activities.....</b>	<b>3,379</b>	<b>3,527</b>	<b>-</b>	<b>6,906</b>
<b>Increase (decrease) in cash.....</b>	<b>998</b>	<b>4,716</b>	<b>(27)</b>	<b>5,687</b>
<b>Cash and cash equivalents, July 1.....</b>	<b>3,638</b>	<b>45,448</b>	<b>696</b>	<b>49,782</b>
<b>Cash and cash equivalents, June 30.....</b>	<b>\$ 4,636</b>	<b>\$ 50,164</b>	<b>\$ 669</b>	<b>\$ 55,469</b>

---

# STATE OF CONNECTICUT

## Internal Service Funds

---

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State, or to other governments, on a cost-reimbursement basis. The following operations are included in these funds:

***Correction Industries:***

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

***Administrative Services:***

to account for the various activities of the Department of Administrative Services including the purchasing of supplies and data processing equipment for the State, the operations of the motor pool, the operations of data processing services and certain other activities. Revenues consist of user charges to agencies.

# STATE OF CONNECTICUT

## Combining Balance Sheet

### Internal Service Funds

June 30, 1996

(Expressed in Thousands)

	Correction Industries	Administrative Services	Total
<b>Assets:</b>			
Cash and Cash Equivalents.....	\$ 1,912	\$ -	\$ 1,912
Receivables:			
Accounts, Net of Allowances.....	90	1,763	1,853
Due From Other Funds.....	231	3,918	4,149
Inventories and Prepaid Items.....	1,939	1,032	2,971
Property, Plant, and Equipment.....	733	46,460	47,193
Other Assets.....	-	1,215	1,215
<b>Total Assets.....</b>	<b>\$ 4,905</b>	<b>\$ 54,388</b>	<b>\$ 59,293</b>
<b>Liabilities and Equity:</b>			
Liabilities:			
Accounts Payable and Accrued Liabilities.....	\$ 165	\$ 3,372	\$ 3,537
Due to Other Funds.....	7	10,986	10,993
Deferred Revenue.....	-	2,748	2,748
Compensated Absences.....	213	2,630	2,843
<b>Total Liabilities.....</b>	<b>385</b>	<b>19,736</b>	<b>20,121</b>
Equity:			
Contributed Capital.....	5,730	2,200	7,930
Retained Earnings:			
Unreserved.....	(1,210)	32,452	31,242
<b>Total Equity.....</b>	<b>4,520</b>	<b>34,652</b>	<b>39,172</b>
<b>Total Liabilities and Equity.....</b>	<b>\$ 4,905</b>	<b>\$ 54,388</b>	<b>\$ 59,293</b>



# STATE OF CONNECTICUT

## Combining Statement of Revenues, Expenses, and Changes in Retained Earnings Internal Service Funds

For The Fiscal Year Ended June 30, 1996

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Administrative Services</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for Services.....	\$ 3,990	\$ 99,016	\$ 103,006
<b>Total Operating Revenues.....</b>	<u>3,990</u>	<u>99,016</u>	<u>103,006</u>
<b>Operating Expenses:</b>			
Cost of Sales and Services.....	3,405	66,137	69,542
Administrative.....	616	12,898	13,514
Depreciation and Amortization.....	-	16,010	16,010
<b>Total Operating Expenses.....</b>	<u>4,021</u>	<u>95,045</u>	<u>99,066</u>
<b>Operating Income (Loss).....</b>	<u>(31)</u>	<u>3,971</u>	<u>3,940</u>
<b>Net Income (Loss).....</b>	(31)	3,971	3,940
<b>Retained Earnings - July 1.....</b>	(1,179)	28,482	27,303
<b>Retained Earnings - June 30.....</b>	<u>\$ (1,210)</u>	<u>\$ 32,453</u>	<u>\$ 31,243</u>

# STATE OF CONNECTICUT

## Combining Statement of Cash Flows

### Internal Service Funds

For The Fiscal Year Ended June 30, 1996

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Administrative Services</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Operating Income (Loss).....	\$ (31)	\$ 3,971	\$ 3,940
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Amortization and Depreciation.....	-	16,010	16,010
Changes in assets and liabilities:			
(Increase) decrease in receivables.....	655	21	676
(Increase) decrease in due from other funds.....	1,370	1,179	2,549
(Increase) decrease in inventories and prepaid items.....	373	1,780	2,153
Increase (decrease) in accounts payable and accrued liabilities.....	(191)	(2,978)	(3,169)
Increase (decrease) in due to other funds.....	3	1,482	1,485
Miscellaneous operating activities.....	(28)	224	196
<b>Net cash provided by (used in) operating activities.....</b>	<u>2,151</u>	<u>21,689</u>	<u>23,840</u>
<b>Cash Flows From Capital And Related Financing Activities:</b>			
Purchase of fixed assets.....	(239)	(21,689)	(21,928)
<b>Net cash provided by (used in) capital and   related financing activities.....</b>	<u>(239)</u>	<u>(21,689)</u>	<u>(21,928)</u>
Increase (decrease) in cash.....	1,912	-	1,912
Cash and cash equivalents, July 1.....	-	-	-
<b>Cash and cash equivalents, June 30.....</b>	<u>\$ 1,912</u>	<u>\$ -</u>	<u>\$ 1,912</u>

# STATE OF CONNECTICUT

## Fiduciary Funds

---

Trust and Agency Funds are maintained to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations or other funds. These Fiduciary Funds include expendable trust, non-expendable trust, pension trust, and agency funds. Significant Trust and Agency Funds of the State are described as follows:

### Trust Funds

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

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

#### ***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.

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

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

#### ***Pension:***

See notes 9 and 10 for a description of the Pension Funds.

### Agency Funds

#### ***Investment Pool/Non-State Portion:***

to account for the portion of Short Term Investment Fund (STIF) that is made up of non-state monies. STIF is made up of excess cash balances which can be added or withdrawn on a daily basis. The fund's investments consist primarily of short-term investments.

#### ***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 in the State.

#### ***Deferred Compensation:***

to account for the investments accumulated in the State's IRC Section 457 deferred compensation plan.

# STATE OF CONNECTICUT

## Combining Balance Sheet

### Fiduciary Funds

June 30, 1996

(Expressed in Thousands)

	<u>Expendable Trust</u>				
	<u>Employment Security</u>	<u>Special Assessment</u>	<u>Local Property Tax Relief</u>	<u>Second Injury &amp; Compensation Assurance</u>	<u>Other</u>
<b>Assets:</b>					
Cash and Cash Equivalents.....	\$ -	\$ 1,404	\$ 194	\$ 31,284	\$ 1,773
Investments:					
Equity in Combined Investment Funds.....	-	-	-	-	-
Other.....	-	130,045	-	-	-
Receivables:					
Accounts, Net of Allowances.....	11,139	3,833	-	6,400	-
Loans Receivable.....	-	-	-	-	-
Interest.....	-	6	-	156	5
Non-Federal Grants Receivable.....	-	-	-	-	-
Deposit with U.S. Treasury.....	238,951	-	-	-	-
Due From Other Funds.....	1,082	-	-	-	-
Receivable From Other Governments.....	2,272	-	-	-	-
Inventories and Prepaid Items.....	-	-	-	91	-
Restricted Assets.....	-	-	-	-	-
Other Assets.....	-	-	-	-	-
<b>Total Assets.....</b>	<b>\$ 253,444</b>	<b>\$ 135,288</b>	<b>\$ 194</b>	<b>\$ 37,931</b>	<b>\$ 1,778</b>
<b>Liabilities and Fund Balances:</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities.....	\$ -	\$ -	\$ -	\$ 10,684	\$ -
Due to Other Funds.....	8,365	-	-	-	-
Payable to Other Governments.....	371	-	-	-	-
Deferred Revenue.....	6,220	3,715	-	-	-
Deferred Compensation Liability.....	-	-	-	-	-
Agency Deposit Liabilities.....	-	-	-	-	-
Revenue Bonds.....	-	-	-	-	-
<b>Total Liabilities.....</b>	<b>14,956</b>	<b>3,715</b>	<b>-</b>	<b>10,684</b>	<b>-</b>
Fund Balances:					
Reserved Trust Activities.....	-	-	-	-	-
Reserved Pension Obligations.....	-	-	-	-	-
Unreserved, undesignated.....	238,488	131,573	194	27,247	1,778
<b>Total Fund Balances.....</b>	<b>238,488</b>	<b>131,573</b>	<b>194</b>	<b>27,247</b>	<b>1,778</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 253,444</b>	<b>\$ 135,288</b>	<b>\$ 194</b>	<b>\$ 37,931</b>	<b>\$ 1,778</b>

**Nonexpendable Trust**

<b>Clean Water Fund</b>	<b>Soldiers Sailors &amp; Marines</b>	<b>Other</b>	<b>Pension</b>	<b>Agency</b>	<b>Total</b>
\$ 985	\$ -	\$ 3,319	\$ 29,904	\$ 796,658	\$ 865,521
-	51,928	15,933	13,609,100	-	13,676,961
-	-	-	-	411,870	541,915
-	-	-	18,249	1,220	40,841
346,968	-	-	-	98	347,066
4,822	-	19	15,670	3,605	24,283
108	-	-	-	-	108
-	-	-	-	-	238,951
-	-	3	4,350	5,358	10,793
-	-	-	4,280	17	6,569
-	-	-	-	373	464
307,978	-	-	-	-	307,978
4,609	-	-	-	572,564	577,173
<b>\$ 665,470</b>	<b>\$ 51,928</b>	<b>\$ 19,274</b>	<b>\$ 13,681,553</b>	<b>\$ 1,791,763</b>	<b>\$ 16,638,623</b>
\$ 7,816	\$ -	\$ 66	\$ 94	\$ 6,372	\$ 25,032
-	399	62	3,488	12,289	24,603
-	-	-	-	-	371
-	-	-	-	-	9,935
-	-	-	-	411,870	411,870
-	-	-	-	1,361,232	1,361,232
393,026	-	-	-	-	393,026
400,842	399	128	3,582	1,791,763	2,226,069
38,020	51,529	19,146	-	-	108,695
-	-	-	13,677,971	-	13,677,971
226,608	-	-	-	-	625,888
264,628	51,529	19,146	13,677,971	-	14,412,554
<b>\$ 665,470</b>	<b>\$ 51,928</b>	<b>\$ 19,274</b>	<b>\$ 13,681,553</b>	<b>\$ 1,791,763</b>	<b>\$ 16,638,623</b>

# STATE OF CONNECTICUT

## Combining Balance Sheet

### Pension Trust Funds

June 30, 1996

(Expressed in Thousands)

	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>
<b>Assets:</b>			
Cash and Cash Equivalents.....	\$ -	\$ 29,730	\$ 14
Investments:			
Equity in Combined Investment Funds.....	5,232,813	7,419,256	83,423
Receivables:			
Accounts, Net of Allowances.....	1,997	12,668	10
Interest.....	12,891	418	205
Due From Other Funds.....	4,350	-	-
Receivable From Other Governments.....	-	4,280	-
<b>Total Assets.....</b>	<b>\$ 5,252,051</b>	<b>\$ 7,466,352</b>	<b>\$ 83,652</b>
<b>Liabilities and Equity:</b>			
Liabilities:			
Accounts Payable and Accrued Liabilities.....	\$ 88	\$ -	\$ -
Due to Other Funds.....	2,466	-	-
<b>Total Liabilities.....</b>	<b>2,554</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Reserved for Pension Obligations.....	5,249,497	7,466,352	83,652
<b>Total Fund Balances.....</b>	<b>5,249,497</b>	<b>7,466,352</b>	<b>83,652</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 5,252,051</b>	<b>\$ 7,466,352</b>	<b>\$ 83,652</b>

<u>Connecticut Municipal Employees</u>	<u>Probate Judges</u>	<u>Other</u>	<u>Total</u>
\$ 80	\$ -	\$ 80	\$ 29,904
826,941	46,104	563	13,609,100
3,572	2	-	18,249
2,034	120	2	15,670
-	-	-	4,350
-	-	-	4,280
<u>\$ 832,627</u>	<u>\$ 46,226</u>	<u>\$ 645</u>	<u>\$ 13,681,553</u>
\$ -	\$ 6	\$ -	\$ 94
-	1,022	-	3,488
-	1,028	-	3,582
832,627	45,198	645	13,677,971
832,627	45,198	645	13,677,971
<u>\$ 832,627</u>	<u>\$ 46,226</u>	<u>\$ 645</u>	<u>\$ 13,681,553</u>

# STATE OF CONNECTICUT

## Combining Balance Sheet

### Agency Funds

June 30, 1996

(Expressed in Thousands)

	<u>Payroll &amp; Fringe Benefit Clearing</u>	<u>Receipts Pending Distribution</u>	<u>Investment Pool Non-State Portion</u>
<b>Assets:</b>			
Cash and Cash Equivalents.....	\$ 970	\$ 24,866	\$ 678,285
Investments:			
Other.....	-	-	-
Receivables:			
Accounts, Net of Allowances.....	-	830	-
Loans Receivable.....	-	-	-
Interest.....	-	-	3,270
Due From Other Funds.....	2,247	-	-
Receivable From Other Governments.....	-	17	-
Inventories and Prepaid Items.....	-	-	-
Other Assets.....	-	-	-
<b>Total Assets.....</b>	<b><u>\$ 3,217</u></b>	<b><u>\$ 25,713</u></b>	<b><u>\$ 681,555</u></b>
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities.....	\$ -	\$ 2,693	\$ -
Due to Other Funds.....	-	12,289	-
Deferred Compensation Liability.....	-	-	-
Agency Deposit Liabilities.....	3,217	10,731	681,555
<b>Total Liabilities.....</b>	<b><u>\$ 3,217</u></b>	<b><u>\$ 25,713</u></b>	<b><u>\$ 681,555</u></b>



<u>Insurance Companies' Securities</u>	<u>State Institution Activity</u>	<u>Deferred Compensation</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ 18,783	\$ -	\$ 73,754	\$ 796,658
-	-	411,870	-	411,870
-	378	-	12	1,220
-	98	-	-	98
-	47	-	288	3,605
-	-	-	3,111	5,358
-	-	-	-	17
-	373	-	-	373
<u>570,879</u>	<u>1,685</u>	<u>-</u>	<u>-</u>	<u>572,564</u>
<u>\$ 570,879</u>	<u>\$ 21,364</u>	<u>\$ 411,870</u>	<u>\$ 77,165</u>	<u>\$ 1,791,763</u>
\$ -	\$ 3,631	\$ -	\$ 48	\$ 6,372
-	-	-	-	12,289
-	-	411,870	-	411,870
<u>570,879</u>	<u>17,733</u>	<u>-</u>	<u>77,117</u>	<u>1,361,232</u>
<u>\$ 570,879</u>	<u>\$ 21,364</u>	<u>\$ 411,870</u>	<u>\$ 77,165</u>	<u>\$ 1,791,763</u>

# STATE OF CONNECTICUT

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

For The Fiscal Year Ended June 30, 1996

(Expressed in Thousands)

	<u>Employment Security</u>	<u>Special Assessment</u>	<u>Local Property Tax Relief</u>
<b>Revenues:</b>			
Unemployment Taxes.....	\$ 580,150	\$ -	\$ -
Licenses, Permits and Fees.....	-	-	-
Investment Earnings.....	9,207	7,821	-
Assessments.....	-	107,260	-
Miscellaneous.....	418	4,964	-
<b>Total Revenues.....</b>	<u>589,775</u>	<u>120,045</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
General Government.....	-	-	-
Regulation and Protection.....	474,661	-	-
Debt Service:			
Principal Retirement.....	-	74,481	-
Interest and Fiscal Charges.....	-	41,799	-
<b>Total Expenditures.....</b>	<u>474,661</u>	<u>116,280</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>			
	<u>115,114</u>	<u>3,765</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds of Refunding Bonds.....	-	227,469	-
Payment for Current Refunding of Debt.....	-	(227,469)	-
Operating Transfers Out.....	(3,193)	(871)	-
<b>Total Other Financing Sources (Uses).....</b>	<u>(3,193)</u>	<u>(871)</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses.....</b>			
	<u>111,921</u>	<u>2,894</u>	<u>-</u>
<b>Fund Balances (deficit) - July 1.....</b>	<u>126,567</u>	<u>128,679</u>	<u>194</u>
<b>Fund Balances (deficit) - June 30.....</b>	<u>\$ 238,488</u>	<u>\$ 131,573</u>	<u>\$ 194</u>

**Second Injury  
& Compensation  
Assurance**

**Other**

**Total**

\$ -	\$ -	\$ 580,150
-	73	73
1,365	613	19,006
146,490	-	253,750
4,948	25	10,355
<u>152,803</u>	<u>711</u>	<u>863,334</u>
9,428	-	9,428
112,290	618	587,569
-	-	74,481
-	-	41,799
<u>121,718</u>	<u>618</u>	<u>713,277</u>
<u>31,085</u>	<u>93</u>	<u>150,057</u>
-	-	227,469
-	-	(227,469)
<u>-</u>	<u>(9)</u>	<u>(4,073)</u>
<u>-</u>	<u>(9)</u>	<u>(4,073)</u>
<u>31,085</u>	<u>84</u>	<u>145,984</u>
<u>(3,838)</u>	<u>1,694</u>	<u>253,296</u>
<u>\$ 27,247</u>	<u>\$ 1,778</u>	<u>\$ 399,280</u>

# STATE OF CONNECTICUT

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

### Nonexpendable and Pension Trust Funds

For The Fiscal Year Ended June 30, 1996

(Expressed in Thousands)

	<u>Nonexpendable Trust</u>			<u>Total Nonexpendable</u>
	<u>Clean Water Fund</u>	<u>Soldiers, Sailors, &amp; Marines</u>	<u>Other</u>	
<b>Operating Revenues:</b>				
Participants' Contributions.....	\$ -	\$ -	\$ -	\$ -
State Contribution.....	-	-	-	-
Investment Earnings.....	21,049	3,901	1,269	26,219
Intergovernmental.....	9,165	-	-	9,165
Miscellaneous.....	223	-	22	245
<b>Total Operating Revenues.....</b>	<b>30,437</b>	<b>3,901</b>	<b>1,291</b>	<b>35,629</b>
<b>Operating Expenses:</b>				
Administrative.....	1,008	-	-	1,008
Benefit Payments and Refunds.....	-	-	-	-
Other Program Expenses.....	-	-	980	980
Interest on financing activities.....	18,909	-	-	18,909
<b>Total Operating Expenses.....</b>	<b>19,917</b>	<b>-</b>	<b>980</b>	<b>20,897</b>
<b>Operating Income (Loss).....</b>	<b>10,520</b>	<b>3,901</b>	<b>311</b>	<b>14,732</b>
<b>Operating Transfers In (Out):</b>				
Operating Transfers In.....	13,441	94	11	13,546
Operating Transfers Out.....	-	(3,257)	(391)	(3,648)
<b>Net Income (Loss).....</b>	<b>23,961</b>	<b>738</b>	<b>(69)</b>	<b>24,630</b>
<b>Fund Balances - July 1 (as restated).....</b>	<b>240,667</b>	<b>50,791</b>	<b>19,215</b>	<b>310,673</b>
<b>Fund Balances - June 30.....</b>	<b>\$ 264,628</b>	<b>\$ 51,529</b>	<b>\$ 19,146</b>	<b>\$ 335,303</b>

Pension Trust

<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>	<u>Probate Judges</u>	<u>Other</u>	<u>Total Pension</u>
\$ 35,920	\$ 162,688	\$ 950	\$ 32,279	\$ 229	\$ 34	\$ 232,100
254,416	139,953	9,208	-	-	-	403,577
658,384	937,319	10,147	103,184	5,755	75	1,714,864
-	-	-	-	-	-	-
80,696	2,718	10	-	-	73	83,497
<u>1,029,416</u>	<u>1,242,678</u>	<u>20,315</u>	<u>135,463</u>	<u>5,984</u>	<u>182</u>	<u>2,434,038</u>
114	-	6	-	-	-	120
423,299	439,212	9,489	36,794	1,533	43	910,370
-	25,655	-	-	354	-	26,009
-	-	-	-	-	-	-
<u>423,413</u>	<u>464,867</u>	<u>9,495</u>	<u>36,794</u>	<u>1,887</u>	<u>43</u>	<u>936,499</u>
<u>606,003</u>	<u>777,811</u>	<u>10,820</u>	<u>98,669</u>	<u>4,097</u>	<u>139</u>	<u>1,497,539</u>
-	-	-	-	703	-	703
(39)	-	-	(5)	-	-	(44)
605,964	777,811	10,820	98,664	4,800	139	1,498,198
4,643,533	6,688,541	72,832	733,963	40,398	506	12,179,773
<u>\$ 5,249,497</u>	<u>\$ 7,466,352</u>	<u>\$ 83,652</u>	<u>\$ 832,627</u>	<u>\$ 45,198</u>	<u>\$ 645</u>	<u>\$ 13,677,971</u>

**STATE OF CONNECTICUT**  
**Combining Statement of Cash Flows**  
**Nonexpendable Trust Funds**

For The Fiscal Year Ended June 30, 1996

(Expressed in Thousands)

	Clean Water Fund	Soldiers, Sailors, & Marines	Other	Total
<b>Cash Flows From Operating Activities:</b>				
Operating Income (Loss).....	\$ 10,520	\$ 3,901	\$ 311	\$ 14,732
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Investment Income.....	(21,049)	(3,901)	(1,269)	(26,219)
Interest Expense.....	18,909	-	-	18,909
Changes in assets and liabilities:				
(Increase) decrease in receivables.....	(1,963)	-	-	(1,963)
(Increase) decrease in due from other funds.....	-	-	4,054	4,054
Increase (decrease) in accounts payable and accrued liabilities.....	1,223	-	66	1,289
Increase (decrease) in due to other funds.....	(1,729)	-	62	(1,667)
Miscellaneous operating activities.....	2,526	-	(601)	1,925
Issuance of loans.....	(33,712)	-	-	(33,712)
<b>Net cash provided by (used in) operating activities...</b>	<b>(25,275)</b>	<b>-</b>	<b>2,623</b>	<b>(22,652)</b>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Proceeds from sale of bonds.....	129,656	-	-	129,656
Retirement of bonds.....	(55,615)	-	-	(55,615)
Interest on bonds.....	(18,721)	-	-	(18,721)
Transfer from other funds.....	13,441	94	11	13,546
Transfer to other funds.....	-	(3,257)	(392)	(3,649)
<b>Net cash provided by (used in) noncapital financing     activities.....</b>	<b>68,761</b>	<b>(3,163)</b>	<b>(381)</b>	<b>65,217</b>
<b>Cash Flows From Investing Activities:</b>				
Purchase of investment securities.....	(57,131)	-	(1,570)	(58,701)
Interest and income on investments.....	13,503	1,096	2,113	16,712
<b>Net cash provided by (used in) investment activities..</b>	<b>(43,628)</b>	<b>1,096</b>	<b>543</b>	<b>(41,989)</b>
<b>Increase (decrease) in cash.....</b>	<b>(142)</b>	<b>(2,067)</b>	<b>2,785</b>	<b>576</b>
<b>Cash and cash equivalents, July 1.....</b>	<b>1,127</b>	<b>2,067</b>	<b>534</b>	<b>3,728</b>
<b>Cash and cash equivalents, June 30.....</b>	<b>\$ 985</b>	<b>\$ -</b>	<b>\$ 3,319</b>	<b>\$ 4,304</b>

# STATE OF CONNECTICUT

## Combining Statement of Changes in Assets & Liabilities

### All Agency Fund

June 30, 1996

(Expressed in Thousands)

	Balance July 1, 1995	Additions	Deletions	Balance June 30, 1996
<b><u>Payroll and Fringe Benefit Clearing</u></b>				
ASSETS				
Cash and Cash Equivalents.....	\$ 895	\$ 75	\$ -	\$ 970
Due From Other Funds.....	\$ 2,130	117	-	2,247
Total Assets.....	<u>\$ 3,025</u>	<u>\$ 192</u>	<u>\$ -</u>	<u>\$ 3,217</u>
LIABILITIES				
Agency Deposit Liability.....	\$ 3,025	\$ 192	\$ -	\$ 3,217
Total Liabilities.....	<u>\$ 3,025</u>	<u>\$ 192</u>	<u>\$ -</u>	<u>\$ 3,217</u>
<b><u>Receipts Pending Distribution</u></b>				
ASSETS				
Cash and Cash Equivalents.....	\$ 27,291	\$ -	\$ 2,425	\$ 24,866
Accounts, Net of Allowances.....	829	1	-	830
Receivable From Other Governments.....	13	4	-	17
Total Assets.....	<u>\$ 28,133</u>	<u>\$ 5</u>	<u>\$ 2,425</u>	<u>\$ 25,713</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities.....	\$ 4,782	\$ 256	\$ 2,345	\$ 2,693
Due to Other Funds.....	13,637		1,348	12,289
Agency Deposit Liability.....	9,714	2,959	1,942	10,731
Total Liabilities.....	<u>\$ 28,133</u>	<u>\$ 3,215</u>	<u>\$ 5,635</u>	<u>\$ 25,713</u>
<b><u>Investment Pool Non-State Portion</u></b>				
ASSETS				
Cash and Cash Equivalents.....	\$ 565,620	\$ 132,439	\$ 19,774	\$ 678,285
Interest.....	3,091	3,270	3,091	3,270
Total Assets.....	<u>\$ 568,711</u>	<u>\$ 135,709</u>	<u>\$ 22,865</u>	<u>\$ 681,555</u>
LIABILITIES				
Agency Deposit Liability.....	568,711	135,709	22,865	681,555
Total Liabilities.....	<u>\$ 568,711</u>	<u>\$ 135,709</u>	<u>\$ 22,865</u>	<u>\$ 681,555</u>

continued on next page

# STATE OF CONNECTICUT

## Combining Statement of Changes in Assets & Liabilities

### All Agency Funds (Continued)

June 30, 1996

(Expressed in Thousands)

	Balance July 1, 1995	Additions	Deletions	Balance June 30, 1996
<b><u>Insurance Companies' Securities</u></b>				
ASSETS				
Other Assets.....	\$ 632,137	\$ -	\$ 61,258	\$ 570,879
Total Assets.....	<u>\$ 632,137</u>	<u>\$ -</u>	<u>\$ 61,258</u>	<u>\$ 570,879</u>
LIABILITIES				
Agency Deposit Liability.....	\$ 632,137	\$ -	\$ 61,258	\$ 570,879
Total Liabilities.....	<u>\$ 632,137</u>	<u>\$ -</u>	<u>\$ 61,258</u>	<u>\$ 570,879</u>
 <b><u>State Institution Activity</u></b>				
ASSETS				
Cash and Cash Equivalents.....	\$ 14,506	\$ 4,956	\$ 679	\$ 18,783
Accounts, Net of Allowances .....	655	-	277	378
Loans, Net of Allowances.....	78	20	-	98
Interest.....	28	46	27	47
Inventories and Prepaid Items.....	713	-	340	373
Other Assets.....	1,602	83	-	1,685
Total Assets.....	<u>\$ 17,582</u>	<u>\$ 5,105</u>	<u>\$ 1,323</u>	<u>\$ 21,364</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities.....	\$ 850	\$ 5,665	\$ 2,884	\$ 3,631
Agency Deposit Liability.....	16,732	3,063	2,062	17,733
Total Liabilities.....	<u>\$ 17,582</u>	<u>\$ 8,728</u>	<u>\$ 4,946</u>	<u>\$ 21,364</u>
 <b><u>Deferred Compensation</u></b>				
ASSETS				
Investments.....	\$ 342,694	\$ 69,176	\$ -	\$ 411,870
Total Assets.....	<u>\$ 342,694</u>	<u>\$ 69,176</u>	<u>\$ -</u>	<u>\$ 411,870</u>
LIABILITIES				
Deferred Compensation Liability.....	\$ 342,694	\$ 69,176	\$ -	\$ 411,870
Total Liabilities.....	<u>\$ 342,694</u>	<u>\$ 69,176</u>	<u>\$ -</u>	<u>\$ 411,870</u>



# STATE OF CONNECTICUT

## Combining Statement of Changes in Assets & Liabilities

### All Agency Funds (Continued)

June 30, 1996

(Expressed in Thousands)

	Balance July 1, 1995	Additions	Deletions	Balance June 30, 1996
<b>Other</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 80,433	\$ 15,338	\$ 22,017	\$ 73,754
Accounts, Net of Allowances.....	12	-	-	12
Interest.....	928	-	640	288
Due From Other Funds.....	4,062	3,111	4,062	3,111
<b>Total Assets.....</b>	<b>\$ 85,435</b>	<b>\$ 18,449</b>	<b>\$ 26,719</b>	<b>\$ 77,165</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities.....	\$ 2,697	\$ -	\$ 2,649	\$ 48
Agency Deposit Liability.....	82,738	18,087	23,708	77,117
<b>Total Liabilities.....</b>	<b>\$ 85,435</b>	<b>\$ 18,087</b>	<b>\$ 26,357</b>	<b>\$ 77,165</b>
<b>Totals - All Agency Funds</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 688,745	\$ 152,808	\$ 44,895	\$ 796,658
Investments.....	342,694	69,176	-	411,870
Accounts, Net of Allowances .....	1,496	1	277	1,220
Loans, Net of Allowances.....	78	20	-	98
Interest.....	4,047	3,316	3,758	3,605
Due From Other Funds.....	6,192	3,228	4,062	5,358
Receivable From Other Governments.....	13	4	-	17
Inventories and Prepaid Items.....	713	-	340	373
Other Assets.....	633,739	83	61,258	572,564
<b>Total Assets.....</b>	<b>\$ 1,677,717</b>	<b>\$ 228,636</b>	<b>\$ 114,590</b>	<b>\$ 1,791,763</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities.....	\$ 8,329	\$ 5,921	\$ 7,878	\$ 6,372
Due To Other Funds.....	13,637	-	1,348	12,289
Deferred Compensation Liability .....	342,694	69,176	-	411,870
Agency Deposit Liability.....	1,313,057	160,010	111,835	1,361,232
<b>Total Liabilities.....</b>	<b>\$ 1,677,717</b>	<b>\$ 235,107</b>	<b>\$ 121,061</b>	<b>\$ 1,791,763</b>

**STATE OF CONNECTICUT**

**THIS PAGE LEFT INTENTIONALLY BLANK**

# **STATE OF CONNECTICUT**

## **General Fixed Assets Account Group**

---

The General Fixed Assets Account Group is maintained to account for land, buildings, improvements, and equipment which are accounted for in the governmental type funds. Fixed Assets of the proprietary fund types and similar trusts and the Higher Education Funds are accounted for within those funds. Infrastructures, including highways, bridges, and rights-of-way are not capitalized.

The General Fixed Assets Account Group is stated at historical cost or estimated historical cost, with no provision made for depreciation.

**STATE OF CONNECTICUT**  
**General Fixed Assets Account Group**

---

June 30, 1996

(Expressed in Thousands)

**SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE**

**General Fixed Assets:**

Land	\$ 324,447
Buildings	1,849,474
Improvements Other Than Buildings	201,836
Machinery and Equipment	940,858
Construction in Progress	186,156
<b>Total General Fixed Assets</b>	<b><u>\$ 3,502,771</u></b>

**Investment in General Fixed Assets:**

Investment in Property Acquired Prior to June 30, 1988-Source Unidentified	\$ 934,778
General Fund	153,771
Special Revenue Funds	315,430
Capital Project Funds	2,079,124
Other	19,668
<b>Total Investment in General Fixed Assets</b>	<b><u>\$ 3,502,771</u></b>

# STATE OF CONNECTICUT

## General Fixed Assets Account Group

June 30, 1996

(Expressed in Thousands)

### SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

<u>Function</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Totals</u>
Legislative.....	\$ -	\$ 154,364	\$ -	\$ 17,726	\$ 172,090
General Government.....	15,376	184,476	3,808	58,778	262,438
Regulation and Protection.....	9,672	118,602	8,440	96,797	233,511
Conservation and Development.....	205,630	39,509	13,412	30,144	288,695
Health and Hospitals.....	8,091	155,994	25,701	27,306	217,092
Transportation.....	67,193	236,281	87,217	450,052	840,743
Human Services.....	-	-	-	6,035	6,035
Education, Libraries and Museums.....	1,213	159,643	21,146	176,583	358,585
Corrections.....	10,842	683,933	41,016	34,181	769,972
Judicial.....	6,430	116,672	1,096	43,256	167,454
<b>Total General Fixed Assets</b>					
Allocated to Functions.....	<u>\$ 324,447</u>	<u>\$ 1,849,474</u>	<u>\$ 201,836</u>	<u>\$ 940,858</u>	<u>\$ 3,316,615</u>
Construction in Progress.....					186,156
<b>Total General Fixed Assets.....</b>					<u><b>\$ 3,502,771</b></u>

### SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

<u>Function</u>	<u>General Fixed Assets</u>			<u>General Fixed Assets</u>
	<u>7/1/95</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/96</u>
Legislative.....	\$ 171,585	\$ 615	\$ 110	\$ 172,090
General Government.....	238,859	49,489	25,910	262,438
Regulation and Protection.....	210,217	34,461	11,167	233,511
Conservation and Development.....	285,858	5,106	2,269	288,695
Health and Hospitals.....	230,773	32,596	46,277	217,092
Transportation.....	829,312	39,143	27,712	840,743
Human Services.....	8,322	588	2,875	6,035
Education, Libraries and Museums.....	359,066	13,715	14,196	358,585
Corrections.....	693,492	87,149	10,669	769,972
Judicial.....	157,450	12,899	2,895	167,454
Construction in Progress.....	397,048	118,139	329,031	186,156
<b>Total General Fixed Assets.....</b>	<u><b>\$ 3,581,982</b></u>	<u><b>\$ 393,900</b></u>	<u><b>\$ 473,111</b></u>	<u><b>\$ 3,502,771</b></u>

**STATE OF CONNECTICUT**

**THIS PAGE LEFT INTENTIONALLY BLANK**

# STATE OF CONNECTICUT

## Higher Education and University Hospital Funds

---

Higher Education and University Hospital Funds are used to account for all transactions relating to public institutions of higher education including a teaching hospital and affiliated organization. Higher Education institutions include five universities and twelve community-technical colleges. The following university and college funds and affiliated organization are used:

***Current Unrestricted Fund:***

accounts for currently expendable resources which may be either designated or not designated by the colleges and universities for specific purposes.

***Current Restricted Fund:***

accounts for resources restricted by the donor or external agency for a specific use or program.

***Hospital Funds:***

accounts for revenues and expenditures relating to the operation of the John Dempsey Hospital and the Dental Clinics.

***Loan Funds:***

accounts for loans made to assist students in the financing of their education.

***Endowment Funds:***

accounts for resources which are restricted by the gift instruments requiring that the principal be invested and only the income be expended.

***Agency Funds:***

accounts for amounts held in custody for students, university-related organizations, and others.

***Plant Funds:***

accounts for activities relating to institutional properties. These activities include funds used for the acquisition, renewal, and replacement of institutional properties, funds set aside for debt service requirements of institutional properties, and funds invested in institutional properties.

***Affiliated Organization:***

accounts for the financial activities of the University of Connecticut Foundation, Inc., a component unit of the University of Connecticut.

# STATE OF CONNECTICUT

## Combining Balance Sheet

### Higher Education and University Hospital Fund

June 30, 1996

(Expressed in Thousands)

	Current Funds		Hospital Funds	Endowment and Similar Funds
	Unrestricted	Restricted		
<b>Assets:</b>				
Cash and Cash Equivalents.....	\$ 139,248	\$ 13,109	\$ 38,705	\$ 2,329
Investments:				
Equity in Combined Investment Funds.....	-	-	-	383
Other.....	387	-	1,433	2,435
Receivables:				
Accounts, Net of Allowances.....	19,614	21,121	26,259	8
Tuition .....	447	-	-	-
Loans, Net of Allowances.....	-	-	-	-
Interest.....	-	-	-	-
Due From Other Funds.....	57,062	24	1,402	-
Due From Component Units.....	-	-	-	-
Inventories and Prepaid Items.....	7,292	-	1,941	-
Property, Plant & Equipment.....	-	-	-	-
Other Assets.....	2,245	-	-	-
<b>Total Assets.....</b>	<b>\$ 226,295</b>	<b>\$ 34,254</b>	<b>\$ 69,740</b>	<b>\$ 5,155</b>
<b>Liabilities and Equity:</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities.....	\$ 76,163	\$ 5,434	\$ 18,516	\$ -
Due to Other Funds.....	3,813	1,576	3,562	1
Due to Component Units.....	-	-	-	-
Deferred Revenue.....	28,428	150	92	-
Notes and Loans Payable.....	-	-	-	-
Agency Deposit Liabilities.....	-	-	-	-
Revenue Bonds.....	-	-	-	-
Compensated Absences.....	43,771	-	5,128	-
Malpractice Liability.....	-	-	8,633	-
<b>Total Liabilities.....</b>	<b>152,175</b>	<b>7,160</b>	<b>35,931</b>	<b>1</b>
Equity:				
Investment in Fixed Assets.....	-	-	-	-
Fund Balances:				
Reserved:				
Retirement of Indebtedness.....	-	-	-	-
Other.....	-	27,094	-	5,154
Unreserved, undesignated:				
Unexpended Plant.....	-	-	-	-
Other.....	74,120	-	33,809	-
<b>Total Equity.....</b>	<b>74,120</b>	<b>27,094</b>	<b>33,809</b>	<b>5,154</b>
<b>Total Liabilities and Equity.....</b>	<b>\$ 226,295</b>	<b>\$ 34,254</b>	<b>\$ 69,740</b>	<b>\$ 5,155</b>



<u>Loan Funds</u>	<u>Agency Funds</u>	<u>Plant Funds</u>	<u>Affiliated Organization</u>	<u>Total</u>
\$ 2,656	\$ 7,184	\$ 61,982	\$ 317	\$ 265,530
-	-	-	-	383
-	-	-	75,482	79,737
-	98	27	7,727	74,854
-	-	-	-	447
29,264	41	-	-	29,305
170	12	-	-	182
-	10	6,882	-	65,380
-	-	45,237	-	45,237
-	-	-	-	9,233
-	410	1,692,763	376	1,693,549
6	458	453	815	3,977
<u>\$ 32,096</u>	<u>\$ 8,213</u>	<u>\$ 1,807,344</u>	<u>\$ 84,717</u>	<u>\$ 2,267,814</u>
\$ 35	\$ 163	\$ 8,845	\$ 2,006	\$ 111,162
-	-	41	-	8,993
-	-	44,580	-	44,580
-	38	-	-	28,708
-	-	5,626	50	5,676
-	8,012	-	-	8,012
-	-	98,654	-	98,654
-	-	-	-	48,899
-	-	-	-	8,633
35	8,213	157,746	2,056	363,317
-	-	1,589,606	-	1,589,606
-	-	7,072	-	7,072
32,061	-	-	79,106	143,415
-	-	52,920	-	52,920
-	-	-	3,555	111,484
32,061	-	1,649,598	82,661	1,904,497
<u>\$ 32,096</u>	<u>\$ 8,213</u>	<u>\$ 1,807,344</u>	<u>\$ 84,717</u>	<u>\$ 2,267,814</u>

**STATE OF CONNECTICUT**

**THIS PAGE LEFT INTENTIONALLY BLANK**

# STATE OF CONNECTICUT

## Component Units

---

The Component Units are organizations which are legally separate from the State of Connecticut for which the State is financially accountable. The Component Units of the State of Connecticut are described as follows:

***Connecticut Development Authority:***

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

***Connecticut 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 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 Supplemental 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.

***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 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.

# STATE OF CONNECTICUT

## Combining Balance Sheet

### Component Units

June 30, 1996

(Expressed in Thousands)

	Connecticut Development Authority	Connecticut Housing Finance Authority (12-31-95)	Connecticut Resources Recovery Authority
<b>Assets:</b>			
Cash and Cash Equivalents.....	\$ 51,154	\$ 16,455	\$ 27,873
Investments:			
Other.....	27,882	545,294	-
Receivables:			
Accounts, Net of Allowances.....	-	-	12,492
Loans, Net of Allowances .....	175,988	2,261,776	15,667
Interest.....	2,962	25,112	12,650
Due From Primary Government.....	10,540	-	-
Inventories and Prepaid Items.....	1,922	-	-
Restricted Assets.....	-	313,373	103,572
Property, Plant, & Equipment.....	16,655	2,628	241,569
Other Assets.....	9,989	58,743	16,895
<b>Total Assets.....</b>	<b>\$ 297,092</b>	<b>\$ 3,223,381</b>	<b>\$ 430,718</b>
<b>Liabilities and Equity:</b>			
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities.....	\$ 10,095	\$ 34,112	\$ 18,466
Due to Primary Government.....	-	-	-
Deferred Revenue.....	4,793	-	-
Escrow Deposits.....	45	93,681	-
Revenue Bonds.....	142,260	2,745,482	367,634
Liability for Landfill Closure Costs.....	-	-	15,513
Amount Held for Institutions.....	-	-	-
<b>Total Liabilities.....</b>	<b>157,193</b>	<b>2,873,275</b>	<b>401,613</b>
<b>Equity:</b>			
Contributed Capital.....	150,340	-	2,275
Retained Earnings:			
Reserved for Housing Financing.....	-	350,106	-
Reserved for Resources Recovery.....	-	-	16,265
Unreserved.....	(10,441)	-	10,565
<b>Total Retained Earnings.....</b>	<b>(10,441)</b>	<b>350,106</b>	<b>26,830</b>
<b>Total Equity.....</b>	<b>139,899</b>	<b>350,106</b>	<b>29,105</b>
<b>Total Liabilities and Equity.....</b>	<b>\$ 297,092</b>	<b>\$ 3,223,381</b>	<b>\$ 430,718</b>

<b>Connecticut Higher Education Supplemental Loan Authority</b>	<b>Connecticut Health &amp; Educational Facilities Authority</b>	<b>Connecticut Innovations, Incorporated</b>	<b>Total</b>
\$ 3,641	\$ 3	\$ 28,768	\$ 127,894
8,320	11,207	15,025	607,728
-	105	269	12,866
57,783	-	6,376	2,517,590
523	106	-	41,353
-	44,580	860	55,980
-	65	27	2,014
6,061	2,585,987	-	3,008,993
-	177	215	261,244
1,048	-	-	86,675
<u>\$ 77,376</u>	<u>\$ 2,642,230</u>	<u>\$ 51,540</u>	<u>\$ 6,722,337</u>
\$ 726	\$ 62,760	\$ 448	\$ 126,607
-	45,237	-	45,237
2,012	-	263	7,068
-	-	-	93,726
74,100	2,163,450	-	5,492,926
-	-	-	15,513
-	359,441	-	359,441
<u>76,838</u>	<u>2,630,888</u>	<u>711</u>	<u>6,140,518</u>
-	-	70,892	223,507
-	-	-	350,106
-	-	-	16,265
538	11,342	(20,063)	(8,059)
<u>538</u>	<u>11,342</u>	<u>(20,063)</u>	<u>358,312</u>
538	11,342	50,829	581,819
<u>\$ 77,376</u>	<u>\$ 2,642,230</u>	<u>\$ 51,540</u>	<u>\$ 6,722,337</u>

# STATE OF CONNECTICUT

## Combining Statement of Revenues, Expenses, and Changes in Retained Earnings

### Component Units

June 30, 1996

(Expressed in Thousands)

	Connecticut Development Authority	Connecticut Housing Finance Authority (12-31-95)	Connecticut Resources Recovery Authority
<b>Operating Revenues:</b>			
Charges for Services.....	\$ 1,941	\$ -	\$ 136,839
Interest on Financing Activities.....	12,231	170,636	-
Civic Center Lease Operations.....	6,424	-	-
Miscellaneous.....	401	8,788	8,611
<b>Total Operating Revenues.....</b>	<b>20,997</b>	<b>179,424</b>	<b>145,450</b>
<b>Operating Expenses:</b>			
Administrative.....	4,531	19,950	98,502
Depreciation and Amoritization.....	508	5,397	17,287
Other Program Expenses.....	430	17,229	3,090
Interest on Financing Activities.....	7,610	174,752	-
Civic Center Lease Operations.....	7,806	-	-
Arbitrage Rebate.....	-	1,194	-
<b>Total Operating Expenses.....</b>	<b>20,885</b>	<b>218,522</b>	<b>118,879</b>
<b>Operating Income (Loss).....</b>	<b>112</b>	<b>(39,098)</b>	<b>26,571</b>
<b>Nonoperating Revenues (Expenses):</b>			
Interest and Investment Income.....	3,362	48,996	6,018
Interest and Fiscal Charges.....	-	-	(24,531)
Other.....	(3,249)	(379)	4,727
Sale of Foreclosed Real Estate.....	-	4,847	-
<b>Total Nonoperating Income (Expense).....</b>	<b>113</b>	<b>53,464</b>	<b>(13,786)</b>
<b>Net Income (Loss).....</b>	<b>225</b>	<b>14,366</b>	<b>12,785</b>
<b>Add Items Affecting Contributed Capital:</b>			
Depreciation on Equipment Acquired through Capital Grants....	-	-	168
<b>Total Add Back Items.....</b>	<b>-</b>	<b>-</b>	<b>168</b>
<b>Retained Earnings-July 1.....</b>	<b>(10,666)</b>	<b>335,740</b>	<b>13,877</b>
<b>Retained Earnings-June 30.....</b>	<b>\$ (10,441)</b>	<b>\$ 350,106</b>	<b>\$ 26,830</b>

<b>Connecticut Higher Education Supplemental Loan Authority</b>	<b>Connecticut Health &amp; Educational Facilities Authority</b>	<b>Connecticut Innovations, Incorporated</b>	<b>Total</b>
\$ -	\$ -	\$ 39	\$ 138,819
5,392	117,743	2,508	308,510
-	-	-	6,424
583	2,290	2,705	23,378
<u>5,975</u>	<u>120,033</u>	<u>5,252</u>	<u>477,131</u>
1,059	1,393	2,780	128,215
148	45	82	23,467
736	681	2,525	24,691
4,939	117,743	-	305,044
-	-	-	7,806
-	-	-	1,194
<u>6,882</u>	<u>119,862</u>	<u>5,387</u>	<u>490,417</u>
<u>(907)</u>	<u>171</u>	<u>(135)</u>	<u>(13,286)</u>
1,292	609	1,842	62,119
-	-	-	(24,531)
-	9	(376)	732
-	-	-	4,847
<u>1,292</u>	<u>618</u>	<u>1,466</u>	<u>43,167</u>
<u>385</u>	<u>789</u>	<u>1,331</u>	<u>29,881</u>
-	-	-	168
-	-	-	168
153	10,553	(21,394)	328,263
<u>\$ 538</u>	<u>\$ 11,342</u>	<u>\$ (20,063)</u>	<u>\$ 358,312</u>

# STATE OF CONNECTICUT

## Combining Statement of Cash Flows

### Component Units

For The Fiscal Year Ended June 30, 1996  
(Expressed in Thousands)

	Connecticut Development Authority	Connecticut Housing Finance Authority (12-31-95)	Connecticut Resources Recovery Authority
<b>Cash Flows From Operating Activities:</b>			
Operating Income (Loss).....	\$ 112	\$ (39,098)	\$ 26,571
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Amortization and Depreciation.....	1,466	5,397	17,287
Provision for loan losses.....	48	10,565	50
Interest expense.....	9,036	174,752	-
Changes in assets and liabilities:			
(Increase) decrease in receivables.....	318	(2,310)	743
(Increase) decrease in due from other funds.....	(1,074)	-	2,628
(Increase) decrease in inventories and prepaid expenses.....	-	1,631	2,641
Increase (decrease) in accounts payable & accrued liabilities...	(1,109)	(1,713)	(7,242)
Increase (decrease) in due to other funds.....	-	-	(2,628)
Miscellaneous operating activities.....	(338)	11,385	8,013
Issuance of loans, notes & installment contracts receivable.....	(27,149)	(437,869)	-
Collection of loans, notes & installment contracts receivable.....	28,100	188,439	-
<b>Net cash provided by (used in) operating activities.....</b>	<b>9,410</b>	<b>(88,821)</b>	<b>48,063</b>
<b>Cash Flows From Noncapital Financing Activities:</b>			
Contributed capital.....	-	-	-
Proceeds from sale of bonds and notes.....	6,890	499,450	-
Retirement of bonds and notes payable.....	(17,665)	(452,210)	-
Interest on bonds and notes payable.....	(8,920)	(179,605)	-
Bond issuance and/or redemption costs.....	-	(8,549)	-
Miscellaneous noncapital financing activities-Additions.....	-	20,917	-
Miscellaneous noncapital financing activities-Deletions.....	-	-	(173)
<b>Net cash provided by (used in) noncapital     financing activities.....</b>	<b>(19,695)</b>	<b>(119,997)</b>	<b>(173)</b>
<b>Cash Flows From Capital And Related Financing Activities:</b>			
Purchase of fixed assets.....	(3,348)	-	(6,104)
Proceeds from sale of bonds and notes.....	-	-	-
Retirement of bonds and notes payable.....	-	-	(23,473)
Interest on bonds and notes payable.....	-	-	(24,782)
Miscellaneous capital and related financing activities-Additions..	-	-	653
Miscellaneous capital and related financing activities-Deletions..	-	-	-
<b>Net cash provided by (used in) capital and related     financing activities.....</b>	<b>(3,348)</b>	<b>-</b>	<b>(53,706)</b>
<b>Cash Flows From Investing Activities:</b>			
Proceeds from sales of investment securities.....	12,090	447,915	3,945
Purchases of investment securities.....	(10,556)	(285,582)	(68)
Interest and income on investments.....	4,152	42,191	6,169
Reduction in loan receivable.....	-	-	8,708
<b>Net cash provided by (used in) investing activities.....</b>	<b>5,686</b>	<b>204,524</b>	<b>18,754</b>
<b>Increase (decrease) in cash.....</b>	<b>(7,947)</b>	<b>(4,294)</b>	<b>12,938</b>
<b>Cash and cash equivalents, July 1.....</b>	<b>59,101</b>	<b>20,749</b>	<b>94,057</b>
<b>Cash and cash equivalents, June 30.....</b>	<b>\$ 51,154</b>	<b>\$ 16,455</b>	<b>\$ 106,995</b>



<u>Connecticut Higher Education Supplemental Loan Authority</u>	<u>Connecticut Health &amp; Educational Facilities Authority</u>	<u>Connecticut Innovations, Incorporated</u>	<u>Total</u>
\$ (907)	\$ 171	\$ (135)	\$ (13,286)
148	45	82	24,425
566	-	-	11,229
4,939	-	-	188,727
20	(82)	(103)	(1,414)
3	-	(182)	1,375
-	11	6	4,289
(21)	179	36	(9,870)
(3)	-	-	(2,631)
-	617	1	19,678
(10,586)	(195,536)	(3,320)	(674,460)
4,258	34,330	3,179	258,306
<u>(1,583)</u>	<u>(160,265)</u>	<u>(436)</u>	<u>(193,632)</u>
-	-	4,752	4,752
-	-	-	506,340
(3,970)	-	-	(473,845)
(4,970)	-	-	(193,495)
-	-	-	(8,549)
-	-	-	20,917
-	-	-	(173)
<u>(8,940)</u>	<u>-</u>	<u>4,752</u>	<u>(144,053)</u>
-	(18)	(26)	(9,496)
-	354,874	-	354,874
-	(104,602)	-	(128,075)
-	(113,019)	-	(137,801)
-	106,100	-	106,753
-	-	(40)	(40)
<u>-</u>	<u>243,335</u>	<u>(66)</u>	<u>186,215</u>
9,713	620,820	6,824	1,101,307
-	(735,386)	(1,742)	(1,033,334)
1,319	18,469	1,615	73,915
-	-	-	8,708
<u>11,032</u>	<u>(96,097)</u>	<u>6,697</u>	<u>150,596</u>
509	(13,027)	10,947	(874)
3,132	65,975	17,821	260,835
<u>\$ 3,641</u>	<u>\$ 52,948</u>	<u>\$ 28,768</u>	<u>\$ 259,961</u>

**STATE OF CONNECTICUT**

**THIS PAGE LEFT INTENTIONALLY BLANK**

---

*Statistical  
Section*

---

# STATE OF CONNECTICUT

## General Governmental Expenditures By Function

Last Ten Fiscal Years

(Expressed in Thousands)

<u>SOURCE (1)</u>	<u>1987</u>	<u>1988</u>	<u>(3)</u> <u>1989</u>	<u>1990</u>
1. Legislative	\$ 22,912	\$ 27,419	\$ 38,453	\$ 40,748
2. General Government	442,150	466,452	1,056,167	1,143,948
3. Regulation and Protection	236,409	251,099	312,359	313,466
4. Conservation and Development	89,409	83,282	133,746	163,589
5. Health and Hospitals	511,863	587,700	802,655	845,026
6. Transportation	304,110	322,876	421,240	432,350
7. Human Services	1,177,226	1,262,257	1,488,276	1,780,134
8. Education, Libraries, and Museum	1,414,218 (2)	1,635,888 (2)	2,061,221 (2)	2,220,106 (2)
9. Corrections	219,901	250,366	358,188	423,239
10. Judicial	102,709	110,184	160,821	173,594
11. Nonfunctional	562,541	613,773	-	-
12. Federal and Other Grants	463,386 (2)	420,533 (2)	561,107 (2)	533,033 (2)
13. Debt Service	335,095	340,518	384,730	464,586
<b>Total Expenditures</b>	<b>\$ 5,881,929</b>	<b>\$ 6,372,347</b>	<b>\$ 7,778,963</b>	<b>\$ 8,533,819</b>

(1) Includes General, Special Revenue, and Debt Service Funds.

(2) Includes Higher Education Expenditures Treated as Operating Transfers from the State's General Fund.

(3) Beginning in 1989, Nonfunctional Expenditures were Reclassified to the Proper Function of Government.

## Revenues by Source

Last Ten Fiscal Years

(Expressed in Thousands)

<u>SOURCE (1)</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
1. Taxes	\$ 4,024,113	\$ 4,079,663	\$ 4,565,136	\$ 4,961,739
2. Licenses, Permits, and Fees	289,912	320,441	330,802	380,011
3. Intergovernmental	1,080,103	1,159,223	1,331,263	1,479,412
4. Charges for Services	375,863	382,915	65,051	59,863
5. Fines, Forfeits, and Rents	20,881	12,866	25,177	44,178
6. Investment Earnings	38,763	38,824	44,727	45,579
7. Lottery	-	-	697,672	718,473
8. Miscellaneous	108,709	125,591	115,543	145,004
<b>Total Revenues</b>	<b>\$ 5,938,344</b>	<b>\$ 6,119,523</b>	<b>\$ 7,175,371</b>	<b>\$ 7,834,259</b>

(1) Includes General, Special Revenue, and Debt Service Funds.

NOTE: Beginning in 1989 Lottery revenues have been split from Charges for Services and are reported at gross proceeds.

SOURCE: Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
\$ 41,798	\$ 38,057	\$ 44,040	\$ 45,820	\$ 46,618	\$ 47,422
1,020,494	996,980	1,055,645	1,033,897	1,109,507	1,182,673
322,473	316,333	348,787	395,662	397,131	415,308
191,727	203,926	232,130	227,024	263,748	221,383
907,938	862,534	749,402	757,731	793,447	826,501
396,077	337,467	381,135	350,413	352,160	358,144
2,130,706	2,278,812	2,639,093	2,916,838	3,395,130	3,450,082
2,144,504 (2)	2,216,166 (2)	2,113,031 (2)	2,258,516 (2)	2,339,278 (2)	2,420,982 (2)
499,079	509,268	620,821	737,946	800,822	846,305
189,774	213,602	207,803	229,108	241,690	271,571
-	-	-	-	-	-
538,069 (2)	791,892 (2)	1,068,775	1,008,904	922,518	875,430
547,505	776,274	1,033,014	972,368	1,262,425	1,305,017
<u>\$ 8,930,144</u>	<u>\$ 9,541,311</u>	<u>\$ 10,493,676</u>	<u>\$ 10,934,227</u>	<u>\$ 11,924,474</u>	<u>\$ 12,220,818</u>

<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
\$ 4,639,536	\$ 5,596,447	\$ 6,140,718	\$ 6,436,828	\$ 6,822,277	\$ 7,339,263
365,780	372,146	398,979	425,480	418,660	429,803
1,688,731	2,135,220	2,616,995	2,641,448	2,734,163	2,830,481
61,153	62,364	88,852	176,757	201,434	211,829
21,811	27,151	35,843	33,226	37,145	25,359
69,715	65,284	75,141	62,218	74,574	73,235
731,095	709,423	692,528	552,992	670,801	706,860
144,715	172,494	156,391	262,590	228,624	192,358
<u>\$ 7,722,536</u>	<u>\$ 9,140,529</u>	<u>\$ 10,205,447</u>	<u>\$ 10,591,539</u>	<u>\$ 11,187,678</u>	<u>\$ 11,809,188</u>

# STATE OF CONNECTICUT

## Computation of Legal Debt Margin

July 1, 1996

(Expressed in Thousands)

Estimated General Fund Tax Receipts for the Fiscal Year Ending June 30, 1996	\$ 6,584,300
Factor	1.6
Statutory Debt Limit for Debt Incurred	10,534,880
Less: Authorized Bonds, Notes, and Other Obligations subject to certain limitations.	8,749,765
<b>Legal Debt Margin</b>	<b>\$ 1,785,115</b>

SOURCE: State of Connecticut General Obligation Bonds Offering Statement  
Dated November 1, 1996.

## Net General Long-Term Bonded Debt Per Capita

Last Ten Fiscal Years

(Thousands)

YEAR	POPULATION	<u>GENERAL LONG-TERM DEBT</u>			NET DEBT PER CAPITA
		TOTAL DEBT	LESS DEBT SERVICE FUND	NET	
1987	3,247	\$2,049,465	\$56,055	\$1,993,410	\$614
1988	3,272	2,394,513	159,802	2,234,711	683
1989	3,283	3,232,491	209,175	3,023,316	919
1990	3,289	4,249,439	291,621	3,957,818	1,204
1991	3,291	5,650,182	349,206	5,300,976	1,611
1992	3,279	6,503,455	388,425	6,115,030	1,865
1993	3,278	7,385,997	432,522	6,953,475	2,122
1994	3,275	7,927,705	489,584	7,438,121	2,271
1995	3,275	8,516,066	420,163	8,095,903	2,472
1996	3,275	9,200,672	455,740	8,744,932	2,670

SOURCES: U.S. Census Bureau  
Combined Balance Sheet

# STATE OF CONNECTICUT

## Ratio of Annual Debt Service

### General Bonded Debt To Total General Expenditures

Last Ten Fiscal Years

(Expressed in Thousands)

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>(1) TOTAL GENERAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES</u>
1987	\$180,685	\$154,410	\$335,095	\$5,881,929	5.7%
1988	179,950	160,568	340,518	6,372,347	5.3%
1989	201,203	183,527	384,730	7,778,963	4.9%
1990	230,876	233,710	464,586	8,533,819	5.4%
1991	248,544	298,961	547,505	8,930,144	6.1%
1992	312,571	378,214	690,785	9,541,311	7.2%
1993	362,356	398,550	760,906	10,493,676	7.3%
1994	404,921	387,722	792,643	10,934,227	7.2%
1995	560,746	438,172	998,918	11,924,474	8.4%
1996	523,090	448,880	971,970	12,220,818	8.0%

(1) Includes General, Special Revenue, and Debt Service Funds, also included are

Higher Education Expenditures Treated as Operating Transfers from the State's General fund.

Note: Beginning in 1992, principal and interest amounts do not include amounts expended for General Obligation Notes.

SOURCE: Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

# STATE OF CONNECTICUT

## Revenue Bond Coverage

### Rental Housing

Last Ten Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS RECEIPTS		NET REVENUE	DEBT SERVICE REQUIREMENTS			
	USED FOR DEBT SERVICES (1)	DIRECT OPERATING EXPENSES (2)	AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1987	\$11,379	\$2,257	\$9,122	\$2,450	\$6,293	\$8,743	1.04
1988	7,985	2,483	5,502	5,950	6,090	12,040	0.46
1989	13,206	3,210	9,996	1,550	7,480	9,030	1.11
1990	16,106	4,205	11,901	1,550	8,694	10,244	1.16
1991	18,113	3,234	14,879	1,550	11,360	12,910	1.15
1992	10,071	1,267	8,804	1,550	8,562	10,112	0.87
1993	17,163	1,585	15,578	1,000	7,805	8,805	1.77
1994	16,102	-	16,102	2,038	12,991	15,029	1.07
1995	14,012	61	13,951	1,052	8,310	9,362	1.49
1996	10,225	1,329	8,896	2,305	7,856	10,161	0.88

(1) Includes Operating and Non-Operating Revenues and Principal Collections.

(2) Includes Operating Expenses Less Depreciation, Amortization, Interest Expenses, and Provision for Loan Losses.

SOURCES: Combining Statement of Revenues, Expenses, and Changes in Retained Earnings  
Combining Statement of Cash Flows

### Bradley International Airport

Last Ten Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES(1)	NET REVENUE		DEBT SERVICE REQUIREMENTS			
		DIRECT OPERATING EXPENSES (2)	AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1987	\$22,074	\$12,100	\$9,974	\$-	\$9,242	\$9,242	1.08
1988	25,619	13,487	12,132	-	10,283	10,283	1.18
1989	32,049	14,395	17,654	995	10,093	11,088	1.59
1990	37,000	15,711	21,289	1,075	10,250	11,325	1.88
1991	33,589	16,312	17,277	1,175	10,305	11,480	1.50
1992	31,307	16,675	14,632	1,285	10,384	11,669	1.25
1993	30,399	17,859	12,540	1,405	8,157	9,562	1.31
1994	34,355	18,966	15,389	2,295	7,275	9,570	1.61
1995	40,217	18,757	21,460	2,455	7,104	9,559	2.25
1996	38,313	20,575	17,738	2,630	6,919	9,549	1.86

(1) Includes Operating and Non-Operating Revenues.

(2) Includes Operating Expenses Less Depreciation, & Interest Expenses.

SOURCES: Bradley International Airport Financial Statements



# STATE OF CONNECTICUT

## Revenue Bond Coverage

### Connecticut Development Authority

Last Ten Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS RECEIPTS		AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			TOTAL COVERAGE
	USED FOR DEBT SERVICES(1)	DIRECT OPERATING EXPENSES(2)		PRINCIPAL	INTEREST	TOTAL	
1987	\$253,375	\$1,901	\$251,474	\$103,157	\$135,561	\$238,718	1.05
1988	272,954	2,034	270,920	122,331	137,169	259,500	1.04
1989	341,359	2,494	338,865	192,285	139,536	331,821	1.02
1990	236,158	2,880	233,278	83,363	144,287	227,650	1.02
1991	308,592	8,812	299,780	177,784	122,300	300,084	1.00
1992(3)	32,205	8,068	24,137	7,340	15,651	22,991	1.05
1993	39,344	9,678	29,666	14,300	10,988	25,288	1.17
1994	54,748	16,584	38,164	30,606	6,424	37,030	1.03
1995	55,459	11,365	44,094	41,715	9,221	50,936	0.87
1996	52,459	12,767	39,692	17,665	7,610	25,275	1.57

(1) Includes Operating and Non-Operating Revenues and Principal Collected on Loans.

(2) Includes Operating Expenses Less Depreciation, Amortization, and Interest Expenses.

(3) Beginning in 1992, the Authority no longer includes the assets and liabilities of its Self-Sustaining Bond Program in its financial statements. See Note 15b.

SOURCE: Connecticut Development Authority Financial Statements

### Connecticut Housing Finance Authority

Last Ten Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED DEC. 31,	GROSS RECEIPTS		NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			TOTAL COVERAGE
	USED FOR DEBT SERVICES (1)	DIRECT OPERATING EXPENSES (2)		PRINCIPAL	INTEREST	TOTAL	
1986	\$482,135	\$11,719	\$470,416	\$222,425	\$190,105	\$412,530	1.14
1987	451,530	11,282	440,248	241,835	179,003	420,838	1.05
1988	367,793	15,444	352,349	140,915	175,957	316,872	1.11
1989	362,041	23,911	338,130	105,335	190,882	296,217	1.14
1990	382,364	40,999	341,365	260,750	202,547	463,297	0.74
1991	385,139	34,819	350,320	103,405	207,415	310,820	1.13
1992	456,281	28,611	427,670	455,505	206,268	661,773	0.65
1993	556,670	42,778	513,892	544,375	192,589	736,964	0.70
1994	483,683	30,910	452,773	622,215	173,843	796,058	0.57
1995	421,706	38,373	383,333	452,210	174,752	626,962	0.61

(1) Includes Operating and Non-Operating Revenues and Principal Collected on Loans.

(2) Includes Operating Expenses Less Depreciation, Amortization, and Interest Expenses.

SOURCE: Connecticut Housing Finance Authority Financial Statements.

# STATE OF CONNECTICUT

## Revenue Bond Coverage

### Connecticut Higher Education Supplemental Loan Authority

---

Last Three Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES(1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE	DEBT SERVICE REQUIREMENTS			
			AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1994	\$8,778	\$1,083	\$7,695	\$5,630	\$3,858	\$9,488	0.81
1995	10,511	1,509	9,002	2,940	5,097	8,037	1.12
1996	11,525	1,795	9,730	3,970	4,939	8,909	1.09

(1) Includes Operating and Non-Operating Revenues and Principal Collections.

(2) Includes Operating Expenses Less Depreciation, Amortization and Interest Expenses.

---

SOURCE: Connecticut Higher Education Supplemental Loan Authority Financial Statements

### Connecticut Health and Educational Facilities Authority

---

Last Three Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES(1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE	DEBT SERVICE REQUIREMENTS			
			AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1994	\$180,915	\$1,854	\$179,061	\$161,640	\$84,867	\$246,507	0.73
1995	148,045	1,716	146,329	36,257	108,203	144,460	1.01
1996	154,981	2,074	152,907	60,869	117,743	178,612	0.86

(1) Includes Operating and Non-Operating Revenues and Principal Collections.

(2) Includes Operating Expenses Less Depreciation, Amortization and Interest Expenses.

---

SOURCE: Connecticut Health and Educational Facilities Authority Financial Statements

**STATE OF CONNECTICUT**  
**Revenue Bond Coverage**  
**Connecticut Resources Recovery Authority**

Last Eight Fiscal Years  
 (Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES (1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE	DEBT SERVICE REQUIREMENTS			
			AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1989	\$97,303	\$68,681	\$28,622	\$3,164	\$27,766	\$30,930	0.93
1990	133,435	93,086	40,349	6,531	27,700	34,231	1.18
1991	128,491	90,228	38,263	10,989	28,778	39,767	0.96
1992	128,186	92,291	35,895	12,198	27,650	39,848	0.90
1993	132,569	102,081	30,488	16,029	26,534	42,563	0.72
1994	147,753	98,342	49,411	17,790	26,415	44,205	1.12
1995	160,645	105,368	55,277	28,983	25,667	54,650	1.01
1996	151,468	101,592	49,876	23,473	24,531	48,004	1.04

(1) Includes Operating Revenues and Investment Income.

(2) Includes Operating Expenses Less Depreciation and Amortization.

NOTE: Prior to 1989, Connecticut Resources Recovery Authority was considered a development stage enterprise as many of its facilities were still being constructed.

SOURCE: Connecticut Resources Recovery Authority Financial Statements

**Bank Deposits**

Last Ten Fiscal Years  
 (Expressed in Thousands)

TOTAL AS OF	BANK DEPOSITS
1987	\$ 57,414,311
1988	64,533,081
1989	67,747,035
1990	69,505,683
1991	44,897,318
1992	38,322,461
1993	55,532,661
1994	54,836,057
1995	53,640,331
1996	39,120,816

NOTES: Beginning in 1991 totals are as of 6/30, before 1991 totals were as of 12/31.

For the years 1993 -1996, bank deposits for credit unions were not included.

The reduction in deposits in 1996 can be attributed to out of state bank mergers: Deposits with banks not headquartered in Connecticut are no longer included.

SOURCES: 1987 Branch Directory and Summary of Deposits, Decision Research Sciences, Inc.  
 1988-1996 Department of Banking

# STATE OF CONNECTICUT

## Resident Employment, Unemployment, and Unemployment Rate

Last Ten Years

(Thousands)

<u>YEAR</u>	<u>LABOR</u>		<u>UNEMPLOYMENT</u>	
	<u>FORCE</u>	<u>EMPLOYMENT</u>	<u>UNEMPLOYMENT</u>	<u>RATE</u>
1987	1,752.0	1,695.0	58.0	3.3%
1988	1,739.0	1,688.0	52.0	3.0%
1989	1,761.0	1,697.0	64.0	3.7%
1990	1,833.2	1,738.7	94.5	5.2%
1991	1,841.4	1,716.2	125.1	6.8%
1992	1,819.5	1,680.8	138.7	7.6%
1993	1,784.4	1,672.6	111.8	6.3%
1994	1,735.9	1,639.3	96.7	5.6%
1995	1,709.1	1,614.9	94.2	5.5%
1996 (Oct)	1,753.5	1,665.9	87.6	5.0%

SOURCE: Bureau of Labor Statistics  
Annual, Seasonally Adjusted Data

## Connecticut Non-Farm Employment By Industry Seasonally Adjusted

Last Ten Years

(Thousands)

<u>YEAR</u>	<u>SERVICES</u>	<u>RETAIL &amp; WHOLESALE</u>	<u>MANUFACTURING</u>	<u>FINANCE</u>	<u>TRANSPORTATION &amp; UTILITIES</u>
		<u>TRADE</u>		<u>INSURANCE &amp; REAL ESTATE</u>	
1987	392.9	373.4	379.8	152.2	72.2
1988	413.7	375.6	368.7	151.8	73.7
1989	428.1	369.9	351.2	152.1	73.1
1990	421.9	350.4	330.2	149.7	71.1
1991	416.2	334.2	316.0	145.9	68.6
1992	428.8	327.7	299.3	140.7	67.8
1993	442.1	332.3	289.6	139.5	70.4
1994	458.3	336.9	282.9	133.5	70.9
1995	469.1	340.5	277.7	131.9	71.5
1996 (Oct)	477.5	347.8	274.1	131.6	72.1

SOURCE: U.S. Bureau of Labor Statistics

# STATE OF CONNECTICUT

## Total Personal Income and Per Capita Personal Income Connecticut Compared to the United States and New England

Last Ten Years

YEAR	TOTAL PERSONAL INCOME (Billions of Dollars)			PER CAPITA PERSONAL INCOME (Dollars)		
	U.S.	N.E.	CT.	U.S.	N.E.	CT.
1987	\$3,863.1	\$246.9	\$70.1	\$15,942	\$19,068	\$21,587
1988	4,160.7	271.8	77.4	17,015	20,773	23,658
1989	4,474.0	291.1	83.3	18,127	22,084	25,376
1990	4,774.0	300.3	86.7	19,142	22,715	26,375
1991	4,950.8	304.9	87.9	19,636	23,083	26,725
1992	5,248.6	319.1	92.9	20,581	24,166	28,343
1993	5,471.1	329.2	95.2	21,224	24,876	29,048
1994	5,739.9	342.5	98.4	22,047	25,812	30,054
1995	6,098.1	364.6	104.1	23,208	27,388	31,776
1996 (2nd quarter)	6,393.1	380.1	108.5	N/A	N/A	N/A

SOURCE: Bureau of Economic Analysis

NOTE: Connecticut ranked first in the nation in per capita income in each year.

<u>CONSTRUCTION</u>	<u>MINING</u>	<u>GOVERNMENT</u>	<u>TOTAL NON-FARM EMPLOYMENT</u>
80.4	1.6	204.9	1,657.4
79.3	1.6	207.9	1,672.3
69.6	0.9	207.4	1,652.3
56.2	0.9	211.1	1,591.5
48.0	0.7	206.5	1,536.1
48.1	0.8	207.1	1,520.3
47.7	0.8	213.1	1,535.5
51.1	0.7	219.9	1,554.2
51.0	0.8	220.2	1,562.7
53.1	0.8	226.2	1,583.2

# STATE OF CONNECTICUT

## Top Twenty Private Sector Employers

June 30, 1996

Rank 1996	Rank 1995	Name	Headquarters	Total CT Employees	
				1996	1995
1	1	(tie) Pratt & Whitney	East Hartford	13,000	15,000
2	4	Stop & Shop	Braintree, Mass.	12,412	11,775
3	1	(tie) Aetna Life & Casualty	Hartford	11,688	15,000
4	8	Foxwoods Resort Casino	Mashantucket Pequot Reservation, Ledyard	11,154	9,200
5	3	Electric Boat	Groton	10,578	12,169
6	6	(tie) Yale University	New Haven	9,629	9,600
7	10	ITT Hartford Insurance Group	Hartford	8,967	8,956
8	5	Sikorsky Aircraft	Stratford	8,375	8,768
9	6	(tie) SNET	New Haven	8,360	9,600
10	9	Travelers Group Inc.	New York	8,090	7,300
11	18	Edwards Super Food	Windsor	6,797	6,728
12	15	(tie) Hartford Hospital	Hartford	6,436	6,136
13	11	Northeast Utilites	Berlin	6,150	6,350
14	(tie) 13	Pitney Bowes Inc.	Stamford	6,000	5,800
14	(tie) 14	Yale New Haven Hospital	New Haven	6,000	6,132
16	12	CIGNA Corp.	Philadelphia	5,976	6,243
17	-	Fleet Financial Group	Boston	5,794	N/A
18	-	General Electric Co.	Fairfield	5,300	N/A
19	17	Hamilton Standard	Windsor Locks	5,000	7,100
20	20	J.C. Penny	Plano, Texas	3,569	3,964

SOURCE: The Hartford Courant

# STATE OF CONNECTICUT

## Economic Indicators

Last Ten Years

YEAR	RETAIL	DISPOSABLE	MEDIAN	NON-FARM PAYROLL	NEW PRIVATE
	SALES	INCOME	HOUSEHOLD	EMPLOYMENT	
	(MILLIONS)	(BILLIONS)	(CURRENT DOLLARS)	(SEASONALLY ADJUSTED) (THOUSANDS)	HOUSING UNITS
1987	\$23,324	\$59.03	\$32,862	1,657.4	26,750
1988	26,681	66.12	36,213	1,672.3	18,865
1989	29,021	71.36	42,321	1,652.3	11,969
1990	28,429	74.71	38,870	1,591.5	7,584
1991	29,362	75.60	42,154	1,536.1	7,477
1992	28,701	78.66	40,841	1,520.3	8,011
1993	28,877	80.19	39,516	1,535.5	9,247
1994	29,860	82.85	41,097	1,554.2	9,460
1995	31,682	87.39	40,243	1,562.7	8,550
1996	33,196	N/A	N/A	1,583.2	N/A

SOURCES: Retail Sales, Department of Revenue Services

Disposable Income, Bureau of Economic Analysis

Median Household Income and Housing Units, Bureau of the Census

Non-Farm Payroll Employment, Bureau of Labor Statistics

NOTE: All data reported by calendar year except Retail Sales, which is on a fiscal year basis.

## Demographics

Last Ten Years

YEAR	(Thousands)			
	TOTAL POPULATION	POPULATION UNDER 5	POPULATION 65 OR OLDER	POPULATION BELOW FEDERAL POVERTY LEVEL
1987	3,247	215	429	N/A
1988	3,272	221	434	N/A
1989	3,283	227	441	N/A
1990	3,287	233	444	196
1991	3,291	236	451	N/A
1992	3,279	236	456	303
1993	3,278	235	461	277
1994	3,275	231	465	344
1995	3,275	228	467	318
1996	3,275	N/A	N/A	N/A

SOURCES: U.S. Census Bureau

# STATE OF CONNECTICUT

## Major Revenue Sources - General Fund

Last Ten Fiscal Years  
(Millions)

FISCAL YEAR	SALES & USE TAX	% OF TOTAL REVENUE	PERSONAL INCOME TAX	% OF TOTAL REVENUE	CORPORATION TAX	% OF TOTAL REVENUE	CAPITAL GAINS TAX	% OF TOTAL REVENUE
1987	1,840.6	38.8%	-	-	681.9	14.4%	467.8	9.9%
1988	2,000.4	41.2%	-	-	661.3	13.6%	386.3	7.9%
1989	2,097.5	38.1%	-	-	870.0	15.8%	508.7	9.2%
1990	2,479.0	40.6%	-	-	794.1	13.0%	624.7	10.2%
1991	2,417.8	41.6%	-	-	669.0	11.5%	520.5	8.9%
1992	2,080.2	28.2%	1,976.6	26.7%	641.4	8.7%	-	-
1993	2,056.2	27.2%	2,392.0	31.6%	715.2	9.4%	-	-
1994	2,181.4	27.6%	2,517.7	31.8%	703.5	8.9%	-	-
1995	2,368.1	27.9%	2,589.9	30.6%	724.7	8.6%	-	-
1996	2,460.1	27.0%	2,879.4	31.6%	748.1	8.2%	-	-

NOTES: Effective in 1992, the Capital Gains Tax became an integral part of the newly implemented Personal Income Tax.  
Gross Revenues Including Statutory Accruals.

SOURCE: Annual Report of the State Comptroller (Schedule B-2)

## Sales and Use Tax - Major Industrial Categories

June 30, 1996  
(Millions)

INDUSTRY	TAX	%
Manufacturing	\$141.6	6.1%
Wholesale	115.2	5.0%
Retail:		
Hardware	66.4	2.9%
General Merchandise	130.8	5.6%
Food Products	85.5	3.7%
Auto Products	266.3	11.5%
Apparel	32.3	1.4%
Home Appliances & Furnishings	128.8	5.6%
Eating & Drinking Establishments	139.7	6.0%
Miscellaneous Shopping Stores	235.7	10.2%
Business	517.8	22.3%
All Other Businesses	459.5	19.8%
<b>Total Sales &amp; Use Tax</b>	<b>\$2,319.6</b>	

NOTE: The figures shown are based on returns filed on a timely basis and do not include audits or late returns.

SOURCE: Department of Revenue Services



# STATE OF CONNECTICUT

## Miscellaneous Statistics

---

June 30, 1996

Date of Ratification	January 9, 1788
Form of Government	Legislative - Executive - Judicial
Miles of State Highway	4,075
Land Area	5,009 Square Miles

### State Police Protection:

Number of Stations	12
Number of State Police	943

### Higher Education (Universities, Colleges and Community Colleges):

Number of Campuses in State	26
Number of Educators	3,367
Number of Students	102,450

### Recreation:

Number of State Parks	91
Area of State Parks	31,597 Acres
Area of State Forests	144,464 Acres

### Employees:

Full-Time	52,332
Part-Time (Permanent)	2,690

---

SOURCE: Connecticut State Register and Manual

**STATE OF CONNECTICUT**

**Office of the State Comptroller Organization**

---

As of June 30, 1996

Nancy Wyman  
*State Comptroller*

Mark E. Ojakian  
*Deputy Comptroller*

**MANAGEMENT SERVICES DIVISION**

Bernard McLoughlin  
*Director*

**ACCOUNTS PAYABLE DIVISION**

A. Douglas Vallee  
*Director*

**RETIREMENT & EMPLOYEE BENEFIT DIVISION**

Steven Weinberger  
*Director*

**COMPUTER SERVICES DIVISION**

Carl Kask  
*Director*

**POLICY EVALUATION & REVIEW DIVISION**

Jeanne Berube  
*Director*

**PAYROLL SERVICES DIVISION**

Gary Reardon  
*Director*

**BUDGET & FINANCIAL ANALYSIS DIVISION**

John Clark  
*Director*

Accounting Services  
Rober Krueger - Assistant Director  
Hazel Brown

*Financial Reporting*  
Gerardo Villa, CPA  
Nancy Fuda  
Julie Fanelli  
Doris Przygocki

*Accounting Operations*  
Burton Gold  
Diane Nolan  
Patrick Collins  
Karen Hurst  
Carmen Guzman  
Debra Morris  
Yvette Jenkins

