

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020



**CONNECTICUT**  
**OFFICE of the STATE COMPTROLLER**  
Comptroller Kevin Lembo

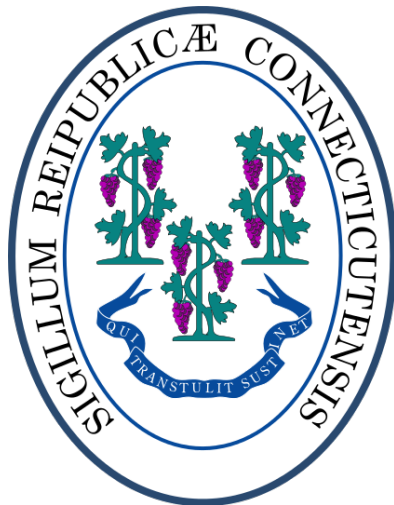
**FEBRUARY 2021**



# Connecticut

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR  
ENDED JUNE 30, 2020



Ned Lamont  
GOVERNOR

Kevin Lembo  
STATE COMPTROLLER

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

<https://www.osc.ct.gov/reports/annualreport2020.pdf>

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

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**State of Connecticut**

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# *INTRODUCTORY SECTION*

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**KEVIN LEMBO**  
STATE COMPTROLLER



**MARTHA CARLSON**  
DEPUTY COMPTROLLER



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

February 19, 2021

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

It is a privilege to present the State of Connecticut Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

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

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

The General Fund budget is formulated, implemented, and modified during the fiscal year using the statutory or budgetary form of accounting that incorporates certain revenue and expenditure accruals that are not consistent in every instance with the GAAP method of reporting used in this publication. For Fiscal Year 2020 General Fund results on the GAAP basis of accounting please refer to the Governmental Fund Financial Statements section of this report beginning on page 44. The differences between the statutory basis of accounting and the GAAP presentation in the Comprehensive Annual Financial Report are discussed in more detail beginning on page 122 of this report. This discussion includes a reconciliation of differences between the statutory change in fund balance and the GAAP change in fund balance at June 30, 2020.

The General Fund ended Fiscal Year 2020 with a surplus of \$38,709,505 on the statutory basis of accounting. In a typical year the surplus would be transferred to the Budget Reserve Fund (BRF). However, the balance in the BRF has reached the statutory limit of 15 percent of current year net General Fund appropriations. Therefore, a separate provision of the Connecticut General Statutes (CGS) was applied as described below. The Special Transportation Fund (STF) had an operating deficit of \$151,685,947, which left a positive fund balance of \$168,430,363 at the close of Fiscal Year 2020. STF spending totaled \$1,669,768,018 in FY 2020, growing by \$60.7 million or 3.8 percent compared with the prior fiscal year.

In FY 2020, as in the two previous fiscal years, significant progress was made toward building the balance of the BRF. This was primarily due to the revenue volatility cap, first implemented



in FY2018. This statutory provision requires revenues above a certain threshold to be transferred to the BRF. For FY 2020, the cap was \$3,294.2 million for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$530,316,290 was made to the BRF.

Prior to the close of FY 2020, the balance of the BRF was just over \$2.5 billion. Adding the \$530.3 million volatility transfer brought the BRF total to \$3.036 billion, or 15.11 percent of net General Fund appropriations for FY 2021. As a result, the BRF was \$22.9 million above the statutory 15 percent cap at year-end. According to CGS Section 4-30a (c)(1)(A), no further transfers would be made to BRF. Instead, the State Treasurer decides what is in the best interest of the state, whether to transfer the balance above the 15 percent threshold as an additional contribution to the State Employee Retirement Fund (SERF) or to the Teachers' Retirement System (TRS). On October 1st, the State Treasurer announced his decision to transfer the \$22.9 million excess BRF balance to SERF. Based on this guidance, once the FY 2020 audit was completed, the General Fund surplus of \$38.7 million was also transferred to SERF to reduce unfunded pension liability.

Achieving and surpassing the 15 percent threshold represents an important benchmark for Connecticut. Due to fiscal discipline and hard work, the state is in a much stronger position to provide critical services to those in need and to weather the public health and fiscal crisis brought on by the COVID-19 pandemic.

A complete discussion of Fiscal Year 2020 budget and fiscal trends is contained in the Management Discussion and Analysis (MDA) section of this report.

### Major Legislative Initiatives

The 2020 legislative session of the Connecticut General Assembly convened on February 5th. However, due to the COVID-19 pandemic, the state legislature suspended its session effective March 12, 2020. The suspension was originally scheduled to be lifted at the end of March, but it was extended several times. Eventually, due to the ongoing nature of the pandemic, legislative leaders decided not to reconvene before the session's constitutional adjournment on May 6, 2020.

In the brief time available, the General Assembly was able to enact the following major legislative initiative:

***Public Act No. 20-1 “An Act Authorizing Bonds of the State for Capital Improvements, Transportation and Other Purposes”*** This act authorizes up to \$1.55 billion for FY 2020 and \$1.52 billion for FY 2021 in state general obligation (GO) bonds for state capital projects and grant programs, including school construction, housing development and rehabilitation programs, and municipal aid. It also cancels or reduces approximately \$3.4 million in GO bond authorizations. In addition, the act authorizes up to \$777.6 million for FY 2020 and \$782.4 million for FY 2021 in special tax obligation (STO) bonds for various transportation projects. These include highways, bridges, and road repair as well as public transportation initiatives such as bus and rail facilities and equipment.

## Independent Auditor Opinions

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

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

## Profile of the Government and its Safeguards

### The Nutmeg State

Connecticut became the fifth state of the United States on January 9, 1788. Its borders encompass 5,009 square miles. Within its boundaries, Connecticut has forested hills, urban skylines, shoreline beaches, and historic village greens. Connecticut is a thriving center of business as well as a vacation location. It is both a New England State, and suburban to New York City. The population of Connecticut was 3,557,006 according to the July 1, 2020 estimate of the U.S. Census Bureau. Five large cities, Bridgeport, New Haven, Stamford, Hartford (the State Capitol since 1875), and Waterbury, have populations of more than 100,000 residents.

### State Government

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

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

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

## The Reporting Entity

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

## Internal Controls

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

## Budgetary Controls

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

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

## The Spending Cap

In November 1992, electors approved an amendment to the State Constitution providing that the amount of budgeted expenditures authorized for any fiscal year shall not exceed the estimated

amount of revenue for such fiscal year. This amendment thus provided a framework for placing a cap on budgeted appropriations.

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

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

### Economic Condition and Outlook

During the first half of the fiscal year, Connecticut's economy grew, but at a slower pace than the region or the nation. For Real Gross Domestic Product (GDP) in the fourth quarter of 2019, as measured by the Bureau of Economic Analysis (BEA), Connecticut's seasonally adjusted annual growth rate was 0.9 percent, which ranked 44th in the nation. This was only half of the New England regional average of 1.8 percent and further below the national average of 2.1 percent for the period.

In terms of employment, prior to March 2020, Connecticut was experiencing modest, but steady job growth. According to the state Department of Labor (DOL), Connecticut achieved six straight months of employment growth through February 2020. However, with the advent of the coronavirus pandemic and related non-essential business closures, the state and the nation began to suffer historic levels of job losses not seen since the Great Depression of the 1930s. In April 2020, Connecticut lost a total of 266,300 net jobs, a 15.9 percent decline in just one month. By May 2020, DOL reported an average of 326,000 state residents were collecting unemployment benefits, compared to just under 28,000 in May of 2019.

By the end of the fiscal year, Connecticut had begun recovering some of the jobs lost, but employment levels were still down significantly on a year-over-year basis. Over the course of FY 2020, the state lost 168,700 nonfarm seasonally adjusted payroll jobs (-10 percent) and had a total of 1,513,900, employed residents as of June 2020. All major employment sectors suffered losses, but leisure & hospitality was particularly hard hit, losing more than a third of its jobs for the period.

For the Connecticut housing market, Berkshire Hathaway HomeServices reported results for June 2020 compared with June 2019. Sales of single-family homes dropped by 14.83 percent, with the

median sale price increasing by 5.08 percent. Reversing a trend from preceding months, new listings were up 10.18 percent in Connecticut. The median list price rose 6.37 percent to \$299,900. Average days on the market increased 14.93 percent in June 2020 compared to the same month in the previous year (77 days on average compared with 67 in June 2019). Since that time, the Connecticut housing market has continued to recover from the pandemic related slowdown, with stronger sales and price growth. Some of this improvement has been driven by New York City residents relocating to the suburbs, including to Fairfield County, Litchfield County, and the Connecticut shoreline.

After beginning FY 2021 with a projected deficit of over \$2 billion, Connecticut has made significant progress striving for recovery amid the ongoing coronavirus pandemic. The most recent consensus revenue forecast as of January 15, 2021 showed continued improvement in each of the State's major tax categories. Current forecasts now show the General Fund is in balance for FY 2021. This remarkable comeback is a tribute to the resilience of Connecticut's people and the strength of its economy. Yet our work is not complete. Too many Connecticut families continue to struggle with unemployment and are facing the combined threats of hunger, eviction, and bankruptcy. As we move forward, we have a responsibility to help those left behind.

A more complete discussion of Fiscal Year 2020 economic condition and outlook is contained in the MDA section of this report.

#### Acknowledgements

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

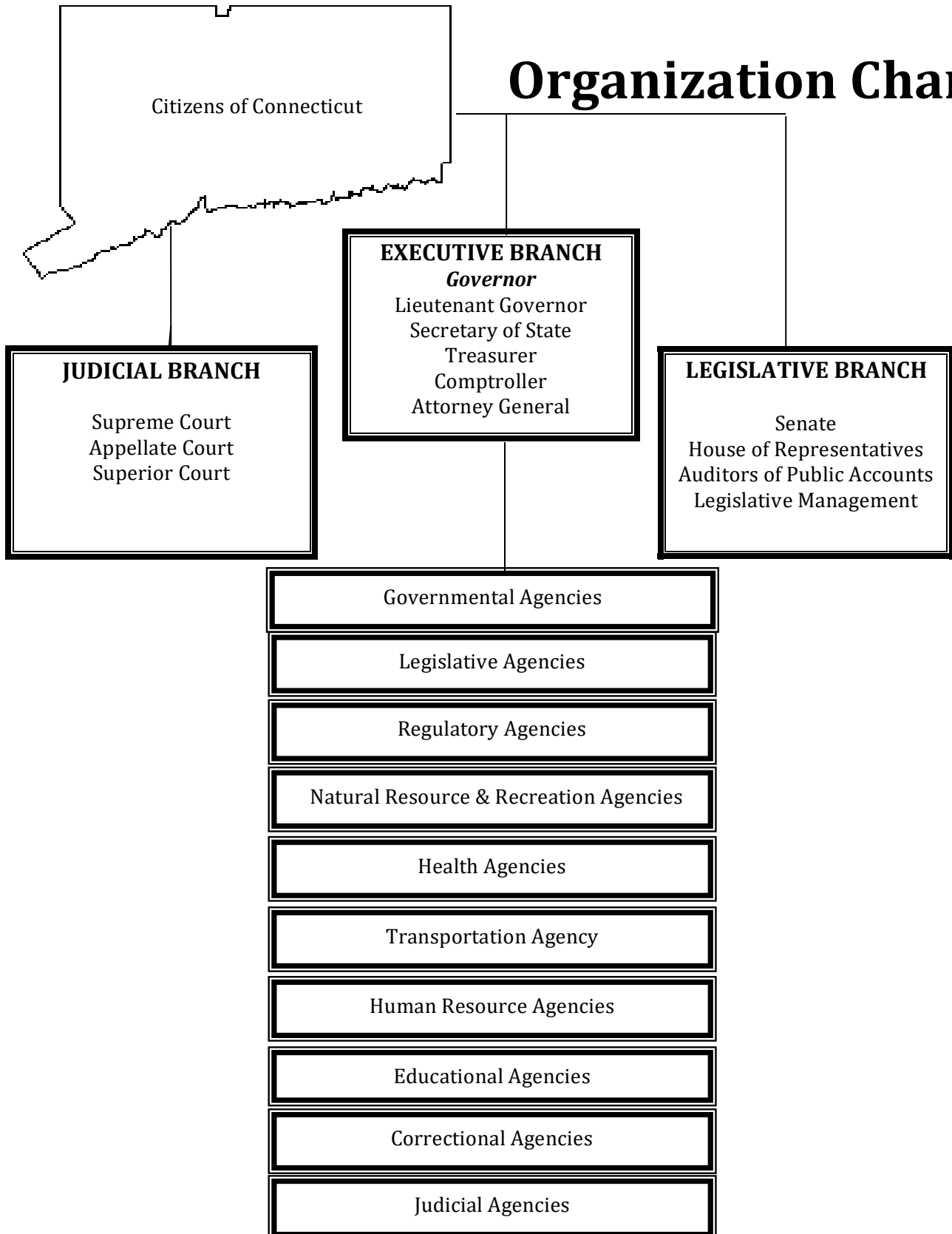
Sincerely,

A handwritten signature in cursive script that reads "Kevin Lembo".

Kevin Lembo  
Connecticut State Comptroller



# Organization Chart



***CONSTITUTIONAL OFFICERS  
EXECUTIVE***

Ned M. Lamont Jr.  
*Governor*

Susan Bysiewicz  
*Lieutenant Governor*

Denise W. Merrill  
*Secretary of State*

Shawn T. Wooden  
*Treasurer*

Kevin P. Lembo  
*Comptroller*

William Tong  
*Attorney General*

***LEGISLATIVE***

Martin M. Looney  
*Democratic President Pro Tempore of the Senate*

Joseph Aresimowicz  
*Speaker of the House of Representatives*

***JUDICIAL***

Richard A. Robinson  
*Chief Justice, Supreme Court*



*FINANCIAL  
SECTION*

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# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL  
210 CAPITOL AVENUE  
HARTFORD, CONNECTICUT 06106-1559

ROBERT J. KANE

### INDEPENDENT AUDITORS' REPORT

The Honorable Ned Lamont, Governor  
Members of the General Assembly

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the state's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

#### Government-wide Financial Statements

- the financial statements of the Special Transportation Fund account within the Transportation Fund and the Transportation Special Tax Obligations account within the Debt Service Fund, which in the aggregate, represent 6% of the assets, 3% of the net position and 8% of the revenues of the Governmental Activities;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University System, the Connecticut Community Colleges, Bradley International Airport Parking Facility, and the federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 56% of the assets, 41% of the net position and 30% of the revenues of the Business-Type Activities;
- the financial statements of the discretely presented component units.

#### Fund Financial Statements

- the financial statements of the Special Transportation Fund account, which represents 99% of the assets and 98% of the revenues of the Transportation Fund;
- the financial statements of the Transportation Special Tax Obligations account, which represents 100% of the assets and 100% of the revenues of the Debt Service Fund;



- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University System, the Connecticut Community Colleges, Bradley International Airport Parking Facility, and the federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 56% of the assets, 41% of the net position and 30% of the revenues of the Enterprise Funds.

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

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

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

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

### ***Opinions***

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and pension plan and other postemployment benefits schedules and information, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about

the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2021, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Connecticut's internal control over financial reporting or on compliance. That report will be issued under separate cover in the *Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters for the Fiscal Year Ended June 30, 2020, State of Connecticut Comprehensive Annual Financial Report* and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Connecticut's internal control over financial reporting and compliance.



John C. Geragosian  
State Auditor

February 19, 2021  
State Capitol  
Hartford, Connecticut

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*MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

The following is a discussion and analysis of the State's financial performance and condition providing an overview of the State's activities for the fiscal year ended June 30, 2020. The information provided here should be read in conjunction with the letter of transmittal in the front of this report and with the State's financial statements, which follow this section.

### HIGHLIGHTS

#### Government-wide Financial Statements

The State's total net position (deficit) increased \$1.4 billion (or 3.1 percent) as a result of this year's operations. Net position (deficit) of governmental activities increased by \$1.0 billion (or 1.8 percent) and net position of business-type activities decreased by \$471.0 million (or -6.5 percent). At year-end, net position (deficit) of governmental activities and business-type activities totaled a negative \$54.4 billion and \$6.8 billion, respectively.

Component units reported net position of \$2.4 billion, an increase of \$138.1 million or 6.1 percent from the previous year. Most of the net position is attributable to the Connecticut Housing Finance Authority, a major component unit.

#### Fund Financial Statements

The governmental funds reported combined ending fund balance of \$8.3 billion, an increase of \$1.8 billion in comparison with the prior year. Of this total fund balance, \$217.7 million represents nonspendable fund balance, \$5.8 billion represents restricted fund balance, \$3.2 billion represents committed fund balance, and \$180.9 million represents assigned fund balance. A negative \$1.1 billion unassigned fund balance offsets these amounts. This deficit belongs primarily to the General Fund which increased by \$300.8 million during the fiscal year.

The State's stabilization account, the General Fund Budget Reserve Fund (Rainy Day Fund) ended the fiscal year with a balance of \$3.0 billion compared to the prior year's balance of \$2.5 billion. The primary reason for the increase as in the prior fiscal year, significant progress was made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund. For fiscal year 2020, the cap was \$3,294.2 million for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$530.3 million was made to the Budget Reserve Fund.

Prior to the close of fiscal year 2020, the balance in the Budget Reserve Fund was \$3,036 million, which represented approximately 15.11 percent of net General Fund appropriations. As a result, the Budget Reserve Fund was \$22.9 million above the statutory 15 percent cap at year-end. According to CGS Section 40-30a(c)(1)(A), no further transfers will be made to the Budget Reserve Fund. Instead the State Treasurer decides what is in the best interest of the state, whether to transfer the balance above the 15 percent threshold as an additional contribution to the State Employee Retirement Fund (SERF) or to the Teachers' Retirement System (TRS). On October 1<sup>st</sup> the State Treasurer announced his decision to transfer the \$22.9 million excess to SERF. In December 2020, the General Fund surplus of \$38.7 million was transferred to SERF to reduce the unfunded pension liability.

When the excess \$22.9 million is transferred from the Budget Reserve Fund to SERF this would bring the Budget Reserve Fund to just over \$3.0 billion or approximately 15 percent of net General Fund appropriations for fiscal year 2021. Achieving and surpassing the 15 percent threshold represents an important benchmark for Connecticut. Due to fiscal discipline and hard work, our state is in a much stronger position to provide critical services to those in need and to weather the public health and fiscal crisis brought on by the COVID-19 pandemic.

Tax revenues in the governmental funds increased \$860.9 million or 4.9 percent. General fund tax revenues decreased \$763.8 million or -4.5 percent.

The Enterprise funds reported net position of \$6.8 billion at year-end, a decrease of \$471.0 million during the year, substantially all of which was invested in capital assets or restricted for specific purposes.



### Long-Term Debt

Total long-term debt was \$92.1 billion for governmental activities at year-end, of which \$27.4 billion was bonded debt.

Total long-term debt was \$2.3 billion for business-type activities at year-end, of which \$1.8 billion was bonded debt.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The statement of activities presents information showing how the State's net position changed during fiscal year 2020. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

The fund financial statements beginning on page 44 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with

## State of Connecticut

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finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

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### Reconciliation between Government-wide and Fund Statements

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

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

### Notes to the Financial Statements

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

### Required Supplementary Information (RSI)

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

### Supplementary Information

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

### Statistical Section

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

## State of Connecticut

### FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

#### Net Position

The combined net position deficit of the State increased \$1.4 billion or 3.1 percent. In comparison, last year the combined net position deficit decreased \$1.4 billion or 2.9 percent. The net position deficit of the State's governmental activities increased \$1.0 billion (1.8 percent) to \$54.4 billion during the current fiscal year.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>						
Current and Other Assets	\$ 9,600	\$ 7,481	\$ 2,339	\$ 2,844	\$ 11,939	\$ 10,325
Noncurrent Assets	18,690	18,055	7,250	7,065	25,940	25,120
<b>Total Assets</b>	<u>28,290</u>	<u>25,536</u>	<u>9,589</u>	<u>9,909</u>	<u>37,879</u>	<u>35,445</u>
<b>Deferred Outflows of Resources</b>	<u>14,377</u>	<u>9,084</u>	<u>7</u>	<u>8</u>	<u>14,384</u>	<u>9,092</u>
<b>LIABILITIES</b>						
Current Liabilities	5,163	4,718	665	671	5,828	5,389
Long-term Liabilities	89,852	80,814	2,142	1,984	91,994	82,798
<b>Total Liabilities</b>	<u>95,015</u>	<u>85,532</u>	<u>2,807</u>	<u>2,655</u>	<u>97,822</u>	<u>88,187</u>
<b>Deferred Inflows of Resources</b>	<u>2,090</u>	<u>1,983</u>	<u>5</u>	<u>6</u>	<u>2,095</u>	<u>1,989</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	6,165	4,508	4,301	4,262	10,466	8,770
Restricted	5,246	3,690	952	1,087	6,198	4,777
Unrestricted	(65,849)	(61,670)	1,531	1,907	(64,318)	(59,763)
<b>Total Net Position (Deficit)</b>	<u>\$ (54,438)</u>	<u>\$ (53,472)</u>	<u>\$ 6,784</u>	<u>\$ 7,256</u>	<u>\$ (47,654)</u>	<u>\$ (46,216)</u>

Total investment in capital assets net of related debt was \$6.2 billion (buildings, roads, bridges, etc.); and \$5.2 billion was restricted for specific purposes, resulting in an unrestricted net position deficit of \$65.8 billion for governmental activities. This deficit is the result of having long-term obligations that are greater than currently available resources. The State has recorded the following outstanding long-term obligations which contributed to the deficit: a) general obligation bonds outstanding of \$18.5 billion to finance various municipal grant programs (e.g., school construction) and \$2.2 billion issued to finance a contribution to a pension trust fund; and b) other long-term obligations in the amount of \$64.8 billion, which are partially funded or not funded by the State (e.g., net pension and OPEB liabilities and compensated absences).

Net position of the State's business-type activities decreased \$471.0 million (-6.5 percent) to \$6.8 billion during the current fiscal year. Of this amount, \$4.3 billion was invested in capital assets and \$1.0 billion was restricted for specific purposes, resulting in unrestricted net position of \$1.5 billion. These resources are not available to make up for the net position deficit of the State's governmental activities. The State can only use these net positions to finance the ongoing operations of its Enterprise funds (such as the University of Connecticut and Health Center and others).

## State of Connecticut

Changes in net position for the years ended June 30, 2020 and 2019 were as follows:

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

	Governmental Activities		Business-Type Activities		Total		% change
	2020	2019	2020	2019	2020	2019	20-19
<b>REVENUES</b>							
Program Revenues							
Charges for Services	\$ 3,163	\$ 3,190	\$ 3,437	\$ 2,991	\$ 6,600	\$ 6,181	6.8%
Operating Grants and Contributions	9,579	7,883	540	365	10,119	8,248	22.7%
Capital Grants and Contributions	782	696	2	4	784	700	12.0%
General Revenues							
Taxes	17,459	18,471	-	-	17,459	18,471	-5.5%
Casino Gaming Payments	164	255	-	-	164	255	-35.7%
Lottery Tickets	338	361	-	-	338	361	-6.4%
Other	219	251	35	44	254	295	-13.9%
<b>Total Revenues</b>	<b>31,704</b>	<b>31,107</b>	<b>4,014</b>	<b>3,404</b>	<b>35,718</b>	<b>34,511</b>	<b>3.5%</b>
<b>EXPENSES</b>							
Legislative	131	107	-	-	131	107	22.4%
General Government	2,782	2,781	-	-	2,782	2,781	0.0%
Regulation and Protection	983	841	-	-	983	841	16.9%
Conservation and Development	1,186	1,177	-	-	1,186	1,177	0.8%
Health and Hospital	3,073	2,629	-	-	3,073	2,629	16.9%
Transportation	2,306	2,120	-	-	2,306	2,120	8.8%
Human Services	10,799	9,736	-	-	10,799	9,736	10.9%
Education, Libraries, and Museums	5,473	5,051	-	-	5,473	5,051	8.4%
Corrections	2,515	2,115	-	-	2,515	2,115	18.9%
Judicial	1,131	973	-	-	1,131	973	16.2%
Interest and Fiscal Charges	943	978	-	-	943	978	-3.6%
University of Connecticut & Health Center	-	-	2,651	2,485	2,651	2,485	6.7%
Board of Regents	-	-	1,427	1,398	1,427	1,398	2.1%
Employment Security	-	-	1,651	620	1,651	620	166.3%
Clean Water	-	-	54	42	54	42	28.6%
Other	-	-	50	65	50	65	-23.1%
<b>Total Expenses</b>	<b>31,322</b>	<b>28,508</b>	<b>5,833</b>	<b>4,610</b>	<b>37,155</b>	<b>33,118</b>	<b>12.2%</b>
Excess (Deficiency) Before Transfers	382	2,599	(1,819)	(1,206)	(1,437)	1,393	
Transfers	(1,348)	(1,470)	1,348	1,470	-	-	
<b>Increase in Net Position</b>	<b>(966)</b>	<b>1,129</b>	<b>(471)</b>	<b>264</b>	<b>(1,437)</b>	<b>1,393</b>	
<i>Net Position (Deficit) - Beginning (as restated)</i>	<i>(53,472)</i>	<i>(54,601)</i>	<i>7,255</i>	<i>6,992</i>	<i>(46,217)</i>	<i>(47,609)</i>	
<b>Net Position (Deficit) - Ending</b>	<b>(54,438)</b>	<b>(53,472)</b>	<b>6,784</b>	<b>7,256</b>	<b>(47,654)</b>	<b>(46,216)</b>	<b>3.1%</b>

**Note:** The beginning Net Position for Business-Type Activities was restated due to a restatement for Bradley Parking Garage.

### Changes in Net Position

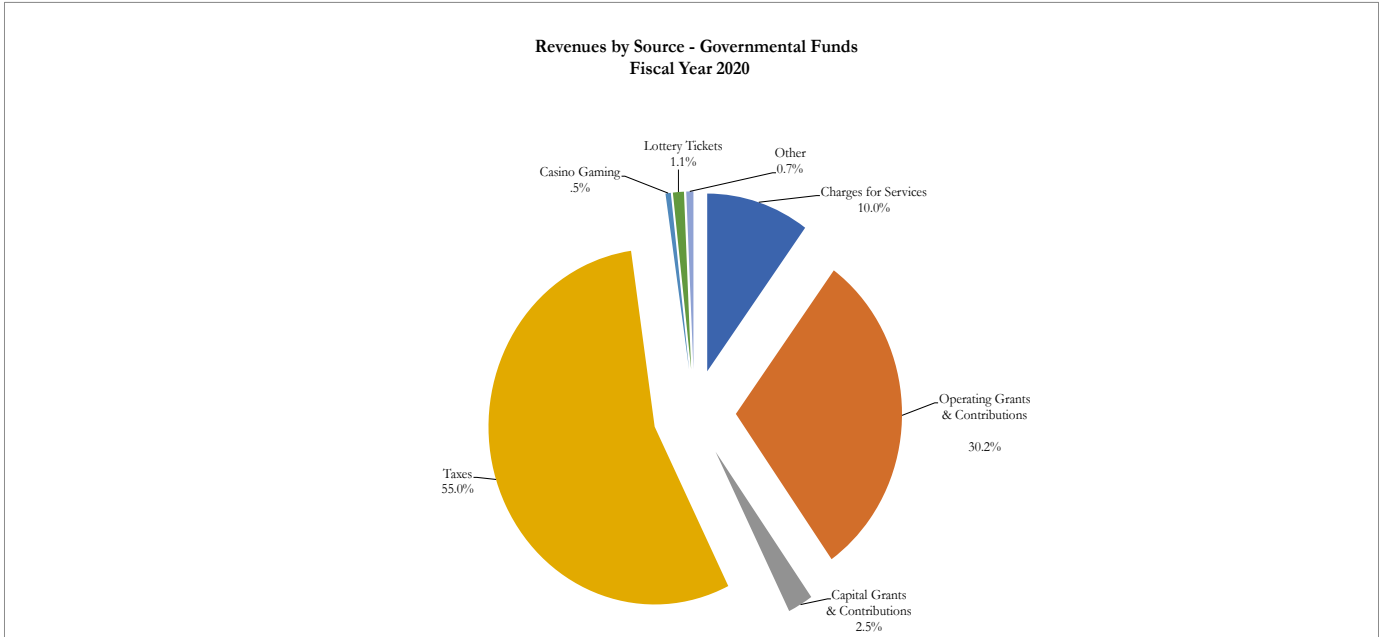
This year the State's governmental activities received 55.0 percent of its revenue from taxes and 32.7 percent of its revenues from grants and contributions. In the prior year, taxes accounted for 59.4 percent and grants and contributions were 27.6 percent of total revenues. Charges for services such as licenses, permits and fees, rents and fines, and other miscellaneous collections comprised 12.3 percent of total revenue in fiscal year 2020, compared to 13.0 percent in fiscal year 2019.



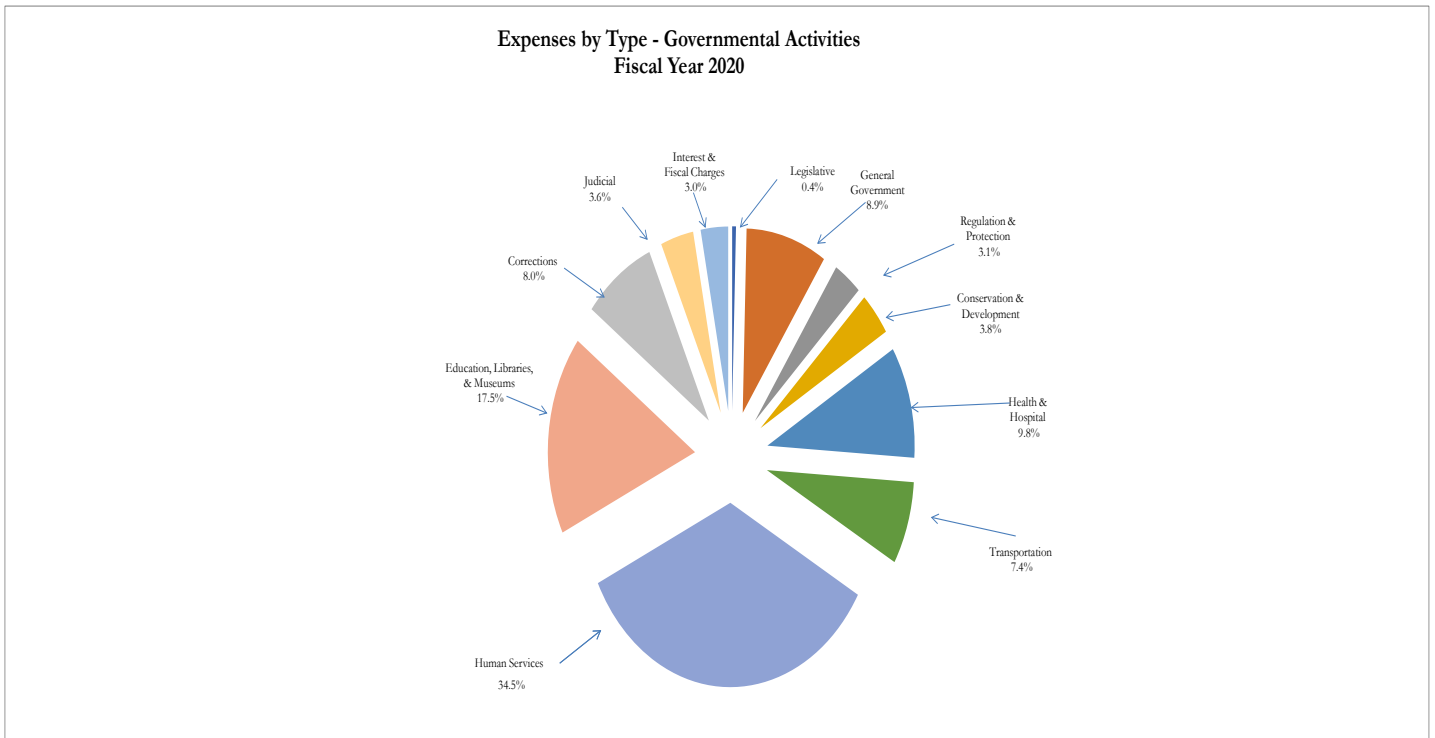
# State of Connecticut

## Governmental Activities

The following graph is a representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by \$597 million, or 1.9 percent. This increase is primarily due to an increase of \$1.7 billion in operating grants and contributions.

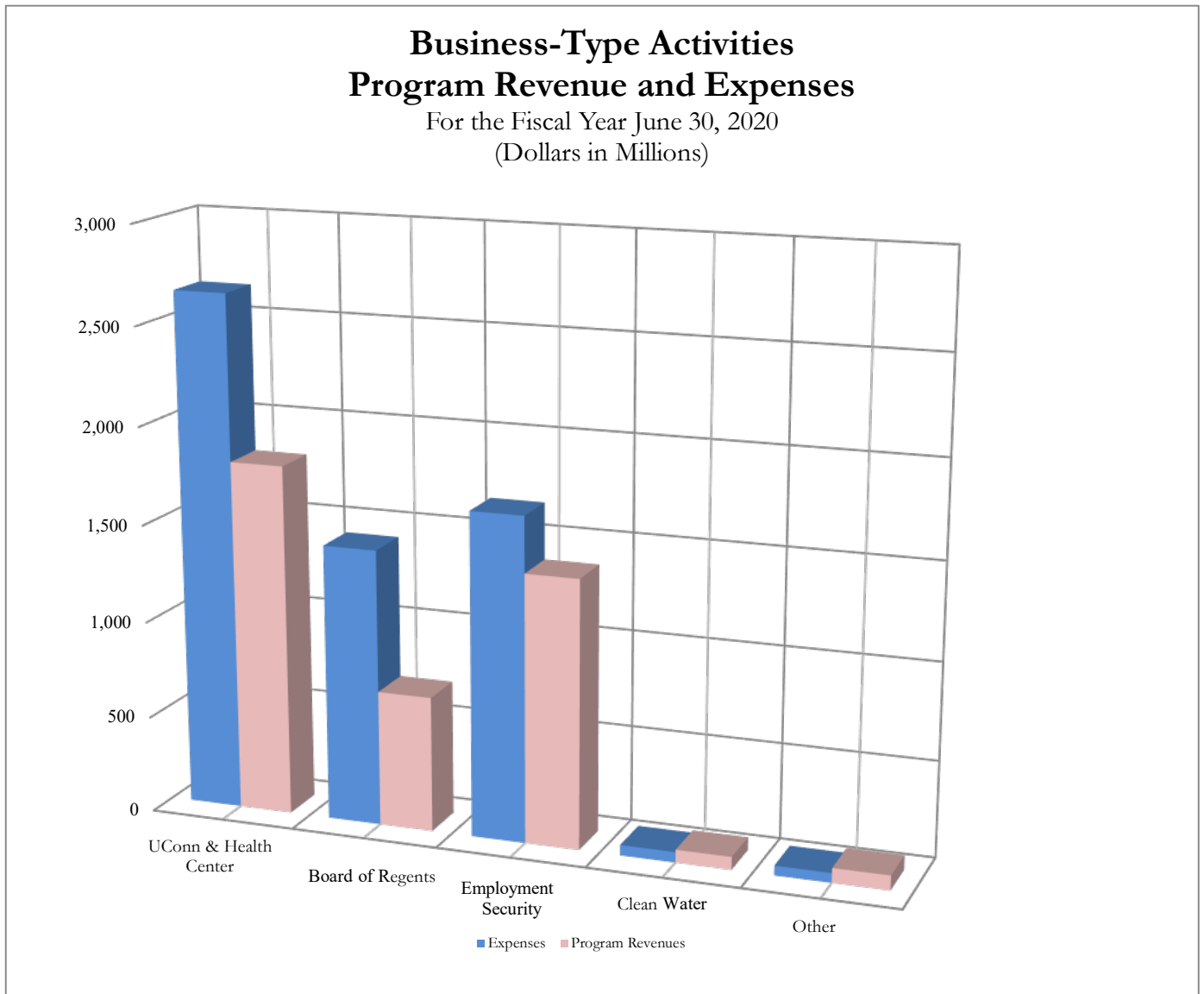


The following graph is a representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses increased by \$2.8 billion, or 9.9 percent.



**Business-Type Activities**

Net position of business-type activities decreased by \$471.0 million during the fiscal year. The following chart highlights the changes in net position for the major enterprise funds.



During the year, total revenues of business-type activities increased 17.9 percent to \$4.0 billion, while total expenses increased 26.5 percent to \$5.8 billion. In comparison, last year total revenues increased 2.2 percent, while total expenses increased 1.0 percent. The increase in total expenses of \$1.2 billion was due mainly to an increase in Employment Security expenses of \$1.0 billion or 166.3 percent. Although total expenses exceeded total revenues by \$1.8 billion, this deficiency was reduced by transfers of \$1.3 billion, resulting in a decrease in net position of \$471.0 million. The increase in Employment Security was the result of additional unemployment expenses related to the COVID-19 pandemic.

## State of Connecticut

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

As of the end of the fiscal year, the State's governmental funds had fund balances of \$8.3 billion, an increase of \$1.8 billion over the prior year ending fund balances. Of the total governmental fund balances, \$5.8 billion represents fund balance that is considered restricted for specific purposes by external constraints or enabling legislation; \$217.7 million represents fund balance that is non-spendable and \$3.4 billion represents fund balance that is committed or assigned for specific purposes. A negative \$1.1 billion unassigned fund balance offsets these amounts.

#### General Fund

The General Fund is the chief operating fund of the State. At the end of the fiscal year, the General Fund had a fund balance of \$2.3 billion, an increase of \$171.8 million in comparison with the prior year. Of this total fund balance, \$3.4 billion represents non-spendable fund balance, committed or assigned for specific purposes, leaving a deficit of \$1.1 billion in unassigned fund balance.

Specific changes to the General Fund balance included the following:

- Nonspendable fund balance increased by 6.2 million or 10.0 percent.
- Committed fund balance increased by \$482.0 million or 18.1 percent. The primary reason for the increase as in the prior fiscal year, significant progress was made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund.
- Assigned fund balance decreased by \$15.6 million.
- Unassigned fund balance deficit increased by \$300.8 million.

At the end of fiscal year 2020, General Fund revenues were -3.4 percent, or \$714.6 million, lower than fiscal year 2019 revenues. This change in revenue results from decreases of \$948.1 million primarily attributable to taxes (\$763.8 million), lottery tickets (\$23.4 million), charges for services (\$1.0 million), fines, forfeits, and rents (\$67.1 million), casino gaming payments (\$91.1 million), investment earnings (\$260 thousand), and other revenue (\$1.5 million). These decreases were offset by increases of \$233.5 million primarily attributable to licenses, permits, and fees (\$7.6 million) and federal grants (\$225.9 million).

At the end of fiscal year 2020, General Fund expenditures were 2.0 percent, or \$368.1 million, higher than fiscal year 2019. This was primarily attributable to increases in health and hospitals (\$98.5 million), human services (\$263.9 million), and corrections (\$125.3 million).

#### Debt Service Fund

At the end of fiscal year 2020, the Debt Service Fund had a fund balance of \$1.0 billion, all of which was restricted, an increase of \$32.8 million in comparison with the prior year.

#### Transportation Fund

The State's Transportation Fund had a fund balance of \$269.5 million at the end of fiscal 2020. Of this amount, \$25.3 million was in nonspendable form and \$244.2 million was restricted or committed for specific purposes. Fund balance decreased by \$128.1 million during the current fiscal year.

At the end of fiscal year 2020, Transportation Fund revenues decreased by \$152.5 million, or -8.9 percent, and expenditures increased by \$36.7 million, or 3.6 percent. The decrease in revenue was primarily due to a decrease in tax receipts.

#### Restricted Grants and Accounts Fund

At the end of fiscal year 2020, the Restricted Grants and Accounts Fund had a fund balance of \$1.9 billion, all of which was restricted for specific purposes, an increase of \$1.3 billion in comparison with the prior year.

Total revenues were 20.7 percent, or \$1.6 billion, higher than in fiscal year 2019. Overall, total expenditures were 9.9 percent, or \$758.9 million, higher than fiscal year 2019.

#### Grant and Loan Programs

As of June 30, 2020, the Grant and Loan Programs Fund had a fund balance of \$791.0 million, all of which was restricted or committed for specific purposes, an increase of \$64.7 million in comparison with the prior year.

## State of Connecticut

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

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

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

The State maintains Fiduciary funds for the assets of Pension and Other Employee Benefit Trust funds, an Investment Trust fund, and a Private-Purpose Trust fund. The net positions of the State's Fiduciary funds totaled \$38.3 billion, an increase of \$420.3 million when compared to the prior year ending net position.

#### **Budget Highlights - General and Special Transportation Funds**

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

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

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

The General Fund ended Fiscal Year 2020 with a surplus of \$38,709,505 on the statutory basis of accounting. In a typical year the surplus would be transferred to the Budget Reserve Fund (BRF). However, the balance in the BRF has reached the statutory limit of 15 percent of current year net General Fund appropriations. Therefore, a separate provision of the Connecticut General Statutes (CGS) will apply as described below.

In FY 2020, as in the two previous fiscal years, significant progress was made toward building the balance of the BRF. This was primarily due to the revenue volatility cap, first implemented in FY 2018. This statutory provision requires revenues above a certain threshold to be transferred to the BRF. For FY 2020, the cap was \$3,294.2 million for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$530,316,290 was made to the BRF.

Prior to the close of FY 2020, the balance of the BRF was just over \$2.5 billion. Adding the \$530.3 million volatility transfer brought the BRF total to \$3.036 billion, or 15.11 percent of net General Fund appropriations for FY 2021. As a result, the BRF was \$22.9 million above the statutory 15 percent cap at year-end. According to CGS Section 4-30a (c)(1)(A), no further transfers will be made to BRF. Instead, the State Treasurer decides what is in the best interest of the state, whether to transfer the balance above the 15 percent threshold as an additional contribution to the State Employee Retirement Fund (SERF) or to the Teachers' Retirement System (TRS). On October 1st, the State Treasurer announced his decision to transfer the \$22.9 million excess BRF balance to SERF. Based on this guidance, once the FY 2020 audit was completed, the General Fund surplus of \$38.7 million was also transferred to SERF to reduce unfunded pension liability.

Achieving and surpassing the 15 percent threshold represents an important benchmark for Connecticut. Due to fiscal discipline and hard work, our state is in a much stronger position to provide critical services to those in need and to weather the public health and fiscal crisis brought on by the COVID-19 pandemic.

## State of Connecticut

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In contrast with FY 2019, which was characterized by relative stability throughout the year, the General Fund budget experienced extreme volatility in FY 2020 as the result of the COVID-19 pandemic and its impact on the state's economy. The FY 2020 budget plan included a built-in General Fund surplus of \$141.1 million at the start of the fiscal year. The projected surplus was gradually reduced during the first quarter due to higher than anticipated spending in several accounts, including Medicaid and Adjudicated Claims. The November 15, 2020 consensus revenue forecast between Office of Policy and Management (OPM) and the Office of Fiscal Analysis (OFA) reduced projected revenues, which resulted in the first deficit estimate of the year. However, the General Fund deficit remained relatively small and manageable until the extent of the coronavirus pandemic became known.

In March, due the public health emergency declaration, social distancing measures and the closure of non-essential business began taking their toll on the state's economy. Large-scale layoffs resulted in historic levels of unemployment not seen since the Great Depression. In addition to these economic disruptions, stock market losses and extensions of various tax filing deadlines led to a high level of uncertainty that was reflected in the April 30th consensus forecast, which reduced revenue estimates significantly. By May, both OPM and OSC were projecting a deficit of \$934 million, which represented about 4.8 percent of General Fund expenditures.

As the year progressed, smaller General Fund deficit projections resulted from improvements on several fronts. One major factor was a change in timing for anticipated Federal Medicaid reimbursements for hospital inpatient and outpatient supplement payments. In the end, these reimbursements were received in FY 2020, instead of being delayed until FY 2021, which improved the revenue picture by approximately \$379 million. In addition, a combination of spending restraint and continued improvement in revenues, especially during the statutory tax accrual period, helped eliminate the deficit before year-end.

In FY 2020, General Fund expenditures totaled \$19,188,634,108 on the statutory basis of accounting. This represented a decrease of \$60.0 million, a small reduction of 0.31 percent below FY 2019 spending levels. One primary reason spending was constrained in FY 2020 was a 15.9 percent decrease in General Fund debt service payments, which came in \$354.4 million below the prior year's total. FY 2019 debt service was higher than normal due to a one-time \$380.9 million payment deposited into the Teachers' Retirement Special Capital Reserve Fund (SCRF). Accounting for this change, FY 2020 debt service is more in line with prior years and total FY 2020 General Fund spending would have increased by 1.70 percent above FY 2019 levels. Related to this issue, the state's pension contribution for Teacher's Retirement dropped by \$83.5 million or 6.5 percent, largely due to a re-amortization of the system's unfunded liability over a new 30-year period. Lastly, expenditures for Medicaid, the single largest General Fund account, declined by \$43.2 million or 1.6 percent compared with FY 2019.

These reductions were partly offset by spending increases in several large General Fund appropriations. Due to medical inflation and population growth, expenditures for retired employees' medical insurance grew by \$61.1 million in FY 2020. Spending for active state employee medical increased by \$47.8 million over FY 2019. Hospital supplemental payments, which help generate additional Medicaid reimbursements for the state, rose by \$55 million. Education Cost Sharing grants to municipalities increased by \$32.1 million. Finally, the General Fund contribution to the State Employee Retirement System (SERS) rose by \$28.2 million in FY 2020, primarily due to growth in unfunded pension liability.

Overall, employee salaries grew modestly in FY 2020. General Fund salary and wage costs (from all appropriations) totaled \$2.76 billion in FY 2020. This represented an increase of \$27.9 million or growth of 1.0 percent compared with FY 2019.

Largely due to the impact of the COVID-19 pandemic on the state's economy, several General Fund revenue categories under-performed their budget targets in FY 2020. Overall, realized revenues totaled \$19,193,540,423 on the statutory basis of accounting and came in a net \$266.7 million or 1.4 percent below the FY 2020 budget plan. Compared with the FY 2019's realized revenues, the decline was larger, down \$456.3 million or 2.3 percent.

For FY 2020, collections in five of the six largest tax categories ended the year below budget target. These included the withholding portion of the income tax (-\$95.3 million or 1.4% below budget); income tax estimated and final payments (-\$179.9 million or 6.5% below budget); sales and use tax (-\$126.4 million or 2.8% below budget); corporations tax (-\$165.3 million or 15.0% under budget); and health provider tax (-\$45.3 million or 4.3% under budget). The exception,

## State of Connecticut

which helped offset nearly two-thirds of these decreases, was the Pass-Through Entity Tax (PET) on Partnerships and S-Corporations. The PET exceeded its budget target by \$391.9 million or 46.1 percent.

In the other revenue category, closures of non-essential businesses led to declines in other areas, including gambling related revenues. Lottery proceeds totaled \$340.1 million, \$27.9 million or 7.6 percent lower than budgeted, and casino gaming payments totaled \$164.1 million, \$61.9 million or 27.4 percent below target. License, permit and fee revenue also under performed, coming in at \$307.5 million, \$33.7 million or 9.9 percent lower than the budget plan.

Partly due to an enhanced Medicaid reimbursement percentage included in the Families First Coronavirus Response Act, Federal grant revenues ended the year \$270.8 million above budgeted levels, representing an increase of 17.7 percent.

On a statutory basis of accounting, the Special Transportation Fund (STF) had an operating deficit of \$151,685,947, which left a positive fund balance of \$168,430,363 at the close of Fiscal Year 2020. STF spending totaled \$1,669,768,018 in FY 2020, growing by \$60.7 million or 3.8 percent compared with the prior fiscal year. Two fringe benefit accounts and debt service costs were responsible for almost 60 percent of that growth. STF contributions for SERS retirement increased by \$20.8 million in FY 2020, again primarily due to higher costs for unfunded pension liability. Employee medical insurance costs rose by \$4.2 million and transportation-related debt service grew by \$9.0 million. Programmatic spending was responsible for the remaining growth, including Department of Transportation (DOT) rail operations, which increased by \$20.9 million. In addition, DOT bus operations spending grew by \$5.0 million, while the ADA Para-Transit Program increased by \$1.9 million.

One area with lower spending was STF employee salaries, which dropped by \$2.8 million or 1.4 percent, versus the prior year. The primary factor was dramatically lower overtime costs, in part due to a mild winter and lower snow removal costs.

The STF had revenue of \$1,516,585,006 on the statutory basis of accounting, which was \$232.5 million or 13.3 percent below the budget plan for FY 2020. Virtually all categories of tax and other STF revenue sources under-performed their targets, again largely resulting from the impacts of reduced travel and other economic activity due to the COVID-19 pandemic.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2020 totaled \$21.6 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress. The net increase in the State's investment in capital assets for the fiscal year was \$514 million.

Major capital asset events for governmental activities during the fiscal year include additions to buildings, land, and infrastructure of \$703 million and depreciation expense of \$717 million.

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

	<b>State of Connecticut's Capital Assets</b>						
	<b>(Net of Depreciation, in Millions)</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>		
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	
Land	\$ 1,899	\$ 1,863	\$ 79	\$ 54	\$ 1,978	1,917	
Buildings	2,913	2,769	3,954	3,317	6,866	6,086	
Improvements Other Than Building	66	88	363	294	428	382	
Equipment	44	47	358	1,081	401	1,128	
Infrastructure	6,073	5,550	-	-	6,073	5,550	
Construction in Progress	5,417	5,591	404	401	5,821	5,992	
<b>Total</b>	<b>\$ 16,412</b>	<b>\$ 15,908</b>	<b>\$ 5,157</b>	<b>\$ 5,147</b>	<b>\$ 21,569</b>	<b>\$ 21,055</b>	

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

## State of Connecticut

### Long-Term Debt - Bonded Debt

At the end of the current fiscal year, the State had total debt outstanding of \$29.2 billion. Pursuant to various public and special acts, the State has authorized the issuance of the following types of debt: general obligation debt (payable from the General Fund), special tax obligation debt (payable from the Debt Service Fund), and revenue debt (payable from specific revenues of the Enterprise funds).

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

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

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>Primary Government</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General Obligation Bonds	\$ 18,480	\$ 18,369	\$ -	\$ -	\$ 18,480	\$ 18,369
Direct Borrowings & Direct Placement	329	374	-	-	329	374
Transportation Related Bonds	6,425	5,958	-	-	6,425	5,958
Revenue Bonds	-	-	1,588	1,456	1,588	1,456
Premiums and Deferred Amounts	2,140	2,000	204	174	2,344	2,174
Total	<u>\$ 27,374</u>	<u>\$ 26,701</u>	<u>\$ 1,792</u>	<u>\$ 1,630</u>	<u>\$ 29,166</u>	<u>\$ 28,331</u>

The State's total bonded debt increased by \$835.4 million (2.9 percent) during the current fiscal year. This increase resulted mainly from an increase in Transportation related bonds of \$467.1 million.

Section 3-21 of the Connecticut General Statutes provides that the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but have not been issued and the total amount of such indebtedness which has been issued and remains outstanding shall not exceed 1.6 times the total estimated General Fund tax receipts of the State for the current fiscal year. In computing the indebtedness at any time, revenue anticipation notes, refunded indebtedness, bond anticipation notes, tax increment financing, budget deficit bonding, revenue bonding, balances in debt retirement funds and other indebtedness pursuant to certain provisions of the General Statutes shall be excluded from the calculation. As of May 2020, the State had a debt incurring margin of \$5.5 billion.

### Other Long-Term Debt

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

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>Primary Government</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net Pension Liability	\$ 39,841	\$ 34,821	\$ -	\$ -	\$ 39,841	\$ 34,821
Net OPEB Liability	23,023	19,663	-	-	23,023	19,663
Compensated Absences	531	498	196	176	727	674
Workers Compensation	797	772	-	-	797	772
Nonexchange Financial Guarantee	488	510	-	-	488	510
Other	88	126	305	343	393	\$ 469
Total	<u>\$ 64,768</u>	<u>\$ 56,390</u>	<u>\$ 501</u>	<u>\$ 519</u>	<u>\$ 65,269</u>	<u>\$ 56,909</u>

The State's other long-term obligations increased by \$8.4 billion (14.7 percent) during the fiscal year. This increase was due mainly to an increase in the Net Pension Liability and Net OPEB Liability (Governmental activities) of \$8.4 billion or 15.4 percent. Additional information on the State's long-term debt can be found in Notes 16 and 17 of this report.

## State of Connecticut

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### ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

In the first half of the 2020 fiscal year, Connecticut's economy grew, but at a slower pace than the region or the nation. For Real Gross Domestic Product (GDP) in the fourth quarter of 2019, as measured by the Bureau of Economic Analysis (BEA), Connecticut's seasonally adjusted annual growth rate was 0.9 percent, which ranked 44th in the nation overall. This was only half of the New England regional average of 1.8 percent and well below the national average of 2.1 percent for the period.

In terms of employment, prior to March 2020, Connecticut was experiencing modest, but steady job growth. According to the state Department of Labor (DOL), Connecticut achieved six straight months of employment growth through February 2020. However, with the advent of the coronavirus pandemic and related non-essential business closures, the state and the nation began to suffer historic levels of job losses not seen since the Great Depression of the 1930s.

In April 2020, Connecticut lost a total of 266,300 net jobs, a 15.9 percent decline in just one month. By May 2020, DOL reported an average of 326,000 state residents were collecting unemployment benefits, compared to just under 28,000 in May of 2019. In addition, there was a demographic shift in the impact of the job losses in contrast with the last recession. According to the June 2020 Connecticut Economic Digest, unemployment claimants in 2020 were younger and more likely to be female and on average compared with the Great Recession of 2009-2010. Moreover, they were more likely to have worked in service sector positions (accommodation & food service, retail trade, or health care & social assistance) compared with 2009-2010, which saw the largest number of unemployment claims in manufacturing and construction.

By the end of the fiscal year, Connecticut had begun recovering some of the jobs lost, but employment levels were still down significantly on a year-over-year basis. Over the course of FY 2020, the state lost 168,700 nonfarm seasonally adjusted payroll jobs (-10 percent) and had a total of 1,513,900, employed residents as of June 2020. All major employment sectors suffered losses, but leisure & hospitality was particularly hard hit, losing more than a third of its jobs for the period.

As the fiscal year closed, Connecticut's official unemployment rate stood at 10.1 percent in June 2020, up from 3.7 percent from a year earlier. However, DOL cautioned the June figure was significantly understated due to ongoing data collection and classification issues with the Current Population Survey. DOL's Office of Research estimated Connecticut's unemployment rate was much higher, in the range of 16-17 percent for the mid-May to Mid-June period. By comparison, the official U.S. jobless rate in June 2020 was 11.1 percent, although analysts noted that rate was also understated due to the data collection issues noted above.

For the Connecticut housing market, Berkshire Hathaway HomeServices reported results for June 2020 compared with June 2019. Sales of single-family homes dropped by 14.83 percent, with the median sale price increasing by 5.08 percent. Reversing a trend from preceding months, new listings were up 10.18 percent in Connecticut. The median list price rose 6.37 percent to \$299,900. Average days on the market increased 14.93 percent in June 2020 compared to the same month in the previous year (77 days on average compared with 67 in June 2019). Since that time, the Connecticut housing market has continued to recover from the pandemic related slowdown, with stronger sales and price growth. Some of this improvement has been driven by New York City residents relocating to the suburbs, including to Fairfield County, Litchfield County and the Connecticut shoreline.

In the second quarter of 2020, the nation's economy suffered the steepest quarterly decline on record, reflecting the significant economic fallout of the coronavirus pandemic. According to a September 30th report, U.S. real GDP decreased at an annual rate of 31.4 percent, based on BEA's third estimate. By comparison, the worst quarter during the Great Recession was an 8.4 percent drop in GDP in the fourth quarter of 2008. In the first quarter of 2020, real GDP decreased 5.0 percent.

On October 2nd, BEA reported updated state level GDP data. Real gross domestic product decreased in all 50 states and the District of Columbia in the second quarter of 2020. The percent change in real GDP in the range from -20.4 percent in the District of Columbia to -42.2 percent in Hawaii and Nevada. Connecticut fared slightly better than the nation and the New England region, with its GDP dropping 31.1 percent, which ranked 23rd overall in the second quarter.



## State of Connecticut

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Connecticut industries experiencing the biggest declines on a percentage basis were health care and social assistance (-4.61 percent), accommodation and food services (-3.98 percent) and durable goods manufacturing (-3.47 percent).

With respect to income, BEA reported that Connecticut's personal income grew by an 18.3 percent annual rate between the first and second quarters of 2020. Based on this result, Connecticut ranked 49th in the nation for second quarter income growth, behind the national average of 34.2 percent. However, this result is more related to the impact of Federal pandemic relief efforts as opposed to more traditional sources of income growth, such as net earnings (wages) or investment income.

For the nation, earnings decreased 27.5 percent in the second quarter of 2020, after increasing 3.4 percent in the first quarter. The declines were moderated by Paycheck Protection Program (PPP) loans to businesses. The decrease in earnings reflected the partial economic shutdown following the outbreak of the COVID-19 pandemic in the first quarter of 2020. However, BEA noted increases in personal current transfer receipts more than offset decreases in earnings and in property income. The increase in transfer receipts included new government relief payments provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.

Connecticut has traditionally ranked among the wealthiest states in the nation and continues to be based on the most recent information available. BEA reports that in 2019, Connecticut had a per capita personal income (PCPI) of \$77,289. This PCPI ranked first in the United States and was 137 percent of the national average of \$56,490. Connecticut's 2019 PCPI reflected an increase of 3.3 percent from 2018. The 2018-2019 national change was 3.5 percent. Connecticut's income growth in the previous decade was also slower than the national average. In 2009, the PCPI of Connecticut was \$59,973 and ranked first in the United States. However, the state's 2009-2019 compound annual growth rate of PCPI was 2.6 percent compared with 3.7 percent for the nation.

Connecticut's high level of income and quality of life can be attributed to the educational achievement of its residents, as well as the innovation and productivity of its workforce. According to the U.S. Census Bureau, 39.3 percent of Connecticut's population age 25 and over has a bachelor's degree or higher, which was fifth in the nation among U.S. states. In addition, Connecticut ranked third in the country for the percentage of the population with advanced degrees.

Earlier this year, Bloomberg published its 2020 U.S. State Innovation Index. Connecticut was ranked the fourth most innovative state economy in the nation for the second year in a row. The innovation index is based on six equally weighted metrics: research and development intensity; productivity; clusters of companies in technology; jobs in science, technology, engineering and mathematics (STEM); proportion of the population with degrees in science and engineering; and patent activity. On these innovation index measures, Connecticut showed strength across all six categories. Connecticut ranked second in patent activity and was ranked eighth in the nation in research and development (R&D) intensity and productivity. On the remaining measures Connecticut ranked 11th in technology company density and 12th for both science and engineering degree holders and the concentration of STEM professionals in the workforce.

Connecticut also achieves high rankings on other quality of life measures:

- Connecticut was ranked the third healthiest state in the nation in 2018 and third healthiest state for seniors in 2019 by the U.S. United Health Foundation.
- Connecticut was ranked fifth best for Quality of Life by Forbes in 2018 and fifth best state to live in by 24/7 Wall St. in 2019.
- Connecticut is ranked second in college readiness, and home to 38 top colleges and universities according to U.S. News & World Report in 2019.

Connecticut also continues to be a leader in the field of high-tech manufacturing, producing submarines, helicopters, jet engines and parts, electronics, computer equipment and electronic machinery. Much of Connecticut's manufacturing is for the military and the outlook for Connecticut's defense industry remains strong. According the state's Office of Military Affairs (OMA), Connecticut ranked eighth overall in total defense spending, seventh in defense spending as a percentage of state gross domestic product (GDP), and fourth in defense spending per capita. OMA's Annual Report for Fiscal Year 2019-2020 notes that contracts awarded to Connecticut defense manufacturers set a record in 2019, totaling \$37.1 billion,

## State of Connecticut

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propelled by a \$22.2 billion contract for Connecticut-based Electric Boat for nine Virginia-class nuclear submarines. In addition, other Connecticut companies fared well in the FY 2020 Federal defense appropriations bill, including Pratt & Whitney, which builds engines for the F-35 Lightning II tactical fighter, and Sikorsky, which builds Blackhawk helicopters and other military aircraft.

Despite a reduction in the size of the sector in recent decades, finance, insurance and real estate (FIRE) continues to be an important industry grouping for Connecticut that represented 29.7 percent of the State's Real Gross Domestic Product (GDP) in 2019. The FIRE sector provides some of the highest paying jobs within the state. However, in the past decade, the strongest job gains in Connecticut have been in fields with mid to below average wages, including educational & health services and leisure & hospitality. In FY 2020, due to the COVID-19 pandemic, all major employment sectors lost jobs in Connecticut, ranging from a high of -34.2 percent for leisure & hospitality to a low of -4.2 percent for financial activities.

Through the first five months of FY 2021, the state recovered jobs in four consecutive months from July through October 2020, before taking a step back in November. Overall Connecticut has regained a net total of 82,100 jobs in the current fiscal year. On a percentage basis the sectors recovering the most jobs were those hardest hit by the pandemic-related business closures, including leisure & hospitality (+19.4 percent), other services (+9.4 percent) and trade, transportation & utilities (+8.1 percent). Despite recent gains, the state's employment level is still significantly down on a year-over-year basis. Compared with November 2019, nonagricultural jobs in the state fell by 96,500 (-5.7 percent) in November 2020 on a seasonally adjusted basis.

After beginning FY 2021 with a projected deficit of over \$2 billion, Connecticut has made significant progress striving for recovery amid the ongoing coronavirus pandemic. The most recent consensus revenue forecast as of January 15, 2021 showed continued improvement in each of the State's major tax categories. Current forecasts show the General Fund is in balance for FY 2021 and may end the year with a small surplus. This comeback is a tribute to the resilience of Connecticut's people and the strength of its economy.

As the pandemic enters its eleventh month, Connecticut and the nation stand at a crossroads. COVID-19 cases are rising again throughout the country while state and local governments are straining to respond to the crisis in an era of tight budgets and limited resources. Additional federal financial support and a more coordinated policy response are required to address the ongoing needs of the pandemic. Congress recently enacted legislation to provide more Federal relief to businesses and to households continuing to struggle with unemployment and facing hunger, bankruptcy and eviction. However, these measures are limited and temporary in scope. More help will be needed for a full recovery to take hold. At the same time there is hope for a brighter future and a return to normalcy as a nationwide vaccination effort gets underway.

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

### **CONTACTING THE STATE'S OFFICES OF FINANCIAL MANAGEMENT**

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

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## State of Connecticut

### STATEMENT OF NET POSITION

June 30, 2020

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 5,001,562	\$ 958,346	\$ 5,959,908	\$ 258,519
Deposits with U.S. Treasury	-	206,489	206,489	-
Investments	124,163	106,749	230,912	552,050
Receivables, (Net of Allowances)	4,522,571	812,076	5,334,647	80,934
Due from Primary Government	-	-	-	6,154
Inventories	47,722	14,316	62,038	5,833
Restricted Assets	-	93,331	93,331	1,325,128
Internal Balances	(107,705)	107,705	-	-
Other Current Assets	12,044	40,296	52,340	18,997
<b>Total Current Assets</b>	<b>9,600,357</b>	<b>2,339,308</b>	<b>11,939,665</b>	<b>2,247,615</b>
Noncurrent Assets:				
Cash and Cash Equivalents	-	637,019	637,019	-
Due From Component Units	52,016	-	52,016	-
Investments	-	53,123	53,123	243,651
Receivables, (Net of Allowances)	1,201,465	1,135,389	2,336,854	142,018
Restricted Assets	1,024,577	266,375	1,290,952	5,832,820
Capital Assets, (Net of Accumulated Depreciation)	16,411,998	5,156,967	21,568,965	803,495
Other Noncurrent Assets	42	900	942	106,566
<b>Total Noncurrent Assets</b>	<b>18,690,098</b>	<b>7,249,773</b>	<b>25,939,871</b>	<b>7,128,550</b>
<b>Total Assets</b>	<b>\$ 28,290,455</b>	<b>\$ 9,589,081</b>	<b>\$ 37,879,536</b>	<b>\$ 9,376,165</b>
<b>Deferred Outflows of Resources</b>				
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ -	\$ -	\$ -	\$ 17,370
Unamortized Losses on Bond Refundings	47,116	6,048	53,164	86,043
Related to Pensions	14,329,301	-	14,329,301	150,234
Other Deferred Outflows	-	973	973	2,658
<b>Total Deferred Outflows of Resources</b>	<b>\$ 14,376,417</b>	<b>\$ 7,021</b>	<b>\$ 14,383,438</b>	<b>\$ 256,305</b>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 1,301,647	\$ 382,471	\$ 1,684,118	\$ 136,616
Due to Component Units	6,154	-	6,154	-
Due to Primary Government	-	-	-	52,016
Due to Other Governments	506,735	1,801	508,536	-
Current Portion of Long-Term Obligations	2,290,276	150,322	2,440,598	297,356
Amount Held for Institutions	-	-	-	304,608
Unearned Revenue	20,744	37,683	58,427	-
Medicaid Liability	582,384	-	582,384	-
Liability for Escheated Property	381,805	-	381,805	-
Other Current Liabilities	73,844	92,748	166,592	31,606
<b>Total Current Liabilities</b>	<b>5,163,589</b>	<b>665,025</b>	<b>5,828,614</b>	<b>822,202</b>
Noncurrent Liabilities:				
Non-Current Portion of Long-Term Obligations	89,851,816	2,141,454	91,993,270	6,357,212
<b>Total Noncurrent Liabilities</b>	<b>89,851,816</b>	<b>2,141,454</b>	<b>91,993,270</b>	<b>6,357,212</b>
<b>Total Liabilities</b>	<b>\$ 95,015,405</b>	<b>\$ 2,806,479</b>	<b>\$ 97,821,884</b>	<b>\$ 7,179,414</b>
<b>Deferred Inflows of Resources</b>				
Related to Pensions	\$ 2,089,707	\$ -	\$ 2,089,707	\$ 42,036
Other Deferred Inflows	-	5,140	5,140	13,317
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,089,707</b>	<b>\$ 5,140</b>	<b>\$ 2,094,847</b>	<b>\$ 55,353</b>
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 6,165,348	\$ 4,301,137	\$ 10,466,485	\$ 451,845
Restricted For:				
Transportation	91,624	-	91,624	-
Debt Service	1,024,577	8,491	1,033,068	9,915
Federal Grants and Other Accounts	1,961,145	-	1,961,145	-
Capital Projects	727,975	53,244	781,219	136,902
Grant and Loan Programs	807,085	-	807,085	-
Clean Water and Drinking Water Projects	-	794,147	794,147	-
Bond Indenture Requirements	-	-	-	909,995
Loans	-	2,463	2,463	-
Permanent Investments or Endowments:				
Expendable	-	35,724	35,724	12,470
Nonexpendable	131,838	15,619	147,457	628,417
Other Purposes	500,969	42,461	543,430	155,077
Unrestricted (Deficit)	(65,848,801)	1,531,195	(64,317,606)	93,082
<b>Total Net Position (Deficit)</b>	<b>\$ (54,438,240)</b>	<b>\$ 6,784,481</b>	<b>\$ (47,653,759)</b>	<b>\$ 2,397,703</b>

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



## State of Connecticut

### STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services, Fees, Fines, and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
Governmental Activities:				
Legislative	\$ 130,791	\$ 2,659	\$ -	\$ -
General Government	2,781,819	1,004,328	1,544,865	-
Regulation and Protection	983,002	668,275	185,505	-
Conservation and Development	1,186,021	251,091	174,863	-
Health and Hospitals	3,072,569	741,876	208,332	-
Transportation	2,306,223	124,234	-	781,968
Human Services	10,798,994	207,290	6,665,361	-
Education, Libraries, and Museums	5,472,663	33,956	624,598	-
Corrections	2,515,179	19,308	147,103	-
Judicial	1,130,958	110,436	27,886	-
Interest and Fiscal Charges	943,366	-	-	-
Total Governmental Activities	31,321,585	3,163,453	9,578,513	781,968
Business-Type Activities:				
University of Connecticut & Health Center	2,651,491	1,544,393	252,849	2,276
Board of Regents	1,427,138	633,818	56,038	-
Employment Security	1,651,699	1,154,680	210,127	-
Clean Water	53,790	38,275	15,295	-
Other	49,578	65,843	5,964	-
Total Business-Type Activities	5,833,696	3,437,009	540,273	2,276
Total Primary Government	\$ 37,155,281	\$ 6,600,462	\$ 10,118,786	\$ 784,244
<b>Component Units</b>				
Connecticut Housing Finance Authority (12/31/19)	\$ 205,539	\$ 169,773	\$ -	\$ -
Connecticut Lottery Corporation	1,317,637	1,305,413	-	-
Connecticut Airport Authority	119,528	97,157	-	18,062
Other Component Units	301,608	267,519	6,325	719
Total Component Units	\$ 1,944,312	\$ 1,839,862	\$ 6,325	\$ 18,781
General Revenues:				
Taxes:				
Personal Income				
Corporate Income				
Sales and Use				
Other				
Restricted for Transportation Purposes:				
Motor Fuel				
Other				
Casino Gaming Payments				
Tobacco Settlement				
Lottery Tickets				
Unrestricted Investment Earnings				
Transfers-Internal Activities				
Total General Revenues, Contributions, and Transfers				
Change in Net Position				
Net Position (Deficit)- Beginning (as restated)				
Net Position (Deficit)- Ending				

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

## State of Connecticut

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

<u>Primary Government</u>			
<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Component</u>
<u>Activities</u>	<u>Activities</u>		<u>Units</u>
\$ (128,132)	\$ -	\$ (128,132)	\$ -
(232,626)	-	(232,626)	-
(129,222)	-	(129,222)	-
(760,067)	-	(760,067)	-
(2,122,361)	-	(2,122,361)	-
(1,400,021)	-	(1,400,021)	-
(3,926,343)	-	(3,926,343)	-
(4,814,109)	-	(4,814,109)	-
(2,348,768)	-	(2,348,768)	-
(992,636)	-	(992,636)	-
(943,366)	-	(943,366)	-
<u>(17,797,651)</u>	<u>-</u>	<u>(17,797,651)</u>	<u>-</u>
-	(851,973)	(851,973)	-
-	(737,282)	(737,282)	-
-	(286,892)	(286,892)	-
-	(220)	(220)	-
-	22,229	22,229	-
<u>-</u>	<u>(1,854,138)</u>	<u>(1,854,138)</u>	<u>-</u>
<u>(17,797,651)</u>	<u>(1,854,138)</u>	<u>(19,651,789)</u>	<u>-</u>
-	-	-	(35,766)
-	-	-	(12,224)
-	-	-	(4,309)
-	-	-	<u>(27,045)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,344)</u>
7,933,135	-	7,933,135	-
2,161,686	-	2,161,686	-
4,237,564	-	4,237,564	-
1,973,608	-	1,973,608	-
709,425	-	709,425	-
443,637	-	443,637	-
164,141	-	164,141	-
118,761	-	118,761	-
337,599	-	337,599	-
99,915	34,696	134,611	217,417
<u>(1,348,425)</u>	<u>1,348,425</u>	<u>-</u>	<u>-</u>
<u>16,831,046</u>	<u>1,383,121</u>	<u>18,214,167</u>	<u>217,417</u>
(966,605)	(471,017)	(1,437,622)	138,073
<u>(53,471,635)</u>	<u>7,255,498</u>	<u>(46,216,137)</u>	<u>2,259,630</u>
<u>\$ (54,438,240)</u>	<u>\$ 6,784,481</u>	<u>\$ (47,653,759)</u>	<u>\$ 2,397,703</u>

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# *FUND FINANCIAL STATEMENTS*

**State of Connecticut**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2020

(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants &amp; Accounts</u>	<u>Grant &amp; Loan Programs</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Cash and Cash Equivalents	\$ 1,078,336	\$ -	\$ 131,549	\$ 1,886,909	\$ 350,657	\$ 1,542,302	\$ 4,989,753
Investments	-	-	-	-	-	124,163	124,163
Securities Lending Collateral	-	-	-	-	-	11,825	11,825
Receivables:							
Taxes, Net of Allowances	3,080,732	-	146,242	-	-	-	3,226,974
Accounts, Net of Allowances	595,137	-	38,077	64,529	16,893	48,145	762,781
Loans, Net of Allowances	3,419	-	-	228,307	460,779	508,960	1,201,465
From Other Governments	33,451	-	-	489,510	-	9,201	532,162
Interest	-	274	260	-	-	-	534
Other	-	-	-	-	-	1	1
Due from Other Funds	44,638	-	274	184	1	13,565	58,662
Due from Component Units	47,994	-	-	3,869	-	153	52,016
Inventories	17,170	-	25,250	-	-	-	42,420
Restricted Assets	-	1,024,577	-	-	-	-	1,024,577
Total Assets	<u>\$ 4,900,877</u>	<u>\$ 1,024,851</u>	<u>\$ 341,652</u>	<u>\$ 2,673,308</u>	<u>\$ 828,330</u>	<u>\$ 2,258,315</u>	<u>\$ 12,027,333</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable and Accrued Liabilities	\$ 595,604	\$ -	\$ 30,664	\$ 284,774	\$ 20,884	\$ 74,433	\$ 1,006,359
Due to Other Funds	84,458	274	-	4,407	37	74,167	163,343
Due to Component Units	-	-	-	6,154	-	-	6,154
Due to Other Governments	505,193	-	-	1,542	-	-	506,735
Unearned Revenue	10,516	-	-	-	-	10,228	20,744
Medicaid Liability	209,886	-	-	372,498	-	-	582,384
Liability For Escheated Property	381,805	-	-	-	-	-	381,805
Securities Lending Obligation	-	-	-	-	-	11,825	11,825
Other Liabilities	43,828	-	-	18,191	-	-	62,019
Total Liabilities	<u>1,831,290</u>	<u>274</u>	<u>30,664</u>	<u>687,566</u>	<u>20,921</u>	<u>170,653</u>	<u>2,741,368</u>
<b>Deferred Inflows of Resources</b>							
Receivables to be Collected in Future Periods	<u>776,803</u>	<u>-</u>	<u>41,524</u>	<u>96,311</u>	<u>16,364</u>	<u>39,155</u>	<u>970,157</u>
<b>Fund Balances</b>							
Nonspendable:							
Inventories/Long-Term Receivables	68,583	-	25,250	-	-	-	93,833
Permanent Fund Principal	-	-	-	-	-	123,818	123,818
Restricted For:							
Debt Service	-	1,024,577	-	-	-	-	1,024,577
Transportation Programs	-	-	182,410	-	-	-	182,410
Federal Grant and State Programs	-	-	-	1,889,431	-	-	1,889,431
Grants and Loans	-	-	-	-	790,330	-	790,330
Other	-	-	-	-	-	1,919,666	1,919,666
Committed For:							
Continuing Appropriations	139,105	-	31,804	-	-	-	170,909
Budget Reserve Fund	3,012,942	-	-	-	-	-	3,012,942
Assigned To:							
Surplus Transfer to Fiscal Year 2020-2021	144,400	-	30,000	-	-	-	174,400
Grants and Loans	-	-	-	-	715	-	715
Other	-	-	-	-	-	5,740	5,740
Unassigned	<u>(1,072,246)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(717)</u>	<u>(1,072,963)</u>
Total Fund Balances	<u>2,292,784</u>	<u>1,024,577</u>	<u>269,464</u>	<u>1,889,431</u>	<u>791,045</u>	<u>2,048,507</u>	<u>8,315,808</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,900,877</u>	<u>\$ 1,024,851</u>	<u>\$ 341,652</u>	<u>\$ 2,673,308</u>	<u>\$ 828,330</u>	<u>\$ 2,258,315</u>	<u>\$ 12,027,333</u>

**State of Connecticut**

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

June 30, 2020

*(Expressed in Thousands)*

Total Fund Balance - Governmental Funds \$ 8,315,808

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

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

Cost of capital assets (excluding internal service funds)	33,260,853	
Less: Accumulated depreciation (excluding internal service funds)	<u>(16,892,354)</u>	
Net capital assets		16,368,499

**Some assets** such as receivables, are not available soon enough to pay for current period's expenditures and thus, are offset by unavailable revenue in the governmental funds. 970,157

**Deferred losses on refundings** are reported in the Statement of Net Position (to be amortized as interest expense) but are not reported in the funds. 47,116

**Deferred outflows for pensions and OPEB** are reported in the Statement of Net Position but are not reported in the funds (see Note 10 & 13). 14,329,301

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

General obligation bonds payable	(18,480,218)	
Transportation bonds payable	(6,424,705)	
Direct Borrowings & Direct Placements	(329,080)	
Unamortized premiums	(2,140,036)	
Accrued interest payable	<u>(293,202)</u>	
Net long-term debt		(27,667,241)

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

Net pension liability	(39,840,819)	
Net OPEB liability	(23,023,169)	
Obligations for worker's compensation	(797,164)	
Capital leases payable	(15,132)	
Compensated absences (excluding internal service funds)	(530,486)	
Claims and judgments payable	(39,425)	
Landfill postclosure care	(32,103)	
Nonexchange Financial guarantee	<u>(487,655)</u>	
Total other liabilities		(64,765,953)

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

Pension and OPEB related	(2,089,707)
--------------------------	-------------

**Internal service funds** are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 53,780

**Total Net Position - Governmental Activities** \$ (54,438,240)

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

**State of Connecticut**

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

For the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	General	Debt Service	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 16,369,928	\$ -	\$ 1,151,207	\$ -	\$ -	\$ -	\$ 17,521,135
Licenses, Permits, and Fees	295,615	-	315,492	11,853	-	140,474	763,434
Tobacco Settlement	-	-	-	-	-	118,761	118,761
Federal Grants and Aid	2,492,947	-	12,315	7,786,541	-	68,678	10,360,481
Lottery Tickets	337,599	-	-	-	-	-	337,599
Charges for Services	26,136	-	56,564	-	-	721	83,421
Fines, Forfeits, and Rents	80,455	-	17,720	-	-	973	99,148
Casino Gaming Payments	164,141	-	-	-	-	-	164,141
Investment Earnings	48,690	14,322	5,628	2,714	8,801	13,796	93,951
Interest on Loans	-	-	-	-	-	5,964	5,964
Miscellaneous	246,129	-	5,881	1,733,172	26,533	124,331	2,136,046
Total Revenues	<u>20,061,640</u>	<u>14,322</u>	<u>1,564,807</u>	<u>9,534,280</u>	<u>35,334</u>	<u>473,698</u>	<u>31,684,081</u>
<b>Expenditures</b>							
Current:							
Legislative	114,976	-	-	2,076	-	24	117,076
General Government	1,259,272	-	7,732	634,187	543,232	82,452	2,526,875
Regulation and Protection	473,787	-	113,079	121,747	7,513	170,376	886,502
Conservation and Development	227,315	-	4,866	388,623	285,851	170,612	1,077,267
Health and Hospitals	1,753,038	-	-	953,854	11,177	80,162	2,798,231
Transportation	-	-	926,597	807,261	29,256	-	1,763,114
Human Services	5,262,827	-	-	4,579,985	115	6,157	9,849,084
Education, Libraries, and Museums	4,296,468	-	-	669,352	10,907	1,694	4,978,421
Corrections	2,165,790	-	-	111,784	3,810	877	2,282,261
Judicial	932,687	-	-	40,080	-	51,673	1,024,440
Capital Projects	-	-	-	-	-	952,934	952,934
Debt Service:							
Principal Retirement	1,506,701	382,935	-	-	-	-	1,889,636
Interest and Fiscal Charges	733,209	289,707	518	127,861	3,461	6,670	1,161,426
Total Expenditures	<u>18,726,070</u>	<u>672,642</u>	<u>1,052,792</u>	<u>8,436,810</u>	<u>895,322</u>	<u>1,523,631</u>	<u>31,307,267</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,335,570</u>	<u>(658,320)</u>	<u>512,015</u>	<u>1,097,470</u>	<u>(859,988)</u>	<u>(1,049,933)</u>	<u>376,814</u>
<b>Other Financing Sources (Uses)</b>							
Bonds Issued	-	-	-	-	921,259	1,528,741	2,450,000
Premiums on Bonds Issued	-	59,370	-	-	91,110	233,001	383,481
Transfers In	681,379	704,952	14,393	175,940	1,873	68,854	1,647,391
Transfers Out	(1,852,765)	(15,032)	(656,247)	(780)	(89,523)	(381,469)	(2,995,816)
Refunding Bonds Issued	-	434,494	-	-	-	-	434,494
Payment to Refunded Bond Escrow Agent	-	(492,675)	-	-	-	-	(492,675)
Capital Lease Obligations	5,632	-	-	-	-	-	5,632
Total Other Financing Sources (Uses)	<u>(1,165,754)</u>	<u>691,109</u>	<u>(641,854)</u>	<u>175,160</u>	<u>924,719</u>	<u>1,449,127</u>	<u>1,432,507</u>
Net Change in Fund Balances	<u>169,816</u>	<u>32,789</u>	<u>(129,839)</u>	<u>1,272,630</u>	<u>64,731</u>	<u>399,194</u>	<u>1,809,321</u>
Fund Balances (Deficit) - Beginning	2,120,986	991,788	397,612	616,801	726,314	1,649,313	6,502,814
Change in Reserve for Inventories	1,982	-	1,691	-	-	-	3,673
Fund Balances (Deficit) - Ending	<u>\$ 2,292,784</u>	<u>\$ 1,024,577</u>	<u>\$ 269,464</u>	<u>\$ 1,889,431</u>	<u>\$ 791,045</u>	<u>\$ 2,048,507</u>	<u>\$ 8,315,808</u>

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

**State of Connecticut**

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

For the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

**Net change in fund balances - total governmental funds** \$ 1,809,321

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

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

In the current period, these amounts consist of

Debt issued or incurred:			
Bonds issued	(2,450,000)		
Refunding bonds issued	(434,494)		
Premium on bonds issued	(378,977)		
Accretion on Capital Appreciation Bonds	(21,415)		
Principal repayment:			
Principal Retirement	1,889,636		
Payments to refunded bond escrow agent	482,705		
Capital lease payments	<u>18,497</u>		
Net debt adjustments			(894,048)

**Some capital assets** acquired this year were financed with capital leases. The amount financed by leases is reported in the governmental funds as a source of financing, but lease obligations are reported as long-term liabilities on the Statement of Activities (5,632)

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

Capital outlays (including construction-in-progress)	1,223,728	
Depreciation expense (excluding internal service funds)	<u>(716,332)</u>	
Net capital outlay adjustments		507,396

**Inventories** are reported as expenditures in the governmental funds when purchased. However, in the Statement of Activities the cost of these assets is recognized when those assets are consumed. This is the amount by which purchases exceeded consumption of inventories. 3,673

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

Increase in accrued interest	(16,833)	
Amortization of bond premium	239,312	
Amortization of loss on debt refunding's	(16,815)	
Increase in Net OPEB Liability	(3,360,131)	
Increase in net deferred inflows related to OPEB	(246,257)	
Increase in net deferred outflows related to OPEB	3,029,460	
Increase in compensated absences	(33,427)	
Increase in workers compensation	(25,411)	
Decrease in claims and judgments	24,019	
Decrease in landfill post closure cost	1,432	
Decrease in non-exchange financial guarantees	22,620	
Increase in pension liability	(5,020,316)	
Decrease in net deferred inflows related to pensions	139,118	
Increase in net deferred outflows related to pensions	<u>2,857,106</u>	
Net expense accruals		(2,406,123)

**Some revenues** in the Statement of Activities do not provide current financial resources and, therefore, are deferred inflows of resources in the funds. Also, revenues related to prior periods that became available during the current period are reported in the funds but are eliminated in the Statement of Activities. This amount is the net adjustment. 19,323

**Internal service funds** are used by management to charge the costs of certain activities, to individual funds. The net revenues (expenses) of internal service funds are included with governmental activities in the Statement of Activities. (515)

**Change in net position - governmental activities** \$ (966,605)

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



**State of Connecticut**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

June 30, 2020

(Expressed in Thousands)

	Business-Type Activities						Governmental
	Enterprise Funds						Activities
	University of Connecticut & Health Center	Board of Regents	Employment Security	Clean Water	Other Funds	Total	Internal Service Funds
<b>Assets</b>							
Current Assets:							
Cash and Cash Equivalents	\$ 476,477	\$ 297,350	\$ 118,474	\$ 5,300	\$ 60,745	\$ 958,346	\$ 11,809
Deposits with U.S. Treasury	-	-	206,489	-	-	206,489	-
Investments	709	106,040	-	-	-	106,749	-
Receivables:							
Accounts, Net of Allowances	142,130	24,946	254,181	-	4,156	425,413	119
Loans, Net of Allowances	2,192	1,237	-	258,665	60,231	322,325	-
Interest	-	-	-	5,154	1,177	6,331	-
From Other Governments	-	3,776	54,001	-	230	58,007	-
Due from Other Funds	39,771	94,036	3,374	-	-	137,181	5,108
Inventories	14,316	-	-	-	-	14,316	5,302
Restricted Assets	89,348	-	-	-	3,983	93,331	-
Other Current Assets	33,143	7,147	-	-	6	40,296	219
Total Current Assets	<u>798,086</u>	<u>534,532</u>	<u>636,519</u>	<u>269,119</u>	<u>130,528</u>	<u>2,368,784</u>	<u>22,557</u>
Noncurrent Assets:							
Cash and Cash Equivalents	-	139,060	-	369,503	128,456	637,019	-
Investments	15,800	34,518	-	2,805	-	53,123	-
Receivables:							
Loans, Net of Allowances	4,668	4,126	-	985,162	141,433	1,135,389	-
Restricted Assets	824	-	-	227,316	38,235	266,375	-
Capital Assets, Net of Accumulated Depreciation	3,194,845	1,937,362	-	-	24,760	5,156,967	43,499
Other Noncurrent Assets	717	183	-	-	-	900	42
Total Noncurrent Assets	<u>3,216,854</u>	<u>2,115,249</u>	<u>-</u>	<u>1,584,786</u>	<u>332,884</u>	<u>7,249,773</u>	<u>43,541</u>
Total Assets	<u>\$ 4,014,940</u>	<u>\$ 2,649,781</u>	<u>\$ 636,519</u>	<u>\$ 1,853,905</u>	<u>\$ 463,412</u>	<u>\$ 9,618,557</u>	<u>\$ 66,098</u>
<b>Deferred Outflows of Resources</b>							
Unamortized Losses on Bond Refundings	\$ -	\$ -	\$ -	\$ 5,907	\$ 141	\$ 6,048	\$ -
Other Deferred Outflows	131	842	-	-	-	973	-
Total Deferred Outflows of Resources	<u>\$ 131</u>	<u>\$ 842</u>	<u>\$ -</u>	<u>\$ 5,907</u>	<u>\$ 141</u>	<u>\$ 7,021</u>	<u>\$ -</u>
<b>Liabilities</b>							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 217,683	\$ 143,117	\$ 435	\$ 12,518	\$ 8,718	\$ 382,471	\$ 1,877
Due to Other Funds	28,299	746	431	-	-	29,476	8,341
Due to Other Governments	1,771	-	30	-	-	1,801	-
Current Portion of Long-Term Obligations	63,356	26,944	-	48,569	11,453	150,322	87
Unearned Revenue	-	37,683	-	-	-	37,683	-
Other Current Liabilities	79,262	13,486	-	-	-	92,748	-
Total Current Liabilities	<u>390,371</u>	<u>221,976</u>	<u>896</u>	<u>61,087</u>	<u>20,171</u>	<u>694,501</u>	<u>10,305</u>
Noncurrent Liabilities:							
Noncurrent Portion of Long-Term Obligations	547,672	446,273	-	966,641	180,868	2,141,454	2,013
Total Noncurrent Liabilities	<u>547,672</u>	<u>446,273</u>	<u>-</u>	<u>966,641</u>	<u>180,868</u>	<u>2,141,454</u>	<u>2,013</u>
Total Liabilities	<u>\$ 938,043</u>	<u>\$ 668,249</u>	<u>\$ 896</u>	<u>\$ 1,027,728</u>	<u>\$ 201,039</u>	<u>\$ 2,835,955</u>	<u>\$ 12,318</u>
<b>Deferred Inflows of Resources</b>							
Other Deferred Inflows	\$ 5,140	\$ -	\$ -	\$ -	\$ -	\$ 5,140	\$ -
Total Deferred Inflows of Resources	<u>\$ 5,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,140</u>	<u>\$ -</u>
<b>Net Position (Deficit)</b>							
Net Investment in Capital Assets	\$ 2,495,442	\$ 1,800,130	\$ -	\$ -	\$ 5,565	\$ 4,301,137	\$ 43,544
Restricted For:							
Debt Service	-	-	-	-	8,491	8,491	-
Clean and Drinking Water Projects	-	-	-	623,328	170,819	794,147	-
Capital Projects	53,244	-	-	-	-	53,244	-
Nonexpendable Purposes	15,132	487	-	-	-	15,619	-
Expendable Endowment	-	35,724	-	-	-	35,724	-
Loans	2,463	-	-	-	-	2,463	-
Other Purposes	18,435	24,026	-	-	-	42,461	-
Unrestricted (Deficit)	487,171	122,006	635,623	208,756	77,639	1,531,195	10,236
Total Net Position	<u>\$ 3,071,887</u>	<u>\$ 1,982,373</u>	<u>\$ 635,623</u>	<u>\$ 832,084</u>	<u>\$ 262,514</u>	<u>\$ 6,784,481</u>	<u>\$ 53,780</u>

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

## State of Connecticut

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

For the Fiscal Year Ended June 30, 2020

*(Expressed in Thousands)*

	Business-Type Activities						Governmental
	Enterprise Funds						Activities
	University of Connecticut & Health Center	Board of Regents	Employment Security	Clean Water	Other Funds	Totals	Internal Service Funds
<b>Operating Revenues</b>							
Charges for Sales and Services (Net of allowances & discounts \$325,370)	\$ 1,142,466	\$ 476,054	\$ -	\$ -	\$ 22,805	\$1,641,325	\$ 49,871
Assessments	-	-	822,360	-	25,249	847,609	-
Federal Grants, Contracts, and Other Aid	183,991	20,816	187,854	-	-	392,661	-
State Grants, Contracts, and Other Aid	19,944	23,537	22,273	-	-	65,754	-
Private Gifts and Grants	48,914	11,685	-	-	-	60,599	-
Interest on Loans	-	-	-	24,869	3,990	28,859	-
Other	194,685	12,355	332,320	-	659	540,019	185
Total Operating Revenues	<u>1,590,000</u>	<u>544,447</u>	<u>1,364,807</u>	<u>24,869</u>	<u>52,703</u>	<u>3,576,826</u>	<u>50,056</u>
<b>Operating Expenses</b>							
Salaries, Wages, and Administrative	2,419,610	1,285,931	-	1,028	17,973	3,724,542	34,931
Unemployment Compensation	-	-	1,651,699	-	-	1,651,699	-
Claims Paid	-	-	-	-	20,585	20,585	-
Depreciation and Amortization	190,763	97,346	-	-	1,245	289,354	16,200
Other	31,765	32,190	-	8,459	1,426	73,840	-
Total Operating Expenses	<u>2,642,138</u>	<u>1,415,467</u>	<u>1,651,699</u>	<u>9,487</u>	<u>41,229</u>	<u>5,760,020</u>	<u>51,131</u>
Operating Income (Loss)	<u>(1,052,138)</u>	<u>(871,020)</u>	<u>(286,892)</u>	<u>15,382</u>	<u>11,474</u>	<u>(2,183,194)</u>	<u>(1,075)</u>
<b>Nonoperating Revenue (Expenses)</b>							
Interest and Investment Income	8,805	9,141	-	12,822	3,928	34,696	880
Interest and Fiscal Charges	(9,353)	(11,671)	-	(44,303)	(8,349)	(73,676)	-
Other - Net	207,242	145,409	-	13,406	13,140	379,197	(320)
Total Nonoperating Revenues (Expenses)	<u>206,694</u>	<u>142,879</u>	<u>-</u>	<u>(18,075)</u>	<u>8,719</u>	<u>340,217</u>	<u>560</u>
Income (Loss) Before Capital Contributions, Grants, and Transfers	<u>(845,444)</u>	<u>(728,141)</u>	<u>(286,892)</u>	<u>(2,693)</u>	<u>20,193</u>	<u>(1,842,977)</u>	<u>(515)</u>
Capital Contributions	2,276	-	-	-	-	2,276	-
Federal Capitalization Grants	-	-	-	15,295	5,964	21,259	-
Transfers In	673,386	674,360	-	10,111	-	1,357,857	-
Transfers Out	-	-	(6,231)	-	(3,201)	(9,432)	-
Change in Net Position	<u>(169,782)</u>	<u>(53,781)</u>	<u>(293,123)</u>	<u>22,713</u>	<u>22,956</u>	<u>(471,017)</u>	<u>(515)</u>
Total Net Position (Deficit) - Beginning (as restated)	<u>3,241,669</u>	<u>2,036,154</u>	<u>928,746</u>	<u>809,371</u>	<u>239,558</u>	<u>7,255,498</u>	<u>54,295</u>
Total Net Position (Deficit) - Ending	<u>\$ 3,071,887</u>	<u>\$ 1,982,373</u>	<u>\$ 635,623</u>	<u>\$ 832,084</u>	<u>\$ 262,514</u>	<u>\$ 6,784,481</u>	<u>\$ 53,780</u>

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

## State of Connecticut

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	Business-Type Activities					Governmental Activities	
	Enterprise Funds						Internal Service Funds
	University of Connecticut & Health Center	Board of Regents	Employment Security	Clean Water	Other		
<b>Cash Flows from Operating Activities</b>							
Receipts from Customers	\$ 1,143,346	\$ 485,725	\$ 702,349	\$ 129,910	\$ 66,795	\$ 2,528,125	\$ 49,594
Payments to Suppliers	(683,746)	(327,809)	-	(8,459)	(1,426)	(1,021,440)	(25,801)
Payments to Employees	(1,510,501)	(964,555)	-	(835)	(9,691)	(2,485,582)	(10,750)
Other Receipts (Payments)	446,311	74,159	(593,077)	(132,873)	(53,188)	(258,668)	85
Net Cash Provided by (Used in) Operating Activities	(604,590)	(732,480)	109,272	(12,257)	2,490	(1,237,565)	13,128
<b>Cash Flows from Noncapital Financing Activities</b>							
Proceeds from Sale of Bonds	-	-	-	229,845	50,000	279,845	-
Retirement of Bonds and Annuities Payable	(36,804)	-	-	(58,363)	(7,587)	(102,754)	-
Premium received on bonds payable	-	-	-	41,038	10,616	51,654	-
Payments to refunded revenue bond escrow agent	-	-	-	(32,786)	-	(32,786)	-
Interest on Bonds and Annuities Payable	(25,916)	-	-	(39,726)	(6,174)	(71,816)	-
State minimum guarantee payments	-	-	-	-	(10,083)	(10,083)	-
Transfers In	545,828	584,492	-	10,112	(3,201)	1,137,231	-
Transfers Out	-	-	(6,232)	-	-	(6,232)	-
Other Receipts (Payments)	184,822	136,025	-	-	(628)	320,219	(320)
Net Cash Flows from Noncapital Financing Activities	667,930	720,517	(6,232)	150,120	32,943	1,565,278	(320)
<b>Cash Flows from Capital and Related Financing Activities</b>							
Additions to Property, Plant, and Equipment	(217,975)	(100,885)	-	-	-	(318,860)	(12,606)
Proceeds from Capital Debt	-	-	-	-	(2,267)	(2,267)	-
Principal Paid on Capital Debt	(136,527)	(19,520)	-	-	-	(156,047)	-
Interest Paid on Capital Debt	(75,682)	(14,213)	-	-	(4,273)	(94,168)	-
Transfer In	149,661	100,049	-	-	-	249,710	-
Federal Grant	-	-	-	15,294	6,464	21,758	-
Other Receipts (Payments)	9,439	-	-	-	(1,358)	8,081	-
Net Cash Flows from Capital and Related Financing Activities	(271,084)	(34,569)	-	15,294	(1,434)	(291,793)	(12,606)
<b>Cash Flows from Investing Activities</b>							
Proceeds from Sales and Maturities of Investments	-	49,069	-	-	-	49,069	-
Purchase of Investment Securities	208	(35,235)	-	-	-	(35,027)	-
Interest on Investments	10,322	9,697	15,276	13,079	2,280	50,654	880
(Increase) Decrease in Restricted Assets	-	-	-	(16,512)	-	(16,512)	-
Other Receipts (Payments)	-	9,201	-	(149,385)	(37,945)	(178,129)	-
Net Cash Flows from Investing Activities	10,530	32,732	15,276	(152,818)	(35,665)	(129,945)	880
Net Increase (Decrease) in Cash and Cash Equivalents	(197,214)	(13,800)	118,316	339	(1,666)	(94,025)	1,082
Cash and Cash Equivalents - Beginning of Year	763,863	450,210	158	4,961	70,902	1,290,094	10,727
Cash and Cash Equivalents - End of Year	\$ 566,649	\$ 436,410	\$ 118,474	\$ 5,300	\$ 69,236	\$ 1,196,069	\$ 11,809
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>							
Operating Income (Loss)	\$ (1,052,138)	\$ (871,020)	\$ (286,892)	\$ 15,382	\$ 11,474	\$ (2,183,194)	\$ (1,075)
Adjustments not Affecting Cash:							
Depreciation and Amortization	190,763	97,346	-	-	1,245	289,354	16,200
Other	234,625	-	(15,276)	-	-	219,349	-
Change in Assets and Liabilities:							
(Increase) Decrease in Receivables, Net	566	42,257	413,803	(27,639)	(11,001)	417,986	(19)
(Increase) Decrease in Due from Other Funds	4,519	(31,512)	(2,873)	-	-	(29,866)	(259)
(Increase) Decrease in Inventories and Other Assets	7,903	1,967	-	-	21	9,891	(100)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	16,158	28,482	376	-	751	45,767	(1,619)
Increase (Decrease) in Due to Other Funds	(6,986)	-	134	-	-	(6,852)	-
Total Adjustments	447,548	138,540	396,164	(27,639)	(8,984)	945,629	14,203
Net Cash Provided by (Used In) Operating Activities	\$ (604,590)	\$ (732,480)	\$ 109,272	\$ (12,257)	\$ 2,490	\$ (1,237,565)	\$ 13,128
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>							
Cash and Cash Equivalents - Current	\$ 476,477	\$ 296,140	-	-	\$ 60,745	-	-
Cash and Cash Equivalents - Noncurrent	-	139,060	-	-	-	-	-
Cash and Cash Equivalents - Noncurrent Restricted	824	-	-	-	4,508	-	-
Cash and Cash Equivalents - Current Restricted	89,348	-	-	-	3,983	-	-
	\$ 566,649	\$ 435,200	-	-	\$ 69,236	-	-
<b>Noncash Investing, Capital, and Financing Activities:</b>							
Amortization of Premiums, Discounts, and net loss on debt refunding's	\$ 19,178	-	-	-	\$ -	-	-
American Athletic Conference exit fee liability	7,194	-	-	-	-	-	-
Conference revenue retained by the American athletic Conference	4,072	-	-	-	-	-	-
Acquisition of software license under long term purchase contract	1,920	-	-	-	-	-	-
Capital assets acquired through gifts & via operating advances	841	-	-	-	702	-	-
Unrealized gain (loss) on investment and mortgage proceeds	(156)	-	-	-	-	-	-
Loss on disposal of capital assets	(2,244)	-	-	-	-	-	-
Proceeds from capital lease	2,044	-	-	-	-	-	-
COVID relief revenue	96	-	-	-	-	-	-
Gain on state and developer payments payable via termination agreement	-	-	-	-	19,233	-	-
Gain on trustee, custodial and other fees via termination agreement	-	-	-	-	783	-	-

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

**State of Connecticut**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

June 30, 2020

*(Expressed in Thousands)*

	<u>Pension &amp; Other Employee Benefit Trust Funds</u>	<u>Investment Trust Fund External Investment Pool</u>	<u>Private- Purpose Trust Fund Escheat Securities</u>	<u>Agency Funds</u>	<u>Total</u>
<b>Assets</b>					
Current:					
Cash and Cash Equivalents	\$ 247,530	\$ -	\$ -	\$ 201,613	\$ 449,143
Receivables:					
Accounts, Net of Allowances	53,547	-	-	10,822	64,369
From Other Governments	98	-	-	-	98
From Other Funds	2,166	-	-	-	2,166
Interest	263	981	-	24	1,268
Investments (See Note 3)	36,013,579	1,985,667	-	-	37,999,246
Securities Lending Collateral	2,191,656	-	-	-	2,191,656
Other Assets	-	68	-	339,679	339,747
Noncurrent:					
Due From Employers	14,198	-	-	-	14,198
Other Assets	-	-	4,315	-	4,315
Total Assets	<u>\$ 38,523,037</u>	<u>\$ 1,986,716</u>	<u>\$ 4,315</u>	<u>\$ 552,138</u>	<u>\$ 41,066,206</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$ 49,279	\$ 521	\$ -	\$ 46,244	96,044
Securities Lending Obligation	2,191,656	-	-	-	2,191,656
Due to Other Funds	1,957	-	-	-	1,957
Funds Held for Others	-	-	-	505,894	505,894
Total Liabilities	<u>\$ 2,242,892</u>	<u>\$ 521</u>	<u>\$ -</u>	<u>\$ 552,138</u>	<u>\$ 2,795,551</u>
<b>Net Position</b>					
Restricted for:					
Pension Benefits	\$ 34,633,067	\$ -	\$ -	-	\$ 34,633,067
Other Postemployment Benefits	1,647,078	-	-	-	1,647,078
Pool Participants	-	1,986,195	-	-	1,986,195
Individuals, Organizations, and Other Governments	-	-	4,315	-	4,315
Total Net Position	<u>\$ 36,280,145</u>	<u>\$ 1,986,195</u>	<u>\$ 4,315</u>	<u>\$ -</u>	<u>\$ 38,270,655</u>

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

**State of Connecticut**

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

For the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	<b>Pension &amp; Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund External Investment Pool</b>	<b>Private- Purpose Trust Fund Escheat Securities</b>	<b>Total</b>
<b>Additions</b>				
Contributions:				
Plan Members	\$ 806,731	\$ -	\$ -	\$ 806,731
State	3,749,291	-	-	3,749,291
Municipalities	100,798	-	-	100,798
Total Contributions	<u>4,656,820</u>	<u>-</u>	<u>-</u>	<u>4,656,820</u>
Investment Income	909,374	35,754	-	945,128
Less: Investment Expense	(104,398)	(402)	-	(104,800)
Net Investment Income	<u>804,976</u>	<u>35,352</u>	<u>-</u>	<u>840,328</u>
Escheat Securities Received	-	-	24,740	24,740
Pool's Share Transactions	-	291,382	-	291,382
Other	17,588	-	-	17,588
Total Additions	<u>5,479,384</u>	<u>326,734</u>	<u>24,740</u>	<u>5,830,858</u>
<b>Deductions</b>				
Administrative Expense	25,246	-	-	25,246
Benefit Payments and Refunds	5,227,487	-	-	5,227,487
Escheat Securities Returned or Sold	-	-	16,724	16,724
Distributions to Pool Participants	-	35,352	-	35,352
Other	101,095	-	4,686	105,781
Total Deductions	<u>5,353,828</u>	<u>35,352</u>	<u>21,410</u>	<u>5,410,590</u>
Change in Net Position Held In Trust For:				
Pension and Other Employee Benefits	125,556	-	-	125,556
Individuals, Organizations, and Other Governments	-	291,382	3,330	294,712
Net Position - Beginning	<u>36,154,589</u>	<u>1,694,813</u>	<u>985</u>	<u>37,850,387</u>
Net Position - Ending	<u>\$ 36,280,145</u>	<u>\$ 1,986,195</u>	<u>\$ 4,315</u>	<u>\$ 38,270,655</u>

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

## State of Connecticut

### STATEMENT OF NET POSITION COMPONENT UNITS

June 30, 2020

(Expressed in Thousands)

Assets	Connecticut Housing Finance Authority (12-31-19)	Connecticut Lottery Corporation	Connecticut Airport Authority	Other Component Units	Total
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ -	\$ 9,461	\$ 106,874	\$ 142,184	\$ 258,519
Investments	-	4,704	-	547,346	552,050
Receivables:					
Accounts, Net of Allowances	-	37,114	8,690	22,922	68,726
Loans, Net of Allowances	-	-	-	4,336	4,336
Interest Receivable	-	1,079	-	562	1,641
Due From Other Governments	-	-	6,231	-	6,231
Due From Primary Government	-	-	5,817	337	6,154
Restricted Assets	892,737	-	6,755	425,636	1,325,128
Inventories	-	-	-	5,833	5,833
Other Current Assets	-	4,002	46	14,949	18,997
Total Current Assets	<u>892,737</u>	<u>56,360</u>	<u>134,413</u>	<u>1,164,105</u>	<u>2,247,615</u>
<b>Noncurrent Assets:</b>					
Investments	-	120,492	-	123,159	243,651
Accounts, Net of Allowances	-	-	-	40,229	40,229
Loans, Net of Allowances	-	-	-	101,789	101,789
Restricted Assets	5,260,501	-	244,317	328,002	5,832,820
Capital Assets, Net of Accumulated Depreciation	2,890	504	399,147	400,954	803,495
Other Noncurrent Assets	-	9,051	-	97,515	106,566
Total Noncurrent Assets	<u>5,263,391</u>	<u>130,047</u>	<u>643,464</u>	<u>1,091,648</u>	<u>7,128,550</u>
Total Assets	<u>\$ 6,156,128</u>	<u>\$ 186,407</u>	<u>\$ 777,877</u>	<u>\$ 2,255,753</u>	<u>\$ 9,376,165</u>
<b>Deferred Outflows of Resources</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ -	\$ -	\$ 17,370	\$ -	\$ 17,370
Unamortized Losses on Bond Refundings	84,616	-	1,427	-	86,043
Related to Pensions & Other Postemployment Benefits	31,730	37,476	51,250	29,778	150,234
Other	-	-	-	2,658	2,658
Total Deferred Outflows of Resources	<u>\$ 116,346</u>	<u>\$ 37,476</u>	<u>\$ 70,047</u>	<u>\$ 32,436</u>	<u>\$ 256,305</u>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Accrued Liabilities	\$ 24,184	\$ 10,238	\$ 28,714	\$ 73,480	\$ 136,616
Current Portion of Long-Term Obligations	258,331	5,326	7,815	25,884	297,356
Due To Primary Government	-	-	3,869	48,147	52,016
Amount Held for Institutions	-	-	-	304,608	304,608
Other Liabilities	-	30,558	1,048	-	31,606
Total Current Liabilities	<u>282,515</u>	<u>46,122</u>	<u>41,446</u>	<u>452,119</u>	<u>822,202</u>
<b>Noncurrent Liabilities:</b>					
Pension & OPEB Liability	155,071	126,973	183,427	117,104	582,575
Noncurrent Portion of Long-Term Obligations	4,900,002	120,748	258,442	495,445	5,774,637
Total Noncurrent Liabilities	<u>5,055,073</u>	<u>247,721</u>	<u>441,869</u>	<u>612,549</u>	<u>6,357,212</u>
Total Liabilities	<u>\$ 5,337,588</u>	<u>\$ 293,843</u>	<u>\$ 483,315</u>	<u>\$ 1,064,668</u>	<u>\$ 7,179,414</u>
<b>Other Deferred Inflows</b>					
Related to Pensions & Other Postemployment Benefits	\$ 11,388	\$ 11,980	\$ 8,156	\$ 10,512	\$ 42,036
Other Deferred Inflows	12,810	-	-	507	13,317
Total Deferred Inflows of Resources	<u>\$ 24,198</u>	<u>\$ 11,980</u>	<u>\$ 8,156</u>	<u>\$ 11,019</u>	<u>\$ 55,353</u>
<b>Net Position</b>					
Net Investment in Capital Assets	\$ 2,890	\$ 504	\$ 253,744	\$ 194,707	\$ 451,845
<b>Restricted:</b>					
Debt Service	-	-	9,915	-	9,915
Bond Indentures	907,798	-	2,197	-	909,995
Expendable Endowments	-	-	-	12,470	12,470
Nonexpendable Endowments	-	-	-	628,417	628,417
Capital Projects	-	-	136,902	-	136,902
Other Purposes	-	-	-	155,077	155,077
Unrestricted (Deficit)	-	(82,444)	(46,305)	221,831	93,082
Total Net Position	<u>\$ 910,688</u>	<u>\$ (81,940)</u>	<u>\$ 356,453</u>	<u>\$ 1,212,502</u>	<u>\$ 2,397,703</u>

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

**State of Connecticut**

**STATEMENT OF ACTIVITIES  
COMPONENT UNITS**

For the Fiscal Year Ended June 30, 2020

*(Expressed in Thousands)*

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Connecticut Housing Finance Authority (12/31/19)	\$ 205,539	\$ 169,773	\$ -	\$ -
Connecticut Lottery Corporation	1,317,637	1,305,414	-	-
Connecticut Airport Authority	119,528	97,156	-	18,062
Other Component Units	301,608	267,518	6,325	719
Total Component Units	\$ 1,944,312	\$ 1,839,861	\$ 6,325	\$ 18,781

General Revenues:  
     Investment Income  
     Total General Revenues  
     Change in Net Position  
 Net Position - Beginning  
 Net Position - Ending

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

**State of Connecticut**

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

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<b>Connecticut Housing Finance Authority (12-31-19)</b>	<b>Connecticut Lottery Corporation</b>	<b>Connecticut Airport Authority</b>	<b>Other Component Units</b>	<b>Totals</b>
\$ (35,766)	\$ -	\$ -	\$ -	\$ (35,766)
-	(12,223)	-	-	(12,223)
-	-	(4,310)	-	(4,310)
-	-	-	(27,046)	(27,046)
<u>(35,766)</u>	<u>(12,223)</u>	<u>(4,310)</u>	<u>(27,046)</u>	<u>(79,345)</u>
<u>177,715</u>	<u>6,200</u>	<u>2,009</u>	<u>31,493</u>	<u>217,417</u>
<u>177,715</u>	<u>6,200</u>	<u>2,009</u>	<u>31,493</u>	<u>217,417</u>
<u>141,949</u>	<u>(6,023)</u>	<u>(2,301)</u>	<u>4,447</u>	<u>138,072</u>
<u>768,739</u>	<u>(75,917)</u>	<u>358,753</u>	<u>1,208,055</u>	<u>2,259,630</u>
<u>\$ 910,688</u>	<u>\$ (81,940)</u>	<u>\$ 356,452</u>	<u>\$ 1,212,502</u>	<u>\$ 2,397,702</u>



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## Note 1

### Summary of Significant Accounting Policies

#### a. Basis of Presentation

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

#### b. Reporting Entity

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

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

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

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

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

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

The State's major and nonmajor component units are:

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

CHFA was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority's fiscal year is for the period ended on December 31, 2019.

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

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

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

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

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

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

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

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

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

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

CSLF is a subsidiary of CHEFA.

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

CRDA markets major sports, convention, and exhibition venues in the region.

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

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

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

CGB uses public and private funds to finance and support clean energy investment in residential, municipal, small business and larger commercial projects and stimulate demand for clean energy and the deployment of clean energy sources within the state.

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

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

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

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

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

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated

to the various functions or segments. Program revenues include a) fees, fines, and charges paid by the recipients of goods or services offered by the functions or segments and b) grants and contributions that are restricted to meeting the operational or capital needs of a function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

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

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

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

The State reports the following major governmental funds:

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

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

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

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

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

The State reports the following major enterprise funds:

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

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

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

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

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

In addition, the State reports the following fund types:

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

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

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

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

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

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

#### **d. Measurement Focus and Basis of Accounting**

##### ***Government-wide, Proprietary, and Fiduciary Fund Financial Statements***

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

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

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

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

#### **e. Assets and Liabilities**

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

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

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

##### ***Investments (see Note 3)***

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

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

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

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

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

### ***Inventories***

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

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

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

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

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

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

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

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

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

### ***Escheat Property***

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

### ***Deferred Outflows of Resources***

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

### ***Unearned Revenues***

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



***Long-term Obligations***

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

***Capital Appreciation Bonds***

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

***Compensated Absences***

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

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

**f. Derivative Instruments**

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

**g. Deferred Inflows of Resources**

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

**h. Interfund Activities**

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

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

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

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

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

**i. Endowments**

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

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

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

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

**k. External Investment Pool**

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

**l. Upcoming Accounting Pronouncements**

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement is effective for fiscal years beginning after June 15, 2021, due to the COVID-19 pandemic this date is eighteen months later than originally required in the Statement. The State is currently evaluating the impact this standard will have on its financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement is effective for reporting periods beginning after December 15, 2020, due to the COVID-19 pandemic this date is one year later than originally required in the Statement. The State is currently evaluating the impact this standard will have on its financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice related to (1) commitments extended by issuers, (2) arrangements related with debt obligations, and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2021, due to the COVID-19 pandemic this date is one year later than originally required in the Statement. The State is currently evaluating the impact this standard will have on its financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement is effective for reporting periods beginning after June 15, 2021, due to the COVID-19 pandemic this date is one year later than originally required in the Statement. The State is currently evaluating the impact this standard will have on its financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of the Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. This Statement is effective for reporting periods beginning after December 31, 2021, due to the COVID-19 pandemic this date is one year later than originally required in the Statement. The requirements in paragraphs 13 and 14 have an effective date for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The State is currently evaluating the impact this standard will have on its financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership

(PPP's). This Statement is effective for fiscal years beginning after June 15, 2022. The State is currently evaluating the impact this standard will have on its financial statements.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of the following pronouncements are postponed by one year:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The effective date of the following pronouncement is postponed by 18 months:

- Statement No. 87, *Leases*

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and provide uniform guidance for accounting and financial reporting for transactions that meet that definition. This Statement is effective for fiscal years beginning after June 15, 2022, due to the COVID-19 pandemic this date is a year later than what the Board proposed in the exposure draft. The State is currently evaluating the impact this standard will have on its financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units when a component unit does not have a governing board and the primary government performs the duties that a government board would typically perform; (2) ease costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans, and employee benefit plans other than pension plans or OPEB plans; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. This Statement is effective for fiscal years beginning after June 15, 2021. The State is currently evaluating the impact this standard will have on its financial statements.

### **m. Use of Estimates**

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

## **Note 2**

### **Nonmajor Fund Deficits**

The following funds have deficit fund/net position balances at June 30, 2020, none of which constitutes a violation of statutory provisions (amounts in thousands).

<b><u>Capital Projects</u></b>	
Transportation	\$ 718
<b><u>Special Revenue</u></b>	
Regional Market	\$ 340
Tourism	\$ 2,857

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

The Regional Market fund deficit was because of additional expenditures this fiscal year and lower revenue collections. This deficit should be eliminated in the future. The Tourism fund deficit was a result of revenues being recognized in fiscal year 2021 not fiscal year 2020, this deficit should be eliminated in the future.

**Note 3****Cash Deposits and Investments**

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

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

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

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

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

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

**Primary Government**

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

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

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

For financial reporting purposes, STIF is a mixed investment pool – a pool having external and internal portions. The external portion of STIF (i.e. the portion that belongs to participants which are not part of the State’s financial reporting entity) is reported as an investment trust fund (External Investment Pool fund) in the fiduciary fund financial statements. The internal portion of STIF (i.e., the portion that belongs to participants that are part of the State’s financial reporting entity) is not reported in the accompanying financial statements. Instead, investments in the internal portion of STIF by participant funds are reported as cash equivalents in the government-wide and fund financial statements.

For disclosure purposes, certificates of deposit held by STIF are reported in this note as bank deposits, not as investments. As of June 30, 2020, STIF had the following investments and maturities (amounts in thousands):

<b>Short-Term Investment Fund</b>			
<b>Investment Type</b>	<b>Amortized Cost</b>	<b>Investment Maturities (in years)</b>	
		<b>Less</b>	
		<b>Than 1</b>	<b>1-5</b>
Treasury Securities	\$ 1,634,883	\$ 1,614,886	\$ 19,997
Federal Agency Securities	1,566,086	1,156,076	410,010
Bank Commercial Paper	857,272	857,272	-
Money Market Funds	856,153	856,153	-
Repurchase Agreements	876,830	876,830	-
<b>Total Investments</b>	<b>\$ 5,791,224</b>	<b>\$ 5,361,217</b>	<b>\$ 430,007</b>

**Interest Rate Risk**

STIF’s policy for managing interest rate risk is to limit investment to a very short weighted average maturity, not to exceed 90 days, and to comply with Standard and Poor’s requirement that the weighted average maturity not to exceed 60 days. As of June 30, 2020, the weighted average maturity of STIF was 16 days. Additionally, STIF is allowed by policy to invest in floating-rate securities. However, investment in these securities having maturities greater than two years is limited to no more than 20 percent of the overall portfolio. For

purposes of the fund's weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprice frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2020, the amount of STIF's investments in variable-rate securities was \$1.2 billion.

### Credit Risk

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

As of June 30, 2020, STIF's investments were rated by Standard and Poor's as follows (amounts in thousands):

Short-Term Investment Fund				
Investment Type	Amortized Cost	Quality Ratings		
		AAAm	AA+/A-1+	A/A-1
Treasury Securities	\$ 1,634,883	\$ -	\$ 1,634,883	\$ -
Federal Agency Securities	1,566,086	-	1,566,086	-
Corporate & Bank Commercial Paper	857,272	-	857,272	-
Money Market Funds	876,830	876,830	-	-
Repurchase Agreements	856,153	-	600,000	256,153
Total Investments	\$ 5,791,224	\$ 876,830	\$ 4,658,241	\$ 256,153

### Concentration of Credit Risk

STIF reduces its exposure to this risk by ensuring that at least 60 percent of fund assets will be invested in securities rated "A-1+" or equivalent. In addition, exposure to any single non-governmental issuer will not exceed 5 percent (at the time a security is purchased), exposure to any single money market mutual fund (rated AAAM) will not exceed 5 percent of fund assets and exposure to money market mutual funds in total will not exceed 15 percent. As of June 30, 2020, STIF's investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Amortized Cost
Federal Home Loan Bank	\$ 700,241
Federal Farm Credit Bank	\$ 763,490
Royal Bank of Canada	\$ 717,932
Treasury Bills	\$ 1,439,753

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

STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificates of deposit must be issued from commercial banks whose short-term debt is rated at least "A-1" by Standard and Poor's and "F-1" by Fitch and whose long-term debt is rated at least "A-" or backed by a letter of credit issued by a Federal Home Loan bank. As of June 30, 2020, \$3,626,908 of the bank balance of STIF's deposits of \$3,727,909 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,197,658
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	429,250
Total	\$ 3,626,908

### Combined Investment Funds (CIFS)

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

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

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	<b>Fiduciary</b>
	<b>Activities</b>	<b>Activities</b>	<b>Funds</b>
Equity in the CIFS	\$ 123,818	\$ 709	\$ 36,013,579
Other Investments	345	106,040	1,985,667
<b>Total Investments-Current</b>	<b>\$ 124,163</b>	<b>\$ 106,749</b>	<b>\$ 37,999,246</b>

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

As of June 30, 2020, the CIFS had the following investments (amounts in thousands):

<b>Investments by Fair Value Level</b>	<b>Fair Value Measurements</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash Equivalents	\$ 670,025	\$ 580,593	\$ 89,432	\$ -
Asset Backed Securities	164,485	-	164,485	-
Government Securities	5,353,502	3,594,456	1,759,046	-
Government Agency Securities	2,091,900	-	2,091,900	-
Mortgage Backed Securities	494,172	-	494,172	-
Corporate Debt	4,992,314	-	4,837,943	154,371
Convertible Securities	274	-	274	-
Common Stock	14,047,188	14,047,188	-	-
Preferred Stock	92,882	73,669	19,213	-
Real Estate Investment Trust	370,970	241,054	129,916	-
Mutual Fund	314,635	314,635	-	-
Limited Partnerships	263	263	-	-
<b>Total</b>	<b>\$ 28,592,610</b>	<b>\$ 18,851,858</b>	<b>\$ 9,586,381</b>	<b>\$ 154,371</b>

#### Investments Measured by Net Asset Value (NAV)

	<b>Unfunded</b>	<b>Redemption</b>	<b>Redemption</b>
	<b>Commitments</b>	<b>Frequency</b>	<b>Notice Period</b>
Limited Liability Corporation	71	\$ -	Illiquid
Limited Partnerships	7,996,815	3,775,922	Illiquid
<b>Total</b>	<b>7,996,886</b>	<b>\$ 3,775,922</b>	
<b>Total Investments in Securities at Fair Value</b>	<b>\$ 36,589,496</b>		

Investments are stated at fair value for each of the CIF as described below. For the Alternative Investment, Real Assets, Private Credit and Private Investment Funds substantially all of the investments, other than those in the Liquidity Fund, are shown at values that are carried at the general partner's June 30, 2020 fair value, or net asset value ("NAV") equivalent. The CIF's assets are fair valued quarterly by the General Partner and at such other times as determined by the General Partner and are based on Accounting Standards Codification ("ASC") 820 "Fair Value Measurements and Disclosures". The fair value the General Partner assigned to these investments is based upon available information and does not represent necessarily the amount that ultimately might be realized upon sale or maturity. Because of the inherent uncertainty of the fair valuation process, this estimated fair value presented by the General

Partner may differ significantly from the fair value that would have been used had a ready market for the security existed, and the difference could be material. The General Partner is responsible for coordination and oversight of all investment valuations.

### Interest Rate Risk

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

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

Combined Investment Funds					
Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	\$ 670,025	\$ 670,025	\$ -	\$ -	\$ -
Asset Backed Securities	164,485	87	79,260	56,915	28,223
Government Securities	5,353,502	200,868	2,042,482	1,530,090	1,580,062
Government Agency Securities	2,091,900	100,506	49,821	102,697	1,838,876
Mortgage Backed Securities	494,173	-	27,177	23,782	443,214
Corporate Debt	4,992,313	600,833	2,028,063	1,459,733	903,684
Convertible Debt	274	-	19	209	46
	<u>\$ 13,766,672</u>	<u>\$ 1,572,319</u>	<u>\$ 4,226,822</u>	<u>\$ 3,173,426</u>	<u>\$ 4,794,105</u>

### Credit Risk

The CIFS minimize exposure to this risk in accordance with a comprehensive investment policy statement, as developed by the Office of the Treasurer and the State's Investment Advisory Council, which provides policy guidelines for the CIFS and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. As of June 30, 2020, CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

Combined Investment Funds									
	Fair Value	Cash Equivalents	Asset Backed Securities	Government Securities	Government Agency Securities	Mortgage Backed Securities	Corporate Debt	Convertible Debt	
Aaa	\$ 6,134,670	\$ 482,462	\$ 102,145	\$ 3,634,173	\$ 1,619,075	\$ 236,757	\$ 60,057	\$ -	
Aa	347,236	-	4,778	161,621	-	18,421	162,416	-	
A	999,609	-	578	185,853	-	3,103	810,076	-	
Baa	1,593,912	-	5,138	396,096	-	5,975	1,186,703	-	
Ba	1,026,931	-	1,598	274,047	-	-	751,286	-	
B	1,009,850	-	1,706	230,814	-	-	777,122	208	
Caa	394,703	-	-	7,694	-	-	387,010	-	
Ca	43,307	-	-	32,335	-	-	10,929	44	
C	2,659	-	-	-	-	-	2,659	-	
Prime 1	429,127	15,693	-	-	-	-	413,434	-	
Prime 2	13,277	1,749	-	-	-	-	11,528	-	
Not Prime	2,981	-	-	-	-	-	2,981	-	
U.S. Government fixed income securities (not rated)	522,082	-	-	49,257	472,825	-	-	-	
Non US Government fixed income securities (not rated)	381,613	-	-	381,613	-	-	-	-	
Not Rated	864,715	170,120	48,541	-	-	229,916	416,114	23	
	<u>\$ 13,766,672</u>	<u>\$ 670,025</u>	<u>\$ 164,485</u>	<u>\$ 5,353,502</u>	<u>\$ 2,091,900</u>	<u>\$ 494,172</u>	<u>\$ 4,992,314</u>	<u>\$ 274</u>	

**Foreign Currency Risk**

The CIFS manage exposure to this risk by utilizing a strategic hedge ratio of 50 percent for the developed market portion of the International Stock Fund (a Combined Investment Fund). This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the marketplace. While managers within the fixed income portion of the portfolio can invest in non-U.S. denominated securities, managers are required to limit that investment to a portion of their respective portfolios.

As of June 30, 2020, CIFS' foreign deposits and investments were as follows (amounts in thousands):

Combined Investment Funds										
Foreign Currency	Total	Cash	Cash Equivalent Collateral	Fixed Income Securities				Equities		Real Estate Investment Trust Fund
				Government Securities	Corporate Debt	Asset Backed	Mortgage Backed	Common Stock	Preferred Stock	
Argentine Peso	\$ 2,665	\$ 21	\$ -	\$ 2,452	\$ 192	\$ -	\$ -	\$ -	\$ -	\$ -
Australian Dollar	205,017	459	-	2,748	5,487	-	-	185,927	-	10,396
Brazilian Real	217,341	28	-	89,018	-	82	-	123,543	4,670	-
Canadian Dollar	43,901	250	1,486	1,287	3,194	-	-	37,288	-	396
Chilean Peso	22,587	-	-	22,587	-	-	-	-	-	-
Chinese Yuan Renminbi	625	-	475	-	-	150	-	-	-	-
Colombian Peso	63,682	460	-	57,923	5,299	-	-	-	-	-
Czech Koruna	19,106	1	-	18,082	-	-	-	1,023	-	-
Danish Krone	99,100	20	-	-	-	-	-	99,080	-	-
Dominican Rep Peso	8,127	-	-	8,127	-	-	-	-	-	-
Egyptian Pound	5,136	-	-	-	-	-	-	5,136	-	-
Euro Currency	1,393,266	146	14	29,401	38,286	176	-	1,274,439	45,196	5,608
Hong Kong Dollar	819,173	534	-	-	-	-	-	816,045	-	2,594
Hungarian Forint	52,968	268	-	26,902	-	-	-	25,798	-	-
Indonesian Rupiah	142,721	79	-	53,755	62,628	-	-	26,259	-	-
Israeli Shekel	26,523	312	-	-	-	-	-	26,211	-	-
Japanese Yen	839,021	3,044	-	-	-	-	-	828,625	-	7,352
Kazakhstan Tenge	4,845	-	-	-	4,845	-	-	-	-	-
Malaysian Ringgit	45,817	-	-	39,889	-	69	-	5,859	-	-
Mexican Peso	96,146	-	1,474	70,444	4,520	273	-	19,435	-	-
New Zealand Dollar	13,077	150	-	-	-	-	-	12,732	-	195
Norwegian Krone	12,884	116	-	-	-	-	-	12,768	-	-
Peruvian Nouveau Sol	51,939	-	-	43,964	7,975	-	-	-	-	-
Philippine Peso	5,143	-	-	5,143	-	-	-	-	-	-
Polish Zloty	55,157	-	(15)	28,460	-	224	-	26,488	-	-
Pound Sterling	772,368	389	-	-	640	-	-	767,273	-	4,066
Romanian Leu	17,789	-	-	17,789	-	-	-	-	-	-
Russian Ruble	80,554	-	-	73,770	-	-	-	6,784	-	-
Singapore Dollar	54,541	419	-	-	-	-	-	40,912	-	13,210
South African Rand	150,543	308	-	68,658	-	-	-	81,577	-	-
South Korean Won	442,406	251	-	-	-	-	-	420,764	21,391	-
Swedish Krona	118,628	261	-	-	-	-	-	118,367	-	-
Swiss Franc	448,005	211	-	-	-	-	-	447,794	-	-
Thailand Baht	72,677	-	-	47,163	-	-	-	25,514	-	-
Turkish Lira	34,257	17	-	20,729	-	-	-	13,511	-	-
Ukraine Hryvana	12,409	-	-	2,801	9,608	-	-	-	-	-
Uruguayan Peso	15,751	-	-	15,751	-	-	-	-	-	-
	<u>\$ 6,465,895</u>	<u>\$ 7,744</u>	<u>\$ 3,434</u>	<u>\$ 746,843</u>	<u>\$ 142,674</u>	<u>\$ 974</u>	<u>\$ -</u>	<u>\$ 5,449,152</u>	<u>\$ 71,257</u>	<u>\$ 43,817</u>



**Derivatives**

As of June 30, 2020, the CIFS held the following derivative investments (amounts in thousands):

	2020	2019
	Fair Value	Fair Value
Adjustable Rate Securities	\$ 574,590	\$ 357,004
Asset Backed Securities	161,029	142,835
Mortgage Backed Securities	336,877	164,087
Collateralized Mortgage Obligations	157,295	76,726
Forward Mortgage Backed Securities (TBA's)	471,954	306,359
Interest Only	10,366	2,317
Options	-	(1,163)
Total	<u>\$ 1,712,111</u>	<u>\$ 1,048,165</u>

The Core Fixed Income Fund held futures with a negative notional cost of \$(182,916,835). The High Yield Debt Fund held futures with a notional cost of \$38,146,974. Also, the Developed Market International Stock held futures with a notional cost of \$23,365,280.

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

The CIFS also invest in foreign currency contracts. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the CIFS' investments against currency fluctuations. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms. As of June 30, 2020, the fair value of contracts to buy and contracts to sell was \$781.2 million and \$778.9 million, respectively.

**Custodial Credit Risk-Bank Deposits**

The CIFS minimize this risk by maintaining certain restrictions set forth in the Investment Policy Statement. The CIFS use a Liquidity Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2020, the CIFS had deposits with a bank balance of \$21.4 million which was uninsured and uncollateralized.

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

**Other Investments**

The University of Connecticut measures and records its investments using fair value measurement guidelines. These guidelines have a three tiered fair value hierarchy, as follows: Level 1; Quoted prices for identical investments in active market; Level 2: Observable inputs other than quoted market price; and Level 3: Unobservable inputs. As of June 30, 2020, UConn had the following recurring fair value measurements. (amounts in thousands):

<b>Investments by Fair Value Level</b>	<b>Fair Value Measurements</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash Equivalents	\$ 616	\$ 616	\$ -	\$ -
Fixed Income Securities	1,850	1,850	-	-
Equity Securities	11,157	10,929	228	-
Total	<u>\$ 13,623</u>	<u>\$ 13,395</u>	<u>\$ 228</u>	<u>\$ -</u>
<b>Investments Measured by Net Asset Value (NAV)</b>		<b>Unfunded</b>	<b>Redemption</b>	<b>Redemption</b>
		<b>Commitments</b>	<b>Frequency</b>	<b>Notice Period</b>
Private Capital Partnerships	\$ 381	\$ 119	N/A	N/A
Private Real Estate Partnerships	14	35	N/A	N/A
Natural Resource Partnerships	321	38	N/A	N/A
Long/Short Equities	1	-	N/A	N/A
Relative Value	1,020	-	N/A	N/A
Other	668	-	N/A	N/A
Total	<u>2,405</u>	<u>\$ 192</u>		
Total Investments in Securities at Fair Value	<u>\$ 16,028</u>			

As of June 30, 2020, the State had other investments and maturities as follows (amounts in thousands):

Investment Type	Other Investments			
	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	6-10
State Bonds	\$ 5,007	\$ -	\$ 5,007	\$ -
U.S. Government and Agency Securities	152,162	125,992	3,922	22,248
Guaranteed Investment Contracts	83,262	-	34,949	48,313
Money Market Funds	23,980	23,980	-	-
Total Debt Investments	264,411	\$ 149,972	\$ 43,878	\$ 70,561
Endowment Pool	15,132			
Corporate Stock	228			
Other Investments	668			
Total Investments	\$ 280,439			

### Credit Risk

As of June 30, 2020, other debt investments were rated by Standard and Poor's as follows (amounts in thousands):

Investment Type	Other Investments				
	Fair Value	Quality Ratings			
		AA	A	BBB	Unrated
State Bonds	\$ 5,007	\$ 1,857	\$ 3,150	\$ -	\$ -
U.S. Government and Agency Securities	26,170	26,170	-	-	-
Guaranteed Investment Contracts	83,262	14,565	41,407	12,421	14,869
Money Market Funds	23,980	-	-	-	23,980
Total	\$ 138,419	\$ 42,592	\$ 44,557	\$ 12,421	\$ 38,849

Connecticut State Universities had \$126 million as U.S. Government Securities, these securities have no credit risk therefore, these securities are not included in the above table.

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

The State maintains its deposits at qualified financial institutions located in the state to reduce its exposure to this risk. These institutions are required to maintain, segregated from its other assets, eligible collateral in an amount equal to 10 percent, 25 percent, 100 percent, or 120 percent of its public deposits. The collateral is held in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. As of June 30, 2020, \$320,286 of the bank balance of the Primary Government of \$346,572 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 89,144
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	231,142
Total	\$ 320,286

**Component Units**

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Lottery Corporation (CLC) reported the following investments and maturities as of December 31, 2019 and June 30, 2020, respectively (amounts in thousands):

Investment Type	Major Component Units				
	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Collateralized Mortgage Obligations	\$ 98	\$ -	\$ -	\$ 98	\$ -
GNMA & FNMA Program Assets	2,417,845	-	-	5,098	2,412,747
Money Market	5,083	5,083	-	-	-
Municipal Bonds	62,436	363	1,567	2,061	58,445
STIF	676,403	676,403	-	-	-
MBS's	353	-	35	318	-
Structured Securities	267	-	-	267	-
U.S. Government Agency Securities	882	-	-	-	882
Total Debt Investments	3,163,367	\$ 681,849	\$ 1,602	\$ 7,842	\$ 2,472,074
Annuity Contracts	125,196	-	-	-	-
Total Investments	\$ 3,288,563	-	-	-	-

The CHFA and the CLC own 96.2 percent and 3.8 percent of the above investments, respectively. GNMA Program Assets represent securitized home mortgage loans of CHFA which are guaranteed by the Government National Mortgage Association. Annuity contracts are the only investment held by the CLC, which are not subject to investment risks discussed next.

**Interest Rate Risk****CHFA**

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

**Credit Risk****CHFA**

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

CHFA's investments were rated as of December 31, 2019 as follows (amounts in thousands):

Investment Type	Component Units				
	Fair Value	AAA	Quality Ratings		
			CCC	D	Unrated
Collateralized Mortgage Obligations	\$ 98	\$ -	\$ 98	\$ -	\$ -
Municipal Bonds	62,436	-	-	-	62,436
Money Market	5,083	-	-	-	5,083
STIF	676,403	676,403	-	-	-
Structured Securities	267	-	267	-	-
Total	\$ 744,287	\$ 676,403	\$ 365	\$ -	\$ 67,519

**Concentration of Credit Risk****CHFA**

The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets with a specific issuer. As of December 31, 2019, the Authority had no investments in any one issuer that represents 5 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA and FNMA Program Assets), and investments in the State's STIF.

**Security Lending Transactions**

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

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

According to the Agreement, the Agent has an obligation to indemnify the funds in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures during the fiscal year that resulted in a declaration or notice of default of the borrower. During the fiscal year, the funds and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. At year end, the funds had no credit risk exposure to borrowers because the fair value of the collateral held and the fair value of securities on loan were \$2,406.1 million and \$2,356.3 million, respectively.

Under normal circumstances, the average duration of collateral investments is managed so that it will not exceed 60 days. At year end, the average duration of the collateral investments was 6.5 days and an average weighted maturity of 42.06 days.

## Note 4

### Receivables-Current

As of June 30, 2020, current receivables consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	\$ 3,510,190	\$ -	\$ -
Accounts	1,441,805	536,749	72,701
Loans-Current Portion	-	322,325	4,336
Other Governments	532,649	58,007	6,231
Interest	534	6,331	1,641
Other	1	-	-
Total Receivables	5,485,179	923,413	84,910
Allowance for Uncollectibles	(962,608)	(111,337)	(3,975)
Receivables, Net	\$ 4,522,571	\$ 812,076	\$ 80,934

## Note 5

### Taxes Receivable

Taxes receivable consisted of the following as of June 30, 2020 (amounts in thousands):

	Governmental Activities		
	General Fund	Transportation Fund	Total
Sales and Use	\$ 683,382	\$ -	\$ 683,382
Income Taxes	1,780,052	-	1,780,052
Corporations	401,015	-	401,015
Gasoline and Special Fuel	-	146,407	146,407
Various Other	499,334	-	499,334
Total Taxes Receivable	3,363,783	146,407	3,510,190
Allowance for Uncollectibles	(283,051)	(165)	(283,216)
Taxes Receivable, Net	\$ 3,080,732	\$ 146,242	\$ 3,226,974

## Note 6

### Receivables-Noncurrent

Noncurrent receivables for the primary government and its component units, as of June 30, 2020, consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Accounts	\$ -	\$ -	\$ 40,229
Loans	1,246,468	1,138,845	121,360
Total Receivables	1,246,468	1,138,845	161,589
Allowance for Uncollectibles	(45,003)	(3,455)	(19,571)
Receivables, Net	\$ 1,201,465	\$ 1,135,389	\$ 142,018

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

Clean Water fund (business-type activities) loans funds to qualified municipalities for planning, design, and construction of water quality projects. These loans are payable over a 20-year period at an annual interest rate of 2 percent and are secured by the full faith and credit or revenue pledges of the municipalities, or both. At year end, the noncurrent portion of loans receivable was \$985.2 million.

The Connecticut Higher Education Supplemental Loan Authority (a component unit) makes loans to individuals from the proceeds of bonds issued by the Authority. The loans bear interest rates ranging from 4.50 percent to 7.0 percent. At year end, the noncurrent portion of loans receivable was \$114.4 million.

## Note 7

### Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2020, restricted assets were comprised of the following (amounts in thousands):

					Total
	Cash & Cash Equivalents	Investments	Loans, Net of Allowances	Other	Restricted Assets
<b>Governmental Activities:</b>					
Debt Service	\$ 1,024,577	\$ -	\$ -	\$ -	\$ 1,024,577
Total Governmental Activities	\$ 1,024,577	\$ -	\$ -	\$ -	\$ 1,024,577
<b>Business-Type Activities:</b>					
UConn/Health Center	\$ 90,172	\$ -	\$ -	\$ -	\$ 90,172
Clean Water	141,511	85,805	-	-	227,316
Other Proprietary	36,397	5,821	-	-	42,218
Total Business-Type Activities	\$ 268,080	\$ 91,626	\$ -	\$ -	\$ 359,706
<b>Component Units:</b>					
CHFA	\$ 436	\$ 3,163,367	\$ 2,908,499	\$ 80,936	\$ 6,153,238
CAA	243,860	6,755	-	457	251,072
Other Component Units	61,878	395,242	289,478	7,039	753,638
Total Component Units	\$ 306,174	\$ 3,565,364	\$ 3,197,977	\$ 88,432	\$ 7,157,948

## Note 8

### Current Liabilities

#### Accounts Payable and Accrued Liabilities

As of June 30, 2020, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Interest</u>	<u>Other</u>	<u>Total Payables &amp; Accrued Liabilities</u>
<b>Governmental Activities:</b>					
General	\$ 351,578	\$ 244,027	\$ -	\$ -	\$ 595,604
Transportation	15,938	14,726	-	-	30,664
Restricted Accounts	269,368	15,406	-	-	284,774
Grants and Loans	14,870	124	-	5,890	20,884
Other Governmental	65,390	9,023	-	22	74,434
Internal Service	861	1,016	-	-	1,877
Reconciling amount from fund financial statements to government-wide financial statements	-	-	293,202	208	293,411
Total-Governmental Activities	<u>\$ 718,004</u>	<u>\$ 284,321</u>	<u>\$ 293,202</u>	<u>\$ 6,120</u>	<u>\$ 1,301,647</u>
<b>Business-Type Activities:</b>					
UConn/Health Center	\$ 66,851	\$ 99,145	\$ -	\$ 51,688	\$ 217,683
Board of Regents	22,650	117,658	2,314	496	143,117
Other Proprietary	5,891	-	15,320	459	21,671
Total-Business-Type Activities	<u>\$ 95,392</u>	<u>\$ 216,802</u>	<u>\$ 17,634</u>	<u>\$ 52,643</u>	<u>\$ 382,471</u>
<b>Component Units:</b>					
CHFA	\$ -	\$ -	\$ 17,841	\$ 6,343	\$ 24,184
Connecticut Lottery Corporation	9,159	-	1,079	-	10,238
Connecticut Airport Authority	11,973	6,219	3,937	6,585	28,714
Other Component Units	1,973	-	949	70,558	73,480
Total-Component Units	<u>\$ 23,105</u>	<u>\$ 6,219</u>	<u>\$ 23,806</u>	<u>\$ 83,486</u>	<u>\$ 136,616</u>

**Note 9****Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 1,862,586	\$ 40,748	\$ 4,056	\$ 1,899,278
Construction in Progress	5,591,190	1,143,970	1,317,849	5,417,311
Total Capital Assets not being Depreciated	7,453,776	1,184,718	1,321,905	7,316,589
Capital Assets being Depreciated:				
Buildings	4,771,503	267,949	56,486	4,982,966
Improvements Other than Buildings	478,827	2,073	779	480,121
Equipment	2,640,230	94,604	64,333	2,670,501
Infrastructure	16,966,385	993,088	-	17,959,473
Total Other Capital Assets at Historical Cost	24,856,945	1,357,714	121,598	26,093,061
Less: Accumulated Depreciation For:				
Buildings	2,002,093	124,573	56,486	2,070,180
Improvements Other than Buildings	390,862	24,282	779	414,365
Equipment	2,593,131	98,198	64,333	2,626,996
Infrastructure	11,416,442	469,669	-	11,886,111
Total Accumulated Depreciation	16,402,528	716,722	121,598	16,997,652
Other Capital Assets, Net	8,454,417	640,992	-	9,095,409
Governmental Activities, Capital Assets, Net	<u>\$ 15,908,193</u>	<u>\$ 1,825,710</u>	<u>\$ 1,321,905</u>	<u>\$ 16,411,998</u>

\* Depreciation expense was charged to functions as follows:

<b>Governmental Activities:</b>	
Legislative	\$ 4,841
General Government	22,646
Regulation and Protection	22,314
Conservation and Development	9,717
Health and Hospitals	9,294
Transportation	575,445
Human Services	1,348
Education, Libraries and Museums	29,233
Corrections	25,947
Judicial	15,548
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	389
<b>Total Depreciation Expense</b>	<u>\$ 716,722</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 53,573	\$ 25,254	\$ 32	\$ 78,795
Construction in Progress	400,860	240,215	237,250	403,825
Total Capital Assets not being Depreciated	454,433	265,469	237,282	482,620
Capital Assets being Depreciated:				
Buildings	5,614,173	1,167,109	31,429	6,749,853
Improvements Other Than Buildings	535,753	107,463	3,808	639,408
Equipment	2,101,384	42,861	1,050,059	1,094,186
Total Other Capital Assets at Historical Cost	8,251,310	1,317,433	1,085,296	8,483,447
Less: Accumulated Depreciation For:				
Buildings	2,297,203	519,081	20,101	2,796,183
Improvements Other Than Buildings	241,185	38,751	3,181	276,755
Equipment	1,020,500	71,806	356,144	736,162
Total Accumulated Depreciation	3,558,888	629,638	379,426	3,809,100
Other Capital Assets, Net	4,692,422	687,795	705,870	4,674,347
Business-Type Activities, Capital Assets, Net	<u>\$ 5,146,855</u>	<u>\$ 953,264</u>	<u>\$ 943,152</u>	<u>\$ 5,156,967</u>

**Component Units**

Capital assets of the component units consisted of the following as of June 30, 2020 (amounts in thousands):

Land	\$	59,974
Buildings		718,944
Improvements other than Buildings		382,466
Machinery and Equipment		639,220
Construction in Progress		76,011
Total Capital Assets		1,876,615
Accumulated Depreciation		1,073,120
Capital Assets, Net	\$	803,495

## Note 10

### State Retirement Systems

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

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

#### *Special Funding Situation*

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

#### *a. Plan Descriptions and Funding Policy*

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

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
Inactive Members or their Beneficiaries receiving benefits	51,745	37,446	301
Inactive Members Entitled to but not yet Receiving Benefits	2,185	11,485	7
Active Members	49,429	50,594	193

#### *State Employees' Retirement System*

##### *Plan Description*

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

##### *Funding Policy*

The contribution requirements of plan members and the State are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. Tier I Plan B regular and Hazardous Duty members are required to contribute 4.0 percent and 6.0 percent of their earnings, respectively, up to the Social Security Taxable Wage Base plus 7.0 percent above that level; Tier I Plan C members are required to contribute 7.0 percent of their earnings; Tier II Plan regular and Hazardous



Duty members are required to contribute 2 percent and 6.0 percent of their earnings, respectively; Tier IIA and Tier III Plans regular and Hazardous Duty members are required to contribute 4.0 percent and 7.0 percent of their earnings, respectively; Tier IV Hybrid Plan regular and Hazardous Duty members are required to contribute 5.0 percent and 8.0 percent of their earnings, respectively. Individuals hired on or after July 1, 2011 otherwise eligible for the Alternative Retirement Plan (ARP) are eligible to become members of the Hybrid Plan in addition to their other existing choices. The Hybrid Plan has defined benefits identical to Tier II/IIA and Tier III for individuals hired on or after July 1, 2011 but requires employee contributions 3 percent higher than the contribution required from the applicable Tier II/IIA/III plans. Employees in Tier IV Hybrid Plan will be required to contribute 1.0 percent to the Defined Contributions (DC) portion of the Hybrid Plan and may elect additional contribution of up to 3.0 percent of earnings to the DC portion. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

### ***Teachers' Retirement System***

#### ***Plan Description***

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

#### ***Funding Policy***

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 7 percent of their annual salary. The State's contribution requirement is determined in accordance with Section 10-183z. Administrative costs of the plan are funded by the State.

### ***Judicial Retirement System***

#### ***Plan Description***

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

#### ***Funding Policy***

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

### ***b. Investments***

The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the Chief Investment Officer, as they manage the investment programs of the pension plans. Plan assets are managed primarily through asset allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits. The following is the asset allocation policy as of June 30, 2019.

<u>Asset Class</u>	<u>SERS</u>		<u>TRB</u>		<u>JRS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equities	20.0%	5.6%	20.0%	8.1%	20.0%	5.6%
Developed Non-U.S. Equities	11.0%	6.0%	11.0%	8.5%	11.0%	6.0%
Emerging Markets (Non-U.S.)	9.0%	7.9%	9.0%	10.4%	9.0%	7.9%
Real Estate	10.0%	4.5%	10.0%	7.0%	10.0%	4.5%
Private Equity	10.0%	7.3%	10.0%	9.8%	10.0%	7.3%
Alternative Investment	7.0%	2.9%	7.0%	13.6%	7.0%	2.9%
Fixed Income (Core)	16.0%	2.1%	16.0%	4.6%	16.0%	2.1%
High Yield Bonds	6.0%	4.0%	6.0%	6.5%	6.0%	4.0%
Emerging Market Bond	5.0%	2.7%	5.0%	5.2%	5.0%	2.7%
Inflation Linked Bonds	5.0%	1.1%	5.0%	3.6%	5.0%	1.1%
Cash	1.0%	0.4%	1.0%	2.9%	1.0%	0.4%

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

**Rate of Return:** For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 1.86 percent, 1.85 percent, and 2.10 percent for SERS, TRS, and JRS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

#### **Net Pension Liability**

The components of the net pension liability as of the measurement June 30, 2019 were as follows (amounts in millions):

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>
Total Pension Liability	\$ 36,088	\$ 35,566	\$ 476
Fiduciary Net Position	13,276	18,493	236
Net Pension Liability	<u>\$ 22,812</u>	<u>\$ 17,073</u>	<u>\$ 240</u>
Ratio of Fiduciary Net Position to Total Pension Liability	36.79%	52.00%	49.54%

#### **Deferred Retirement Option Program (DROP)**

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

As of June 30, 2020, the balance held for the DROP was not available from the Teachers' Retirement Board.

#### **Discount Rate**

The discount rate used to measure the total pension liability was 6.9, 6.9, and 6.9 percent for SERS, TRS, and JRS respectively. The projection of cash flows used to determine the SERS, TRS, and JRS discount rates assumed employee contributions will be made at the current contribution rate and that contributions from the State will be made equal to the difference between the projected actuarially determined contribution and member contributions. Projected future benefit payments for current plan members were projected through the year 2139.

Based on those assumptions, SERS, TRS, and JRS pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1%	Current	1%
	Decrease in	Discount	Increase in
	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
SERS Net Pension Liability	\$ 26,904	\$ 22,528	\$ 18,877
TRS Net Pension Liability	\$ 21,297	\$ 17,072	\$ 13,522
JRS Net Pension Liability	\$ 290	\$ 240	\$ 197
Component Units	\$ 340	\$ 284	\$ 238

*c. GASB Statement 68 Employer Reporting  
Employer Contributions*

The following table presents the primary government's and component units' contributions recognized by the pension plans at the reporting date June 30, 2020 (amounts in thousands):

	<u>SERS</u>	<u>TRS</u>	<u>JRS</u>	<u>Total</u>
Primary Government	\$ 1,599,135	\$ 1,209,573	\$ 27,011	\$ 2,835,719
Component Units	17,177	-	-	17,177
Total Employer Contributions	<u>\$ 1,616,312</u>	<u>\$ 1,209,573</u>	<u>\$ 27,011</u>	<u>\$ 2,852,896</u>

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

As of the measurement date June 30, 2019, the primary government and component units reported net pension liabilities for the following plans administered by the State as follows (amounts in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
Proportionate Share of the Net Pension Liability		
State Employees' Retirement System	\$ 22,527,836	\$ 284,409
Net Pension Liability		
Teachers' Retirement System	17,072,720	-
Judicial Retirement System	240,263	-
Total Net Pension Liability	<u>\$ 39,840,819</u>	<u>\$ 284,409</u>

The primary government's and component units' proportions of the collective net pension liability for the State Employees' Retirement System as of the measurement date June 30, 2019 as follows:

	<u>Primary Government</u>	<u>Component Units</u>
State Employees' Retirement System		
Proportion-June 30, 2019	98.75%	1.25%

For the measurement June 30, 2019, the primary government and component units' recognized pension expense for the following pension plans administered by the State as follows (amounts in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
Pension Expense		
State Employees' Retirement System	\$ 2,737,178	\$ 34,179
Teachers' Retirement System	2,096,871	-
Judicial Retirement System	40,504	-
	<u>\$ 4,874,553</u>	<u>\$ 34,179</u>

**Deferred Outflows and Inflows of Resources**

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

	Primary Government		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>State Employees' Retirement System</b>				
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ -	\$ 53,603	\$ -	\$ 677
Difference Between Expected and Actual Experience	1,530,581	-	19,323	-
Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions	-	-	23,105	14,583
Change in Assumptions	1,478,764	-	18,669	-
Employer Contributions Subsequent to Measurement Date	1,599,135	-	17,177	-
Total	\$ 4,608,480	\$ 53,603	\$ 78,274	\$ 15,260
<b>Teachers' Retirement System</b>				
Differences Between Expected and Actual Experience	\$ -	\$ 425,400		
Change in Assumptions	4,184,542	-		
Net Difference Between Projected and Actual Earnings on Plan Investments	283,560	-		
Employer Contributions Subsequent to Measurement Date	1,209,573	-		
Total	\$ 5,677,675	\$ 425,400		
<b>Judicial Retirement System</b>				
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ 502	\$ -		
Differences Between Expected and Actual Experience	16,612	8,332		
Change in Assumptions	480	-		
Employer Contributions Subsequent to Measurement Date	27,011	-		
Total	\$ 44,605	\$ 8,332		

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

<b>State Employees' Retirement System</b>	<b>Primary Government</b>	<b>Component Units</b>
Year		
1	\$ 1,322,415	\$ 16,299
2	886,101	11,902
3	316,379	7,513
4	298,426	6,758
5	123,899	3,365
	\$ 2,947,220	\$ 45,837
<b>Teachers' Retirement System</b>		
Year	<b>Primary Government</b>	
1	\$ 996,173	
2	722,748	
3	867,225	
4	622,819	
5	585,821	
6	247,916	
	\$ 4,042,702	
<b>Judges' Retirement System</b>		
Year	<b>Primary Government</b>	
1	\$ 9,262	
2	7,408	
3	6,700	
4	561	
5	-	
	\$ 23,931	

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>SERS</b>	<b>TRS</b>	<b>JRS</b>
Valuation Date	6/30/2019	6/30/2019	6/30/2019
Inflation	2.50%	2.50%	2.50%
Salary Increases	3.5%-19.5%	3.25%-6.50%	4.50%
Investment Rate of Return	6.90%	6.9%	6.90%

The actuarial assumptions used in the June 30, 2019 SERS and JRS reported mortality rates based on the RP-2014 White Collar Mortality Table projected to 2020 by scale BB at 100 percent for males and 95 percent for females for periods after service retirement and for dependent beneficiaries. The RP-2014 Disabled Retiree Mortality Table at 65 percent for males and 85 percent for females is used for periods after disability.

The actuarial assumptions used in the June 30, 2019 TRS actuarial report were based on RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

**Changes in Net Pension Liability**

The following schedule presents changes in the State's pension liability and fiduciary net position for each plan for the measurement date June 30, 2019 (amounts in thousands):

<b>Total Pension Liability</b>	<b>SERS</b>	<b>TRS</b>	<b>JRS</b>
Service Cost	\$ 391,941	\$ 463,997	\$ 10,834
Interest	2,290,633	2,406,206	29,559
Benefit Changes	-	(224,281)	-
Difference between expected and actual experience	1,224,344	-	22,095
Changes of assumptions	-	3,875,996	-
Benefit payments	(2,026,793)	(2,066,641)	(29,386)
Refunds of Contributions	(6,350)	-	-
<b>Net change in total pension liability</b>	<b>1,873,775</b>	<b>4,455,277</b>	<b>33,102</b>
<b>Total pension liability - beginning (a)</b>	<b>34,214,163</b>	<b>31,110,898</b>	<b>443,087</b>
<b>Total pension liability - ending (c)</b>	<b>\$ 36,087,938</b>	<b>\$ 35,566,175</b>	<b>\$ 476,189</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,578,323	\$ 1,292,672	\$ 27,427
Contributions - member	489,099	309,333	1,694
Net investment income	710,861	1,012,089	13,383
Benefit payments	(2,026,793)	(2,066,641)	(29,386)
Administrative Expense	(693)	-	-
Refunds of Contributions	(6,350)	-	-
Other	3,704	(837)	-
<b>Net change in plan fiduciary net position</b>	<b>748,151</b>	<b>546,616</b>	<b>13,118</b>
<b>Plan net position - beginning (b)</b>	<b>12,527,542</b>	<b>17,946,839</b>	<b>222,808</b>
<b>Plan net position - ending (d)</b>	<b>\$ 13,275,693</b>	<b>\$ 18,493,455</b>	<b>\$ 235,926</b>
<b>Net pension liability - beginning (a)-(b)</b>	<b>\$ 21,686,621</b>	<b>\$ 13,164,059</b>	<b>\$ 220,279</b>
<b>Net pension liability - ending (c)-(d)</b>	<b>\$ 22,812,245</b>	<b>\$ 17,072,720</b>	<b>\$ 240,263</b>

**d. Defined Contribution Plan**

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

Unclassified employees at any of the units of the Connecticut State System of Higher Education are eligible to participate in the plan. Plan members are required to contribute 5 percent of their annual salaries. The State is required to contribute 8 percent of covered salary. During the year, plan members and the State contributed \$28.7 million and \$38.2 million, respectively.

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

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

**a. Plan Descriptions and Funding Policy**

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

	<u>MERS</u>	<u>CPJERS</u>
Retirees and beneficiaries receiving benefits	7,824	377
Terminated plan members entitled to but not receiving benefits	4,192	70
Active plan members	<u>9,759</u>	<u>331</u>
Total	<u>21,775</u>	<u>778</u>
Number of participating employers	189	1

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

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

**Funding Policy**

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

**b. Investments**

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

<u>Asset Class</u>	<u>MERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equities	20.0%	5.3%
Developed Non-U.S. Equities	11.0%	5.1%
Emerging Markets (Non-U.S.)	9.0%	7.4%
Real Estate	10.0%	4.7%
Private Equity	10.0%	7.3%
Alternative Investment	7.0%	3.2%
Fixed Income (Core)	16.0%	1.6%
High Yield Bonds	6.0%	3.4%
Emerging Market Bond	5.0%	2.9%
Inflation Linked Bonds	5.0%	1.3%
Cash	1.0%	0.9%

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are

developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**c. GASB Statement 68 Employer Reporting**

**Net Pension Liability of Participating Employers**

The components of the net pension liability for MERS as June 30, 2019 were as follows (amounts in millions):

	<u>MERS</u>
Total Pension Liability	\$ 3,781
Fiduciary Net Position	<u>2,748</u>
Net Pension Liability	<u>\$ 1,033</u>
Ratio of Fiduciary Net Position to Total Pension Liability	72.69%

**Discount Rate**

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

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

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

	1% Decrease in Rate	Current Discount Rate	1% Increase in Rate
Net Pension Liability	\$ 1,501	\$ 1,033	\$ 641

**Deferred outflows and deferred inflows of resources**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Municipal Employees Retirement System</b>		
Difference Between Expected and Actual Experience	\$ 45,377	\$ -
Changes in actuarial assumptions	263,247	-
Net Difference Between Projected and Actual Investment Earnings on Plan Investments	41,447	-
Employer Contributions Subsequent to Measurement Date	<u>99,816</u>	<u>-</u>
	<u>\$ 449,887</u>	<u>\$ -</u>

Amounts recognized in subsequent fiscal years:

<u>Year</u>	<u>MERS</u>
1	\$ 136,043
2	94,579
3	113,112
4	6,337

**Changes in Net Pension Liability**

The following schedule presents changes in the State's pension liability and fiduciary net position for each plan for the measurement date June 30, 2019 (amounts in thousands):

<b>Total Pension Liability MERS</b>	
Service Cost	\$ 88,107
Interest on the total pension liability	247,260
Difference between expected and actuary experience	3,364
Changes of assumptions	-
Benefit payments	(178,618)
Refunds of contributions	(1,749)
<b>Net change in total pension</b>	<b>158,364</b>
<b>Total pension liability - beginning</b>	<b>3,622,468</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 3,780,832</b>
<b>Plan net position</b>	
Contributions - employer	83,370
Initial Liability Payments and Transfers	-
Contributions - member	24,613
Net investment income	154,002
Benefit payments	(178,618)
Refunds of contributions	(1,749)
Other	599
<b>Net change in plan net position</b>	<b>82,217</b>
<b>Plan net position - beginning</b>	<b>\$ 2,666,025</b>
<b>Plan net position - ending (b)</b>	<b>\$ 2,748,242</b>
<b>Net pension liability - ending (a) -(b)</b>	<b>\$ 1,032,590</b>

**Actuarial Assumptions**

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

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

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

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

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

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

**Funding**

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

**Pension Liability**

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



**Note 12****Pension Trust Funds Financial Statements**

The financial statements of the pension trust funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. State contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investment income and related expenses of the Combined Investment Funds are allocated ratably to the pension trust funds based on each fund's equity in the Combined Investment Funds. As of June 30, 2020, the Fiduciary Fund financial statements were as follows (amounts in thousands):

	Statement of Fiduciary Net Position (thousands)						
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
<b>Assets</b>							
Current:							
Cash and Cash Equivalents	\$ 30,297	\$ 4,652	\$ 90	\$ 2,578	\$ 75	\$ 469	\$ 38,161
Receivables:							
Accounts, Net of Allowances	19,765	12,917	8	20,853	4	-	53,547
From Other Governments	-	98	-	-	-	-	98
From Other Funds	63	11	-	11	-	1	86
Interest	97	140	2	23	1	-	263
Investments	13,199,315	18,275,160	239,673	2,710,890	110,655	2,138	34,537,831
Securities Lending Collateral	805,329	1,113,263	14,460	163,675	6,685	129	2,103,541
Noncurrent:							
Due From Employers	-	-	-	14,198	-	-	14,198
Total Assets	\$ 14,054,866	\$ 19,406,241	\$ 254,233	\$ 2,912,228	\$ 117,420	\$ 2,737	\$ 36,747,725
<b>Liabilities</b>							
Accounts Payable and Accrued Liabilities	\$ 49	\$ 9,111	\$ -	\$ -	\$ -	\$ -	\$ 9,160
Securities Lending Obligation	805,329	1,113,263	14,460	163,675	6,685	129	2,103,541
Due to Other Funds	-	1,957	-	-	-	-	1,957
Total Liabilities	\$ 805,378	\$ 1,124,331	\$ 14,460	\$ 163,675	\$ 6,685	\$ 129	\$ 2,114,658
<b>Net Position</b>							
Held in Trust For Employee							
Pension Benefits	\$ 13,249,488	\$ 18,281,910	\$ 239,773	\$ 2,748,553	\$ 110,735	\$ 2,608	\$ 34,633,067
Total Net Position	\$ 13,249,488	\$ 18,281,910	\$ 239,773	\$ 2,748,553	\$ 110,735	\$ 2,608	\$ 34,633,067

	Statement of Changes in Fiduciary Net Position (thousands)						
	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
<b>Additions</b>							
Contributions:							
Plan Members	\$ 192,716	\$ 318,217	\$ 1,575	\$ 27,416	\$ 233	\$ 25	\$ 540,182
State	1,616,312	1,209,573	27,011	-	-	-	2,852,896
Municipalities	-	-	-	99,816	-	-	99,816
Total Contributions	1,809,028	1,527,790	28,586	127,232	233	25	3,492,894
Investment Income	325,647	463,582	6,171	71,518	2,870	54	869,842
Less: Investment Expenses	(37,421)	(53,271)	(709)	(8,218)	(330)	(6)	(99,955)
Net Investment Income	288,226	410,311	5,462	63,300	2,540	48	769,887
Other	7,511	3,952	-	577	4,247	67	16,354
Total Additions	2,104,765	1,942,053	34,048	191,109	7,020	140	4,279,135
<b>Deductions</b>							
Administrative Expense	782	-	-	-	-	-	782
Benefit Payments and Refunds	2,130,188	2,150,168	30,201	190,066	5,928	-	4,506,551
Other	-	3,430	-	732	-	-	4,162
Total Deductions	2,130,970	2,153,598	30,201	190,798	5,928	-	4,511,495
Changes in Net Assets	(26,205)	(211,545)	3,847	311	1,092	140	(232,360)
<b>Net Position Held in Trust For Employee Pension Benefits:</b>							
Beginning of Year	13,275,693	18,493,455	235,926	2,748,242	109,643	2,468	34,865,427
End of Year	\$ 13,249,488	\$ 18,281,910	\$ 239,773	\$ 2,748,553	\$ 110,735	\$ 2,608	\$ 34,633,067

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

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

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

**a. Plan Descriptions and Funding Policy**

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

	<u>SEOPEBP</u>	<u>RTHP</u>
Inactive Members or their		
Beneficiaries receiving benefits	77,141	28,530
Inactive Members Entitled to but		
not yet Receiving Benefits	649	10,684
Active Members	48,015	50,594

**State Employee OPEB Plan****Plan Description**

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

**Funding Policy**

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

**Retired Teacher Healthcare Plan****Plan Description**

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

**Funding Policy**

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

**b. Investments**

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

through assets allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits. The following is the asset allocation policy as of June 30, 2019, the measurement date.

<u>Asset Class</u>	<u>SEOPEBP</u>		<u>RTHP</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Expected 10 year Geometric Real Rate of Return</u>
Domestic Equity Fund	20.0%	5.6%	0.00%	0.00%
Developed Market International Stock Fund	11.0%	6.0%	0.00%	0.00%
Emerging Markets International Stock Fund	9.0%	7.9%	0.00%	0.00%
Core Fixed Income	16.0%	2.1%	0.00%	0.00%
Inflation Linked Bonds	5.0%	1.1%	0.00%	0.00%
Emerging Market Debt Fund	5.0%	2.7%	0.00%	0.00%
High Yield Bonds	6.0%	4.0%	0.00%	0.00%
Real Estate Fund	10.0%	4.5%	0.00%	0.00%
Private Equity	10.0%	7.3%	0.00%	0.00%
Alternative Investment	7.0%	2.9%	0.00%	0.00%
Liquidity Fund	1.0%	0.4%	0.00%	0.00%
U. S. Treasuries (Cash Equivalents)	0.0%	0.0%	100.00%	0.41%

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

#### ***Net OPEB Liability***

The components of the net OPEB liability as of June 30, 2019, the measurement date, were as follows (amounts in thousands):

	<u>Total Primary Government</u>	
	<u>SEOPEBP</u>	<u>RTHP</u>
Total OPEB Liability	\$ 21,878,399	\$ 2,719,040
Fiduciary Net Position	1,196,007	56,453
Net OPEB Liability	<u>\$ 20,682,392</u>	<u>\$ 2,662,587</u>
Ratio of Fiduciary Net Position to Total OPEB Liability	5.47%	2.08%

#### ***Actuarial Assumptions***

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

	<u>SEOPEBP</u>	<u>RTHP</u>
Payroll growth rate	3.50%	3.25%
Salary increase	3.5% to 19.5% varying by years of service & retirement system	3.25%-6.5%
Discount Rate	3.58%	3.50%
Investment rate of return	6.90%	3.00%, net of OPEB plan investment expense including price inflation
Healthcare cost trend rates	6.0% for drug cost graded to 4.5% over 6 years 6.0% for medical graded to 4.5% over 6 years 3.0% for dental 4.5% for Part B 3.0% for administrative expense	5.95% decreasing to 4.75% by year 2025

Mortality rates for healthy State Employees OPEB Plan were based on the RP-2014 White Collar Mortality Table projected to 2020 by Scale BB at 100% for males and 95% for females. Morality rates for disabled State Employees OPEB Plan were based on the RP-2014 Disabled Retiree Mortality Table at 65% for males and 85% for females.

Mortality rates for the State Teachers Retirement System were based on RPH-2014 White Collar Morality Table with employee and annuitant rates blended from ages 50 to 80 projected to year 2020 using Scale BB and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as active members. State Teachers Retirement System disabled participants mortality rates were based on RPH-2014 Disabled Retiree Mortality Table projected to 2017 using the MP-2014 improvement scale is used for the period after disability retirement.

#### ***Discount Rate***

The discount rate used to measure the total OPEB liability for SEOPEBP and RTHP respectively, was 3.58 and 3.50 percent. The projection of cash flows used to determine the discount was performed in accordance with GASB 74.

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

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

	<b><u>SEOPEBP</u></b>		
	1% Decrease in Discount Rate <u>2.58%</u>	Current Discount Rate <u>3.58%</u>	1% Increase in Discount Rate <u>4.58%</u>
SEOPEBP:			
Primary Government Net OPEB Liability	\$ 23,696,541	\$ 20,360,582	\$ 17,652,536
Component Units Net OPEB Liability	374,537	321,810	279,008
	<b><u>RTHP</u></b>		
	1% Decrease in Discount Rate <u>2.50%</u>	Current Discount Rate <u>3.50%</u>	1% Increase in Discount Rate <u>4.50%</u>
RTHP Net OPEB Liability	\$ 3,173,004	\$ 2,662,587	\$ 2,256,137

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

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

	<b><u>SEOPEBP</u></b>		
	1% Decrease in Trend Rates <u>3.75%</u>	Current Trend Rate <u>4.75%</u>	1% Increase in Trend Rates <u>5.75%</u>
SEOPEBP:			
Primary Government Net OPEB Liability	\$ 17,454,063	\$ 20,360,582	\$ 24,029,148
Component Units Net OPEB Liability	275,871	321,810	379,794
	<b><u>RTHP</u></b>		
	1% Decrease in Trend Rates <u>3.75%</u>	Current Trend Rate <u>4.75%</u>	1% Increase in Trend Rates <u>5.75%</u>
RTHP Net OPEB Liability	\$ 2,218,175	\$ 2,662,587	\$ 3,256,239

*c. GASB Statement 75 Employer Reporting  
Employer Contributions*

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

	SEOPEBP	RTHP	Total
Primary Government	\$ 858,159	\$ 29,173	\$ 887,332
Component Units	9,063	-	9,063
Total Employer Contributions	<u>\$ 867,222</u>	<u>\$ 29,173</u>	<u>\$ 896,395</u>

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

As of the measurement date June 30, 2019, the primary government and component units reported net OPEB liabilities for the following plans administered by the State as follows (amounts in thousands):

	Primary Government	Component Units
Proportionate Share of the Net OPEB Liability		
State Employees' OPEB Plan	\$ 20,360,582	\$ 321,810
Net OPEB Liability		
Retired Teachers' Health Plan	2,662,587	-
Total Net OPEB Liability	<u>\$ 23,023,169</u>	<u>\$ 321,810</u>

The primary government's and component units' proportions of the collective net OPEB liability for the State Employees' OPEB Plan as of the measurement date June 30, 2019 as follows (amounts in thousands):

	Primary Government	Component Units
State Employees' OPEB Plan		
Proportion-June 30, 2019	98.44%	1.56%

For the measurement date June 30, 2019, the primary government and component units' recognized OPEB expense (income) for the following OPEB plan administered by the State as follows (amounts in thousands):

	Primary Government	Component Units
OPEB Expense (Income)		
State Employees' OPEB Plan	\$ 1,668,350	\$ 31,309
Retired Teachers' Health Plan	(194,839)	-
	<u>\$ 1,473,511</u>	<u>\$ 31,309</u>

**Deferred Outflows and Inflows of Resources**

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

	Primary Government		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>State Employees' OPEB Plan</b>				
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	\$ -	\$ 4,418	\$ -	\$ 70
Net Difference Between Expected and Actual Experience in the Total OPEB Liability	-	513,793	-	8,121
Change in Assumptions	2,719,905	674,333	42,990	10,658
Change in Proportion	9,722	32,057	32,711	10,376
Employer Contributions Subsequent to Measurement Date	858,159	-	9,063	-
Total	<u>\$ 3,587,786</u>	<u>\$ 1,224,601</u>	<u>\$ 84,764</u>	<u>\$ 29,225</u>
<b>Retired Teachers' Health Plan</b>				
Difference Between Expected and Actual Experience	\$ 220,799	\$ -		
Change in Assumptions	159,576	377,771		
Differences between projected and actual earnings on plan investments	1,344	-		
Employer Contributions Subsequent to Measurement Date	29,173	-		
Total	<u>\$ 410,892</u>	<u>\$ 377,771</u>		

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

<u>State Employees' OPEB Plan</u>	<u>Primary Government</u>	<u>Component Units</u>
<u>Year</u>		
1	\$ 290,571	\$ 9,532
2	290,569	9,532
3	349,248	10,427
4	461,212	13,583
5	113,426	3,402
	<u>\$ 1,505,026</u>	<u>\$ 46,476</u>
<b>Retired Teachers' Health Plan</b>		
<u>Year</u>	<u>Primary Government</u>	
1	\$ (11,891)	
2	(11,891)	
3	(12,195)	
4	(12,351)	
5	(11,951)	
Thereafter	64,227	
	<u>\$ 3,948</u>	

**Changes in Net OPEB Liability**

The following schedule presents changes in the State's OPEB liability and fiduciary net position for each plan for the measurement date June 30, 2019 (amounts in thousands):

<b>Total OPEB Liability</b>	<b>SEOPEBP</b>	<b>RTHP</b>
Service Cost	\$ 848,198	\$ 87,313
Interest	737,298	105,702
Benefit Changes	-	(339,076)
Difference between expected and actual experience	(645,590)	66,502
Changes of assumptions	3,417,609	182,438
Benefit payments	(593,403)	(55,154)
<b>Net change in total OPEB liability</b>	<b>3,764,112</b>	<b>47,725</b>
<b>Total OPEB liability - beginning</b>	<b>18,114,287</b>	<b>2,671,315</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 21,878,399</b>	<b>\$ 2,719,040</b>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 752,941	\$ 35,320
Contributions - member	116,539	51,944
Net investment income	68,847	1,090
Benefit payments	(593,403)	(55,154)
Administrative expense	-	(383)
Other	1,195	(16,100)
<b>Net change in plan fiduciary net position</b>	<b>346,119</b>	<b>16,717</b>
<b>Plan fiduciary net position - beginning</b>	<b>\$ 849,889</b>	<b>\$ 39,736</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,196,008</b>	<b>\$ 56,453</b>
<b>Net OPEB liability - ending (a)-(b)</b>	<b>\$ 20,682,391</b>	<b>\$ 2,662,587</b>

**d. Other OPEB Plan**

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

**Plan Description**

PFSBF is a cost-sharing multiple-employer defined benefit OPEB plan that covers policemen and firemen of participating municipalities in the State. As of the most recent actuarial report there were 7 municipalities participating in the plan with a total membership of 679 active members. The plan provides survivor benefits upon the death of an active or retired member of the fund to his spouse and dependent children. Plan benefits, contribution requirements of plan members and participant municipalities, and other plan provisions are described in Sections 7-323a to 7-323i of the General Statutes.

**Contributions**

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

## Note 14

### OPEB Trust Funds Financial Statements

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

	Statement of Fiduciary Net Position (thousands)			
	State Employees' OPEB Plan	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefits	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 137,123	\$ 72,220	\$ 26	\$ 209,369
Receivables:				
From Other Funds	108	1,972	-	2,080
Interest	-	-	-	-
Investments	1,437,831	-	37,917	1,475,748
Securities Lending Collateral	85,848	-	2,267	88,115
Total Assets	<u>\$ 1,660,910</u>	<u>\$ 74,192</u>	<u>\$ 40,210</u>	<u>\$ 1,775,312</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 37,868	\$ 2,251	\$ -	\$ 40,119
Securities Lending Obligation	85,848	-	2,267	88,115
Total Liabilities	<u>\$ 123,716</u>	<u>\$ 2,251</u>	<u>\$ 2,267</u>	<u>\$ 128,234</u>
<b>Net Position</b>				
Held in Trust For Employee Pension and Other Benefits	\$ 1,537,194	\$ 71,941	\$ 37,943	\$ 1,647,078
<b>Total Net Position</b>	<u>\$ 1,537,194</u>	<u>\$ 71,941</u>	<u>\$ 37,943</u>	<u>\$ 1,647,078</u>

	Statement of Changes in Fiduciary Net Position (thousands)			
	State Employees' OPEB Plan	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefit	Total
<b>Additions</b>				
Contributions:				
Plan Members	\$ 159,377	\$ 106,527	\$ 645	\$ 266,549
State	867,222	29,173	-	896,395
Municipalities	-	-	982	982
Total Contributions	<u>1,026,599</u>	<u>135,700</u>	<u>1,627</u>	<u>1,163,926</u>
Investment Income	37,706	848	978	39,532
Less: Investment Expenses	(4,333)	-	(110)	(4,443)
Net Investment Income	<u>33,373</u>	<u>848</u>	<u>868</u>	<u>35,089</u>
Other	1,234	-	-	1,234
Total Additions	<u>1,061,206</u>	<u>136,548</u>	<u>2,495</u>	<u>1,200,249</u>
<b>Deductions</b>				
Administrative Expense	-	24,464	-	24,464
Benefit Payments and Refunds	623,104	96,596	1,236	720,936
Other	96,916	-	17	96,933
Total Deductions	<u>720,020</u>	<u>121,060</u>	<u>1,253</u>	<u>842,333</u>
Changes in Net Assets	341,186	15,488	1,242	357,916
<b>Net Position Held in Trust For Other Postemployment Benefits:</b>				
Beginning of Year	1,196,008	56,453	36,701	1,289,162
End of Year	<u>\$ 1,537,194</u>	<u>\$ 71,941</u>	<u>\$ 37,943</u>	<u>\$ 1,647,078</u>



## Note 15

### Capital and Operating Leases

#### *State as Lessor*

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

2021	\$	32,407
2022		19,905
2023		12,037
2024		7,757
2025		7,478
Thereafter		73,948
Total	\$	<u>153,532</u>

Contingent revenues for the year ended June 30, 2020, were \$1,018 thousand. The contingent revenue amount represents rental revenue which was paid in addition to the minimum lease revenues.

#### *State as Lessee*

Obligations under capital and operating leases as of June 30, 2020, were as follows (amounts in thousands):

	<u>Noncancelable Operating Leases</u>	<u>Capital Leases</u>
2021	\$ 25,876	\$ 6,134
2022	29,668	5,834
2023	9,848	4,943
2024	29,998	3,580
2025	21,309	2,319
2026-2030	12,888	6,108
2031-2035	1,657	1,215
2036-2040	845	-
Total minimum lease payments	<u>\$ 132,089</u>	30,133
Less: Amount representing interest costs		<u>15,001</u>
Present value of minimum lease payments		<u>\$ 15,132</u>

Minimum capital lease payments were discounted using interest rates ranging from 1.99 percent to 5.00 percent.

Rental payments on noncancelable operating leases charged to expenses during the year ended June 30, 2020, were \$25.9 million.

## Note 16

### Long-Term Liabilities

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2020 (amounts in thousands):

Governmental Activities	Beginning			Ending	
	Balance	Additions	Reductions	Balance	Amounts due within one year
<b>Bonds:</b>					
General Obligation	\$ 18,368,713	\$ 2,034,495	\$ 1,922,990	\$ 18,480,218	\$ 1,515,041
Direct Borrowings and Direct Placements	374,080	-	45,000	329,080	15,790
Transportation	5,957,640	850,000	382,935	6,424,705	339,585
	24,700,433	2,884,495	2,350,925	25,234,003	1,870,416
Plus (Less) Premiums	2,000,370	378,977	239,311	2,140,036	204,384
<b>Total Bonds</b>	<b>26,700,803</b>	<b>3,263,472</b>	<b>2,590,236</b>	<b>27,374,039</b>	<b>2,074,800</b>
<b>Other L/T Liabilities: <sup>1</sup></b>					
Net Pension Liability (Note 10)	34,820,505	10,665,471	5,645,157	39,840,819	-
Net OPEB Liability (Note 10)	19,663,039	5,359,054	1,998,924	23,023,169	-
Compensated Absences	498,373	69,308	35,800	531,881	34,762
Workers' Compensation	771,753	126,426	101,015	797,164	99,252
Capital Leases	27,997	5,632	18,497	15,132	6,134
Claims and Judgments	63,444	-	24,019	39,425	39,425
Landfill Post Closure Care	33,535	-	1,432	32,103	1,432
Liability on Interest Rate Swaps	331	-	331	-	-
Contracts Payable & Other	705	-	-	705	-
Non-exchange Financial Guarantees	510,275	-	22,620	487,655	34,470
<b>Total Other Liabilities</b>	<b>56,389,957</b>	<b>16,225,891</b>	<b>7,847,795</b>	<b>64,768,053</b>	<b>215,475</b>
<b>Governmental Activities Long-Term Liabilities</b>					
	<b>\$ 83,090,760</b>	<b>\$ 19,489,363</b>	<b>\$ 10,438,031</b>	<b>\$ 92,142,092</b>	<b>\$ 2,290,275</b>
<sup>1</sup> In prior years, the General and Transportation funds have been used to liquidate other liabilities.					
<b>Business-Type Activities</b>					
Revenue Bonds	\$ 1,455,935	\$ 279,845	\$ 147,526	\$ 1,588,254	\$ 83,580
Plus/(Less) Premiums and Discounts	174,324	36,703	6,905	204,122	1,784
<b>Total Revenue Bonds</b>	<b>1,630,259</b>	<b>316,548</b>	<b>154,431</b>	<b>1,792,376</b>	<b>85,364</b>
Compensated Absences	176,187	58,200	37,947	196,440	45,804
Other	342,914	11,625	49,808	304,731	20,925
<b>Total Other Liabilities</b>	<b>519,101</b>	<b>69,825</b>	<b>87,755</b>	<b>501,171</b>	<b>66,729</b>
<b>Business-Type Long-Term Liabilities</b>	<b>\$ 2,149,360</b>	<b>\$ 386,373</b>	<b>\$ 242,186</b>	<b>\$ 2,293,547</b>	<b>\$ 152,093</b>
<b>Primary Government Long-Term Liabilities</b>					
	<b>\$ 85,240,120</b>	<b>\$ 19,875,736</b>	<b>\$ 10,680,217</b>	<b>\$ 94,435,639</b>	<b>\$ 2,442,368</b>

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately \$34.1 million. This liability represents the State's share of the cost of cleaning up certain polluted sites in the state under federal and state superfund regulations. The liability was estimated using the cash flow technique and could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort. In addition, there are other polluted sites in the state that require remedial action by the State that will result in additional cleanup costs. The State did not recognize a liability for these costs at year end because it could not be reasonably estimated.

As of June 30, 2020, long-term debt of component units consisted of the following (amounts in thousands):

<b>Long-Term Debt</b>	<b>Balance June 30, 2020</b>	<b>Amounts due within year</b>
Bonds Payable (includes premiums/discounts)	\$ 5,568,938	\$ 255,973
Escrow Deposits	184,275	34,793
Annuities Payable	125,818	5,326
Rate Swap Liability	142,185	-
Net Pension Liability	284,409	-
Net Post Employment Liability	321,810	-
Other	355,386	305,872
Total	<u>\$ 6,982,821</u>	<u>\$ 601,964</u>

Not all component units report net pension liabilities and OPEB liabilities; therefore, the notes show a higher liability for the net pension liability of \$7,321 and a higher net OPEB liability of \$8,284 than the financial statements.

#### Landfill Closure and Postclosure Care

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

By the end of the year ended June 30, 2015, all work associated with the closure of the five landfills was completed. Going forward DEEP is required to reimburse the authority for all postclosure care obligations as the five landfills are now certified as closed. All landfill expense reimbursements paid by DEEP totaled \$1,432,337 in FY 2020.

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



Future amounts required to pay principal and interest on direct borrowings and direct placements outstanding as June 30, 2020 were as follows:

Year Ending				
	June 30,	Principal	Interest	Total
2021	\$ 15,790	\$ 11,905	\$	27,695
2022	5,790	11,348		17,138
2023	15,790	11,139		26,929
2024	60,655	10,584		71,239
2025	15,790	8,821		24,611
2026-2030	132,370	31,272		163,642
2031-2035	64,735	11,332		76,067
2036-2040	18,160	985		19,145
Total	\$ 329,080	\$ 97,386	\$	426,466

### GO Demand Bonds

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

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

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

Term out funding would commence on the 271<sup>st</sup> day following the bank purchase date. The outstanding bank bonds would be amortized on a quarterly basis for a three-year period as shown below. The interest on the bonds would be calculated at a rate determined per the Standby Bond Purchase Agreement (base rate plus 1 percent). For example, at the end of fiscal year 2020, the calculated rate was 7.5 percent, based on the terms of the Agreement. The standby bond purchase agreement expires on June 13, 2022. The agreement could be terminated at an earlier date if certain termination events described in the agreement were to occur. As of June 30, 2020, the amount of demand bonds outstanding was \$268,005,000. The table below shows the debt service requirements should the bond holders exercise their option in the full amount of the outstanding demand bonds.

Fiscal Year	Beginning Banked Bonds		Total			Ending Bank Bonds
	Outstanding	Principal	Interest	Debt Service	Outstanding	
First	\$ 268,005,000	\$ 89,335,000	\$ 14,070,263	\$ 103,405,263	\$ 178,670,000	
Second	178,670,000	89,335,000	8,710,613	98,045,163	89,335,000	
Third	89,335,000	89,335,000	3,350,063	92,685,063	-	

### Transportation Related Bonds

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

Transportation Related bonds outstanding and bonds authorized but unissued as June 30, 2020, were as follows (amounts in thousands):

Purpose of Bonds	Final	Original	Amount Outstanding	Authorized
	Maturity Dates	Interest Rates		But Unissued
Infrastructure				
Improvements	2020-2040	3.00-5.740%	\$ 5,875,330	\$ 3,842,476
STO Refunding	2020-2028	3.00-5.00%	549,375	-
			6,424,705	\$ 3,842,476
Accretion-Various Capital Appreciation Bonds			-	
		Total	\$ 6,424,705	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2020, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2021	\$ 339,585	\$ 308,066	\$ 647,651
2022	354,150	294,684	648,834
2023	380,895	277,123	658,018
2024	384,040	259,189	643,229
2025	393,295	239,620	632,915
2065-2030	1,980,775	896,319	2,877,094
2031-2035	1,731,990	418,439	2,150,429
2036-2040	859,975	86,688	946,663
	<u>\$ 6,424,705</u>	<u>\$ 2,780,128</u>	<u>\$ 9,204,833</u>

#### b. Primary Government – Business-Type Activities

##### Revenue Bonds

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

Enterprise funds' revenue bonds outstanding as June 30, 2020, were as follows (amounts in thousands):

Funds	Dates	Rates	(000's)
UConn	2021-2050	1.5-5.25%	\$ 206,655
Board of Regents	2021-2040	2.0-5.25%	332,170
Clean Water	2021-2039	1.0-5.0%	883,775
Drinking Water	2021-2037	1.0-5.0%	146,459
Bradley Parking Garage	2021-2025	6.6%	19,195
Total Revenue Bonds			1,588,254
Plus/(Less) premiums and discounts:			
UConn			26,879
Board of Regents			21,162
Clean Water			131,435
Drinking Water			24,646
Revenue Bonds, net			<u>\$ 1,792,376</u>

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

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

In 2000, Bradley Parking Garage bonds were issued in the amount of \$53.8 million to build a parking garage at the airport. As of June 30, 2020, \$19.2 million of these bonds are outstanding.

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

Future amounts needed to pay principal and interest on revenue bonds outstanding as June 30, 2020, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2021	\$ 83,580	\$ 73,120	\$ 156,700
2022	95,425	69,273	164,698
2023	98,824	64,702	163,526
2024	337,521	166,740	504,261
2025	286,954	97,840	384,794
2026-2030	346,130	113,511	459,641
2031-2035	199,110	50,533	249,643
2036-2040	80,830	22,837	103,667
2041-2045	34,490	11,234	45,724
2046-2050	25,390	2,046	27,436
Total	<u>\$ 1,588,254</u>	<u>\$ 671,836</u>	<u>\$ 2,260,090</u>

### c. Component Units

Component Units' revenue bonds outstanding as June 30, 2020, were as follows (amounts in thousands):

<u>Component Unit</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Outstanding (000's)</u>
CT Housing Finance Authority	2020-2059	0.0-5.5%	\$ 4,809,394
CT Student Loan Foundation	2021-2046	0.274-3.548%	143,825
CT Higher Education Supplemental Loan Authority	2021-2036	1.65-5.25%	186,345
CT Airport Authority	2021-2050	.505-5%	245,695
CT Regional Development Authority	2020-2034	1.00-5.75%	70,670
UConn Foundation	2021-2023	1.00-2.92%	13,297
CT Green Bank	2021-2038	2.00%-7.04%	47,531
Total Revenue Bonds			5,516,757
Plus/(Less) premiums and discounts:			
CHFA			41,026
CSLF			(254)
CHESLA			6,703
CAA			3,193
UConn Foundation			(106)
CRDA			1,619
Revenue Bonds, net			<u>\$ 5,568,938</u>

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

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated September 27, 1972; a special needs indenture dated September 25, 1995, and other bond resolutions dated October 2009. As of December 31, 2019, bonds outstanding under the bond resolution, the indenture, and other bond resolutions were \$4,518.2 million, \$63.4 million, and \$268.8 million, respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's General fund, and (3) all monies and securities of the Authority's General and Capital Reserve funds. The resolution and indenture Capital Reserve funds are required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in any succeeding calendar year on all outstanding bonds. The required reserves are \$336.6 million per the resolution and \$5.2 million per the indenture as December 31, 2019. As of December 31, 2019, the Authority has entered into interest rate swap agreements for \$901.4 million of its

outstanding variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

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

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

### ***Capital Reserves***

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

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

Future amounts needed to pay principal and interest on Component Unit revenue bonds outstanding as June 30, 2020, were as follows (amounts in thousands):

<b>Year Ending</b>				
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2021	\$ 211,630	\$ 174,379	\$	386,009
2022	206,642	167,789		374,431
2023	204,435	162,886		367,321
2024	209,333	156,826		366,159
2025	203,033	150,314		353,347
2026-2030	1,050,945	652,016		1,702,961
2031-2035	1,041,557	472,806		1,514,363
2036-2040	849,935	312,650		1,162,585
2041-2045	744,488	210,760		955,248
2046-2050	689,876	80,460		770,336
2051-2055	70,563	14,389		84,952
2056-2060	34,320	3,996		38,316
	<u>\$ 5,516,757</u>	<u>\$ 2,559,271</u>	<u>\$</u>	<u>8,076,028</u>

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

Under the Self-Sustaining Bond program, acquired from its combination with the Connecticut Development Authority, Connecticut Innovations, Inc., issues revenue bonds to finance such projects as described previously in the Component Unit section of this note. These bonds are paid solely from payments received from participating companies (or from proceeds of the sale of the specific projects in the event of default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances are not included in the Authority's financial statements. Total bonds outstanding for the year ended June 30, 2020 were \$309.2 million.

The Connecticut Health and Educational Facilities Authority has issued Special Obligation bonds for which the principal and interest are payable solely from the revenues of the institutions. Starting in 1999, the Authority elected to remove these bonds and related restricted assets from its financial statements, except for restricted assets for which the Authority has a fiduciary responsibility. Total Special Obligation bonds outstanding at June 30, 2020, were \$8,136.0 million, of which \$332.2 million was secured by special capital reserve funds.



**d. Debt Refundings**

During the fiscal year the State issued General Obligation and Special Tax Obligation bonds of \$464.3 million at an average coupon interest rate of 4.87 percent to refund \$514.8 million of General Obligation and Special Tax Obligation bonds. The State reduced its fund level debt service payments by \$33.3 million over the next 5 years.

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

Also, the State cash defeased \$38.0 million of Special Transportation Second Lien Bonds. In prior years, the State placed the proceeds of refunding bonds in irrevocable trust accounts to provide for all future debt service payments on defeased bonds. The assets of the trust accounts and the liability for defeased bonds are not included in the State's financial statements.

**e. Nonexchange Financial Guarantee**

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

In April 2018, because of the possibility that the City of Hartford would declare bankruptcy, the State of Connecticut began making contract assistance payments for the City of Hartford's then outstanding \$540 million general obligation debt. During fiscal year 2020, the State of Connecticut has paid \$22,620,000 in principal and \$23,046,625 in interest on the guarantee.

The liability recognized for nonexchange financial guarantees by the State of Connecticut at June 30, 2020 is as follows (amounts in thousands):

Beginning of Year	Increases	Decreases	End of Year
\$ 510,275	\$ -	\$ 22,620	\$ 487,655

## Note 18

### Derivative Financial Instruments

As of June 1, 2020, the State no longer had GO bond issues outstanding which have an interest rate SWAP.

The changes in fair value of such derivative instruments for the year then ended are as follows (amounts in thousands; debit (credit)):

	Changes in Fair Value		Fair Value at Year End		
	Classification	Amount	Classification	Amount	Notional
<b>Governmental activities</b>					
Cash flow hedges:	Deferred		Deferred		
Pay-fixed interest	outflow of		outflow of		
rate swap	Resources	\$ 331	Resources	\$ -	\$ -

## Note 19

### Risk Management

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

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

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

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

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

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

	Governmental Activities Workers' Compensation	Business-Type Activities Medical Malpractice
Balance 6-30-18	\$ 747,234	\$ 14,981
Incurred claims	122,847	2,936
Paid claims	(98,328)	(5,759)
Balance 6-30-19	771,753	12,158
Incurred claims	126,426	-
Paid claims	(101,015)	(2,803)
Balance 6-30-20	\$ 797,164	\$ 9,355

## Note 20

### Interfund Receivables and Payables

Interfund receivable and payable balances as June 30, 2020, were as follows (amounts in thousands):

	Balance due to fund(s)											Total
	General	Transportation	Restricted Grants & Accounts	Grant & Loan Programs	Other Governmental	UConn	Board of Regents	Employment Security	Internal Services	Fiduciary	Component Units	
<b>Balance due from fund(s)</b>												
General	\$ -	\$ -	\$ 184	\$ 1	\$ 555	\$ 34,387	\$ 40,640	\$ 3,374	\$ 5,108	\$ 209	\$ -	\$ 84,458
Debt Service	-	274	-	-	-	-	-	-	-	-	-	274
Restricted Grants & Accounts	4,407	-	-	-	-	-	-	-	-	-	6,154	10,561
Grant & Loan Programs	37	-	-	-	-	-	-	-	-	-	-	37
Other Governmental	2,808	-	-	-	12,579	5,384	53,396	-	-	-	-	74,167
UConn	28,299	-	-	-	-	-	-	-	-	-	-	28,299
Board of Regents	746	-	-	-	-	-	-	-	-	-	-	746
Employment Security	-	-	-	-	431	-	-	-	-	-	-	431
Internal Services	8,341	-	-	-	-	-	-	-	-	-	-	8,341
Fiduciary	-	-	-	-	-	-	-	-	-	1,957	-	1,957
Component Units	47,994	-	3,869	-	153	-	-	-	-	-	-	52,016
Total	\$ 92,632	\$ 274	\$ 4,053	\$ 1	\$ 13,718	\$ 39,771	\$ 94,036	\$ 3,374	\$ 5,108	\$ 2,166	\$ 6,154	\$ 261,287

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

## Note 21

### Interfund Transfers

Interfund transfers for the fiscal year ended June 30, 2020, consisted of the following (amounts in thousands):

	Amount transferred to fund(s)										Total
	General	Debt Service	Transportation	Restricted Grants & Accounts	Grants & Loans	Other Governmental	UConn	Board of Regents	Clean Water & Drinking Water		
<b>Amount transferred from fund(s)</b>											
General	\$ 536,905	\$ -	\$ -	\$ 7,000	\$ -	\$ 50,650	\$ 673,386	\$ 584,824	\$ -	\$ 1,852,765	
Debt Service	-	-	14,393	-	-	639	-	-	-	15,032	
Transportation	-	650,747	-	-	-	5,500	-	-	-	656,247	
Restricted Grants & Accounts	-	-	-	-	-	780	-	-	-	780	
Grants and Loans	-	-	-	87,650	1,873	-	-	-	-	89,523	
Other Governmental	144,474	54,205	-	81,290	-	4,693	-	89,536	7,271	381,469	
Clean Water/Drinking Water	-	-	-	-	-	361	-	-	2,840	3,201	
Employment Security	-	-	-	-	-	6,231	-	-	-	6,231	
Total	\$ 681,379	\$ 704,952	\$ 14,393	\$ 175,940	\$ 1,873	\$ 68,854	\$ 673,386	\$ 674,360	\$ 10,111	\$ 3,005,248	

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

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

In fiscal year 2020, Nonmajor Enterprise funds beginning net position was \$239.6 million. During the year Bradley Parking Garage adopted the GASB method for financial reporting purposes. As a result of this change, the debt issuance costs are now considered expensed as incurred. Accordingly, the debt issuance costs have been written off as of the beginning of the fiscal year. As a result of implementing this change, the beginning net position of the Bradley Parking Garage has been restated to \$(6.8) million.

**Fund Balance – Restricted and Assigned**

As of June 30, 2020, restricted and assigned fund balances of nonmajor governmental funds were comprised as follows (amounts in thousands):

	<b>Restricted Purposes</b>	<b>Assigned Purposes</b>
Capital Projects	\$ 729,684	\$ -
Environmental Programs	115,398	-
Housing Programs	586,230	-
Employment Security Administration	17,238	-
Banking	7,265	-
Other	463,851	5,740
<b>Total</b>	<b>\$ 1,919,666</b>	<b>\$ 5,740</b>

**Restricted Net Position**

As of June 30, 2020, the government-wide statement of net position reported \$6,197 million of restricted net position, of which \$297.4 million was restricted by enabling legislation.

**Note 23****Tax Abatements**

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

***Film, Television, and Digital Media Tax Program***

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

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

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

An eligible production company shall apply to the Department of Economic and Community Development (DECD) for a tax credit voucher on an annual basis, but not later than ninety days after the first production expenses are incurred in the production of a

qualified production and will provide with the application information that DECD may require to determine if the company is eligible to claim a credit.

#### ***Urban and Industrial Sites Reinvestment Tax Program***

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

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

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

#### ***Insurance Reinvestment Fund Program***

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

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

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

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

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

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

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

This tax credit may be applied against the taxes imposed under Chapters 207, 208, 209, 210, 211, and 212 of the Connecticut General Statutes.

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

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

#### ***Research and Development Expenditures***

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

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

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

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

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

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

The tax credit may be applied against the taxes imposed under Chapters 207, 208, 209, 210, 211, and 212 of the Connecticut General Statutes.

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

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

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

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

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

This tax credit may be applied against the taxes imposed under Chapters 207, 208, 209, 210, 211, and 212 of the Connecticut General Statutes.

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

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

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

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

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

The tax credit is equal to twenty-five percent of the total qualified rehabilitation expenditures. The tax credit increases to thirty percent of the total qualified rehabilitation expenditures if the project includes a component with at least twenty percent of the rental units or ten percent of for-sale units qualify as affordable housing under Conn. Gen. Stat. §8-39a. The tax credit allowed for any project shall not exceed \$4.5 million.

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

***Enterprise Zone Property Tax Reimbursement Program***

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

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

In most instances, the legislature authorized the DECD commissioner to approve a specified number of zones according to broad eligibility criteria. For example, the initial two designation rounds authorized a total of 10 zones—four in municipalities with a population of 80,000 or more and six in municipalities with a population of fewer than 80,000. The proposed zones also had to meet specific poverty criteria (e.g., 25 percent of the proposed zone's population had to be below the federal poverty level or unemployed). However, the legislature has shifted from this practice, authorizing additional zones based on narrower designation criteria. For example, in 1993 it authorized two additional enterprise zones in municipalities with a population of 80,000 or less that are affected by plant or military base closings (PA 93-331). In 2014, it required the commissioner to approve two additional zones based on population criteria tailored for two specific towns (Thomaston and Wallingford) (PA 14-217). It has also authorized the DECD commissioner to designate zones, under narrow criteria, in addition to those authorized in statute.

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

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

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

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

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

Tax Abatement Program	Amount of Taxes Abated
The Film, Television, and Digital Media Tax Program	
<i>Corporate Income Tax (as of 6/30/2020)</i>	\$ 44,116,794
<i>Insurance Companies (as of 6/30/2020)</i>	57,144,410
The Urban and Industrial Sites Reinvestment Tax Program	
<i>Corporate Income Tax (as of 6/30/2020)</i>	2,520,712
<i>Insurance Companies (as of 6/30/2020)</i>	4,571,904
<i>Public Service Tax (as of 6/30/2020)</i>	18,700,000
The Insurance Reinvestment Fund Program	
<i>Insurance Companies (as of 6/30/2020)</i>	28,428,822
The Connecticut Neighborhood Assistance Act Credit Program	
<i>Corporate Income Tax (as of 6/30/2020)</i>	2,234,321
<i>Insurance Companies (as of 6/30/2020)</i>	875,991
<i>Public Service Tax (as of 6/30/2020)</i>	723,616
Historic Structures Rehabilitation	
<i>Corporate Income Tax (as of 6/30/2020)</i>	1,808,617
<i>Public Service Tax (as of 6/30/2020)</i>	733,618
Historic Preservation	
<i>Corporate Income Tax (as of 6/30/2020)</i>	242,665
<i>Public Service Tax (as of 6/30/2020)</i>	6,323,395
Historic Rehabilitation	
<i>Public Service Tax (as of 6/30/2020)</i>	3,340,372
Research and Development Expenditures	
<i>Corporate Income Tax (as of 6/30/2020)</i>	8,167,248
Manufacturing Facility Credit	
<i>Corporate Income Tax (as of 6/30/2020)</i>	670,422
Enterprise Zone Property Tax Reimbursement Program	
<i>Property Tax (6/30/2020)</i>	-

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



**Note 24****Asset Retirement Obligations**

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

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

**Note 25****Related Organizations**

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

**Note 26****New Accounting Pronouncements**

The State implemented the following statements issued by the Governmental Accounting Standards Board ("GASB"). During the fiscal year 2020, the State adopted the following new accounting standard issued by the Governmental Accounting Standards Board (GASB).

GASB Statement 84, *Fiduciary Activities*.

**GASB Statement 84** - This Statement establishes standards of accounting and financial reporting for fiduciary activities. Statement No. 84 had no material impact on the State's financial statements.

GASB Statement 90, *Majority Equity Interest*.

**GASB Statement 90** - This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. Statement No. 90 had no material impact on the State's financial statements.

**Note 27****Commitments and Contingencies****a. Commitments*****Primary Government***

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

As of June 30, 2020, the State had contractual commitments as follows (amounts in millions):

Infrastructure & Other Transportation Programs	\$1,043
Construction Programs	253
School Construction and Alteration Grant Program	2,118
Clean and Drinking Water Loan Programs	545
Various Programs and Services	3,391

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

**Component Units**

As of December 31, 2019, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately \$183.3 million.

**b. Contingent Liabilities**

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

As of June 30, 2020, the State reported an escheat liability of \$381.8 million in the General fund. This liability represents an estimate of the amount of escheat property likely to be refunded to claimants in the future. However, there is a reasonable possibility that the State could be liable for an additional amount of escheat refunds of \$316.2 million in the future.

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

**c. Litigation**

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

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

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**NOTE 28**  
**COVID-19 Pandemic**

The 2020 Coronavirus (or "COVID-19") has affected, and may continue to adversely affect, economic activity globally, nationally, and locally.

March 11, 2020, the World Health Organization declared the outbreak of the COVID-19 a global pandemic. The pandemic continued through 2020 and is anticipated to continue into 2021. The State continues to monitor the impact the COVID-19 pandemic will have on the State's operations and financial position. The full extent of the economic uncertainty caused by COVID-19 on the State's financial statements in future periods is not yet determinable.

In April 2020, Connecticut received \$1.382 billion from the U.S. Department of Treasury for the Coronavirus Relief Fund (CRF) established by the CARES Act (Public Law 116-136). The CARES Act specifies the CRF can only be used for: necessary expenditures due to the COVID-19 public health emergency, costs that were not budgeted, and costs incurred between March 1, 2020 and December 30, 2020. In December 2020, Congress passed a new Federal relief bill that extends this date to December 30, 2021. Of the \$1.382 billion received, \$63.5 million was recognized with corresponding expenditures in the fiscal year ended June 30, 2020 and the remaining \$1.318.5 billion in CRF are anticipated to be fully utilized on allowable expenses by December 30, 2021.

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**Note 29**  
**Subsequent Events**

In preparing the financial statements, the State has evaluated events and transactions for potential recognition or disclosure in its financial statement footnotes. The effect of this evaluation led the State to report the following events which took place after the date of the State's fiscal year end through to the date these financial statements were issued. The subsequent information regarding the Connecticut Housing Finance Authority includes events which took place after their fiscal year end of December 31, 2019.

In October and December of 2020, the State made transfers in the amount of \$22.9 million and \$38.7 million from the Budget Reserve Fund (BRF) and the General Fund, respectively to the State Employee Retirement Fund (SERF). This transfer was the result of the Budget Reserve Fund exceeding the statutory cap of 15 percent of General Fund appropriations. According to CGS Section 40-30a(c)(1)(A), no further transfers will be made to the Budget Reserve Fund. Instead, the State Treasurer decides what is in the best interest of the state, whether to transfer the balance above the 15 percent threshold as an additional contribution to the State Employee Retirement Fund (SERF) or to the Teachers' Retirement System (TRS). On October 1<sup>st</sup> the State Treasurer announced his decision to transfer the \$22.9 million excess to SERF. The \$38.7 million transfer from the General Fund represented the General Fund surplus in fiscal year 2020, normally this amount is transferred to the Budget Reserve Fund, but because the BRF reached the 15 percent cap the transfer was made to SERF to reduce the pension liability.

In December 2020, the State issued \$800.0 million of General Obligation bonds. The bonds were issued for various projects of the State. The bonds mature in 2041 and bear interest rates ranging from 2 to 5 percent.

In December 2020, the University of Connecticut issued \$160.2 million General Obligation Series A bonds and \$119.1 million General Obligation Series A refunding bonds. The bonds were issued for the purpose of providing funds for the UConn 2000 Infrastructure Improvement Program. The bonds mature in 2041 and bear interest rates ranging from 1.5 to 5 percent.

In July 2020, the Connecticut Health and Educational Facilities Authority issued \$64.8 million Revenue Bonds, McLean Issue Series 2020A, Series 2020B-1 and Series 2020B-2. The proceeds of the Series 2020 Bonds will be loaned to McLean Affiliates, Inc. and will be used primarily for the purpose of (1) financing all or a portion of the costs of the acquisition, construction, expansion, improvement, renovation, furnishing and equipping of McLean's senior living facilities, (2) funding of a separate debt service reserve fund for each series of Series 2020 Bonds, (3) funding, for a period of 29 months, interest on the Series 2020 Bonds, and (4) paying costs of, and related to, issuance of the Series 2020 Bonds.

In September 2020, Connecticut Health and Educational Facilities Authority issued \$25.0 million Revenue Bonds, Fairfield University Issue, Series T bonds which will be special obligations of the Authority and secured under the provisions of the Trust Indenture. These bonds will be paid solely from the revenues of the Authority paid to the Trustee in accordance with the Loan Agreement, between the Authority and Fairfield University.

In September 2020, Connecticut Health and Educational Facilities Authority issued \$125.0 million Revenue Bonds, Sacred Heart University Issue, Series K. The Series K Bonds are special obligations of the State of Connecticut Health and Educational Facilities Authority payable solely from the revenues of the Authority which will be paid to the Trustee for the account of the Authority by Sacred Heart University according to the Loan Agreement between the Authority and the University. The Series K Bonds will be secured under the provisions of the Trust Indenture.

In February 2021, Connecticut Health and Educational Facilities Authority remarketed \$125,000,000 aggregate principal amount of the Authority's Revenue Bonds, Yale University Issue, Series X-2 and \$150,000,000 aggregate principal amount of the Authority's Revenue Bonds, Yale University Issue, Series 2010A-3. Also, in February 2021, the Authority issued \$68,820,000 Series L-1 and \$76,820,000 Series L-2 Revenue Bonds, Stamford Hospital Issue. The Series L Bonds are special obligations of the Authority and payable solely from the revenues of the Authority which will be paid to the Trustee for the account of the Authority by Stamford Hospital according to the Loan Agreement between the Authority and the Hospital. The Series L Bonds will be secured under the provisions of the Trust Indenture.

The Connecticut Housing Finance Authority (CHFA), whose financial statements are published as of December 31st of the calendar year prior to State's fiscal year-end, had numerous financial events between January 1 and the publication of this report including the following.

On January 16, 2020, February 14, 2020, March 26, 2020 and April 1, 2020, the Authority redeemed \$1.8 million, \$1.6 million, \$47.8 million, and \$26.5 million, respectively, of various series of outstanding bonds held under the various resolutions.

In February 2020, the Authority issued \$145.3 million 2020 Series A fixed rate and variable rate bonds. The bond proceeds were used to refund a portion of the Authority's outstanding bonds and to fund the purchase of single-family whole loans and mortgage-backed securities. Also, on this date the Authority entered into a Stand-By Bond Purchase Agreement with Barclays Bank PLC to secure the liquidity needs for 2020 Series A, Subseries A-3 with the principal balance of \$31.3 million. In addition, CHFA entered into a Remarketing Agreement with Barclays Capital Inc. to secure the remarketing needs of 2020 Series A Subseries A-3.

In May 2020, CHFA issued \$75.0 million 2020 Series B private placement bonds with Royal Bank of Canada. These bonds were fully refunded on October 1, 2020.

In August 2020, CHFA issued \$158.2 million of Housing Mortgage Finance Program Series C bonds. The proceeds of the bonds are expected to be used within 90 days of issuance, to refund and/or replace and refund certain current and/or future maturities of Outstanding Bonds and other Authority bonds. The bonds mature in 2032 and bear interest rates ranging from .25 to 5 percent.

In October 2020, Connecticut Housing Finance Authority issued \$149.7 million 2020 Series D Housing Mortgage Finance Program Bonds. The proceeds of the bonds are expected to be used (1) within 90 days of the date of issuance, to refund and/or replace and refund certain current and/or future maturities of Outstanding Bonds, a portion of the bonds were issued to finance certain Multifamily Mortgage Loans, (2) to provide new monies for the financing of Multifamily Mortgage Loans, and (3) to pay certain costs of issuance. The bonds mature in 2060 and bear interest rates between .35 percent and 2.85 percent.

Also, in October 2020, CHFA issued \$224.5 million 2020 Series E Housing Mortgage Finance Program Bonds. The proceeds of the bonds are expected to be used (1) within 90 days of the date of issuance to refund and/or replace and refund certain current and/or future maturities of outstanding bonds and other Authority bonds, a portion of the bonds are to finance certain Home Mortgage Loans and Agency Securities, (2) to provide new monies for the financing of Home Mortgage Loans and Agency Securities, and (3) to pay certain issuance costs. The bonds mature in 2050 and bear interest rates between .35 percent and 1.15 percent.

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INFORMATION*

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## REQUIRED SUPPLEMENTARY INFORMATION BUDGET

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

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

Notes to Required Supplementary Information: Statutory Reporting



**State of Connecticut**

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

For the Fiscal Year Ended June 30, 2020

*(Expressed in Thousands)*

	General Fund			Variance with Final Budget positive (negative)
	Budget		Actual	
	Original	Final		
<b>Revenues</b>				
Budgeted:				
Taxes, Net of Refunds	\$ 17,033,400	\$ 16,298,400	\$ 16,692,816	\$ 394,416
Indian Gaming Payments	226,000	164,100	164,141	41
Licenses, Permits, and Fees	341,200	308,300	307,524	(776)
Other	419,400	819,800	825,547	5,747
Federal Grants	1,526,000	1,798,700	1,796,754	(1,946)
Refunds of Payments	(66,400)	(69,300)	(69,306)	(6)
Operating Transfers In	504,000	136,000	136,000	-
Operating Transfers Out	-	-	-	-
Transfer to BRF - Volatility Adjustment	(318,300)	(318,300)	(530,316)	(212,016)
Transfer to/from the Resources of the General Fund	(205,100)	(132,900)	(129,620)	3,280
Total Revenues	<u>19,460,200</u>	<u>19,004,800</u>	<u>19,193,540</u>	<u>188,740</u>
<b>Expenditures</b>				
Budgeted:				
Legislative	79,241	79,241	69,158	10,083
General Government	678,630	679,643	634,622	45,021
Regulation and Protection	294,691	304,037	280,576	23,461
Conservation and Development	178,554	178,619	171,609	7,010
Health and Hospitals	1,245,764	1,246,073	1,202,890	43,183
Transportation	-	-	-	-
Human Services	4,460,903	4,565,284	4,356,788	208,496
Education, Libraries, and Museums	5,210,415	5,210,598	5,154,647	55,951
Corrections	1,421,096	1,451,065	1,429,124	21,941
Judicial	597,552	598,112	574,735	23,377
Non Functional	5,525,381	5,553,931	5,314,485	239,446
Total Expenditures	<u>19,692,227</u>	<u>19,866,603</u>	<u>19,188,634</u>	<u>677,969</u>
Appropriations Lapsed	209,216	544,128	-	(544,128)
Excess (Deficiency) of Revenues				
Over Expenditures	(22,811)	(317,675)	4,906	(1,033,357)
<b>Other Financing Sources (Uses)</b>				
Prior Year Appropriations Carried Forward	163,950	164,550	164,550	-
Appropriations Continued to Fiscal Year 2021	-	-	(139,105)	(139,105)
Miscellaneous Adjustments	-	295	8,359	8,064
Total Other Financing Sources (Uses)	<u>163,950</u>	<u>164,845</u>	<u>33,804</u>	<u>(131,041)</u>
Net Change in Fund Balance	<u>\$ 141,139</u>	<u>\$ (152,830)</u>	38,710	<u>\$ (1,164,398)</u>
Budgetary Fund Balances - July 1			815,452	
Changes in Reserves			(335,727)	
Budgetary Fund Balances - June 30			<u>\$ 518,435</u>	

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

## State of Connecticut

### Transportation Fund

Budget		Actual		Variance with Final Budget positive (negative)
Original	Final	Actual	Actual	(negative)
\$ 1,315,800	\$ 1,147,900	\$ 1,152,186	\$ 4,286	
-	-	-	-	
425,600	376,900	370,350	(6,550)	
36,100	21,700	21,754	54	
12,100	12,300	12,315	15	
(5,000)	(4,500)	(4,520)	(20)	
(30,000)	(30,000)	(30,000)	-	
(5,500)	(5,500)	(5,500)	-	
-	-	-	-	
-	-	-	-	
<u>1,749,100</u>	<u>1,518,800</u>	<u>1,516,585</u>	<u>(2,215)</u>	
-	-	-	-	
9,635	9,635	9,635	-	
76,344	76,383	63,678	12,705	
2,753	2,753	2,704	49	
-	-	-	-	
731,733	731,899	715,397	16,502	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
953,395	953,190	878,354	74,836	
<u>1,773,860</u>	<u>1,773,860</u>	<u>1,669,768</u>	<u>104,092</u>	
<u>30,300</u>	<u>72,504</u>	<u>-</u>	<u>(72,504)</u>	
<u>5,540</u>	<u>(182,556)</u>	<u>(153,183)</u>	<u>29,373</u>	
33,300	33,300	33,300	-	
-	-	(31,803)	(31,803)	
-	-	-	-	
<u>33,300</u>	<u>33,300</u>	<u>1,497</u>	<u>(31,803)</u>	
<u>\$ 38,840</u>	<u>\$ (149,256)</u>	<u>(151,686)</u>	<u>\$ (2,430)</u>	
		353,417		
		28,503		
		<u>\$ 230,234</u>		

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### STATUTORY REPORTING

#### A. Budgeting Process

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

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

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

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

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

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### B. Reconciliation of Budget/GAAP Reporting Differences

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

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

The following table presents a reconciliation of differences between the statutory change in fund balance and the GAAP change in fund balance at June 30, 2020. Amounts are expressed in thousands.

	General Fund	Transportation Fund
Net change in fund balances (statutory basis)	\$ 38,710	\$ (151,686)
Volatility Deposit Budget Reserve Fund	530,316	-
Increase (Decrease) Statutory Surplus Reserve	(15,600)	30,000
Amortization Payment GAAP Bonds	75,700	-
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	(142,141)	(897)
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	(306,183)	(5,095)
Salaries and Fringe Benefits Payable	14,459	1,923
Increase (Decrease) in Continuing Appropriations	(25,445)	(1,497)
Fund Reclassification-Bus Operations	-	(2,587)
Net change in fund balances (GAAP basis)	\$ 169,816	\$ (129,839)

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

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

Historically, resources from the Rainy Day Fund have only been expended during recessionary periods to cover overall budget shortfalls after other budgetary measures have been exhausted.

In fiscal year 2020, as in the prior fiscal year, significant progress was made toward building the balance of the Budget Reserve Fund. This was primarily due to the revenue volatility cap, first implemented in fiscal year 2018. This statutory provision requires revenues above a certain threshold to be transferred to the Budget Reserve Fund. For fiscal year 2020, the cap was \$3,294.2 million for estimated and final income tax payments and revenue from the Pass-through Entity tax. At year-end, a volatility transfer of \$530.3 million was made to the Budget Reserve Fund.

## State of Connecticut

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Prior to the close of fiscal year 2020, the balance in the Budget Reserve Fund was \$3,036 billion, which represented approximately 15.11 percent of net General Fund appropriations. As a result, the Budget Reserve Fund was \$22.9 million above the statutory 15 percent cap at year-end. According to CGS Section 40-30a(c)(1)(A), no further transfers will be made to the Budget Reserve Fund. Instead the State Treasurer decides what is in the best interest of the state, whether to transfer the balance above the 15 percent threshold as an additional contribution to the State Employee Retirement Fund (SERF) or to the Teachers' Retirement System (TRS). On October 1<sup>st</sup> the State Treasurer announced his decision to transfer to the \$22.9 million excess to SERF. During fiscal year 2021 the General Fund surplus of \$38.7 million will be transferred to SERF to reduce unfunded pension liability.

When the excess \$22.9 million is transferred from the Budget Reserve Fund to SERF this would bring the Budget Reserve Fund to just over \$3.0 billion or approximately 15 percent of net General Fund appropriations for fiscal year 2021. Achieving and surpassing the 15 percent threshold represents an important benchmark for Connecticut. Due to fiscal discipline and hard work, our state is in a much stronger position to provide critical services to those in need and to weather the public health and fiscal crisis brought on by the COVID-19 pandemic.



## REQUIRED SUPPLEMENTARY INFORMATION PENSION PLANS

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

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

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

**State of Connecticut**

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

Last Six Fiscal Years\*

(Expressed in Thousands)

<b>SERS</b>						
<b>Total Pension Liability</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Service Cost	\$ 391,941	\$ 429,321	\$ 480,350	\$ 322,114	\$ 310,472	\$ 287,473
Interest	2,290,633	2,212,890	2,255,533	2,105,947	2,052,651	1,998,736
Benefit Changes	-	-	(1,444,220)	-	-	-
Difference between expected and actual experience	1,224,344	482,904	-	772,762	-	-
Changes of assumptions	-	-	-	4,959,705	-	-
Benefit payments	(2,026,793)	(1,955,985)	(1,847,715)	(1,729,181)	(1,650,465)	(1,563,029)
Refunds of contributions	(6,350)	(7,659)	(7,972)	(7,098)	(7,124)	(3,935)
Net change in total pension liability	1,873,775	1,161,471	(564,024)	6,424,249	705,534	719,245
Total pension liability - beginning	34,214,163	33,052,692	33,616,716	27,192,467	26,486,933	25,767,688
<b>Total pension liability - ending (a)</b>	<b>\$ 36,087,938</b>	<b>\$ 34,214,163</b>	<b>\$ 33,052,692</b>	<b>\$ 33,616,716</b>	<b>\$ 27,192,467</b>	<b>\$ 26,486,933</b>
<b>Plan net position</b>						
Contributions - employer	\$ 1,578,323	\$ 1,443,053	\$ 1,542,298	\$ 1,501,805	\$ 1,371,651	\$ 1,268,890
Contributions - member	489,099	193,942	132,557	135,029	187,339	144,807
Net investment income	710,861	875,944	1,509,862	(100)	294,412	1,443,391
Benefit payments	(2,026,793)	(1,955,985)	(1,847,715)	(1,729,181)	(1,650,465)	(1,563,029)
Administrative expense	(693)	(391)	(674)	(651)	-	-
Refunds of contributions	(6,350)	(7,659)	(7,972)	(7,098)	(7,124)	(3,935)
Other	3,704	(3,139)	(371)	85,608	-	-
Net change in plan net position	748,151	545,765	1,327,985	(14,588)	195,813	1,290,124
Plan net position - beginning	12,527,542	11,981,777	10,653,792	10,668,380	10,472,567	9,182,443
<b>Plan net position - ending (b)</b>	<b>\$ 13,275,693</b>	<b>\$ 12,527,542</b>	<b>\$ 11,981,777</b>	<b>\$ 10,653,792</b>	<b>\$ 10,668,380</b>	<b>\$ 10,472,567</b>
Ratio of plan net position to total pension liability	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%
<b>Net pension liability - ending (a) -(b)</b>	<b>\$ 22,812,245</b>	<b>\$ 21,686,621</b>	<b>\$ 21,070,915</b>	<b>\$ 22,962,924</b>	<b>\$ 16,524,087</b>	<b>\$ 16,014,366</b>
Covered-employee payroll	\$ 3,686,365	\$ 3,428,068	\$ 3,850,978	\$ 3,720,751	\$ 3,618,361	\$ 3,487,577
Net pension liability as a percentage of covered-employee payroll	618.83%	632.62%	547.16%	617.16%	456.67%	459.18%
<b>TRS</b>						
<b>Total Pension Liability</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Service Cost	\$ 463,997	\$ 465,207	\$ 450,563	\$ 419,616	\$ 404,449	\$ 347,198
Interest	2,406,206	2,371,168	2,308,693	2,228,958	2,162,174	2,090,483
Benefit Changes	(224,281)	28,036	-	-	-	-
Difference between expected and actual experience	-	(396,067)	-	(375,805)	-	-
Changes of assumptions	3,875,996	-	-	2,213,190	-	-
Benefit payments	(2,066,641)	(1,994,092)	(1,962,533)	(1,738,131)	(1,773,408)	(1,737,144)
Refunds of contributions	-	-	-	-	(50,329)	-
Net change in total pension liability	4,455,277	474,252	796,723	2,747,828	742,886	700,537
Total pension liability - beginning	31,110,898	30,636,646	29,839,923	27,092,095	26,349,209	25,648,672
<b>Total pension liability - ending (a)</b>	<b>\$ 35,566,175</b>	<b>\$ 31,110,898</b>	<b>\$ 30,636,646</b>	<b>\$ 29,839,923</b>	<b>\$ 27,092,095</b>	<b>\$ 26,349,209</b>
<b>Plan net position</b>						
Contributions - employer	\$ 1,292,672	\$ 1,272,277	\$ 1,012,162	\$ 975,578	\$ 984,110	\$ 948,540
Contributions - member	309,333	312,150	288,251	293,493	228,100	261,213
Net investment income	1,012,089	1,224,931	2,199,895	(18,473)	452,942	2,277,550
Benefit payments	(2,066,641)	(1,994,092)	(1,962,533)	(1,738,131)	(1,773,408)	(1,737,144)
Refunds of contributions	-	-	-	-	(50,329)	-
Other	(837)	(2,753)	1,679	(37,648)	57,749	(5,307)
Net change in plan net position	546,616	812,513	1,539,454	(525,181)	(100,836)	1,744,852
Plan net position - beginning	17,946,839	17,134,326	15,594,872	16,120,053	16,220,889	14,462,903
<b>Plan net position - ending (b)</b>	<b>\$ 18,493,455</b>	<b>\$ 17,946,839</b>	<b>\$ 17,134,326</b>	<b>\$ 15,594,872</b>	<b>\$ 16,120,053</b>	<b>\$ 16,207,755</b>
Ratio of plan net position to total pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%
<b>Net pension liability - ending (a) -(b)</b>	<b>\$ 17,072,720</b>	<b>\$ 13,164,059</b>	<b>\$ 13,502,320</b>	<b>\$ 14,245,051</b>	<b>\$ 10,972,042</b>	<b>\$ 10,141,454</b>
Covered-employee payroll	\$ 4,389,654	\$ 4,321,593	\$ 4,279,755	\$ 4,125,066	\$ 4,078,367	\$ 3,831,624
Net pension liability as a percentage of covered-employee payroll	388.93%	304.61%	315.49%	345.33%	269.03%	264.68%

**State of Connecticut**

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

Last Six Fiscal Years\*

(Expressed in Thousands)

<b>JRS</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>						
Service Cost	\$ 10,834	\$ 11,352	\$ 10,159	\$ 8,508	\$ 8,142	\$ 7,539
Interest	29,559	29,954	29,062	28,251	27,240	26,301
Difference between expected and actual experience	22,095	(18,528)	-	(9,380)	-	-
Changes of assumptions	-	-	-	64,604	-	-
Benefit payments	(29,386)	(27,616)	(24,899)	(22,994)	(22,541)	(21,668)
Net change in total pension liability	33,102	(4,838)	14,322	68,989	12,841	12,172
Total pension liability - beginning	443,087	447,925	433,603	364,614	351,773	339,601
<b>Total pension liability - ending (a)</b>	<b>\$ 476,189</b>	<b>\$ 443,087</b>	<b>\$ 447,925</b>	<b>\$ 433,603</b>	<b>\$ 364,614</b>	<b>\$ 351,773</b>
<b>Plan net position</b>						
Contributions - employer	\$ 27,427	\$ 25,458	\$ 19,164	\$ 18,259	\$ 17,731	\$ 16,298
Contributions - member	1,694	1,663	1,689	1,831	1,791	1,641
Net investment income	13,383	13,178	24,452	1,440	4,781	23,156
Benefit payments	(29,386)	(27,616)	(24,899)	(22,994)	(22,541)	(21,668)
Other	-	-	(39)	1,680	-	-
Net change in plan net position	13,118	12,683	20,367	216	1,762	19,427
Plan net position - beginning	222,808	210,125	189,758	189,542	187,780	168,353
<b>Plan net position - ending (b)</b>	<b>\$ 235,926</b>	<b>\$ 222,808</b>	<b>\$ 210,125</b>	<b>\$ 189,758</b>	<b>\$ 189,542</b>	<b>\$ 187,780</b>
Ratio of plan net position to total pension liability	49.54%	50.29%	46.91%	43.76%	51.98%	53.38%
<b>Net pension liability - ending (a) -(b)</b>	<b>\$ 240,263</b>	<b>\$ 220,279</b>	<b>\$ 237,800</b>	<b>\$ 243,845</b>	<b>\$ 175,072</b>	<b>\$ 163,993</b>
Covered-employee payroll	\$ 34,643	\$ 34,970	\$ 36,467	\$ 34,897	\$ 34,972	\$ 33,386
Net pension liability as a percentage of covered-employee payroll	693.54%	629.91%	652.10%	698.76%	500.61%	491.20%

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



**State of Connecticut**

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

Last Ten Fiscal Years

*(Expressed in Thousands)*

<b><u>SERS</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Actuarially determined employer contribution	\$ 1,575,537	\$ 1,443,110	\$ 1,569,142	\$ 1,514,467
Actual employer contributions	<u>1,578,323</u>	<u>1,443,053</u>	<u>1,542,298</u>	<u>1,501,805</u>
Annual contributions deficiency excess	<u>\$ (2,786)</u>	<u>\$ 57</u>	<u>\$ 26,844</u>	<u>\$ 12,662</u>
Covered Payroll	\$ 3,686,365	\$ 3,428,068	\$ 3,850,978	\$ 3,720,751
Actual contributions as a percentage of covered-employee payroll	42.82%	42.10%	40.05%	40.36%
 <b><u>TRS</u></b>				
Actuarially determined employer contribution	\$ 1,292,314	\$ 1,272,277	\$ 1,012,162	\$ 975,578
Actual employer contributions	<u>1,292,314</u>	<u>1,272,277</u>	<u>1,012,162</u>	<u>975,578</u>
Annual contributions deficiency excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,389,654	\$ 4,321,593	\$ 4,279,755	\$ 4,125,066
Actual contributions as a percentage of covered-employee payroll	29.44%	29.44%	23.65%	23.65%
 <b><u>JRS</u></b>				
Actuarially determined employer contribution	\$ 27,427	\$ 25,458	\$ 19,164	\$ 18,259
Actual employer contributions	<u>27,427</u>	<u>25,458</u>	<u>19,164</u>	<u>18,259</u>
Annual contributions deficiency excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 34,643	\$ 34,970	\$ 36,467	\$ 34,897
Actual contributions as a percentage of covered-employee payroll	79.17%	72.80%	52.55%	52.32%

Valuation Date:

Actuarially determined contribution amounts are calculated as of June 30, 2019.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, closed
	5 year phase into level dollar
Remaining Amortization Period	SERS 25.1 years
	TRS 17.6 years
	JRS 15 years
Asset Valuation Method	SERS & JRS 5 year smoothed market
	TRS 4 year smoothed market value
Investment Rate of Return	SERS & JRS 6.90%
	TRS 8%
Salary Increases	3.25%-19.50% percent, including inflation
Cost-of-Living Adjustments	2.0%-7.5%
Inflation	2.5%-2.75%
Social Security Wage Base	SERS 3.5%

## State of Connecticut

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<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,379,189	\$ 1,268,935	\$ 1,059,652	\$ 926,372	\$ 944,077	\$ 897,428
1,371,651	1,268,890	1,058,113	926,343	825,801	720,527
\$ 7,538	\$ 45	\$ 1,539	\$ 29	\$ 118,276	\$ 176,901
\$ 3,618,361	\$ 3,487,577	\$ 3,480,483	\$ 3,354,682	\$ 3,210,666	\$ 3,295,666
37.91%	36.38%	30.40%	27.61%	25.72%	21.86%
\$ 984,110	\$ 948,540	\$ 787,536	\$ 757,246	\$ 581,593	\$ 559,224
984,110	948,540	787,536	757,246	581,593	559,224
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 4,078,367	\$ 3,930,957	\$ 4,101,750	\$ 3,943,990	\$ 3,823,754	\$ 3,676,686
24.13%	24.13%	19.20%	19.20%	15.21%	15.21%
\$ 17,731	\$ 16,298	\$ 16,006	\$ 15,095	\$ 16,208	\$ 15,399
17,731	16,298	16,006	15,095	-	-
\$ -	\$ -	\$ -	\$ -	\$ 16,208	\$ 15,399
\$ 34,972	\$ 33,386	\$ 31,748	\$ 30,308	\$ 33,102	\$ 31,602
50.70%	48.82%	50.42%	49.81%	0.00%	0.00%

**State of Connecticut**

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

Last Seven Fiscal Years\*

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**Annual money-weighted rates of return**

<u>net of investment expense</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State Employees' Retirement Fund	1.86%	5.88%	7.30%	14.32%	0.23%	2.83%	15.62%
Teachers' Retirement Fund	1.85%	5.85%	7.04%	14.37%	0.17%	2.82%	15.67%
State Judges' Retirement Fund	2.10%	6.12%	6.24%	13.04%	1.11%	2.57%	13.66%

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



## **REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS**

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

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

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

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**State of Connecticut**

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

Last Three Fiscal Year

(Expressed in Thousands)

**SEOPEBP**

<b>Total OPEB Liability</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Service Cost	\$ 848,198	\$ 901,698	\$ 960,992
Interest	737,298	680,154	511,133
Differences between expected and actual experience	(645,590)	-	-
Changes of assumptions	3,417,609	(724,140)	(510,781)
Benefit payments	<u>(593,403)</u>	<u>(648,347)</u>	<u>(639,467)</u>
Net change in total OPEB liability	3,764,112	209,365	321,877
Total OPEB liability - beginning	<u>18,114,287</u>	<u>17,904,922</u>	<u>17,583,045</u>
<b>Total OPEB liability - ending (a)</b>	<b><u>\$ 21,878,399</u></b>	<b><u>\$ 18,114,287</u></b>	<b><u>\$ 17,904,922</u></b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 752,941	\$ 801,893	\$ 667,401
Contributions - member	116,539	116,814	120,783
Net investment income	68,847	37,001	53,194
Benefit payments	(593,403)	(648,347)	(639,467)
Other	<u>1,194</u>	<u>186</u>	<u>(187)</u>
Net change in plan fiduciary net position	346,118	307,547	201,724
Plan fiduciary net position - beginning	<u>849,889</u>	<u>542,342</u>	<u>340,618</u>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 1,196,007</u></b>	<b><u>\$ 849,889</u></b>	<b><u>\$ 542,342</u></b>
Plan fiduciary net position as a percentage of the total OPEB liability	5.47%	4.69%	3.03%
<b>Net OPEB liability - ending (a) -(b)</b>	<b><u>\$ 20,682,392</u></b>	<b><u>\$ 17,264,398</u></b>	<b><u>\$ 17,362,580</u></b>
Covered-employee payroll	\$ 3,619,133	\$ 3,875,035	\$ 3,743,995
Net OPEB liability as a percentage of covered-employee payroll	571.47%	445.53%	463.74%

**RTHP**

<b>Total OPEB Liability</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Service Cost	\$ 87,313	\$ 132,392	\$ 148,220
Interest	105,702	133,597	111,129
Benefit Changes	(339,076)	(1,044,628)	-
Difference between expected and actual experience	66,502	217,853	-
Changes of assumptions	182,438	(196,049)	(370,549)
Benefit payments	<u>(55,154)</u>	<u>(110,622)</u>	<u>(84,071)</u>
Net change in total OPEB liability	47,725	(867,457)	(195,271)
Total OPEB liability - beginning	<u>2,671,315</u>	<u>3,538,772</u>	<u>3,734,043</u>
<b>Total OPEB liability - ending (a)</b>	<b><u>\$ 2,719,040</u></b>	<b><u>\$ 2,671,315</u></b>	<b><u>\$ 3,538,772</u></b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 35,320	\$ 35,299	\$ 19,922
Contributions - member	51,944	51,484	50,436
Net investment income	1,090	411	369
Benefit payments	(55,154)	(110,622)	(84,071)
Administrative expense	(383)	(264)	(150)
Other	<u>(16,100)</u>	<u>-</u>	<u>42</u>
Net change in plan fiduciary net position	16,717	(23,692)	(13,452)
Plan fiduciary net position - beginning	<u>39,736</u>	<u>63,428</u>	<u>76,880</u>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 56,453</u></b>	<b><u>\$ 39,736</u></b>	<b><u>\$ 63,428</u></b>
Plan fiduciary net position as a percentage of the total OPEB liability	2.08%	1.49%	1.79%
<b>Net OPEB liability - ending (a) -(b)</b>	<b><u>\$ 2,662,587</u></b>	<b><u>\$ 2,631,579</u></b>	<b><u>\$ 3,475,344</u></b>
Covered-employee payroll	\$ 4,389,554	\$ 4,075,939	\$ 4,279,755
Net OPEB liability as a percentage of covered-employee payroll	60.66%	64.56%	81.20%

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

**State of Connecticut**

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

Last Nine and Ten Fiscal Years

*(Expressed in Thousands)*

<b><u>SEOPEBP</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Actuarially determined employer contribution	\$ 1,203,406	\$ 1,157,121	\$ 1,043,143	\$ 1,443,716	\$ 1,513,336
Actual employer contributions	<u>752,941</u>	<u>801,893</u>	<u>667,401</u>	<u>608,593</u>	<u>546,284</u>
Annual contributions deficiency excess	<u>\$ 450,465</u>	<u>\$ 355,228</u>	<u>\$ 375,742</u>	<u>\$ 835,123</u>	<u>\$ 967,052</u>
Covered Payroll	\$ 3,619,133	\$ 3,875,035	\$ 3,743,995	\$ 3,895,100	\$ 3,539,800
Actual contributions as a percentage of covered-employee payroll	20.80%	20.69%	17.83%	15.62%	15.43%
<b><u>RTHP</u></b>					
Actuarially determined employer contribution	\$ 167,819	\$ 172,223	\$ 166,802	\$ 130,331	\$ 125,620
Actual employer contributions	<u>35,320</u>	<u>35,299</u>	<u>19,922</u>	<u>19,960</u>	<u>25,145</u>
Annual contributions deficiency excess	<u>\$ 132,499</u>	<u>\$ 136,924</u>	<u>\$ 146,880</u>	<u>\$ 110,371</u>	<u>\$ 100,475</u>
Covered Payroll	\$ 4,389,654	\$ 4,075,939	\$ 4,279,755	\$ 3,949,900	\$ 3,831,600
Actual contributions as a percentage of covered-employee payroll	0.80%	0.87%	0.47%	0.51%	0.66%

**Note:**

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

Valuation Date:

Actuarially determined contribution amounts are calculated as of June 30, 2019

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	SEOPEBP- Entry Age Normal RTHP-Entry Age
Amortization Method	SEOPEBP- Level percent of growing payroll, closed, 30 years RTHP-Level Percent of Payroll over an open period
Remaining Amortization Period	SEOPEBP- 20 years RTHP-30 years
Asset Valuation Method	Market Value
Investment Rate of Return	SEOPEBP-6.9% RTHP-3.0%
Salary Increases	SEOPEBP-3.5%-19.50% RTHP-3.25%-6.5%
Inflation	RTHP-2.75%
Claims Trend Assumption	3.0%-6.00%

**State of Connecticut**

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



**State of Connecticut**

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

Last Seven Fiscal Years\*

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**Annual money-weighted rates of return**

<b><u>net of investment expense</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
OPEB Fund	2.13%	6.62%	5.85%	11.83%	2.44%	3.44%	11.80%

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



*COMBINING FUND  
STATEMENTS  
AND  
SCHEDULES*

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*NONMAJOR  
GOVERNMENTAL  
FUNDS*

**State of Connecticut**

**BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2020

*(Expressed in Thousands)*

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 687,174	\$ 846,718	\$ 8,410	\$ 1,542,302
Investments	345	-	123,818	124,163
Securities Lending Collateral	-	-	11,825	11,825
Receivables:				
Accounts, Net of Allowances	48,145	-	-	48,145
Loans, Net of Allowances	508,960	-	-	508,960
From Other Governments	9,201	-	-	9,201
Due From Component Units	153	-	-	153
From Other Funds	8,822	4,739	4	13,565
Other Receivables	-	-	1	1
Total Assets	<u>\$ 1,262,800</u>	<u>\$ 851,457</u>	<u>\$ 144,058</u>	<u>\$ 2,258,315</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 11,839	\$ 62,387	\$ 207	\$ 74,433
Due to Other Funds	13,876	60,104	187	74,167
Unearned Revenue	10,228	-	-	10,228
Securities Lending Obligation	-	-	11,825	11,825
Total Liabilities	<u>35,943</u>	<u>122,491</u>	<u>12,219</u>	<u>170,653</u>
<b>Deferred Inflows of Resources</b>				
Receivables to be Collected in Future Periods	<u>39,155</u>	<u>-</u>	<u>-</u>	<u>39,155</u>
<b>Fund Balances</b>				
Nonspendable:				
Permanent Fund Principal	-	-	123,818	123,818
Restricted	1,181,962	729,684	8,020	1,919,666
Assigned	5,740	-	-	5,740
Unassigned	-	(718)	1	(717)
Total Fund Balances	<u>1,187,702</u>	<u>728,966</u>	<u>131,839</u>	<u>2,048,507</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,262,800</u>	<u>\$ 851,457</u>	<u>\$ 144,058</u>	<u>\$ 2,258,315</u>

**State of Connecticut**

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

For the Fiscal Year Ended June 30, 2020

*(Expressed in Thousands)*

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Revenues</b>				
Licenses, Permits, and Fees	\$ 139,950	\$ -	\$ 524	\$ 140,474
Tobacco Settlement	118,761	-	-	118,761
Federal Grants and Aid	68,678	-	-	68,678
Charges for Services	721	-	-	721
Fines, Forfeits, and Rents	973	-	-	973
Investment Earnings	6,871	-	6,925	13,796
Interest on Loans	5,964	-	-	5,964
Miscellaneous	124,272	59	-	124,331
Total Revenues	466,190	59	7,449	473,698
<b>Expenditures</b>				
Current:				
Legislative	24	-	-	24
General Government	80,642	-	1,810	82,452
Regulation and Protection	169,791	-	585	170,376
Conservation and Development	169,808	-	804	170,612
Health and Hospitals	80,162	-	-	80,162
Human Services	6,157	-	-	6,157
Education, Libraries, and Museums	1,637	-	57	1,694
Corrections	877	-	-	877
Judicial	51,673	-	-	51,673
Capital Projects	-	952,934	-	952,934
Debt Service:				
Interest and Fiscal Charges	1,258	5,412	-	6,670
Total Expenditures	562,029	958,346	3,256	1,523,631
Excess (Deficiency) of Revenues Over Expenditures	(95,839)	(958,287)	4,193	(1,049,933)
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	334,249	1,194,492	-	1,528,741
Premium on Bonds Issued	27,484	205,517	-	233,001
Transfers In	63,726	-	5,128	68,854
Transfers Out	(183,384)	(197,678)	(407)	(381,469)
Total Other Financing Sources (Uses)	242,075	1,202,331	4,721	1,449,127
Net Change in Fund Balances	146,236	244,044	8,914	399,194
Fund Balances - Beginning	1,041,466	484,922	122,925	1,649,313
Fund Balances - Ending	\$ 1,187,702	\$ 728,966	\$ 131,839	\$ 2,048,507

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## NONMAJOR SPECIAL REVENUE FUNDS

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

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The following are included in the nonmajor special revenue funds:

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



**State of Connecticut**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2020

*(Expressed in Thousands)*

	<u>Workers'</u> <u>Compensation</u>	<u>Banking</u>	<u>Consumer Counsel and Public Utility Control</u>	<u>Insurance</u>	<u>Criminal Injuries</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 16,910	\$ 8,344	\$ 9,057	\$ 7,022	\$ 4,629
Investments	-	-	-	-	-
Receivables:					
Accounts, Net of Allowances	-	43	176	21,888	-
Loans, Net of Allowances	-	-	-	-	-
From Other Governments	-	-	-	-	-
Due From Component Units	-	-	-	-	-
From Other Funds	47	-	-	426	6
Total Assets	<u>\$ 16,957</u>	<u>\$ 8,387</u>	<u>\$ 9,233</u>	<u>\$ 29,336</u>	<u>\$ 4,635</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$ 652	\$ 836	\$ 840	\$ 1,501	\$ 107
Unearned Revenue	-	-	5,230	4,998	-
Due to Other Funds	168	245	240	340	-
Total Liabilities	<u>820</u>	<u>1,081</u>	<u>6,310</u>	<u>6,839</u>	<u>107</u>
<b>Deferred Inflows of Resources</b>					
Receivables to be Collected in Future Periods	-	41	103	15,534	-
<b>Fund Balances</b>					
Restricted	16,137	7,265	2,820	6,963	4,528
Assigned	-	-	-	-	-
Total Fund Balances	<u>16,137</u>	<u>7,265</u>	<u>2,820</u>	<u>6,963</u>	<u>4,528</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 16,957</u>	<u>\$ 8,387</u>	<u>\$ 9,233</u>	<u>\$ 29,336</u>	<u>\$ 4,635</u>

**State of Connecticut**

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Mashantucket Pequot and Mohegan <u>Fund</u>	<u>Regional Market</u>	<u>Soldiers', Sailors', &amp; Marines'</u>	<u>Employment Security Administration</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Tourism</u>	<u>Total</u>
\$ 51	\$ -	\$ -	\$ 12,563	\$ 98,894	\$ 95,408	\$ 434,296	\$ -	\$ 687,174
-	-	-	-	345	-	-	-	345
-	-	-	-	21	19,684	5,510	823	48,145
-	-	-	-	17,882	491,078	-	-	508,960
-	-	-	9,201	-	-	-	-	9,201
-	-	-	-	-	153	-	-	153
-	-	7,841	439	-	-	63	-	8,822
<u>\$ 51</u>	<u>\$ -</u>	<u>\$ 7,841</u>	<u>\$ 22,203</u>	<u>\$ 117,142</u>	<u>\$ 606,323</u>	<u>\$ 439,869</u>	<u>\$ 823</u>	<u>\$ 1,262,800</u>
\$ -	\$ -	\$ -	\$ 3,671	\$ 1,656	\$ 406	\$ 2,170	\$ -	\$ 11,839
-	-	-	-	-	-	-	-	10,228
-	340	7,841	782	67	3	170	3,680	13,876
-	340	7,841	4,453	1,723	409	2,340	3,680	35,943
-	-	-	512	21	19,684	3,260	-	39,155
51	(340)	-	17,238	115,398	586,230	428,529	(2,857)	1,181,962
-	-	-	-	-	-	5,740	-	5,740
51	(340)	-	17,238	115,398	586,230	434,269	(2,857)	1,187,702
<u>\$ 51</u>	<u>\$ -</u>	<u>\$ 7,841</u>	<u>\$ 22,203</u>	<u>\$ 117,142</u>	<u>\$ 606,323</u>	<u>\$ 439,869</u>	<u>\$ 823</u>	<u>\$ 1,262,800</u>

**State of Connecticut**

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

For the Fiscal Year Ended June 30, 2020  
(Expressed in Thousands)

	<u>Workers'</u> <u>Compensation</u>	<u>Banking</u>	<u>Consumer</u> <u>Counsel</u> <u>Public Utility</u> <u>Control</u>	<u>Insurance</u>	<u>Criminal</u> <u>Injuries</u>
<b>Revenues</b>					
Licenses, Permits, and Fees	\$ -	\$ 35,561	\$ 15	\$ 92,019	\$ 625
Tobacco Settlement	-	-	-	-	-
Federal Grants and Aid	-	-	-	-	-
Charges for Services	11	-	-	-	-
Fines, Forfeits, and Rents	-	-	-	-	545
Investment Earnings	475	-	-	3,991	64
Interest on Loans	-	-	-	-	-
Miscellaneous	<u>26,039</u>	<u>169</u>	<u>25,749</u>	<u>4,623</u>	<u>1,500</u>
Total Revenues	<u>26,525</u>	<u>35,730</u>	<u>25,764</u>	<u>100,633</u>	<u>2,734</u>
<b>Expenditures</b>					
Current:					
Legislative	-	-	-	-	-
General Government	673	-	-	533	-
Regulation and Protection	21,059	22,899	1,957	31,358	-
Conservation and Development	-	718	22,326	104	-
Health and Hospitals	-	-	-	69,071	-
Human Services	1,665	-	-	424	-
Education, Libraries, and Museums	-	-	-	-	-
Corrections	-	-	-	-	-
Judicial	-	1,800	-	-	2,017
Debt Service:					
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>23,397</u>	<u>25,417</u>	<u>24,283</u>	<u>101,490</u>	<u>2,017</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,128</u>	<u>10,313</u>	<u>1,481</u>	<u>(857)</u>	<u>717</u>
<b>Other Financing Sources (Uses)</b>					
Bonds Issued	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-
Transfers In	6	12	44	72	-
Transfers Out	-	(5,200)	-	-	-
Total Other Financing Sources (Uses)	<u>6</u>	<u>(5,188)</u>	<u>44</u>	<u>72</u>	<u>-</u>
Net Change in Fund Balances	3,134	5,125	1,525	(785)	717
Fund Balances - Beginning	<u>13,003</u>	<u>2,140</u>	<u>1,295</u>	<u>7,748</u>	<u>3,811</u>
Fund Balances-Ending	<u>\$ 16,137</u>	<u>\$ 7,265</u>	<u>\$ 2,820</u>	<u>\$ 6,963</u>	<u>\$ 4,528</u>

**State of Connecticut**

Mashantucket Pequot and Mohegan <u>Fund</u>	<u>Regional Market</u>	<u>Employment Security Administration</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Tourism</u>	<u>Total</u>
\$ -	\$ -	\$ 2,818	\$ 4,382	\$ -	\$ 4,530	\$ -	\$ 139,950
-	-	-	-	-	118,761	-	118,761
-	-	68,678	-	-	-	-	68,678
-	-	-	-	-	710	-	721
-	401	-	-	-	27	-	973
-	-	180	1,020	64	1,077	-	6,871
-	-	-	9	-	5,955	-	5,964
-	-	14	55	1,424	52,097	12,602	124,272
-	401	71,690	5,466	1,488	183,157	12,602	466,190
-	-	-	-	-	24	-	24
51,472	-	-	5,854	16,090	6,020	-	80,642
-	-	80,980	-	-	11,538	-	169,791
-	569	-	74,873	56,615	1,590	13,013	169,808
-	-	-	6,928	193	3,970	-	80,162
-	-	-	-	-	4,068	-	6,157
-	-	-	-	-	1,637	-	1,637
-	-	-	-	-	877	-	877
-	-	-	-	-	47,856	-	51,673
-	-	-	362	787	109	-	1,258
51,472	569	80,980	88,017	73,685	77,689	13,013	562,029
(51,472)	(168)	(9,290)	(82,551)	(72,197)	105,468	(411)	(95,839)
-	-	-	86,095	222,154	26,000	-	334,249
-	-	-	12,785	11,080	3,619	-	27,484
51,500	-	6,231	361	-	5,500	-	63,726
-	-	-	(19,694)	(10,293)	(148,197)	-	(183,384)
51,500	-	6,231	79,547	222,941	(113,078)	-	242,075
28	(168)	(3,059)	(3,004)	150,744	(7,610)	(411)	146,236
23	(172)	20,297	118,402	435,486	441,879	(2,446)	1,041,466
\$ 51	\$ (340)	\$ 17,238	\$ 115,398	\$ 586,230	\$ 434,269	\$ (2,857)	\$ 1,187,702

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## NONMAJOR CAPITAL PROJECTS FUNDS

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

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The following are included in the nonmajor capital projects funds:

- State Facilities
- Infrastructure
- Other Transportation

**State of Connecticut**

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS**

June 30, 2020

*(Expressed in Thousands)*

	<b>State</b>			
	<b>Facilities</b>	<b>Infrastructure</b>	<b>Transportation</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 291,905	\$ 554,813	\$ -	\$ 846,718
Receivables:				
Due From Other Funds	<u>4,739</u>	<u>-</u>	<u>-</u>	<u>4,739</u>
Total Assets	<u>\$ 296,644</u>	<u>\$ 554,813</u>	<u>\$ -</u>	<u>\$ 851,457</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 16,981	\$ 45,406	\$ -	\$ 62,387
Due To Other Funds	<u>58,846</u>	<u>540</u>	<u>718</u>	<u>60,104</u>
Total Liabilities	<u>75,827</u>	<u>45,946</u>	<u>718</u>	<u>122,491</u>
<b>Fund Balances</b>				
Restricted	220,817	508,867	-	729,684
Unassigned	<u>-</u>	<u>-</u>	<u>(718)</u>	<u>(718)</u>
Total Fund Balances (Deficit)	<u>220,817</u>	<u>508,867</u>	<u>(718)</u>	<u>728,966</u>
Total Liabilities and Fund Balances	<u>\$ 296,644</u>	<u>\$ 554,813</u>	<u>\$ -</u>	<u>\$ 851,457</u>

**State of Connecticut**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS**

For the Fiscal Year Ended June 30, 2020

*(Expressed in Thousands)*

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
<b>Revenues</b>				
Miscellaneous	\$ 59	\$ -	\$ -	\$ 59
Total Revenues	<u>59</u>	<u>-</u>	<u>-</u>	<u>59</u>
<b>Expenditures</b>				
Capital Projects	218,723	734,211	-	952,934
Debt Service:				
Interest and Fiscal Charges	1,387	4,025	-	5,412
Total Expenditures	<u>220,110</u>	<u>738,236</u>	<u>-</u>	<u>958,346</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(220,051)</u>	<u>(738,236)</u>	<u>-</u>	<u>(958,287)</u>
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	344,492	850,000	-	1,194,492
Premium on Bonds Issued	54,775	150,742	-	205,517
Transfer Out	<u>(142,923)</u>	<u>(54,755)</u>	<u>-</u>	<u>(197,678)</u>
Total Other Financing Sources	<u>256,344</u>	<u>945,987</u>	<u>-</u>	<u>1,202,331</u>
Net Change in Fund Balances	36,293	207,751	-	244,044
Fund Balances (Deficit) - Beginning	<u>184,524</u>	<u>301,116</u>	<u>(718)</u>	<u>484,922</u>
Fund Balances (Deficit) - Ending	<u>\$ 220,817</u>	<u>\$ 508,867</u>	<u>\$ (718)</u>	<u>\$ 728,966</u>



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## NONMAJOR PERMANENT FUNDS

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*Permanent funds are used to account for and report the principal and interest earned on investments for the benefit of its citizenry.*

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The following are included in the nonmajor permanent funds:

Soldiers', Sailors', and Marines'  
Connecticut Arts Endowment  
Other

**State of Connecticut**

**COMBINING BALANCE SHEET  
NONMAJOR PERMANENT FUNDS**

June 30, 2020

*(Expressed in Thousands)*

	<b>Soldiers', Sailors', &amp; Marines'</b>	<b>Connecticut Arts Endowment</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 8,410	\$ 8,410
Investments	82,735	19,919	21,164	123,818
Securities Lending Collateral	8,176	1,556	2,093	11,825
Due From Other Funds	-	-	4	4
Other Receivables	1	-	-	1
Total Assets	<u>\$ 90,912</u>	<u>\$ 21,475</u>	<u>\$ 31,671</u>	<u>\$ 144,058</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ 207	\$ 207
Due To Other Funds	-	-	187	187
Securities Lending Obligation	8,176	1,556	2,093	11,825
Total Liabilities	<u>8,176</u>	<u>1,556</u>	<u>2,487</u>	<u>12,219</u>
<b>Fund Balances</b>				
Nonspendable:				
Permanent Fund Principal	82,735	19,919	21,164	123,818
Restricted	-	-	8,020	8,020
Unassigned	1	-	-	1
Total Fund Balances	<u>82,736</u>	<u>19,919</u>	<u>29,184</u>	<u>131,839</u>
Total Liabilities and Fund Balances	<u>\$ 90,912</u>	<u>\$ 21,475</u>	<u>\$ 31,671</u>	<u>\$ 144,058</u>

**State of Connecticut**

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

For the Fiscal Year Ended June 30, 2020

*(Expressed in Thousands)*

	<u>Soldiers', Sailors', &amp; Marines'</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
<b>Revenues</b>				
Licenses, Permits & Fees	\$ -	\$ -	\$ 524	\$ 524
Investment Earnings	5,105	464	1,356	6,925
Total Revenues	5,105	464	1,880	7,449
<b>Expenditures</b>				
General Government	1,427	-	383	1,810
Regulation and Protection	-	-	585	585
Conservation and Development	-	804	-	804
Education, Libraries, and Museums	-	-	57	57
Total Expenditures	1,427	804	1,025	3,256
Excess (Deficiency) of Revenues Over Expenditures	3,678	(340)	855	4,193
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	5,128	5,128
Transfers Out	-	-	(407)	(407)
Total Other Financing Sources (Uses)	-	-	4,721	4,721
Net Change in Fund Balances	3,678	(340)	5,576	8,914
Fund Balances - Beginning	79,058	20,259	23,608	122,925
Fund Balances - Ending	\$ 82,736	\$ 19,919	\$ 29,184	\$ 131,839

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## NONMAJOR ENTERPRISE FUNDS

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*Enterprise funds are used to account and report activities for which a fee is charged in exchange for goods or services.*

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The following are included in the nonmajor enterprise funds:

Bradley Parking Garage  
Second Injury and Compensation Insurance  
Drinking Water

**State of Connecticut**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS**

June 30, 2020

(Expressed in Thousands)

	<b>Second Injury &amp; Compensation Assurance</b>	<b>Bradley Parking Garage</b>	<b>Drinking Water</b>	<b>Total</b>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 50,618	\$ 5,001	\$ 5,126	\$ 60,745
Accounts Receivable, Net of Allowances	4,051	105	-	4,156
Loans, Net of Allowances	-	-	60,231	60,231
Interest Receivable	-	-	1,177	1,177
From Other Governments	-	-	230	230
Restricted Assets	-	3,983	-	3,983
Other	6	-	-	6
Total Current Assets	<u>54,675</u>	<u>9,089</u>	<u>66,764</u>	<u>130,528</u>
Noncurrent Assets:				
Cash and Cash Equivalents	-	-	128,456	128,456
Receivables:				
Loans, Net of Allowances	-	-	141,433	141,433
Restricted Assets	-	4,508	33,727	38,235
Capital Assets, Net of Accumulated Depreciation	-	24,760	-	24,760
Total Noncurrent Assets	<u>-</u>	<u>29,268</u>	<u>303,616</u>	<u>332,884</u>
Total Assets	<u>\$ 54,675</u>	<u>\$ 38,357</u>	<u>\$ 370,380</u>	<u>\$ 463,412</u>
<b>Deferred Outflows of Resources</b>				
Unamortized Losses on Bond Refundings	\$ -	\$ -	\$ 141	\$ 141
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141</u>	<u>\$ 141</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 5,856	\$ 694	\$ 2,168	\$ 8,718
Current Portion of Long-Term Debt	527	3,350	7,576	11,453
Total Current Liabilities	<u>6,383</u>	<u>4,044</u>	<u>9,744</u>	<u>20,171</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Liabilities	957	16,381	163,530	180,868
Total Noncurrent Liabilities	<u>957</u>	<u>16,381</u>	<u>163,530</u>	<u>180,868</u>
Total Liabilities	<u>\$ 7,340</u>	<u>\$ 20,425</u>	<u>\$ 173,274</u>	<u>\$ 201,039</u>
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	\$ -	\$ 5,565	\$ -	\$ 5,565
Restricted for:				
Debt Service	-	8,491	-	8,491
Drinking Water Projects	-	-	170,819	170,819
Unrestricted (Deficit)	47,335	3,876	26,428	77,639
Total Net Position (Deficit)	<u>\$ 47,335</u>	<u>\$ 17,932</u>	<u>\$ 197,247</u>	<u>\$ 262,514</u>

**State of Connecticut**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS**

For the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	<b>Second Injury &amp; Compensation Assurance</b>	<b>Bradley Parking Garage</b>	<b>Drinking Water</b>	<b>Total</b>
<b>Operating Revenues</b>				
Assessments	\$ 25,249	\$ -	\$ -	\$ 25,249
Charges for Sales and Services (Net of discounts \$1,446)	-	22,805	-	22,805
Interest on Loans	-	-	3,990	3,990
Miscellaneous	659	-	-	659
Total Operating Revenues	<u>25,908</u>	<u>22,805</u>	<u>3,990</u>	<u>52,703</u>
<b>Operating Expenses</b>				
Salaries, Wages, and Administrative	7,507	7,397	3,069	17,973
Claims Paid	20,585	-	-	20,585
Depreciation and Amortization	-	1,245	-	1,245
Other	-	-	1,426	1,426
Total Operating Expenses	<u>28,092</u>	<u>8,642</u>	<u>4,495</u>	<u>41,229</u>
Operating Income	<u>(2,184)</u>	<u>14,163</u>	<u>(505)</u>	<u>11,474</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest and Investment Income	771	233	2,924	3,928
Interest and Fiscal Charges	-	(1,267)	(7,082)	(8,349)
Other	-	11,595	1,545	13,140
Total Nonoperating Income (Expense)	<u>771</u>	<u>10,561</u>	<u>(2,613)</u>	<u>8,719</u>
Income (Loss) Before Grants and Transfers	<u>(1,413)</u>	<u>24,724</u>	<u>(3,118)</u>	<u>20,193</u>
Federal Capitalization Grants	-	-	5,964	5,964
Transfers Out	-	-	(3,201)	(3,201)
Change in Net Position	<u>(1,413)</u>	<u>24,724</u>	<u>(355)</u>	<u>22,956</u>
Total Net Position (Deficit) - Beginning (as restated)	<u>48,748</u>	<u>(6,792)</u>	<u>197,602</u>	<u>239,558</u>
Total Net Position (Deficit) - Ending	<u>\$ 47,335</u>	<u>\$ 17,932</u>	<u>\$ 197,247</u>	<u>\$ 262,514</u>



**State of Connecticut**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS**

For the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	<b>Second Injury &amp; Compensation Assurance</b>	<b>Bradley Parking Garage</b>	<b>Drinking Water</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	\$ 28,404	\$ 22,590	\$ 15,801	\$ 66,795
Payments to Suppliers	-	-	(1,426)	(1,426)
Payments to Employees	(7,518)	-	(2,173)	(9,691)
Other Receipts (Payments)	(19,838)	(6,615)	(26,735)	(53,188)
Net Cash Provided by (Used in) Operating Activities	<u>1,048</u>	<u>15,975</u>	<u>(14,533)</u>	<u>2,490</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from Capital Debt	-	(2,267)	-	(2,267)
Interest Paid on Capital Debt	-	(4,273)	-	(4,273)
Federal Capitalization Grants	-	-	6,464	6,464
Other Receipts (Payments)	-	(1,358)	-	(1,358)
Net Cash Flows from Capital and Related Financing Activities	<u>-</u>	<u>(7,898)</u>	<u>6,464</u>	<u>(1,434)</u>
<b>Cash Flows from Noncapital and Related Financing Activities</b>				
Repayment of bonds payable	-	-	(7,587)	(7,587)
Proceeds from bonds payable	-	-	50,000	50,000
Premium on bonds payable	-	-	10,616	10,616
Interest paid on bonds payable	-	-	(6,174)	(6,174)
State minimum guarantee payments	-	(10,083)	-	(10,083)
Transfers In	-	-	(3,201)	(3,201)
Other Receipts (Payments)	-	(628)	-	(628)
Net Cash Flows from Noncapital and Related Financing Activities	<u>-</u>	<u>(10,711)</u>	<u>43,654</u>	<u>32,943</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	(659)	-	2,939	2,280
Other Receipts (Payments)	-	-	(37,945)	(37,945)
Net Cash Flows from Investing Activities	<u>(659)</u>	<u>-</u>	<u>(35,006)</u>	<u>(35,665)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	389	(2,634)	579	(1,666)
Cash and Cash Equivalents - Beginning of Year	50,229	16,126	4,547	70,902
Cash and Cash Equivalents - End of Year	<u>\$ 50,618</u>	<u>\$ 13,492</u>	<u>\$ 5,126</u>	<u>\$ 69,236</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>				
Operating Income (Loss)	\$ (2,184)	\$ 14,163	\$ (505)	\$ 11,474
Adjustments not Affecting Cash:				
Depreciation and Amortization	-	1,245	-	1,245
Other	-	-	-	-
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	2,496	531	(14,028)	(11,001)
(Increase) Decrease in Inventories and Other Assets	21	-	-	21
Increase (Decrease) in Accounts Payables & Accrued Liabilities	715	36	-	751
Total Adjustments	<u>3,232</u>	<u>1,812</u>	<u>(14,028)</u>	<u>(8,984)</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 1,048</u>	<u>\$ 15,975</u>	<u>\$ (14,533)</u>	<u>\$ 2,490</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>				
Cash and Cash Equivalents - Current		\$ 5,001		
Cash and Cash Equivalents - Noncurrent Restricted		4,508		
Cash and Cash Equivalents - Current Restricted		3,983		
		<u>\$ 13,492</u>		
<b>Noncash Investing, Capital, and Financing Activities:</b>				
Capital assets acquisitions via operating advances		\$ 702		
Gain on state and developer payments payable via termination agreement		19,233		
Gain on trustee, custodial and other fees via termination agreement		783		



## NONMAJOR INTERNAL SERVICE FUNDS

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*The internal service funds are used to account for and report the operations of state agencies whose exclusive or nearly exclusive purpose is to provide goods or services to other state agencies on a cost-reimbursement basis.*

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The following are included in the nonmajor internal service funds:

Correction Industries  
Administrative Services  
Information Technology

**State of Connecticut**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS**

June 30, 2020

*(Expressed in Thousands)*

	<u>Correction Industries</u>	<u>Information &amp; Technology</u>	<u>Administrative Services</u>	<u>Total</u>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 8,410	\$ 3,399	\$ -	\$ 11,809
Receivables, Net of Allowances	10	81	28	119
Due From Other Funds	1,013	2,342	1,753	5,108
Inventories	5,213	-	89	5,302
Other Current Assets	32	-	187	219
Total Current Assets	14,678	5,822	2,057	22,557
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	1,048	-	42,451	43,499
Other Noncurrent Assets	-	-	42	42
Total Noncurrent Assets	1,048	-	42,493	43,541
Total Assets	\$ 15,726	\$ 5,822	\$ 44,550	\$ 66,098
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 1,237	\$ 366	\$ 274	\$ 1,877
Due To Other Funds	-	-	8,341	8,341
Compensated Absences-Current Portion	50	17	20	87
Total Current Liabilities	1,287	383	8,635	10,305
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	-	705	-	705
Compensated Absences	689	274	345	1,308
Total Noncurrent Liabilities	689	979	345	2,013
Total Liabilities	\$ 1,976	\$ 1,362	\$ 8,980	\$ 12,318
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 1,048	\$ -	\$ 42,496	\$ 43,544
Unrestricted (Deficit)	12,702	4,460	(6,926)	10,236
Total Net Position	\$ 13,750	\$ 4,460	\$ 35,570	\$ 53,780

**State of Connecticut**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION  
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2020

*(Expressed in Thousands)*

	<u>Correction Industries</u>	<u>Information &amp; Technology</u>	<u>Administrative Services</u>	<u>Total</u>
<b>Operating Revenues</b>				
Charges for Sales and Services	\$ 24,241	\$ 4,624	\$ 21,006	\$ 49,871
Miscellaneous	185	-	-	185
Total Operating Revenues	<u>24,426</u>	<u>4,624</u>	<u>21,006</u>	<u>50,056</u>
<b>Operating Expenses</b>				
Salaries, Wages, and Administrative	22,551	5,456	6,924	34,931
Depreciation and Amortization	424	-	15,776	16,200
Total Operating Expenses	<u>22,975</u>	<u>5,456</u>	<u>22,700</u>	<u>51,131</u>
Operating Income	<u>1,451</u>	<u>(832)</u>	<u>(1,694)</u>	<u>(1,075)</u>
<b>Nonoperating Revenue (Expenses)</b>				
Investment Income	880	-	-	880
Other Nonoperating Revenue (Expense)	(320)	-	-	(320)
Total Nonoperating Revenue (Expense)	<u>560</u>	<u>-</u>	<u>-</u>	<u>560</u>
Change in Net Position	2,011	(832)	(1,694)	(515)
Total Net Position - Beginning	<u>11,739</u>	<u>5,292</u>	<u>37,264</u>	<u>54,295</u>
Total Net Position - Ending	<u>\$ 13,750</u>	<u>\$ 4,460</u>	<u>\$ 35,570</u>	<u>\$ 53,780</u>

**State of Connecticut**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	<u>Correction</u> <u>Industries</u>	<u>Information</u> <u>Technology</u>	<u>Administrative</u> <u>Services</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	\$ 23,859	\$ 4,525	\$ 21,210	\$ 49,594
Payments to Suppliers	(18,624)	(2,166)	(5,011)	(25,801)
Payments to Employees	(3,344)	(3,212)	(4,194)	(10,750)
Other Receipts (Payments)	50	-	35	85
Net Cash Provided by (Used in) Operating Activities	<u>1,941</u>	<u>(853)</u>	<u>12,040</u>	<u>13,128</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Additions to Property, Plant, and Equipment	<u>(566)</u>	<u>-</u>	<u>(12,040)</u>	<u>(12,606)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(566)</u>	<u>-</u>	<u>(12,040)</u>	<u>(12,606)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Other Receipts (Payments)	<u>(320)</u>	<u>-</u>	<u>-</u>	<u>(320)</u>
Net Cash Flows from Noncapital Financing Activities	<u>(320)</u>	<u>-</u>	<u>-</u>	<u>(320)</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	<u>880</u>	<u>-</u>	<u>-</u>	<u>880</u>
Net Cash Flows from Investing Activities	<u>880</u>	<u>-</u>	<u>-</u>	<u>880</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,935	(853)	-	1,082
Cash and Cash Equivalents - Beginning of Year	<u>6,475</u>	<u>4,252</u>	<u>-</u>	<u>10,727</u>
Cash and Cash Equivalents - End of Year	<u>\$ 8,410</u>	<u>\$ 3,399</u>	<u>\$ -</u>	<u>\$ 11,809</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>				
Operating Income	\$ 1,451	\$ (832)	\$ (1,694)	\$ (1,075)
Adjustments Not Affecting Cash:				
Depreciation	424	-	15,776	16,200
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	2	(16)	(5)	(19)
(Increase) Decrease in Due From Other Funds	(384)	(83)	208	(259)
(Increase) Decrease in Inventories and Other Assets	(135)	-	35	(100)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	583	78	(2,280)	(1,619)
Total Adjustments	<u>490</u>	<u>(21)</u>	<u>13,734</u>	<u>14,203</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 1,941</u>	<u>\$ (853)</u>	<u>\$ 12,040</u>	<u>\$ 13,128</u>



## PENSION AND (OTHER EMPLOYEE BENEFIT) TRUST FUNDS

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*The pension and other employee benefit trust funds are used to account for and report the money that has been contributed by both the employer and the employee for pension benefits. A trustee administers the funds and invests the money, collects the earnings and interest and distributes the benefits.*

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The following are included in the pension and (other employee benefit) trust funds:

- State Employees
- State Teachers
- Judicial
- Connecticut Municipal Employees
- Probate Judges
- State Employee OPEB Plan
- Retired Teacher Healthcare Plan
- Policemen, Firemen, and Survivors' Benefits

**State of Connecticut**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

June 30, 2020

(Expressed in Thousands)

	Pension Trust			
	<u>State Employees'</u>	<u>State Teachers'</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees'</u>
<b>Assets</b>				
Current:				
Cash and Cash Equivalents	\$ 30,297	\$ 4,652	\$ 90	\$ 2,578
Receivables:				
Accounts, Net of Allowances	19,765	12,917	8	20,853
From Other Governments	-	98	-	-
From Other Funds	63	11	-	11
Interest	97	140	2	23
Investments	13,199,315	18,275,160	239,673	2,710,890
Securities Lending Collateral	805,329	1,113,263	14,460	163,675
Noncurrent:				
Due From Employers	-	-	-	14,198
Total Assets	<u>\$ 14,054,866</u>	<u>\$ 19,406,241</u>	<u>\$ 254,233</u>	<u>\$ 2,912,228</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 49	\$ 9,111	\$ -	\$ -
Securities Lending Obligation	805,329	1,113,263	14,460	163,675
Due to Other Funds	-	1,957	-	-
Total Liabilities	<u>\$ 805,378</u>	<u>\$ 1,124,331</u>	<u>\$ 14,460</u>	<u>\$ 163,675</u>
<b>Net Position</b>				
Held in Trust For Employee				
Pension and Other Benefits	<u>\$ 13,249,488</u>	<u>\$ 18,281,910</u>	<u>\$ 239,773</u>	<u>\$ 2,748,553</u>
Total Net Position	<u>\$ 13,249,488</u>	<u>\$ 18,281,910</u>	<u>\$ 239,773</u>	<u>\$ 2,748,553</u>

**State of Connecticut**

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<u>Pension Trust</u>		<u>Other Employee Benefits</u>				
<u>Probate Judges</u>	<u>Other</u>	<u>Retired Teacher Healthcare Plan</u>	<u>Policemen, Firemen, and Survivors' Benefits</u>	<u>State Employee OPEB Plan</u>		<u>Total</u>
\$ 75	\$ 469	\$ 72,220	\$ 26	\$ 137,123		\$ 247,530
4	-	-	-	-		53,547
-	-	-	-	-		98
-	1	1,972	-	108		2,166
1	-	-	-	-		263
110,655	2,138	-	37,917	1,437,831		36,013,579
6,685	129	-	2,267	85,848		2,191,656
-	-	-	-	-		14,198
<u>\$ 117,420</u>	<u>\$ 2,737</u>	<u>\$ 74,192</u>	<u>\$ 40,210</u>	<u>\$ 1,660,910</u>		<u>\$ 38,523,037</u>
\$ -	\$ -	\$ 2,251	\$ -	\$ 37,868		\$ 49,279
6,685	129	-	2,267	85,848		2,191,656
-	-	-	-	-		1,957
<u>\$ 6,685</u>	<u>\$ 129</u>	<u>\$ 2,251</u>	<u>\$ 2,267</u>	<u>\$ 123,716</u>		<u>\$ 2,242,892</u>
\$ 110,735	\$ 2,608	\$ 71,941	\$ 37,943	\$ 1,537,194		\$ 36,280,145
<u>\$ 110,735</u>	<u>\$ 2,608</u>	<u>\$ 71,941</u>	<u>\$ 37,943</u>	<u>\$ 1,537,194</u>		<u>\$ 36,280,145</u>



**State of Connecticut**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

For the Fiscal Year Ended June 30, 2020

*(Expressed in Thousands)*

	<b>Pension Trust</b>			<b>Connecticut Municipal Employees'</b>
	<b>State Employees'</b>	<b>State Teachers'</b>	<b>Judicial</b>	
<b>Additions</b>				
Contributions:				
Plan Members	\$ 192,716	\$ 318,217	\$ 1,575	\$ 27,416
State	1,616,312	1,209,573	27,011	-
Municipalities	-	-	-	99,816
Total Contributions	<u>1,809,028</u>	<u>1,527,790</u>	<u>28,586</u>	<u>127,232</u>
Investment Income	325,647	463,582	6,171	71,518
Less: Investment Expenses	<u>(37,421)</u>	<u>(53,271)</u>	<u>(709)</u>	<u>(8,218)</u>
Net Investment Income	<u>288,226</u>	<u>410,311</u>	<u>5,462</u>	<u>63,300</u>
Other	<u>7,511</u>	<u>3,952</u>	<u>-</u>	<u>577</u>
Total Additions	<u>2,104,765</u>	<u>1,942,053</u>	<u>34,048</u>	<u>191,109</u>
<b>Deductions</b>				
Administrative Expense	782	-	-	-
Benefit Payments and Refunds	2,130,188	2,150,168	30,201	190,066
Other	<u>-</u>	<u>3,430</u>	<u>-</u>	<u>732</u>
Total Deductions	<u>2,130,970</u>	<u>2,153,598</u>	<u>30,201</u>	<u>190,798</u>
Changes in Net Position	(26,205)	(211,545)	3,847	311
<b>Net Position Held in Trust For Pension and Other Employee Benefits</b>				
Beginning of Year	<u>13,275,693</u>	<u>18,493,455</u>	<u>235,926</u>	<u>2,748,242</u>
End of Year	<u>\$ 13,249,488</u>	<u>\$ 18,281,910</u>	<u>\$ 239,773</u>	<u>\$ 2,748,553</u>

## State of Connecticut

Pension Trust		Other Employee Benefits			
Probate Judges'	Other	Retired Teachers' Healthcare Plan	Policemen, Firemen, and Survivors' Benefits	State Employees' OPEB Plan	Total
\$ 233	\$ 25	\$ 106,527	\$ 645	\$ 159,377	\$ 806,731
-	-	29,173	-	867,222	3,749,291
-	-	-	982	-	100,798
<u>233</u>	<u>25</u>	<u>135,700</u>	<u>1,627</u>	<u>1,026,599</u>	<u>4,656,820</u>
2,870	54	848	978	37,706	909,374
<u>(330)</u>	<u>(6)</u>	<u>-</u>	<u>(110)</u>	<u>(4,333)</u>	<u>(104,398)</u>
<u>2,540</u>	<u>48</u>	<u>848</u>	<u>868</u>	<u>33,373</u>	<u>804,976</u>
<u>4,247</u>	<u>67</u>	<u>-</u>	<u>-</u>	<u>1,234</u>	<u>17,588</u>
<u>7,020</u>	<u>140</u>	<u>136,548</u>	<u>2,495</u>	<u>1,061,206</u>	<u>5,479,384</u>
-	-	24,464	-	-	25,246
5,928	-	96,596	1,236	623,104	5,227,487
-	-	-	17	96,916	101,095
<u>5,928</u>	<u>-</u>	<u>121,060</u>	<u>1,253</u>	<u>720,020</u>	<u>5,353,828</u>
1,092	140	15,488	1,242	341,186	125,556
<u>109,643</u>	<u>2,468</u>	<u>56,453</u>	<u>36,701</u>	<u>1,196,008</u>	<u>36,154,589</u>
<u>\$ 110,735</u>	<u>\$ 2,608</u>	<u>\$ 71,941</u>	<u>\$ 37,943</u>	<u>\$ 1,537,194</u>	<u>\$ 36,280,145</u>

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## AGENCY FUNDS

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*Agency funds account for and report resources held by the State as an agent for individuals and private organizations for which the state has custodial responsibility for the flow of assets.*

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The following are included in the agency funds:

- Fringe Benefit Clearing
- Receipts Pending Distribution
- Insurance Companies' Securities
- State Institution Activity

**State of Connecticut**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS**

June 30, 2020

(Expressed in Thousands)

	<u>Fringe Benefit Clearing</u>	<u>Receipts Pending Distribution</u>	<u>Insurance Companies' Securities</u>	<u>State Institution Activity</u>	<u>Other</u>	<u>Total</u>
<b>Assets</b>						
Cash and Cash Equivalents	\$ 1,184	\$ 92,655	\$ -	\$ 52,041	\$ 55,733	\$ 201,613
Receivables:						
Accounts, Net of Allowances	-	1,926	-	6	8,890	10,822
Interest	-	-	-	12	12	24
Other Assets	-	-	325,644	15	14,020	339,679
Total Assets	<u>\$ 1,184</u>	<u>\$ 94,581</u>	<u>\$ 325,644</u>	<u>\$ 52,074</u>	<u>\$ 78,655</u>	<u>\$ 552,138</u>
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ -	\$ 45,619	\$ -	\$ 66	\$ 559	\$ 46,244
Funds Held for Others	1,184	48,962	325,644	52,008	78,096	505,894
Total Liabilities	<u>\$ 1,184</u>	<u>\$ 94,581</u>	<u>\$ 325,644</u>	<u>\$ 52,074</u>	<u>\$ 78,655</u>	<u>\$ 552,138</u>

**State of Connecticut**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b><u>Fringe Benefit Clearing</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ 1,562	\$ 378	\$ 1,184
Total Assets	<u>\$ -</u>	<u>\$ 1,562</u>	<u>\$ 378</u>	<u>\$ 1,184</u>
<b>Liabilities</b>				
Due to Other Funds	\$ 379	\$ -	\$ 379	\$ -
Funds Held for Others	(379)	1,962	399	1,184
Total Liabilities	<u>\$ -</u>	<u>\$ 1,962</u>	<u>\$ 778</u>	<u>\$ 1,184</u>
<b><u>Receipts Pending Distribution</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 32,074	\$ 63,891	\$ 3,310	\$ 92,655
Accounts, Net of Allowances	3,463	1,926	3,463	1,926
Total Assets	<u>\$ 35,537</u>	<u>\$ 65,817</u>	<u>\$ 6,773</u>	<u>\$ 94,581</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 44,369	\$ 45,619	\$ 44,369	\$ 45,619
Funds Held for Others	(8,832)	61,027	3,233	48,962
Total Liabilities	<u>\$ 35,537</u>	<u>\$ 106,646</u>	<u>\$ 47,602</u>	<u>\$ 94,581</u>
<b><u>Insurance Companies' Securities</u></b>				
<b>Assets</b>				
Other Assets	\$ 321,871	\$ 325,644	\$ 321,871	\$ 325,644
Total Assets	<u>\$ 321,871</u>	<u>\$ 325,644</u>	<u>\$ 321,871</u>	<u>\$ 325,644</u>
<b>Liabilities</b>				
Funds Held for Others	\$ 321,871	\$ 325,644	\$ 321,871	\$ 325,644
Total Liabilities	<u>\$ 321,871</u>	<u>\$ 325,644</u>	<u>\$ 321,871</u>	<u>\$ 325,644</u>
<b><u>State Institution Activity</u></b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 47,840	\$ 52,041	\$ 47,840	\$ 52,041
Accounts, Net of Allowances	83	6	83	6
Interest	78	12	78	12
Inventories	14	-	14	-
Other Assets	35	15	35	15
Total Assets	<u>\$ 48,050</u>	<u>\$ 52,074</u>	<u>\$ 48,050</u>	<u>\$ 52,074</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 2,109	\$ 66	\$ 2,109	\$ 66
Funds Held for Others	45,941	52,008	45,941	52,008
Total Liabilities	<u>\$ 48,050</u>	<u>\$ 52,074</u>	<u>\$ 48,050</u>	<u>\$ 52,074</u>

*continues*

**State of Connecticut**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

*continued*

For the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>Other</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 53,708	\$ 55,733	\$ 53,708	\$ 55,733
Accounts, Net of Allowances	5,597	8,890	5,597	8,890
Interest	78	12	78	12
Other Assets	<u>12,567</u>	<u>14,020</u>	<u>12,567</u>	<u>14,020</u>
Total Assets	<u>\$ 71,950</u>	<u>\$ 78,655</u>	<u>\$ 71,950</u>	<u>\$ 78,655</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 27	\$ 559	\$ 27	\$ 559
Funds Held for Others	<u>71,923</u>	<u>78,096</u>	<u>71,923</u>	<u>78,096</u>
Total Liabilities	<u>\$ 71,950</u>	<u>\$ 78,655</u>	<u>\$ 71,950</u>	<u>\$ 78,655</u>
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 133,622	\$ 173,227	\$ 105,236	\$ 201,613
Accounts, Net of Allowances	9,143	10,822	9,143	10,822
Interest	156	24	156	24
Inventories	14	-	14	-
Other Assets	<u>334,473</u>	<u>339,679</u>	<u>334,473</u>	<u>339,679</u>
Total Assets	<u>\$ 477,408</u>	<u>\$ 523,752</u>	<u>\$ 449,022</u>	<u>\$ 552,138</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 46,505	\$ 46,244	\$ 46,505	\$ 46,244
Due to Other Funds	379	-	379	-
Funds Held for Others	<u>430,524</u>	<u>518,737</u>	<u>443,367</u>	<u>505,894</u>
Total Liabilities	<u>\$ 477,408</u>	<u>\$ 564,981</u>	<u>\$ 490,251</u>	<u>\$ 552,138</u>



## NONMAJOR COMPONENT UNITS

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*The component units listed below are legally separate organizations for which the State is financially accountable.*

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The following are included in the nonmajor component units:

Connecticut Higher Education Supplemental Loan Authority  
Connecticut Health and Educational Facilities Authority  
Connecticut Student Loan Foundation  
Materials, Innovations, and Recycling Authority  
Connecticut Innovations, Incorporated  
UConn Foundation  
Capital Region Development Authority  
Connecticut Green Bank



**State of Connecticut**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR COMPONENT UNITS**

June 30, 2020

*(Expressed in Thousands)*

	<b>Connecticut Higher Education Supplemental Loan <u>Authority</u></b>	<b>Connecticut Health and Educational Facilities <u>Authority</u></b>	<b>Connecticut Student Loan <u>Foundation</u></b>	<b>Materials, Innovations, and Recycling <u>Authority</u></b>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 6,689	\$ 304	\$ 687	\$ 31,991
Investments	-	6,874	-	-
Receivables:				
Accounts, Net of Allowances	-	1,813	-	6,958
Loans, Net of Allowances	42	-	-	-
Interest Receivable	4	-	-	-
Due From Primary Government	-	-	-	-
Restricted Assets	80,907	304,608	20,912	230
Inventories	-	-	-	5,833
Other Current Assets	26	108	2	2,430
Total Current Assets	<u>87,668</u>	<u>313,707</u>	<u>21,601</u>	<u>47,442</u>
Noncurrent Assets:				
Investments	-	-	-	-
Accounts, Net of Allowances	-	-	-	-
Loans, Net of Allowances	611	-	-	-
Restricted Assets	139,852	6,689	146,003	-
Capital Assets, Net of Accumulated Depreciation	3	245	-	45,597
Other Noncurrent Assets	-	-	-	-
Total Noncurrent Assets	<u>140,466</u>	<u>6,934</u>	<u>146,003</u>	<u>45,597</u>
Total Assets	<u>\$ 228,134</u>	<u>\$ 320,641</u>	<u>\$ 167,604</u>	<u>\$ 93,039</u>
<b>Deferred Outflows of Resources</b>				
Related to Pensions & Other Postemployment	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	\$ 1,240	\$ 329	\$ 956	\$ 5,520
Current Portion of Long-Term Obligations	14,105	-	-	-
Due To Primary Government	-	-	-	-
Amounts Held for Institutions	-	304,608	-	-
Total Current Liabilities	<u>15,345</u>	<u>304,937</u>	<u>956</u>	<u>5,520</u>
Noncurrent Liabilities:				
Pension Liability & OPEB Liability	-	-	-	-
Noncurrent Portion of Long-Term Obligations	178,943	2,163	143,571	-
Total Noncurrent Liabilities	<u>178,943</u>	<u>2,163</u>	<u>143,571</u>	<u>-</u>
Total Liabilities	<u>\$ 194,288</u>	<u>\$ 307,100</u>	<u>\$ 144,527</u>	<u>\$ 5,520</u>
<b>Deferred Inflows of Resources</b>				
Related to Pensions & Other Postemployment	\$ -	\$ -	\$ -	\$ -
Other Deferred Inflows	507	-	-	-
Total Deferred Inflows of Resources	<u>\$ 507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 3	\$ 245	\$ -	\$ 45,597
Restricted:				
Expendable Endowments	-	-	-	-
Nonexpendable Endowments	-	-	-	-
Other Purposes	26,553	4,448	4,024	51
Unrestricted	6,783	8,848	19,053	41,871
Total Net Position	<u>\$ 33,339</u>	<u>\$ 13,541</u>	<u>\$ 23,077</u>	<u>\$ 87,519</u>

**State of Connecticut**

<u>Connecticut Innovations, Incorporated</u>	<u>UConn Foundation</u>	<u>Capital Region Development Authority</u>	<u>Connecticut Green Bank</u>	<u>Total</u>
\$ 56,557	\$ 28,726	\$ 9,074	\$ 8,156	\$ 142,184
1,125	534,144	5,203	-	547,346
511	7,088	1,086	5,466	22,922
3,773	-	521	-	4,336
558	-	-	-	562
337	-	-	-	337
-	-	18,979	-	425,636
-	-	-	-	5,833
181	-	806	11,396	14,949
<u>63,042</u>	<u>569,958</u>	<u>35,669</u>	<u>25,018</u>	<u>1,164,105</u>
123,159	-	-	-	123,159
-	40,229	-	-	40,229
20,214	-	80,964	-	101,789
14,708	-	5,840	14,910	328,002
2,985	4,277	267,875	79,972	400,954
66	3,028	1,023	93,398	97,515
<u>161,132</u>	<u>47,534</u>	<u>355,702</u>	<u>188,280</u>	<u>1,091,648</u>
<u>\$ 224,174</u>	<u>\$ 617,492</u>	<u>\$ 391,371</u>	<u>\$ 213,298</u>	<u>\$ 2,255,753</u>
\$ 18,323	\$ -	\$ -	\$ 11,455	\$ 29,778
-	-	-	2,658	2,658
<u>\$ 18,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,113</u>	<u>\$ 32,436</u>
\$ 7,103	\$ 10,539	\$ 28,048	\$ 19,745	\$ 73,480
-	4,430	4,478	2,871	25,884
153	-	47,994	-	48,147
-	-	-	-	304,608
<u>7,256</u>	<u>14,969</u>	<u>80,520</u>	<u>22,616</u>	<u>452,119</u>
63,445	-	-	53,659	117,104
13	26,024	74,054	70,677	495,445
<u>63,458</u>	<u>26,024</u>	<u>74,054</u>	<u>124,336</u>	<u>612,549</u>
<u>\$ 70,714</u>	<u>\$ 40,993</u>	<u>\$ 154,574</u>	<u>\$ 146,952</u>	<u>\$ 1,064,668</u>
\$ 6,795	\$ -	\$ -	\$ 3,717	\$ 10,512
-	-	-	-	507
<u>\$ 6,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,717</u>	<u>\$ 11,019</u>
\$ 2,985	\$ -	\$ 141,348	\$ 4,529	\$ 194,707
-	12,470	-	-	12,470
-	564,029	-	64,388	628,417
14,542	-	94,874	10,585	155,077
147,461	-	575	(2,760)	221,831
<u>\$ 164,988</u>	<u>\$ 576,499</u>	<u>\$ 236,797</u>	<u>\$ 76,742</u>	<u>\$ 1,212,502</u>

**State of Connecticut**

**COMBINING STATEMENT OF ACTIVITIES  
NONMAJOR COMPONENT UNITS**

For the Fiscal Year Ended June 30, 2020

*(Expressed in Thousands)*

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Connecticut Higher Education Supplemental Loan Authority	\$ 10,806	\$ 9,402	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	6,933	5,816	-	-
Connecticut Student Loan Foundation	6,843	8,075	-	-
Materials, Innovations, and Recycling Authority	88,912	74,280	-	-
Connecticut Innovations, Incorporated	33,666	28,268	-	-
UConn Foundation	49,130	51,534	-	-
Capital Region Development Authority	51,836	36,896	6,249	266
Connecticut Green Bank	53,482	53,247	76	453
Total Nonmajor Component Units	<u>\$ 301,608</u>	<u>\$ 267,518</u>	<u>\$ 6,325</u>	<u>\$ 719</u>

General Revenues:  
 Investment Income  
 Total General Revenues  
 Change in Net Position  
 Total Net Position - Beginning  
 Total Net Position - Ending

**State of Connecticut**

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

<b>Connecticut Higher Education Supplemental Loan Authority</b>	<b>Connecticut Health &amp; Educational Facilities Authority</b>	<b>Connecticut Student Loan Foundation</b>	<b>Materials, Innovations, and Recycling Authority</b>	<b>Connecticut Innovations, Incorporated</b>	<b>UConn Foundation</b>	<b>Capital Region Development Authority</b>	<b>Connecticut Green Bank</b>	<b>Totals</b>
\$ (1,404)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,404)
-	(1,117)	-	-	-	-	-	-	(1,117)
-	-	1,232	-	-	-	-	-	1,232
-	-	-	(14,632)	-	-	-	-	(14,632)
-	-	-	-	(5,398)	-	-	-	(5,398)
-	-	-	-	-	2,404	-	-	2,404
-	-	-	-	-	-	(8,425)	-	(8,425)
-	-	-	-	-	-	-	294	294
<u>(1,404)</u>	<u>(1,117)</u>	<u>1,232</u>	<u>(14,632)</u>	<u>(5,398)</u>	<u>2,404</u>	<u>(8,425)</u>	<u>294</u>	<u>(27,046)</u>
<u>1,855</u>	<u>195</u>	<u>89</u>	<u>423</u>	<u>2,256</u>	<u>24,051</u>	<u>2,458</u>	<u>166</u>	<u>31,493</u>
<u>1,855</u>	<u>195</u>	<u>89</u>	<u>423</u>	<u>2,256</u>	<u>24,051</u>	<u>2,458</u>	<u>166</u>	<u>31,493</u>
<u>451</u>	<u>(922)</u>	<u>1,321</u>	<u>(14,209)</u>	<u>(3,142)</u>	<u>26,455</u>	<u>(5,967)</u>	<u>460</u>	<u>4,447</u>
<u>32,888</u>	<u>14,463</u>	<u>21,756</u>	<u>101,728</u>	<u>168,130</u>	<u>550,044</u>	<u>242,764</u>	<u>76,282</u>	<u>1,208,055</u>
<u>\$ 33,339</u>	<u>\$ 13,541</u>	<u>\$ 23,077</u>	<u>\$ 87,519</u>	<u>\$ 164,988</u>	<u>\$ 576,499</u>	<u>\$ 236,797</u>	<u>\$ 76,742</u>	<u>\$ 1,212,502</u>

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# State of Connecticut

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## Index to Statistical Section

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

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

**State of Connecticut**

**NET POSITION BY COMPONENT**

Fiscal Years 2011 through 2020

*(Expressed in Thousands)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Governmental Activities:</b>			
Net Invested in Capital Assets	\$ 6,165,348	\$ 4,508,124	\$ 4,321,358
Restricted	5,245,213	3,690,050	3,026,254
Unrestricted	<u>(65,848,801)</u>	<u>(61,669,809)</u>	<u>(61,949,017)</u>
Total Governmental Activities Net Position	<u>\$ (54,438,240)</u>	<u>\$ (53,471,635)</u>	<u>\$ (54,601,405)</u>
<b>Business-Type Activities:</b>			
Net Invested in Capital Assets	\$ 4,301,137	\$ 4,261,844	\$ 4,287,451
Restricted	952,149	1,087,127	1,098,547
Unrestricted	<u>1,531,195</u>	<u>1,906,729</u>	<u>1,651,057</u>
Total Business-Type Activities Net Position	<u>\$ 6,784,481</u>	<u>\$ 7,255,700</u>	<u>\$ 7,037,055</u>
<b>Primary Government:</b>			
Net Invested in Capital Assets	\$ 10,466,485	\$ 8,769,968	\$ 8,608,809
Restricted	6,197,362	4,777,177	4,124,801
Unrestricted	<u>(64,317,606)</u>	<u>(59,763,080)</u>	<u>(60,297,960)</u>
Total Primary Government Net Position	<u>\$ (47,653,759)</u>	<u>\$ (46,215,935)</u>	<u>\$ (47,564,350)</u>

\* Restated for implementation of GASB 75

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

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

**State of Connecticut**

2017*	2016	2015	2014	2013	2012	2011
\$ 4,568,371	\$ 4,530,912	\$ 4,957,690	\$ 5,776,818	\$ 5,824,691	\$ 5,305,440	\$ 4,905,025
2,887,909	1,977,196	1,884,897	1,795,757	2,282,900	1,647,790	1,809,873
<u>(72,802,979)</u>	<u>(50,635,847)</u>	<u>(47,667,704)</u>	<u>(24,943,380)</u>	<u>(23,199,567)</u>	<u>(21,984,094)</u>	<u>(20,764,608)</u>
<u>\$ (65,346,699)</u>	<u>\$ (44,127,739)</u>	<u>\$ (40,825,117)</u>	<u>\$ (17,370,805)</u>	<u>\$ (15,091,976)</u>	<u>\$ (15,030,864)</u>	<u>\$ (14,049,710)</u>
\$ 4,126,277	\$ 3,794,464	\$ 3,448,779	\$ 3,169,151	\$ 3,029,092	\$ 2,810,724	\$ 2,818,635
1,017,929	1,089,692	1,154,457	1,065,211	898,180	995,806	1,152,669
<u>1,564,985</u>	<u>1,384,932</u>	<u>895,770</u>	<u>546,492</u>	<u>391,597</u>	<u>360,131</u>	<u>221,932</u>
<u>\$ 6,709,191</u>	<u>\$ 6,269,088</u>	<u>\$ 5,499,006</u>	<u>\$ 4,780,854</u>	<u>\$ 4,318,869</u>	<u>\$ 4,166,661</u>	<u>\$ 4,193,236</u>
\$ 8,694,648	\$ 8,325,376	\$ 8,406,469	\$ 8,945,969	\$ 8,853,783	\$ 8,116,164	\$ 7,723,660
3,905,838	3,066,888	3,039,354	2,860,968	3,181,080	2,643,596	2,962,542
<u>(71,237,994)</u>	<u>(49,250,915)</u>	<u>(46,771,934)</u>	<u>(24,396,888)</u>	<u>(22,807,970)</u>	<u>(21,623,963)</u>	<u>(20,542,676)</u>
<u>\$ (58,637,508)</u>	<u>\$ (37,858,651)</u>	<u>\$ (35,326,111)</u>	<u>\$ (12,589,951)</u>	<u>\$ (10,773,107)</u>	<u>\$ (10,864,203)</u>	<u>\$ (9,856,474)</u>



## State of Connecticut

### CHANGES IN NET POSITION

Fiscal Years 2011 through 2020

(Expressed in Thousands)

	2020	2019	2018	2017*
<b>Expenses</b>				
Governmental Activities:				
Legislative	\$ 130,791	\$ 106,749	\$ 71,859	\$ 224,362
General Government	2,781,819	2,780,984	1,518,254	3,978,094
Regulation and Protection	983,002	841,025	541,574	1,702,904
Conservation and Development	1,186,021	1,177,440	635,923	2,129,012
Health and Hospital	3,072,569	2,629,522	1,611,855	4,731,954
Transportation	2,306,223	2,119,877	1,283,529	2,779,450
Human Services	10,798,994	9,735,805	5,950,282	16,515,682
Education, Libraries, and Museums	5,472,663	5,050,799	3,188,852	9,042,637
Corrections	2,515,179	2,114,693	1,335,350	3,855,999
Judicial	1,130,958	973,088	605,361	1,872,841
Interest and Fiscal Charges	943,366	978,034	888,410	877,822
Total Governmental Activities Expenses	<u>31,321,585</u>	<u>28,508,016</u>	<u>17,631,249</u>	<u>47,710,757</u>
Business-Type Activities:				
University of Connecticut and Health Center	2,651,491	2,485,461	2,402,077	2,310,348
Board of Regents	1,427,138	1,397,779	1,365,312	1,360,029
Employment Security	1,651,699	619,685	696,456	725,609
Clean Water	53,790	42,635	44,267	36,234
Other	49,578	65,075	57,810	66,328
Total Business-Type Activities Expenses	<u>5,833,696</u>	<u>4,610,635</u>	<u>4,565,922</u>	<u>4,498,548</u>
Total Primary Government Expenses	<u>\$ 37,155,281</u>	<u>\$ 33,118,651</u>	<u>\$ 22,197,171</u>	<u>\$ 52,209,305</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services, Fees, Fines, and Forfeitures	\$ 3,163,453	\$ 3,189,819	\$ 2,641,840	\$ 3,037,950
Operating Grants and Contributions	9,578,513	7,882,770	7,562,834	7,367,882
Capital Grants and Contributions	781,968	695,772	650,615	863,002
Total Governmental Activities Program Revenues	<u>13,523,934</u>	<u>11,768,361</u>	<u>10,855,289</u>	<u>11,268,834</u>
Business-Type Activities:				
Charges for Services, Fees, Fines, and Forfeitures	3,437,009	2,991,126	2,947,238	2,886,663
Operating Grants and Contributions	540,273	364,687	350,209	367,287
Capital Grants and Contributions	2,276	3,907	5,099	1,388
Total Business-Type Activities Program Revenues	<u>3,979,558</u>	<u>3,359,720</u>	<u>3,302,546</u>	<u>3,255,338</u>
Total Primary Government Program Revenues	<u>\$ 17,503,492</u>	<u>\$ 15,128,081</u>	<u>\$ 14,157,835</u>	<u>\$ 14,524,172</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (17,797,651)	\$ (16,739,655)	\$ (6,775,960)	\$ (36,441,923)
Business-Type Activities	<u>(1,854,138)</u>	<u>(1,250,915)</u>	<u>(1,263,376)</u>	<u>(1,243,210)</u>
Total Primary Government Net Expense	<u>\$ (19,651,789)</u>	<u>\$ (17,990,570)</u>	<u>\$ (8,039,336)</u>	<u>\$ (37,685,133)</u>

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2016	2015	2014	2013	2012	2011
\$ 139,916	\$ 107,629	\$ 122,679	\$ 106,349	\$ 113,982	\$ 99,542
2,544,489	1,712,498	2,060,294	2,036,173	1,987,920	1,508,994
968,289	1,028,126	905,310	868,187	853,458	780,363
1,103,531	921,859	997,092	665,365	692,719	529,292
2,772,452	2,172,348	2,623,687	2,540,349	2,475,759	2,300,369
2,237,773	1,761,500	1,985,288	1,572,755	1,845,656	1,637,847
9,115,540	6,736,623	8,272,895	7,471,625	7,223,118	6,675,895
5,315,342	4,396,212	4,638,713	4,490,144	4,495,905	4,463,129
2,307,516	1,820,490	2,142,788	1,976,657	2,061,176	1,932,375
1,135,055	873,879	1,004,610	893,860	910,362	828,124
829,246	796,727	922,110	779,515	816,508	873,847
<u>28,469,149</u>	<u>22,327,891</u>	<u>25,675,466</u>	<u>23,400,979</u>	<u>23,476,563</u>	<u>21,629,777</u>
2,255,211	2,154,599	2,050,529	1,872,131	1,801,687	1,806,815
1,362,522	1,319,274	1,231,024	1,154,913	1,129,586	1,132,498
686,494	750,573	1,059,631	1,514,674	1,823,464	2,306,715
38,369	35,125	39,841	50,194	53,330	45,473
65,757	69,099	72,674	58,989	58,152	61,199
<u>4,408,353</u>	<u>4,328,670</u>	<u>4,453,699</u>	<u>4,650,901</u>	<u>4,866,219</u>	<u>5,352,700</u>
<u>\$ 32,877,502</u>	<u>\$ 26,656,561</u>	<u>\$ 30,129,165</u>	<u>\$ 28,051,880</u>	<u>\$ 28,342,782</u>	<u>\$ 26,982,477</u>
\$ 1,997,571	\$ 1,902,257	\$ 1,726,200	\$ 1,575,556	\$ 1,952,042	\$ 1,647,311
7,179,312	7,095,874	6,496,625	5,992,403	5,770,935	6,350,067
778,909	717,358	610,274	767,793	716,056	725,080
<u>9,955,792</u>	<u>9,715,489</u>	<u>8,833,099</u>	<u>8,335,752</u>	<u>8,439,033</u>	<u>8,722,458</u>
2,819,354	2,599,678	2,546,840	2,484,561	2,471,871	2,336,105
594,260	676,418	780,137	1,172,820	1,412,355	1,789,697
6,026	32,807	27,807	51,614	12,328	34,098
<u>3,419,640</u>	<u>3,308,903</u>	<u>3,354,784</u>	<u>3,708,995</u>	<u>3,896,554</u>	<u>4,159,900</u>
<u>\$ 13,375,432</u>	<u>\$ 13,024,392</u>	<u>\$ 12,187,883</u>	<u>\$ 12,044,747</u>	<u>\$ 12,335,587</u>	<u>\$ 12,882,358</u>
\$ (18,513,357)	\$ (12,612,402)	\$ (16,842,367)	\$ (15,065,227)	\$ (15,037,530)	\$ (12,907,319)
(988,713)	(1,019,767)	(1,098,915)	(941,906)	(969,665)	(1,192,800)
<u>\$ (19,502,070)</u>	<u>\$ (13,632,169)</u>	<u>\$ (17,941,282)</u>	<u>\$ (16,007,133)</u>	<u>\$ (16,007,195)</u>	<u>\$ (14,100,119)</u>

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

\* Restated due to implementation of GASB 75

*continued*

## State of Connecticut

### CHANGES IN NET POSITION *(Continued)*

Fiscal Years 2011 through 2020

*(Expressed in Thousands)*

	2020	2019	2018	2017*	2016
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes:					
Personal Income	\$ 7,933,135	\$ 8,377,644	\$ 9,729,298	\$ 8,065,612	\$ 9,091,156
Corporate Income	2,161,686	957,031	791,301	968,438	778,917
Sales and Use	4,237,564	4,332,195	4,219,398	4,226,788	4,224,989
Other	1,973,608	3,550,946	2,352,951	1,882,498	1,231,783
Restricted for Transportation Purposes:					
Motor Fuel	709,425	827,816	1,135,660	907,641	877,371
Other	443,637	425,828	80,163	90,199	69,752
Casino Gaming Payments	164,141	255,239	272,957	269,906	265,907
Tobacco Settlement	118,761	124,508	116,850	123,360	120,448
Lottery Tickets	337,599	360,996	336,239	326,415	335,387
Unrestricted Investment Earnings	99,915	127,543	48,663	29,061	16,535
Special Items:					
Statutory Payment from Component Units			-	-	-
Other			-	-	-
Transfers-Internal Activities	(1,348,425)	(1,470,321)	(1,562,226)	(1,666,956)	(1,746,295)
Total Governmental Activities	<u>16,831,046</u>	<u>17,869,425</u>	<u>17,521,254</u>	<u>15,222,962</u>	<u>15,265,950</u>
Business-Type Activities					
Unrestricted Investment Earnings	34,696	44,318	29,014	16,357	12,500
Special Items:					
Other			-	-	-
Debt Reduction Transfer			-	-	-
Transfers-Internal Activities	1,348,425	1,470,321	1,562,226	1,666,956	1,746,295
Total Business-Type Activities	<u>1,383,121</u>	<u>1,514,639</u>	<u>1,591,240</u>	<u>1,683,313</u>	<u>1,758,795</u>
Total Primary Government	<u>\$ 18,214,167</u>	<u>\$ 19,384,064</u>	<u>\$ 19,112,494</u>	<u>\$ 16,906,275</u>	<u>\$ 17,024,745</u>
<b>Changes in Net Position</b>					
Governmental Activities	\$ (966,605)	\$ 1,129,770	\$ 10,745,294	\$ (21,218,961)	\$ (3,247,407)
Business-Type Activities	(471,017)	263,724	327,864	440,103	770,082
Total Primary Government	<u>\$ (1,437,622)</u>	<u>\$ 1,393,494</u>	<u>\$ 11,073,158</u>	<u>\$ (20,778,858)</u>	<u>\$ (2,477,325)</u>
<b>Other Changes in Net Position</b>					
Governmental Activities:					
Prior-Year Adjustments	\$ -	\$ -	\$ (19,976,848)	\$ -	\$ (55,368,000)
Total Governmental Activities	<u>-</u>	<u>-</u>	<u>(19,976,848)</u>	<u>-</u>	<u>(55,368,000)</u>
Business-Type Activities:					
Prior-Year Adjustments	-	-	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,976,848)</u>	<u>\$ -</u>	<u>\$ (55,368,000)</u>

**State of Connecticut**

2015	2014	2013	2012	2011
\$ 8,186,946	\$ 7,752,553	\$ 7,743,804	\$ 7,360,165	\$ 6,327,263
687,347	627,100	558,287	601,509	726,090
4,167,054	4,116,012	3,953,768	3,880,607	3,365,250
1,735,788	1,796,678	2,327,754	1,953,170	1,655,594
846,062	882,107	693,444	713,477	477,411
83,868	82,216	79,000	76,618	237,242
267,986	279,873	296,396	344,645	359,582
118,988	197,138	123,745	123,799	121,422
319,700	319,500	312,100	310,000	289,300
22,091	27,313	3,942	15,955	18,434
-	31,000	-	-	-
-	-	-	-	-
<u>(1,726,281)</u>	<u>(1,547,952)</u>	<u>(1,088,125)</u>	<u>(1,227,570)</u>	<u>(1,080,151)</u>
<u>14,709,549</u>	<u>14,563,538</u>	<u>15,004,115</u>	<u>14,152,375</u>	<u>12,497,437</u>
11,638	12,948	16,742	18,141	20,483
-	-	-	-	-
-	-	-	-	-
<u>1,726,281</u>	<u>1,547,952</u>	<u>1,088,125</u>	<u>1,227,570</u>	<u>1,080,151</u>
<u>1,737,919</u>	<u>1,560,900</u>	<u>1,104,867</u>	<u>1,245,711</u>	<u>1,100,634</u>
<u>\$ 16,447,468</u>	<u>\$ 16,124,438</u>	<u>\$ 16,108,982</u>	<u>\$ 15,398,086</u>	<u>\$ 13,598,071</u>
\$ 2,097,147	\$ (2,278,829)	\$ (61,112)	\$ (885,155)	\$ (409,882)
718,152	461,985	162,961	276,046	(92,166)
<u>\$ 2,815,299</u>	<u>\$ (1,816,844)</u>	<u>\$ 101,849</u>	<u>\$ (609,109)</u>	<u>\$ (502,048)</u>
<u>\$ (25,551,459)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,999)</u>	<u>\$ 33,217</u>
<u>(25,551,459)</u>	<u>-</u>	<u>-</u>	<u>(95,999)</u>	<u>33,217</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (25,551,459)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,999)</u>	<u>\$ 33,217</u>

**Notes:** In fiscal year 2012 the sales tax increased from 6% to 6.35%. Starting in fiscal year 2013, due to the change in fund classification reported on the previous page, lottery ticket sales were reported as general revenue, rather than as "transfer-internal activities" under the governmental activities section reported above. Transfers-internal activities for fiscal years prior to 2013 have been restated to reflect this change. Other changes in Net Position are direct adjustments to the beginning balance of Net Position (See Note 22).

\* Restated due to implementation of GASB 75

**State of Connecticut**

**FUND BALANCES, GOVERNMENTAL FUNDS**

Fiscal Years 2011 through 2020

*(Expressed in Thousands)*

	2020	2019	2018	2017	2016
General Fund					
Reserved/Nonspendable, Restricted, Committed or Assigned	\$ 3,365,030	\$ 2,892,430	\$ 1,392,115	\$ 326,716	\$ 384,683
Unreserved/Unassigned	(1,072,246)	(771,444)	(241,072)	(821,134)	(998,872)
Total General Fund	<u>\$ 2,292,784</u>	<u>\$ 2,120,986</u>	<u>\$ 1,151,043</u>	<u>\$ (494,418)</u>	<u>\$ (614,189)</u>
All Other Governmental Funds					
Reserved/Nonspendable, Restricted, Committed or Assigned	\$ 6,023,741	\$ 4,382,543	\$ 3,690,199	\$ 2,871,951	\$ 2,466,765
Unreserved/Unassigned					
Transportation Fund	-	-	-	-	-
Special Revenue Funds	-	-	(9)	-	-
Capital Projects Funds	(718)	(718)	(718)	(718)	(718)
Permanent Funds	1	3	2	(7,836)	(7,959)
Total All Other Governmental Funds	<u>\$ 6,023,024</u>	<u>\$ 4,381,828</u>	<u>\$ 3,689,474</u>	<u>\$ 2,863,397</u>	<u>\$ 2,458,088</u>

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

Fiscal Years 2011 through 2020

*(Expressed in Thousands)*

	2020	2019	2018	2017	2016
<b>Revenues</b>					
Taxes	\$ 17,521,135	\$ 18,382,036	\$ 18,249,121	\$ 16,079,037	\$ 16,164,452
Assessments	-	-	-	-	-
Licenses, Permits, and Fees	763,434	781,002	747,129	697,210	733,939
Tobacco Settlement	118,761	124,508	116,850	123,360	120,448
Federal & State Grants and Aid	10,360,481	8,578,543	8,214,067	8,230,884	7,957,998
Lottery Tickets	337,599	360,996	336,239	326,415	335,387
Charges for Services	83,421	95,072	99,795	104,620	109,130
Fines, Forfeits, and Rents	99,148	167,443	124,776	208,948	35,491
Casino Gaming Payments	164,141	255,239	272,957	269,906	265,907
Investment Earnings	93,951	127,529	48,663	29,061	24,484
Interest on Loans	5,964	-	-	-	-
Miscellaneous	2,136,046	2,050,751	1,720,864	1,956,915	1,068,575
Total Revenues	<u>31,684,081</u>	<u>30,923,119</u>	<u>29,930,461</u>	<u>28,026,356</u>	<u>26,815,811</u>
<b>Expenditures</b>					
Legislative	117,076	105,300	107,257	118,345	124,797
General Government	2,526,875	2,714,220	2,337,022	2,112,926	2,307,262
Regulation and Protection	886,502	825,305	817,417	900,509	869,166
Conservation and Development	1,077,267	1,149,354	974,122	1,129,857	1,003,171
Health and Hospital	2,798,231	2,563,398	2,483,960	2,618,119	2,535,805
Transportation	1,763,114	1,555,584	1,582,562	1,573,774	1,680,900
Human Services	9,849,084	9,481,636	9,191,401	8,781,882	8,345,715
Education, Libraries, and Museums	4,978,421	4,927,828	4,894,536	4,802,130	4,845,487
Corrections	2,282,261	2,067,546	2,042,182	2,044,824	2,086,630
Judicial	1,024,440	952,070	922,390	992,433	1,030,324
Capital Projects	952,934	955,637	879,431	998,917	1,202,184
Debt Service:					
Principal	1,889,636	1,383,952	1,882,457	1,737,396	1,636,512
Interest	1,161,426	1,524,947	1,066,183	1,009,785	954,549
Total Expenditures	<u>31,307,267</u>	<u>30,206,777</u>	<u>29,180,920</u>	<u>28,820,897</u>	<u>28,622,502</u>
Revenue Over (Under) Expenditure	376,814	716,342	749,541	(794,541)	(1,806,691)
<b>Other Financing Sources (Uses) and Special Items</b>					
Bonds Issued	2,450,000	2,174,786	2,576,076	3,111,200	2,961,510
Premiums on Bonds Issued	383,481	305,873	243,026	427,324	442,332
Transfers In	1,647,391	2,401,745	2,422,870	1,430,325	1,009,021
Transfers Out	(2,995,816)	(3,888,167)	(3,980,096)	(3,095,031)	(2,755,316)
Refunding Bonds Issued	434,494	803,985	368,668	761,545	721,635
Payment to Refunded Bond Escrow	(492,675)	(861,512)	(402,721)	(821,708)	(841,226)
Capital Lease Obligations	5,632	6,639	3,774	4,174	3,034
Special Items:					
Payment from Component Units	-	-	-	-	-
Other	-	-	-	-	-
Total Other Financing Sources (Uses) and Special Items	<u>1,432,507</u>	<u>943,349</u>	<u>1,231,597</u>	<u>1,817,829</u>	<u>1,540,990</u>
<b>Net Change in Fund Balances</b>	<u>\$ 1,809,321</u>	<u>\$ 1,659,691</u>	<u>\$ 1,981,138</u>	<u>\$ 1,023,288</u>	<u>\$ (265,701)</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	10.15%	10.03%	10.57%	10.22%	9.61%

NOTE: Starting in fiscal year 2013, lottery ticket sales were reported as revenues, rather than as transfers from the Connecticut Lottery Corporation fund.

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

## State of Connecticut

2015	2014	2013	2012	2011
\$ 603,309	\$ 686,017	\$ 628,429	\$ 233,632	\$ 451,637
(793,158)	(727,209)	(1,217,051)	(1,146,053)	(1,748,946)
<u>\$ (189,849)</u>	<u>\$ (41,192)</u>	<u>\$ (588,622)</u>	<u>\$ (912,421)</u>	<u>\$ (1,297,309)</u>
\$ 2,307,993	\$ 2,146,103	\$ 2,592,926	\$ 2,608,751	\$ 2,691,530
-	-	-	-	-
29	-	-	(9)	(1,823)
(718)	(718)	(718)	(718)	(718)
(8,042)	(7,070)	(5,812)	(4,714)	(3,991)
<u>\$ 2,299,262</u>	<u>\$ 2,138,315</u>	<u>\$ 2,586,396</u>	<u>\$ 2,603,310</u>	<u>\$ 2,684,998</u>

2015	2014	2013	2012	2011
\$ 15,714,900	\$ 15,222,023	\$ 15,395,003	\$ 14,712,566	\$ 12,602,015
-	-	-	-	28,444
680,820	692,028	617,132	657,446	601,767
118,988	197,138	123,745	123,799	121,422
7,813,232	7,106,897	6,760,196	6,490,516	7,241,824
319,700	319,500	312,100	310,000	289,300
100,465	107,970	103,622	107,327	98,843
20,821	97,815	74,552	452,358	142,355
267,986	279,873	296,396	344,645	359,582
17,857	26,121	3,042	14,386	18,626
-	-	-	-	-
1,108,994	853,389	804,558	704,405	712,466
<u>26,163,763</u>	<u>24,902,754</u>	<u>24,490,346</u>	<u>23,917,448</u>	<u>22,216,644</u>
120,879	116,344	109,635	103,512	99,989
1,943,795	1,952,284	1,996,036	1,876,249	1,502,016
1,165,741	858,450	883,063	784,002	778,567
1,054,591	945,552	668,303	662,823	527,165
2,499,833	2,488,749	2,472,142	2,374,693	2,271,075
1,643,229	1,482,632	1,508,262	1,534,797	1,441,006
7,762,916	7,835,677	7,213,996	6,967,044	6,578,719
5,041,968	4,509,914	4,226,319	4,185,168	4,255,644
2,069,663	2,030,842	1,958,289	1,939,091	1,920,179
998,193	956,164	893,276	858,339	824,089
934,452	955,785	757,001	547,212	464,023
1,421,518	1,323,303	1,515,283	1,473,894	1,273,278
904,935	893,737	888,243	947,102	945,781
<u>27,561,713</u>	<u>26,349,433</u>	<u>25,089,848</u>	<u>24,253,926</u>	<u>22,881,531</u>
(1,397,950)	(1,446,679)	(599,502)	(336,478)	(664,887)
2,820,167	2,761,025	1,802,290	1,554,801	1,619,625
386,856	390,556	216,795	313,715	74,583
1,023,698	1,058,913	953,198	933,231	922,118
(2,749,979)	(2,606,865)	(2,041,323)	(2,175,501)	(2,005,934)
709,210	1,280,710	194,890	1,219,815	412,870
(780,530)	(1,378,119)	(224,910)	(1,388,158)	(431,550)
3,036	8,828	3,556	6,084	4,089
-	31,000	-	-	-
-	-	-	-	-
<u>1,412,458</u>	<u>1,546,048</u>	<u>904,496</u>	<u>463,987</u>	<u>595,801</u>
<u>\$ 14,508</u>	<u>\$ 99,369</u>	<u>\$ 304,994</u>	<u>\$ 127,509</u>	<u>\$ (69,086)</u>
8.89%	8.94%	10.40%	10.39%	10.19%

**State of Connecticut**

**PERSONAL INCOME TAX FILERS AND LIABILITY BY INCOME LEVEL**

Calendar Years 2009 and 2018

*(Expressed in Thousands)*

Calendar Year 2009

<b><u>Income Level</u></b>	<b><u>Number of Filers</u></b>	<b><u>Percentage of Total</u></b>	<b><u>Personal Income Tax Liability</u></b>
\$50,000 and under	806,699	54.2%	\$ 331,603,879
\$50,001 - \$100,000	381,396	25.6%	1,115,293,454
\$100,001-\$200,000	217,119	14.6%	1,386,232,882
\$200,001-\$500,000	62,700	4.2%	880,016,698
\$500,001-\$2,000,000	16,887	1.1%	750,355,759
\$2,000,000 and up	<u>2,897</u>	<u>0.2%</u>	<u>1,378,170,739</u>
Total	<u>1,487,698</u>	<u>100.0%</u>	<u>\$ 5,841,673,411</u>

**Note:** Due to confidentiality issues, the names of the ten largest tax payers are not available.

The categories presented are intended to provide alternative information regarding the sources of the State's tax revenue. Calendar Year 2018 is the most recent year for which the data is available.

**Source:** Department of Revenue Services reporting for fiscal year ending June 30, 2020.

**State of Connecticut**

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**Calendar Year 2018**

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<b>Percentage of Total</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Personal Income Tax Liability</b>	<b>Percentage of Total</b>
5.7%	935,658	49.0%	\$ 337,728,914	3.4%
19.1%	456,033	23.9%	1,307,070,102	13.3%
23.7%	316,933	16.6%	2,024,653,792	20.6%
15.1%	141,006	7.4%	1,903,179,914	19.3%
12.8%	47,360	2.5%	1,813,400,024	18.4%
<u>23.6%</u>	<u>13,093</u>	<u>0.8%</u>	<u>2,459,796,202</u>	<u>25.0%</u>
<u>100.0%</u>	<u>1,910,083</u>	<u>100.0%</u>	<u>\$ 9,845,828,948</u>	<u>100.0%</u>

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**State of Connecticut**

**PERSONAL INCOME BY MAJOR COMPONENT**

Calendar Years 2011 through 2020

(Expressed in Thousands)

Description	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Income by place of residence (seasonally adjusted)</b>			
Personal income	286,780,000	\$ 284,033,700	\$ 265,637,000
Average Effective Rate for Personal Income (note 1)	2.78%	3.08%	3.69%
Derivation of personal income:			
Earnings by place of work	177,246,000	182,436,100	172,127,000
Less: Contributions for government social insurance (note 2):			
Employee and self-employed contributions for government social insurance	9,899,000	9,949,500	9,412,000
Employer contributions for government social insurance	8,422,000	8,316,900	8,139,000
Plus: Adjustment for residence (note 3)	18,475,000	18,508,200	16,622,000
<b>Equals: Net earnings by place of residence</b>	177,401,000	182,678,000	171,198,000
Plus: Dividends, interest, and rent (note 4 & 7)	59,574,000	63,566,700	59,736,000
Plus: Personal current transfer receipts	49,805,000	37,789,000	34,702,000
Components of earnings by place of work:			
Wages and salaries	120,550,000	121,097,300	117,067,000
Supplements to wages and salaries:			
Employer contributions for employee pension and insurance funds (note 5 & 8)	26,312,000	27,639,700	26,024,000
Employer contributions for government social insurance	8,422,000	8,316,900	8,139,000
Proprietors' income (note 6 & 9):			
Farm proprietors' income	185,000	2,070	(23,000)
Nonfarm proprietors' income	30,200,000	3,367,840	29,059,000

**Notes:**

- 1/ Nonfarm personal income is total personal income less farm income.
- 2/ Farm income is farm earnings less farm employer contributions for government social insurance.
- 3/ Mid quarter population estimates by state are derived by BEA based on unpublished Census Bureau estimates of beginning of month population. Quarterly estimates for 2011-2018 reflect unpublished monthly population estimates available as of February 2018.
- 4/ Per capita personal income is total personal income divided by total midyear population.
- 5/ Employer contributions for government social insurance are included in earnings by industry and earnings by place of work, but they excluded from net earnings by place of.
- 6/ The adjustment for residence is the net inflow of the earnings of interarea commuters. For the United States, it consists of adjustments for border workers and US residents employed by international organizations and foreign embassies.
- 7/ Rental income of persons includes the capital consumption adjustment.
- 8/ Includes actual employer contributions and actuarially imputed employer contributions to reflect benefits accrued by defined benefit pension plan participants through service to employers in the current period.
- 9/ Proprietors' income includes the inventory valuation adjustment and the capital consumption adjustment.

Note-- All dollar estimates are in current dollars (not adjusted for inflation).

(NA) Data not available for this year.

Last updated: September 25, 2018-- new estimates for 2018:Q2; revised estimates for 1998:Q1-2018:Q1.

(NA) Data not available for this year.

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

**State of Connecticut**

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<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 256,225,149 3.06%	\$ 252,249,206 3.23%	\$ 246,709,339 3.33%	\$ 239,829,273 3.27%	\$ 230,614,790 3.24%	\$ 233,710,888 3.14%	\$ 229,211,506 2.82%
169,971,596	168,342,395	164,941,621	160,754,656	155,343,894	156,192,927	158,317,960
8,965,858	8,829,408	8,665,734	8,440,527	8,122,502	6,120,443	6,013,172
7,868,874	7,788,722	7,707,569	7,504,621	7,331,676	7,213,262	6,989,204
<u>15,103,892</u>	<u>14,818,234</u>	<u>14,271,664</u>	<u>13,158,832</u>	<u>12,662,206</u>	<u>13,518,623</u>	<u>11,709,612</u>
168,240,756	166,542,499	162,839,982	157,968,340	152,551,922	156,377,845	157,025,196
54,525,505	52,952,710	52,179,464	51,244,356	48,198,709	47,804,030	43,030,842
33,458,888	32,753,997	31,689,893	30,616,577	29,864,168	29,529,013	29,155,468
114,685,688	114,057,180	112,326,830	109,039,641	105,486,854	104,278,374	101,598,704
17,338,397	17,392,404	17,036,521	16,701,290	16,521,067	16,454,330	16,635,251
7,868,874	7,788,722	7,707,569	7,504,621	7,331,676	7,213,262	6,989,204
(17,080)	(8,148)	(9,627)	(12,648)	15,905	(2,111)	4,641
30,095,717	29,112,237	27,880,328	27,521,752	25,988,392	28,249,072	33,090,160

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**State of Connecticut**

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**PERSONAL INCOME TAX RATES**

Calendar Years 2011 through 2020

*(Expressed in Thousands)*

**For taxable years commencing on or after January 1, 2015:** <sup>[1]</sup>

5.00%	\$10,000 - \$50,000	\$20,000 - \$100,000	\$16,000 - \$80,000	3.28%
5.50%	\$50,000 - \$100,000	\$100,000 - \$200,000	\$80,000 - \$160,000	3.28%
6.00%	\$100,000 - \$200,000	\$200,000 - \$400,000	\$160,000 - \$320,000	3.28%
6.50%	\$200,000 - \$250,000	\$400,000 - \$500,000	\$320,000 - \$400,000	3.28%
6.90%	\$250,000 - \$500,000	\$500,000 - \$1,000,000	\$400,000 - \$800,000	3.28%
6.99%	greater than \$500,000	greater than \$1,000,000	greater than \$800,000	3.28%

**For taxable years commencing prior to January 1, 2015:**

6.70%	greater than \$250,000	greater than \$500,000	greater than \$400,000	1.85%
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**Notes:**

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

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

The average effective rate equals the fiscal year's net tax collections divided by prior-year total personal income based on 'statistics provided 'by the U. S. Bureau of Economic Analysis.

**Source:** Department of Revenue Services - Annual Report.

**State of Connecticut**

**LEGAL DEBT MARGIN INFORMATION**

Last Ten Fiscal Years

*(Expressed in Thousands)*

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Estimated General Fund Tax Receipts	\$ 17,033,400	\$ 15,862,300	\$ 15,862,300	\$ 15,519,900
Statutory Multiplier	1.6	1.6	1.6	1.6
Statutory Debt Limit for Debt Incurred	27,253,440	25,379,680	25,379,680	24,831,840
Less: Authorized Bonds, Notes, and Other Obligations Subject to Certain Limitations	21,797,324	21,934,383	22,661,976	21,206,270
Legal Debt Margin	<b>\$ 5,456,116</b>	<b>\$ 3,445,297</b>	<b>\$ 2,717,704</b>	<b>\$ 3,625,570</b>
Legal Debt Margin as a percentage of the debt limit	<u>20.02%</u>	<u>13.58%</u>	<u>10.71%</u>	<u>14.60%</u>
Date Calculation was made	5/1/20	2/1/19	7/1/18	2/15/17

**Source:** State of Connecticut General Obligation Bonds Offering Statement dated June 2020

**State of Connecticut**

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<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 15,519,900	\$ 15,711,565	\$ 14,334,000	\$ 14,334,000	\$ 14,019,100	\$ 14,019,100
<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>
24,831,840	25,138,504	22,934,400	22,934,400	22,430,560	22,430,560
<u>21,886,034</u>	<u>21,520,230</u>	<u>18,456,323</u>	<u>18,970,659</u>	<u>15,180,510</u>	<u>15,493,181</u>
<u>\$ 2,945,806</u>	<u>\$ 3,618,274</u>	<u>\$ 4,478,077</u>	<u>\$ 3,963,741</u>	<u>\$ 7,250,050</u>	<u>\$ 6,937,379</u>
<u>11.86%</u>	<u>14.39%</u>	<u>19.53%</u>	<u>17.28%</u>	<u>32.32%</u>	<u>30.93%</u>
7/1/16	7/1/15	12/15/13	7/1/13	2/1/12	10/1/11

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## State of Connecticut

### RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

*(Expressed in Thousands)*

	2020	2019	2018	2017
<b>Governmental Activities</b>				
General Obligation Bonds	\$ 18,480,218	\$ 18,368,713	\$ 18,763,228	\$ 18,398,554
Transportation Obligation Bonds	6,424,705	5,957,640	5,540,495	5,041,840
Direct Borrowings and Direct Placements	329,080	374,080	-	-
Long-Term Notes	-	-	-	177,120
Capital Leases	15,132	27,997	27,576	30,900
<b>Total Governmental Activities</b>	<u>25,249,135</u>	<u>24,728,430</u>	<u>24,331,299</u>	<u>23,648,414</u>
<b>Business-Type Activities</b>				
Revenue Bonds	1,792,376	1,455,935	1,494,355	1,442,805
<b>Total Business-Type Activities</b>	<u>1,792,376</u>	<u>1,455,935</u>	<u>1,494,355</u>	<u>1,442,805</u>
<b>Total Primary Government</b>	<u>\$ 27,041,511</u>	<u>\$ 26,184,365</u>	<u>\$ 25,825,654</u>	<u>\$ 25,091,219</u>
<b>Debt as a Percentage of Personal Income</b>	9.43%	9.22%	9.72%	9.79%
<b>Amount of Debt Per Capita</b>	\$ 7,602	\$ 7,339	\$ 7,228	\$ 7,020

**Notes:** Details regarding the State's debt can be found in Note 17 of the financial statements.

### RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

*(Expressed in Thousands)*

	2020	2019	2018	2017
General Obligation Bonds	\$ 18,480,218	\$ 18,368,713	\$ 18,763,228	\$ 18,398,554
Transportation Obligation Bonds	6,424,705	5,957,640	5,540,495	5,041,840
Direct Borrowings and Direct Placements	329,080	374,080	-	-
Debt Service Fund Balance	(1,024,577)	(991,788)	(901,920)	(827,125)
<b>Net General Obligation Bonded Debt</b>	<u>\$ 24,209,426</u>	<u>\$ 23,708,645</u>	<u>\$ 23,401,803</u>	<u>\$ 22,613,269</u>
<b>Net General Obligation Debt as a Percentage of Personal Income</b>	8.44%	8.35%	8.81%	8.83%
<b>Amount of Net GO Debt Per Capita</b>	\$ 6,806	\$ 6,645	\$ 6,550	\$ 6,327

**Notes:** Details regarding the State's debt can be found in Note 17 of the financial statements.

## State of Connecticut

	2016	2015	2014	2013	2012	2011
\$	17,394,622	\$ 16,402,537	\$ 15,281,579	\$ 14,228,228	\$ 13,964,576	\$ 13,794,340
	4,519,690	4,089,540	3,771,260	3,461,875	3,287,340	3,357,595
	-	-	-	-	-	-
	352,585	520,275	580,775	573,365	747,935	915,795
	32,342	35,368	37,820	38,218	42,759	42,995
	<u>22,299,239</u>	<u>21,047,720</u>	<u>19,671,434</u>	<u>18,301,686</u>	<u>18,042,610</u>	<u>18,110,725</u>
	<u>1,246,681</u>	<u>1,356,779</u>	<u>1,212,681</u>	<u>1,376,698</u>	<u>1,439,345</u>	<u>1,556,218</u>
	<u>1,246,681</u>	<u>1,356,779</u>	<u>1,212,681</u>	<u>1,376,698</u>	<u>1,439,345</u>	<u>1,556,218</u>
\$	<u>23,545,920</u>	<u>22,404,499</u>	<u>20,884,115</u>	<u>19,678,384</u>	<u>19,481,955</u>	<u>19,666,943</u>
	9.33%	9.08%	8.71%	8.42%	8.34%	8.58%
	\$6,579	\$6,244	\$5,809	\$5,474	\$5,419	\$5,481

	2016	2015	2014	2013	2012	2011
\$	17,394,622	\$ 16,402,537	\$ 15,281,579	\$ 14,228,228	\$ 13,964,576	\$ 13,794,340
	4,519,690	4,089,540	3,771,260	3,461,875	3,287,340	3,357,595
	-	-	-	-	-	-
	(738,240)	(668,426)	(659,543)	(660,113)	(703,376)	(708,645)
\$	<u>21,176,072</u>	<u>19,823,651</u>	<u>18,393,296</u>	<u>17,029,990</u>	<u>16,548,540</u>	<u>16,443,290</u>
	8.39%	8.04%	7.67%	7.29%	7.08%	7.17%
	\$5,917	\$5,525	\$5,116	\$4,737	\$4,603	\$4,583



**State of Connecticut**

**PLEGED-REVENUE COVERAGE**

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>University of Connecticut and Health Center</b>				
Gross Revenues	\$ 2,481,709	\$ 2,551,167	\$ 2,595,639	\$ 2,629,793
Operating Expenses	<u>2,451,375</u>	<u>2,284,170</u>	<u>2,231,347</u>	<u>2,153,495</u>
Net Available Revenues	<u>\$ 30,334</u>	<u>\$ 266,997</u>	<u>\$ 364,292</u>	<u>\$ 476,298</u>
Debt Service:				
Principal	\$ 75,682	\$ 112,471	\$ 101,963	\$ 90,618
Interest	<u>136,527</u>	<u>69,543</u>	<u>63,197</u>	<u>50,552</u>
Total	<u>\$ 212,209</u>	<u>\$ 182,014</u>	<u>\$ 165,160</u>	<u>\$ 141,170</u>
Coverage	0.14	1.47	2.21	3.37
<b>Board of Regents</b>				
Gross Revenues	\$ 1,372,586	\$ 1,394,279	\$ 1,361,263	\$ 1,364,895
Operating Expenses	<u>1,316,422</u>	<u>1,290,482</u>	<u>1,256,357</u>	<u>1,222,393</u>
Net Available Revenues	<u>\$ 56,164</u>	<u>\$ 103,797</u>	<u>\$ 104,906</u>	<u>\$ 142,502</u>
Debt Service:				
Principal	\$ 19,520	\$ 18,940	\$ 20,055	\$ 7,493
Interest	<u>14,213</u>	<u>11,456</u>	<u>13,943</u>	<u>13,467</u>
Total	<u>\$ 33,733</u>	<u>\$ 30,396</u>	<u>\$ 33,998</u>	<u>\$ 20,960</u>
Coverage	1.66	3.41	3.09	6.80
<b>Clean Water</b>				
Gross Revenues	\$ 76,503	\$ 68,286	\$ 69,928	\$ 52,818
Operating Expenses	<u>1,028</u>	<u>1,017</u>	<u>1,242</u>	<u>579</u>
Net Available Revenues	<u>\$ 75,475</u>	<u>\$ 67,269</u>	<u>\$ 68,686</u>	<u>\$ 52,239</u>
Debt Service:				
Principal	\$ 58,363	\$ 53,831	\$ 53,891	\$ 61,232
Interest	<u>39,726</u>	<u>37,497</u>	<u>38,327</u>	<u>32,628</u>
Total	<u>\$ 98,089</u>	<u>\$ 91,328</u>	<u>\$ 92,218</u>	<u>\$ 93,860</u>
Coverage	0.77	0.74	0.74	0.56
<b>Bradley Parking Garage</b>				
Gross Revenues	\$ 34,633	\$ 32,462	\$ 30,207	\$ 27,289
Operating Expenses	<u>8,664</u>	<u>24,320</u>	<u>23,767</u>	<u>22,866</u>
Net Available Revenues	<u>\$ 25,969</u>	<u>\$ 8,142</u>	<u>\$ 6,440</u>	<u>\$ 4,423</u>
Debt Service:				
Principal	\$ 2,267	\$ 2,935	\$ 2,750	\$ 2,580
Interest	<u>4,273</u>	<u>1,267</u>	<u>2,925</u>	<u>2,729</u>
Total	<u>\$ 6,540</u>	<u>\$ 4,202</u>	<u>\$ 5,675</u>	<u>\$ 5,309</u>
Coverage	3.97	1.94	1.13	0.83
<b>Drinking Water</b>				
Gross Revenues	\$ 14,423	\$ 18,616	\$ 17,907	\$ 16,298
Operating Expenses	<u>11,577</u>	<u>10,075</u>	<u>9,761</u>	<u>9,074</u>
Net Available Revenues	<u>\$ 2,846</u>	<u>\$ 8,541</u>	<u>\$ 8,146</u>	<u>\$ 7,224</u>
Debt Service:				
Principal	\$ 7,587	\$ 7,119	\$ 6,779	\$ 6,653
Interest	<u>6,174</u>	<u>5,128</u>	<u>5,103</u>	<u>3,392</u>
Total	<u>\$ 13,761</u>	<u>\$ 12,247</u>	<u>\$ 11,882</u>	<u>\$ 10,045</u>
Coverage	0.21	0.70	0.69	0.72

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

**State of Connecticut**

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 2,465,794	\$ 2,463,391	\$ 2,236,397	\$ 1,814,856	\$ 1,975,204	\$ 1,774,037
<u>2,134,537</u>	<u>2,015,393</u>	<u>1,915,644</u>	<u>1,738,237</u>	<u>1,669,601</u>	<u>1,673,797</u>
<u>\$ 331,257</u>	<u>\$ 447,998</u>	<u>\$ 320,753</u>	<u>\$ 76,619</u>	<u>\$ 305,603</u>	<u>\$ 100,240</u>
\$ 105,525	\$ 17,764	\$ 17,810	\$ 61,905	\$ 90,400	\$ 95,962
<u>68,696</u>	<u>55,306</u>	<u>50,069</u>	<u>52,254</u>	<u>49,723</u>	<u>52,730</u>
<u>\$ 174,221</u>	<u>\$ 73,070</u>	<u>\$ 67,879</u>	<u>\$ 114,159</u>	<u>\$ 140,123</u>	<u>\$ 148,692</u>
1.90	6.13	4.73	0.67	2.18	0.67
\$ 1,473,844	\$ 835,169	\$ 815,596	\$ 722,893	\$ 687,772	\$ 702,729
<u>1,368,422</u>	<u>709,352</u>	<u>651,797</u>	<u>603,660</u>	<u>589,972</u>	<u>588,571</u>
<u>\$ 105,422</u>	<u>\$ 125,817</u>	<u>\$ 163,799</u>	<u>\$ 119,233</u>	<u>\$ 97,800</u>	<u>\$ 114,158</u>
\$ 20,247	\$ 42,791	\$ 18,052	\$ 16,211	\$ 69,526	\$ 32,986
<u>12,158</u>	<u>14,064</u>	<u>11,654</u>	<u>10,300</u>	<u>11,572</u>	<u>11,851</u>
<u>\$ 32,405</u>	<u>\$ 56,855</u>	<u>\$ 29,706</u>	<u>\$ 26,511</u>	<u>\$ 81,098</u>	<u>\$ 44,837</u>
3.25	2.21	5.51	4.50	1.21	2.55
\$ 46,135	\$ 49,684	\$ 56,751	\$ 77,527	\$ 60,032	\$ 59,714
<u>925</u>	<u>1,291</u>	<u>3,093</u>	<u>10,971</u>	<u>11,078</u>	<u>9,468</u>
<u>\$ 45,210</u>	<u>\$ 48,393</u>	<u>\$ 53,658</u>	<u>\$ 66,556</u>	<u>\$ 48,954</u>	<u>\$ 50,246</u>
\$ 73,802	\$ 70,351	\$ 70,603	\$ 70,578	\$ 70,687	\$ 67,310
<u>33,811</u>	<u>29,717</u>	<u>32,582</u>	<u>33,057</u>	<u>35,226</u>	<u>32,724</u>
<u>\$ 107,613</u>	<u>\$ 100,068</u>	<u>\$ 103,185</u>	<u>\$ 103,635</u>	<u>\$ 105,913</u>	<u>\$ 100,034</u>
0.42	0.48	0.52	0.64	0.46	0.50
\$ 26,702	\$ 25,578	\$ 24,640	\$ 23,029	\$ 21,723	\$ 21,076
<u>19,778</u>	<u>9,254</u>	<u>8,828</u>	<u>9,140</u>	<u>8,287</u>	<u>8,609</u>
<u>\$ 6,924</u>	<u>\$ 16,324</u>	<u>\$ 15,812</u>	<u>\$ 13,889</u>	<u>\$ 13,436</u>	<u>\$ 12,467</u>
\$ 2,415	\$ 2,265	\$ 2,120	\$ 1,990	\$ 1,865	\$ 1,755
<u>2,442</u>	<u>3,112</u>	<u>2,987</u>	<u>3,218</u>	<u>3,172</u>	<u>3,378</u>
<u>\$ 4,857</u>	<u>\$ 5,377</u>	<u>\$ 5,107</u>	<u>\$ 5,208</u>	<u>\$ 5,037</u>	<u>\$ 5,133</u>
1.43	3.04	3.10	2.67	2.67	2.43
\$ 11,882	\$ 16,134	\$ 29,427	\$ 12,786	\$ 9,706	\$ 17,935
<u>8,257</u>	<u>7,180</u>	<u>8,207</u>	<u>5,601</u>	<u>5,032</u>	<u>8,802</u>
<u>\$ 3,625</u>	<u>\$ 8,954</u>	<u>\$ 21,220</u>	<u>\$ 7,185</u>	<u>\$ 4,674</u>	<u>\$ 9,133</u>
\$ 7,343	\$ 5,544	\$ 5,727	\$ 4,952	\$ 4,643	\$ 4,055
<u>3,199</u>	<u>1,490</u>	<u>1,706</u>	<u>2,163</u>	<u>2,391</u>	<u>2,141</u>
<u>\$ 10,542</u>	<u>\$ 7,034</u>	<u>\$ 7,433</u>	<u>\$ 7,115</u>	<u>\$ 7,034</u>	<u>\$ 6,196</u>
0.34	1.27	2.85	1.01	0.66	1.47

**State of Connecticut**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
POPULATION AND PER CAPITA PERSONAL INCOME**

Last Ten Calendar Years

*(Expressed in Thousands)*

Year	Population			
	United States	% Growth From Previous Year	Connecticut	% Growth From Previous Year
2020	329,484	0.13%	3,557	-0.31%
2019	329,065	0.60%	3,568	-0.14%
2018	327,096	0.62%	3,573	-0.03%
2017	325,085	0.64%	3,574	-0.14%
2016	323,016	0.67%	3,579	-0.25%
2015	320,878	0.63%	3,588	-0.19%
2014	318,857	0.78%	3,595	0.00%
2013	316,395	0.71%	3,595	0.00%
2012	314,168	0.83%	3,595	0.20%
2011	311,592	0.84%	3,588	0.25%

Sources: U.S. Bureau of Economic Analysis

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
EMPLOYMENT INFORMATION**

Last Ten Fiscal Years

*(Expressed in Thousands)*

Year	United States Labor Force			
	Civilian Labor force	Employed	Unemployed	Unemployment Rate
2020	160,867	149,806	11,061	6.9%
2019	164,404	158,593	5,811	3.5%
2018	161,776	155,542	6,234	3.9%
2017	160,494	153,513	6,981	4.3%
2016	160,135	151,990	8,144	5.1%
2015	157,037	148,739	8,299	5.3%
2014	155,700	146,247	9,453	6.1%
2013	155,835	144,058	11,777	7.6%
2012	155,063	142,974	12,088	7.8%
2011	153,421	139,334	14,087	9.2%

Sources: U.S. Department of Labor

## State of Connecticut

Personal Income		Per Capita Personal Income		% Above the United States
United States	Connecticut	United States	Connecticut	
\$20,386,811,000	\$290,641,000	\$61,875	\$81,606	31.9%
\$18,596,160,000	\$284,033,700	\$56,512	\$74,030	31.0%
\$17,567,300,000	\$265,637,000	\$53,707	\$74,030	37.8%
\$16,384,700,000	\$264,054,000	\$50,401	\$73,882	46.6%
\$15,943,900,000	\$252,249,000	\$49,359	\$70,480	42.8%
\$15,356,000,000	\$246,709,339	\$47,856	\$68,760	43.7%
\$14,792,000,000	\$239,829,273	\$46,391	\$60,906	31.3%
\$14,138,400,000	\$230,614,799	\$44,686	\$64,149	43.6%
\$13,355,900,000	\$233,710,888	\$42,512	\$65,010	52.9%
\$13,017,400,000	\$229,211,506	\$41,777	\$63,883	52.9%

### Connecticut Labor Force

Civilian Labor Force	Employed	Unemployed	Unemployment Rate
1,852	1,739	114	6.1%
1,917	1,848	70	3.6%
1,897	1,813	84	4.4%
1,933	1,836	97	5.0%
1,892	1,796	96	5.1%
1,918	1,809	109	5.7%
1,879	1,753	126	6.7%
1,851	1,702	149	8.0%
1,898	1,728	170	9.0%
1,886	1,715	166	8.8%

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**State of Connecticut**

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**DEMOGRAPHIC AND ECONOMIC STATISTICS  
TOP TEN NON-GOVERNMENTAL EMPLOYERS**

Current Year and Ten Years Ago

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<b>NAME</b>	<b>2020</b>			<b>2011</b>		
	<b>Employees in CT</b>	<b>Percentage of Total CT Employment</b>	<b>Rank</b>	<b>Employees in CT</b>	<b>Percentage of Total CT Employment</b>	<b>Rank</b>
Hartford HealthCare	30,000	1.7%	1	15,216	0.9%	2
Yale New Haven Health Sys	26,028	1.5%	2	8,500	0.5%	7
United Technologies Corp. UTC	19,000	1.1%	3	26,900	1.6%	1
Yale University	15,243	0.9%	4	13,615	0.8%	3
General Dynamics/Electric Boat	14,000	0.8%	5	8,350	0.5%	8
Sikorsky Air/Lockheed Martin Co.	8,735	0.5%	6			
Wal-Mart Stores Inc.	8,066	0.5%	7	9,204	0.5%	6
Mohegan Sun Casino	8,000	0.5%	8	8,000	0.5%	9
The Travelers Cos Inc.	7,000	0.4%	9			
The Hartford	6,800	0.4%	10	10,500	0.6%	5
<b>Total</b>	<b>142,872</b>	<b>8.3%</b>		<b>100,285</b>	<b>5.9%</b>	

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**Sources:** Businesses websites

**State of Connecticut**

**STATE EMPLOYEES BY FUNCTION**

Last Ten Fiscal Years

Function	2020	2019	2018	2017
Primary Government				
Legislative	681	656	661	679
General Government	3,070	2,929	2,964	3,135
Regulation and Protection	3,822	3,496	3,578	3,867
Conservation and Development	1,396	1,172	1,173	1,222
Health and Hospital	6,584	3,668	3,568	3,673
Transportation	3,256	2,995	3,051	3,169
Human Services	2,089	4,008	3,961	4,156
Education, Libraries, and Museums	24,309	15,911	16,104	17,664
Corrections	9,094	8,599	8,069	8,223
Judicial	4,066	4,106	4,018	4,185
Total Number of Employees - Primary Government	<u>58,367</u>	<u>47,540</u>	<u>47,147</u>	<u>49,973</u>

Note: Beginning in Fiscal Year 2020 the number of employees includes job classes such as contractors, intermittent, durational, seasonal, trainee, temporary, and part-time employment. The total for the primary government includes the employees of the University of Connecticut, the University of Connecticut Health Center, and the Board of Regents.

## State of Connecticut

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<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
715	722	685	705	716	705
3,289	3,360	3,324	3,107	3,453	3,584
4,074	4,126	4,064	3,945	3,999	4,099
1,269	1,309	1,303	1,324	1,393	1,296
3,814	3,792	3,822	3,857	3,862	3,844
3,179	3,092	3,027	2,986	3,018	3,055
4,690	4,898	4,841	4,618	5,017	5,133
19,392	21,263	20,937	21,203	21,692	20,777
8,750	8,721	8,588	8,628	9,151	9,243
<u>4,548</u>	<u>4,639</u>	<u>4,597</u>	<u>4,605</u>	<u>4,744</u>	<u>4,626</u>
<u>53,720</u>	<u>55,922</u>	<u>55,188</u>	<u>54,978</u>	<u>57,045</u>	<u>56,362</u>

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## State of Connecticut

### OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b><u>Legislative</u></b>				
<b>Office of Legislative Management</b>				
Number of Public and Special Acts	226	220	267	244
Number of Amendments Drafted	3,527	2,280	2,560	2,587
<b><u>General Government</u></b>				
<b>Office of the State Treasurer</b>				
% of Payments made Electronically	86.6%	84.3%	83.6%	81.9%
Number of Unclaimed Property Claims Paid	11,120	18,472	16,670	15,758
<b><u>Department of Revenue Services</u></b>				
% of Income Tax Returns Filed Electronically	91.0%	89.0%	88.0%	87.0%
Revenue Collected per \$1 of Agency Expense	\$338	\$341	\$281	\$264
<b><u>Department of Construction Services</u></b>				
Number of Construction Contracts Awarded	170	191	243	231
State Floor Space Owned and Leased	7,023,976	9,311,710	8,751,757	9,311,535
<b><u>Regulation and Protection</u></b>				
<b>Department of Emergency Services &amp; Public Protection</b>				
Number of Background Checks - Firearms	65,940	56,782	57,769	54,944
Number of Fingerprint Checks for CT/Pd's	89,719	83,645	82,261	86,588
<b><u>Department of Motor Vehicles</u></b>				
Number of Registered Motor Vehicles	3,010,728	3,004,859	3,015,047	3,671,652
Number of Licensed Drivers	2,608,061	2,605,612	2,586,994	2,613,244
<b><u>Department of Labor</u></b>				
Number of Initial Unemployment Claims	134,317	138,156	143,186	148,336
Persons Using Employment Service (1)	29,135	40,841	20,147	47,711
<b><u>Conservation and Development</u></b>				
<b>Department of Energy &amp; Environmental Protection</b>				
Nitrogen Discharged into Long Island Sound (2)	7,362	7,362	7,362	7,562
Attained Goal of Open Space (3)	82.0%	81.5%	81.0%	81.0%
<b><u>Health and Hospitals</u></b>				
<b>Department of Public Health</b>				
Number of Tuberculosis Cases Served (includes active and latent cases)	690	756	1,067	1,065
Number of Licenses Applications - New	18,532	20,445	17,696	18,811
Number of Licenses Applications - Renewal	173,780	191,724	160,546	161,595
<b><u>Department of Developmental Services</u></b>				
Number of Qualified Providers	270	257	271	259
Number of Persons Served in Various Programs	17,126	17,038	16,951	16,724

## State of Connecticut

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
277	258	311	221	273	217
3,043	2,190	2,756	2,458	3,043	2,717
81.3%	75.0%	69.6%	74.6%	63.4%	68.8%
17,888	20,897	17,852	18,381	17,933	17,360
85.0%	84.0%	82.0%	81.0%	78.0%	75.0%
\$264	\$255	\$256	\$270	\$250	\$203
26	13	n/a	26	22	28
8,999,852	9,282,711	n/a	7,895,255	7,129,801	7,465,869
49,547	61,107	47,745	38,304	33,064	37,194
88,354	100,145	98,216	110,452	138,044	211,163
3,030,510	3,026,823	2,272,537	2,973,691	2,974,801	3,007,638
2,566,673	2,542,588	2,534,090	3,029,328	2,986,267	2,934,576
153,040	245,632	265,700	275,782	335,166	299,563
161,637	191,372	218,879	218,879	228,203	228,283
7,400	7,340	7,500	7,500	7,670	7,670
81.0%	84.0%	81.0%	81.0%	79.0%	81.0%
1,133	1,236	1,515	1,988	2,103	3,006
18,015	17,716	17,116	13,976	14,510	14,899
155,251	153,328	153,997	150,663	149,370	151,205
249	250	248	239	233	204
16,328	16,274	16,037	15,858	15,640	15,495

## State of Connecticut

### OPERATING INDICATORS BY FUNCTION *(Continued)*

Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b><u>Human Services</u></b>				
<b>Department of Social Services</b>				
Number of Medicaid Eligible Clients	844,373	819,602	800,509	735,008
Temp Family Assistance Average Caseload	10,998	12,797	14,172	15,602
<b><u>Education</u></b>				
<b>Department of Higher Education</b>				
Number of Degrees Conferred - Statewide	47,602	46,592	47,221	32,499
Enrollment - Statewide	194,792	189,889	198,704	170,597
<b><u>Transportation</u></b>				
<b>Department of Transportation</b>				
Active Construction Projects	635	662	589	302
Miles of Road Resurfaced	325	302	316	341
Estimated Billions of Person trips on Roadways	4.841	4.903	4.800	4.903
<b><u>Corrections</u></b>				
<b>Department of Corrections</b>				
Incarcerated Population	13,039	13,366	14,389	19,271
Direct Daily Inmate Expenditures	\$128	\$109	\$103	\$73
<b><u>Judicial</u></b>				
<b>Judicial Branch</b>				
Number of Superior Court Cases Filed	364,312	378,047	381,068	535,158
Average Number of Supervised Probationers	39,180	39,263	41,050	54,315

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

(2) Average annual number of tons

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

n/a = statistic not available at time of publication

**State of Connecticut**

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<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
737,490	656,252	610,527	581,174	556,558	465,667
17,538	18,256	18,506	19,223	20,517	20,862
n/a	n/a	n/a	n/a	40,218	38,912
n/a	n/a	n/a	n/a	200,637	193,212
279	268	117	102	188	257
445	355	326	340	258	282
4.882	4.214	4.185	4.157	4.353	4.313
16,023	16,551	16,674	16,591	17,631	18,431
\$105	\$100	\$95	\$95	\$95	\$90
432,803	443,135	443,135	468,981	513,511	567,607
43,510	48,779	48,779	50,699	53,345	57,778

## State of Connecticut

### CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

(Expressed in Thousands)

		2020	2019	2018	2017
<b>Legislative</b>	<b>Total</b>	<b>\$ 176,639</b>	<b>\$ 176,726</b>	<b>\$ 175,639</b>	<b>\$ 175,443</b>
Buildings		157,136	158,920	158,920	158,920
Improvements Other than Buildings		1,783	-	-	-
Equipment		17,720	17,806	16,719	16,523
<b>General Government</b>	<b>Total</b>	<b>\$ 1,391,482</b>	<b>\$ 1,369,779</b>	<b>\$ 1,224,216</b>	<b>\$ 1,197,084</b>
Land		192,311	195,224	195,144	195,019
Construction in Progress		224,002	334,541	191,777	159,258
Buildings		532,528	383,993	386,980	392,715
Improvements Other than Buildings		58,544	58,537	58,540	57,845
Equipment		384,097	397,484	391,775	392,247
<b>Regulation and Protection</b>	<b>Total</b>	<b>\$ 706,945</b>	<b>\$ 697,432</b>	<b>\$ 657,696</b>	<b>\$ 644,256</b>
Land		9,021	9,021	9,021	9,192
Buildings		366,955	366,898	348,866	3,249,689
Improvements Other than Buildings		29,329	29,198	27,838	26,850
Equipment		301,640	292,315	271,971	258,525
<b>Conservation and Development</b>	<b>Total</b>	<b>\$ 712,577</b>	<b>\$ 704,745</b>	<b>\$ 687,810</b>	<b>\$ 680,764</b>
Land		447,829	436,849	420,982	414,666
Buildings		118,299	121,729	121,707	121,711
Improvements Other than Buildings		74,299	75,022	74,992	75,717
Equipment		72,150	71,145	70,129	68,670
<b>Health and Hospital</b>	<b>Total</b>	<b>\$ 323,918</b>	<b>\$ 315,223</b>	<b>\$ 314,710</b>	<b>\$ 314,133</b>
Land		6,610	6,547	6,547	6,645
Buildings		241,782	236,425	236,997	235,373
Improvements Other than Buildings		19,696	19,543	19,383	19,558
Equipment		55,830	52,708	51,783	52,557
<b>Transportation</b>	<b>Total</b>	<b>\$ 27,312,093</b>	<b>\$ 26,275,853</b>	<b>\$ 25,395,835</b>	<b>\$ 24,322,303</b>
Land		1,204,266	1,175,704	1,166,958	1,131,384
Construction in Progress		5,193,311	5,256,651	4,861,493	4,829,184
Buildings		1,306,441	1,243,715	1,120,371	1,105,084
Improvements Other than Buildings		240,697	240,753	236,717	236,741
Equipment		1,407,904	1,392,644	1,402,688	1,421,982
Infrastructure		17,959,474	16,966,386	16,607,608	15,597,928
<b>Human Services</b>	<b>Total</b>	<b>\$ 31,174</b>	<b>\$ 18,124</b>	<b>\$ 16,568</b>	<b>\$ 18,320</b>
Improvements Other than Buildings		920	919	945	691
Equipment		30,254	17,203	15,623	17,629
<b>Education, Libraries, and Museums</b>	<b>Total</b>	<b>\$ 1,114,373</b>	<b>\$ 1,113,821</b>	<b>\$ 1,111,229</b>	<b>\$ 1,108,499</b>
Land		1,027	1,027	1,027	1,027
Buildings		1,018,220	1,018,220	1,018,220	1,015,642
Improvements Other than Buildings		220	220	220	220
Equipment		94,906	94,354	91,762	91,610
<b>Corrections</b>	<b>Total</b>	<b>\$ 1,054,824</b>	<b>\$ 1,053,410</b>	<b>\$ 1,050,917</b>	<b>\$ 1,052,226</b>
Land		10,322	10,322	10,322	10,322
Buildings		776,122	776,122	775,896	775,880
Improvements Other than Buildings		49,401	49,401	49,426	49,401
Equipment		218,979	217,565	215,273	216,623
<b>Judicial</b>	<b>Total</b>	<b>\$ 585,625</b>	<b>\$ 585,608</b>	<b>\$ 579,264</b>	<b>\$ 576,661</b>
Land		27,889	27,889	23,194	20,076
Buildings		465,420	465,420	465,369	465,349
Improvements Other than Buildings		5,296	5,296	5,269	5,688
Equipment		87,020	87,003	85,432	85,548
<b>Total Capital Assets at Historical Cost</b>		<b>\$ 33,409,650</b>	<b>\$ 32,310,721</b>	<b>\$ 31,213,884</b>	<b>\$ 30,089,689</b>
<b>Total Accumulated Depreciation</b>		<b>\$ (16,997,652)</b>	<b>\$ (16,402,528)</b>	<b>\$ (15,781,276)</b>	<b>\$ (15,205,258)</b>
<b>Governmental Activities, Capital Assets, Net</b>		<b>\$ 16,411,998</b>	<b>\$ 15,908,193</b>	<b>\$ 15,432,608</b>	<b>\$ 14,884,431</b>

## State of Connecticut

2016	2015	2014	2013	2012	2011
\$ 175,558	\$ 171,286	\$ 171,283	\$ 170,552	\$ 170,329	\$ 171,245
159,076	157,087	157,087	156,805	156,805	156,805
-	-	-	-	-	-
16,482	14,199	14,195	13,747	13,524	14,440
<b>\$ 1,201,502</b>	<b>\$ 1,263,226</b>	<b>\$ 1,254,165</b>	<b>\$ 1,259,818</b>	<b>\$ 1,017,372</b>	<b>\$ 1,189,407</b>
193,582	192,744	190,216	189,192	193,063	191,400
150,531	188,534	233,319	308,902	144,159	296,604
392,608	392,392	382,840	321,232	297,896	297,821
54,701	54,016	53,937	53,638	54,741	54,741
410,080	435,540	384,854	386,854	327,513	348,841
<b>\$ 621,075</b>	<b>\$ 582,024</b>	<b>\$ 557,330</b>	<b>\$ 481,959</b>	<b>\$ 452,633</b>	<b>\$ 402,401</b>
9,227	9,227	8,775	8,775	8,775	8,837
326,690	326,624	320,719	256,762	236,968	210,755
27,977	27,496	24,430	19,846	19,846	19,837
257,181	218,677	203,406	196,576	187,044	162,972
<b>\$ 668,268</b>	<b>\$ 652,381</b>	<b>\$ 630,730</b>	<b>\$ 614,615</b>	<b>\$ 603,652</b>	<b>\$ 590,538</b>
402,633	389,414	381,167	374,267	366,999	355,989
121,493	121,393	108,731	107,640	107,146	107,653
75,717	74,992	75,717	72,907	70,753	69,317
68,425	66,582	65,114	59,801	58,754	57,579
<b>\$ 315,655</b>	<b>\$ 365,287</b>	<b>\$ 358,066</b>	<b>\$ 357,353</b>	<b>\$ 298,566</b>	<b>\$ 311,328</b>
6,697	6,707	6,752	6,561	6,767	6,911
239,172	289,390	284,411	283,644	227,432	239,079
19,530	19,013	18,800	18,778	16,988	18,757
50,256	50,177	48,103	48,370	47,382	46,581
<b>\$ 22,745,027</b>	<b>\$ 21,579,682</b>	<b>\$ 20,444,797</b>	<b>\$ 19,395,070</b>	<b>\$ 18,343,934</b>	<b>\$ 17,338,101</b>
1,106,967	1,083,450	1,072,625	1,060,109	1,036,517	1,004,641
4,393,784	3,476,307	3,231,739	2,690,602	2,441,123	2,043,549
917,872	1,025,616	746,765	576,030	560,152	543,331
233,234	228,346	211,743	260,263	254,243	246,874
1,419,842	1,458,601	1,357,277	1,155,032	1,028,099	843,984
14,673,328	14,307,362	13,824,648	13,653,034	13,023,800	12,655,722
<b>\$ 17,038</b>	<b>\$ 17,285</b>	<b>\$ 16,841</b>	<b>\$ 16,843</b>	<b>\$ 13,926</b>	<b>\$ 14,142</b>
672	667	667	667	667	667
16,366	16,618	16,173	16,176	13,259	13,475
<b>\$ 1,082,196</b>	<b>\$ 1,052,735</b>	<b>\$ 1,064,712</b>	<b>\$ 977,529</b>	<b>\$ 779,508</b>	<b>\$ 776,143</b>
1,027	1,027	1,027	1,027	1,027	1,027
990,879	864,538	890,490	802,713	608,276	608,276
220	209	209	8,217	8,217	8,217
90,070	186,961	172,986	165,572	161,988	158,623
<b>\$ 1,039,570</b>	<b>\$ 1,031,119</b>	<b>\$ 1,012,802</b>	<b>\$ 1,007,522</b>	<b>\$ 1,010,491</b>	<b>\$ 1,003,179</b>
10,322	10,322	10,322	10,305	10,305	10,351
775,294	768,283	762,754	759,122	756,975	760,336
48,991	52,625	52,162	51,515	51,481	51,140
204,963	199,889	187,563	186,580	191,730	181,352
<b>\$ 505,586</b>	<b>\$ 462,125</b>	<b>\$ 462,672</b>	<b>\$ 456,279</b>	<b>\$ 450,962</b>	<b>\$ 448,899</b>
17,181	15,601	15,648	15,648	15,648	15,648
398,216	351,219	351,922	351,922	351,922	351,830
5,663	5,663	5,369	4,675	3,242	1,740
84,526	89,642	89,733	84,034	80,150	79,681
<b>\$ 28,371,475</b>	<b>\$ 27,177,150</b>	<b>\$ 25,973,398</b>	<b>\$ 24,737,540</b>	<b>\$ 23,141,373</b>	<b>\$ 22,245,383</b>
<b>\$ (14,665,574)</b>	<b>\$ (14,145,909)</b>	<b>\$ (13,433,773)</b>	<b>\$ (12,750,730)</b>	<b>\$ (12,175,489)</b>	<b>\$ (11,321,085)</b>
<b>\$ 13,705,901</b>	<b>\$ 13,031,241</b>	<b>\$ 12,539,625</b>	<b>\$ 11,986,810</b>	<b>\$ 10,965,884</b>	<b>\$ 10,924,298</b>

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